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March 8, 2017

To: Supervisor Mark Ridley-Thomas, Chairman
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Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Sachi A. Hamai
Chief Executive Officer

REPORT BACK ON AN IMPLEMENTATION PLAN FOR COMMUNITY PARTICIPATION IN ECONOMIC DEVELOPMENT PROJECTS (ITEM NO. 16, AGENDA OF NOVEMBER 9, 2016)

BACKGROUND

On November 9, 2016, the Board of Supervisors (Board) adopted a motion (Motion) by Supervisor Solis directing the Chief Executive Officer (CEO) to report back to the Board in 120 days with an implementation plan for community participation in economic development projects. This was preceded by an August 9, 2016 motion by Supervisor Solis that directed the CEO and the Director of the Community Development Commission (CDC) to report back to the Board on best practices for community participation in major economic development projects. The CEO and the CDC presented this report and recommended best practices to the Board on November 9, 2016.

In adopting these motions, the Board has demonstrated an interest in direct interaction with community members, non-profit organizations, and the private sector regarding major development projects and public-private partnerships. The CEO herein presents an implementation plan for community participation in economic development projects and a series of recommended policies related to such projects.

DEFINITION OF ECONOMIC DEVELOPMENT PROJECT

Community participation best practices and policies will be applied to County economic development projects. Economic development projects are defined as those where

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there is private sector participation that results in tangible economic development benefits beyond just the construction of County facilities. Private sector participation will be defined as any material use of a County-owned, or County-funded, facility by a non-profit or private entity following completion and delivery of the project. Such use of the facility must result in direct economic development benefits for the community, including job creation for non-County employees, commercial development, retail investment, blight removal, affordable housing, or any other activity that improves the economic well-being of local residents.

The economic development projects defined above shall be limited to new construction that satisfies at least one of the following two criteria: 1) a budget in excess of \$10 million for the project; or 2) a minimum of 50,000 square feet of net useable floor area on the project. Certain projects that are likely to be excluded from the requirements of the community benefit implementation plan are those smaller projects under 50,000 square feet funded by the CDC's RENOVATE Program for blight removal. RENOVATE projects will, however, be encouraged to include community benefit policies whenever practical.

The definition of an economic development project will not apply to projects that are solely for affordable housing, as separate efforts are underway to engage the community on affordable and permanent supportive housing developments. In a February 9, 2016 motion for the Homeless Initiative, the Board directed the CEO to facilitate community engagement around permanent supportive housing. On December 20, 2016, the Board then passed a motion asking the CEO to return with best practices for community engagement in creating and siting permanent supportive housing. The implementation plan for community participation will also not apply to market-rate and affordable housing projects on County-owned land in Marina Del Rey. Any community participation requirements for residential projects in Marina Del Rey shall be addressed in relation to a November 1, 2016 Board motion that seeks to evaluate the current Marina Del Rey Affordable Housing Policy and recommend changes as necessary. If, however, a project in Marina Del Rey includes a commercial, retail, or private non-residential component, then the implementation plan described in this memorandum shall be applicable.

ECONOMIC DEVELOPMENT PROJECT POLICIES

For all economic development projects, the CEO has drafted a set of project policies in order to provide a framework for community participation and further the County's Economic Development Program. These policies were developed by a workgroup that included the CEO, CDC, Department of Public Works (DPW), Department of Regional Planning (DRP), Department of Workforce Development, Aging and Community

Services (WDACS), and Department of Consumer and Business Affairs (DCBA); and then reviewed with the Economic Development Policy Committee (Policy Committee). All policies were drafted with the benefit of the community in mind, and are intended to further job creation and improve the economic well-being of local residents surrounding the economic development project (see Attachment A for a draft of the Economic Development Project Policy).

THE BENEFIT OF COMMUNITY PARTICIPATION

The work performed by the County must be consistent with the concerns of the people being served. Providing an effective forum for stakeholder input and involvement is the best means to ensure that the County understands those concerns and incorporates them into its policies and practices. Active community participation in economic development projects can be expected to improve project design, increase project buy-in, produce an equitable distribution of benefits throughout the community, promote local resource mobilization, ensure project sustainability, and lead to greater economic benefits for local residents.

Experience has demonstrated that active and dedicated participation by key community stakeholders in the design and implementation of projects can contribute significantly to the success of development activities. When done correctly, community participation will become synonymous with good business practice.

COMMUNITY PARTICIPATION IMPLEMENTATION PLAN

The implementation plan for community participation (Implementation Plan) is designed to align with the County's commitment to transparency and desire to engage the diversity of interests throughout the region. This Implementation Plan strives to be responsive to stakeholders, provide clear and concise information, and address the concerns raised by interested parties. Furthermore, community participation efforts will be aligned with economic development objectives, such as workforce development, support for small business, and regional economic growth. To achieve these goals, the County must invite stakeholders to participate throughout the various phases of project development.

The lead role in structuring the community participation elements of an economic development project shall reside with the CEO, with additional contributions provided by the CDC, DPW, DRP, and other County departments, as appropriate. During each phase of the project, the CEO will work with the affected Board Office(s) to ensure that any special community needs, concerns or issues are addressed. For those County projects that do not meet the definition of an economic development project,

the responsibility for community engagement shall be determined by the lead department responsible for delivering the project. Such projects will not be subject to this Implementation Plan.

The Implementation Plan developed by the CEO shall consist of eight component parts, which are presented below:

1. Initial Engagement

The first step in planning for community engagement is identifying a potential project. The project design and delivery should not be pre-determined and must allow for future public input to inform any project plan. Once a potential project is identified, the department or agency charged with project delivery (the "Project Lead") will devise a plan for initial engagement to inform the design of the project. The Project Lead will form a team that includes, at a minimum, the CEO and any future tenant departments. This project team will be responsible for planning, soliciting, and synthesizing the beginning phase of community engagement.

Initial community engagement efforts should occur before a developer for any potential project is chosen, and will inform the solicitation process. It is recommended that initial engagement consist of at least two community meetings to solicit feedback from stakeholders on the scope and design of the project. Engagement should not be limited to in-person listening sessions, but should also include print and online forums. It is essential to identify all of the viewpoints and interests that must be heard to create a fully participatory process that addresses issues such as the following:

- Economic impact
- Health
- Safety
- Jobs
- Property values
- Traffic congestion
- Parking
- Pollution

During the initial engagement phase of the project, the County project team shall engage stakeholders in order to receive feedback regarding the project's uses and potential design elements. Facilitated by the Project Lead, and any associated

consultants, conceptual plans may be developed to help solicit input on the scope of the project and inform the project's design and construction.

2. Economic and Demographic Analysis

Concurrent with project initiation, the CEO shall join with the Project Lead to conduct an economic and demographic analysis of the area immediately surrounding the project location, including any direct or indirect impact on the surrounding housing stock. Economic factors, such as employment rates, household income, real estate values, industry concentration, and occupation type will be reviewed. In addition, these economic characteristics shall be measured within the context of demographic information including median age, household size, race and ethnicity, languages spoken and educational attainment. By having accurate data regarding the project area, the County will be better equipped to develop a tailored community engagement strategy and accomplish its economic development and community benefit goals on a project.

3. Project Plan

Prior to beginning any construction work, the County will create a project plan (Project Plan) that outlines economic development objectives, including local hire, workforce development, blight removal, access to public transit, affordable and market-rate housing, expansion of the local tax base, and any other priority goals of the project. The County will work with local agencies and jurisdictions to encourage high-quality development that is consistent with the needs and objectives of the local community. The Project Plan will be put together either during the initial community engagement phase or immediately thereafter. It is important that the Project Plan be drafted in advance of the entitlement process to address potential concerns before any permits or plans are filed.

During the pre-development phase, and after a project's initial plans have been conceptualized, the entitlement process will commence. The entitlement process will consist of the appropriate governmental entity's review of the proposed plans and can be a lengthy process, depending upon the complexity of the project. This process will address the applicable local zoning regulations, building codes, general plan, and neighborhood/community group needs in the development of a cost-effective design. Additionally, it may require environmental studies, mitigation measures, public hearings, regulatory authorization to construct (local, County, State, federal permits), conditions of approval, and appeal periods. If an Environmental Impact Report (EIR) is determined to be necessary pursuant to the California Environmental Quality Act, further requirements for community

participation may need to be addressed in the Project Plan. An EIR process has mandatory review and comment periods, and can be facilitated by a public hearing and community engagement process.

In addition to addressing the project's design elements, the Project Plan shall identify the methods and scheduling of events to involve stakeholders. A public information program will be developed utilizing a variety of methods, including but not limited to: press releases, letters and notices, signs, collateral material, workshops, community meetings, open houses, website postings, social media support, graphic displays, and one-on-one conversations. The Project Plan will describe how public participation will be conducted and how project decisions will be made to ensure that there is a clear structure and process. Additionally, the Project Plan will outline the languages spoken in the impacted communities, and ensure that all relevant information is translated and made available in these languages.

4. RFP Requirements

There should be a community engagement component in any Request for Proposals (RFP) released for economic development projects. The RFP shall ensure that the project complies with the Board's economic development priorities, such as local and targeted worker hire, small business utilization, and affordable housing development. The RFP should also address any potential requirements to replace affordable units being removed by the developer, and the first right of return for tenants who may be displaced by the project. Additionally, if the developer is being solicited to maintain the property following project completion, County objectives regarding permanent jobs and tenant requirements shall also be addressed in the RFP. Finally, the RFP shall state that the selected developer will work with the Project Lead to conduct a minimum of two public outreach meetings to assess County and community needs early in the planning process, and to present potential land use configuration scenarios.

5. Project Standards and Contracting

It is important that after a developer is chosen, the Project Lead and the developer meet to determine the project standards, timeline, expectations and plan for how community engagement objectives will be met. During the term of the contract, the developer will be required to document steps taken to ensure that economic development project policies are addressed, and that Board priorities are achieved. The contractual agreement between the County and the developer will incorporate the County's policy regarding economic development projects and identify specific community participation objectives. Issues, such as performance goals, performance

obligations, default remedies, timelines, and monitoring responsibilities will all be referenced within the final development contract. The responsibility for funding any costs associated with monitoring and oversight will also need to be addressed during the contracting process. Finally, the developer will be encouraged to identify community participation priorities within any sub-contractor agreements with design and construction firms.

6. Community Engagement with Developer

After the developer for the project is selected, they will initiate proactive communications with the community as to the ongoing status of the project. A variety of approaches, such as roundtables, focus groups, workshops, email updates, and social media communications, will be utilized to keep stakeholders informed of any new or changed plans. Meeting venues shall be transit accessible and ADA compliant. A wide variety of media including mail, email, posters, networking, and print media will be considered to notice public meetings. Public meetings shall be held at reasonable times and locations that maximize input from stakeholders in adjoining neighborhoods and from the broader community. Translators shall be provided so that meetings are accessible in languages spoken by the impacted communities.

Additionally, if the developer is aware that certain groups of stakeholders have concerns about elements of the project, the developer should proactively engage with them and keep clear channels of communication open during construction. Entities that may have inquiries as the project moves forward and, therefore, should be engaged include:

- Individual community members
- Labor organizations
- Individual businesses and business associations
- Community based organizations and advocacy groups
- Religious groups and associations
- Other impacted government and social service agencies
- Geographically specific neighbors - both individuals and businesses

To ensure robust community engagement, the developer should use all web-based outreach methods available, including but not limited to, having a website and a public portal for comment available throughout the life of the project.

7. Monitoring During Construction

The Project Lead and the CEO will coordinate with the developer's project management team to ensure work is progressing on schedule and on budget; monitor compliance with construction documents; keep all stakeholders well informed (e.g., via a website portal, email blasts, and social media in accordance with the community outreach plan); and resolve problems that may arise. Furthermore, the developer will be responsible for reporting compliance with any economic development project policy and community participation requirements included in the terms of the development agreement. For example, the developer will be required to document the percentage of local and targeted workers hired, and the number of contracts and dollars awarded to local small businesses, disabled veterans business enterprises, and social enterprises on the project. To further these objectives, the DCBA will provide information regarding certified business utilization to both the Project Lead and the developer. Additionally, WDACS and the regional workforce development system will serve as the County's preferred certifying entity for work-ready local and targeted workers, and will coordinate with labor organizations as needed.

8. Ongoing Community Engagement

Throughout the life of the project, the Project Lead will continue to solicit feedback from residents, businesses and community leaders regarding the project's impact and any effects the project may have on the community. As a project nears completion, the developer will begin to coordinate the eventual move into the new facility. During this period, County staff, as well as any professional consultants, will engage the public to solicit any final input they may have. Such activities will seek to establish a foundation that enables community engagement and outreach to continue throughout the life of the economic development project.

Following completion of the project, the CEO and Project Lead will continue to monitor the benefits of the project to determine the short-term and long-term impact on the community. Moreover, the developer shall be responsible for providing the County with a final report that includes specific evidence and data to demonstrate that the County's policy goals have been met.

NEXT STEPS

The Implementation Plan shall be effective as of July 1, 2017, and shall apply to all economic development projects, as defined herein, approved by the Board on or after that date. Should the Board decide to proceed with an Economic Development Project

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Policy, it is recommended that the Board direct the CEO to return with a policy for adoption. It is further recommended that any such policy incorporate this Implementation Plan by reference as an essential component of its community benefit objectives. A draft policy is attached to this report as Attachment A.

If you have any questions, please contact Doug Baron at (213) 974-8355, or dbaron@ceo.lacounty.gov.

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- c: Executive Office, Board of Supervisors
- County Counsel
- Community Development Commission
- Consumer and Business Affairs
- Public Works
- Regional Planning
- Workforce Development, Aging and Community Services

Draft Economic Development Project Policy

PURPOSE

Establishes County criteria and procedures to be used in economic development projects in Los Angeles County. It is the objective of this Policy to provide policies applicable to each economic development project in order to benefit 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

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

POLICY

It is the policy of the Board of Supervisors that 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. The purpose of the Policy is to further the County's commitment to the community around which the economic development project is based. The goals shall be to attract and retain business, 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 private sector participation that results in tangible economic development benefits beyond just the construction of County facilities. Private sector participation will be defined as any material use of a County-owned, or County-funded facility by a non-profit or private entity following completion and delivery of the project. Such use of the facility must result in direct economic development benefits for the community, including job creation for non-County employees, commercial development,

retail investment, blight removal, affordable housing, or any other activity that improves the economic well-being of local residents. This policy shall be limited to new construction projects that satisfy at least one of the following two criteria: 1) a budget in excess of \$10 million for the project; or 2) a minimum of 50,000 square feet of net useable floor area on the project. Projects that are not subject to this policy include residential projects in Marina Del Rey as well as those projects that are exclusively related to affordable housing.

II. Community Benefits

On each Economic Development project, the CEO 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 Board's adopted Local and Target Worker Hire policy on construction projects. 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 certified Local Small Business Enterprises (LSBEs) and a utilization goal of 3 percent for Disabled Veteran Business Enterprises (DVBE) on economic development projects in line with the County's adopted business utilization goals. 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.
- 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 issues affecting 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. With respect to the construction phase of the project, the developer must fund at least a portion of the monitoring costs.
- viii. **Economic Analysis.** The CEO shall periodically review the success of the project in relation to its economic development goals of 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 neither suitable nor feasible for a particular economic development project, the CEO (or responsible department) will be required to document any such findings in a written report to the Board. Furthermore, should the Board take action to change current policies related to Local and Targeted Worker Hire or Small Business Utilization (each of which is reflected above), such changes shall apply equally to this Policy.