AGN. NO.____

MOTION BY SUPERVISORS HOLLY J. MITCHELL AND HILDA L. SOLIS

April 4, 2023

Ensuring Los Angeles County Realizes a Fully Optimized Department of Economic Opportunity to Meet Constituent Needs in a Post-COVID Economy

On July 1, 2022, the County of Los Angeles (County) created the first-ever Department of Economic Opportunity (DEO), marrying multiple disparate functions into a central model for service delivery. This new department combined the real estate and economic development functions from the County Development Authority with the economic development division from the Chief Executive Office (CEO). It also merged the County's Office of Small Business previously located at the Department of Consumer and Business Affairs with the public workforce development functions of the now defunct Workforce Development, Aging and Community Services. This marked the first time in County history that programs intended to stimulate business attraction, growth, and retention became co-located in one department to synergize programs intended to recruit, train, and place talent in high road careers in growth industries throughout the County.

The County's Board of Supervisors' (Board) vision, through this reorganization effort, was to enable the County to leverage its investment in workforce and economic development to promote small business and high road industry growth more equitably and effectively by creating economic opportunities within our local communities, rather than displacing residents as the cost of living continues to skyrocket. High quality economic and workforce development services are an important part of preventing homelessness, promoting wealth building, and providing good jobs for our residents. In

-More-

	MOTION
SOLIS	________________
MITCHELL	________________
HORVATH	________________
BARGER	________________
HAHN	________________

its March 8, 2021[1] and September 30, 2021[2] reports, the CEO detailed a three phased approach to creating the new DEO. This approach was reached after several years of careful study.

In July 2020, the CEO, HR&A Advisors and the UC Berkeley Institute for Research on Labor and Employment (IRLE) submitted an Optimization Report[3] and Alignment Report[4] to the Board. The Optimization report recommended integrating the economic development functions of several separate departments and agencies with existing workforce development functions to create a new department. The alignment report made recommendations, such as, but not limited to, cross-agency alignment, investment in priority populations, and high-road training partnerships and measuring real performance and impact. When DEO was created, the CEO allocated 178 positions, yet just 122 of them have been filled, leaving the department with a vacancy rate of more than 30%. While many of the functions from other departments were transferred into the new DEO, much of the in-house subject matter expertise was left behind. The CEO reported that the third phase of optimization and alignment would be "continued optimization," wherein DEO would partner with the CEO and the Board to further enhance services in the new department, including consideration of additional functions and responsibilities.

In the nine months since DEO was created, it has been asked to step forward and lead the County's economic recovery with a staff of just 190, which was approved in the Fiscal Year 2023 Supplemental Budget and still pending the establishment of a functional IT and data management team. DEO has launched several programs including the County's new Youth@Work ELEVATE program; the redesign of America's Job Center's system to meet the high-road needs of our workers and the post-COVID employment landscape; the creation of an economic mobility initiative centered on businesses that

---

1 https://file.lacounty.gov/SDSInter/bos/bc/1103715_ReportontheEstablishmentoftheAgingDepartmentandtheEconomicandWorkforceDevelopmentDepartment_03-08-21.pdf

2 https://file.lacounty.gov/SDSInter/bos/bc/1113670_EstablishingtheLosAngelesCountyAGandtheEWDD_09-30-21.pdf

3 https://file.lacounty.gov/SDSInter/bos/bc/1075115_WorkforceDevelopmentOptimizationReport_Full_.pdf#search=%22optimization%20report%22

4 https://file.lacounty.gov/SDSInter/bos/bc/1075112_WorkforceAlignmentReport_Full_.pdf#search=%22alignment%20report%22

traditionally lack access to capital; the deployment of the Economic Opportunity Grant program; and the consolidation of five state and federal grant programs into one easy to access portal. DEO has innovated new service delivery despite very limited resources to complete day-to-day tasks. These program references are just a few of the over 15 new programs in the last year that the Board has asked DEO to design and staff with an equity-focused approach.

DEO is also the County's proactive real estate development arm for projects using County resources that advance community benefits, including visible priority capital development projects in each Supervisorial district. DEO is now tasked with executing a variety of complex workforce and economic development tasks with a nascent staff and without the benefit of the County's bench of economic development consultants. In the creation of the new DEO, the CEO's Economic Development Master Services Agreement was not transferred to DEO. Moreover, DEO is in need of expert counsel to draw from best practices across the country in setting up new loan and grant products, to serve as an industry intermediary and to manage complex real estate transactions.

While DEO continues to ramp up its capacity by hiring and developing new staff members, the department needs *immediate* supplemental supports to fulfill the urgent needs of County constituents. If the County is to realize its full intent of an integrated department of workforce and economic development, the Board must ensure the County actualizes the third phase of "continued optimization" to ensure that DEO has the resources and staffing needed to provide high quality and responsive services to its residents – in the near-term and long-term. Resolving department capacity challenges is critical in providing equitable economic recovery and opportunities along with future resiliency and mobility to all Angelenos.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Authorize the Director of the Department of Economic Opportunity (DEO), or their designee, to utilize the Economic Development Master Services Agreement (EDMSA), previously developed by the Chief Executive Office, to: execute master agreements with firms that qualify under the minimum requirements for any of the categories listed in the EDMSA Request for Statement of Qualifications; amend the EDMSA Request for Statement of Qualifications to create new categories as

needed; amend agreements executed under the EDMSA; and to execute EDSMA work orders.

2. Delegate authority to the Director of DEO to execute agreements with up to four consultants by June 30, 2023, for a contract term not to exceed one year with one additional six-month option extension, fully funded within DEO’s current Fiscal Year 2022-23 department budget. The Board waives the requirements of Board policy 5.100 for these agreements. These consultant(s) must have expertise in local, place-based economic development and workforce development. The consultant(s) shall be able to perform one or more of the following tasks in furtherance of full optimization of DEO:
    a. Complex real estate valuation, financing project management, and entitlement assistance.
    b. Economic forecasting and other economic analyses.
    c. Site selection and evaluation for economic development projects.
    d. Program design, delivery, and evaluation.
    e. Economic development intermediary support for high-growth and high-opportunity sectors.
    f. Small business technical assistance and outreach.
    g. Loan servicing and design/deployment of loan and grant products.
    h. Organizational strategic planning.
    i. Communication and outreach.

# # #

(CT)