



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
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Fifth District

June 11, 2019

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

19 June 11, 2019

CELIA ZAVALA  
EXECUTIVE OFFICER

### **COMMUNITY BENEFITS POLICY FOR COUNTY ECONOMIC DEVELOPMENT PROJECTS (ALL DISTRICTS) (3 VOTES)**

#### **SUBJECT**

The Chief Executive Officer (CEO) recommends the approval of the Board of Supervisors Policy entitled Community Benefits for County Economic Development Projects.

#### **IT IS RECOMMENDED THAT THE BOARD:**

1. Adopt the attached Board Policy that establishes criteria and procedures for public-private economic development projects in Los Angeles County to generate economic benefits for communities surrounding each project that has a projected budget in excess of \$10 million, or 50,000 square feet or more of net useable floor area.
2. Instruct the CEO and other County departments, as appropriate, to implement the Board Policy effective immediately.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On March 14, 2017, the Board of Supervisors (Board) adopted a Motion (Motion) by Supervisors Solis and Hahn that called for the CEO, in consultation with the Economic Development Policy Committee (Policy Committee), to execute the Community Participation Implementation Plan as described in the CEO's March 8, 2017 report to the Board. The motion further called for the CEO, in consultation with County Counsel, to prepare an Economic Development Projects Policy and return to the Board with a recommended policy for Board consideration and adoption.

Background:

On August 9, 2016, the Board adopted a Motion by Supervisor Solis that directed the CEO and the Los Angeles County Development Authority (LACDA) (formerly known as the Community Development Commission/Housing Authority of the County of Los Angeles), to report back to the Board on best practices for community participation in County economic development projects.

On November 9, 2016, the CEO and the LACDA provided the Board with a framework for proposed best practices for community participation in County economic development projects, from pre-construction to the post-closeout phase.

In response to the March 14, 2017 Board Motion to establish a policy, the CEO, in consultation with the Economic Development Policy Committee members, developed the Community Benefits for County Economic Development Projects Policy (Community Benefits Policy). The Community Benefits Policy is an overarching policy that includes reference to other related policies, including the Countywide Local and Targeted Worker Hiring Policy (Local Hiring Policy). The Local Hiring Policy was adopted by the Board on September 6, 2016; however, it has undergone a number of revisions since initial adoption. The Community Benefits Policy was not adopted after initial drafting while the Local Hiring Policy underwent these revisions. Both the Community Benefits policy and revised Local Hiring Policy are being brought before the Board simultaneously for adoption.

The proposed Community Benefits Policy provides requirements and procedures for County economic development projects with the following criteria:

1. Public-Private construction projects with a budget of \$10 million, or 50,000 square feet or more of net useable floor area;
2. If initiated by a private person or entity, a project for which a complete development application is received by the County after the effective date of this policy; and
3. If initiated by the County, a project for which the Board approves the release of a Request for Proposals after the effective date of this policy.

The proposed Board Policy will not apply to the following projects:

1. Residential projects in Marina Del Rey;
2. Projects exclusively related to affordable housing; and
3. Projects in completed development phase, and/or Board approved Request for Proposals issued before the effective date of this policy.

The CEO, or a Board authorized designee, will work with the developer and the affected department to implement appropriate Community Benefit elements, as described in the policy. Should the elements of the proposed Board Policy not be suitable or feasible for a specific project, the CEO, authorized designee, or responsible department will provide documentation of such findings in a written report to the Board.

The purpose of the Community Benefits Policy is to establish criteria and procedures for economic development projects in Los Angeles County in order to generate economic benefits for the businesses, community, and residential, commercial or industrial areas surrounding each project. The processes contained in the Policy include guidance on the use of County resources and the applicability of County programs to economic development projects such that the intended economic results are achieved: jobs for the local workforce, expansion of the County's tax base, and enhancement of the quality of life for County residents.

The County can strengthen its local economy by promoting workforce development, small business utilization, and broad-based partnerships with the private sector. By making it a County priority to create opportunities for the local workforce and increase small business utilization in County contracting and procurement, the County can help to connect the innovation and entrepreneurship of our diverse communities with a clear vision for regional economic development.

### **Implementation of Strategic Plan Goals**

The proposed Board Policy aligns with implementation of Strategy II.1 – Drive Economic and Workforce Development in the County as well as Strategy I.1 – Increase Our Focus on Prevention Initiatives.

### **FISCAL IMPACT/FINANCING**

There is no anticipated fiscal impact to the County resulting from the approval of the proposed Board Policy.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Economic Development Policy Committee and Audit Committee Approval:

On February 9, 2017, the proposed Board Policy was presented to the Economic Development Policy Committee and the Committee approved the Board Policy for submission to the Audit Committee.

The CEO presented the proposed Board Policy to the Audit Committee on July 20, 2017, and the Board Policy was approved for submission to the Board of Supervisors for adoption.

After completion of revisions to the Local Hiring Policy, both the Community Benefits Policy and Local Hiring Policy were jointly presented to the Audit Committee on April 17, 2019, and the Economic Development Committee on April 26, 2019, and each committee approved submission of the Community Benefits Policy with the updated Local Hiring Policy for Board adoption.

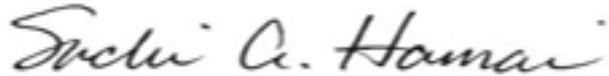
### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed Board Policy only applies to projects and services initiated after the Policy becomes effective and will therefore not impact current services or projects.

**CONCLUSION**

Upon approval, please return two adopted stamped copies of the Board letter to the Chief Executive Officer.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachin A. Hamai".

SACHI A. HAMAI  
Chief Executive Officer

SAH:FAD:JO  
DSK:LL:acn

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Economic Development Policy Committee  
Los Angeles County Development Authority



*Los Angeles County*  
**BOARD OF SUPERVISORS POLICY MANUAL**

Policy #:	Title:	Effective Date:
0.000	Community Benefits for County Economic Development Projects	00/00/00

### **PURPOSE**

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To establish criteria and procedures for economic development projects in Los Angeles County in order to generate economic benefits for the businesses, community, and residential, commercial or industrial area surrounding each project. The processes contained in the Policy include guidance on the use of County resources and the applicability of County programs to economic development projects such that the intended economic results are achieved: jobs for the local workforce, expansion of the County's tax base, and enhancement of the quality of life for County residents.

The County can strengthen its local economy by promoting workforce development, small business utilization, and broad-based partnerships with the private sector. By making it a County priority to create opportunities for the local workforce and increase small business utilization in County contracting and procurement, the County can help to connect the innovation and entrepreneurship of our diverse communities with a clear vision for regional economic development.

### **REFERENCE**

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March 14, 2017 Board Order #3

Board Policy, Chapter 5 – Contracting and Purchasing – 5.125 Economic Development: Business Incentive Program.

March 8, 2017 Chief Executive Office report to Board, "Report Back on an Implementation Plan for Community Participation in Economic Development Projects (Item No. 16, Agenda of November 9, 2016)".

## POLICY

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The Chief Executive Officer (CEO) shall administer a community benefits program on each economic development project as part of the County's economic development efforts. This policy furthers the County's commitment to the economic self-sufficiency of the community around which the economic development project is based. The goals shall be to attract and retain businesses, grow the regional workforce, and provide greater economic opportunity for residents.

### I. Economic Development Projects

For the purposes of this Policy, economic development projects will be defined as projects where there is a public-private partnership resulting in tangible economic development benefits that extend beyond just the construction of County facilities. A public-private partnership will be defined as a contractual relationship by which there is material use of a County-owned, or County-funded facility by a non-profit or private entity during the construction of, and following completion and delivery of the project. Any project seeking any material use of County-owned land, County-funded facility, or investment of County resources meeting the conditions below, must result in direct economic development benefits to the local community, such as job creation for non-County employees, commercial or mixed-use development, retail investment, blight removal, affordable housing, or any other activity that improves the economic well-being of local residents.

This policy shall apply to the following types of projects:

- 1) A public-private construction project with either:
  - a) A projected budget in excess of \$10 million; or
  - b) 50,000 square feet or more of net useable floor area; and
- 2) If initiated by a private person or entity, a project for which a complete development application is received by the County after the effective date of this policy; and
- 3) If initiated by the County, a project for which the Board approves the release of a Request for Proposals (RFP) after the effective date of this policy.

This policy does not apply to residential projects in Marina Del Rey, projects exclusively related to affordable housing, or projects for which a complete development application was received by the County (or for which the release of an RFP was approved by the Board) prior to the effective date of this policy.

### II. Community Benefits

On each economic development project subject to this policy, the CEO, or Board authorized designee, must work with the developer and affected departments to

implement the following requirements:

- i. **Community Engagement Practices.** Economic development projects must incorporate a robust, culturally competent community engagement process. This will consist of at least two advertised, public community meetings to solicit public comment during the pre-development phase, and a minimum of two additional public community meetings during the development phase.
- ii. **Local and Target Worker Hire.** There shall be a 30 percent local hiring requirement for construction jobs on economic development projects, and a 10 percent hiring requirement for targeted workers facing barriers to employment, such as a criminal record, disabilities, language barriers, homelessness, or veteran status. This is consistent with the Local and Target Worker Hire Policy applicable to contracts approved by the Board after October 31, 2016. There shall also be an aspirational goal of 30 percent local hiring, and 10 percent target worker hiring for permanent jobs on economic development projects. Permanent jobs shall be jobs that are filled on a full-time equivalent basis upon completion of the economic development project and are located within the boundaries of the project site.
- iii. **Business Enterprise Programs.** There will be a utilization goal of 25 percent for County-verified Certified Local Small Business Enterprises (LSBEs) and a utilization goal of 3 percent for County-verified Certified Disabled Veteran Business Enterprises (DVBES) on economic development projects in line with the County's adopted business utilization goals and in coordination with the Department of Consumer and Business Affairs. The developer must show how they will use good-faith efforts to meet these goals at the outset of the project.
- iv. **Inclusive and Affordable Retail Mix.** There shall be square footage reserved on each economic development project for local tenants, together with aspirational goals for disabled veteran businesses and social enterprises. This allocation of square footage shall be determined as a percentage of the total useable floor area of the project, and shall be negotiated on a project-by-project basis.
- v. **Affordable Housing.** A minimum of 20 percent of any residential units on an economic development project shall be set aside as affordable housing. In certain circumstances, this requirement may be satisfied through the provision of an equivalent number of affordable housing units at a separate location in proximity to the economic development site. If the economic development project results in the destruction of existing affordable units, those shall be replaced on site on a one-for-one basis at a minimum.
- vi. **Workforce Training.** The developer on each economic development project shall coordinate with the Department of Workforce Development, Aging and

Community Services (WDACS) to ensure that the needs of each employer at the project site are met. WDACS will provide workforce training and services based on the need of each specific element of the project.

- vii. **Ongoing Community Engagement and Monitoring.** Ongoing community engagement during the construction phase and following project delivery will be required to ensure that the County is receptive to adverse effects to the surrounding businesses and residents after project completion. The CEO will monitor the project to ensure compliance with community benefit requirements for permanent jobs, retail tenants, and affordable housing. The term of monitoring, as well as the costs to provide for monitoring, will be negotiated on a project-by-project basis. However, the developer must fund at least a portion of the monitoring costs during the construction phase.
- viii. **Economic Analysis.** The CEO shall periodically review the success of the project in relation to County economic development goals, including job creation and expansion of the local tax base. Economic indicators such as new business openings, local vacancy rates and employment demographics shall all be studied in relation to the size of the project and its potential impact on the local economy.

To the extent that any element of the above Policy is not suitable or feasible for a particular economic development project, the CEO (or responsible department) must document any such findings in a written report to the Board. Any deviation from this Policy must be approved by the Board upon a finding of good cause. Furthermore, should the Board take action to change its current policies regarding Local and Targeted Worker Hire or Small Business Utilization, each of which is reflected above, such changes shall apply equally to this Policy.

**RESPONSIBLE DEPARTMENT**

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Chief Executive Office

**DATE ISSUED/SUNSET DATE**

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**Issue Date:**

**Sunset Date:**