

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: June 6, 2019

TO: Honorable Members of the City Council

FROM: Sharon M. Tso *KPL*
Chief Legislative Analyst *for*

Council File: 17-0202
Assignment No: 17-05-0561

State of the Fashion Industry in Los Angeles

SUMMARY

In April 2017, Council adopted Motion (Huizar-Krekorian) (C.F. 17-0202) as amended, which directs the Chief Legislative Analyst (CLA), with the assistance of the City Administrative Officer, Office of Finance, and the City Attorney, to report on the state of the fashion industry in the City, including possible incentives that could be offered by the City to encourage the industry's economic growth, the City business tax categories that apply to the industry and the impact of these taxes on the industry, and an overview of the types of jobs found in the industry. In preparation of this report, the CLA relied on industry economic reports, research into the incentive packages offered by New York City to its own fashion industry, and conducted a focus group session with local fashion manufacturers, designers, wholesalers, and landlords.

The fashion industry in Los Angeles represents the full spectrum of the industry, and includes over 11,000 businesses of designers, manufacturers, wholesalers, and suppliers. Our research found that the fashion industry in Los Angeles employs approximately 38,000, with employment up 17 percent from 2014 to 2018. A focus group session uncovered a variety of challenges impacting the industry, including the cleanliness and safety of the Fashion District, marketing the industry as a whole, and the impact of the City's business tax. In order to support the further growth of this industry, we recommend that City departments report to the Council on the feasibility of improving the streetscape of the Fashion District, to make the center of the City's fashion industry a more welcoming place to do business. Additionally, we recommend that the Economic and Workforce Development Department and Small Business Commission review fashion industry incentives offered by other cities, namely New York City, and report on the feasibility of using these incentives in Los Angeles.

RECOMMENDATIONS

That the City Council:

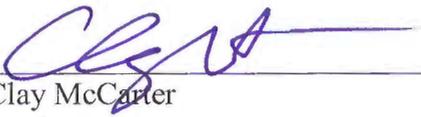
1. Instruct the Bureau of Street Services, Bureau of Street Lighting, Bureau of Engineering, Department of City Planning, and other necessary departments to report to the Council on the feasibility of providing streetscape improvements or other improvements to the

Fashion District, including but not limited to new trees and lighting.

2. Instruct the Economic and Workforce Development Department and Small Business Commission to report on the feasibility of offering incentives to the fashion industry, similar to those offered by New York City and other cities.

FISCAL IMPACT

There is no impact on the General Fund.



Clay McCarter
Analyst

Attachment: A. Motion (Huizar-Krekorian)
B. Fashion Employment Data Detail

BACKGROUND

The global fashion industry is a multi-trillion dollar marketplace and is going through rapid change. While the major global centers of fashion remain Milan, Paris, London, New York, and Los Angeles, markets in Asia and Latin America are maturing. In the industry report *The State of Fashion 2018* by McKinsey and the Business of Fashion, analysts predicted that while sales growth on a global scale would nearly triple from 1.5 percent to 3.5-4.5 percent between 2016 and 2018, the West would no longer be the leader in fashion sales. In 2018, it was projected that for the first time, more than half of apparel and footwear sales would originate outside of Europe and North America. Looking at the United States market, New York and Los Angeles continue to remain the centers of the industry, with over two-thirds of the nation's fashion designers working in these cities, according to the Bureau of Labor Statistics. Other centers of fashion in the U.S. include Atlanta, Dallas, Chicago, and Las Vegas.

The State of the Los Angeles Fashion Industry

Along with New York City, Los Angeles is a major fashion center in the United States. The City contains over 11,000 fashion businesses representing the complete spectrum of the fashion industry, including designers, manufacturers, wholesalers, and suppliers. While concentrated in the Fashion District in the 14th Council District, the industry is spread throughout the entire City, as shown in the following table.

Council District	Fashion Businesses
14	5,100
9	1,188
5	667
4	576
1	532
10	469
11	464
13	396
3	362
2	360
12	300
8	248
6	227
15	157
7	146
Total	11,192

Figure 1. Fashion businesses by Council District as of May 15, 2019
Businesses include NAICS Codes 315000, 423940, 424300, 313000.
Source: OOF Open Data Portal - Listing of Active Businesses

For the purposes of this report, which focuses on the fashion industry in the City, we define the Los Angeles fashion industry as the following categories of business activity:

- Design: the design of apparel and accessories;
- Manufacturing: the manufacturing of apparel and accessories;
- Wholesale: the sale of apparel and accessories to retail operations; and
- Suppliers: the provision of raw materials and goods to apparel and accessory manufacturers.

In order to examine the health of the fashion industry in Los Angeles, our office utilized a variety of federal, state, and local economic data sources. The North American Industry Classification System (NAICS) is the standard used by statistical agencies in classifying business types for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. economy. This report used the following NAICS codes to formulate data relating to the local fashion industry:

315240: Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing
424330: Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers
423940: Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers
313220: Narrow Fabric Mills and Schifflli Machine Embroidery
424310: Piece Goods, Notions, and Other Dry Goods Merchant Wholesalers
315220: Men's and Boys' Cut and Sew Apparel Manufacturing
313210: Broadwoven Fabric Mills
315210: Cut and Sew Apparel Contractors
315110: Hosiery and Sock Mills
313230: Nonwoven Fabric Mills
313240: Knit Fabric Mills
315190: Other Apparel Knitting Mills
424320: Men's and Boys' Clothing and Furnishings Merchant Wholesalers
313110: Fiber, Yarn, and Thread Mills
316110: Leather and Hide Tanning and Finishing
315990: Apparel Accessories and Other Apparel Manufacturing
315280: Other Cut and Sew Apparel Manufacturing
316210: Footwear Manufacturing
424340: Footwear Merchant Wholesalers
541490: Other Specialized Design Services
339910: Jewelry and Silverware Manufacturing
313310: Textile and Fabric Finishing Mills
313320: Fabric Coating Mills
316992: Women's Handbag and Purse Manufacturing

Figure 2. NAICS code used to define the Los Angeles Fashion Industry.

The federal Bureau of Labor Statistics and California Employment Development Department provide jobs data on the industry at the county level. In order to narrow the industry job count to the City of Los Angeles, our office used data from Dun & Bradstreet, a business data analytics firm. The following chart shows the total employment in the Los Angeles fashion industry (based on the NAICS codes listed above), including the year-to-year percent change. The Dun & Bradstreet data indicates that there were 38,023 individuals employed in the industry in 2018.

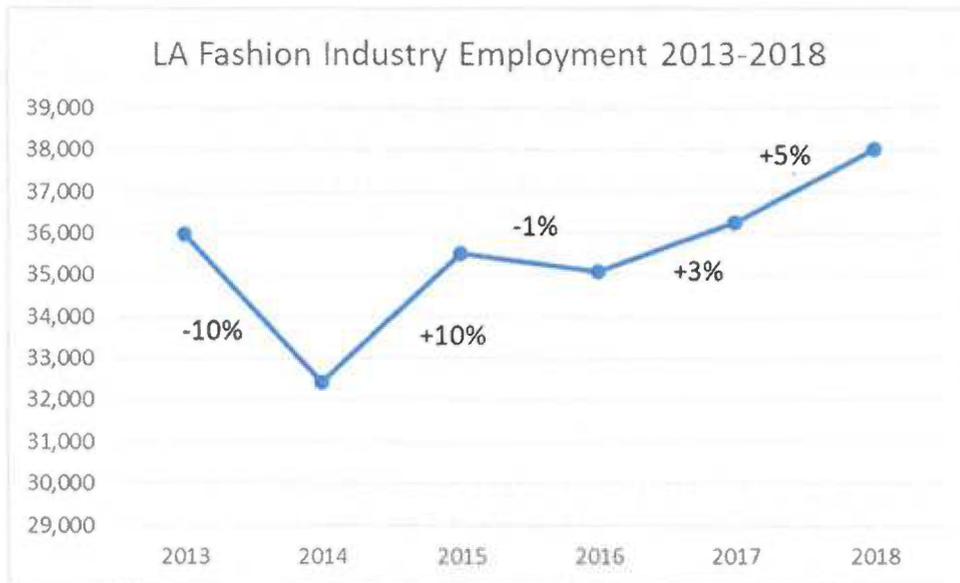


Figure 3. Fashion Employment in Los Angeles Source: Dun & Bradstreet

After employment losses of 10 percent between 2013 and 2014, the industry has seen a healthy 17 percent increase from 2014 to 2018. This growth is notable in light of the American Apparel bankruptcy in 2015 which ultimately resulted in employment losses of 2,400 jobs in 2017.

Our office was unable to obtain average fashion industry wage data for the City, therefore we present data at the county level, which still provides a helpful barometer of the health of the industry. After a slight dip from 2013 to 2014, Los Angeles County fashion industry wages increased 14 percent from 2014 to 2017. A detailed table showing the number of jobs and average wages in the City and County respectively by NAICS code is provided in Attachment B.

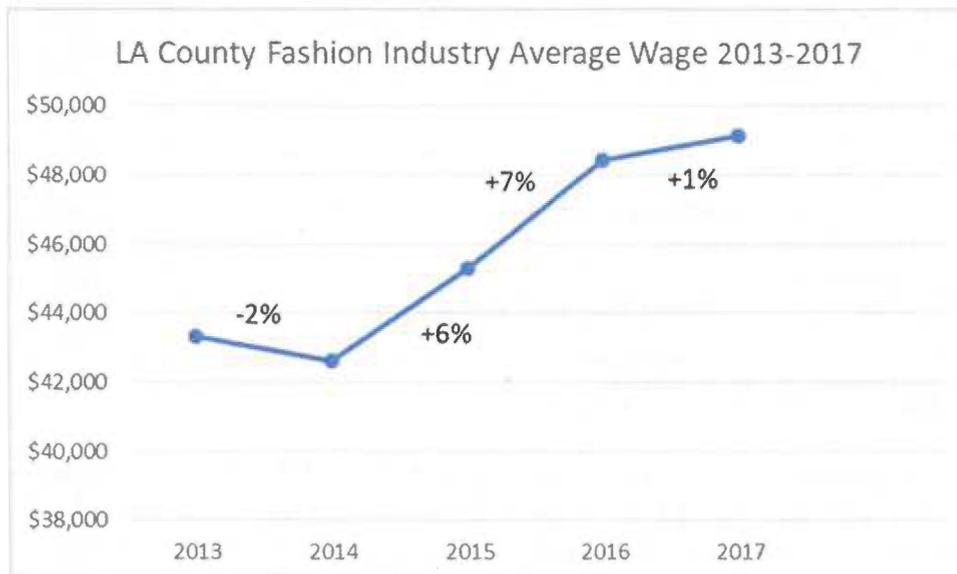


Figure 4. LA County fashion wages Source: Dun & Bradstreet

Examining the Dun & Bradstreet data, we identified the top categories of fashion businesses that had the highest job gains and losses from 2013 to 2018. Adding 1,472 jobs, Women's, Girls',

and Infants' Cut and Sew Apparel Manufacturing saw the most gains, while Textile and Fabric Finishing Mills saw the heaviest losses, down 881 jobs during this time period. A surprising discovery from the data is that jobs in the manufacturing/mills categories gained a net 580 jobs, which runs contrary to the perception that fashion manufacturing is leaving the City. Looking closer at the data, manufacturing jobs have shifted from 2013 to 2018 depending on the type of manufacturing, with some categories gaining jobs, and others, such as Jewelry and Silverware Manufacturing, losing jobs.

NAICS 6 Digit	Job Gains (Losses) 2013 to 2018
Job Gains	
315240: Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing	1,472
424330: Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesalers	838
423940: Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	766
313220: Narrow Fabric Mills and Schiffli Machine Embroidery	304
424310: Piece Goods, Notions, and Other Dry Goods Merchant Wholesalers	253
315220: Men's and Boys' Cut and Sew Apparel Manufacturing	228
313210: Broadwoven Fabric Mills	216
315210: Cut and Sew Apparel Contractors	136
315110: Hosiery and Sock Mills	66
313230: Nonwoven Fabric Mills	49
313240: Knit Fabric Mills	42
315190: Other Apparel Knitting Mills	23
Job Losses	
313310: Textile and Fabric Finishing Mills	(881)
339910: Jewelry and Silverware Manufacturing	(483)
541490: Other Specialized Design Services	(271)
424340: Footwear Merchant Wholesalers	(202)
316210: Footwear Manufacturing	(193)
315280: Other Cut and Sew Apparel Manufacturing	(191)
315990: Apparel Accessories and Other Apparel Manufacturing	(152)
316110: Leather and Hide Tanning and Finishing	(35)
313110: Fiber, Yarn, and Thread Mills	(21)
424320: Men's and Boys' Clothing and Furnishings Merchant Wholesalers	(8)
313320: Fabric Coating Mills	N/A
316992: Women's Handbag and Purse Manufacturing	N/A

Figure 5. Fashion Jobs Gains and Losses (N/A = no data) Source: Dun & Bradstreet

Dun & Bradstreet data also provide an overview of the overall health of the fashion industry in the City. Of the over 4,000 businesses studied, 88 of these firms (two percent) are expected to be in high financial stress, with an increased probability of business failure in the coming 12 months. These firms employ 1,300 individuals. Dun & Bradstreet bases these financial stress scores from a variety of sources, including public records, financial statements, and past payment experiences from vendors.

	Sites	Percent of Firms	Employees
Unclassified	167	4%	1,941
Low Financial Stress	2,567	63%	22,050
Med Financial Stress	1,221	30%	12,732
High Financial Stress	88	2%	1,300
TOTAL	4,043	100%	38,023

Figure 6. Fashion Industry Financial Stress Score Source: Dun & Bradstreet

Additional data shows that 406 firms, representing 4,608 employees (10 percent of the industry) are showing some signs of contraction. It should be noted that approximately 80 percent of the industry's firms are stable or growing, based on the Dun & Bradstreet data.

	Sites	Percent of firms	Employees
Unclassified	414	10%	3,121
Early sign of decay	212	5%	3,093
Decreasing Demand	70	2%	656
Reduction in Scale	124	3%	859
Increase in borrowing	171	4%	866
Increase in scale	299	7%	1,710
Increase in demand	144	4%	2,290
Leverage for Growth	381	9%	6,300
Organic Growth	136	3%	1,310
Spend Growth	66	2%	621
Stable	2,026	50%	17,197
TOTAL	4,043	100%	38,023

Figure 7. Fashion Industry Material Change Source: Dun & Bradstreet

The Dun & Bradstreet data show signs that the fashion industry in Los Angeles is healthy, stable, and growing, with both employment and wages (County data) up double digits in the last four years. The data also show that a small number of firms are struggling.

Focus Group Findings

To get beyond the numbers and obtain personal perspectives on the state of the industry and its challenges, our office convened a focus group of designers, account executives, landlords, industry association professionals, and the LA Fashion District Business Improvement District (BID). The following points summarize the perceptions, concerns/suggestions, and possible solutions offered by this group:

- Major challenges to the success of the fashion industry:
 - Walk-in business is deteriorating as more consumers shop online
 - The trend of manufacturing shifting overseas continues as Los Angeles becomes increasingly more expensive (minimum wage a factor)
 - Buyers hesitant to visit Downtown Los Angeles
 - No central marketing effort for industry
 - Business tax on royalties is unfair

- Suggestions/incentives the City could provide
 - Parking
 - Business tax break for a week
 - Incentives to encourage local goods manufactured in the City
 - Promote industry as a whole, akin to the entertainment industry
 - Beautification projects, increased public safety presence in the Fashion District

The points that repeatedly surfaced centered on beautification/public safety, transportation, and marketing. A major concern for the group was encouraging fashion buyers to visit Los Angeles. The Fashion District hosts five Market Week conventions each year where buyers from across the U.S. visit downtown Los Angeles showrooms to purchase product for their stores. According to the focus group, numerous factors keep buyers away from visiting the Fashion District, including the lack of affordable hotel rooms, lack of parking, and a perception that the neighborhood is unsafe and unwelcoming.

The Fashion District BID is actively working to promote the district as a safe, attractive place to do business. It employs a 60 member Clean & Safe Team on patrol 24/7 to help promote public safety and cleanliness in the district. The team washes over 14.5 million square feet of sidewalk per quarter and collects over six tons of trash per day. While these efforts have tangible results, the BID points to a need for additional streetscape improvements including trees and lighting which will improve the district's appeal. In order to address these concerns, we recommend that the Bureau of Street Services, Bureau of Street Lighting, Bureau of Engineering, Department of City Planning, and any other necessary departments report to the Council on the feasibility of providing streetscape improvements to the Fashion District, including but not limited to new trees and lighting.

Another constraint brought up in focus group meetings is that the district is not well served by public transit. Including the district in future light rail plans would connect it to Union Station, LA Live, and LAX and would be a catalyst for future growth. Finally, the group stressed that the Los Angeles Fashion industry does not have one champion, one organization that drives marketing and creates buzz around the industry. For the Market Weeks, as many as six independent building operators could be holding events during the same week, but there is no coordination to market these events as one Market Week and encourage buyers to attend. Our office has engaged the Los Angeles Tourism and Convention Board (LATCB) and continues to have ongoing discussions with them and the BID on how they can assist the fashion industry with coordinated marketing and hotel room block reservations. Actions to beautify the fashion district, coordinate marketing of the Market Weeks, and discounted hotel room blocks should encourage more fashion buyers to visit Los Angeles to conduct business. These increased hotel room stays should create positive economic value for not only the local fashion industry, but the surrounding community overall.

The business tax also surfaced in the focus group session. The fashion industry is subject to two categories of City business tax, Wholesale Sales (\$1.01 per \$1,000 in gross receipts) and Auto Park, Professions & Occupations, Health Maintenance Organizations (\$4.25 per \$1,000 in gross receipts). Fashion firms often license their brand to outside companies who place the brand on products, including watches, eyewear, and other apparel. Royalty revenue received from these

licensing arrangements is taxed at the highest business tax rate, the Auto Park, Professions & Occupations, Health Maintenance Organizations category. Unlike other provisions of the tax code, 100 percent of the royalty revenue is subject to the City tax, no matter if the revenue is earned inside or outside the City (including globally). This approach is different from the way the State of California and the United States tax royalties, whereby taxes on royalty revenue are paid only on revenue earned within the subject jurisdiction. This discrepancy on how the City and the State/federal government tax royalties was cited as unfair to the industry.

Council has the ability to make industry-specific amendments to the business tax law that would apply only to the fashion industry. While we make no recommendation on the merits of such a change, if the Council wishes to explore this, we recommend the Office of Finance and City Attorney should be engaged to report to the Council on the feasibility and fiscal impact of such changes.

Gross Receipts, the Business Tax, and Business Openings

In order to examine the industry in light of the business tax and gross receipts, the Office of Finance provided our office with data on the number of businesses and total gross receipts reported by fashion businesses for the following NAICS codes:

- Apparel Manufacturing (315000)
- Jewelry, Watch, Precious Stone, & Precious Metals (423940)
- Apparel, Piece Goods, and Notions (424300)
- Textile Mills (313000)

We note that this list of NAICS codes represents a similar but not identical data set when compared to the Dun & Bradstreet data, and represents the extent of the Office of Finance's data on the fashion industry. While the Dun & Bradstreet data provides more granularity into specific fashion business types, the Office of Finance data provides activity dating back to 2007, providing a more accurate picture of the industry's health both pre- and post- the Great Recession. We also note that gross receipt information is self-reported by businesses, so the data could be under-reported.

Data shows that apparel manufacturers saw an increase in gross receipts by 222 percent and an increase in the number of businesses by 163 percent during the years 2007-2017.

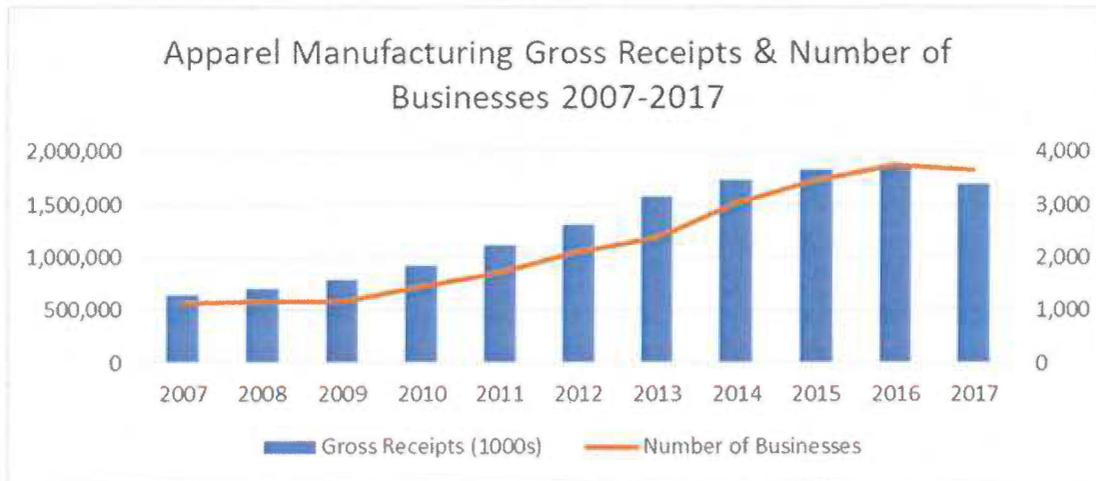


Figure 8. Apparel Manufacturing Gross Receipts & Number of Businesses Source: Office of Finance

Of the four sectors of the industry tracked by the Office of Finance, only the Jewelry, Watch, Precious Stone, and Precious Metals group saw a decrease in gross receipts from 2007-2017, by 12 percent. On the other hand, the number of businesses increased by 29 percent during the same period.



Figure 9. Jewelry, Watch, Precious Stone, and Precious Metals Gross Receipts & Number of Businesses Source: Office of Finance

Exhibiting a strong 2012, Apparel, Piece Goods, and Notions saw modest gains of 23 percent in gross receipts and an increase in the number of businesses by 22 percent between 2007-2017.

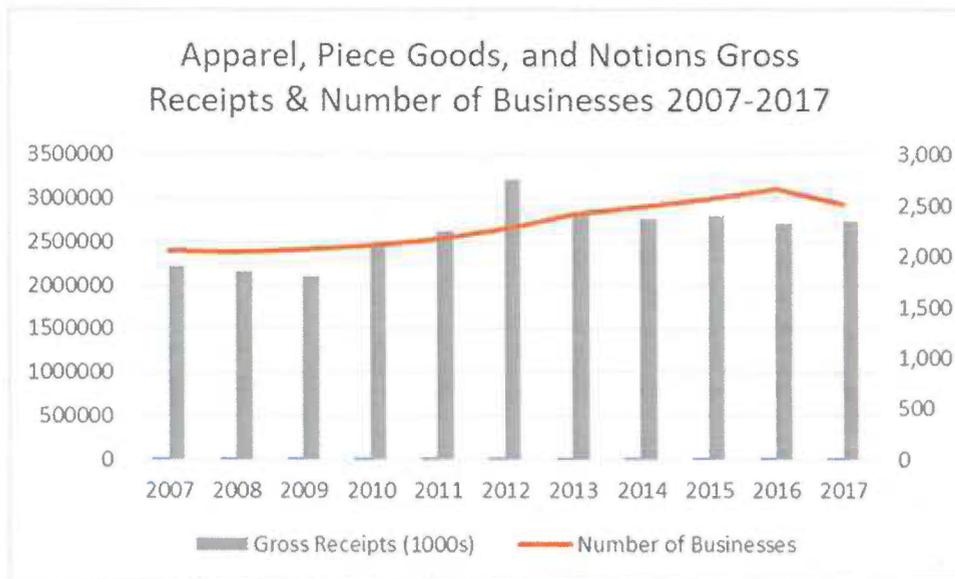


Figure 10. Apparel, Piece Goods, and Notions Gross Receipts & Number of Businesses Source: Office of Finance

Textile Mills also saw strong receipts in 2012, and marked the largest overall increase in receipts, with a 425 percent gain from 2007-2017. The number of businesses increased by 187 percent during the same period.

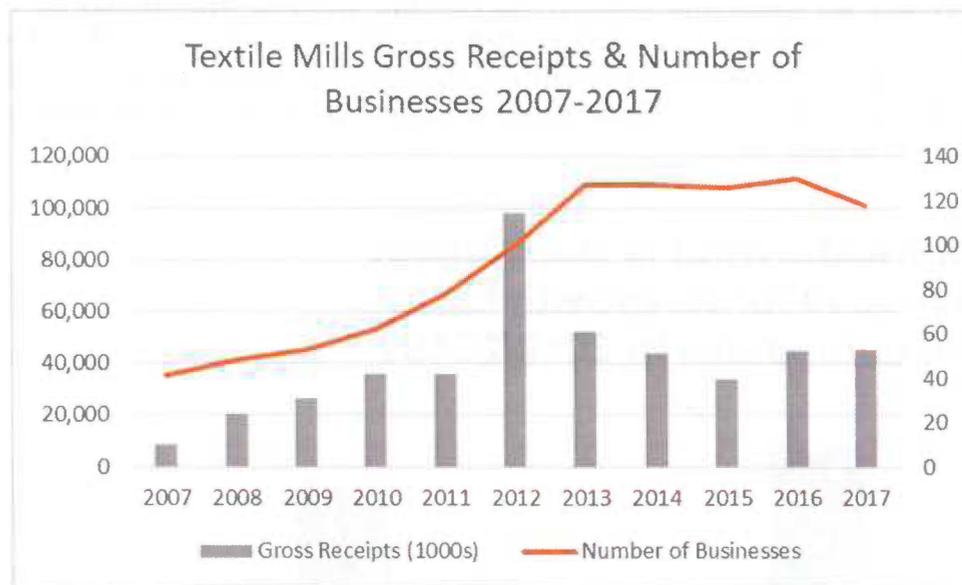


Figure 11. Textile Mills Gross Receipts & Number of Businesses Source: Office of Finance

Based on the same Office of Finance dataset, the below chart shows the number of net business openings by year (new openings minus closings), over the last ten years. As anticipated, the Great Recession caused a dip in the number of openings, with a low in 2010. The number of net openings have grown since then, peaking in 2014. It is also notable that in each year over the last ten years, the number of businesses opening always outnumbered the number of businesses closing, a positive sign for the industry.

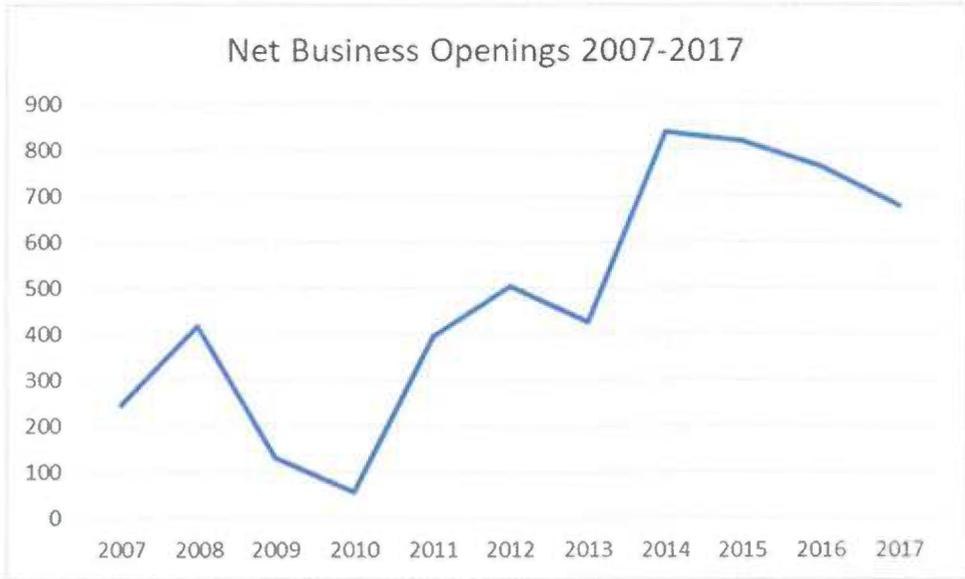


Figure 12. Net Fashion Business Openings 2007-2017 Source: Office of Finance

Los Angeles Fashion Report Survey

The 2018 Los Angeles Fashion Report, published by CIT (a financial firm that provides services to the fashion industry) and the California Fashion Association, explores the industry at a regional (Los Angeles and Orange County) level. The study includes a survey of Los Angeles and Orange County based fashion manufacturers that offers additional viewpoints on the state of the industry, although at a regional level. According to the survey results, the top obstacle to revenue growth is the shrinking retail sector.

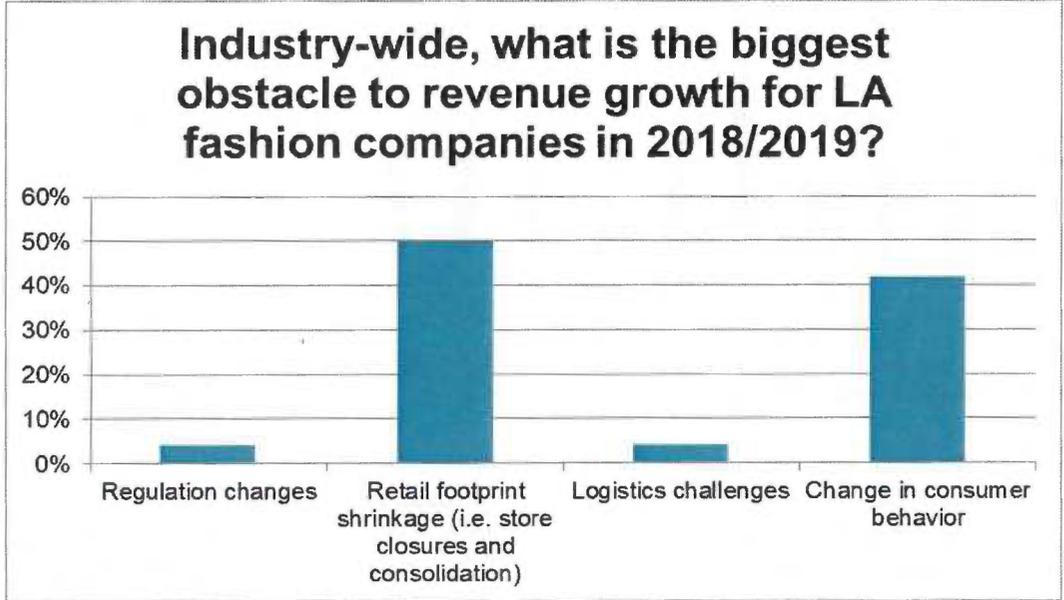


Figure 13. Fashion Industry Obstacles Source: 2018 Los Angeles Fashion Report

The Ports of Los Angeles and Long Beach play a major role in keeping fashion in Los Angeles and Orange Counties. Speed to market is paramount in the fashion industry, and proximity to the

ports allow manufacturers to source raw materials quickly and efficiently. Fashion businesses have access to the Port of Los Angeles Trade Connect, a trade education program that features a variety of seminars on exporting. The industry also has access to numerous import/export services, including wholesalers, freight forwarders, and trade brokers that will assist businesses in sourcing raw material and getting their goods to market.



Figure 14. Why Stay in the LA Area? Source: 2018 Los Angeles Fashion Report

New York City Fashion Industry Incentives

In examining potential incentives that the City could provide to the fashion industry, our Office explored incentives provided by the City of New York, which has a large fashion incentive program. According to the New York City Economic Development Corporation (NYCEDC), New York City's garment manufacturing industry has lost 95 percent of its jobs since the industry's peak in 1950. To stabilize the industry, the city has taken several steps to provide a variety of incentives aimed at arresting the decline and to promote growth of new jobs.

As part of the Fashion Manufacturing Initiative, sponsored by the New York City Economic Development Corporation, Council of Fashion Designers of America, and Garment District Alliance, the following incentives are provided to the industry:

- **Grants**
 - Direct business grants for investment in new machinery and technology to improve business efficiency, foster innovative production, and increase global competitiveness.
 - Criteria
 - \$300,000 maximum grant value
 - Grantee has to match grant award at 33 percent
 - Grants may be used for the following activities:
 - Relocation costs within New York City

- Purchase and/or upgrade machinery, equipment, technology
- Workforce training
- Business consulting
- Capital improvements
- Funding
 - NYCEDC pledged \$2M with the remaining funds raised from private firms.
 - \$2.8M has been granted to 25 firms since the program began in 2013.
- **Programs & Collaborations/Technical Assistance/Marketing**
 - Variety of events, including free participation in trade shows, networking sessions, and marketing campaigns to assist in the retention and expansion of the local fashion industry.
- **Production Database**
 - Searchable online database that catalogs New York City fashion production companies to connect designers to local factories.
- **Enhanced Workforce Development**
 - Support training programs that supply the industry with apprenticeships and entry-level and skilled workers.
 - Support workforce development programs and promote career pathways.
 - Provide supervisory training.

New York City has also committed \$20M towards the acquisition of a building in the Garment District to be operated by a non-profit as a dedicated fashion production space.

A program in the NYCEDC, Made in NY: Fashion is the City's primary driver of the economic growth and vitality of the local fashion industry. The program offers numerous incentives and benefits to the fashion community, including career development for graduates of fashion design schools, fully subsidized exhibition spaces at the Designers & Agents trade show, and variety of marketing campaigns supporting the local industry.

Los Angeles Fashion Industry Incentives

While the City does not have targeted fashion industry incentives, the Economic and Workforce Development Department does offer several programs that could be of assistance to small businesses working in the industry:

- BusinessSource Centers: provide startup ventures and current small business owners tools to help their businesses grow and remain competitive. Most services are provided at no cost.
- Green Business Assistance: resources on how businesses can improve their energy efficiency, waste management, and carbon footprint.
- Small Business Loan Program: provides financing options for small businesses that may have trouble securing loans from traditional lenders.

- WorkSource Centers: provide no cost prescreening, customized training, applicant referral, labor market information, and other business services.
- Industrial Development Bonds: taxable and tax-exempt financing for commercial and industrial development projects at favorable interest rates, usually below conventional borrowing costs.

We recommend that EWDD and the Small Business Commission report on the feasibility of offering incentives to the fashion industry, including exploring incentives offered by New York City and other cities to determine if similar programs could be adapted for Los Angeles.

Besides general incentives/programs offered by EWDD, the Mayor’s Office of Economic Development, in collaboration with the Mayor’s Fund for Los Angeles, established the LA Original Program. LA Original provides a platform to sell fashion products designed, assembled, or manufactured in Los Angeles—with proceeds supporting creative entrepreneur programs. LA Original encourages people to shop local while providing a new badge of LA pride for residents and visitors alike. LA Original products can be purchased online or at flagship stores at LAX and the Downtown Central Library.

Nonprofit organizations located in the City do provide direct assistance to the fashion industry:

- Grid110: downtown business incubator established in 2014 that provides office space, mentorship, and funding initially to the fashion tech sector, but has since expanded to other industries in recent years. Grid 110 is supported in part by the City through Community Development Block Grant funds.
- California Fashion Association: provides business development and support services to the industry and is in the early planning stages of a statewide directory of fashion manufactures and suppliers. This database would be similar to the New York City Production Database, and would serve as a connection point between fashion businesses. The association is currently seeking funding to build this database.

Jobs Found in the Fashion Industry

Utilizing data from fashion recruitment organizations, the list below is a sampling of the types of jobs found in the fashion industry.

Designer	Traffic Manager	Graphic Designer
Office Administrator	Head of Shoes	Account Executive
Planner	CLM Analyst	Accounts Payable Specialist
Systems Engineer	Buyer	Wholesale Customer Service Representative
Recruiter	Bookkeeper	Receptionist
CRM Manager	Web Developer	Controller
Sample Coordinator	Allocator	Stock Associate
Executive Assistant	Copywriter	Director of Merchandising
E-commerce Marketing Manager	Showroom Assistant	Social Media Manager
Product Development Manager	CAD Artist	Production Artist

Customer Service Manager	Data Entry Assistant	Help Desk Support
Catalog Stylist	Sales Director	Grader/Marker
Store Operations Coordinator	Sourcing Director	Overseas Production Manager
Payroll Specialist	Fabric Researcher	Pattern Maker
Colorist	Fashion Director	
Creative Director	Import Coordinator	

Figure 15. Jobs in the fashion industry.

MOTION

Due to its unique geographic location, the availability of resources and the an environment that encourages business growth in the City, Los Angeles has become an epicenter for the fashion industry. The fashion industry is often only associated with apparel, textiles, footwear and jewelry. However, it also includes graphic artists, designers, models, and a multitude of other professions.

According to the California Fashion Association, "the perception of Los Angeles as one of the centers of fashion continues to support demand for things designed in and reflective of Los Angeles. Even as Los Angeles loses traditional apparel manufacturing to Central America and Southeast Asia, its reputation as a source of fashion design grows."

As a result of the state of the economy and global competition, some businesses have been forced to close down or move out of the City, sometimes in pursuit of lower costs of operation. The losses of jobs and of major brands headquartered in Los Angeles are serious concerns for the City.

While the City Council has adopted a number of business-friendly measures to support business growth and encourage new business development, the City should consider all viable options to to protect and foster the highly valued fashion industry, ensure that its jobs remain in Los Angeles, and encourage corporate headquarters to locate and remain in Los Angeles.

I THEREFORE MOVE that the City Council instruct the Office of the Chief Legislative Analyst, with the assistance of the City Administrative Officer, Office of Finance and the City Attorney, to report on the state of the fashion industry in Los Angeles, including possible incentives that the City may offer to the fashion industry to encourage its economic growth and job creation potential.

PRESENTED BY 
JOSE HUIZAR
Councilmember, 14th District

SECONDED BY 



FEB 22 2017



NAICS 6 Digit	2018 Sites	Emp 2013	Emp 2014	Emp 2015	Emp 2016	Emp 2017	Emp 2018	Job Gains (Losses) 2013 to 2018	Salary 2013	Salary 2014	Salary 2015	Salary 2016	Salary 2017
315240: Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing	473	7,409	6,497	7,543	7,496	8,335	8,881	1,472	\$39,160	\$38,463	\$42,287	\$47,217	\$56,596
424330: Women's, Children's, and Infants' Clothing and Accessories Merchant Wholesale	964	5,894	5,672	6,393	6,133	6,433	6,732	838	\$47,032	\$48,716	\$50,384	\$53,453	\$54,750
423940: Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers	803	2,679	1,923	1,916	1,984	2,668	3,445	766	\$58,000	\$64,790	\$67,104	\$71,202	\$73,685
313220: Narrow Fabric Mills and Schiffli Machine Embroidery	18	71	82	75	88	124	375	304	\$44,466	\$31,292	\$34,094	\$36,170	\$38,314
424310: Piece Goods, Notions, and Other Dry Goods Merchant Wholesalers	372	2,929	2,702	2,830	2,831	2,862	3,182	253	\$45,884	\$46,746	\$46,986	\$46,395	\$48,808
315220: Men's and Boys' Cut and Sew Apparel Manufacturing	138	2,442	2,091	2,163	2,215	2,239	2,670	228	\$30,827	\$33,171	\$38,753	\$38,056	\$40,496
313210: Broadwoven Fabric Mills	142	1,495	1,274	1,322	1,384	1,774	1,711	216	\$40,061	\$42,548	\$41,922	\$44,786	\$52,192
315210: Cut and Sew Apparel Contractors	16	125	87	96	239	263	261	136	\$31,268	\$29,482	\$30,792	\$32,808	\$33,146
315110: Hosiery and Sock Mills	24	34	22	96	111	115	100	66	\$59,297	\$34,227	\$39,643	n/a	\$41,627
313230: Nonwoven Fabric Mills	6	30	31	31	31	82	79	49	\$43,899	\$38,103	\$43,777	\$44,361	\$36,590
313240: Knit Fabric Mills	9	399	385	373	372	359	441	42	\$27,845	\$29,404	\$28,216	\$31,526	\$31,660
315190: Other Apparel Knitting Mills	46	918	836	851	895	872	941	23	\$38,796	\$39,567	\$32,896	n/a	\$40,336
424320: Men's and Boys' Clothing and Furnishings Merchant Wholesalers	307	2,082	3,372	3,573	3,602	1,865	2,074	(8)	\$47,756	\$51,851	\$55,691	\$55,845	\$57,401
313110: Fiber, Yarn, and Thread Mills	11	52	38	39	39	36	31	(21)	\$27,790	\$30,232	\$33,617	\$31,804	\$31,724
316110: Leather and Hide Tanning and Finishing	12	92	41	41	44	108	57	(35)	\$37,324	\$33,891	\$39,032	\$37,655	\$45,409
315990: Apparel Accessories and Other Apparel Manufacturing	102	1,442	1,134	1,606	1,220	1,237	1,290	(152)	\$39,301	\$40,664	\$38,461	\$41,629	\$42,043
315280: Other Cut and Sew Apparel Manufacturing	51	748	362	496	474	536	557	(191)	\$43,251	\$46,054	\$52,124	\$66,145	\$58,042
316210: Footwear Manufacturing	17	685	534	538	571	956	492	(193)	\$35,803	\$38,892	\$37,431	\$38,182	\$38,962
424340: Footwear Merchant Wholesalers	112	912	877	973	947	986	710	(202)	\$57,280	\$55,655	\$53,799	\$54,769	\$59,202
541490: Other Specialized Design Services	103	892	738	788	794	854	621	(271)	\$76,609	\$78,577	\$91,395	\$95,005	\$97,382
339910: Jewelry and Silverware Manufacturing	257	2,702	2,295	2,377	2,256	2,487	2,219	(483)	\$40,474	\$40,906	\$41,892	\$42,836	\$43,580
313310: Textile and Fabric Finishing Mills	44	1,951	1,379	1,332	1,299	952	1,070	(881)	\$31,251	\$32,249	\$34,599	\$36,518	\$40,545
313320: Fabric Coating Mills	3	n/a	n/a	n/a	2	2	38		\$53,183	\$54,486	\$67,154	\$70,715	\$67,332
316992: Women's Handbag and Purse Manufacturing	13	n/a	47	55	52	103	46		n/a	n/a	n/a	n/a	n/a
Totals	4,043	35,983	32,419	35,507	35,079	36,248	38,023		\$43,329	\$42,607	\$45,306	\$48,432	\$49,123

