



LOS ANGELES ECONOMY & JOBS COMMITTEE

Building a World-Class City for the 21st Century

RECOMMENDATIONS FOR JOB GROWTH AND A STRONGER ECONOMY IN LOS ANGELES



JANUARY 2008

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The Los Angeles Economy and Jobs Committee, established in October 2006, is a broad-based coalition of leaders from business, academia, labor and the non-profit sector who were asked by Mayor Antonio Villaraigosa to develop specific action recommendations for economic development and the creation of quality jobs in Los Angeles.

The Los Angeles Economy and Jobs Committee believes that Los Angeles must have a clear and effective commitment to environmentally sustainable, long-term economic and job growth as well as a well-defined set of policies and priorities that support those objectives for the greater good of Los Angeles and its many diverse communities.

The population of our city is projected to grow by at least 50,000 residents annually. With that growth – and the many improvements that already are needed in our city – come greater demands for housing, public safety, education, healthcare, transportation, environmental protection, parks, workforce development and more. These demands can be met only with the type of economic growth and quality job creation that support a sound and expanding tax revenue base.

Unfortunately, the number of quality jobs in the city and county of Los Angeles has been on the decline since 1995 – due in part to job reductions in manufacturing, aerospace and certain high-tech sectors as well as the exodus of some important corporate headquarters. The Mayor and this committee are committed to reversing this trend.

The committee's 26 independent business, labor, academic and non-profit leaders self-funded this project and devoted more than one year to develop 100 specific action recommendations. These recommendations are intended to support and enhance environmentally sustainable economic development and job creation in the City of Los Angeles.

I want to express my deep appreciation to all of the members of the committee and our executive director Libby Williams, Corey Carleton and our interns. We are all grateful to the Mayor's team: Robin Kramer, Dan Grunfeld, Bud Ovrom and Helmi Hisserich and their staffs. We also appreciate Thom Miller at City National and former Assemblyman Richard Katz for all of their hard work, contributions and counsel. Most importantly, this committee and all of its fine work would not have happened without the active engagement of Mayor Villaraigosa.

However, these 100 recommendations are the responsibility solely of the committee. It is our hope and belief that they warrant the attention of and implementation by the policy-makers and elected officials, the opinion leaders, economic stakeholders and citizens of the City of Los Angeles.

While there are certainly other good ideas not included here, and more work is required for nearly all of our recommendations, if fully implemented they will facilitate the creation of many quality jobs and a more vibrant economy that will greatly benefit all Angelenos, the city and the broader region it serves.

Los Angeles is truly a great city with enormous resources, talent, opportunities and challenges. We believe that in order to truly be a world-class city for the 21st century, the recommendations of the LAEJC should be developed further and implemented as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Goldsmith", with a stylized, flowing script.

Russell Goldsmith
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Chairman and CEO
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INTRODUCTION

As the nation's second largest city, Los Angeles has a vibrant culture, a diverse population and a strong economy. The city is not only the largest entertainment capital in the world, but also the nation's largest manufacturing center and retail market, a major tourist destination and financial center, and home to one of the world's busiest ports.¹

Yet, for all of this economic activity, since its peak employment in 1995 the city of Los Angeles has suffered a decline in employment by almost 30,000 jobs. In the past 17 years, Los Angeles has lost a net of 106,446 manufacturing jobs, a large majority of which were in the aerospace and high tech industries. Manufacturing jobs continue to be on a steady decline. In addition, many high-profile companies once based in Los Angeles have moved away over the past 20 years.

The Villaraigosa Administration

Since taking office, Mayor Antonio Villaraigosa has focused on three major issues—education, transportation and public safety—in his effort to make the city of Los Angeles a world-class city for the 21st century.

And while good schools, efficient roads and safe streets are of vital importance to Los Angeles' success, the Mayor and this committee believe that the City needs to foster a business climate and a strong economy that can retain and add good quality jobs and improve the tax base. As a result, he has

also focused on economic development strategies to help nurture and maintain a strong local economy.

Mayor Villaraigosa and the committee believe that city government, in partnership with business, academic and non-profit agencies, can be more aggressive in attracting, retaining and growing companies that create jobs and fuel the economy in Los Angeles. To facilitate this goal the Mayor created the Housing and Economic Development Cabinet, comprised of select general managers within his administration and chaired by the deputy mayors of Housing and Economic Development. We believe this is a constructive step.

The Los Angeles Economy & Jobs Committee

To further augment the City's efforts to improve the economy and business climate, in October 2006 Mayor Villaraigosa appointed the Los Angeles Economy and Jobs Committee, a group of independent business, labor, academic and non-profit leaders. These stakeholders agreed to develop a blueprint that would provide specific action recommendations to help shape the city's economic

development policy. These recommendations will positively impact both near-term and long-term efforts to nurture and grow the economy and create jobs in Los Angeles, and will do so in an environmentally constructive manner.

Chaired by Russell Goldsmith, chairman and CEO of City National Bank, the largest bank headquartered in Los Angeles, the Los Angeles Economy & Jobs Committee (LAEJC) is comprised of a broad cross section of the city's leaders who share with the Mayor a common belief that Los Angeles needs to more energetically and effectively support and develop its economy and create jobs. The mayor asked the committee to focus on priorities, ideas and specific action recommendations that will help protect and expand the city's many assets; foster an environment that encourages environmentally sustainable growth; and address some of the city's most pressing weaknesses and needs.

The committee supports the Mayor's overriding priorities for the city and understands that the city cannot maintain a strong economy without fully addressing the vital issues of education, transportation and public safety. A survey fielded early in the committee's tenure confirmed the importance of successfully dealing with all of these issues, particularly transportation and traffic congestion, the concerns most frequently mentioned by survey respondents. Because the Villaraigosa Administration has initiatives underway addressing these vital issues, they are not within the committee's purview and were not specifically addressed. But the committee stresses their importance and urges that further improvements in these areas must continue to be made.

Background

When they began their work, the members were confronted with some sobering statistics about the city's economy. For example, although Los Angeles is adding 50,000 residents a year,² the net number of jobs in the city of Los Angeles since 1995 has actually declined. And even though Los Angeles leads the nation in start-up businesses, many high profile companies once based in the city and surrounding area have moved away and/or reduced their local employment.

Yet for all of these challenges, the city of Los Angeles has many exceptional strengths upon which to build for the future. Its dynamic and diversified economy, talented workforce and effective leadership in a number of key industries make the city both an attractive place to do business and a vibrant globally competitive economy with great opportunities for the future. Yet they are not recognized or supported by government and the broader community as well as they should be.

For example, the goods movement industry substantially contributes to the Los Angeles economy, with good quality jobs and many opportunities for related businesses. Los Angeles is a leader in international trade with nearly 44 percent of the nation's cargo passing through its local seaports.³ LAX alone moves \$79 billion of cargo each year.⁴ The number of direct, indirect and induced jobs associated with the trade activity generated by the Port of Los Angeles and the Port of Long Beach increased by 200 percent, from 1.1 million jobs nationally in 1994 to 3.3 million jobs in 2005.⁵

Few will dispute that Los Angeles is the cultural and entertainment capital of the world. In 2005, production for films and television accounted for over \$55 billion in local revenue, and these industries paid taxes of almost \$700 million. In addition, the visual and performing arts employ 48,000 people and account for nearly \$20 billion in additional economic output.⁶ Tourism, which is closely tied to the cultural and entertainment attractions of the city and surrounding areas, is the city's second largest industry, with 25 million visitors every year supporting 267,000 jobs.⁷

Another of the area's most remarkable assets is its collection of world-class colleges and universities and the highly educated and skilled talent that these institutions matriculate into the Los Angeles community and its economy. There are more colleges and universities in Los Angeles County than there are in the entire state of Texas, or Illinois, or even Massachusetts. The universities are also major job creators, contributing 49,000 jobs.⁸

The Committee's Scope of Work

The overarching mission of this committee is to further develop a citywide commitment to stimulate the economy and the creation of jobs, for the benefit of all Angelenos and the broader region that it dominates.

The committee's recommendations were crafted through the hard work and dedication of 26 committee members divided into five task forces focusing on:

- Building on and Marketing LA's Strengths
- Developing LA's Workforce
- Identifying LA's Most Critical Needs
- Optimizing LA's Governing Resources
- Doing Business in LA

Due to the one-year time frame of its charter and relatively limited resources (funded privately by the committee members themselves), it was clear that the LAEJC would be unable to tend to all possible issues related to the economy and jobs in Los Angeles. Instead, the committee made choices about priority issues and agreed to the recommendations carried forward in this report based on those priorities. The task force groups identified what it saw as the ten most important categories upon which to focus the committee's specific recommendations:

- LAX
- The Port of Los Angeles
- South Los Angeles
- Workforce Development
- Key Sector Strategies
- Business Climate
- Building Development Reform
- Land Use Development
- State & Federal Fair Share
- City Charter and Government Reform

The committee would like to thank the Mayor and his staff for their support and openness to the committee's work and its recommendations. We are particularly grateful for the assistance and encouragement of the Mayor's Chief of Staff Robin Kramer, Deputy Chief of Staff Dan Grunfeld, Deputy Mayors Bud Ovrom, Helmi Hisserich and Larry Frank, and staff members Sophia Heller, Sean Arian and Tate Rider. However, the conclusions and opinions stated here are those of the committee and do not necessarily represent the views of the Mayor or his staff, who should not be held responsible for the statements contained herein.



EXECUTIVE SUMMARY

Los Angeles, the nation's second largest city, has a vibrant culture, a diverse population and a strong economy. The city is a leader in a number of important areas. It is the largest manufacturing center in the United States, a major financial and professional services center, the nation's largest retail market, home to one of the world's most important seaports and busiest airports and the entertainment and cultural capital of the United States. The city also houses extraordinary centers of higher education, medical research and care, apparel, tourism, manufacturing and design, technology and bio-technology, goods movement and more.

Yet, for all of this economic activity, since its peak employment in 1995 the City of Los Angeles has suffered a decline in employment by almost 30,000 jobs. In the past 17 years, Los Angeles has lost a net of 106,446 manufacturing jobs, a large majority of which were in the aerospace and high tech industries. Manufacturing jobs continue to be on a steady decline.

Los Angeles Economy & Jobs Committee

Under Mayor Antonio Villaraigosa's leadership, the city has addressed a number of issues that directly influence economic development. Among them are public safety, affordable housing, education and transportation. To further the city's efforts to nurture the economy and attract and

retain new, quality jobs, the Mayor created the Los Angeles Economy and Jobs Committee (LAEJC).

The privately funded, 26-member committee is comprised of independent business, labor, academic and non-profit leaders from the greater metropolitan area. It is chaired by Russell Goldsmith, chairman and chief executive officer of City National Bank. The committee is solely responsible for the content of this report. For more information on the committee and its members, please visit www.laejc.org.

The committee was asked to examine the city's business climate, growth industries, regulatory environment and other factors that influence economic development and quality job growth in Los Angeles and to produce a set of recommendations that would help shape and improve the city's

economic and workforce development policies in environmentally sensitive ways.

Job creation and economic development strategies are especially important today, in light of a slowing economy and declining government revenues. Gov. Arnold Schwarzenegger has declared a “fiscal emergency” and proposed deep reductions in state government spending to offset an expected budget deficit of up to \$14.5 billion. Los Angeles Mayor Antonio Villaraigosa also has called on city departments to reduce spending to make up for a shortfall of at least \$243 million for the fiscal year that starts July 1, 2008. Swift enactment of the committee’s recommendations would help the city to build upon its strengths, address its weaknesses and capitalize on its long-term economic and job growth opportunities.

The Recommendations

After 15 months of work, the Los Angeles Economy and Jobs Committee has produced a wide-ranging set of 100 recommended steps the City of Los Angeles can take to nurture and grow its economy and jobs. In its effort to investigate obstacles to economic growth and job creation, the committee took a comprehensive look at the Los Angeles business climate, identifying critical needs and prioritizing opportunities for growth.

The committee’s report contains 100 specific recommendations aimed at creating more jobs and building a stronger economy in Los Angeles. Its top three priorities involve key publicly-owned facilities that are significant to the city’s economic success. They include:

Modernizing Los Angeles International Airport by expanding runway capacity and significantly improving domestic and international terminals

Domestic flight activity at LAX is down 10 percent since September 11, 2001, while all other major U.S. airports have seen increased travel. Los Angeles has experienced an 11 percent decline in international visitors in the past six years. International travelers spend more money than domestic visitors when visiting a U.S. city. A daily trans-

oceanic flight represents \$623 million annually in regional economic output and sustains more than 3,120 jobs in Los Angeles. In the committee’s opinion, modernizing and expanding LAX, the region’s largest and most active airport, to be fully competitive with the best airports of the 21st century should be among the City’s top economic priorities.

Among its recommendations, the committee urges the Mayor and the City to:

- Expedite review and approvals for construction of the Mid-Field Concourse to accommodate the next generation of aircraft;
- Move forward with the reconfiguration of the north runways to improve passenger safety – the Government Accountability Office reports that since 2001 LAX has had more “near misses” than any of the nation’s busiest commercial airports – and facilitate the arrival of newer more environmentally friendly aircraft; and
- Relocate TSA baggage screening equipment from the terminal lobby areas to enhance security and shorten lines.

Expanding the Port of Los Angeles while taking steps to protect the environment

The Port of Los Angeles, the busiest in the U.S., is a critical component of the economy here and across the nation. Container imports coming through the Port of Los Angeles have tripled since 1995. Each year, the Los Angeles/Long Beach port complex handles \$305 billion in trade and contributes \$28 billion in state and local tax revenue. The two ports also generate an estimated 500,000 jobs in the region. But the ports are headed for a potentially severe crisis of capacity. Using conservative estimates of growth, research indicates that the ports’ rail-loading capacity could be exceeded by the year 2010. The ports must expand to accommodate this growth and continue to yield tremendous economic benefits for the city. This growth must take into account the added challenges of increased traffic congestion and air emissions. The committee felt strongly: there can be no growth without green and no green without growth.

After consulting a wide variety of stakeholders, the committee is making several recommendations, including these:

- Expedite the review and approval of “green” growth projects such as the TraPac project;
- Seek alternative funding for infrastructure development, including state and federal funds as well as a system of vehicle tolls to generate revenues to help pay for improving bridges leading into the ports; and
- Create new incentives and/or new requirements for reduction of emissions from ships, trains and trucks at the ports.

Revitalizing low-income communities with new approaches to job creation, housing and community development

The city owns 187 acres of public housing land strategically located within a three-mile radius in South Los Angeles. When large areas of a city are economically distressed, the entire economy suffers and opportunities are missed. Companies are reluctant to make new business investments in struggling neighborhoods unless they can count on a safe environment and a skilled, dependable workforce. The city can reap major social and economic rewards by sparking new job creation and making the neighborhoods safer for residents and visitors.

Among its recommendations, the committee urges the City to improve and expand its supply of housing by:

- Applying smart growth (“Build L.A.”) strategies with public-private partnerships to create mixed-use communities with high-quality housing, jobs, transit, retail outlets, restaurants, schools and other amenities on these 187 acres of city-owned land;
- Creating a joint powers authority to develop new and much needed affordable housing on city-owned land; and
- Establishing a “parcel-to-parcel” program that requires developers of projects on desirable city-owned land to agree to participate in developments in distressed neighborhoods.

Other committee priorities include:

Improving coordination of regional workforce development system and resources

Labor is one of the key determinants in most companies’ location and expansion decisions. Research shows that the lack of a trained workforce is the biggest human resource issue facing Los Angeles-based companies. The committee believes that the City must make a strong commitment to ensuring its long-term competitiveness by reforming the workforce development system.

Among its recommendations, the committee urges the Mayor and the City to:

- Expand and improve trades training, vocational education and collaboration with industry training programs;
- Create a workforce development strategy that would direct program funds to targeted growth industries, including transportation, construction and health care; and
- Authorize the Workforce Investment Board to provide policy guidance and direction to all city workforce development programs to enhance coordination of job training and placement activities.

Promoting eight growth sectors that are vital to L.A.’s economy

The committee identified eight key growth sectors that are critical to the success of the local economy. Each one generates a significant number of jobs in the city-- jobs that present a greater opportunity for Los Angeles and that could be diminished if these industry sectors do not receive more ongoing attention and support. These eight sectors are: higher education, entertainment, creative industries, logistics/goods movement, technology, tourism/hospitality, manufacturing and international trade. The committee believes Los Angeles should build upon these remarkable economic strengths.

Among its many recommendations, the committee urges the Mayor and the City to:

- Combat “run-away film production” by offering a modest tax credit for film production, waiving rental fees for filming at all city-owned locations and encouraging a 10 percent refundable state tax credit for the entertainment industry;
- Create “entertainment and technology zones” with tax and other incentives for firms in those businesses to locate within the zones; and
- Support the creation of an “LA Fashion Park” to further establish the city’s dominance of the world’s apparel and design industry.

Strengthening L.A.’s business climate

While often designed to protect the consumer and improve the community as a whole, aggressive government regulation and bureaucracy can not only damage a city’s reputation as job friendly but also can unreasonably impede companies that are actually doing business and providing jobs in the city. Currently, the City of Los Angeles is perceived by many as having a difficult business climate.

The committee’s report recommends many steps the City can take to improve its relationship with existing and potential new businesses, including:

- A continuation of its gradual reduction of the gross receipts tax;
- More outreach to help new and existing businesses navigate the city bureaucracy; and
- A customer service training program aimed at helping city workers to better meet the needs of business.

Streamlining the city’s building permit process

The City, in a variety of ways, stifles development with bureaucratic processes that increase the time and expense of new development and redevelopment projects.

The committee’s recommendations include the following:

- Update the city’s 61-year-old zoning codes, a process that has begun but currently is scheduled to require 10 years to complete.
- Update community plans to provide a more efficient and predictable development process; and
- Help the city identify and address government impediments to development by reinstating the Development Industry Advisory Council.

Preserving an adequate supply of land designated for manufacturing and creative industries

Each year, Los Angeles loses manufacturing jobs due to the lack of available industrial land and a vacancy rate for existing industrial facilities that is below 2 percent. Research shows that industrial redevelopment creates four times as many jobs and six times the wage base of a retail center.

The committee’s report recommends ways to responsibly preserve industrial-zoned land. They include:

- Requiring at least 8 percent of all land in the City of Los Angeles to remain zoned for industrial use;
- Supporting the NBC/Universal Project on the condition that project plans reasonably mitigate the impact of increased traffic; and
- Creating a balanced Los Angeles River Revitalization Master Plan that preserves existing industrial land, adds open space and promotes mixed-use development.

Securing L.A.'s fair share of state and federal government funds, benefits and services

The City of Los Angeles is being shortchanged by both Sacramento and Washington, D.C. Each year, Californians pay over \$50 billion more in federal taxes than they receive in government support, placing California 45th in the nation on a per capita basis. Additionally, Los Angeles too often fails to receive its fair share of state funding, which harms the city's ability to grow its economy and create more state and local tax revenue.

To meet the needs of its growing population, the city and community leaders need to:

- Educate officials about the costs the city bears due to state and federal policies associated with homeland security, illegal immigration, transportation, international trade, healthcare, education and public safety;
- Create a long-term coalition of stakeholders to keep consistent pressure on state and federal officials and elected leaders to secure Los Angeles' fair share of federal and state funding; and
- Raise the fair-share funding issue with presidential and other federal and state candidates seeking campaign funds from Californians.

Enacting further charter reform to enhance the representation and accountability of city government

Next year marks the 10-year anniversary of L.A.'s charter reform legislation, which requires the city to issue a report assessing the impact that reform changes have had on the city's governing process.

As part of a number of reform-based recommendations, the committee recommends:

- Creating a charter reform commission every decade to review the City's governing process and structure and make constructive recommendations to make city government more productive, efficient and effective;

- Establishing an Economic Development Department to consolidate all the city's economic development activities under one roof with one leader empowered to make things happen; and
- Requiring an "economic impact" report prior to adoption of proposed new ordinances related to business and the economy when those ordinances involve a regulation, fee or tax.

Acknowledgements

The Los Angeles Economy & Jobs Committee is grateful to the many people who contributed to this report. They include Mayor Villaraigosa and his staff, as well as other city officials and department managers, business leaders, economic development agencies, labor organizations and academic leaders. Their expertise and understanding of city government were invaluable to the development of the committee's recommendations. This privately funded committee is solely responsible for the contents of this report.

The committee's complete report and list of recommendations can be found at [**www.laejc.org**](http://www.laejc.org).

LOS ANGELES INTERNATIONAL AIRPORT

Since 1984, the city of Los Angeles has spent a significant amount of money on plans to reconfigure LAX, but has little to show for it other than over \$150 million in discarded plans and some modest improvements to the Tom Bradley International Terminal (TBIT).⁹ In fact, Los Angeles has seen an 11 percent decline in seats from the very valuable international travel market between 2000 and 2006, and LAX's share of international traffic is declining in nearly every world region.¹⁰ LAX domestic flight activity from August 2000 to August 2007 is also down 10.1 percent. At the same time, all other major airports in the US have seen an increase in international and domestic passengers.¹¹

Why should the City be concerned about the drop-off in international travelers? International travelers spend twice as much money in the local economy as domestic visitors. According to a recent report by the Los Angeles County Economic Development Corporation (LAEDC), in 2006, international flights arriving at LAX contributed over \$82 billion in total economic output to the Los Angeles region. Further, a single transoceanic flight represents \$623 million annually in regional economic output and sustains over 3,120 jobs.¹²

The Los Angeles International Airport:

- World's fifth busiest passenger airport.
- Eleventh in the world in air cargo tonnage handled (2.1 million tons of goods in 2006).
- In 2006, handled 70 percent of the passengers, 75 percent of the air cargo, and 95 percent of the international passengers and cargo traffic in the five-county Southern California region
- An estimated 59,000 jobs, directly attributable to LAX, are located on or near the airport
- Approximately 408,000 jobs, spread throughout the region, are attributable to LAX

The committee believes that the Mayor and the City Council must make it an immediate and top priority to break the political logjam that has prevented meaningful improvements to LAX. The committee recommends that an expedited management leadership team should be assigned to the airport to urgently address its most immediate issues and proposed solutions.

Identified Action Items:

ONE

Increase flight and passenger capacity at Tom Bradley International Terminal (while staying within cap levels)

Recognition is due to the Mayor, the City Council, and the Los Angeles World Airports (LAWA) for adopting the recently proposed Mid-Field Concourse, which will supplement the Tom Bradley International Terminal (TBIT) and provide the necessary gates to accommodate the next generation of aircraft. The new aircraft are quieter, are more fuel efficient, emit less pollution and have a significantly larger capacity for passengers without adding as many flights as current aircraft would. However,

the accommodation of these new aircraft will require runway and gate adjustments.¹³ In order to have this facility operational to meet aircraft delivery schedules and market demand, these improvements must be expedited. In order to meet a deadline of early 2012, it will be essential that various city departments and agencies make this project a top priority, and that means providing an expedited review/approval process. In addition, the City should employ new and innovative business practices, such as the “Best Value” contractor selection process, which was utilized with the TBIT renovation project.

GOAL: Increase LAX’s competitiveness by accommodating Class 6 aircraft and expanding the number of gates.

TIMEFRAME: Immediate

LEAD: Mayor, City Council, LAWA

TWO

Significantly improve and expedite the arrival experience at LAX

The committee recommends the following steps:

- Join and promote state and federal efforts already in play to improve our airports by ensuring that local Customs and Border Patrol functions are adequately funded and staffed to facilitate fast and friendly travel.
- Enlist anchor tenants, signature industries and cultural icons of Los Angeles to assess the “blank canvasses” in TBIT and throughout LAX and utilize them to communicate the story of Los Angeles, as well as promote the city’s cultural, sports, retail and entertainment attractions.
- Access the resources of major local experts in the tourism and hospitality industry to create an “arrival experience” worthy of the nation’s entertainment capital and a world-class 21st century city.
- Improve training, passenger service standards and work conditions for the passenger service workers. This is an item that is being actively discussed in the City Council and the Airport Commission.

The City should improve the “human interaction” aspect of the arrival experience at LAX.

GOAL: Create a more welcoming arrival experience and improve the first impressions of LA for arriving passengers.

TIMEFRAME: Immediate and ongoing

LEAD: LAWA in partnership with signature companies, cultural institutions and the airlines

THREE

Increase retail and advertising opportunities at LAX to increase revenue and to enhance the arrival experience

Use LAX terminals to attract greater advertising revenue, rent and retail sales, which generate sales tax for Los Angeles. This revenue, being part of the airport’s general revenue stream, can then be utilized to fund various modernization projects as they are prioritized and approved.

GOAL: Increase revenue and generate sales tax for the City while adding to the arrival experience at LAX.

TIMEFRAME: Immediate and ongoing

LEAD: LAWA in partnership with signature companies

FOUR

Compete aggressively for international carriers

Help LAX maintain its position as the preeminent gateway to Asia by expanding and funding LAWA’s ability to market the airport to international carriers. As other U.S. international gateway airports have expanded, competition among these airports has dramatically increased within the past five years.¹⁴ Other cities promote themselves and their airports through well-funded organizations with comprehensive strategic plans. LAWA needs the same level of financial and resource commitment to promote Los Angeles and regional airport opportunities.

GOAL: Keep LAX and LAWA as a competitive international gateway through aggressive marketing to international carriers while simultaneously promoting opportunities at Ontario Airport.

TIMEFRAME: Immediate

LEAD: LAWA with LA, Inc.

FIVE

Partner with LAWA and the airline industry to establish a business plan to modernize LAX and improve the LAX experience

Working with LAWA and the airline industry, the City should establish a well-defined business plan for the overall modernization and improvement of LAX and much needed upgrades to facilities, transportation and security. A “world-class” city cannot have a second-rate airport. Such a business plan will necessitate the resolution of pending litigation with the airline industry. It should encourage the airline industry to support optimization of the constrained terminal gate resources, and to support investments similar to investments they have made at other major U.S. airports.

GOAL: Resolve current litigation in a manner that is beneficial for the Los Angeles economy and job creation, as well as acceptable to LAWA and the airline industry. Define the elements of LAX modernization; develop a business plan to finance airport improvements; and work with the airline community to establish equitable rates and charges that support its proportionate share of expanded airport funding.

TIMEFRAME: Immediate

LEAD: LAWA

SIX

Maximize safety and operational efficiencies at LAX

Expedite those elements of the modernization program that enhance airport security. LAWA should immediately relocate the TSA baggage screening equipment from the terminal lobby areas, reducing passenger congestion outside the terminals and shortening the lines of passengers previously identified as security vulnerabilities. At the same time, the Mayor should call upon Governor Schwarzenegger and the state’s congressional delegation to ensure that federal funding from the Department of Homeland Security and the Transportation Security Administration is proportionate to the security threat and high volume of passengers at LAX.

GOAL: Adequately address the security threat issues at LAX in an expeditious manner and seek fair share funding from the federal government.

TIMEFRAME: Ongoing

LEAD: LAWA, Mayor’s office

Recent studies and comments by the FAA Administrator have chronicled the safety, operational and fiscal benefits of separating the two north runways an additional 340 feet. This committee supports those conclusions and believes that expediting the project in the interest of safety, and in order to accommodate Class 6 aircraft, is critical and urgent for the modernization of LAX to move the runway 340 feet to the north, for the benefit of the whole region and the safety of passengers.¹⁵

GOAL: LAWA to proceed in an expeditious manner to reconfigure of the north runway complex to optimize the safety and operational efficiency of LAX as a part of the modernization plan.

TIMEFRAME: Immediate

LEAD: LAWA

SEVEN

Support comprehensive reforms to federal travel regulations and policies

Advocate for comprehensive reforms of travel regulations and policies to encourage more international visitation to Southern California and the U.S. These initiatives include visa reform, as well as implementing the Model Airport program, the federal government's US-VISIT program and a nationally coordinated marketing campaign aimed at international travelers.

GOAL: Increase foreign visitation to Los Angeles.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa with the Governor and the California Congressional Delegation

PORT OF LOS ANGELES

The Port of Los Angeles is the busiest in the United States.¹⁶ It is a national asset owned by the city of Los Angeles and a critical component of the Los Angeles region and the U.S. economy. The region's ports are growing at significant rates (container imports have tripled since 1995), and research indicates that they are headed for a potentially severe crisis of capacity within the next few years.¹⁷ Like LAX, the Los Angeles area ports warrant the attention of an expediting management team to address the most immediate issues and proposed solutions.

Combined, the ports of Los Angeles and Long Beach:

- Comprise the largest port complex in the U.S. in terms of containerized traffic and represent the fifth largest port in the world.¹⁸
- Account for 85 percent of all West Coast containerized traffic, 43 percent of all containers imported into the United States and 25 percent of those exported.¹⁹
- Represent \$305 billion in trade and \$28 billion in State and local tax revenue each year.²⁰
- Provide an estimated 485,000 regional jobs, making them the largest source of employment in the greater five-county region in Southern California.²¹

The committee commends Mayor Villaraigosa for his leadership in promoting environmental stewardship and for expediting project approval at the port. His leadership has contributed to bringing the TraPac Terminal Expansion Project environmental impact report (EIR) forward, making it the first major terminal EIR in six years to be certified by the LA Board of Harbor Commissioners. The ports of Los Angeles and Long Beach should also be recognized for their historic Clean Air Action Plan (CAAP), which allows the ports to expand their operations in an environmentally responsible manner.

The LAEJC held a Transportation Summit in August 2007 to begin formulating recommendations on ways to responsibly expand the port's activities. Given the port's importance to the regional economy and the expected growth of cargo volume, the task force wanted to address a range of urgent needs affecting numerous constituencies. The event was attended by representatives of shipping companies, railroads, labor unions, the MTA, the Alameda Corridor and the Southern California Leadership Council. This successful event yielded thoughtful and diverse recommendations on issues of port expansion and infrastructure priorities, air quality and ways to increase port-related jobs.

BACKGROUND

Research indicates that the area's ports are headed for a potentially severe crisis of capacity within the next few years.

- Last year, the ports grew by 11 percent; they have averaged 10.7 percent growth annually over the last 10 years.²²
- If growth continues at this pace, volumes are anticipated to double by 2020 and triple by 2030.²³
- If growth rates continue at even the more modest estimates of 8 percent per year, with the percentage of goods passing through intermodal yards increasing to 43 percent, research indicates that a

rail loading capacity shortfall could exceed 2.3 million 20-foot equivalent units (TEUs) per year by 2010.²⁴

The ports create many well-paid jobs. Salaries for goods movement jobs average approximately \$50,000 per year, with certain sectors, such as rail, averaging over \$70,000 per year.²⁵ The committee recognizes that it is not just the creation of jobs that is important, but the nature and quality of the jobs created. Ideally, economic growth should provide stable, long-term jobs that offer good wages and benefits, as well as advancement opportunities. Two of the largest categories of jobs related to the ports (and two of the fastest-growing job sectors) are truck drivers and warehouse workers. There are compensation benefits and job securities issues confronting these workers and port logistics companies that need to be recognized and addressed by port agencies.

While growth at the ports will yield tremendous economic benefits for Los Angeles and good quality jobs for its citizens, these benefits come with the challenges of increased traffic congestion and air emissions.

Emission reductions have been achieved through voluntary and regulatory programs which provided incentives to terminal operators to install retrofit devices on their equipment and use cleaner fuels. In addition, the terminal operators have proactively replaced their older equipment with equipment using on-road engines, which meet a cleaner standard.

While there has been some success, there is still work to do if the city of Los Angeles wants to increase global trade activity by expanding port activity. Port growth has been stymied for many years because of intense community opposition stemming from concern over emissions. One way to reduce community opposition is to encourage more community participation in Harbor Commission proceedings. Such dialogue and collaboration among community, labor and business is key to achieving successful economic growth at the Port of Los Angeles.

When container activity increased 48 percent, the Port was able to reduce on-terminal emissions and slow down the increase of overall emissions (trains, ships and trucks). In recent years, port operations have become more efficient and less polluting, and emissions rates are no longer directly tied to cargo growth.²⁶ While this is a good beginning, the business community should continue to embrace the Mayor's environmental goals while increasing the number and quality of jobs at the port.

RECOMMENDATIONS

The committee believes the following recommendations will help the city of Los Angeles responsibly increase the Port of Los Angeles' economic activity:

EIGHT

Increase goods movement capacity by expediting green growth projects within the port

There is no green without growth and no growth without green. If allowed to grow, port-related companies will invest in new alternative-energy technology as they expand their operations. The increased activity would generate additional revenues and provide the resources necessary to fund conversion to the new technologies. Thus, properly managed, the City could and should achieve both port expansion and port emissions reduction. The City should expedite any project that achieves environmental benefits, increases port capacity and generates jobs – especially if it reduces traffic congestion.

The City should undertake the following strategies:

- Expedite the EIR/EIS process for port expansion projects currently in line for approval.

These projects include:

- TraPac EIR/EIS (container terminal improvement)
- Channel Deepening SEIR/SEIS - final phase (EIS by Corps of Engineers)
- Pacific Energy EIR/EIS (new crude oil import terminal)
- China Shipping EIR/EIS (container terminal improvement)

- San Pedro Waterfront EIR/EIS
- Southern California International Gateway EIR (BNSF intermodal container rail yard)
- Wilmington Waterfront EIR
- APL EIR/EIS (container terminal improvement)
- Evergreen EIR/EIS (container terminal improvement)
- YTI EIR/EIS (container terminal improvement)
- Yang Ming EIR/EIS (container terminal improvement)

The committee stresses the importance of the TraPac EIR/EIS. Because it is the first such expansion project to be certified by the LA Harbor Commissioners, under the Clean Air Action Plan, it has become a template for the Port of Los Angeles' ability to achieve green growth. This presents the City with an opportunity to demonstrate with TraPac that it is serious about allowing Port growth that is at once economically beneficial and environmentally responsible. Expedite other key port expansion projects such as wharf improvements and projects designed to increase efficiency, improve velocity and reduce traffic congestion, consistent with the Mayor's green growth goals.

- Require city staff to maintain compliance with established federal and state regulatory processes, which mandate a balancing of technical feasibility and economic cost before any regulation is adopted.
- Require port officials to provide more certainty in the project approval process, especially related to environmental requirements.
- Establish an internal city task force with a strong leader dedicated exclusively to expediting Port related projects as described above.

GOAL: Establish internal city task force to expedite green growth projects.

TIMEFRAME: 1st quarter 2008

LEAD: Port of Los Angeles, Mayor's Office

NINE

Support near dock intermodal facilities

- **The Mayor should support expansion of on dock and near dock intermodal facilities that reduce truck traffic on local highways and increase the port's competitiveness.** The Los Angeles and Long Beach ports are facing a major capacity shortfall that could exceed 2 million TEUs by 2010.²⁷ In order to ensure that Southern California remains the main trade entry point for North America, it is critical that intermodal cargo facilities are expanded. Expanding rail facilities seems to be the best option. Rail is the least-polluting method of moving freight over land, as trains are two to four times more fuel efficient and two to three times cleaner than trucks on a ton-mile basis.²⁸ With increased rail traffic, the region would benefit from lower emissions and fewer trucks on the local highways.
- **The Mayor should support the Southern California International Gateway (SCIG) Project and ensure that it is held to the green growth standards of the CAAP.** Given the limited capacity increases that can be achieved through on dock improvements alone, BNSF's near dock SCIG facility is needed to meet projected demand. At the same time, SCIG will support thousands of new jobs in Southern California, and BNSF's commitment to make SCIG the greenest intermodal facility in North America can be used as a benchmark for future green growth projects.

GOAL: Decrease the amount of truck traffic on local freeways and increase goods movement and fuel efficiency.

TIMEFRAME: Spring 2008

LEAD: Port of Los Angeles

TEN

Support emission reduction initiatives

The Mayor should encourage expansion of the port's use of incentive-based voluntary programs as part of the CAAP. The port has a history of successful voluntary programs, which avoid regulatory conflicts and have demonstrated real emission reduction benefits to date.²⁹ Private industry and public agencies need to build on previous successful programs, like Pier Pass, designed to reduce emissions and congestion at the port. Pier Pass has successfully moved 38 percent of the daytime traffic to off-peak hours.³⁰

GOAL: Encourage expanded use of incentive-based programs to reduce emissions as part of the CAAP.

TIMEFRAME: 1st quarter 2008

LEAD: Port of Los Angeles

The task force requests that the Mayor work with all stakeholders including the California Air Resources Board (CARB), and the ports of Los Angeles and Long Beach, in support of an aggressive statewide program to clean all goods movements related diesel trucks.

The CARB is developing a uniform standard for diesel emissions for all truck fleets statewide and a specific standard for harbor drayage trucks. Similarly, the ports of Los Angeles and Long Beach are establishing standards for harbor drayage trucks. These efforts should complement one another.

GOAL: Reduce citywide public health impacts from goods movement related trucks.

TIMEFRAME: 1st quarter 2008

LEAD: Port of Los Angeles

ELEVEN

Better utilization of the Community Redevelopment Agency in the port area

The City needs to develop greater real-estate capacity for port related activities outside the current port footprint. Recently, port commissioners approved a \$25 million line of credit for the Community Redevelopment Agency (CRA). Funds can be utilized to buy and clean land in and around the port and/or attract and expand other industrial uses related to port activities. These monies could be used to facilitate goods movement activities of port actors who do not need to operate directly out of the port and could operate off-site, enabling healthy port growth activity beyond the port footprint.

- The Mayor should support and exert his influence to deepen collaborative efforts between the CRA and the Port of Los Angeles to better utilize the unique capacities of the CRA's redevelopment mechanisms to impact, among other things, land assembly and pre-sale environmental mitigation efforts. This process can begin with the signing of an MOU agreement between the two agencies.

GOAL: Approval of an MOU between CRA and Port of LA.

TIMEFRAME: 1st quarter 2008

LEAD: Mayor's Office, Port of Los Angeles, CRA, Council District 15

TWELVE

Seek alternative funding for infrastructure development

- Launch a combined outreach effort of port stakeholders to ensure that Southern California receives future federal and state funds for infrastructure. The committee recognizes the Mayor's forceful advocacy in this area and encourages its expansion to include additional stakeholders throughout the region and the state.
- Encourage the port commission to look for alternate funding sources for infrastructure improvement, especially public-private partnerships.

- Continue to explore the implementation of a Terminal Island Tolling Authority and establishment of a system of congestion-management pricing (pricing that varies by time and road conditions).
- The committee recommends that, regardless of what funding mechanism is employed, infrastructure funds collected locally remain locally controlled, and commends the Mayor for his leadership on this issue.

GOAL: Introduction of legislation to authorize tolling on Gerald Desmond, Heim and Vincent Thomas Bridges.

TIMEFRAME: 1st quarter 2008

LEAD: Port of Los Angeles, Mayor's Office, State agencies, State Legislature

THIRTEEN

Create a long-term growth plan for the Port of Los Angeles

While the port has articulated its plans to improve air emissions, a long-term capital improvement plan would provide guidelines and a blueprint for all future growth.

GOAL: Establish a 10-year and 20-year capital improvement plan.

TIMEFRAME: 4th quarter 2008

LEAD: Port of Los Angeles

FOURTEEN

Establish the Los Angeles and Long Beach ports as pioneers in green growth

The Mayor should host a summit celebrating and highlighting the successful environmental programs at the region's ports, which can serve as a model for other municipalities. The summit is also an opportunity to partner with port-related industries.

GOAL: Hold a summit that results in feasible action items.

TIMEFRAME: Fall 2008

LEAD: Mayor's Office

VISION SOUTH LA

When large areas of a city are economically distressed, the entire economy suffers. Without a safe environment for their employees and customers or a skilled, dependable workforce, companies are reluctant to make new business investments in struggling neighborhoods. By investing new energy and resources in the redevelopment of South Los Angeles, including the area's public housing sites, the committee believes that the city of Los Angeles will reap major social and economic rewards by sparking new job creation and making the neighborhoods safer for residents and visitors.

Redevelopment of Public Housing

While there are many public housing developments that would benefit from extra attention and resources, the committee believes that the city should make South LA public housing a top priority.

Why South LA Public Housing?

- 187 acres of concentrated poverty within a three mile radius³¹
- One owner - LA City Housing Authority
- Parcels are underutilized
- Sites are in close proximity to: Each other (thus creating synergistic development), downtown, Port of LA and LAX

The committee believes that one of the best opportunities to economically revitalize low income areas in Los Angeles is to develop city-owned property to its highest and best use. The most underutilized large parcels of land are several very large city-operated public housing sites. Mixed-use redevelopment of these sites with innovative public-private partnerships has the potential to create additional and improved affordable housing and new jobs for the residents within these distressed areas and help improve the broader Los Angeles economy.

Historically, Los Angeles has been one of the nation's most innovative communities, using economic development and workforce improvements to benefit the larger community. Across the country, cities are studying certain Los Angeles model projects, from Staples Center to Grand Avenue, as well as numerous policies adopted by city agencies. The city should apply this same approach to the redevelopment of public housing. A community benefits program can lead to direct improvement in the quality of life for poor communities. The committee recommends the Mayor and an effective full-time mayoral appointee act as the driver of this process (as opposed to the Housing Authority), in order to ensure the timeliness of the project's development and energetic and sophisticated leadership that spans a wide variety of city, county, state and federal bureaucracies as well as private development partners.

The committee also recommends that the city require all redevelopment projects to include a public-private venture and explore other ways to combine public and private funds in this area. The committee's research has found that there is no lack of private funds to invest in these types of develop-

ment projects, provided the City is willing to enter into constructive partnerships.

Development of the large housing project sites should be approached by groups of two to three sites at a time, as opposed to one by one, in order to capitalize on the synergy and scale of their proximity. For example, combine Nickerson Gardens and Imperial Courts into one project and Jordan Downs, Avalon Gardens and Gonzague Village into another.

Redevelopment of Public Housing Recommendations:

FIFTEEN

Adopt “Build LA” principles (as drafted by this committee):

The city needs a short-, mid- and long-term strategy to redevelop its public housing projects. After reviewing some of the best practices throughout the country, the committee strongly recommends the city of Los Angeles adopt a “Build LA” public housing strategy starting with this South Los Angeles opportunity and modeled after the successful San Francisco program, “Hope SF: Rebuilding Public Housing and Restoring Opportunity for Its Residents”³² (see Exhibit A). The strategy here and elsewhere should address the redevelopment of all large public housing sites in Los Angeles, creating economically integrated communities including workforce, market rate, family and low income housing within mixed-use developments. The basic principles of this approach are as follows:

“BUILD LA” PRINCIPLES

Master Plan – Smart Growth

- Competitive design
- Joint authority
- Green development, using green building principles
- Transit oriented
- Links to job centers, airport, port, downtown
- Economically integrated
- Mixed use

Minority Participation

- Development
- Design/Planning
- Construction
- Ownership
- Local hiring of construction and permanent jobs

Planned Open Space, Recreation and Multi-purpose Uses

Community Participation

- Resident engagement in planning and implementation
- Develop mechanisms for residents to engage in the process
- Resident-driven occupancy criteria
- Job training opportunities for newly created jobs

Housing

- Public
 - A minimum of one-for-one replacement public housing units
 - Make every unit modern and high quality
 - Commit to minimizing displacement of existing residents
 - Phase the rebuilding of the sites
 - Emphasize on-site relocation
- Create an Economically Integrated Community
 - Public
 - Workforce, with emphasis on creating middle class jobs
 - Market rate
 - Senior
 - Emphasis on the priority need for family housing
- Maximize the Creation of New Affordable Housing
 - In addition to a one-for-one replacement of public housing, create as much affordable rental and ownership housing as possible on the sites.
 - Fund the rebuilding of the public housing using profits from the market-rate housing.

- Architectural/Planning Design
 - Design elements should be guided by principles of new urbanism (walkability, increased lighting, emphasis on aesthetics integrated with natural environment).
 - Acknowledging the critical need to address public safety best practices should be assessed and implemented.

Industrial Development Areas- Develop Smart Growth Industrial Sites

- Workforce training and career programs
- Quality working class and middle class jobs for local residents
- Facilities for logistics and goods movement industry given the central location

New Retail/Office Uses

- Create a mixed-use environment
- Incorporate retail and offices into the housing
- Creation of business incubator space
- Neighborhood servicing retailers
- Jobs for local residents

Transit Oriented Development

- Blue Line to downtown Los Angeles and Long Beach and other communities along the Blue Line
- Rapid Bus
- Shuttle service to airport, port and downtown

New School

- Charter and/or LAUSD school to include after school care
- Evening job training classes

Open space

- Create parks and open space for people to play
- Centralized location for community meetings
- Kid friendly parks
- Walk/bike trails
- Dog park
- Joint uses
 - School playgrounds
 - Industrial parking areas

Corporate Sponsorships

- Naming rights of areas (parks, advertising signage)

GOAL: Adopt "Build LA" Principles & Strategy for Public Housing Redevelopment.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office in coordination with HACLA, Bureau of Public Works, LA Housing Dept., CRA, Dept. of Planning

SIXTEEN

Create a Joint Power of Authority (JPA) to implement the redevelopment of city-owned housing projects

The Housing Authority, which serves as the manager of the city's housing projects, should not become the developer of record, but a public-private partnership should be created to act as the designated authority responsible for the redevelopment of City-owned land. It is recommended that the JPA include the following representation: Mayor, Councilperson, County Supervisor, HACLA, CRA, Housing Project Resident and three at-large members appointed by the Mayor. The City, along with the JPA, should follow the adopted "Build LA" principles. This approach emphasizes dual accountability (public and private) for the redevelopment of housing projects.

GOAL: Create a Joint Power Authority to serve as the developer for city-owned housing project sites.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office

SEVENTEEN

Apply for Hope VI Federal Housing

Hope VI is the federal funding vehicle that provides grants up to \$20 million towards the demolition and revitalization of severely distressed public housing and requires a 5 percent match (cash or in-kind donations). To date, the City has only completed one Hope VI development project, significantly behind other comparable large cities that have each redeveloped several over the past 10 years. To help encourage the redevelopment of local public housing projects, the City should also establish a city program similar to the federal Hope VI program to provide alternative financing mechanisms for potential developers.

GOAL: Apply for Hope VI Federal Revitalization Grant Program.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office

EIGHTEEN

Economically link development sites

- A “Parcel to Parcel” program, much like the model in the city of Boston, economically connects a large economically attractive development parcel of city-owned land with a parcel in a distressed area of the city. The Boston program has been successful by coupling an attractive development area with a distressed development area, thereby attracting developers who would not ordinarily engage in projects within the city’s distressed areas³³ (See Exhibit B). Any developer interested in participating in this program is allowed to take part in RFP’s for development sites in desirable areas (such as the Harbor) if they agree to participate in the additional project.

Examples of project sites to connect include the Lanzit industrial site, the Santa Fe Boulevard and Washington Boulevard industrial site, Goodyear site (all within South LA) with a desirable project at the Port of LA.

- The Port of Los Angeles and the Community Redevelopment Agency’s RFP process would have to be modified to give bonus points to a developer if it has a minority partnership as part of its proposal.
- A “Parcel to Parcel” program also gives the opportunity to formulate a community benefits package predicated upon the success of the plan.
- The committee recommends that the Mayor draft a City Council ordinance that supports a broad framework for this proposed “Parcel to Parcel” program. Once the ordinance is in place and a specific economically connected project is identified, more specific language would be put in place by the CRA.

GOAL: City Council to adopt a “Parcel to Parcel” program ordinance.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office with support of City Council Housing & Economic Development Committee, CRA, Dept. of Planning, CDD

NINETEEN

Establish a Mayor-led bus tour of potential development sites

The Mayor's Office of Economic Development should set up a bus tour of potential development sites with both large and small developers, identifying specific sites and relaying the particular type of activity the city is willing to help fast-track on the site.

Currently, developers are engaged in purchasing and redeveloping land in distressed areas such as South LA and building projects that might not be the highest and best use for the surrounding residents. Our research of residential, commercial and industrial developers has found no shortage of investment dollars available to target these areas. In fact, these sites are now seen by some as lucrative opportunities for infill development in the county. In absence of a plan, the private sector will continue development without any strategic forethought.

The city of Oakland has been successful in encouraging specific developments on designated sites owned by the private sector. The city of Oakland did not offer cash assistance but provided assistance navigating the City's cumbersome development process in a timely manner. This approach was proven to be more valuable to developers than the use of cash incentives considering the City often attaches restrictions that developers deem burdensome and ultimately more costly.³⁴

GOAL: Encourage city-directed private investment in redevelopment sites in distressed areas.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office in coordination with CDD, CRA, Planning and Building & Safety

TWENTY

Encourage use of New Markets Tax Credits

The city is to be applauded on the recent approval of its \$75 million in New Markets Tax Credits (NMTC) allocation from the U.S. Department of Treasury.³⁵ These funds, which are earmarked to support projects in economically distressed areas of the city, create a unique opportunity to encourage private investment into the city's most needed areas.

The committee recommends encouraging the use of New Market Tax Credits as a vehicle to assist with the redevelopment of Los Angeles economic development projects, including housing, retail, commercial and industrial. NMTC can assist in funding the redevelopment as well as entice private developers to participate with economic development projects.

GOAL: Create economic opportunities within distressed areas of the city through housing and business development.

TIMEFRAME: Begin 2nd quarter of 2008

LEAD: Community Development Department along with LA's Business Team

WORKFORCE DEVELOPMENT

Today, the American economy faces a historical shortage of skilled workers due to the retirement of baby boomers coupled with growth in critical industries. This creates both a crisis and an opportunity for the city of Los Angeles.

Labor is one of the key determinants in most companies' location and expansion decisions. Research shows that the lack of a trained workforce is the biggest human resource issue Los Angeles-based companies face.³⁶ On most workforce issues, the City plays a supporting role. While Los Angeles' workforce has traditionally been a competitive advantage for existing and new businesses, that strength is slipping for the following reasons:

- Los Angeles' K-12 education system is troubled. In addition to its economic importance, the region's education systems are a critical quality of life issue.
- The vocational education system is not sufficiently responsive to business needs.
- The higher education system is not providing the needed science and engineering talent; more support is needed to effectively commercialize research and technology discoveries. If businesses cannot find the appropriate workers domestically, they are forced to turn to H1B visas as a solution.
- The workforce delivery system needs to be better coordinated and better funded in order to effectively meet the needs of workers and businesses.
- A growing percentage of our workforce is not fluent in English.

The Mayor clearly understands the need to focus on career pathway opportunities for the city's residents as evidenced in his support for the newly created

Regional Economic Development Institute (REDI), a career and technical education applied research, training and technical assistance center based at Los Angeles Trade-Technical College. The REDI program endeavors to effectively connect high-demand industries and jobs to the local workforce, with a special emphasis on unemployed and underemployed populations.³⁷ This combined with the State's spotlight on Career Technical Education (CTE) will work to further develop the skills of our local workforce while preparing the future workforce to fill the gap left by the baby boomer retirement.

However, the need for workforce development reform is clear. The City should make a strong commitment to insure the long-term competitiveness of Los Angeles' workforce, recognizing that quality of life begins with a job. To that end, the City should support the expansion of trades training and vocational education for high-demand occupations. The City should also facilitate a better delivery of trades training and vocational education through a coordinated effort with the K-12, community college, university, community organization and employer/union training systems.

The goals of the committee's workforce development recommendations are to reduce the number of individuals in low wage jobs, increase career opportunities for city residents and help meet the changing needs of the business community. A key element in this reform effort is closing the gap between worker education levels and industry needs.

The following are recommendations on how to achieve these goals:

TWENTY ONE

Support the creation of a regional workforce development system

Los Angeles is rich in resources, but the committee believes that the city as a whole is not leveraging the resources it has. If the combined amount of funds available for workforce training through the City, Los Angeles Unified School District (LAUSD), community colleges and the private sector were coordinated, the city could do a significantly better job of meeting the labor needs of the marketplace through enhanced training programs. This does not require the creation of another bureaucracy, but coordination of resources to provide training to all youth and adults who want or need workforce, English as a Second Language (ESL) or vocational training.

- **Help facilitate the development of a regional workforce development system.** This must start with the leadership at the top of the primary education institutions in the city. The Mayor should convene a meeting with the LAUSD Superintendent and the Chancellor of the LA Community College District to agree in principal to the creation of a regional system. The goal of the meeting should be to agree on and define each agency's role, responsibility and accountability.
- **Expand the meetings to include the presidents of the local universities (e.g. CSULA, CSUN, USC, UCLA) and leaders from business, labor and the United Way to further develop pathways into four-year colleges.**

GOAL: Formation of a regional workforce development system through the execution of an MOU between all participants

TIMEFRAME: First meeting held by Winter 2007-2008 (afterward continuous process)

LEAD: Mayor's Office

TWENTY TWO

Improve coordination of workforce training funding

Many private sector organizations, non-profits and private foundations fund local training programs. The city of Los Angeles can help coordinate the funding of workforce training programs to better focus and leverage resources for training and increase the amount of available funding.

- **Work with United Way of Greater Los Angeles to encourage the participation of local foundations and philanthropies in joint funding of regional workforce development projects such as the Workforce Funder Collaborative.** Please note, while workforce training funding is being provided by private foundations, it must not be funder driven. Workforce training needs to be sector driven with the selection criteria based on data identifying growth industries offering a career ladder and training in transferable skill sets.
- The city of Los Angeles CDD Workforce Development Division should remain active on the LA Workforce Funder Collaborative stakeholder group to inform the collaborative regarding sector trends, workforce investments and best use of funds.

GOAL: Leverage United Way's Los Angeles Workforce Funder Collaborative investments.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office, Workforce Investment Board

The City should begin to leverage its small amount of workforce training funds with existing industry sector initiatives, beginning with the Workforce Investment Board's (WIB) current RFP process targeting industry sectors. The City's industry contribution amount (generally \$200,000 to \$750,000)³⁸ would have a greater impact if combined with other public-private training programs. For example, the California Transportation and Logistics Institute (CaTLI) recently received \$1.2 million in funding through the California State Community College System to work with educational institutions and employers to continuously identify and meet industry workforce and training needs.³⁹ Many other industry-based collaborations are being created throughout the region.

- In order to bring workforce training to scale, the city of Los Angeles WIB and **CDD Workforce Development Division should phase out the practice of time-consuming and costly sector RFP funding and leverage their dollars with existing industry-based programs.** If none exist in a particular industry, the WIB should take the lead on helping coordinate industry leaders and educational institutions to create one for the mutual benefit of city businesses and residents.

GOAL: Leverage limited workforce training dollars with existing industry collaborations.

TIMEFRAME: Immediately

LEAD: Workforce Investment Board and the Community Development Department Workforce Development Division

Coordinate workforce development activities throughout all departments

In May of 2005, Controller Chick released a report titled "Economic Development Activities in Los Angeles: An Inventory and Analysis," which reported that the City's economic development activities were spread among various departments. The Housing Authority, CDD, CRA and LAX were all cited as having workforce development programs, which vary from providing direct training, first source hiring programs, job placement and career development services. Since the report was

released, the Port of Los Angeles has also begun to develop its own workforce development program. Given the lack of coordination among departments, the Controller's report questioned the efficacy of the City's economic development activities. Because many departments lack a formal definition of economic development, the City is unable to adequately measure overall outcomes and success.⁴⁰

- **All workforce development and employment programs funded by city proprietary departments and those under the aegis of the Mayor should receive policy guidance and direction from the city of Los Angeles' WIB.** The WIB should promote coordination and collaboration among these city departments and their programs. Doing so will allow the City to avoid duplication of services, leverage overhead expenses for administering programs and create citywide priorities and measurements of success. This includes any RFQ or RFP for training or job placement activities.

GOAL: Better coordinate the workforce development activities of the city of Los Angeles by authorizing one department to coordinate the activities of all city related workforce development programs.

TIMEFRAME: Spring 2008 (before beginning of 2008-09 fiscal year)

LEAD: Mayor's Office in coordination with all departments offering workforce programs

TWENTY THREE

Establish a workforce development strategy and priorities based on economic analysis

Over the last two years, a variety of economic analysis reports have been conducted assessing the growth industries of Los Angeles County. These include the Los Angeles Economy Project conducted by the Milken Institute, citywide economic analysis by the Community Development Department's Economic Development Division, and the Los Angeles County Economic Development Corporation's annual forecast. When reviewed, these

reports had a list of industries in common that met the following criteria: expected job growth, entry level opportunities, pay living wage, career path potential, and have low potential for being exported.

▪ **All workforce training programs funded by the City should target local growth industries using ongoing economic analysis of industry trends and economic forecasting as a guide.**

The Workforce Development Strategy for the city of Los Angeles must match the high growth, demand-driven industry sectors. The following are the top industries identified from our review of the above economic reports:

- Logistics/Trade and Transportation Support
- Construction
- Health Care
- Tourism/Food and Beverage
- Motion Picture and Sound Recording
- Advanced Manufacturing

In addition to growth areas, workforce training programs funded by the City should also include areas of employment where apparent shortages are becoming more evident because of retirements, especially in skilled areas such as power line mechanics in the utilities industry.

GOAL: Align the training provided by workforce institutions to where the jobs are being created.

TIMEFRAME: Spring 2008

LEAD: Workforce Investment Board in cooperation with the CDD Workforce Development Division (assistance from local economists outside of the city of LA should also be used)

TWENTY FOUR

Restructure the Workforce Investment Board

The WIB needs to elevate its function to advocating policy rather than deliberating the minutia of local one-stop administrative issues. It can achieve this by positioning itself as the primary convener or active participant in single industry roundtables within targeted growth industries. In order to accomplish this, **the WIB needs to redefine its role and focus on policy and strategy formulation, quality control, marketing and resource coordination.**

A strong committee structure will drive the work product of the WIB and transform its focus to developing policy and serving as a catalyst for change. The results of this change should assist the City in meeting the needs of the business community by 1) helping better prepare workers for demand occupations, 2) lending a voice to industry sector leaders regarding their current and expected workforce needs and 3) better coordinating of training and support service resources.

The committee recommends the WIB committees focus on the following:

- **Regional Focus:** Bringing together all eight Workforce Investment Boards in the County to better leverage resources on an ongoing basis.
- **Sector Strategies:** Focus workforce development efforts at targeted growth sectors working with existing industry based organizations and where others don't exist, creating opportunities for dialogues within an industry. Engage employers in a productive dialogue to quantify major issues affecting their industry and to discuss and create solutions.
- **Finance:** Realign the current employment and training services financed by the City to be more flexible and responsive to the needs of workers and employers.
- **WorkSource Operations:** Oversight of WorkSource Centers to ensure they are meeting the needs of both job seeker and business customer.
- **Youth:** Continued focus on the skills training of our future workforce and job experience opportunities.

GOAL: Realign the Workforce Investment Board to be more responsive to the changing economy.

TIMEFRAME: Spring 2008 (before beginning of 2008-09 fiscal year)

LEAD: Workforce Investment Board

TWENTY FIVE

Lobby for policy changes at the state and federal levels

The committee recommends that the city pursue changes to certain state laws that are counterproductive to local efforts to provide workforce development programs that meet industry demands. While it is expected that the development of a regional workforce development system will bring a variety of recommended policy changes, two immediate proposals that the committee believes the City should lobby for are as follows:

Adult Education in the Workforce

Research shows that trained, literate workers earn higher wages, pay higher taxes, have a more stable attachment to the labor force and are less likely to receive public assistance. The United States Department of Education has adopted the position that workplace literacy programs warrant public support and requires that states spend at least 5 percent of their Workforce Investment Act funding to support workplace education.⁴¹

Current California law requires that any adult education courses conducted in the workplace be made open and available to the general public. At present, no state dollars can be used for classes that are not open to the public. In practice, this restriction serves to discourage employers from offering classes to a degree to which a significant number of classes are not held. Due to the overwhelming potential benefits of these programs, the committee recommends that private classes be permitted in the workplace when those classes are intended to help students develop literacy and English language skills and/or to earn a high school diploma or GED.

- The committee recommends that the Mayor, in conjunction with the Los Angeles Unified School District (LAUSD) and the Los Angeles Community College District (LACCD), lobby the State to lift this restriction and that he support the introduction of legislation repealing the “open to the public” restriction on adult education courses in the workplace (Education Code Section 52517)

that help students develop literacy, English language skills and/or prepare students for the GED.

GOAL: Relax the state restrictions on workforce training funding in the workplace.

TIMEFRAME: Winter 2008

LEAD: The City's Sacramento Lobbyist and Mayor Villaraigosa in conjunction with the LAUSD and LACCD lobbyists

Healthcare Training in Adult Education and Community Colleges

Workforce shortages in healthcare occupations across California are nearing critical proportions. Statewide shortages are especially critical in the nursing, pharmacy and radiology sectors. Unless corrective action is taken, shortfalls will increase as growing numbers of baby boomers retire and add to the nation's expanding senior citizen population in need of health services.⁴²

According to the industry, there are a sufficient number of programs across California prepared to address the shortage, but **the cost of training students in healthcare occupations exceeds the education training reimbursement that is provided to adult education and community college programs.**⁴³ Currently, adult education and community college programs almost universally lose money on healthcare training classes. Thus, they tend to make minimal investments in these types of training programs.

- The committee recommends that the Mayor, in conjunction with LAUSD and LACCD, lobby for the implementation of a mechanism to provide cost-reimbursement funding or increased apportionment for training in healthcare-related occupations requiring state certification, allowing districts to break even on the costs of workforce training for healthcare occupations. This type of intervention could increase the number of trained healthcare workers in careers that provide living wages such as licensed and registered nurse programs, and other health related fields including pharmacy and radiology. In turn, this enhances Californians' access to quality healthcare and ad-

dresses issues of unemployment and underemployment. Other fields that have workforce shortages with high employment potential should also be tied into this type of mechanism.

GOAL: Increased funding levels for cost-reimbursement of healthcare occupation training from the State.

TIMEFRAME: Winter 2008

LEAD: The City's Sacramento Lobbyist and Mayor Villaraigosa in conjunction with the LAUSD and LACCD lobbyists

staff has drafted a "client project description" and presented it to a local university as a project for the 2007-08 school year.

GOAL: Create a sustainable inventory of available adult workforce training programs in the city of Los Angeles (overlap to the region because most programs are not restricted by city boundaries).

TIMEFRAME: May 2008

LEAD: Designated university graduate students under the advisement of the Workforce Investment Board (and the LAEJC Workforce Task Force volunteers)

TWENTY SIX

Create an inventory map/matrix of workforce training

As stated before, there is a lack of coordination among workforce training programs. Los Angeles receives a great deal of funding for adult education, but 80 percent is spent on staffing. With these restrictions, how do we create new programs to meet industry demands? What are the gaps? Who is providing training, and what are the restrictions? How do we link public funds and support services? Currently, the City does not have an inventory of workforce training programs. **Training providers want to collaborate and avoid duplication, but there needs to be a clearinghouse so resources can be effectively combined and leveraged.** While reports have been created throughout the years, there is no comprehensive listing of all available training programs. The committee's goal with the recommended inventory map is not to create more paperwork or bureaucracy, but to build on information from existing reports to create a comprehensive listing to which all service providers (and eventually job seekers) will have access.

- **Utilize the services of a local graduate school program to assist in completing an inventory map/matrix of services.** Capitalizing on the resources of the city's higher education community, the committee suggests that educators, students and community-focused departments can help create a database for the use of the workforce development community. Committee

TWENTY SEVEN

Complete a gap analysis of workforce training programs

Once an inventory of all training programs offered in Los Angeles, including a complete inventory of sector-based training programs, is complete, an analysis of what gaps exist can be determined. **This gap analysis should be spearheaded by the WIB for the mutual benefit of all local workforce training providers to help guide their future training offerings.**

GOAL: Decrease the unnecessary duplication of workforce training programs and encourage partnership and coordination among training providers.

TIMEFRAME: Completed by Fall 2008 (after completion of inventory map of services)

LEAD: Workforce Investment Board in cooperation with LAUSD & LA Community College District

EIGHT SECTOR STRATEGIES

The committee identified eight key economic sectors in the city of Los Angeles that are major strengths in the city's economy and should be expanded. They generate a significant number of jobs—jobs that could be at jeopardy if these industry sectors do not receive ongoing attention and support. Some of these sectors are historically significant to the city. Some create positive images for Los Angeles that reach around the globe. Some are quiet industry leaders. Others are relatively small yet show potential for tremendous growth. The eight sectors the committee identified are significant professional and technical job generators. With heightened attention and prioritization from the City, these sectors will continue to grow and create new economic opportunities within Los Angeles.

1. Higher Education – Los Angeles is home to world-class higher education institutions like USC and UCLA that, in order to expand and continue to be nationally and internationally competitive, need support from the city and county of Los Angeles.

2. Entertainment – This signature and historic industry for Los Angeles is increasingly exporting film production out of the city, lured by a variety of incentives that Los Angeles does not provide. Runaway production is epidemic and the economic impact is significant, especially on union working-class and middle-class jobs this industry has historically created and supported.⁴⁴ Rather than losing them due to inattention or inaction, the City needs to take the steps necessary to retain these important jobs.

3. Creative Industries – Collectively the creative industries are one of the largest economic powers in the region. In many ways Los Angeles is the creative capital of the world.⁴⁵ The area's creative industries include fashion, toy, product and industrial design, architecture, interior design, digital media, communication arts, art galleries, visual

and performing arts, furniture and accessories and entertainment including video games, motion pictures, television, music and more.

▪ **Apparel** – California is the largest fashion center in the U.S. with the “California Style” setting the pace for the world's fashion. It is also the second largest aggregated imported commodity, in dollar value, to both the Port of Los Angeles and Port of Long Beach.⁴⁶

4. Logistics / Goods Movement – Together the ports of Los Angeles and Long Beach are the third busiest port facility in the world.⁴⁷ The growth in the goods movement industry regularly exceeds economist forecasts. Continued growth is dependent upon the timeliness of the modernization of LAX and the expansion projects of the Port of Los Angeles. The port is expected to grow so quickly that some fear the city does not have a sufficient workforce to support the growth. Meanwhile, in a city where the middle class is shrinking, the goods movement industry is essential because it creates and sustains well-paid jobs with benefits and opportunities for advancement.

5. Technology – Technology has the potential to grow significantly in the next decade in the following fields: biotech, aerospace, clean technology and other emerging fields. The capital is here, but confidence is low.⁴⁸ The committee thinks the workforce that was recently released due to layoffs at Amgen will generate a small boom in biotech in the Los Angeles region. One of the things holding up this industry is the city’s antiquated zoning laws and codes. They do not adequately accommodate light-tech industry.

The following sectors—tourism/hospitality, manufacturing, and international trade—are also important to the local economy, but the committee did not have time to address these industries in as great detail as the previously mentioned sectors.

6. Tourism / Hospitality – While the Los Angeles region is one of the world’s primary destination points, the city of Los Angeles has room for improvement in this area.⁴⁹ The future of this lucrative sector, whose economic impact touches many other industry sectors, hangs upon the timeliness of the upgrades and modernization of LAX.

7. Manufacturing – Although the city has experienced tremendous job loss in this sector, it is still the manufacturing capital of the nation.⁵⁰ However, one of the key obstacles to economic growth for this sector is the availability of industrial zoned land.

8. International Trade – Los Angeles is an international key player in the movement of goods and has the largest customs district in the United States (\$30 billion more than New York City)⁵¹. Thus, the City needs to use global trends to its advantage to create and retain new jobs. The City must also take action to identify international companies in Los Angeles and make strategic decisions to help them with retention and expansion. Finally, because Los Angeles continues to be a popular place for foreign investors, the City must also reach out to foreign companies who wish to invest in or relocate to Los Angeles.

The following recommendations are designed to strengthen the economic health of these important industry sectors:

TWENTY EIGHT

Create industry roundtables

Create industry roundtables to determine industry specific needs, challenges and demands and create a collective plan and on-going dialogue for the City, its partners and businesses to meet their needs.

GOAL: Assemble industry professionals, work force professionals and training centers to hear their needs in order to help focus the City’s efforts in meeting them.

TIMEFRAME: Spring 2008

LEAD: Mayor’s Business Team, MOHED, City WIB in partnership with LAEDC, Valley Industry & Commerce Association (VICA), Economic Alliance of the San Fernando Valley (EASfV), Westside Economic Collaborative (WEC) and industry specific organizations.

Higher Education

Los Angeles is a major center for higher education. The five-county region is home to 267 institutions of higher education—more than any state in the nation, except for California⁵². This count includes three campuses of the U.C. system, seven campuses of the California State University system and such private institutions as Caltech, the Claremont Colleges, Otis College, Occidental College and the University of Southern California. There are also 56 community colleges, which offer an array of programs, including computer assisted design and manufacturing, computer animation, apparel design and culinary arts.⁵³

Many fail to recognize higher education's contribution to the region's economy. University revenues from sponsored research, tuition, support service fees and state appropriations provide good paying jobs ranging from rocket scientists to janitorial personnel, not to mention the local tax revenue generated. These institutions raise billions of dollars to be spent in Los Angeles for research, salaries, buildings, etc., and create facilities that benefit the broader community from museums to medical facilities to conference centers to sports arenas. Many schools are centers for cutting-edge research and innovation, which should be supported at the city, county and state levels.

In the modern global economy U.S. cities and states are in a constant and competitive struggle for intellectual capital and talent. Fortunately, due to the presence of world-class institutes of higher education, Los Angeles and Southern California have a gigantic advantage. The City should do all that it can to capitalize on this advantage and create opportunities to retain the educated workforce graduating from the local universities.

Despite the economic force of the area's universities, their resources remain largely untapped. The committee identified the following challenges with regard to local higher education opportunities:

- There is a lack of coordination between growing industry sectors and higher education institutions, especially community colleges.

- The candidate pool for area businesses is suffering as graduates move to other metropolitan areas due to a lack of job opportunities and international graduates leave the country due to the H1B visa shortage.
- Business Week Magazine estimates that international students constitute the fifth largest export industry in the service sector of our economy⁵⁴. Most foreign students are required to return to their country after graduating. Those who want to stay and work experience the following pitfalls:
 - Complex information and regulations with strict deadlines that are not compatible with most companies' hiring schedules.
 - The need for work authorization for OPT, from the U.S. Department of Citizenship and Immigrations Services, requires applying four months before degree completion. Many students have not secured a job at that time, and many companies are not willing to wait four months for an entry-level employee.
 - Curriculum Practical Training (CPT) requires enrollment in an internship class. Not all majors offer internship classes. Also, if a student receives a job offer, which is necessary for CPT, during the semester and is not enrolled in an internship class and has missed the deadline, the student is not able to accept the job.

Strategies for Higher Education:

TWENTY NINE

Facilitate growth of universities

Prioritize and recognize that universities are a major regional resource. Not only are universities economic engines on their own, they also produce research and knowledge and create talent clusters which help foster new and emerging industries. Universities also contribute to the continued success and growth of current regional employers. The City should facilitate their growth by expediting approvals for zoning, transportation and housing needs. Whether utilizing the City's facilities (like the Coliseum to some degree) condemnation powers or its

“bully pulpit” with other government officials, the City should do all that it can to support the success and growth of its colleges and universities.

GOAL: Encourage growth at our major universities.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office and LABT

THIRTY

Lobby for changes to H1B visa rules

Assist foreign professors and students in obtaining H1B visas in order to attract and retain quality faculty and students. As mayor of one of the largest cities in the nation, Mayor Villaraigosa can make an impact in the policy of the H1B visas by advocating for change in federal policy.

GOAL: Retain California-educated international students and faculty in the area's workforce.

TIMEFRAME: January 2008

LEAD: Mayor Villaraigosa, in partnership with our city's universities

THIRTY ONE

Partner higher education institutions with WorkSource centers to encourage job creation

Establish a partnership between WorkSource centers and higher education institutions, especially community colleges, so that students are prepared for jobs that are in high demand.

GOAL: Focus our workforce on growth industries.

TIMEFRAME: June 2008

LEAD: Mayor's Office with the City WIB, WorkSource centers and the community colleges

Entertainment

While the entertainment industry is an important component of the region's creative industries, the regional economic impact of the industry is significant enough to be highlighted with its own category in this report. The Los Angeles region is, and most always has been, the entertainment capital of the world. This industry cannot be taken for granted by the City and must be helped and encouraged to keep production activity in Los Angeles as often as possible. The national and global competition for these jobs is intense and formidable. The City must counter it as best it can.

Most major motion picture and television studios are located in either the city or the county of Los Angeles with 375 sound stages totaling 4.2 million square feet. The film industry is a major contributor to the Los Angeles County economy, generating approximately \$35 billion (direct sales from film production) and 129,728 direct jobs.⁵⁵ In the city of Los Angeles, the entertainment industry produced 42,083 direct jobs and revenues of \$21.5 billion in 2005.⁵⁶ The industry's impact on the Los Angeles County economy was a whopping \$57 billion.⁵⁷ In addition, the image this creates for LA is essential to its role as a major tourist destination and the resulting economic benefits to the City and its businesses.

- The city of Los Angeles needs to have a better strategy to retain entertainment industry jobs and production.
- The cost of doing business in Los Angeles continues to rise and is the number one reason studios give for moving production out of the city.
- Over the past several years, commercial and television production has significantly decreased.⁵⁸ These types of productions are the bread and butter of most entertainment-related union workers, due to the long seasonal schedules of television and high pay of commercials.
- The decline in feature film production in Los Angeles has also impacted the number of jobs. For example, in 2007 Warner Bros. produced 27 movies but only one was filmed in the Los Angeles region.⁵⁹

- The jobs at risk are not highly visible jobs, such as producers, writers and actors, but are technical and support functions, which historically have produced reliable, well-paying middle-class jobs for thousands of area residents. Related businesses industries, such as caterers, restaurants, hotels and rental houses, also suffer when productions leave the area. For every direct job in the industry, 2.7 additional jobs are supported in the local economy.⁶⁰
- Runaway production continues to be a problem for the city's economy. In recent years, there has been a significant loss of film production in Los Angeles to neighboring cities, states and countries.
- For just one example of many, the city of Albuquerque's proximity to Los Angeles (two hours by air travel), the two newly built studios and the generous incentives that the state of New Mexico is offering to lure entertainment production creates a threat to the entertainment jobs in Los Angeles. The City should not ignore competition from other surrounding regions, states and nations. Canada has been taking away large numbers of productions for many years. The city of Los Angeles offers no significant incentives to the entertainment industry other than waiving rental fees for some city-owned sites. More must be done.
- The city of Los Angeles does have an advantage over other cities through its fast-tracked permitting system specifically for film production through FilmL.A., Inc.

Strategies for Entertainment:

THIRTY TWO

The Mayor should give clear directives to the City's General Managers about film production and expeditious permitting

The Mayor should give clear directives to general managers to support FilmL.A., Inc., a non-profit agency that fast-tracks film production permits in Los Angeles County. The concept behind FilmL.A., Inc. is accurate. However, the organization's efforts are stymied by a lack of support from the city departments authorized to approve permits.

- FilmL.A., Inc.’s quick turnaround of permits is an asset for the City. Department staff must understand that the film industry’s profitability relies on quick production schedules and that the Mayor expects the City to process permit applications as quickly as possible.

GOAL: Retain film production in Los Angeles by expediting the permitting process.

TIMEFRAME: Immediate

LEAD: Mayor Villaraigosa

THIRTY THREE

Waive rental fees at all city-owned locations

FilmL.A., Inc and Mayor Villaraigosa together have successfully worked to waive rental fees from many city-owned sites, a practice the committee supports and would like to see **expanded to all city-owned locations**. By waiving rental fees on city-owned property, the city would continue to collect nearly \$5 million a year in maintenance fees (security, cleaning, etc.) connected with the locations.⁶¹

- By waiving these fees, the City would further demonstrate its commitment to retaining film-related jobs and production in the city and region.
- As location costs continue to rise in metropolitan Los Angeles, a rental fee waiver program for city-owned property would help lower production costs and increase the chance of keeping productions local.
- The City cannot afford to continue to lose these valuable industry jobs. The City will by far make up the income lost by waiving rental fees through new jobs and revenue growth. Efforts such as these to build goodwill between the City and the film industry will help combat marketing programs by studios located in Albuquerque, New Mexico.

GOAL: Retain film production in the city of Los Angeles.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor’s Office with FilmL.A., Inc.

THIRTY FOUR

Create an Entertainment & Technology Zone

Create an Entertainment & Technology Zone by implementing the following ideas:

- Repackage State Enterprise Zones as “Entertainment & Technology Zones” to market to entertainment and technology companies.
- Waive Gross Receipts Tax for five years for companies new to Los Angeles that move into the Zone.
- Make DWP benefits available to existing Los Angeles companies that move into the zone. DWP incentives can help reduce operations costs for technology post-production entertainment companies that currently pay higher rates in nearby cities.
- Market the zone through regional economic development corporations, as well as through the Community Development Department.

GOAL: Retain and attract entertainment and technology companies.

TIMEFRAME: January 2008

LEAD: Mayor’s Office of Housing and Economic Development

THIRTY FIVE

Encourage creation of a state tax credit for the entertainment industry

Encourage the Governor to create a 10 percent refundable state tax credit for the entertainment industry. Such a credit would stimulate additional production activity and show a state and local commitment to the industry. While such a credit would be available to any company that locates a production in the state, given the resources available in the city of Los Angeles, the impact of such a tax credit would be significant to the local economy.

GOAL: Retain film production in the state of California.

TIMEFRAME: Fall 2008

LEAD: Mayor Villaraigosa, FilmL.A., Inc. and a coalition of studios and unions.

THIRTY SIX

Offer a modest tax credit for film production in the city of Los Angeles

The City could help retain more production activity if it were able to offer financial incentives to companies, as other communities around the nation are doing. The committee recommends that the City conduct a study to formulate an appropriate and feasible strategy for such incentives.

- The combined local and state tax credits recommended by the committee would give production companies a tax incentive that could encourage an increase of filming in the city of Los Angeles.
- Although it would be unusual for the City to create a tax credit program aimed at one particular industry, the committee is hoping that city leaders will consider this recommendation as a way to retain one of the city's most significant industries.
- If the City were to create a tax credit aimed at the entertainment industry prior to asking for the creation of a state tax credit, it would help the City sell this idea to state lawmakers.

GOAL: Retain film production in the city of Los Angeles.

TIMEFRAME: Fall 2008

LEAD: Mayor Villaraigosa

THIRTY SEVEN

Advocate against piracy

We applaud the Mayor's leadership in the Anti-Piracy Task Force he heads with County Supervisor Zev Yaroslavsky and City Council members Wendy Greuel and Jan Perry. The Task Force should continue to advocate against the selling and pur-

chasing of counterfeit entertainment goods and computer software anywhere in the world. In addition, it should continue to help raise the profile of this issue with federal officials who continue to do too little to curb rampant piracy of intellectual property.

- Piracy hurts owners of the intellectual property, workers, consumers and government.
- Motion picture owners alone lost an estimated \$2.7 billion dollars to piracy in 2005.⁶² Much of that revenue should have flowed not just into the United States but largely into Los Angeles companies and individuals.
- The city of Los Angeles lost \$2.68 million in city business tax as a result to revenues lost to piracy in 2005.⁶³

GOAL: Retain creative industries in the city of Los Angeles.

TIMEFRAME: Now and ongoing

LEAD: Mayor Villaraigosa, Anti-Piracy Task Force with Creative LA

THIRTY EIGHT

Entertainment industry PR campaign

Create or participate as a partner in a positive public relations campaign thanking the entertainment community for keeping film production in Los Angeles. The campaign should also remind citizens of the economic benefits of local film production (despite the occasional inconvenience).

- Aim it at key players for production and location.
- Promote sites for filming in Los Angeles: City Hall, Venice Beach, Ventura Boulevard, Sunset Boulevard, etc.
- Promote the unique skills of the local entertainment industry workforce.

GOAL: Elevate awareness of the value of the industry and retain film production in the city of Los Angeles.

TIMEFRAME: December 2008

LEAD: Mayor Villaraigosa and Mayor's Press Office

Creative Industries

The economic contribution and importance of a community’s “creative class” is becoming better understood by business experts and government leaders. Best-selling author and economist Richard Florida states that there are more than 40 million Americans – over a third of our national workforce – who create for a living.⁶⁴ Creative people have always flocked to Los Angeles and today work in industries ranging from fashion to architecture to visual and performing arts. It’s no wonder that the creative industries account for 156,348 direct jobs, over \$49 million in city tax revenues and \$140.5 billion in state tax revenues.⁶⁵ In fact, Mr. Florida identifies the Southern California metropolitan region as one of the top “mega-regions” in the world, offering a multitude of benefits that attract creative people to the region. Creative industries include: fashion, toys, product/industrial design, architecture and interior design, digital media, communication arts, art galleries, visual and performing arts, furniture and accessories, and entertainment.

Local economic experts agree. The LAEDC’s chief economist, Jack Kyser, calls the creative industries—which gave the world the modern T-shirt, Barbie and Hula Hoops—the driver of the region’s economy. In fact, in contrast to what many may think, the film industry is just part of the creative job base, accounting for 37.5 percent of the area’s creative jobs.⁶⁶

City leaders know that a successful community needs more than jobs. People choose a place to live and raise a family based on overall quality of life issues. That’s why the region’s world famous institutions such as Disney Hall, the Getty, MOCA, the Music Center, the Hollywood Bowl, LACMA, Hammer Museum and Jet Propulsion Laboratory (to name just a few) help attract and retain a creative and skilled workforce. In addition, world famous universities and schools such as USC, UCLA, FIDM, Otis, Cal State Northridge, Cal State Los Angeles, Cal State Dominguez Hills, California Institute of Technology, Cal Arts and Art Center provide the workforce training these industries require.

- The city of Los Angeles does not dedicate adequate funding or resources to support and promote the creative industries.
- The community lacks awareness of how the creative industries contribute to the economic development of the city.
- The Mayor must continue his campaign against copyright piracy and elevate it to a state and federal level. The City is losing millions in tax revenue as a result of creative piracy.
- The design and art schools of the region are training today’s workforce for quality design jobs, which are transferable from sector to sector.
- The city of Los Angeles is home to 104 art galleries.⁶⁷ It is also home to 4,394 visual and performing art schools, theater and dance companies, musical groups, museums and independent artists, writers and entertainers.⁶⁸ These provide thousands of jobs, endless entertainment options for residents and visitors and vital training for so many artists.
- Cal State Northridge has plans to build a performing arts center that will serve the northwest portion of the city of Los Angeles and provide access to the arts to a vastly underserved part of the city of Los Angeles.⁶⁹ Mayoral support for the project, including the importance of private donor support to make the project a reality, would be extremely helpful.

Because creativity helps drive the regional economy, it is imperative that educators, business and cultural leaders and elected officials work together to ensure that the creative fields are recognized as an economic engine and properly supported in the future.

Strategies for Creative Industries:

THIRTY NINE

Integrate arts and culture into the Mayor's messaging

The committee recommends the Mayor integrate arts and culture in his messaging. He should emphasize that the skills students are learning at local design and art schools, conservatories and other arts institutions are highly desirable for current and future growth industries and are transferable to other sectors.

- The Mayor should increase his appearances at museum, arts center and theater events to help brand Los Angeles as an international hub for the creative industries.
- Increase awareness of the economic importance of the creative industries to the city of Los Angeles by speaking at more art and cultural events.
- Coordinate and collaborate with Creative LA to promote Los Angeles as a creative capital.

GOAL: Increase arts and culture in the Mayor's messaging and scheduling to elevate local awareness of the importance of these industries and help brand Los Angeles as a global leader in the creative industries.

TIMEFRAME: Immediate

LEAD: Mayor Villaraigosa

FORTY

Promote the importance of arts education in K-12 and higher education

The Mayor should take a lead in publicly linking the importance of arts education in K-12 and higher education to the economic well being of the Los Angeles region.

- The Mayor's office can partner with LAUSD and the Department of Cultural Affairs to commit funding to extend the "LA's Best" program from elementary school to middle school and high

school, allowing older students to focus on the arts and gain arts-related skills.

- The Mayor's office can hold a summit event on the topic of the creative educational assets of Los Angeles and the city's economic future, convening education, business, non-profit, public and philanthropic communities for a cross-sector dialogue.

GOAL: Create a more well-rounded workforce of the future by making arts a bigger part of children's education today.

TIMEFRAME: January 2008 and ongoing

LEAD: Mayor's Office, Department of Cultural Affairs with LAUSD

FORTY ONE

Fund the Department of Cultural Affairs' grants program

The City should restore the full 1 percent Transit Occupancy Tax and use it to exclusively fund the Department of Cultural Affairs' grants program.

- Elevate the quantity and quality of our cultural product and expand economic opportunities for all entities doing business in the city of Los Angeles.
- Restoring the tax would raise approximately \$10 million for the DCA grants program. The program's current budget is \$2.8 million.

GOAL: Adequately fund DCA's grant budget.

TIMEFRAME: Include in 2008-09 budget

LEAD: Mayor Villaraigosa

FORTY TWO

Earmark advertising space for LA's cultural institutions at LAX

Allow for advertising in LAX and allot a reasonable percentage of space at each gate, terminal and baggage claim area for advertising LA's arts and culture organizations. The advertising would market the city's cultural institutions by informing travelers of upcoming events.

- As the city's most visible gateway, LAX should be the "Grand Central Station" of Los Angeles.
- The committee suggests using traditional advertising, as well as flat screens, in the terminals to welcome visitors. The advertisements should tell Los Angeles' story and inform visitors about events happening that week.
- The Mayor's Office should work with the Department of Cultural Affairs to create public-private partnerships that would allow public service announcements for cultural organizations.
- Create non-profit advertising rates for non-profits.

GOAL: Increase awareness of and visits to the city's cultural assets through an advertising program at LAX.

TIMEFRAME: Begin in January 2008; program should be operational by 2010.

LEAD: LAWA with Department of Cultural Affairs

FORTY THREE

Include Los Angeles' cultural assets in economic development efforts

Use the city's cultural assets as a marketing tool to attract business.

- Typical attraction efforts include a presentation of a city's strongest assets.
- During the committee's work, Los Angeles' major arts organizations (museums and performing arts) indicated that they would like to be a part of the City's new business recruitment process. Other cities successfully use their city's arts and cultural

assets in marketing their community to prospective businesses.

- Los Angeles' arts organizations believe that the city benefits by their participation as it allows them to build a stronger base of corporate support, thereby assuring the longevity of their community participation. By being involved in the city's marketing efforts early on, the community's arts organizations can build strong relationships with the new businesses, which helps build a better bond between the business and the general community. The city's arts organizations also believe that such involvement demonstrates to new businesses that the City respects and values its arts and cultural community.

GOAL: Include LA's major arts organizations in marketing efforts, potentially aligning them with future donors.

TIMEFRAME: Spring 2008

LEAD: Mayor's Business Team

FORTY FOUR

Increase light pole banner cap for arts and cultural organizations

Museums and other arts organizations recommend a wider net of 500-1000 pole banners before additional Council District requirements kick in.

- Currently there is a cap of 200 pole banners per advertiser for organizations advertising with pole banners in the city. Beyond 200, they are required to put an equal amount in each of the 15 council districts, regardless if it is part of their strategic marketing plan.⁷⁰

Note: This is not a city-subsidized program. It is paid in full by the advertiser.

GOAL: Allow cultural organizations to maximize their marketing strategies and thereby increase community interest when advertising on city of Los Angeles pole banners.

TIMEFRAME: Spring 2008

LEAD: Bureau of Street Lighting

FORTY FIVE

Support “Creative LA”

To better showcase the city’s creative community, the committee recommends that the Mayor and the City Council support the “Creative LA” concept and Town Hall-LA’s annual March festival.

- Creative LA is a concept born by a handful of Los Angeles’ most distinguished economists. Their goal is to brand Los Angeles as the cultural capital of the world.

GOAL: Market Los Angeles as the creative capital of the world while supporting the creative industries of Los Angeles.

TIMEFRAME: Immediate

LEAD: Mayor Villaraigosa

FORTY SIX

Integrate arts and culture with other civic priorities

Fully integrate arts and culture with other civic priorities and initiatives by inviting the Department of Cultural Affairs to participate in key policy initiatives, interdepartmental roundtables and forums.

- Expanding DCA’s role within the City’s policy-making process will ensure that a creative perspective is presented when the City is solving complex problems such as emergency preparedness, waste management and public safety.
- DCA can help the City create linkages to strengthen public awareness on many civic issues.

GOAL: Optimize city policy initiatives.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa, Senior Staff and Deputy Mayors

FORTY SEVEN

Create a New Creativity Zone

The Mayor should take the lead in a joint public/private/philanthropic effort to establish a special zone in the city of Los Angeles that incubates emerging creative professionals of mixed disciplines. If developed successfully, this zone would be a national model. The New Creativity Zone should have the following features:

- A strategic location and a mix of live/work space. Ideally, studio above and street level storefront for public display and transactions.
- A strategic mix of disciplines of art, design, science, business and entertainment.
- Subsidized residency of a defined period awarded to emerging professionals based on a rigorous selection process, possibly as post-graduate opportunities to graduates from the vast array of superb higher-educational institutions in the city.
- Technical assistance workshops and services to zone occupants, mixed funding sources and possibly profit sharing agreements for products developed within the zone.
- Install a free Wi-Fi zone for residents.

Replication after a successful pilot zone could also add a series of homesteading vehicles for our city to transform neighborhoods of potential development.

GOAL: Foster innovation in Los Angeles and new generations of creative makers, thinkers and entrepreneurs who will sustain the creative economy of our city, as well as establish a model of creative economic practice for the nation.

TIMEFRAME: Begin the process January 2008 and establish a pilot zone by end of 2009

LEAD: The Mayor’s Office, with key participation of the Department of Cultural Affairs and LAEDC.

Apparel and Design Industry

Located primarily in the fashion district of the city's downtown, Los Angeles' apparel and design industry is a \$15.4 billion dollar industry⁷¹. Apparel is the second largest export, in terms of merchandise value, from the region's ports, and the "California Style" is setting the pace for the world's fashion.⁷² Contiguous industrial space is a hurdle of the industry, but its biggest impediment is workforce preparedness. Historically, the apparel and design industry has given entry-level workers opportunities for skill improvement and professional advancement. However, industry professionals are genuinely concerned about the city's workforce. As the high school drop-out numbers continue to climb, businesses cannot find candidates who have mastered the basic skills—such as alphabetizing and simple math—necessary to be successful in the workplace.

While it is important to help the industry create additional jobs, city leaders need to pay close attention to the quality of jobs that the industry is creating. Growth should provide stable middle-class jobs with good wages, benefits, job security and opportunities for advancement.

Strategies for Apparel and Design:

FORTY EIGHT

Support creation of an "LA Fashion Park"

A major apparel company has approached the City about creating an "LA Fashion Park." This company, currently based in another city within the region, is expanding and would like to move its corporate headquarters to an industrial site on the outskirts of downtown Los Angeles. Although company owners have concerns about the cost of doing business in Los Angeles, they believe the caché of being located in Los Angeles will help their business. This company is attracted by the development activity in downtown Los Angeles and believes they would make a significant contribution to the city's economy.

Their "Fashion Park" concept includes a center for apparel in downtown Los Angeles anchored by their corporate campus housing approximately 450

employees, a theater for fashion shows, an educational facility and space for other apparel companies to co-locate. The jobs located to Los Angeles would not be manufacturing jobs; rather, they would locate design, administrative and operational activities to their new corporate headquarters. Additionally, this company intends to be a leader in the industry's effort to become more environmentally responsible.

The company has a thousand employees in the county already. The committee believes a key factor to the city's economic growth is retaining existing area businesses—whether through business expansion or relocation.

GOAL: Optimize downtown Community Redevelopment Agency (CRA) location with a flagship site for the apparel industry in the city of LA and concurrently brand LA as the apparel capital of the nation.

TIMELINE: Process can begin in January or February of 2008 when CRA will have site control

LEAD: CRA, Mayor's Office and LAEDC

FORTY NINE

Tie the state manufacturing license requirement to the City's business license

Require Los Angeles Business License applicants to apply for a State Manufacturing License as part of the City's licensure process.

- New apparel entrepreneurs are often caught off guard by this requirement. The State requires this license if a company's description of work, manufacturing or not, falls under the apparel industry category.
- City revenues will benefit if more businesses are fully compliant with all government requirements—local and state—and not driven "underground" due to unforeseen taxes and fees.

GOAL: Proactive technical assistance to businesses in the apparel industry.

TIMEFRAME: Spring 2008

LEAD: Office of Finance

Logistics / Goods Movement

The continued globalization of the economy has resulted in rapid growth for the logistics/goods movement sector. A key aspect of this sector's growth is the modernization of LAX and expansion of the Port of Los Angeles. In 2000, the ports of Los Angeles and Long Beach handled 9.5 million 20-foot equivalent units (TEU).⁷³ Six years later, they were handling nearly twice that much—15.8 million TEU's—and experts forecast that number will jump to 23.9 million TEU's in 2010.⁷⁴

As stated in the Port of Los Angeles chapter of this report, the port is working at full capacity. Without significant infrastructure investment, the port will not be able to keep pace with the influx of volume. Near port intermodal facilities are crucial to the region because they will ease traffic congestion, help reduce pollution and create jobs. The combined international trade value of the region's ports in 2005 was \$256 billion.⁷⁵

The airport is also a significant contributor to the industry's economic power. In 2006, airborne exports equaled more than \$72 billion and accounted for 362,800 jobs.⁷⁶ Generally, logistics/goods movement jobs are skilled jobs that are well paid, lasting and provide good benefits.⁷⁷ Such significant job growth is forecasted for the next 10 to 20 years that economists believe this industry will move significant numbers of workers from the lower to middle class.⁷⁸ While this is good news, city leaders need to ensure that the new jobs created are, in fact, quality jobs. Growth should provide stable middle-class jobs with good wages, benefits, job security and advancement opportunity. Key classes of workers that require close attention include port truckers and warehouse workers. Furthermore, the inevitable upgrades to LAX and the Port of LA will also create well-paid construction jobs.

Strategies for Logistics/Goods Movement:

FIFTY

Develop and implement a job preparation program for jobs at the Port of LA and LAX

Coordinate the city and region's logistics workforce training with the California Transportation and Logistics Institute (CaTLI) in preparation for anticipated job growth in the goods movement/logistics industry.

- Present low-income workers with a rare opportunity to join the ranks of the middle class.
- Recruit Angelenos from local areas around the port and LAX using the City's WIB and WorkSource Centers.
- Pretest jobseekers to determine their qualifications for a specific job, based on the Port and LAX's specific requirements, utilizing the combined services of local community colleges and WorkSource centers.
- Advance those who are qualified into training co-developed by the port or LAX and the local community colleges.
- Refer job seekers not initially qualified to a local community college for remedial training to allow them to re-apply and qualify for the port's and LAX's employment opportunities.

GOAL: Prepare Angelenos for logistics/goods movement jobs at the Port of LA and LAX.

TIMEFRAME: Begin Planning Spring 2008 and implement Fall of 2009

LEAD: Port of LA, LAWA and CaTLI with City WIB and community colleges

FIFTY ONE

Improve the Port of Los Angeles and LAX's Infrastructures

As the volume of container traffic increases, so does the number of trucks, trains and planes required to move the containers across the country. The City should ease traffic congestion and emissions through proposed upgrades and expansions of the port and LAX, creating quality logistics/goods movement and construction jobs in the process. In addition, the City should create more opportunities to decrease emissions through technological upgrades in the infrastructures and equipments.

GOAL: Upgrade and expand the infrastructures of the port and LAX

TIMEFRAME: Immediate and ongoing

LEAD: Port of LA and LAWA

FIFTY TWO

Support efforts to create dedicated truck lanes

To decrease congestion on Los Angeles freeways, increase safety and lower the amount of pollution from idling trucks, dedicated truck lanes could be added to the I-15 freeway from the Victor Valley to the SR-60 Ontario to the I-710 to the harbors. This would require support from state lawmakers and transportation officials. Heavy trucks isolated from competition with other vehicles would allow triple trailers to be an option.

GOAL: Streamline truck routes, cut down on pollution and ease congestion on our freeways.

TIMEFRAME: Begin lobbying in 2008

LEAD: The City's Sacramento Lobbyist and Mayor Villaraigosa

FIFTY THREE

Create a financial plan for logistics/goods movement infrastructure needs

Rather than have the full financial impact of the infrastructure modernization of LAX and the Port of LA shouldered solely by the airlines, liners and trucking companies – not to mention individual private contractors – the committee believes that the financial burden should be spread across all aspects of the industry. The plan should include accessing state and federal funds and possible public-private partnerships.

GOAL: Secure funds for the infrastructure needs of the Port of LA, LAX and other goods movement/logistics projects throughout the city of Los Angeles.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office with the Port of LA, LAWA, ACTA and MTA

Technology

The technology industry includes everything from well-established local industries—such as aerospace—to emerging industries, such as clean technology and biotechnology. Currently, as the source of over 200,000 jobs in Los Angeles County, the technology sector is one of the main engines of economic growth and a significant employer.⁷⁹ The committee recommends that the City focus on a few target technology sub-sectors to maximize job growth potential and to establish Los Angeles as a center for innovation. The sub-sectors include:

Aerospace

Examples: Aerospace products and parts manufacturing (commercial and defense)

Rationale: While aerospace has declined in the past decade, it still provides a significant number of good jobs in the region (38,400 in 2006 for Los Angeles County).⁸⁰ Thus, the City should have a retention strategy to keep these jobs in the Los Angeles region.

Biotechnology

Examples: Clinical research, testing, medical labs, medical devices and manufacturing

Rationale: Due to its potential to create high-quality jobs in an emerging industry, many cities and regions from across the county have targeted biotechnology. While Los Angeles currently lags in this sector, the City can leverage its premier local universities and its proximity to other biotech hubs (e.g., Orange County and Ventura County) to create a biotech cluster in Los Angeles.

Clean Technology

Examples: Renewable energy, clean transportation, air/water monitoring and “green” manufacturing/construction

Rationale: Making clean technology a priority is not only economically smart, but it is environmentally beneficial. The industry’s new, quality jobs can also bring about a more sustainable environment and

economy. Moreover, Los Angeles has significant market influence through its proprietary agencies (DWP, port, airport), its purchasing, procurement and contracting processes, as well as its regulatory, planning and land use powers that can be coordinated to “grow green” and promote a robust green economy. The City should lead by stimulating market demand, facilitating the growth of innovative and profitable green businesses, promoting private investment, creating a business-friendly regulatory environment for green companies and investing in workforce development programs that provide pathways for LA residents into well-paid green collar jobs.

Other Emerging Technology

Examples: Software, digital arts, computers and Internet services

Rationale: While it is impossible for a government to pick the next Google, the City should have a strategy to foster entrepreneurialism and to create a supportive environment for emerging technologies so that successful start-up companies keep their businesses—as well as their jobs and tax revenues—in the city of Los Angeles.

Strategies for Technology:

FIFTY FOUR

Use city agencies to promote technology growth

City departments and agencies spend hundreds of millions each year on goods and services. **The City should institute a procurement policy that promotes the purchase of innovative technologies (e.g., more energy efficient materials, advanced transportation) that will save the City money in the long run and will also help spur a local ecosystem of technology entrepreneurs.**

GOAL: Support local technology firms through the City’s procurement policies.

TIMEFRAME: Spring 2008

LEAD: Mayor’s Office of Housing and Economic Development

FIFTY FIVE

Partner with local universities to keep tech start-up firms local

As many practical business applications come from university-generated scientific research, universities often work closely with government and business to encourage this “technology transfer.” Greater Los Angeles contains three premier research institutions: UCLA, USC and Caltech, which have the potential to spur new economic growth through technology transfer. However, due to the high cost of doing business and local workforce challenges, many start-ups leave the area once they begin to grow. **The City should work with UCLA, USC and CalTech to determine how local government can assist and support technology transfer so that the start-up businesses that result from the university research stay in the Los Angeles area.**

GOAL: Leverage local universities to create quality jobs in Los Angeles.

TIMEFRAME: Spring 2008 and ongoing

LEAD: Mayor's Office of Housing and Economic Development

FIFTY SIX

Lobby for federal research dollars related to technology industries

The Mayor should lobby for federal research money for technology-related issues such as the life sciences and the environmental sciences.

GOAL: Increase the amount of federal funding that Los Angeles-based institutions receive.

TIMEFRAME: Spring 2008 and ongoing

LEAD: The City's D.C. Lobbyist and Mayor Villaraigosa

Additional Strategies for Biotechnology

The bioscience industry base in the Los Angeles region reaches over 66,000 workers and records a 36 percent higher concentration of employment in the

region than found nationally. Over the past few years, the Los Angeles region's bioscience employment grew by 5 percent, outpacing the national growth of 2 percent.⁸¹ The Los Angeles biotech industry has established specializations in the medical device sector, research, testing and the medical lab sector.

Technology based growth depends on the ability to create physical environments that facilitate research activities, promote industry and university interaction, initiate paths to technology commercialization, as well as attract and generate talent to a region. A physical resource is needed to jump-start this valuable industry in the form of a medical center.

An excellent and recent example of the creativity and entrepreneurial drive in this sector is the small band of UCLA scientists who formed Agensys Inc., which was recently acquired for over \$500 million by Astellas Pharma Inc., making it one of the largest Los Angeles based private biotech firms ready to take on therapeutic, fully human monoclonal antibody research and drug development.⁸² Partnerships between the city of Los Angeles and various research leaders such as UCLA, USC and Cedars Sinai are sought after to make a dent in an industry whose needs are not even reflected in the City's zoning codes. Development projects such as the USC Biomed Park should be ushered along, rather than hindered.

- Despite this sizable, specialized and robust bioscience industry base, the commercial biosciences real estate market in Los Angeles is immature, being highly fragmented with few dedicated commercial bioscience buildings and not responsive to growing demand.
- The burden placed on biosciences companies is to identify commercial buildings that are able to be fitted out with lab-related improvements.
- No financial incentives are available to the biotech industry for financing the cost of tenant improvements.
- Los Angeles is losing biotech companies to surrounding counties. Local and state governments are being proactive in attracting companies, and competition is intense. Interviews with area

companies showed that Los Angeles often loses start-ups to surrounding counties

The major opportunity in Los Angeles is to help translate innovative research into small start-up firms. Biotech entrepreneurialism begins at universities and key medical institutions such as UCLA, USC, Cedars Sinai and the Saban Institute. The committee encourages the Mayor to work with these outstanding world-class institutions to help foster growth.

FIFTY SEVEN

Form a roundtable discussion of experts, leaders and venture capitalists

A committee should be formed of experts, leaders and venture capitalists who will lead and support development of an expansion of Los Angeles' biotech industry.

GOAL: Give the sector a voice.

TIMEFRAME: 2008

LEAD: Mayor's Business Team

FIFTY EIGHT

Identify an additional location for a biotech/ medical device hub in Los Angeles

The committee would like to see a location for a new biotech/medical device hub in Los Angeles identified, in addition to those planned for USC. West Los Angeles and UCLA are prime location candidates for consideration for the expansion of the biotech industry.

GOAL: Identify an additional center for the biotech industry in the city of Los Angeles.

TIMEFRAME: 2008

LEAD: Mayor's Business Team

FIFTY NINE

Foster development of the USC Biomedical Park

The Mayor and the city of Los Angeles should make a concerted effort to gain County support and land to help expedite the USC Biomed Park. The success of this project acts a test site for future projects in order to create the anchors and attractors needed for the promising biotech industry in Los Angeles.

GOAL: Create an innovative biomedical research park.

TIMEFRAME: Immediate until completion of the Biomed Park

LEAD: Mayor's Office and CRA

SIXTY

Dedicate staff time to biotech

Dedicate Business Team staff time to seek state and federal funding, as well as private sector funding, for this initiative.

GOAL: Industry specific business assistance staff.

TIMEFRAME: 2008

LEAD: Mayor's Business Team

SIXTY ONE

Publicly announce the launch of a Life Science Initiative

Publicly announce the launch of a Life Science Initiative (an effort to expand the city's biotech jobs).

GOAL: Raise public awareness.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa

BUSINESS CLIMATE

Cities strive to have a healthy business climate that appropriately balances responsible development with the need to constructively and cooperatively support business. Currently, the city of Los Angeles is perceived as having a difficult, if not hostile, business climate, with departments staffed by employees focused on regulation rather than facilitation and problem solving. The City needs a pro-active strategy that concentrates on small- and medium-sized businesses, which employ the largest number of people in Los Angeles. The strategy should include community strengths and sectors, as well as opportunity and priority areas. The City also needs to develop marketing materials for businesses considering expanding existing operations or businesses considering relocating to the city of Los Angeles.

During the committee's work, the members listened to feedback about the level of "customer service" businesses receive from city government. Business executives and owners described endless and seemingly needless bureaucratic delays. The problems identified included the inability of city employees to navigate the City's regulations, employees refusing to talk to employees in other departments and fear of retribution if complaints were made about poor service. Furthermore, city departments do not have compatible computer systems, and the City's Web site is difficult to use.

To further explore the issue of customer service, the committee conducted a "Secret Shopper" study. Over a two-month period, interns called the Mayor's Business Team and the CDD posing as businesses (with 100 – 150 jobs) looking to expand and move to Los Angeles. Sadly, the committee has yet to receive a response from the Mayor's Business Team. The CDD fared better – returning a call the same day and returning an e-mail six weeks later with a

note of apology for taking so long. The log can be found at Exhibit C. The experience validated what many committee members already knew or suspected; the city of Los Angeles does not pay enough attention to the needs of the Los Angeles business community.

The committee found the following to be true about the City's economic development efforts:

- The City lacks an economic development strategy focusing on retaining and expanding existing businesses that includes achievable benchmarks and measures of success.
- The City does not dedicate adequate resources to effectively retain and expand businesses.
- The City does not make any competitive effort to attract businesses or jobs to relocate to the city of Los Angeles.
- The City does not provide adequate support for the needs of small- and medium-sized businesses.

Together, they employ more Angelenos than any other business category in the city.

- The City's regulatory and permitting systems and processes are seen as unpredictable, duplicative, contradictory and slow.
- The City does not have compatible computer systems for interdepartmental communication and sharing of case information.
- The Mayor's Business Team is understaffed and, as a result, unresponsive.
- The city's tax structure drives to neighboring cities the very businesses and jobs particularly well suited to an urban location and which the City views as desirable.
- The City does not dedicate adequate resources to providing competitive, flexible incentives for businesses to start, expand or move here.
- The City does not have economic development marketing materials focused on existing businesses, incoming businesses or entrepreneurs.

Ultimate Goal: To create an environment where businesses succeed and expand in the city of Los Angeles and preserve and expand the job base in the city.

Strategies for Business Assistance:

SIXTY TWO

Continue to gradually lower Gross Receipts Tax

Continue to lower the Gross Receipts Tax (GRT). In 2005, the city of Los Angeles agreed to reduce the Gross Receipts Tax by 15 percent over the course of 5 years. This reduction began in January of 2006. A maximum of 4 percent or a minimum of 1 percent reduction is allowed per year.⁸³ The committee supports this reduction and would like to see it reinstated when it reaches its final year. It is a strategy that is working and should be continued.

- Lowering GRT subsequently increases the City's business tax revenue.
- Each year these modest reductions have been made, the City has seen significant increases in its overall business tax receipts.⁸⁴
- This strategy will attract more businesses to LA and help retain existing businesses.
- It is a two-pronged strategy that raises revenues for the City to balance its budget and also helps give the city a more business friendly reputation.

When comparing the city of Los Angeles to neighboring cities in the county, the committee found that Los Angeles routinely had higher tax rates. For example, Santa Monica and Culver City—two cities that also tax on gross receipts—have lower tax rates than in the City of Los Angeles. Long Beach, El Segundo and Beverly Hills do not tax on gross receipts, but use an employee tax or a flat tax. Santa Clarita and Glendale have no business tax. Overall Los Angeles' rates are higher (see Exhibit D).

GOAL: Make the city of Los Angeles a business friendly city.

TIMEFRAME: Begin working to reinstate the Gross Receipts Tax reduction measure in 2008 (before the current maximum total reduction of 15 percent is met.)

LEAD: Mayor Villaraigosa in conjunction with City Council Committee on Jobs, Business Growth and Tax Reform

SIXTY THREE

Economic development staffing

Fund positions in the Planning Department, Building and Safety and the LA Business Team that have been determined to be instrumental in providing efficient services to businesses. Vacant positions should be filled immediately upon their opening in order to maintain efficiency and responsiveness in each of these departments and provide the best possible customer service.

GOAL: Staff positions for efficiency and quality of service.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa with LA Business Team, Planning Department and Building and Safety

- Detailed information of classes the City offers to small businesses
 - Classes offered to small businesses should be available remotely, through the Web, as most small business owners are unable to leave their premises for a half day or whole day.

GOAL: Make Los Angeles more business friendly by increasing assistance to small and medium businesses

TIMEFRAME: End 2008

LEAD: Mayor's Office of Housing and Economic Development in cooperation with local business assistance providers and economic development organizations

SIXTY FOUR

Increase assistance to small and medium businesses in Los Angeles

The Mayor should proactively contact Los Angeles' small and medium businesses through a letter (traditional mail and e-mail) soliciting their needs. The letter should state the following:

- Is the business experiencing growth and looking to expand? The letter should provide the name, number and e-mail of a representative of the Business Team or a contact in the Mayor's Office of Housing and Economic Development (MOHED).
- Is the business experiencing any problems dealing with City departments? Again, the letter should provide a listing of business-related departments and direct contact information.
- Provide Web-based links to the following information:
 - Most commonly asked questions by small businesses
 - Most commonly used permits that are posted on the Web for downloads
 - Directory of city departments that businesses deal with most that includes email addresses and phone numbers

SIXTY FIVE

Support the reinstatement of the Regional Business Assistance Network (RBAN).

More than a dozen years ago, the LAEDC, in coordination with the Community Development Department, created the Regional Business Assistance Network (RBAN). This innovative tool shared information regarding business assistance resources among all contractors with the CDD. The LAEDC is in the process of revitalizing this program, which has been dormant for more than a year. The LAEDC plans to expand the original RBAN concept by adding a web-based resource that connects business owners and business assistance providers with services throughout the county. Due to the sheer size of the city's business base, its involvement and support will be essential to the success of RBAN.

GOAL: Make Los Angeles more business friendly by increasing assistance to small and medium businesses through a new and improved RBAN program

TIMEFRAME: Spring 2008

LEAD: MOHED, in coordination with LAEDC

SIXTY SIX

Make the Department of Water and Power more responsive to business needs

The city's publicly owned utility—the Los Angeles Department of Water and Power—is often touted as a reason for a business to choose to locate in Los Angeles rather than a neighboring city. As attractive as the DWP's low rates are, area businesses say that the ease of doing business outweigh low utility rates in a business' decision to expand or locate in a community. Unfortunately, DWP's customer service seems to be some of the worst in the city's bureaucracy.

Businesses indicate a high level of frustration at DWP's lack of response, lack of urgency and permitting delays. In order to play a greater role in the City's effort to expand and retain jobs, DWP needs to identify the needs of the business community and structure an assistance program that meets those needs.

- Engage DWP economic development staff as ombudsmen in planning, expediting and executing services for the business community.
- Provide the business community with a fact sheet of the permitting process that includes a loosely estimated timeline and fee assessment for services. This tool would help educate their customers about the process and give realistic expectations for the delivery of feedback or services. The fact sheet should also include information on all required documentation (design plans, parcel information, etc.) that the business will need to provide.
- Provide business customers with online access to all forms that are necessary in order to obtain services.
- Similar to the Department of Building and Safety's protocol, when DWP staff meet with a business, they should provide a detailed written list of corrective actions that need to occur before receiving approvals from DWP. This would help give the customer more certainty about DWP's expectations and would avoid misunderstandings that can result from verbal directives.

GOAL: Make the Department of Water and Power more responsive to business needs and in the attraction and retention of businesses.

TIMEFRAME: Immediate

LEAD: Mayor's Office, Dept. of Water and Power

SIXTY SEVEN

Make greater use of Industrial Development Bonds

Within the city of Los Angeles, there are a number of neighborhoods that qualify as “distressed” and are, thus, eligible for a variety of state and federal tax incentives. Tax-exempt financing is one of the tools with which other jurisdictions have been much more successful than the city of Los Angeles. For example, in 2007 the County of Alameda (population 1.4 million) applied for and received \$11.7 million in bond financing used to attract, retain and support expansion of manufacturing companies, while the city of Los Angeles submitted no applications.⁸⁵ Given the three State Enterprise Zones and the Federal Empowerment Zone/Enterprise Communities that exist within city limits, it appears that Los Angeles is missing out on an important way to help encourage reinvestment in areas of the city that are struggling economically.

The issuance of tax-exempt bonds, for industrial development purposes, can be a complicated process for small- and middle-sized manufacturing companies. It is incumbent on the city of Los Angeles to have a user-friendly screening process for prospective applicants. In order for this program to be successful, the business community needs to believe that the benefit outweighs the process. Bond financing provides a 2-3 percent reduction in borrowing cost but, if implemented poorly, can be an unending process fraught with uncertainty. The numerous local, state and federal requirements can be intimidating to both businesses and bankers. The success of this program will require staff who can effectively communicate the benefits to borrowers and lenders; additionally, staff must have an ability to navigate the public sector processes. The city of

Los Angeles Industrial Development Authority (IDA) should take the following actions:

- Actively market the use of IDBs to target businesses, including disseminating information through City Council members' offices.
- Develop a streamlined process that commits to full approval for a qualified project within 60 days.
- Develop the standardized application or just adopt the CIDFAC application for small issue IDB.
- Test-market a fee waiver or flat fee (city-IDA assessed fees) for any project meeting a certain minimum threshold of economic impact.
- Evaluate an alternative approach to the City Council approving all IDBs, under \$5,000,000, which adds 6-8 weeks to the processing time.
- Develop a companion \$15 million pilot loan program, utilizing its NMTC Allocation to provide SBA 504-like debt for qualifying projects.
- Develop a strategy to promote "private placement" of IDBs with qualified buyers.
- Commit to an annual \$25 million goal for the issuance of IDBs based on an average transaction size of \$3,125,000, which is less than one transaction per month.

GOAL: Expand the use of Industrial Development Bonds to attract and retain businesses.

TIMEFRAME: Begin 2nd quarter of 2008

LEAD: Industrial Development Authority, Community Development Department along with LA Business Team

SIXTY EIGHT

Increase communication between the manufacturing community and the City

Include the manufacturing/industrial community as part of a formal business advisory group to the Mayor, perhaps by way of the Development Industry Advisory Council or some other organization.

- Los Angeles is the manufacturing capital of the nation, but the voices of the industrial users and manufacturers are not represented in the City's current management model.
- Recommend that the Mayor's office meet with this group on a regular basis.

GOAL: Increase communication between city officials and the area's manufacturing community.

TIMEFRAME: 2008 and ongoing

LEAD: Mayor's Business Team

SIXTY NINE

Send a welcome letter to all new businesses

The Mayor's Office should send a letter of welcome to every new business that applies for a business license.

- The letter should include contact information for each of the city departments with which a business interacts most often.
- It should also include a general business assistance number to use if callers are unsure which department they need.

GOAL: Make first contact with new businesses in Los Angeles positive and helpful.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Business Team and Office of Finance

Strategies for Customer Service:

SEVENTY

Create a Customer Service Training Program

The committee recommends creating a Customer Service Training Pilot Program. The program could start in just one department (preferably one that operates neither highly nor poorly, but middle-of-the-road) and then be expanded.

- The program should include (but not be limited to) a review of the three proposals below to determine which program is best suited to achieve the City's objective.
- City leaders should consider incentive pay for exceptional service.
- The City should foster employee accountability by establishing measurements for success.
 - Proposal #1, Ed Allard and Associates
 - Proposal #2, Jonae Pistoressi of the Merced Community College Customer Service Training Program
 - Proposal #3, Los Angeles Valley Community College Customer Service Training Program⁸⁶

GOAL: Improve the City's customer service.

TIMEFRAME: Begin in 2008

LEAD: Mayor's Office with a customer service consultant

Strategies for Marketing the City's Economic Development Services

The International Economic Development Council's Economic Development Journal conducts a tri-annual survey on Winning Strategies in Economic Development Marketing. Their 2005 data shows where industry professionals get their information, what kind of information they want and why California is not high on the list for site selection consultants. Old-fashioned planned visits to corporate executives, Web sites and media attention topped the list for marketing sources. Traditional

print advertising was low on the list.⁸⁷ We believe the Mayor's Business Team, MOHED and the Los Angeles Business Assistance Program (LABAP) should collaboratively organize their efforts and services and then market them effectively through their Web sites, the media and one-on-one visits with companies. Furthermore, the committee recommends the City's primary focus should be retaining and expanding existing businesses in Los Angeles. Attraction marketing efforts should be low on the list of priorities for several reasons, including the fact that it is expensive to do effectively and the city of Los Angeles is rarely on the short list of site selection consultants due to the area's high cost of doing business. While there are very specific situations where Los Angeles is a great fit for relocating companies, these opportunities are rare and the committee recommends a concerted focus on existing businesses.

SEVENTY ONE

Revamp the City's Web site to make it user friendly and useful for existing Los Angeles businesses and prospective businesses

Revamp the business-related areas of the City's Web site. At a recent Los Angeles Chamber of Commerce event, a business owner stood up to share his experience navigating the City's Web site. Despite speaking four languages and holding a master's degree in economics, it took him three hours to find the form he needed on the city Web site! Unfortunately, his experience is not unique.

The committee found the City's Web site difficult to navigate and the Mayor's Business Team's pages difficult to read. The committee is concerned that the Web site is harming the city's ability to attract new businesses. Most site selection consultants often use economic development Web sites as they assist their clients in evaluating areas for relocation. The following information should be accessible through the Business Team, LABAP and MOHED Web pages:

- A Web site that is intuitive to navigate.
- Hard data on the city's demographics.

- Detailed information on available incentives.
- A directory of available buildings and sites in the city of Los Angeles.
- Information on target industries and leading local employers.
- A news section highlighting economic development successes in the city of Los Angeles.
- For small businesses and micro enterprises, a flowchart of how to start a business in the city of Los Angeles.
- No more than three clicks to attain contact information of the representatives of business sectors in the Mayor's Business Team.
- Clear instructions for online permits.
- Easy format to read, with a larger font on a clean, solid background.
- Information on Los Angeles utilities and links to those Web sites.
- Links to economic development partners' Web sites.
- Low on the list of priorities should be quality of life information.

GOAL: Revamp the City's Web site to be a virtual one-stop shop.

TIMEFRAME: 2nd quarter 2008

LEAD: Mayor's Business Team, MOHED, Information Technology Agency

SEVENTY TWO

Create a marketing brochure for the city of Los Angeles for business marketing

Create a simple marketing piece about the city of Los Angeles. Include general demographics about the workforce, the region, number of businesses, information about the ports, the economy and the many business sectors.

- A "quick look" directory of phone numbers businesses use most.
- Accessible and downloadable on the Business Team Web site.

- Can expand on this idea and make a "one-page" for different sectors.

GOAL: To have a functional, simple marketing piece for economic development outreach use by all city staff who receive business requests for information.

TIMEFRAME: March 2008.

LEAD: Mayor's Business Team

SEVENTY THREE

Partner with economic development organizations to market Los Angeles

Partner with economic development organizations servicing the city of Los Angeles to market Los Angeles to existing and relocating businesses. The City should create a uniform, standardized marketing piece to be used by the City and its economic development partners, including LAEDC, Economic Alliance of the San Fernando Valley, LA Area Chamber of Commerce, VICA and Westside Economic Collaborative. The marketing piece should include the following:

- Information about all of Los Angeles
- Information on various industry sectors of the city of Los Angeles
- Regional information
- Reflect that LA is a world-class city by the high quality of the materials and content

GOAL: Standardize the message of Los Angeles with other agencies doing economic development work.

TIMEFRAME: Could be produced by May 2008

LEAD: Mayor's Business Team in collaboration with other economic development partners in the city such as LAEDC, Economic Alliance of the San Fernando Valley, LA Area Chamber, VICA Westside Economic Collaborative

SEVENTY FOUR

Host a regular Brokers Breakfast

In the spring of 2004 the City, in partnership with the Economic Alliance of the San Fernando Valley, held a “Brokers Breakfast.” Over 200 brokers attended, expecting to gain a better understanding of the City’s development planning and building permit process. The presentations included information on blighted properties available for development with special incentives. City staff was on hand to answer questions about the City’s permitting process and other general questions the business community had. Unfortunately, the event, which was underwritten by local businesses and attracted more attendees than expected, has not been repeated.

- The City should host a semi-annual “Brokers Breakfast” event to strengthen its relationship with brokers and developers. At the same time, the City should provide information about commercial, industrial and housing development the City would like to see in certain targeted areas.

GOAL: Improve the City’s business friendly reputation.

TIMEFRAME: Begin 2nd quarter 2008

LEAD: LA Business Team along with the participation of all city Departments that sign off on building permits

SEVENTY FIVE

Have the Mayor tout the Los Angeles economy

The committee would like the **Mayor to become an even more outspoken advocate for the Los Angeles economy. As often as possible, in his speeches and other public comments, he should advocate for the creation of quality jobs for all Angelenos.**

- The private sector and the general public need to know that job creation activities and constructive economic development are as important to the

Mayor as his other initiatives and equally as important to increasing Angelenos’ quality of life. (e.g., “Quality of life starts with a job.”)

GOAL: Elevate awareness about the importance of job creation.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa, LA Business Team and Mayor’s Press Office

SEVENTY SIX

Create a list on the City’s Web site of locations Wi-Fi is available for free

Create a list of locations throughout the city of Los Angeles where Wi-Fi can be accessed freely and post this list on the City’s Web site.

- In a city that has few business incentives, a high Gross Receipts Tax and a slow and complicated permitting process, it would be a free and easy service to provide a list of locations in the city where free wireless Internet service can be accessed.
- The list should also be accessible through the LA Inc., LA Business Team and MOHED Web pages. It should also be updated twice a year.

GOAL: Market a wireless LA to businesses and visitors alike.

TIMEFRAME: 2nd quarter 2008

LEAD: Information Technology Agency, MOHED and LA Business Team

BUILDING DEVELOPMENT REFORM

“The city of Los Angeles operates a system of entitlement and administrative permitting and processing which is Byzantine. It imposes costs in terms of time and money incomparable to other jurisdictions within and outside of California. Citizens, businesses and developers alike are not treated like “customers” that are valued and who have invested their own funds in the city....”

“Our reputation as an anti-business jurisdiction has driven away business and harmed our ability to compete for economic development and jobs that will maintain and enhance our economic vitality and quality of life....”

“Homeowners, small businesses and major employers alike who play by these rules in Los Angeles cannot count on the permitting system in the city of Los Angeles to respond with certainty. Instead, ambush, delay and immeasurable cost await the individual who encounters the administrative permit process in the city of Los Angeles.”

-City of Los Angeles Development Reform
Committee Report, 1994

Although the above commentary was written 14 years ago, unfortunately it is still true today. Los Angeles’ permitting system presents developers with multiple obstacles, including a city zoning code that has not been updated since 1946, numerous amendments to the city’s zoning code and a city staff that struggles to interpret the codes, which do not always meet the needs of 21st-century businesses. It is no wonder that businesses, developers, homeowners and city staff alike are frustrated.

While there is much to be improved, there are some bright spots in the city’s planning and permitting bureaucracy. The Department of Building and Safety, led by Andrew Adelman, is a national leader in one-stop management. The Development Services Cabinet is a formula that works when it comes to getting all the separate permitting departments on

the same page. Gail Goldberg, General Manager of the Planning Department, is tackling the herculean task of updating the city’s zoning codes and Community Plans in record time. Ms. Goldberg, together with Cecelia Estelano, General Manager for the Community Redevelopment Agency, is fighting to preserve the City’s industrial land. Nevertheless, these are not quick fixes. The committee focused on specific activities that support progress being made by the City and propels this progress.

The following case study illustrates the damage and debilitation cumbersome regulations and a disinterested bureaucracy can wreak upon a business.

A high-end furniture manufacturer, working at capacity in the company’s original site, found a site in downtown Los Angeles that would have allowed the company to expand production and jobs. The site previously housed a furniture company in it, and the new buyers were committed to upgrading the space to a state of the art facility. However, the company has faced multiple problems with city bureaucracy and has decided that relocating within the city of Los Angeles is nearly impossible.

For example, city workers unnecessarily created a hurdle to the relocation by suggesting the new owners move an existing power pole onto the adjacent property, which is owned by MTA and requires an easement. The MTA agreed to a temporary easement, but DWP would not sign

off unless it was a permanent easement. The City then said it would put the pole in the original location – between the two buildings – which was not sanctioned by the City two months earlier when all this began. Throughout the process, the business owners were proactive and thorough, paying their attorney to check all the documents and easements. They paid a sum of almost a thousand dollars to expedite the process to less than 8-12 weeks and have been told repeatedly by their case manager at DWP not to talk to anyone else about this process because it will slow down the process.

By mid-November, the business owners were in the 18th week of this process. As of November of 2007, they had been paying double rent – on their old site and the new downtown site for five months. If their issues are not resolved, the company will either go bankrupt or will outsource production to India. Either way, the 34 existing jobs—and any new jobs—will be lost due to an unresponsive and slow bureaucracy that appears to be disinterested in doing its part to help strengthen the city’s economy. This is but one example of the many we encountered throughout our research for this report

The following are recommendations to increase the efficiency and predictability of the building development process in the City:

SEVENTY SEVEN

Implement Development Reform Committee recommendations

In 1995, the Development Reform Committee released a report, commonly referred to as the “Dan Garcia Report” (in honor of the committee’s chair), that contains research on streamlining City processes, most of which is still relevant today. The City’s Department of Building and Safety (DBS) was the only department that implemented 90 percent of the recommendations in the Dan Garcia report.⁸⁸ All other departments fell behind. DBS’ General Manager, Andrew Adelman, had a major influence on that department, changing the culture from unresponsive bureaucracy to one that views busi-

nesses as “clients.” The LAEJC recommends the City follow up on the Dan Garcia Report **and implement the remainder of the Development Reform Committee recommendations.** Implementing the remainder of the Report’s recommendations will eliminate weak links that regularly hold up the permitting process (such as city departments whose regular function is not permitting).

Require all departments involved in issuing permits to participate in the DBS one-stop permit office. This must include the Department of Water and Power, whose desk space continues to sit vacant since the office was opened 10 years ago.

GOAL: Streamline the City’s permit process.

TIMEFRAME: 2nd quarter 2008

LEAD: Mayor’s Office to disseminate to the General Managers of the following departments: Building and Safety, Planning Department, Department of Transportation, CRA, Department of Public Works, Department of Water and Power, City Fire Department, Department of Sanitation

SEVENTY EIGHT

Update city zoning code

Update the city’s zoning code and make it a priority focus for the Planning Department. Updating of the zoning code for the entire city will allow the City to provide a more efficient and predictable development process.

GOAL: Simplify the city’s zoning code so that it reflects today’s planning and development needs and runs more efficiently.

TIMEFRAME: According to Planning Department General Manager Gail Goldberg, this could take 10 years to complete as the zoning codes have not been updated since the 1940’s. Additional resources should be allocated so that this process can be completed within no more than 5 years.

LEAD: Planning Department

SEVENTY NINE

Update Community Plans

Expedite the updates of the City's Community Plans, including incorporation of specific plans, overlay zones, and other land use requirements, to reflect acceptable development patterns, ensure consistency between planning and zoning, and guide development for at least the next 10 years. All overlay zones and specific plans should be incorporated into the community and district. Clearer rules and regulations will eliminate the need for deviations and reduce the case-by-case resolution of project entitlements by allowing 'by right' developments and alleviating timely and costly requests for variances. Currently, twelve plans are in the process of being updated, while the remaining out-of-date Community Plans continue to stifle development.

GOAL: Update all Community Plans to create better efficiency for development.

TIMEFRAME: Immediate and ongoing

LEAD: Planning Department

EIGHTY

Adopt an Economic Prosperity Element for inclusion in the City's General Plan

Adoption of a new Economic Prosperity Element in the City's General Plan will provide comprehensive and cohesive citywide economic and land use policies and guide the development of strategies, programs and regulations. The policies will relate to employment, land availability, regional infrastructure, business development, equitable development, education and workforce development, balancing jobs and housing needs.

In the past, plans, policies and City operations have separated land use planning and economic development. Often, the conflicting policies of each have resulted in inefficient efforts to achieve quality of life goals. The Economic Prosperity Element seeks

to combine the efforts of each to provide a more comprehensive approach to increasing the standard of living for Los Angeles residents.

The following key issues regarding economic prosperity are addressed in the element:

- How can land use policies be utilized to enhance economic prosperity?
- How can economic opportunity be increased?
- What economic policies will enhance community quality of life?

EIGHTY ONE

Support Development Services Cabinet

Although the city of Los Angeles' Department of Building and Safety is often cited by other cities as a best practices model for parallel permit processing, there remains a significant lack of customer service focus by several city departments required to sign off on permit applications. The committee recommends the use of the **Development Services Cabinet (DSC)** as a vehicle to increase interdepartmental communication and customer response to the business community. A coordinated effort among departments and better understanding by staff will help reduce delays in the permitting process and subsequently reduce the costs businesses incur due to delays. The Mayor's Office should call for the DSC to meet monthly, but no less than quarterly. To ensure that the Cabinet is relevant and effective, the Mayor needs to make it a high priority and communicate its importance to his management team. The meetings should be chaired by the Deputy Mayor of Economic Development.

GOAL: Interdepartmental efficiency.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor Villaraigosa

EIGHTY TWO

Reinstate the Development Industry Advisory Council

Reinstate the Development Industry Advisory Council (DIAC) and require the body to meet on a quarterly basis. Reviving the DIAC will give the City another way to gain input from the development community regarding government impediments to pending projects. Again, the meetings should be chaired by the Deputy Mayor of Economic Development.

GOAL: To hear regularly about the needs of the building and development community of Los Angeles.

TIMEFRAME: Immediate

LEAD: Deputy Mayor of Economic Development

LAND USE DEVELOPMENT

A study by the LA County Economic Development Corporation (LAEDC) concluded that modern industrial redevelopment creates four times as many jobs, six times the wage base and a greater overall tax base than a retail center alternative.

Preservation of Industrial Land

A study by the LA County Economic Development Corporation (LAEDC) concluded that modern industrial redevelopment creates four times as many jobs, six times the wage base and a greater overall tax base than a retail center alternative.⁸⁹ Manufacturers seeking to expand their operations, however, continue to leave Los Angeles due to the lack of available industrial land and a vacancy rate below 2 percent, the lowest in the country.⁹⁰ Often times these companies relocate their businesses just outside of the city, taking their jobs and tax revenue with them. In another LAEDC report commissioned by the Otis College of Art and Design, “creative” industries were cited as the backbone of the regional economy, employing over 156,000 direct jobholders in the city of Los Angeles.⁹¹ The “creative” industries include some of the top revenue generators to the City, including entertainment, fashion, toys and furniture. One common denominator among creative industries is that they largely exist on industrial land. Despite public perception, industrial land does not typically contain smoke-belching factories in Los Angeles. However, the need for additional industrial land creates a problem for Los Angeles as less than 8 percent of the land is zoned industrial, and a quarter of that is already used for non-industrial purposes.⁹² In recent years the City has allowed residential uses to be built on industrially-zoned land, further reducing the amount of land available and driving up the cost for new

job-producing investment, including evolving high-tech, creative, and green industries. There is ample non-industrial land throughout the city where residential uses can be developed. Further, much of the industrial zoned land is slated to be re-zoned as residential even though zoning codes currently allow for housing to be built in 93 percent of the city. By preserving industrial land, the City is preserving jobs and businesses in LA as well as a much needed tax base to support city services.

EIGHTY THREE

Responsibly preserve industrial zoned land

- An Eight Percent Commitment - The City should commit to never having less than the current 8 percent of land zoned as industrial.
- The committee supports the findings of the Planning Department and Community Redevelopment Agency’s (CRA/LA) draft land use direction to preserve industrial zoned land, allowing for the conversion of sites only in very limited areas on a case-by-case and only with compelling justification for residential use.
- The committee also supports aggressive outreach and marketing by the Mayor’s Office of Economic Development to maintain industrial land by working with developers and easing the roadblocks to their redevelopment. Special emphasis to be placed on “creative” industries and those offering living wage jobs.

- The committee supports an emphasis on light manufacturing and growth industries in areas such as fashion, entertainment, life sciences and green technologies.

GOAL: Adopt industrial land preservation guidelines.

TIMEFRAME: Spring 2008

LEAD: Planning Department and Community Redevelopment Agency

Department of Planning and CRA/LA as a guiding principle when implementing the LA River Master Plan.

GOAL: Develop an overall open space and economic development plan for RIO's Opportunity Areas while preserving existing industrial land.

TIMEFRAME: Spring 2008

LEAD: LA City Council, Mayor's Office along with a task force made up of organizations such as LAEDC, Central City Association, Urban Land Institute-LA and American Institute of Architects

EIGHTY FOUR

Create a mix of open space, jobs and residential uses in the Los Angeles River Revitalization Master Plan

The proposed revitalization of the Los Angeles River will provide a multitude of benefits to communities. Such benefits should be carefully evaluated, planned and organized to maximize distribution as equally as possible among all sections of the broader community (residents, businesses, landowners, employees, etc.). Updating community plans and forming new management entities are important steps for encouraging and accomplishing beneficial economic development along the river. Los Angeles should take a close look at the cities of San Antonio and Denver, where successful urban river revitalization included projects with mixed-use—including jobs and housing—and open space.

However, the addition of a River Improvement Overlay (RIO) District as part of the Master Plan is of great concern to industrial land users and owners within the half mile zone on either side of the river.

- Additional community meetings should be held with existing industrial land users, brokers and developers in and around the planned LA River revitalization area to garner more input as to the economic impact the RIO will have on future development.
- The committee strongly supports the industrial land use recommendations developed by the

EIGHTY FIVE

Support NBC Universal project

As part of a corporate plan to centralize its operations, NBC Universal, along with Thomas Properties Group, is planning two new developments in the city of Los Angeles. The first is a news operations center located at the Universal City MTA subway and bus station, where the NBC Universal functions would serve as the anchor tenant in a larger Thomas Properties Group development. The second is a television studio at NBC Universal Studios. The projects, combined, will likely generate more than 3 million square feet of commercial space, 2,900 new residences and several thousands new jobs. In addition, the entire project will be LEEDs certified.

The LAEJC enthusiastically supports the project—with the caveat that the impacts of the increased traffic are reasonably mitigated. The regions between the Cahuenga Pass and the Barham Corridor are currently two of the most congested commuter corridors in the city. The NBC Universal development will draw thousands of new commuters into the area and increase the ridership on local public transit systems. The success of the NBC Universal project depends upon the City's ability to successfully manage the increased vehicle traffic and public transit demand.

The committee believes that the Mayor should support the project provided that these traffic concerns are addressed. This is exactly the sort of world-class public-private project that Los Angeles should facilitate and encourage. It builds upon one of the city's historic economic strengths – entertainment. This project is an example of a clean, globally strong industry committing to building “green.” It will create good paying jobs and more tax revenue for LA City.

GOAL: Facilitate the timely development of the NBC Universal project, including planning for the mitigation of traffic impacts.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office, Planning Dept., Dept. of Building and Safety, Dept. of Transportation

STATE & FEDERAL FAIR SHARE

The federal government and the State of California are shortchanging the city of Los Angeles out of its fair shares of federal and state funding respectively. Californians pay more in taxes to the federal government than any other state in the U.S., yet lag far behind in federal support for health and welfare services, homeland security and infrastructure investment. Some of these activities are explicitly federal responsibilities, and many could potentially impact the security and economic health of not just California, but the entire country.

- Each year California taxpayers send the federal government over \$50 billion **more** in taxes than the state gets back in the form of federal grants, payments and other services.⁹³
- For every dollar that Californians pay in federal taxes, 79 cents are returned to the state in federal dollars. This figure ranks California 45th out of 50 states in terms of federal return.
- The average state gets back \$1.00 for every \$1.00 it pays in taxes to Washington – that would generate \$50 billion more per year in federal support for California and its citizens.⁹⁴

California is an economic powerhouse whose key industries are vital to the US and whose population is 11.23 percent of the US. Ranked the 6th largest in the world, California's economy is more productive and has more people than many nations around the world.⁹⁵ Each year, California alone adds \$30 billion in global trade.⁹⁶

The state's economy, climate and culture continue to draw new residents. By the year 2020, California's population is expected to expand to roughly 45 million people. Los Angeles alone is adding 50,000 new residents a year.⁹⁷ Today it is America's 2nd largest and one of its most visited and visible cities.

Despite a strong economy, state and local government leaders are concerned about the City and State's ability to meet the needs of its people, particularly in relation to these issues:

- Homeland security (especially at the LA and Long Beach ports and LAX)
- Costs of illegal immigration
- Interstate and intrastate transportation system
- Healthcare
- Education
- Public safety
- Protection of intellectual property

Transportation and Homeland Security funding is especially critical. The federal government estimates that the ports of Los Angeles and Long Beach account for \$1 billion in the nation's economic activity every day.⁹⁸ A significant terrorist attack against these ports would not only be a terrible human tragedy, it also would strike a severe blow to the economy of the nation and the world.

A significant portion of the nation's goods are shipped into California's ports and trucked on our highways to other states. Yet California's highways, despite the state taxpayers' efforts to invest in improvements, continue to deteriorate. Because 40

percent of the seabound goods that enter our nation come through the Los Angeles region, the nation benefits when California's roads are in good condition. Yet the Golden State currently only receives 61 percent of its fair share for road repair and construction from the Federal Highway Administration.⁹⁹

How are we going to finance the critical resources and improvements needed for the growing population of this city and this state? The committee believes that California and Los Angeles must receive their fair shares of federal funding.

Similarly, the city of Los Angeles and the entire Southern California region do not receive their fair shares of state funds. Our city, county and region are also major contributors when it comes to state tax revenue, yet too often the needs of the area are shortchanged in the state budget process.

One of the problems is the perception of what is deemed fair share. For example, state guidelines require a fair geographic allocation of state transportation funds. While this may appear to be a reasonable approach, traffic impacts from trade are not equally balanced throughout the state and nation. Because 85 percent of California's container traffic comes through Southern California ports, the region's traffic is severely impacted by this economic activity that benefits the entire state.¹⁰⁰ During any given weekday, as many as 40,000 trucks on the roads move port-related goods.¹⁰¹

Regional leaders in Southern California had expected to receive the bulk of the \$2 billion of the Trade Corridors Improvement Fund allocated in November to the California Transportation Commission, yet the region only received 60 percent of the funding even though we have 80 percent of the traffic. At the same time, the Bay Area—which doesn't have nearly the same level of trade-related traffic as Southern California—received a disproportionately high level of funding, leaving Southern California leaders to wonder why their region was short changed.¹⁰²

Some think the sheer distance between Sacramento and Southern California creates a disconnection between the region's needs and choices made by the state decision makers. Because of his past leadership

at the state level, the committee believes this is an area where Mayor Villaraigosa can be particularly effective. To guarantee the region's fair share, Southern California and the Mayor need a strong coalition that effectively communicates the region's needs and helps ensure that the state and federal funding is fairly, proportionally and reasonably allocated based upon need and risk.

EIGHTY SIX

Getting our state fair share requires a team effort

Our region is excellent at putting together coalitions for one specific issue. However, such coalitions quickly dissolve, creating no consistent push in Sacramento. The committee recommends creating a coalition to consistently communicate Los Angeles City and regional issues in Sacramento. While Los Angeles has a large delegation in the state Legislature, this job requires involvement from both elected leaders and business, labor, non-profits and community representatives. The coalition should be run by an existing organization with staff to help with strategy and follow through.

GOAL: Create a lasting coalition of political leaders, business and labor to mobilize a strategic and consistent effort.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's office

EIGHTY SEVEN

Lead a team effort to obtain California's federal fair share

Getting the state's fair share of federal tax dollars will also require a team effort—a diverse group of political officials, business executives, community leaders, donors and voters must come together on this issue. Working together, such a coalition can raise the visibility of this issue and increase the pressure in Washington, D.C. Rep. Nancy Pelosi, the Speaker of the House, Governor Arnold Schwarzenegger and the Mayor are among the key elected officials who effectively make California's

case for an increased share of federal funding. The state has the largest congressional delegation in the nation, including seven representatives who serve on the powerful House Appropriations Committee. They need to work together more effectively and energetically to give California's fair share a clear priority. The entire delegation owes California and Los Angeles better results from Washington.

- The Mayor should encourage California's federal and state elected officials to lobby more effectively for California's fair share.
- When candidates running for federal office, including presidential candidates, come to California to raise money, the fair share funding issue should be raised by elected officials and donors.
- The need for our fair share of both federal and state dollars is particularly critical to the city of Los Angeles to help address the urgent and very significant homeland security and infrastructure issues of the port and LAX—which are clearly in the national interest.
- The business community should also be part of this advocacy effort. A coalition should be formed that can provide the following:
 - a strategic objective,
 - a sustained effort and
 - consistent follow through.

GOAL: Increase pressure on elected federal officials and office seekers to fight for California's fair share of federal funding.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office, City Lobbyists, industry and labor representatives and political action groups

EIGHTY EIGHT

Raise awareness of federal funding inequities

Californians clearly are not aware of the federal funding inequity. A statewide survey commissioned by City National Bank found that:

- Nearly three-fourths of respondents said that they read or watched the news every day, but

fewer than half knew that California pays more in federal taxes than it gets in return.

- When informed of the fair share issue, 70 percent of respondents disapproved of California's current rate of return and half said they want to see the issue addressed by candidates running for office in the next election.
- The lack of Homeland Security funding was the number one concern of respondents.
- Democrats and Republicans responded in uniform fashion on the major points listed above.
- Los Angeles leaders, especially the Mayor and City Council, should lead and participate in a voter education campaign to raise public awareness of the issue of fair share of federal funding for California.
- Citizens in constituencies across California and local public officials including Los Angeles specifically should be encouraged to raise the issue of fair share funding at public meetings and in addressing candidates for political election in public forums. This is especially critical in the next nine months for the Presidential, Senate and House elections as well as the General Election in California.

GOAL: Raise awareness of federal funding inequities.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office with community groups and voter advocacy organizations

EIGHTY NINE

Raise awareness of state funding inequities

We have a unique tool with the ports of Los Angeles and Long Beach because we can quantify the jobs, container traffic, revenue and taxes generated. The numbers tell the story of an asset on state and national levels. However, one wonders how many voters are aware that the activity at the ports of Los Angeles and Long Beach far out pace activity at all the remaining ports in the state put together. It

might affect the regions voters if it were common knowledge that:

- The ports of Los Angeles and Long Beach handle 85 percent of the cargo passing through California.¹⁰³
- Southern California's road and rail system manages 75 percent of all cargo exported from the state of California annually, which also means those Southern California residents who live or work along or near the transportation corridors also bear the brunt of high levels of air pollution. Over 80 percent of Californians who are exposed to dangerous levels of diesel emissions live in the five Southern California counties.¹⁰⁴
- Goods moving through the ports of Los Angeles and Long Beach generated more than \$6.7 billion in tax revenue benefits for the state and local communities.¹⁰⁵ At a time when the State of California is struggling to balance the budget, it makes sense to invest in one of the state's most lucrative tax revenue generators. Such an investment would not only increase activity at the ports but assist in the greening process as well.

As with raising awareness of federal funding inequities, Southern California leaders and office holders, should lead and participate in voter education campaigning to raise public awareness of the issue of fair share of state funding.

Citizens in constituencies across Southern California and Los Angeles specifically should be encouraged to raise the issue of fair share funding at public meetings and in addressing candidates for political election in public forums. This is especially critical in the next nine months for the State Senate and Assembly elections

GOAL: Raise awareness of state funding inequities.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office with Southern California community groups and voter advocacy organizations

NINETY

State funding for improvements for Port of LA, Port of Long Beach and Los Angeles International Airport

The Port of Los Angeles, Port of Long Beach and Los Angeles International Airport are national assets with regard to international trade. The value LAX and the ports of Los Angeles and Long Beach generate for the United States is easily documented. It can be quantified in jobs created, goods moved and federal revenue generated. Because these gateways highlight the dependence other states have on California's key infrastructure, their value should help the federal government understand that investing in these entities helps the national economy and national security. Southern California, and Los Angeles County in particular, absorbs a disproportionate share of international trade for the country, and federal funds should be commensurate of this. Furthermore, the region's ports' and airports' environmental planning and requirements should and could provide a model for the nation's ports and airports.

Similarly more federal homeland security funding for these ports is warranted by the risks presented, by so much cargo that is not checked, so many ships and crews entering the United States here and by the well-established fact that Los Angeles is a prime terrorist target. Recently the ports of Los Angeles and Long Beach and the transportation infrastructure related to the ports lost on a significant step in the state funding process when the California Transportation Commission awarded Southern California only 60 percent of the Trade Corridors Improvement Funds when these two combined ports handle 80 percent of the goods coming to the state.

GOAL: Acquire our fair share of state trade-related transportation funds.

TIMELINE: Immediate

LEAD: Mayor's office

NINETY ONE

Hope VI funding for low income housing development

Apply for the next round of Hope VI funding and every opportunity thereafter until all city public housing sites have been redeveloped. Hope VI is the federal funding program that provides grants up to \$20 million for the revitalization of severely distressed public housing and requires a 5 percent match (cash or in-kind donations). To date, the City has only completed one Hope VI development project, significantly behind other comparable large cities that have each redeveloped several over the past 10 years.

GOAL: Provide better public housing to our low-income residents.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office

NINETY TWO

State incentives for the entertainment industry

Encourage the Governor to create a 10 percent refundable state tax credit for the entertainment industry. The entertainment industry is a signature industry for California, generating valuable jobs and significant state (and federal) tax revenue. Aggressive marketing by other states is successfully luring production projects out of California. A lack of action and incentives at the state level is contributing to this exodus of business. This is not an issue to which just Southern California should pay attention; it affects the state as a whole. Creating modest tax incentives would demonstrate the state's commitment to the entertainment industry, the jobs it creates and the tax revenue it generates. A modest tax incentive should help keep production here in the State of California. Los Angeles may be a center for film production, but Northern California is also a hub for the post-production industry, both of which are threatened by national and international competition.

GOAL: Increase state and federal funding.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office

CITY CHARTER AND GOVERNMENT REFORM

The question of accountability in the city of Los Angeles continually arose during the committee's work. The public perception is that the City does not hold itself accountable for its actions. This perception is magnified when the controller's audits routinely highlight the lack of accountability and efficiency throughout the City. The controller's audits also cite a lack of coordination between departments and no agreement on the definition of economic development.¹⁰⁶ In addition, city ordinances are often put in place with little regard to their effect on the business climate. As a result, the committee discussed ways to help government work more efficiently and be accountable for its actions.

NINETY THREE

Create a Charter Reform Commission

The 10-year anniversary of the 1999 Charter Reform is on the horizon. Part of the reform legislation included a mandate to revisit the Charter and assess the effects reforms have had on the City's governing process over the past 10 years with a report due back in 2009. The review should evaluate what has worked, what has not and how the Charter can be further revised to make the City more effective, productive and accountable.

- The committee recommends the City create a Charter Reform Commission every ten years. This will accommodate a time frame to have any suggested charter reform changes voted on during the following general election in 2010 (not as part of a municipal election) and allow additional reforms to be implemented during the next mayoral term.
- The committee also recommends the Charter Reform Commission further study and give guidance on the following issues:
 - Strengthen the Office of the Mayor with additional authority and greater accountability,
 - Implement a purchasing program giving preference to Los Angeles-based businesses ("Buy LA"). The goal would be to patronize local businesses so the city can benefit from the additional sales tax while giving valuable city business to local companies.
 - Create an Economic Development Cabinet that includes all city departments engaged in economic development activities.
 - Review the economic development impact of charter reform on job creation (in particular ask, among other things, whether all sectors, including businesses, have been represented in the neighborhood council process and what has

been the effectiveness of neighborhood councils from an economic and jobs perspective).

GOAL: Increase the efficiency of the City's governing process and community involvement.

TIMEFRAME: 2008 appoint Charter Commission; 2009 Commission reports to Mayor and Council; 2010 November general election vote on any charter reform; 2011 approved charter changes go into effect

LEAD: Mayor, City Council, Charter Reform Commission

NINETY FOUR

Create an Economic Development Department

In the last seven years, two significant reports have strongly emphasized the need for the City to consolidate its economic development activities under one roof.

In 2000, the City Council established a Citizens Participation Task Force to develop a 'Public Participation Plan' to address and provide input into the consolidation process and elements of the Economic Development Strategic Plan. Key findings and recommendations of the Task Force were: 1) The city of Los Angeles currently lacks an effective focus and clear priorities for its economic development activities, 2) there seemed to be little shared accountability across city departments for achieving any of the currently stated economic development goals of the City, and 3) the City needs to immediately clarify its roles in supporting the economic development process by creating a nimble, non-bureaucratic, efficient Economic Development Department.¹⁰⁷

In 2001 Controller Chick completed an Inventory of Economic Development Activities in Los Angeles. Results from this extensive study found that there is overlap in the areas of employment, business activity and housing. It also reported that many city departments that engage in economic development activities lack a formal definition of economic development, which is crucial because it hinders their ability to measure outcomes and success.¹⁰⁸

The call to combine resources under one roof is not new to the city. This recommendation was proposed in 1999 by former Councilman Mike Hernandez and in 1985 by Councilwoman Joan Milke Flores. Neither gained any traction due to the lack of political will.

- The committee recommends the Mayor consolidate all economic development activities in the City into a newly created Economic Development Department with a clear mandate to one executive to coordinate and expedite economic development opportunities and needs. The current efforts of the Mayor's office to steer the work of the various departments is to be applauded and is a good start, but only a systematic change in the way the City performs economic development activities will have long lasting effects.

GOAL: Create an Economic Development Department.

TIMEFRAME: Fall 2009

LEAD: Mayor's Office

NINETY FIVE

Follow up on the Controller's audits

Working with the City Council, the Mayor's Office should act as the watchdog for the implementation of the Controller's audit recommendations by requiring the departments to report upon their implementation program to the Mayor and City Council every 12 months. All departments should use a concise and standardized reporting format that highlights their goals and areas of progress.

GOAL: Timely implementation of Controller's reports.

TIMEFRAME: Immediate and ongoing

LEAD: Mayor's Office

NINETY SIX

Require an “Economic Impact” Report for all ordinances impacting business in Los Angeles

- Require every proposed new ordinance that involves a regulation, a fee or a tax that directly affects more than 10 percent of the businesses operating in the city to undergo a cost/benefit review prior to adoption. The review should include a list of the most important likely benefits of the proposed ordinance and a list of the most important likely costs and consequences of the ordinance, including such things as job loss in certain sectors, impact on current employees, impact on surrounding communities and retarded business formation. These lists are drawn up by city staff in consultation with appropriate private agencies, businesses and individuals.
- The report should use a simple standardized reporting format.
- Every enacted ordinance that has had a cost/benefit review must undergo a one-year and a five-year re-evaluation to determine the rough magnitudes of the costs and benefits that actually materialized. Ordinances that do not deliver benefits that more than offset the costs need to be terminated.

GOAL: Decrease the amount of harmful legislation that unnecessarily negatively impacts business and discourages business growth.

TIMEFRAME: Fall 2008

LEAD: Mayor in conjunction with City Council's newly formed Jobs, Business Growth and Tax Reform Committee

NINETY SEVEN

Mayor should issue an Executive Directive to all departments to implement a “Buy LA” program targeting city-based businesses

The City should enact a “Buy LA” program to help local businesses. The goal would be to support Los Angeles-based companies by giving them valuable City business while creating additional sales tax revenue for the City. During the committee’s research, we found that many of the City’s major purchases, such as vehicles, were not purchased in Los Angeles but in neighboring cities. The Executive Directive would require all departments to allot additional points to businesses responding to a bid if they are based within the city.

GOAL: Increase the revenue of city of Los Angeles-based businesses in addition to increasing sales tax generated to the City.

TIMEFRAME: 1st quarter 2008

LEAD: Mayor's office

NINETY EIGHT

Create a “centralized grants unit” within the CAO’s office to monitor the implementation of city grants

Establish a centralized grants unit within the City Administrative Office (CAO) to assist departments in seeking and administering grants monies. State and federal grants dollars account for \$450 million of the city budget. According to a report by Controller Laura Chick, it often takes the City up to five months just to accept a grant.¹⁰⁹ The City can do a better job of researching and applying for grants that align with the City’s needs as opposed to chasing dollars and trying to make a program fit a funder’s qualifications. There needs to be a coordinated approach to research, apply for and monitor the successful implementation of grant awards. In order to maintain eligibility for future funding, the City needs to show a positive track record of responsible use of funds and measurable impact on the community.

The grants unit should be tasked with helping departments implement and monitor grant monies, become more competitive for grants and identify new opportunities for funding. This office should also generate and maintain a grants database to enable easier monitoring of grants.

GOAL: Increase funding for city programs and positive, measurable impact on community through implementation of grants awarded.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office, Chief Administrative Office

NINETY NINE

Encourage use of Memorandums of Understanding between City departments

Where feasible, use Memorandums of Understanding (MOUs) to simplify development of catalytic projects – joint planning between departments.

GOAL: Increase use of interdepartmental MOU agreements.

TIMEFRAME: Spring 2008

LEAD: Mayor's Office of Economic Development

ONE HUNDRED

Establish merit bonuses for exempt employees

The City should establish a way to create incentives for productive employees and departments. The City should consider allowing departments that have met their annual goals—and done so under budget—to carry over part of the cost savings for the use of merit bonuses to reward productive exempt employees. The program should be established in the most cost-effective manner. (Exempt employees make up one-half percent of the City's workforce.)

- The committee recommend the Mayor establish a "Merit Pay Committee" to include the Mayor and representatives for exempt employees to explore the use of merit based bonuses when a department goes above and beyond meeting annual goals while remaining under budget.

GOAL: Create a viable alternative to reward productive employees (without impeding upon civil service or union guidelines).

TIMEFRAME: Spring 2009

LEAD: Mayor's Office

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EXHIBITS

Exhibit A: Hope SF: Rebuilding Public Housing and Restoring Opportunity for Its Residents

Exhibit B: Boston's Parcel-to-Parcel Linkage Plan

Exhibit C: LAEJC's Secret Shopper Notes

Exhibit D: Business Tax Comparison of Neighboring and National Cities

Exhibit E: Taxable Retail Sales Comparison of Neighboring Cities

Exhibit F: LA County Business Size Distribution

EXHIBIT A

HOPE SF: REBUILDING PUBLIC HOUSING AND RESTORING OPPORTUNITY FOR ITS RESIDENTS

**Summary of Task Force Recommendations to the
Mayor and Board of Supervisors**

March 23, 2007

INTRODUCTION

As a result of chronic underfunding by the federal government, the future of public housing in San Francisco and the nation is at risk. While we firmly believe that the federal government has a responsibility to increase the funding for public housing, San Francisco must take action quickly to ensure no loss of public housing in our city.

In the fall of 2006, Mayor Newsom and Supervisor Maxwell selected a broad-based task force to provide recommendations for addressing the conditions in San Francisco's most distressed public housing while also enhancing the lives of its current residents. This document outlines those recommendations and the Task Force's suggestions for crucial next steps to address these issues.

The Case for Immediate Action

The San Francisco Housing Authority (SFHA) owns and manages approximately 6,400 units of public housing. For the last two decades, funding for public housing has been in steady decline. Over the last six years severe cuts have caused both intense physical distress to housing conditions and serious social and economic consequences for residents.

In 2002, the SFHA commissioned an independent assessment of the physical needs of its properties, which revealed a backlog of immediate needs totaling \$195 million. It also was determined that an average of \$26.6 million per year in additional physical deterioration will occur in SFHA communities if the current problems are not addressed. To put that number in perspective, the federal government only allocates \$16 million per year to the SFHA to address these needs. As a consequence, if action is not taken to address these issues, the total cost over the next 30 years will total an estimated \$800 million.

This distressed public housing puts families, seniors and children at risk. The housing quality issues alone are reason to act. Deferred maintenance coupled with high vacancy rates exacerbate the security issues for residents and neighbors. Older housing is more likely to contribute to environmental health issues like asthma.

From a quality of life perspective, the level of concentrated poverty that characterizes the current living conditions at many of these sites has been shown to hurt neighborhood vitality and limit educational and employment opportunities for children and families.

On a basic financial level, the City has an economic need to fix distressed public housing because the cost to maintain the current stock exceeds what is available. Simply paying for annual maintenance on SFHA properties will cost nearly \$10 million more per year than the SFHA receives from HUD. Finally, diverting money to fix highly distressed buildings makes it harder to keep decent buildings in good shape.

On a human level, we have a moral obligation to improve the living conditions within public housing and to create a climate that provides greater economic opportunity and more supportive family environments. And the commitment must be to both current and future residents.

Over the last decade, San Francisco has taken steps to address this situation. In partnership with private and non-profit developers, the SFHA revitalized six public housing communities in North Beach, the Mission District, and Hayes Valley. Using federal funding made available through the Department of Housing and Urban Development's HOPE VI program, SFHA has leveraged hundreds of millions of dollars in related public and private investments. All of these developments feature a mix of incomes and architecture that fits into the surrounding neighborhood.

Cuts to the HOPE VI program have severely limited local access to funds for public housing revitalization and created the necessity to find creative financial and programmatic solutions to the physical and social issues that currently exist.

Opportunity to Make Positive Change

In response to these conditions, the SFHA has done a strategic assessment of their long-term financial needs, revenues, and assets. As part of that analysis, the SFHA identified eight highly distressed public housing sites that are significantly less developed than their surrounding communities. These sites were developed in the 1940s and 1950s and the buildings are now falling apart.

The opportunity exists to rebuild these low-density public-housing sites as mixed-income communities at a scale similar to typical San Francisco neighborhoods and without displacing current residents. In practical terms, we can to rebuild all 2,500 of the existing distressed and antiquated public housing units and add as many as 3,500 new market-rate and affordable homes.

In order to assess the viability of this approach, the Mayor and Board of Supervisors created the HOPE SF Task Force. The next section highlights the Task Force's recommended vision, principles, and funding scenarios.

TASK FORCE RECOMMENDATIONS: VISION, PRINCIPLES, AND FUNDING

The HOPE SF task force was charged with the development of recommendations on two fronts: The vision and principles that should drive the initiative and the menu of strategies for funding. Below is a summary of the group's recommendations.

HOPE SF Vision Statement:

Rebuild our most distressed public housing sites, while increasing affordable housing and ownership opportunities, and improving the quality of life for existing residents and the surrounding communities.

HOPE SF Principles:

1. Ensure No Loss of Public Housing:

- One for One Replacement Public Housing Units
- Make Every Unit Modern and of High Quality
- Commit to Minimize Displacement of Existing Residents
- Phase the Rebuilding of the Sites
- Emphasize On-Site Relocation

2. Create an Economically Integrated Community:

- Build a housing ladder that includes:
 - Public Housing
 - Affordable Housing
 - Market Rate Housing
- Emphasis on the Priority Needs for Family Housing

3. Maximize the Creation of New Affordable Housing:

- In addition to one for one replacement of public housing, create as much affordable rental and ownership housing as possible on the sites
- Fund the rebuilding of the public housing using profits from the market-rate housing

4. Involve Residents in the Highest Levels of Participation in Entire Project:

- Resident Engagement in Planning and Implementation
- Develop Mechanisms for Residents to Engage in the Process
- Resident-Driven Occupancy Criteria

5. Provide Economic Opportunities Through the Rebuilding Process:

- Connect Appropriate Job Training and Service Strategies such as CityBuild and Communities of Opportunity to the Development Process
- Create Viable Employment Opportunities (Jobs) for Existing Residents through the Development Process
- Take Advantage of Contracting Opportunities:
 - Existing Residents
 - Local Entrepreneurs
 - Small and Disadvantage Businesses

6. Integrate Process with Neighborhood Improvement Plans:

- School Improvement and Reform
- Parks Improvements
- Improved Transportation
- Enhanced Public Safety
- Neighborhood Economic Development

7. Create Environmentally Sustainable and Accessible Communities:

- Incorporate Green Building Principles
- Include Design Elements that Meet Long-Term Accessibility Needs

8. Build a Strong Sense of Community:

- Solicit Input from Entire Community in Planning and Development Process
- Include Current and Prospective Residents
- Reach Out to and Engage Neighbors

HOPE SF Funding Needs

The SFHA, the San Francisco Mayor's Office of Housing and the San Francisco Redevelopment Agency have analyzed this rebuilding opportunity to determine the financial feasibility of the approach outlined by the Task Force. Below are the assumptions and resulting cost projects and financing gaps.

Key Financial Assumptions:

- All of the public housing would be rebuilt on-site;
- Rebuilding would occur in phases so that relocation could occur on-site;
- Market-rate housing would cross-subsidize the rebuilding of the public housing;
- The developments would be rebuilt to 40 units per acre or more depending on the density of the surrounding neighborhood; and
- The final mix of housing on the sites would be approximately 40% public housing, 40% market-rate and 20% affordable rental and ownership housing

To provide an example, using these assumptions, the estimated total development cost for Hunters View is \$300 million. By using cross-subsidies, leveraging State and Federal funding sources, and borrowing against the project's future rents and sales income, the project can finance approximately \$250 million of its total cost. The remaining \$50 million is the local funding gap.

Below is a list of the eight most distressed developments and an estimate of the financing gap for each development based on the mixed-income scenario described above.

SFHA Development	Current # of SFHA units	Public Housing Gap (millions)	Affordable Housing Gap (millions)
Hunters View	267	\$30	\$20
Potrero Annex and Terrace	628	\$60	\$30
Sunnydale	767	\$90	\$60
Westbrook Apts.	306	\$30	\$20
Hunter's Pt	133	\$10	\$20
Westside Courts	136	\$25	\$10
Alice Griffith	256	\$25	\$20
Total	2493	\$270	\$180

TASK FORCE RECOMMENDATIONS: KEY NEXT STEPS

1. Expand the outreach and education process with public housing residents and other stakeholders.

- A. One of the core principles of the HOPE SF Task Force is the early and authentic involvement of residents in every step of the process. This involvement starts with a need to aggressively reach out to current public housing residents to inform them on the Task Force's recommendations, the benefits of the HOPE SF program, and possible funding scenarios.

There are strong and legitimate concerns among current residents about displacement and gentrification that could be associated with this project. While the Task Force has taken great care in developing principles for HOPE SF to address these concerns, rumors and myths dominate much of the current discourse regarding the rebuilding of public housing because not enough information is being provided on a consistent and timely basis. **The Task Force recommends the formation of outreach teams that are comprised of residents, city staff, and policy or issue experts to conduct outreach and hold meetings on HOPE SF.**

- B. Another important part of the public education and engagement process involves other community stakeholders. For both the development process and the community building goals to be successful, HOPE SF needs to engage beyond the boundaries of the public housing sites. As a first step, HOPE SF should create a set of materials that speak to a variety of target audiences – public housing residents, neighborhood residents, developers, businesses, and potential funders. These materials should be tailored for each audience so that we are explaining HOPE SF in terms most relevant to the groups involved.

2. Seek \$100 to \$200 million in new local funding for an aggressive first phase of HOPE SF.

- A. The Task Force recommends that the City and the San Francisco Housing Authority rebuild all of the distressed sites along the principles outlined above. Since it may not be possible to secure all of this funding at once, the Task Force proposes that the City seek at least \$100--\$200 million in new local funding for the first phase of HOPE SF. The Task Force further recommends that this funding be allocated for the following purposes:

- 2/3 of the funding should go to rebuild public housing (900-2000 units)
- 1/3 should fund modernization of other public housing sites (300-500 units) and new affordable homeownership and rental housing on the HOPE SF sites (200-400 units)

- B. The Task Force recommends that the City and the SFHA provide funding specifically for those SFHA sites with significant resident support and engagement. As such, the Task Force is not endorsing the redevelopment of any specific site as part of this funding. Once funding is identified for revitalization, there needs to be a thorough community process for individual SFHA sites as part of any funding decisions. Ultimately, HOPE SF should fund those sites with resident-endorsed development plans.
- C. The Task Force recommends a thorough analysis of the feasibility of the various funding options for securing this funding, including the possibility of a General Obligation bond. In light of the high bar that is set for the passage of a General Obligation Bond (66.66% for approval), the Task Force recommends polling and other methods to determine its feasibility. The feasibility assessment should also include outreach to elected officials, community members, commissions and civic groups to explain the vision and to develop their support for funding. Finally, the Task Force recommends that the Mayor and Board of Supervisors work together to pursue any and all funding opportunities including bonds, appropriations, special grants or any other mechanism that would assist in the rebuilding process.
- D. The Task Force also recommends that the City and San Francisco Housing Authority ultimately seek additional funds in the future to rebuild the remaining HOPE SF sites. While it may not be politically or financially possible to rebuild all sites immediately, the ultimate goal of the Task Force is that all of the distressed sites have the opportunity for revitalization funding.

3. **Secure funding for services, outreach, job training and school improvement independently of individual project financing.**

The Task Force has identified a number of key community concerns that need to be addressed either during or before the decision to rebuild any individual site. For example, outreach and engagement are clearly activities that need to come before a developer has been selected for redevelopment of a site. In the past, the San Francisco Redevelopment Agency has provided “Resident Capacity grants” to residents of properties at risk of losing their HUD subsidies. These grants provided residents with the ability to hire a development consultant and legal counsel to assist them in their decision making process. **The Task Force strongly believes that the success of HOPE SF depends on an informed and organized base of residents.**

Once the decision has been made to rebuild a site, job training and other services need to be in place so that residents are trained in advance of any construction work on a site. School improvement is also a long-term process that can’t be effectively pursued in reaction to a site development timeline. With this in mind, funding for these efforts should be pursued independently of projects in order for cases these activities to precede HOPE SF redevelopment. Ultimately HOPE SF will be judged by how the lives of public housing residents are affected by the overall community building process.

Public Housing Task Force members

Kevin Blackwell, San Francisco Safety Network
René Cazenave, Council of Community Housing Organizations (CCHO)
Gordon Chin, Chinatown Community Development Corporation (Norman Fong, alternate)
Gene Coleman, civic leader
Francee Covington, Commissioner, San Francisco Redevelopment Agency
Mark Dunlop, Commissioner, Human Rights Commission
Gen Fujioka, Asian Law Caucus
James Head, San Francisco Foundation
Aileen Hernandez, civic leader
Kenneth Johnson, resident, San Francisco Housing Authority
Sarah Karlinsky, San Francisco Planning and Urban Research
Angelo King, Chair, Bayview Project Area Committee (SFRA)
Brenda Kittrell, resident, San Francisco Housing Authority
Eddie Kittrell, resident, San Francisco Housing Authority
Millard Larkin, San Francisco Housing Authority Commission
Jim Lazarus, San Francisco Chamber of Commerce
David Lipsetz, Oakland Housing Authority
N'Tanya Lee, Coleman Advocates for Youth and their Families
Cynthia Morse, resident, San Francisco Housing Authority
Brad Paul, Evelyn and Walter Haas, Jr. Foundation
Reverend Calvin Jones, Providence Baptist Church
Mirian Saez, Treasure Island Development Authority
Lavelle Shaw, resident, San Francisco Housing Authority
Sara Shortt, Housing Rights Committee
Dorothy Smith, resident, San Francisco Housing Authority
Michael Theriault, San Francisco Building and Trades Council
Brook Turner, Coalition for Better Housing

Staff participants

Fred Blackwell, Mayor's Office of Community Development
Gregg Fortner, San Francisco Housing Authority
Dwayne Jones, Mayor's Office of Community Development
Matthew O. Franklin, Mayor's Office of Housing
Douglas Shoemaker, Mayor's Office of Housing
Barbara Smith, San Francisco Housing Authority
Amy Tharpe, Mayor's Office of Housing

EXHIBIT B

Smart Growth

PHILIP S. HART

Boston's Parcel-to-Parcel Linkage Plan

An innovative linkage plan is helping guide downtown prosperity to Boston's needy neighborhoods.

The story of Boston's parcel-to-parcel linkage plan began more than 50 years ago. To make downtown Boston more accessible to commuters from the city's growing and distant suburbs, a system of highways, which included the Southwest Expressway and the Inner Belt, was first proposed in 1948. Land was cleared for the right-of-way for the Southwest Expressway in 1966. In response to pressure from a wide range of groups operating under the slogan of

Nearly 200 acres of vacant land were left in the low-income Boston neighborhood of Roxbury, the result of extensive demolition in preparation for a downtown highway that was nixed in the 1970s. On a site formerly known as One Lincoln Street is State Street Financial Center, a 36-story, 1.05 million-square-foot office and retail structure built for \$350 million, which sold for \$671 per square foot—the highest price ever paid for commercial real estate in Boston.



PETER WUNDERLICH/JAC BRANEN ASSOCIATES, INC.

come known as the Southwest Corridor—and by the early 1970s barren open spaces were the norm. Demolition within the corridor had an extreme effect on the social and economic development of the area—including disinvestment by banks and a series of fires. Nearly 200 acres of vacant land remained once the dust settled.

Attention then turned to the redevelopment of this formerly bustling urban core within a stone's throw of the thriving Back Bay neighborhood. The commonwealth of Massachusetts established the Southwest Corridor Land Development Coordinator's Office, headed up by Anthony Pangaro, to guide the planning and development process. More than 50 community organizations came together as the Southwest Corridor Land Development Coalition, Inc. (SWCC), headed by Elbert Bishop, to provide advice and counsel from the neighborhood level. Station-area task forces (SATFs) were organized at each proposed transit stop along the relocated Orange Line—including at the 5.6-acre vacant site known as Parcel 18. The Parcel 18 Task Force would become a key player in the parcel-to-parcel linkage plan.

In December 1975, representatives from the city, state, and neighborhoods traveled to Washington, D.C., to lobby Massachusetts Senator Edward W. Brooke and U.S. Secretary of Transportation William T. Coleman for federal funds to build the new, depressed Orange Line and the crosstown arterial street; to complete the South Cove Tunnel; and to begin the Roxbury replacement service. This visit would lead to a federal appropriation of nearly \$500 million for these transportation projects—save the Roxbury replacement service. At the time, this was the largest public works project in the nation.

As the planning process was unfolding in the Southwest Corridor, and public investments began pouring in, the community started focusing on issues of desired uses and control of the planning and development process. Among the ideas put forward, in April 1977, the SWCC issued a report on "the Community Land Trust." Acknowledging that near each of the three transit stations—including at Parcel 18—commercial development would be strongly encouraged, the report advocated for the formation of such a public trust to better address real estate speculation, ownership, and control. In the Community Land Trust, the beneficiaries would be the residents of the surrounding community. Further, the trust would receive from the commonwealth of Massachusetts the land it currently held in the corridor and this land would be held in trust for the benefit of the commu-

"People Before Highways," Francis W. Sargent, the state's then-governor, declared a moratorium on construction in 1970. After a study of regional transportation needs conducted by the Boston Transportation Planning Review (BTPR), Sargent decided against the proposed highway construction, although the relocation of the Orange Line rapid transit from its elevated structure to the existing Penn Central right-of-way would be executed as planned.

The decision in 1972 to veto the construction of the Southwest Expressway through several Boston neighborhoods made possible an opportunity to engage in planning to meet the needs of local residents. Roxbury was one of the neighborhoods affected. At the time it was home to a predominantly African American population. This largely low-income neighborhood suffered greatly from extensive demolition in anticipation of the proposed highway construction between 1966 and 1970. The area would be-

PHILIP S. HART,
president/CEO of Hart
Realty Advisors, a
division of Tanya Hart
Communications, Inc.,
Hollywood, California, is
involved in the
redevelopment of
Boston's Southwest
Corridor.

nity. Each development project would have terms setting "community benefit" requirements, i.e., the terms of the trust should require that certain direct benefits go to the community from each project proposed for a parcel of land. The report set the stage for discussions about a community trust, community benefits, and ownership and control, though the full outline of a community land trust as envisioned in the report was never fully realized.

By the late 1970s, the Parcel 18 Task Force had been organized and meeting weekly. As the most active SATF, the Parcel 18 group began a dialogue among its own members about ways to leverage this corridorwide redevelopment opportunity, starting with Parcel 18. They also started reaching out to the Asian American community through personal contacts and via the Chinatown/South Cove Neighborhood Council. Several members of the Parcel 18 Task Force were also members of the Minority Developers Association (MDA), which came into existence during the early 1980s. A viable core of minority developers had carved out a niche in the Boston market, albeit primarily in the minority neighborhoods of Roxbury, North Dorchester, and Mattapan. They had few opportunities to compete for projects outside the minority neighborhoods, but had to compete with white developers for projects within the minority community. For the most part, Boston's minority developers were excluded from the city's downtown market altogether.

By the mid-1980s, significant planning and development were underway in the Southwest Corridor. A new urban industrial park, which included Massachusetts computer giant Digital Equipment Corporation (DEC) as an anchor tenant, was slowly emerging in lower Roxbury. Bringing instant credibility to this community renewal effort, new residential units were coming on line, a master plan for the corridor had been approved, and banks began taking a second look at the area. The downtown Boston real estate market was booming as the Boston Redevelopment Authority (BRA) started juggling projects in the pipeline. It was within this context that the Parcel 18 Task Force proposed a plan to attempt to guide downtown prosperity to the Roxbury neighborhood—so as to try to accelerate the rebuilding process.

Three key ingredients of the plan as presented to the BRA by the Parcel 18 Task Force were as follows: economically connecting a downtown parcel of land with Parcel 18; providing a role for minority developers in this process, including one with a major downtown project; and formulating a community bene-

Renaissance Park, a nine-story, 165,000-square-foot office building near the Ruggles Street Station in Roxbury, houses office space for neighboring Northeastern University and the Whittier Street Neighborhood Health Center.



fits package predicated upon the success of the plan. Stephen Coyle, director of the BRA, endorsed the plan, as did Mayor Raymond Flynn and Governor Michael Dukakis. With their blessings, along with the BRA board's approval, the stage was set to implement the parcel-to-parcel linkage plan.

A downtown site was identified: the Kingston-Bedford multilevel parking garage adjacent to Chinatown in the financial district. A process was then put in place to select a minority development team via a request for qualifications (RFQ) to then be married to a national, "majority" developer through a request for proposal (RFP) process. The Parcel 18 Task Force and the Chinatown/South Cove Neighborhood Council remained at the center of this process with a review and approval role.

The Ruggles Street Station on the relocated Orange Line opened in 1987 at Parcel 18. The site became known as Ruggles Center. In March 1988, the BRA board tentatively designated a development team for the parcel-to-parcel linkage program—dubbed in BRA parlance as Project 1, Kingston/Bedford/Parcel 18. This team, Columbia Plaza Associates (CPA), was designated as a result of the RFQ process that engaged teams made up of leading minority real estate development professionals in the greater Boston area. The CPA team was made up of Ruggles-Bedford Associates, Inc., and the Chinatown Investment Group, Inc., along with four community development corporations. The Ruggles Center site adjacent to the Ruggles Street Station became a prime candidate for transit-oriented development.

To select a national developer as CPA's partner, an RFP process was put in motion. Metropolitan Structures was chosen via this mechanism to form the Metropolitan/Columbia Plaza Venture. The final designation of this team took place in February 1990. The community benefits package had been approved in June 1989 whereby 10 percent of the developers' fee, 10 percent of the net operating income, 10 percent of the net refinancing proceeds, and 10 percent of the net resale proceeds would

flow into a community development fund, for each phase of the project.

The funds generated under this formula with respect to the Kingston-Bedford site, now known as One Lincoln Street, were to be distributed as follows: one-third for the benefit of the Chinatown community, one-third for the benefit of the Roxbury community, and one-third on a competitive basis for the benefit of communities throughout the city. The funds generated from Ruggles Center were to be distributed in the following manner: one-half for the benefit of the Chinatown community and one-half for the Roxbury community.

This was considered a watershed moment in Boston's real estate development history. Roxbury was poised to rise from the ashes of the aborted Southwest Expressway through the selection of a minority development team as a key player.

Given the downtown Boston real estate boom, it was anticipated that the One Lincoln Street project would be in the pipeline before Ruggles Center in Roxbury. However, the Boston downtown office market tanked soon after the relevant BRA accords were signed by the development team in the late 1980s. There was no demand for office space in downtown Boston. The focus then shifted to the Roxbury site at Ruggles Center. With the wrangling of BRA director Coyle, Mayor Flynn, and Governor Dukakis, the Massachusetts Water Resources Authority (MWRA) was tapped to become the anchor tenant at a newly constructed nine-story, 165,000-square-foot office building to be built as Phase I on this 5.6-acre site.

The MWRA and its predominantly white suburban workforce objected to relocating to this building in Roxbury. After it became clear that the MWRA would not move to Ruggles Center, attention turned to the Registry of Motor Vehicles (RMV), a state agency then located in cramped quarters near North Station. Again, there was serious objection by the RMV workforce to a Roxbury location, but the agency finally moved into the new office building at the Parcel 18 site. Then the building

became a “sick” building and, after much drama, the RMV and its employees abandoned it, scattering to several different sites throughout Boston. This turn of events left the owners high and dry, paving the way for neighboring Northeastern University to step in and acquire the building for a bargain at auction and create Renaissance Park, which became office space for the university as well as the Whittier Street Neighborhood Health Center.

The Metropolitan/Columbia Plaza venture buckled under the pressure of this turn of events. As the downtown office market turned for the better, the One Lincoln Street site gained new life. However, Metropolitan Structures decided to withdraw from the partnership with Columbia Plaza. John B. Hynes III, managing partner and principal with Gale and Wentworth, a national developer headquartered in Florham Park, New Jersey, helped create value at One Lincoln Street. This new partnership was approved by the BRA in February 2000 as the Kingston Bedford Joint Venture, LLC.

State Street Bank entered into a lease encompassing the largest amount of space in the history of downtown Boston with the owners of One Lincoln, thus creating the State Street

Financial Center. The 36-story, 1.05 million-square-foot office and retail structure was built for \$350 million, and was sold less than 18 months after completion for \$671 per square foot—the highest price ever paid for commercial real estate in Boston. The 45 minority investors from the African American, Asian American, and Latino communities walked away with a substantial return on their investment. The four community development corporations realized upward of \$1 million each. Roxbury and Chinatown community trusts received \$15 million in community benefits, some of which was to be invested in affordable housing.

After fits and starts, the parcel-to-parcel linkage plan thus far has yielded a 36-story office tower in Boston’s financial district, a nine-story office building in Roxbury and a multi-level parking structure, nearly \$20 million in community benefits, several new minority millionaires, a rejuvenated Roxbury, and a positive working relationship among three key racial and ethnic groups in a city still addressing its image problems.

Can this plan be duplicated elsewhere? On a recent ULI advisory services panel visit to

Camden, New Jersey, such a plan was recommended among the development strategies to be used in the city’s revitalization. In Camden, the distressed Haddon Avenue is book ended by two expanding medical facilities, along with an emerging waterfront and downtown, where it is anticipated that over the next few years \$450 million of new development will occur, 90 percent of which will be privately funded. This follows on close to \$400 million of mainly public investment in the Camden waterfront/downtown neighborhood.

Los Angeles may be another worthy candidate for such a plan. One possible contender for the downtown component of such a parcel-to-parcel linkage plan in L.A. could include the \$1 billion commercial development around Staples Center. A second possible L.A. candidate lies about a mile north of Staples Center, where there are plans to build the Grand Avenue Project, which will include \$300 million in public parks and roadways, along with \$900 million in residential and commercial properties.

Similar to the Boston experience, it will take political and business will and motivation, along with patience and perseverance, to make such plans a reality in other cities. ■

EXHIBIT C

SECRET SHOPPER RESULTS

ELECTRONIC REQUESTS / WEBSITES

Mayor's Business Team

City of LA Homepage www.lacity.org, then clicked "For Businesses" www.lacity.org/mayor.labt and clicked "Contact Us"

CDD

www.lacity.org, then clicked "For Businesses". Then, clicked the links on the Businesses Incentives & Opportunities page which led us to an error page. So we Googled "Community Development Department Los Angeles" and got the home page. Use the cddedd@lacity.org email offered on the web page.

1. Los Angeles Business Team - Website

Date & Time: June 19, 2007 at 3:22 p.m.

Industry: Consulting

Request: Business with over \$1 million in annual revenue needing information on relocation with intent of hiring 50 new employees.

Response: No Response

2. Los Angeles City 311 – Online Application

Date & Time: July 2, 2007 at 2:19 p.m.

Industry: Medical Device Manufacturer

Request: Business looking to relocate in the city of Los Angeles and hire 150 new employees with over \$5 million in annual revenue.

Response: No Response

3. Los Angeles Business Team – Website

Date & Time: Friday August 3, 2007 at 2:45 p.m.

Industry: Import & Export Business

Number of Employees: 75 employees – expanding to 100 employees

Request: Need information on what the city provides for businesses that would like to stay in the city of Los Angeles and looking to expand.

Response: No response

4. Los Angeles Business Team – Website

Date & Time: Friday August 3, 2007 at 3:23 p.m.

Industry: KLC Consulting – IT consulting

Number of Employees: Currently 100 employees – expanding to 150 employees

Request: Moving to Los Angeles from Valencia looking for information on what the city has to offer both services and incentives.

Response: No response

5. CDD Website – E-mail

Date & Time: Friday, August 3, 2007 at 3:12 p.m.

Industry: Consulting Firm

Number of Employees: Currently 100 employees and looking to double the size of company.

Request: Moving from Rosemead to Los Angeles.

Indicated that I already spoke to city of Burbank and Glendale who provided marketing materials and incentives for new businesses and looking for similar information from the City of Los Angeles.

Response: No response

PHONE NUMBERS USED

Mayors Business Team

(213) 978-0781

CDD Economic Development Office

(213) 744-7111

City Information Number

311

6. Los Angeles Business Team

Date & Time: Tuesday, June 12, 2007 at 2:54 p.m.

Industry: Logistics Trading

Request: Currently located in City of LA need assistance to expand.

Response: Secretary was rude, didn't allow me to finish my sentence.

Referred to May Smith, then to Ronda Gastin, and finally to Ron Mayben.

Finally, I was transferred to the correct person. I asked the person from the business team what kind of help the city could provide. That person told me that the city does not do too much. The only type of help was financial. He only mentioned the industrial bond program. IDB's are only for manufacturing firms. Projects must result in public benefits, such as job creation for low and moderate income residents. State law requires that for tax exempt IDB's, one job must be created for every \$75,000 in bond proceeds.

7. Los Angeles Business Team

Date & Time: June 19, 2007 at 3:22 p.m.

Industry: Consulting

Request: Currently located in the City of Glendale, looking to relocate to the City of Los Angeles.

Response: Referred to Ronda Gastin – went to voicemail.

Called again and referred to Ron Mayben. I asked Ron for information regarding doing business in L.A. and general marketing information on the City of LA.

7. Los Angeles Business Team *continued*

He told me to attend the seminar at the Wilshire Grand Hotel for housing project to meet with some of the large developers. He also referred me to Hal Bastian at the Central City Association to get information on the City of Los Angeles.

8. Los Angeles City 311 Number

Date & Time: July 2, 2007 at 2:19 p.m.

Industry: Biotech

Request: Looking for information on relocating to city of Los Angeles.

Response: It took 10 minutes before call was answered. I was referred to the wrong department. Then I proceeded to fill out their online application with no response.

9. Los Angeles Business Team

Date & Time: Friday August 3, 2007 at 3:48 p.m.

Industry: IT consulting firm

Number of Employees: Currently 100 employees with the intent to relocate and expand to 150 employees.

Request: Currently operating out of Irvine with intention of relocating and expanding in the city of LA. Looking for information on what the city of Los Angeles has to offer businesses looking to relocate or expand.

Response: Phone call answered by receptionist indicating that someone from the Business Team would call me back to discuss. No Response.

10. Los Angeles Business Team

Date & Time: Tuesday August 7 12:20 p.m.

Industry: JLC Consulting – IT consulting firm

Number of Employees: Currently with 100 employees hoping to double in size.

Request: Located in the city of Los Angeles and looking to expand – looking at city of LA and other cities as well.

10. Los Angeles Business Team *continued*

Response: Phone answered by receptionist.

Told that I would receive a phone call back within a day but if I didn't I should call them again.

Update: No Response

11. CDD Economic Development Office

Date & Time: Monday August 6, 2007 at 12:37 p.m.

Industry: Financial Consulting Firm operating out of Irvine looking to relocate and expand in the city of Los Angeles.

Request: Looking for information on what the city of Los Angeles has to offer businesses.

Response: Phone call answered by receptionist
Forwarded to Jorge Guzman Voice Mail.

Call back from Jorge at 1:13 p.m. (45 minute turn around) spoke until 1:30 p.m.

Provided information on the following:

- State Enterprise Zones
- Federal Empowerment Zones
- LA WorkSource Centers
- City Electrical Usage Discount
- Additional types of technical assistance
- Web Page

Jorge requested a call back to further discuss different options provided by the city and to answer any questions.

12. CDD – Economic Development Office

Date & Time: Thursday August 9, 2007 at 12:20 p.m.

Number of Employees: 75 Employees looking to add another 50 employees.

Industry: IT Company

Request: IT Company currently located in North Hollywood looking for information on relocation and expansion assistance in the city of LA. Also in the conversation, I indicated that neighboring cities Burbank and Glendale had provided information.

12. CDD – Economic Development Office *continued*

Response: Receptionist said they would send an information packet. No packet has been received to date. Receptionist referred phone call to Phillip Vargas. Voice Mail was left. No Response.

Update: A call was returned on 09/06/2007 Thursday at 10am by a female CDD employee – couldn't catch her name or phone number on the voice mail.

13. CDD - Economic Development Office

Date & Time: Friday, August 17, 2007 at 12:00 p.m.

Industry: Controls Manufacturer Company in Valencia

Number of Employees: 200 employees looking to relocate and expand in the City of LA.

Request: Information on type of assistance the city offers businesses.

Response: Receptionist gave me the name of the business manager – Jorge Guzman and his direct line and then transferred my call to him. Jorge inquired about the company then went on to discuss the following:

- Enterprise zones
- Empowerment Zones
- Tax Credits
- Worksource Centers
- City Assistance for management and technical assistance
- Renewal Communities
- Business Tax Breaks
- Referred me to the city of Los Angeles CDD website

Jorge gave me his direct line and asked me to contact him if I had further questions or needed additional help with finding a location for the business.

EXHIBIT D

BUSINESS TAX COMPARISON NEIGHBORING COMPETITOR CITIES

CITIES	LOS ANGELES	SANTA MONICA	CULVER CITY	LONG BEACH	EL SEGUNDO	BEVERLY HILLS
TYPE OF BUSINESS TAX	GROSS RECEIPTS (PER \$1,000)	GROSS RECEIPTS (PER \$1,000)	GROSS RECEIPTS (PER \$1,000)	PER EMPLOYEE & FLAT RATE	PER EMPLOYEE & FLAT RATE/OTHER	GROSS RECEIPTS & PER EMPLOYEE
INDUSTRIES						
GENERAL OFFICE	\$5.73	\$1.25	\$1.00	\$0.10	\$0.99	\$0.87
PROFESSIONAL OFFICE	\$5.73	\$4.98	\$3.00	\$0.13	\$0.99	\$6.58
RETAIL	\$1.43	\$1.25	\$1.00	\$0.06	\$0.99	\$1.27
WHOLESALE	\$1.14	\$1.25	\$1.00	\$0.06	\$0.99	\$1.27
MANUFACTURING	\$1.14	\$1.25	\$1.00	\$0.06	\$0.99	\$1.27
PERSONAL SERVICES	\$4.01	\$2.99	\$1.00	\$0.10	\$0.99	\$0.87
COMMERCIAL PROPERTY	\$1.43	\$1.25	\$1.00	\$0.00	\$0.09	\$23.89
RESIDENTIAL PROPERTY	\$2.87	\$1.25	\$1.00	\$2.42	\$0.00	\$12.20
UTILITY USERS TAX						
ELECTRIC	12%	10%	11%	5%	3%	0%
TELEPHONE	10%	10%	11%	5%	2%	0%
GAS	10%	10%	11%	5%	3%	0%
WATER	0%	10%	11%	5%	3%	0%
CABLE	0%	0%	11%	0%	2%	0%

Source: Kosmont-Rose Institute Cost of Doing Business Survey 2006

EXHIBIT D

BUSINESS TAX COMPARISON NEIGHBORING COMPETITOR CITIES

CITIES	LOS ANGELES	LANCASTER	SANTA CLARITA	ONTARIO	GLENDALE
TYPE OF BUSINESS TAX	GROSS RECEIPTS (PER \$1,000)	PER EMPLOYEE	NO TAX FEE	GROSS RECEIPTS & FLAT RATE/OTHER	NO TAX FEE
INDUSTRIES					
GENERAL OFFICE	\$5.73	\$0.02	\$0.00	\$0.11	\$0.00
PROFESSIONAL OFFICE	\$5.73	\$0.02	\$0.00	\$0.56	\$0.00
RETAIL	\$1.43	\$0.02	\$0.00	\$0.21	\$0.00
WHOLESALE	\$1.14	\$0.02	\$0.00	\$0.21	\$0.00
MANUFACTURING	\$1.14	\$0.02	\$0.00	\$0.21	\$0.00
PERSONAL SERVICES	\$4.01	\$0.02	\$0.00	\$0.41	\$0.00
COMMERCIAL PROPERTY	\$1.43	\$0.02	\$0.00	\$0.41	\$0.00
RESIDENTIAL PROPERTY	\$2.87	\$0.02	\$0.00	\$0.41	\$0.00
UTILITY USERS TAX					
ELECTRIC	12%	0%	0%	0%	7%
TELEPHONE	10%	0%	0%	0%	7%
GAS	10%	0%	0%	0%	7%
WATER	0%	0%	0%	0%	7%
CABLE	0%	0%	0%	0%	7%

Source: Kosmont-Rose Institute Cost of Doing Business Survey 2006

EXHIBIT D

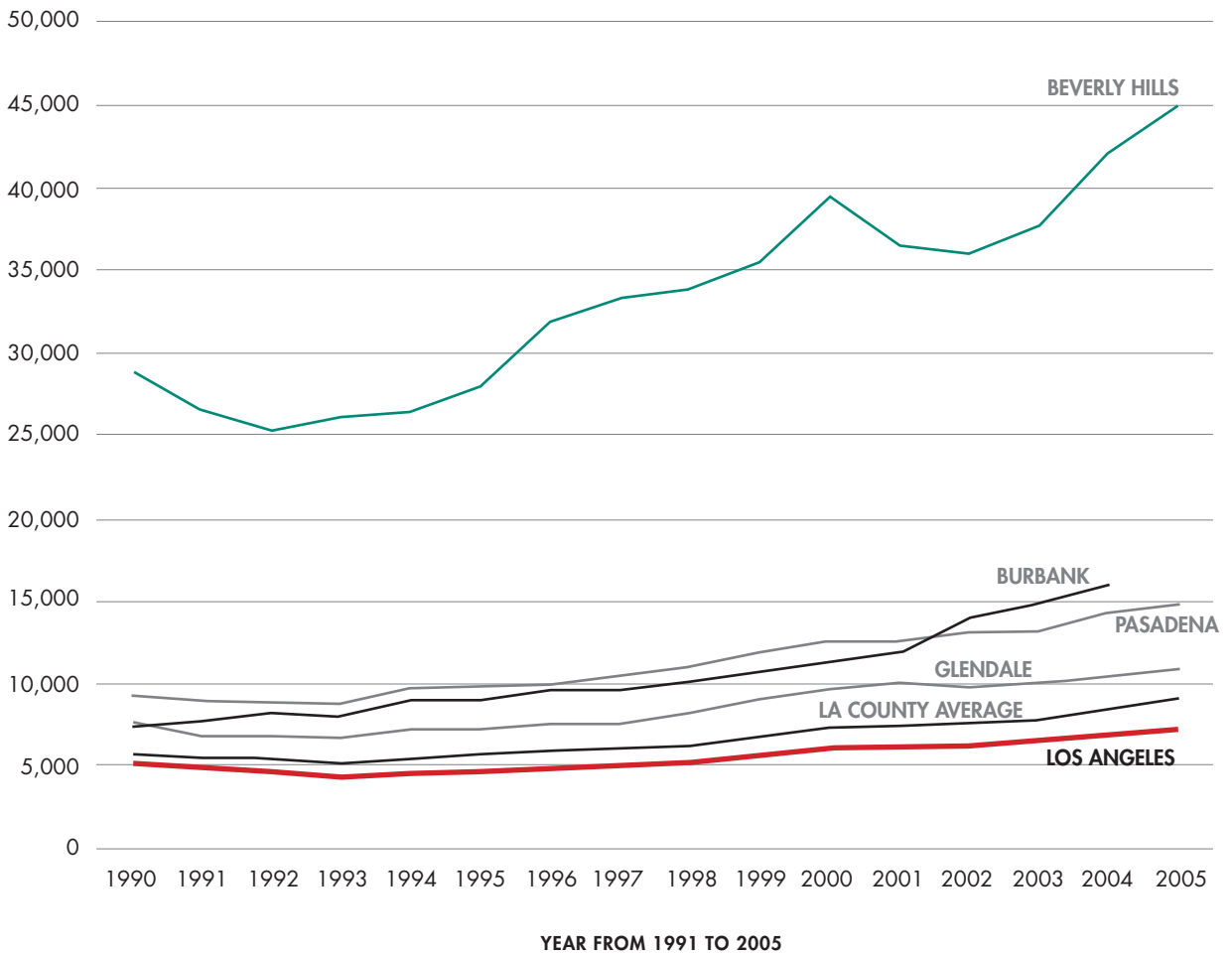
BUSINESS TAX COMPARISON NATIONAL COMPETITOR CITIES

CITIES	LOS ANGELES	LAS VEGAS	AUSTIN	HOUSTON	INDIANAPOLIS	NEW YORK	CHICAGO
TYPE OF BUSINESS TAX	GROSS RECEIPTS (PER \$1,000)	ALL TYPES APPLY BUT PAYROLL	NO TAX FEE	NO TAX FEE	NO TAX FEE	FLAT RATE/OTHER	PER EMPLOYEE
INDUSTRIES							
GENERAL OFFICE	\$5.73	\$0.02	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
PROFESSIONAL OFFICE	\$5.73	\$0.75	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
RETAIL	\$1.43	\$0.56	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
WHOLESALE	\$1.14	\$0.56	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
MANUFACTURING	\$1.14	\$0.56	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
PERSONAL SERVICES	\$4.01	\$1.50	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
COMMERCIAL PROPERTY	\$1.43	\$0.00	\$0.00	\$0.00	\$0.00	\$7.12	\$0.49
RESIDENTIAL PROPERTY	\$2.87	\$0.23	\$0.00	\$0.00	\$0.00	\$90.88	\$0.58
UTILITY USERS TAX							
ELECTRIC	12%	5%	1%	0%	6%	2.35%	5.00%
TELEPHONE	10%	5%	0%	0%	6%	2.40%	7.00%
GAS	10%	5%	0%	4%	6%	2.40%	5.00%
WATER	0%	5%	0%	0%	6%	0.00%	0.00%
CABLE	0%	0%	0%	0%	6%	0.00%	0.00%

Source: Kosmont-Rose Institute Cost of Doing Business Survey 2006

EXHIBIT E

TAXABLE RETAIL SALES PER PERSON

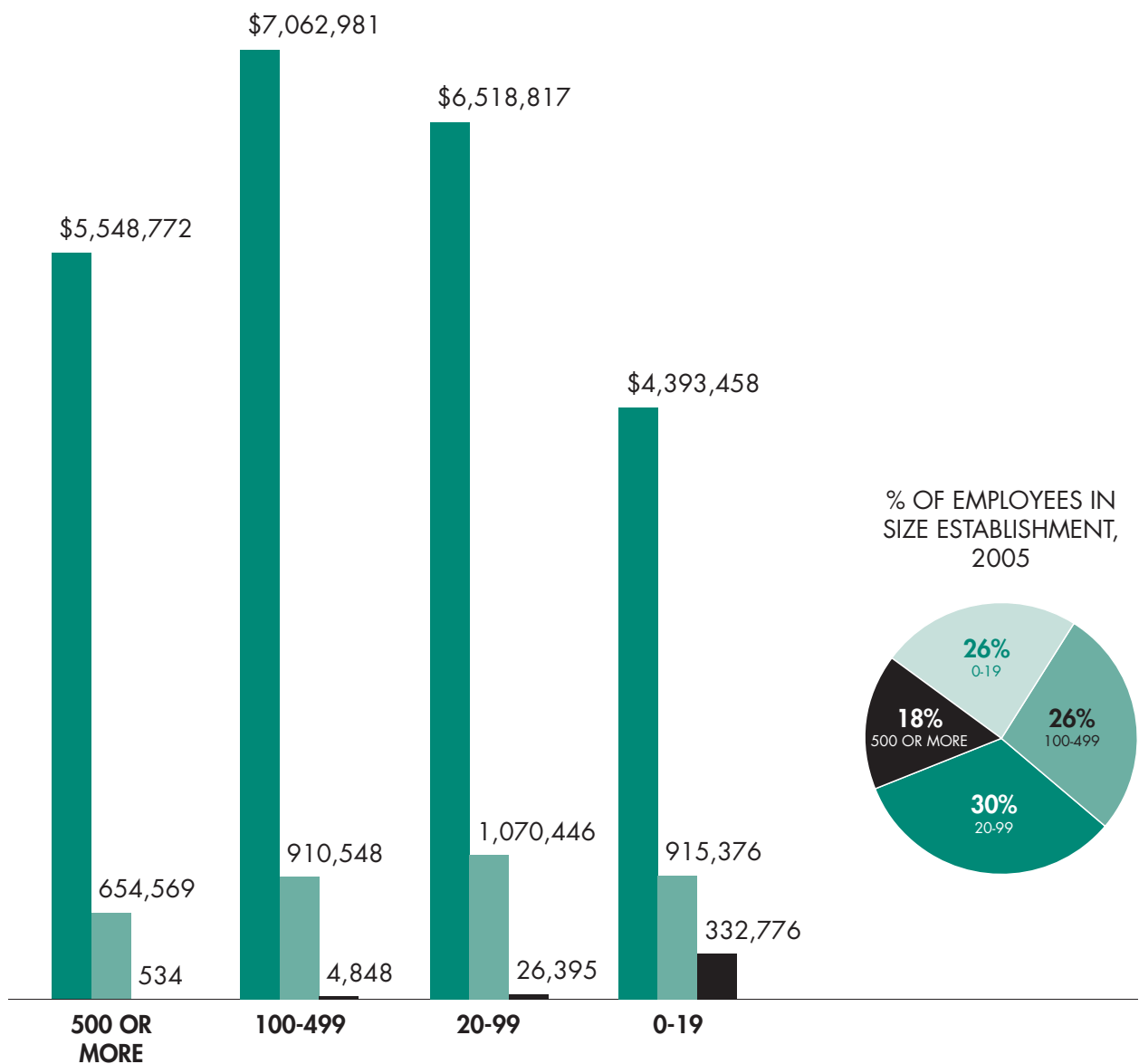


Source: State Controller data (www.CaliforniaCityFinance.com)

EXHIBIT F

LA COUNTY BUSINESS SIZE DISTRIBUTION 3Q2005

■ PAYROLL (IN THOUSANDS) ■ NUMBER OF EMPLOYEES ■ NUMBER OF BUSINESSES



Source: EDD Third Quarter data

RECOMMENDATIONS LIST

LAX

1. Increase capacity and improve safety at Tom Bradley International Terminal (staying within established cap levels)
2. Significantly improve and expedite the arrival experience at LAX
3. Take advantage of the airport's revenue-generating capacity by making more extensive and effective use of retail stores and advertising
4. Compete more aggressively for international carriers
5. Partner with Los Angeles World Airports and the airline industry to modernize LAX and improve the customer's experience
6. Maximize safety and operational efficiencies at LAX
7. Advocate comprehensive reform of federal travel regulations and policies to encourage more international visitors

PORT OF LOS ANGELES

8. Support increased goods movement capacity by expediting green growth projects within the port
9. Support the development of near-dock intermodal facilities
10. Support voluntary emission reduction initiatives in addition to those proposed by the State of California
11. Better utilize the Community Redevelopment Agency in port areas to develop additional land for port related activities
12. Seek alternative funding for infrastructure development
13. Create a long-term growth plan for the Port of Los Angeles
14. Establish the Los Angeles/ Long Beach Ports as pioneers in green growth

VISION SOUTH LOS ANGELES

15. Apply smart growth ("Build LA") principles to bring more jobs, housing, open space and community participation to residents of South Los Angeles
16. Create a joint powers authority (JPA) to redevelop city-owned housing projects
17. Apply for Hope VI federal housing funding
18. Adopt a "parcel-to-parcel" program that requires the development of distressed land in exchange for development rights of more desirable projects
19. Arrange mayor-led tours of potential development sites
20. Encourage use of New Markets Tax Credits

WORKFORCE DEVELOPMENT

21. Facilitate the creation of a regional workforce development system to include the LA Unified School District and the LA Community College District
22. Improve coordination of the funds available for workforce training and coordinate workforce development activities throughout all city departments
23. Direct the City's Workforce Investment Board to analyze employment growth trends and use the findings to establish workforce development strategy and priorities
24. Redefine the Workforce Investment Board's role by placing its focus on policy and strategy formulation, quality control, marketing and resource coordination
25. Press for changes to state laws that currently restrict access to funds for local workforce training
26. Create an inventory map/matrix of workforce training
27. Complete a gap analysis of workforce training programs

EIGHT SECTOR STRATEGIES

28. Create industry roundtables to formulate specific and extensive plans

Higher Education

29. Facilitate the growth of local universities by expediting their development permits
30. Urge the federal government to modify H1B visa rules for graduating college students seeking full-time employment in Los Angeles
31. Create a stronger partnership between higher education institutions and WorkSource employment centers run by the city and county

Entertainment

32. Provide clear and explicit direction to all City general managers, reminding them that City policy encourages local film production and expeditious permitting
33. Waive film-production rental fees at all city-owned locations
34. Make tax credits and other incentives available to entertainment and technology companies through targeted and repackaged enterprise zones
35. Encourage the creation of a 10 percent state income tax credit for the entertainment industry for film and television productions that complete at least 75% of their stage work in the state

EIGHT SECTOR STRATEGIES CONTINUED

36. Provide a modest tax credit for film production completed within the City of Los Angeles
37. Campaign for stronger worldwide enforcement of U.S. anti-piracy laws
38. Develop an education campaign aimed at helping the general public to better understand and appreciate the economic contributions of the entertainment industry

Creative Industries

39. Integrate arts and culture and creative industries more frequently into the Mayor's message and city policies
40. Promote the importance of arts education in K-12 and higher education
41. Support the Department of Cultural Affairs' grants program by restoring the agency's 1 percent share of LA's transit occupancy tax
42. Promote local art, theater and cultural events through an allotment of free advertising space at LAX
43. Include LA's cultural assets in economic development efforts
44. Ease restrictions limiting the number of streetlight banner ads that cultural organizations can use to market events
45. Support "Creative LA," an organization that promotes the economic contributions made by creative industries ranging from apparel and furniture design to movie animation and computer software

EIGHT SECTOR STRATEGIES *CONTINUED*

- 46. Integrate arts and culture with other civic priorities
- 47. Introduce a new creativity zone in downtown Los Angeles – one that promotes entrepreneurship, provides a mix of live/work space and offers technical assistance services to residents

Apparel & Design

- 48. Support the creation of an “LA Fashion Park” to further establish the city’s dominance of the world’s apparel and design industry
- 49. Clearly inform apparel industry professionals that they must apply for both a city business license and a state manufacturing license

Logistics/Goods movement

- 50. Develop and implement a job-training strategy to address anticipated employment growth of the logistics/goods movement industry
- 51. Improve port and airport infrastructure
- 52. Create dedicated truck lanes on several of the region’s freeways (I-15, SR-60 and I-710)
- 53. Secure more state and federal support for LA’s goods movements/logistics infrastructure

Technology/Biotechnology

- 54. Use city agencies to promote technology growth
- 55. Partner with local universities to keep tech start-up firms local

EIGHT SECTOR STRATEGIES *CONTINUED*

- 56. Lobby for federal research funding related to technology
- 57. Arrange a roundtable discussion of experts, leaders and venture capitalists to develop further plans to grow the biotech industry
- 58. Identify an additional location for building a biotech/medical device hub in West LA
- 59. Facilitate development of USC’s biomed campus and urge LA County to support its development
- 60. Direct the Mayor’s Business Team to seek government and private-sector biotech funding
- 61. Publicly announce the launch of a life sciences initiative

LA’S BUSINESS CLIMATE

- 62. Continue to gradually lower gross receipts tax
- 63. Fund economic development staffing and fill positions when vacant
- 64. Increase technical assistance for small and medium businesses
- 65. Support the reinstatement of the Regional Business Assistance Network to provide services to small and medium businesses
- 66. Reposition the Department of Water and Power’s role in economic development activities to be more responsive to business needs

LA’S BUSINESS CLIMATE *CONTINUED*

- 67. Make greater use of Industrial Development Bonds as a retention and expansion tool
- 68. Increase communication between the manufacturing community and the City
- 69. Send welcome letters to all new businesses in Los Angeles
- 70. Create a customer service program for all city employees in order to improve service and responsiveness to legitimate business and labor requests
- 71. Revamp the City’s Web site to make it user-friendly and useful for LA businesses and prospective businesses
- 72. Create a marketing brochure for the City of Los Angeles for business marketing
- 73. Work with local economic development organizations to market Los Angeles to existing and relocating businesses
- 74. Facilitate local development by convening regular meetings of city officials, developers and real estate brokers
- 75. Ask the mayor to regularly and forcefully advocate economic development and job creation in Los Angeles
- 76. Post to the City’s Web site a list of all public Wi-Fi locations in Los Angeles

BUILDING DEVELOPMENT REFORM

77. Implement all recommendations made by the Development Reform Committee chaired by Dan Garcia in 1995
78. Update the city's 61-year-old zoning codes
79. Update all of the city's community plans to provide clear and specific rules and regulations for development
80. Adopt an economic prosperity element for inclusion in the City's general plan to provide comprehensive and cohesive citywide economic and land use policies
81. Use the "Development Services Cabinet" as a vehicle to increase interdepartmental communication and customer response to the business community.
82. Reinstate the Development Industry Advisory Council in order to provide city staff with a better understanding of the development community's needs

LAND USE DEVELOPMENT

83. Require at least 8 percent of all land in the City of Los Angeles to remain zoned for industrial use
84. Include in the Los Angeles River Revitalization Master Plan a balanced mix of open space, industrial, commercial and residential uses
85. Support the smart growth of the NBC Universal Development Project

STATE AND FEDERAL FAIR SHARE

86. More aggressively compete for and secure LA's fair share of state funds, benefits and services through a team effort by officeholders at the city, county and state levels
87. Lead a team effort to obtain California's federal fair share
88. Raise awareness of federal funding inequities
89. Raise awareness of state funding inequities
90. Obtain more state funding for the Ports of Los Angeles/ Long Beach and LA International Airport
91. Obtain more federal funding for low-income housing
92. Create additional state incentives for the entertainment industry

CITY CHARTER AND GOVERNMENT REFORM

93. Create a charter reform commission in 2008 – and every 10 years after that – to recommend ways of making city government more productive, efficient, representative and accountable
94. Create an Economic Development Department consolidating all city economic development activities into one division
95. Require city departments to address issues identified in audits conducted by the Controller and to follow up with reports to the Mayor
96. Require an "economic impact" report prior to the adoption of any ordinance that would significantly affect business, the economy and jobs in Los Angeles
97. Mayor should issue an Executive Directive to all departments to implement a "Buy LA" program to increase city patronage of LA-based businesses
98. Create a "centralized grant unit" within the Chief Administrative Officer's office to monitor the implementation of city grants
99. Encourage memorandums of understanding between city departments with responsibilities for the same projects
100. Create a viable alternative to reward productive employees and consider a merit bonus program for exempt city employees as an option