

TRANSMITTAL

To: **THE COUNCIL**

Date: **10/11/24**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Carolyn Webb de Macias for)

KAREN BASS

Mayor

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

**ECONOMIC AND
WORKFORCE
DEVELOPMENT
DEPARTMENT**

444 FLOWER ST., 14TH FLOOR
LOS ANGELES, CA 90041

CAROLYN M. HULL
GENERAL MANAGER

October 3, 2024

Council File: 21-0691

Council District Nos.: All

Contact Person(s) & Phone:

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The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: REQUEST FOR AUTHORITY TO REPROGRAM \$1,500,000 OF AMERICAN RESCUE PLAN ACT (ARPA) FUNDING TO AUGMENT ALLOCATION FOR FACADE IMPROVEMENT PROGRAM FOR BUSINESSES LOCATED IN JOBS AND ECONOMIC DEVELOPMENT INCENTIVES (JEDI) ZONES.

The General Manager of the Economic and Workforce Development Department (EWDD), respectfully requests authority to reprogram \$1,500,000 of American Rescue Plan Act (ARPA) funding that was originally allocated to the Jobs and Economic Development Incentives (JEDI) Zones Program for Planning and Building and Safety permit fee reductions, and redirect the funding to the JEDI Zones Facade Improvement Program. Expedited action on the recommendations presented herein is requested to ensure timely implementation and expenditures of ARPA funding.

SUMMARY

The JEDI Permit Fee Reduction Program currently has a budget of \$2.5 million, which consists of \$1 million of former Urban Development Action Grant (UDAG) funds and \$1.5 million of ARPA funding. The demand for permit fee reductions has been less than anticipated and only ten businesses have taken advantage of this incentive. Consequently, approximately \$2.4 million remains available for permit fee reductions. Meanwhile, the interest for the JEDI Facade Improvement Program continues to increase and the project pipeline is currently oversubscribed.

Through this report, EWDD is seeking approval to reprogram the \$1.5 million in ARPA funding from the JEDI permit fee reduction activity to increase the availability of funds for facade improvements projects. Furthermore, we are seeking authority to enter into a subrecipient agreement with a third party non-profit partner to help EWDD carry out the facade improvement activities. Approval of the recommendations will serve 2 purposes:

1. Increase funding to assist more JEDI businesses aesthetically improve their commercial locations as part of their post-pandemic economic recovery strategy

- while revitalizing JEDI zones; and
2. Help the City meet the imminent ARPA funding obligation deadline of December 31, 2024.

RECOMMENDATIONS

The General Manager of EWDD respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. AUTHORIZE the reprogramming of \$1,500,000 of ARPA funds originally allocated to the JEDI Program for Planning and Building and Safety permit fee reductions, and allocate the funding to the JEDI Zones Facade Improvement Program.
2. AUTHORIZE the return of funds in the amount of \$1,500,000 previously transferred from the Economic and Workforce Development Department to the Department of Building and Safety and Department of City Planning for JEDI permit fee reduction incentive costs no longer needed.
3. AUTHORIZE the transfer and appropriation of funds in the amount of \$1,500,000 from the Department of Building and Safety Fund 48R, Dept. 08, BSA No. TBD in the amount of \$1,050,000 and Department of City Planning Fund 52D, Dept. 68, BSA No. TBD in the amount of \$450,000 to the Department of Economic and Workforce Development, American Rescue Plan Act (ARPA) Fund 64N, Dept. 22, Appropriation Account No. 22V833 (JEDI Zone Program Business Assistance) to return funds previously advanced for JEDI Permit Processing subsidy/costs to now repurpose and pay for the JEDI Facade Improvement Program cost.
4. AUTHORIZE the General Manager of EWDD, or designee, to negotiate and execute a subrecipient contract with a third-party service provider for up to \$1,500,000 to carry out facade improvement activities in approved JEDI Zones, in compliance with City contracting requirements and subject to the approval of the City Attorney as to form.
5. AUTHORIZE the General Manager of EWDD, or designee, to make technical corrections to transactions included in this report, subject to the approval of the City Administrative Officer, to carry out Mayor and City Council intentions, as necessary, and authorize the Controller to implement those instructions.

FISCAL IMPACT STATEMENT

Recommendations in this report will have no negative impact on the City General Fund. Funding being reprogrammed is ARPA funding.

DISCUSSION

In March 2020, City Council approved the transfer of \$1 million of former Urban Development Action Grant (UDAG) funds to provide permit fee reductions for projects located within approved JEDI Zones (CF No. 13-0934-S2). In November 2021, City

Council approved \$1.5 million of ARPA funding as additional resources for permit fee reduction assistance (CF 21-0691). The combined allocation for JEDI permit fee reductions is \$2.5 million, of which approximately \$78,000 has been obligated through fee reduction certificates issued to ten eligible projects. A balance of approximately \$2.4 million remains available for this activity.

In addition to the allocation for permit fee reductions, City Council approved \$1.5 million of ARPA funds to complete facade improvement projects for businesses in JEDI Zones (CF 21-0691). These funds plus other allocated resources provide a \$3 million budget for JEDI Facade activities that will fund approximately 40 projects, split among the nine approved JEDI Zones. This means that the current available budget will allow funding for approximately 4 projects per existing JEDI Zone.

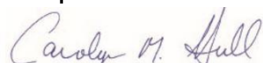
To have a more meaningful impact in the revitalization of JEDI Zones, through this report, EWDD is seeking approval to reprogram \$1.5 million of ARPA funds that were originally allocated for permit fee reductions and allocate the funds for facade improvements instead. This will augment the resources for facade improvement projects to \$4.5 million, which will help meet the high demand for this type of assistance and increase the number of projects funded to approximately 60. This request reallocates funding within JEDI activities to better serve the needs of JEDI businesses and ensure ARPA funds are encumbered before the obligation deadline. Approximately \$900,000 of UDAG funds will continue to be available for permit fee reductions as a resource for approximately 90 JEDI businesses.

If the ARPA funds reprogramming is not approved, the City will be at risk of not meeting the ARPA deadline to obligate funds by December 31, 2024.

Furthermore, to help effectively deploy funding for facade improvements in JEDI Zones, EWDD recommends engaging a third-party subrecipient partner to help carry out program activities. Upon approval to engage a subrecipient, EWDD will consider negotiations with the Los Angeles Neighborhood Initiatives (LANI). LANI was founded in 1994 by then Mayor Richard Riordan to revitalize economically and physically challenged communities. Since then, LANI continues to serve communities in the City and leverages resources and resident participation to advance inclusive and equitable community development. Due to their expertise and extensive knowledge of the City's underserved communities, LANI is a good fit to serve as a subrecipient for the Program.

CONCLUSION

EWDD is requesting authorization to have ARPA funds reprogrammed to increase the availability of funds for JEDI facade improvement projects, as part of the ongoing economic recovery from the negative impacts of the COVID-19 pandemic. Approval of the recommendations will also ensure the City meets the imminent ARPA funding obligation deadline of December 31, 2024, to ensure that ARPA funds are not at risk of recapture.



CAROLYN M. HULL
General Manager

CMH:FJ:dh