



County of Los Angeles CHIEF EXECUTIVE OFFICE

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SACHI A. HAMAI
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

October 3, 2017

To: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Sachi A. Hamai
Chief Executive Officer

AMAZON'S REQUEST FOR PROPOSALS FOR HQ2 (ITEM 38-D, AGENDA OF SEPTEMBER 19, 2017)

BACKGROUND

On September 19, 2017, the Board of Supervisors (Board) adopted a Motion (Motion) by Supervisors Solis and Barger directing the Chief Executive Officer (CEO), in coordination with various departments, to: 1) identify potential sites that are owned by the County or are otherwise viable to meet the criteria requested by the Amazon Request for Proposals (RFP); 2) identify potential resources and/or economic incentives that may be available; and 3) identify potential partnerships for the RFP submission. The Motion further directed the CEO to take the necessary steps to prepare a response to the Amazon RFP and report back to the Board with recommendations by October 3, 2017. Also on September 19, 2017, the Board adopted a related Motion by Supervisor Ridley-Thomas directing the CEO to work with the Los Angeles County Economic Development Corporation (LAEDC) in developing a response to the Amazon RFP and report back prior to submission. The CEO has been responsive to each of these two Motions and has worked with County Counsel, the LAEDC, and various municipalities and stakeholders to develop a process for responding to the Amazon RFP.

The Amazon RFP was released on September 7, 2017, and invited respondents to submit proposals on behalf of a metropolitan statistical area (MSA) interested in serving as the host location for Amazon's second corporate headquarters (HQ2). The Amazon RFP encouraged only one proposal for each interested MSA, but did allow for multiple real estate sites to be offered within the MSA. Amazon announced in its RFP that it would hire as many as 50,000 new full-time employees with average annual

compensation exceeding \$100,000 over the next 10 to 15 years. Amazon further advised that its HQ2 Project is expected to have over \$5 billion in capital expenditures over the initial 15 to 17 years of the project. The RFP identified finding suitable real estate sites and providing governmental incentives as key elements of a successful proposal.

CEO PROGRESS TO DATE

Beginning on September 20, 2017, the CEO met with County Counsel and the LAEDC to identify potential strategies for responding to the Amazon RFP. The initial phase of this process was for the LAEDC to conduct an outreach effort to cities located within Los Angeles County to identify potential sites and buildings meeting the criteria established by the RFP. Concurrent with this outreach effort, the CEO also reviewed the County's own portfolio of assets and researched potential opportunity sites located within the unincorporated areas of the County. A series of conference calls and meetings were then held with cities, property owners, and external stakeholders to review the potential merits of each real estate asset being considered.

Following the initial outreach effort of the LAEDC, a total of nine interested parties submitted real estate sites and/or buildings to be considered for the Amazon HQ2 proposal. Among the real estate sites put forward for consideration is the Fairplex property in Pomona, which is owned by the County of Los Angeles and managed by the Los Angeles County Fair Association. The CEO did not identify any sites or buildings within the County unincorporated areas that satisfied the requirements of the Amazon RFP. Furthermore, the LAEDC reported to the CEO that the City of Los Angeles did not offer any real estate assets within its jurisdiction as part of the LAEDC process. It is possible that the City of Los Angeles will submit a proposal independent of any County and LAEDC submittal.

As of the date of this memorandum, the LAEDC is completing its review of the nine real estate proposals it has received, and is seeking to narrow this inventory to only those locations that can meet, or exceed the needs of the Amazon HQ2 Project. The CEO is assisting the LAEDC with this evaluation process and expects to reach a consensus recommendation by no later than October 10, 2017. In addition, the CEO is beginning its analysis of potential public resources and incentives that may be available to include as part of an RFP submittal. The CEO will review potential tax and regulatory incentives both with the Governor's Office of Business and Economic Development, as well as with each city that is identified as having a viable site or property within its jurisdiction. Further, the CEO will work with County Counsel to identify any potential legal issues associated with the incentives being considered for the Amazon RFP.

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The CEO will again report back to the Board during the week of October 9, 2017, with an update on its progress in working with the LAEDC to put together a proposal for the Amazon HQ2 project. At that time, the CEO will provide additional information regarding the recommended real estate assets, the incentives being considered, and the local partners expected to collaborate in the final RFP submission. Proposals are due to Amazon no later than October 19, 2017.

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

SAH:JJ
DSB:acn

c: Executive Office, Board of Supervisors
County Counsel
Los Angeles County Economic Development Corporation