

AD HOC ON COMPREHENSIVE JOB CREATION PLAN AND ECONOMIC DEVELOPMENT COMMITTEES JOINT REPORT relative to the Jobs and Economic Development Incentive (JEDI) Zone Program.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. NOTE and FILE information pertaining to existing economic development programs offered by the City, new programs that create economic development incentives and opportunities, and information on economic development programs that are successful in other jurisdictions as presented in Economic and Workforce Development Department (EWDD) report dated August 21, 2019 (Attachments 1 and 2).
2. APPROVE the proposed JEDI Zones Establishment Policy and Incentive Plan as presented in Attachment 3 of the EWDD report dated August 21, 2019, as amended as follows:
 - a. Require all Jedi Zone requests to be initiated by Council Motion.
 - b. Amend Criteria B to read: a non-seasonal unemployment rate that is at least 3 percent higher than the citywide rate.
 - c. Amend Criteria C to read: crime rates 5 percent higher than the citywide crime rate.
 - d. Within the boundary of a Community Development Plan Area that was active at the time of the dissolution of the Community Redevelopment Agency.
3. DIRECT the General Manager, EWDD, or designee, to work with:
 - a. The General Managers of Department of Building and Safety, and Department of City Planning, or designees, to formalize interdepartmental coordination in the development of the JEDI Zone development services process structures.
 - b. The City Administrative Officer (CAO) and the General Managers of the Bureaus of Contract Administration and Sanitation, Los Angeles Fire Department, Department of City Planning, and other departments engaged in compliance monitoring to coordinate services providing corrective action in response to administrative notices of violations.
4. REQUEST the City Attorney to prepare and present an ordinance to repeal the Subordinate Loans Revolving Special Fund (Los Angeles Administrative Code Section 5.336(c)).
5. TRANSFER the entire balance from Urban Development Action Grant (UDAG) Revenue Fund No. 356 into the Economic Development Trust Fund No. 62L, and appropriate therefrom \$1.5M to the JEDI Zone Program, and the remaining balance to Economic Development Projects.

6. AUTHORIZE the Controller to transfer funds from the Economic Development Trust Fund No. 62L to the following City departments for permit fee reductions, as follows:

<u>Department</u>	<u>Fund No.</u>	<u>Title</u>	<u>Amount</u>
Building and Safety	48R/08	Building and Safety Permit Enterprise	\$700,000
City Planning	52D/68	Planning Case Processing Sprey Fund	<u>300,000</u>
			Total: \$1,000,000

7. INSTRUCT the Department of Building and Safety to incorporate JEDI Zones into the Restaurant and Small Business Express Program and report to Council with a request for additional resources, if necessary, after six months of JEDI Zone implementation.
8. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller Instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO or the Chief Legislative Analyst (CLA) as appropriate; and, REQUEST that the Controller implement these instructions.

Fiscal Impact Statement: The EWDD requests an appropriation in the amount of \$1.5 million in City General Funds to establish the JEDI Zone Program Fund to finance business incentives and support services. As each JEDI Zone is proposed, a fiscal impact report from the \$1.5 million JEDI Zone Program Fund will be reported to Council for consideration.

The CLA reports approval of Recommendation Nos. 10 and 11 will not impact the General Fund and will transfer over \$2.5 million in UDAG funding from the Subordinate Loans Revolving Special Fund to the Economic Development Trust Fund.

The EWDD also reports that the CLA's recommendation that the City Attorney prepare and present an ordinance to repeal the Subordinate Loans Revolving Special Fund (LA Admin Code Section 5.336(c)) and transfer all proceeds to the Economic Development Trust Fund, of which the JEDI Zone program will exclusively use \$1.5 million. There is no impact to the General Fund.

Community Impact Statement: None submitted.

(Budget and Finance Committee waived consideration of the above matter)

SUMMARY

- In a report to the Ad Hoc Committee on Comprehensive Job Creation Plan dated August 21, 2019, EWDD presents various recommendations relative to the approval of a proposed JEDI Zones Establishment Policy and Incentive Plan. The report includes an updated list of economic development programs, incentives and services currently provided by the City, and also outlines economic development programs and incentives that are successful in other jurisdictions. EWDD also discusses other proposed programs needed to create additional incentives and opportunities for businesses, based on EWDD's assessment of gaps in business services. Finally, the EWDD report includes eligibility criteria for the establishment of JEDI zones.

In a report to the Ad Hoc Committee on Comprehensive Job Creation Plan and the Economic Development and the Budget and Finance Committees dated January 16, 2020, the CLA responds to a request to identify funding sources to implement the JEDI Zone incentive

program. The CLA has identified over \$2.5 million from the Subordinate Loans Revolving Special Fund that can be used for this purpose. The CLA recommends that these funds be deposited into the Economic Development Trust Fund (EDTF), as follows: \$1.5 million be appropriated to the JEDI Zone program and the remaining balance of approximately \$1 million be used for future economic development purposes, including subordinate loans. Inasmuch as these transfers would deplete the Subordinate Loans Revolving Special Fund, the CLA recommends that Council request the City Attorney prepare an ordinance to repeal the fund.

In a report to the Mayor and Council dated February 21, 2020, EWDD continues its discussion of the proposed JEDI Zones Establishment Policy and Incentive Plan. The report covers the aforementioned transfer of funds as well as the reduction of development service permit fees and expedited service incentives proposed by the Department of City Planning. The report includes a comprehensive list of various regulations recommended for inclusion in a compliance monitoring assistance incentive.

At their joint meeting held February 25, 2020, the Ad Hoc Committee on Comprehensive Job Creation Plan and the Economic Development Committee discussed this matter with staff. At that time, the Committees recommended that Council approve the recommendations of the three reports, as amended to incorporate the modifications reflected above.

Respectfully Submitted,

AD HOC ON COMPREHENSIVE JOB CREATION PLAN COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
BLUMENFIELD:	YES
HARRIS-DAWSON:	YES

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
BUSCAINO:	ABSENT
RODRIGUEZ:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-