

ECONOMIC DEVELOPMENT UPDATE

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS



Sachi A. Hamai, Chief Executive Officer



Sean Rogan, Executive Director, Community Development Commission

THE NEED IN LOS ANGELES COUNTY

The need...

- *Per capita and household incomes in Los Angeles County are lower than the State average.*
- *While poverty rates are higher – unacceptably high poverty rate, which stood at 17.8% in 2014.*
- *Unemployment rates 1.5 times the national average.*

Despite fundamental changes in the economy, emerging technologies, workforce training and global integration, **job creation remains a key goal and measure for economic development efforts.**

The creation of **QUALITY jobs** is vital – those that pay sustainable wages and offer advancements and allow workers to accumulate financial assets.

With the objective of **creating sustainable, quality jobs in a more resilient diverse economy**, the Board of Supervisors has adopted an economic development process that is more strategic, inclusive and adaptive.

A NEW FRAMEWORK FOR ECONOMIC DEVELOPMENT

Series of motions aimed at **cultivating a new framework** for economic development in Los Angeles County:

- October 20th Motion
- December 15th Motion
- January 5th Motion

Motions set the stage for a **renewed focus** on economic development.

Policy and Advisory Committees prioritize economic development and **bring key stakeholders and subject matter experts** to the table coupled with the various **county departments** critical to the effective implementation of a comprehensive countywide economic development strategy.

Goal is to begin implementing the overall economic development strategy by **July 1, 2016**.

Already several economic development initiatives **underway**.

KEY MILESTONES

Key Milestones	Due Dates
County Strategic Plan Implementation Report	4/5/2016
Bioscience Hubs – Disposition Strategies Report	4/15/2016
County Bioscience Implementation Plan	5/3/2016
Local Small Business Participation Plan Report	5/24/2016
Social Enterprise Participation Plan Report	5/31/2016
Bioscience Hubs – Community Benefits Report	6/15/2016
Small Business Initiative Launch	7/1/2016
Economic Development Strategy Implementation	7/1/2016

ECONOMIC DEVELOPMENT MOTION

- On October 20, 2015, the Board of Supervisors approved a Motion to respond to the challenge of finding **practical, effective ways that County government can support economic growth**
- This Motion was **built on a strong foundation of research and analysis** from the *Los Angeles County Strategic Plan for Economic Development (2010-14 and 2016-2020)* and the *Economic Development Implementation Roadmap (2015)*
- The following **eight action items** are strategies offered for improving the business environment, encouraging productivity, and supporting the people, places and actions that can help the economy grow

MANUFACTURING BUSINESS LOAN PROGRAM

ACTION

Develop a work program, guidelines, and estimated budget for Fiscal Year 2016-17, targeted toward small- and medium-sized manufacturers.

STATUS

CDC submitted written report to the Board of Supervisors (BOS) that includes program guidelines, budget and staff recommendations.

MANUFACTURING BUSINESS LOAN PROGRAM

Offers below market interest rate, flexible loan terms and no pre-payment penalty in 52 areas in the county

RECOMMENDED PROGRAM PARAMETERS

Loan Amount

\$100,000
to
\$500,000

Interest Rate

- Below Market
- Stepped or Fluctuating

Loan Term

Working Capital: 5-7 yrs
Equipment: 10 yrs
Real Estate: 20 yrs

Job Creation

1 Job for every
\$50,000
borrowed

BIOSCIENCE IMPLEMENTATION PLAN

ACTION

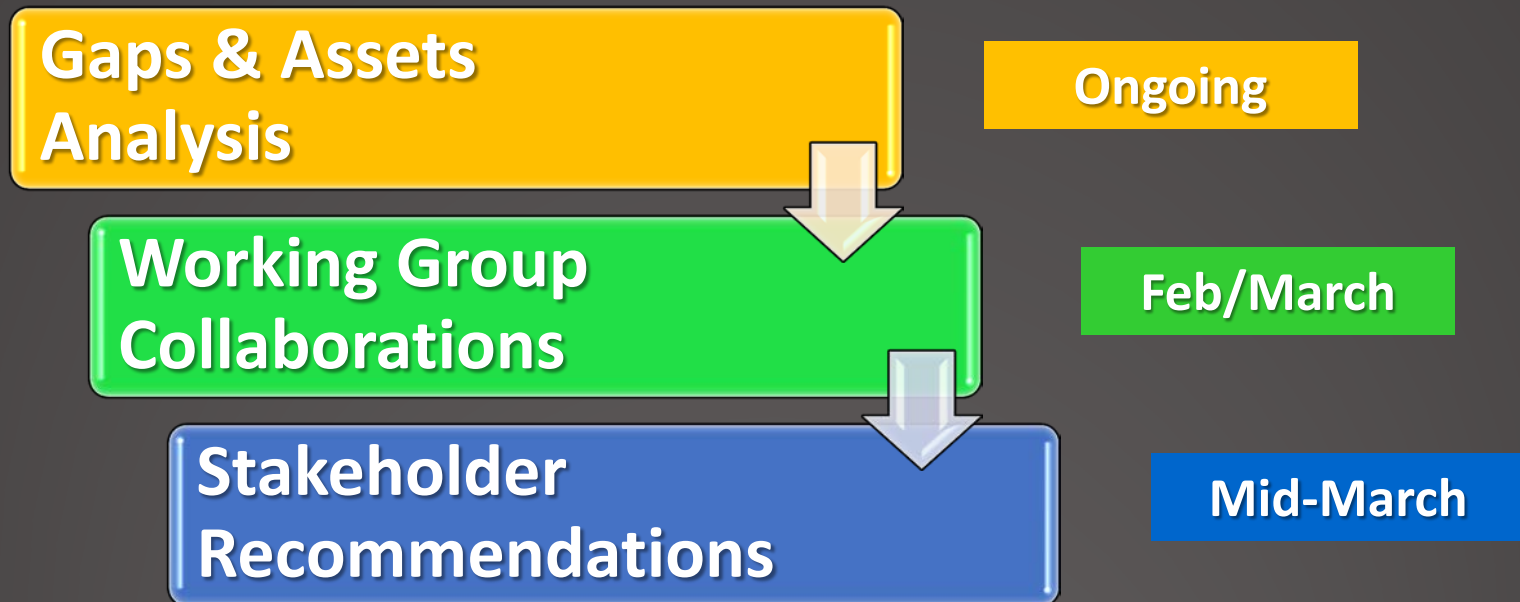
Secure a consultant and provide technical support for formulating an plan for the implementation of the Battelle Study recommendations.

STATUS

BOS approved consultant at the November 10, 2015 meeting.

BIOSCIENCE IMPLEMENTATION PLAN

Consultant Team lead by the Los Angeles Economic Development Corporation, secured through a competitive procurement process.



INDUSTRY SECTOR DEVELOPMENT STRATEGY

ACTION

Secure a consultant to develop a strategy and work plan for supporting other industry sectors with strong growth and high quality family-supporting employment potential.

STATUS

CDC issued a Request for Proposals (RFP) the week of February 29, 2016.

CATALYTIC DEVELOPMENT FUND

ACTION

Convene a working group of financial and investment experts to develop parameters for a Catalytic Development Fund.

STATUS

CDC established a working group and that group was convened on January 21, 2016.

COMMUNITY BUSINESS REVITALIZATION PROGRAM

ACTION

Recommend program and administrative guidelines for expanding the Community Business Revitalization Program (CBR) countywide.

STATUS

CDC submitted written report to the BOS that includes program guidelines and staff recommendations for expanding the program countywide.

COMMUNITY BUSINESS REVITALIZATION PROGRAM

Staff identified 11 communities in the unincorporated County to target the RENOVA TE Program

RECOMMENDED PROGRAM PARAMETERS

Grant Amount

\$35,000
to \$100,000

Eligible Improvements

- Design assistance
- Façade restoration
- Windows, doors, lighting, signs, etc.
- Removal of non-conforming elements
- Accessibility improvements

Maintenance Easement

Required to ensure improvements are maintained in good condition and repair for 10 years

STATE ECONOMIC DEVELOPMENT PROGRAMS

ACTION

Evaluate the potential applicability and feasibility of State economic development programs that use County property tax revenue as a funding source

STATUS

Written report submitted to the BOS outlines the legislative history, provisions, requirements and staff recommendations.

STATE ECONOMIC DEVELOPMENT PROGRAMS

CRIA (AB 2)

Challenges:

- More difficult to establish
- Tax increment excludes school districts
- Protest hearings
- Contiguous areas only

Merits:

- Bond issues do not require voter approval
- 25% must be used for affordable housing
- Tax increment is “voluntary”

EIFDs (SB 628)

Challenges:

- Nexus required between facilities and who pays
- Tax increment excludes school districts
- Bonds require voter approval

Merits:

- Can be created anywhere in the County
- Broad array of public projects permitted
- Tax increment is “voluntary”

CIIP (SB 718)

Challenges:

- Small segment of manufacturers qualify
- Manufacturer must invest \$150 million in site
- Sunsets on 1/1/2018

Merits:

- Wage credits to certain manufacturers
- 75% tax rebate generated by new investment
- Opportunity exists to expand current law

ADVISORY COMMITTEE

ACTION

Provide recommendations on the establishment of an Advisory Committee to guide and oversee implementation of economic development strategies and programs.

STATUS

CEO recommends the creation of an Economic Development Policy Committee, which will function in a comparable manner to the proposed Advisory Committee.

TARGET FEE WAIVER PROGRAM

ACTION

Develop recommendations for a targeted fee waiver program for small businesses.

STATUS

CEO recommends that fee waivers be explored in the context of supporting small and local businesses in the unincorporated areas of the County

FUNDING RECOMMENDATIONS

- The approved budget for the specified action items was \$15 M in total, with an allocation of \$4.5 M for the first Fiscal Year (2016-17).
- The CEO will consider an adjustment to \$6.5 M in the 2016-17 Recommended Budget in accordance with the provisions of the 90-day Report.
- The requested increases are for two programs:
 - Manufacturing Revolving Loan Fund Program from \$1 M to \$2 M
 - Countywide RENOVATE Program from \$1 M to \$2 M
- One-time funding for the Catalytic Development Fund, Bioscience Revolving Loan Fund, and Manufacturing Loan Fund is to come largely from asset sales of the former redevelopment agencies.

NEXT STEPS

- The economic development programs approved in the October 20, 2015 Board Motion shall be funded and implemented in Fiscal Year 2016-17 using the County Economic Development Trust Fund for capitalization and administration.
- The CEO, in collaboration with the CDC and the Los Angeles Economic Development Corporation (LAEDC), shall report back to the Board by April 5th in response to the January 5, 2016 Board Motion on economic development.
 - *The CEO will report on the formation and composition of the Economic Development Policy Committee.*
 - *A statement of goals and objectives will be provided in support of County programs that align with the LAEDC Strategic Plan for Economic Development.*