ECONOMIC DEVELOPMENT POLICY COMMITTEE
Thursday, July 16, 2020
9:00 a.m. – 10:00 a.m.

Virtual/SKYPE Meeting

Call-in number: 1-323-776-6996 Access Code: 498935018#

AGENDA

1.	Introductions	
2.	Legislative update (CEO)	5 minutes
3.	Economic Development Organizational Optimization Study (CEO)	25 minutes
4.	West Carson EIFD update (CEO and Kosmont Companies)	15 minutes
5.	Business Relief Funds update (LACDA, DCBA)	10 minutes
6.	COVID-19 Portal and Website update (DCBA)	5 minutes
7.	Public comment	

NOTE:

Please send comments to EconomicDevelopment@ceo.lacounty.gov by Wednesday July 15th at noon. They will be shared with the Committee prior to the meeting.

COUNTY OF LOS ANGELES

Economic Development Organizational Optimization Study

Presented to:
County of Los Angeles
Economic Development Policy Committee

JULY 16, 2020

HR&A Analyze. Advise. Act.

Project Context

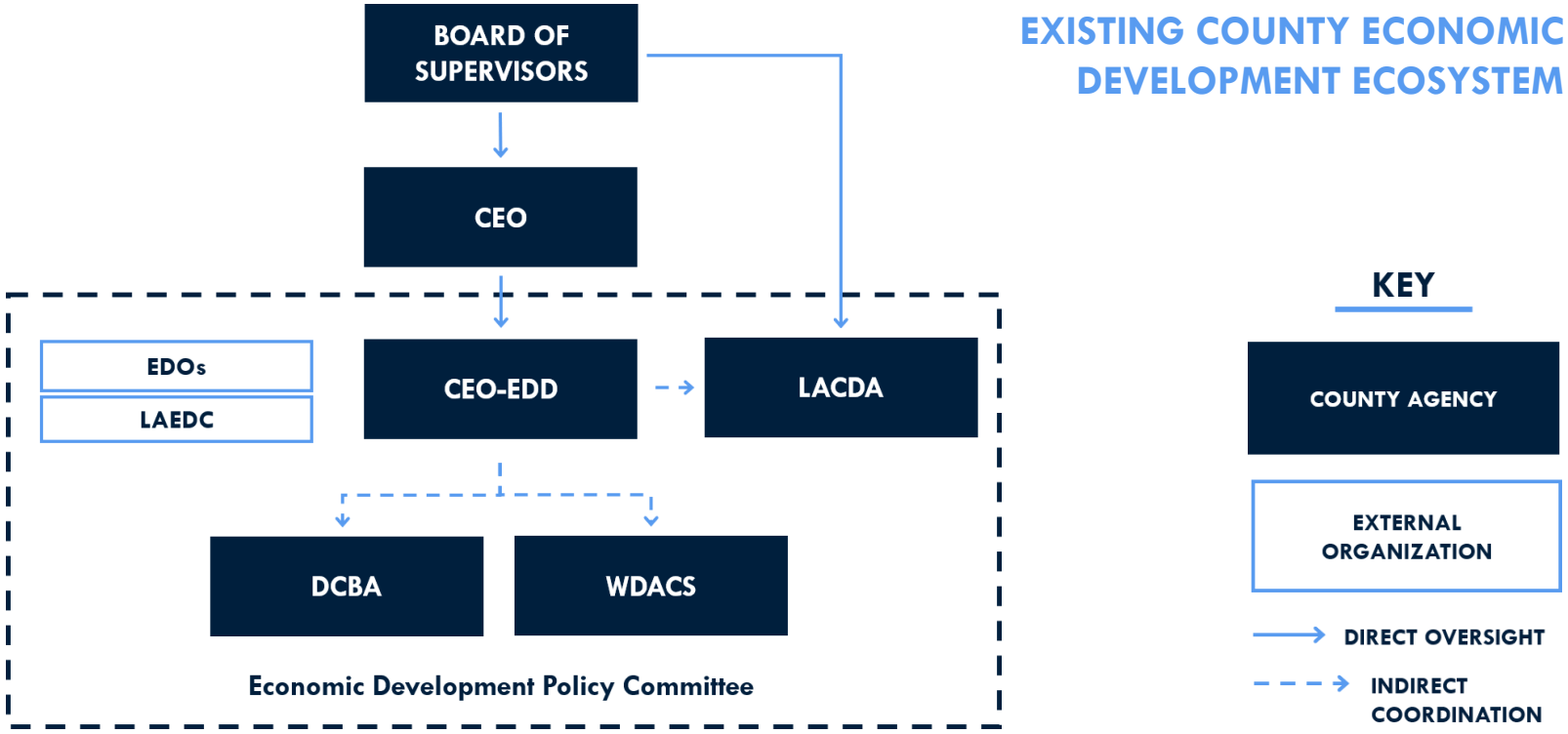
Key Findings

Alternative Organizational Models

Next Steps

In February 2019, the LA County Board of Supervisors directed the CEO to evaluate the County's organizational structure for delivering economic development services.

EXISTING COUNTY ECONOMIC DEVELOPMENT ECOSYSTEM



From Summer 2019 to Spring 2020, HR&A conducted detailed analysis to evaluate the County's existing structure and review best practices.

INTERVIEWS
36 interviews with County staff and external stakeholders

SURVEY
Targeted 65 additional external stakeholders and County staff

INVENTORY
Diagnosis of the County's current programs and services

BEST PRACTICES
Review of 5 county-level economic development case studies

COORDINATION
Collaboration of efforts with UC Berkeley IRLE's Workforce Alignment Study

Project Context

Key Findings

Alternative Organizational Models

Next Steps

The County provides most economic development services typically provided by comparable organizations.

However, services are spread across many departments, with significant overlaps and minimal collaboration.

SERVICES	CEO - EDD	LACDA	DCBA	WDACS	DPSS
Program Coordination	✓			✓	
Policy Development	✓			✓	
Cluster Initiatives		✓	✓	✓	
Capital Planning					
One Stop Business Resource Center			✓	✓	
Business Accelerators & Incubators		✓			
Financing (Loan Programs)		✓			
Technical Assistance (Business Support)	✓	✓	✓	✓	
Job Training				✓	✓
Hiring Programs		✓		✓	✓
Youth Enrichment				✓	✓
Technical Assistance (Workforce Dev.)			✓	✓	✓
Tourism Development					
Targeted Industry Marketing		✓		✓	
International Outreach					
Façade Improvement		✓			
Asset Management	✓	✓			
Real Estate & Infrastructure Development		✓		✓	
Master Planning					
Transactional Services & Financing		✓	✓	✓	

Current service funding is overwhelmingly devoted to workforce development, primarily derived from federal passthrough funds in DPSS and WDACS.

	Staff (FTEs)	%	Amount ($M)	%
DPSS	1.0	1%	$113.0 M	46%
WDACS	55.0	30%	$66.5 M	27%
LACDA	44.2	24%	$44.0 M	18%
CEO-EDD	10.0	5%	$3.6 M	1%
DCBA	11.0	6%	$1.5 M	1%
Other Depts.	64.1	35%	$15.8 M	6%
TOTAL	**185.3**		**$244.3 M**	

Figures are the result of each department's self-reporting of resources principally devoted to economic development functions, which include certain workforce development services.

Through extensive analysis of the County's current economic and workforce development structure, HR&A identified four key findings:

MISSION & VISION	LEADERSHIP	RESOURCES	COLLABORATION
Lack of clear strategic priorities	**No clear leader or accountable entity**	**Limited programs, services, and talent**	**Insufficient coordination and partnerships**
• No clear strategic plan with achievement criteria • Reacting to Board motions overwhelms long-term planning • Lack of geographic coordination among unincorporated county, district-specific, and countywide initiatives	• No single leader to implement strategy • Responsibilities are spread across numerous departments with often differing priorities • Default authorities lack resources to be effective	• Insufficient funding for scale of Countywide programs • Insufficient expertise to provide all economic development services in-house, such as dedicated GIS personnel • Absence of some services typically offered by counties	• "Siloed" departments • Underleveraged partnerships with external economic development entities • County's services are somewhat redundant or lack coordination with external initiatives

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MISSION & VISION

Lack of clear strategic priorities

- No clear strategic plan with achievement criteria
- Reacting to Board motions overwhelms long-term planning
- Lack of geographic coordination among unincorporated county, district-specific, and countywide initiatives

LEADERSHIP

No clear leader or accountable entity

- No single leader to implement strategy
- Responsibilities are spread across numerous departments with often differing priorities
- Default authorities lack resources to be effective

RESOURCES

Limited programs, services, and talent

- Insufficient funding for scale of Countywide programs
- Insufficient expertise to provide all economic development services in-house, such as dedicated GIS personnel
- Absence of some services typically offered by counties

COLLABORATION

Insufficient coordination and partnerships

- "Siloed" departments
- Underleveraged partnerships with external economic development entities
- County's services are somewhat redundant or lack coordination with external initiatives

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COLLABORATION

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Project Context

Key Findings

Alternative Organizational Models

Next Steps

Guided by the research and key findings, HR&A developed three alternative organization models, each with unique strengths.

ALTERNATIVE 1

Enhanced CEO-EDD

Invest additional resources in the CEO-EDD to strengthen its capacity to effectively lead the County's economic and workforce development strategy.

ALTERNATIVE 2

New Economic and Workforce Development Department

Create a new department to integrate existing economic development programs and services.

ALTERNATIVE 3

Enhanced CEO-EDD with Consolidated Workforce Development

Enhance the CEO-EDD as in Alternative 1, while relocating workforce development resources to DPSS to improve coordination.

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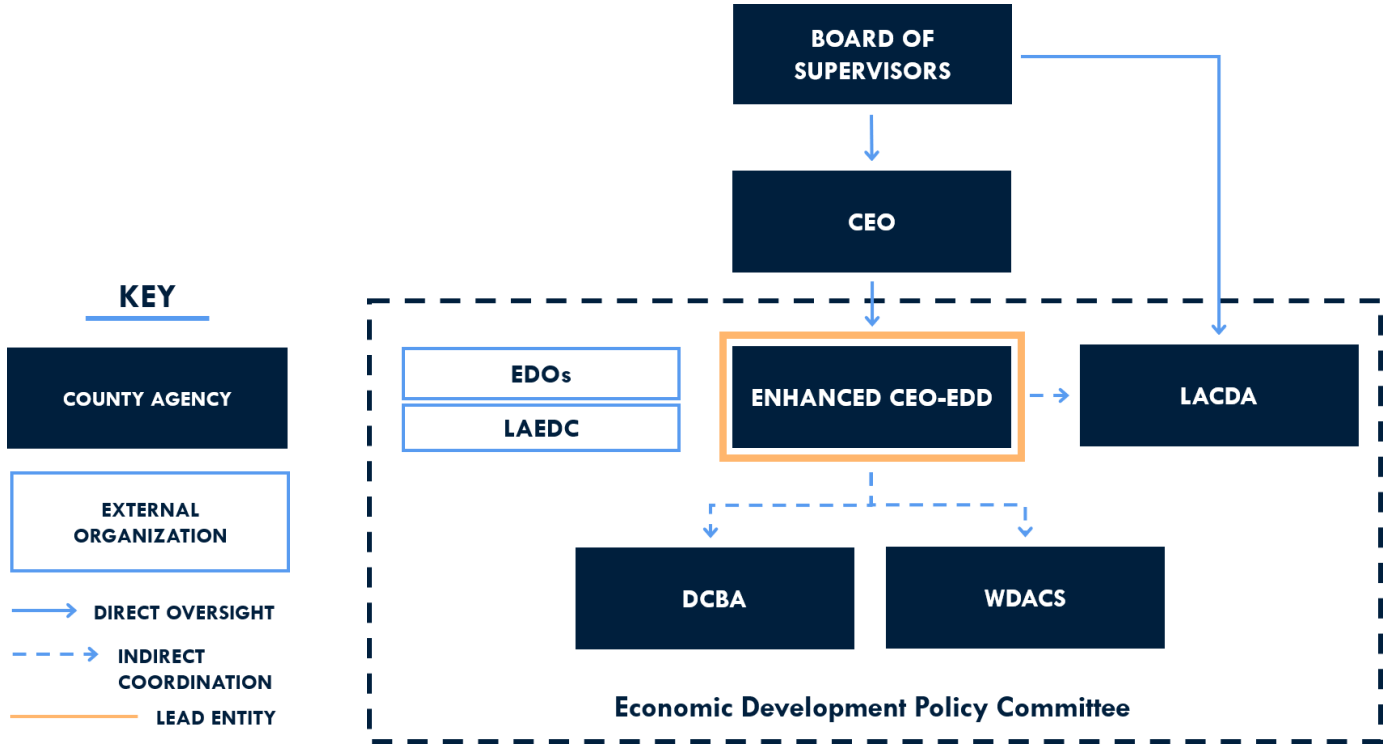
ENHANCED CEO-EDD

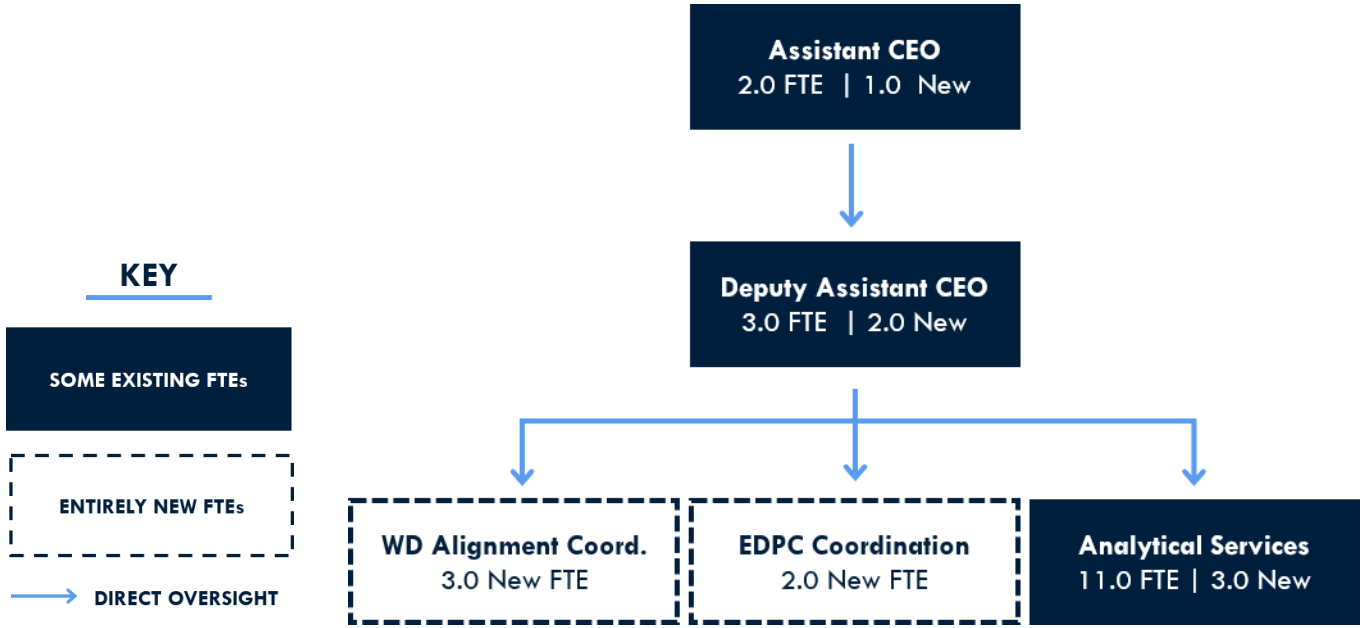
Alternative 1 clarifies and empowers the CEO-EDD's role to guide the County's economic development strategy.



ROLES & RESPONSIBILTIES	
CEO	budget oversight
CEO – EDD	analytic services EDPC management workforce alignment
DCBA	small business
WDACS	workforce development
LACDA	entrepreneurship real estate
EDOs	advisory
LAEDC	research
EDPC	policy coordination

ENHANCED CEO-EDD

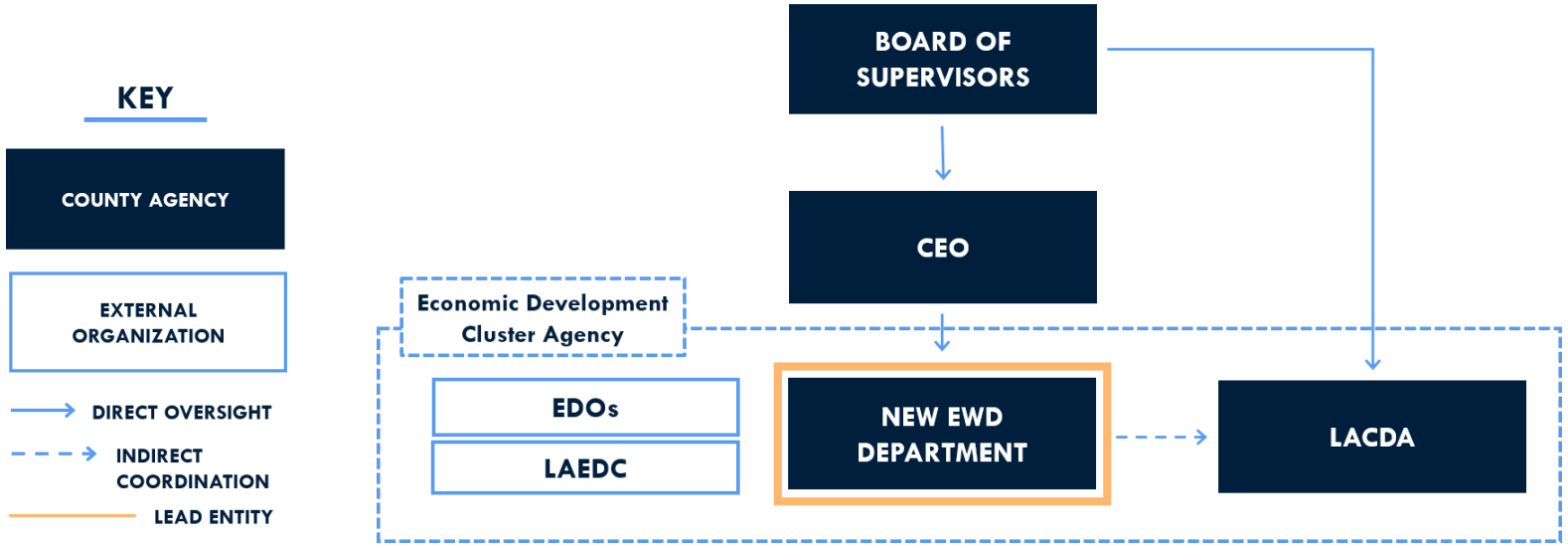
Alternative 1 adds 11 FTEs to the CEO-EDD for administration, strategy and policy development, economic analysis, workforce alignment, and administrative support.



STAFFING CHANGES	
CEO – EDD	+ 11.0
DCBA	-
WDACS	-
LACDA	-
New EWDD	-
DPSS	-
NET	+ 11.0
TOTAL	104.3

NEW ECONOMIC & WORKFORCE DEVELOPMENT DEPARTMENT

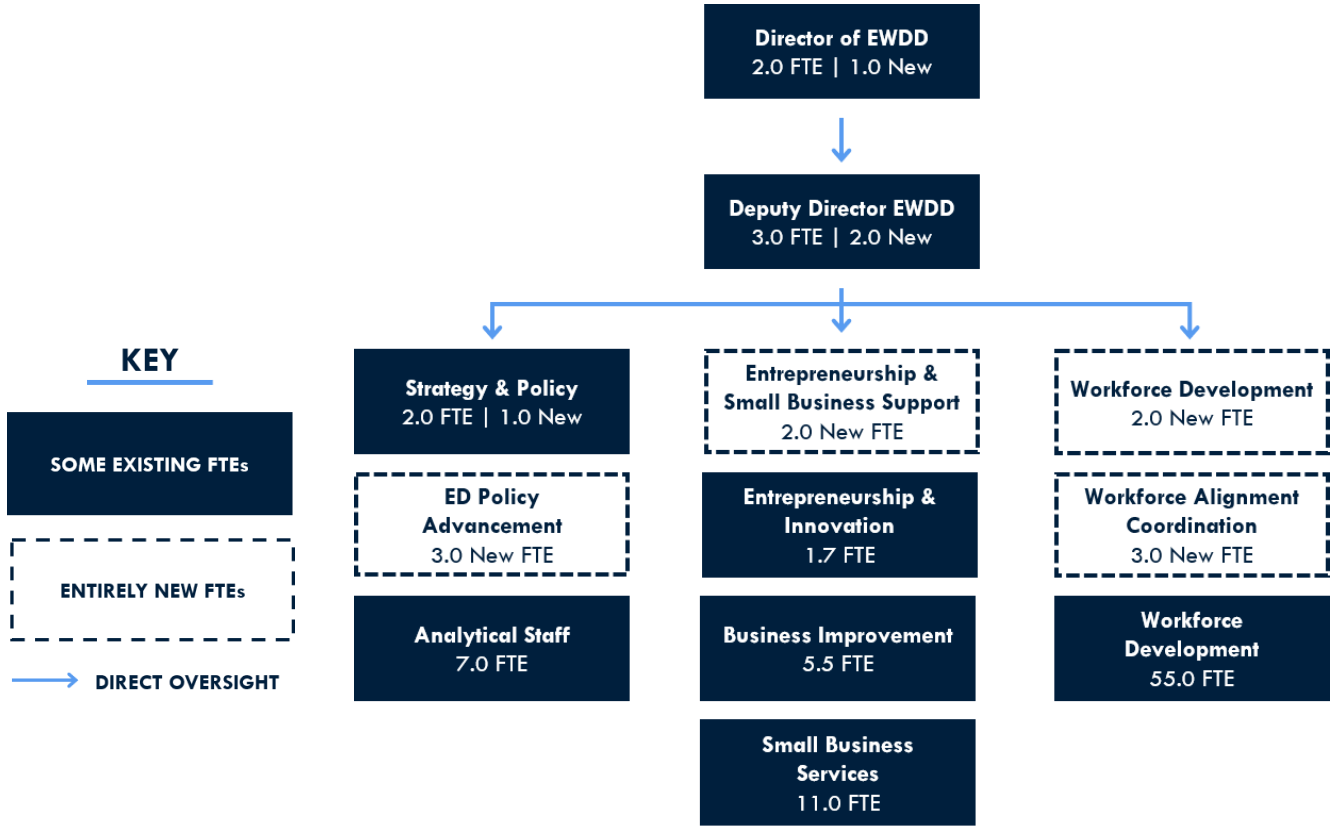
Alternative 2 creates a new department to integrate all economic and workforce development services.



ROLES & RESPONSIBILTIES	
CEO	budget oversight
DCBA	-
WDACS	-
LACDA	real estate
New EWDD	analytic services entrepreneurship workforce alignment workforce development
EDOs	advisory
LAEDC	research
EPDC	cluster agency

NEW ECONOMIC & WORKFORCE DEVELOPMENT DEPARTMENT

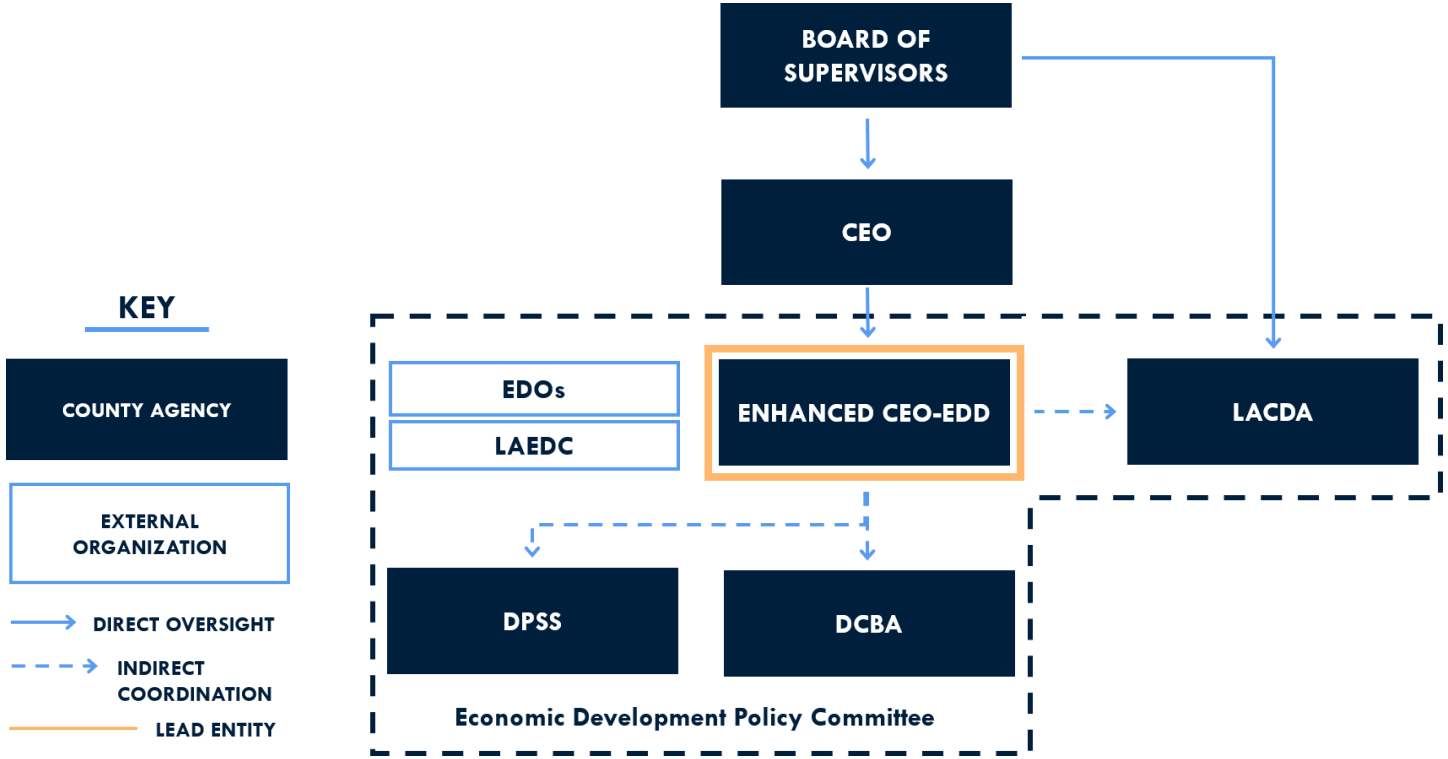
Alternative 2 consolidates existing staff and adds 14 FTEs for management, policy analysis, and workforce development and alignment.



STAFFING CHANGES	
CEO – EDD	- 10.0
DCBA	- 11.0
WDACS	- 55.0
LACDA	- 7.6
New EWDD	+ 97.6
DPSS	-
NET	**+ 14**
TOTAL	107.3

ENHANCED CEO-EDD W/ CONSOLIDATED WORKFORCE DEVELOPMENT

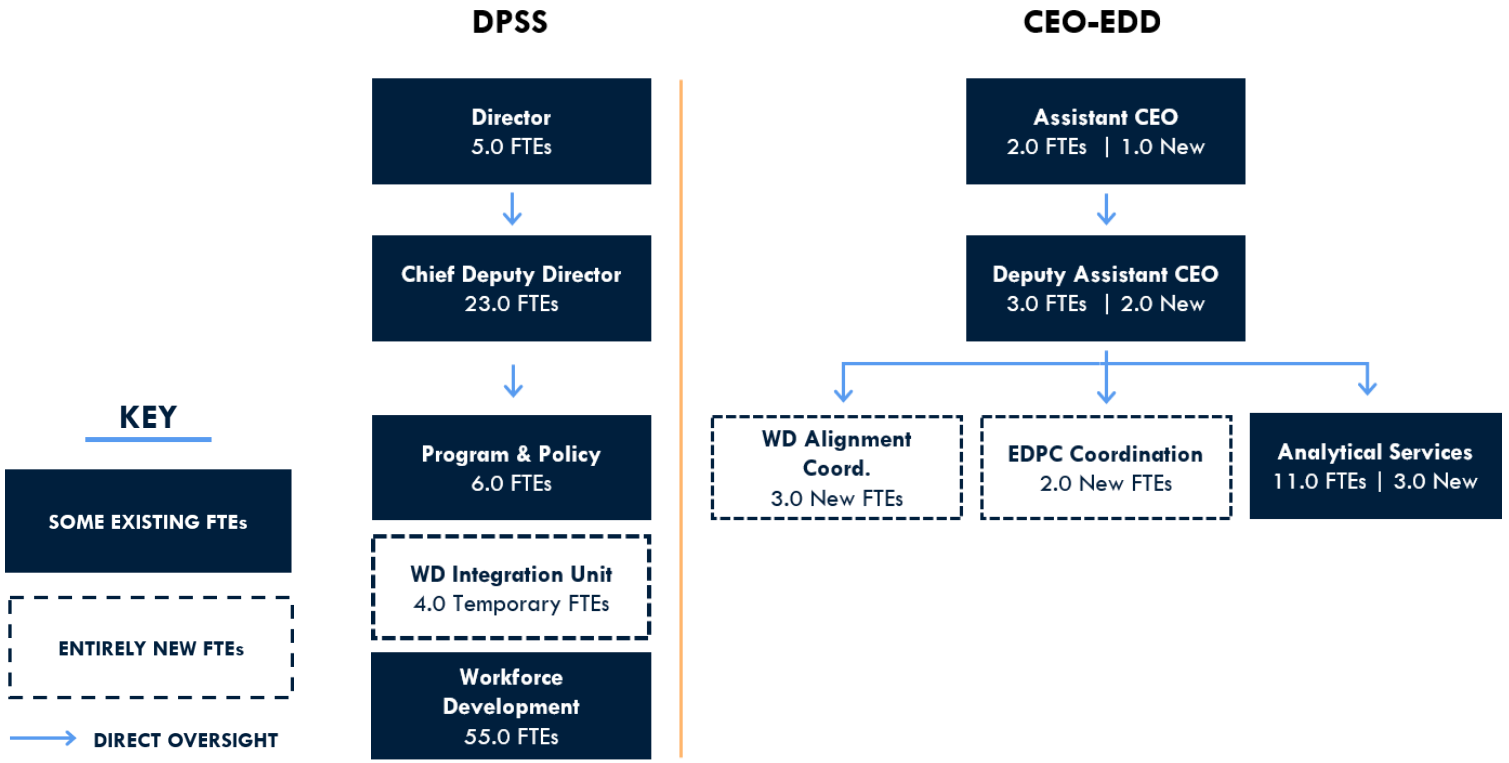
Alternative 3 empowers the CEO-EDD to guide County economic development, while consolidating workforce development in DPSS.



ROLES & RESPONSIBILTIES	
CEO	budget oversight
CEO – EDD	analytic services EDPC management workforce alignment
DCBA	small business
WDACS	-
DPSS	workforce development
LACDA	entrepreneurship real estate
EDOs	advisory
LAEDC	research
EDPC	policy coordination

ENHANCED CEO-EDD W/ CONSOLIDATED WORKFORCE DEVELOPMENT

Alternative 3 has the same staffing changes as Alternative 1, alongside a Temporary Integration Unit to oversee DPSS's transition.



STAFFING CHANGES	
CEO – EDD	+ 11.0
DCBA	-
WDACS	- 55.0
LACDA	-
New EWDD	-
DPSS	+ 55.0
NET	**+ 11.0**
TOTAL	104.3

Each Alternative's budget implications reflect staffing costs only; overhead costs and any program cost changes not yet included.

Summary of Economic and Workforce Development Budgetary Changes (in millions)

	Existing	Alt 1	Alt 2	Alt 3
Operating Costs*	$16.1	+ $2.4	+ $3.4	+ $2.4
Program Costs	$210.7	-	-	-
Net Change	**-**	**+ $2.4**	**+$3.4**	**+ $2.4**
TOTAL	**$226.8**	**$229.1**	**$230.2**	**$229.1**

**Operating costs include annual salary and benefits associated with staffing, excluding other associated costs.*

Project Context

Key Findings

Alternative Organizational Models

Next Steps

1. **Completion of FY 20-21 Supplemental Budget** phase to provide accurate budgetary information for analysis.

2. **CEO to complete supplemental budget and cost analysis** to provide full accounting for all potential economic development organizational structures and related costs to the County.

3. **CEO to submit supplemental report** detailing costs for economic development organizational structures, a potential Department of Aging, and workforce development alignment.

4. **County determines organizational structures to implement.**

COUNTY OF LOS ANGELES

Economic Development Organizational Optimization Study

Presented to:
County of Los Angeles
Economic Development Policy Committee

JULY 16, 2020

HR&A Analyze. Advise. Act.

County of Los Angeles
CHIEF EXECUTIVE OFFICE
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Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

July 1, 2020

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

From: Sachi A. Hamai
Chief Executive Officer

OPTIMIZATION OF LOS ANGELES COUNTY'S WORKFORCE AND ECONOMIC DEVELOPMENT SYSTEMS (ITEM NO. 11, AGENDA OF FEBRUARY 5, 2019)

On February 5, 2019, the Board of Supervisors (Board) adopted a motion (Optimization Motion) by Supervisors Solis and Ridley-Thomas directing the Chief Executive Office (CEO) to engage a consultant to study the current structure of the County of Los Angeles (County) departments and offices that administer Economic and Workforce Development Services and Programs. The motion instructed the CEO to provide comprehensive analysis and recommendations for the most effective structure to optimize services, including the possible creation of a new department dedicated to workforce and economic development. The motion specified that these efforts should connect with a previously initiated project to analyze the progress on achieving workforce development alignment across the County, which stemmed from a May 8, 2018 motion from Supervisors Solis and Kuehl (Alignment Motion). Furthermore, the Board also approved a separate but related motion on February 5, 2019 to examine the feasibility of creating a standalone Department of Aging (Aging Motion). The CEO was directed to include a comprehensive fiscal impact analysis of all recommendations.

As directed by the Board in response to the Alignment Motion, the CEO retained University of California, Berkeley's Institute for Research on Labor and Employment (IRLE), to review Countywide efforts on workforce development alignment. Upon direction from the Optimization Motion, the CEO engaged a second consultant, HR&A Advisors, Inc. (HR&A), to analyze the existing structure of economic and workforce development in the County and provide recommendations around organizational structure. The CEO amended the contract with IRLE to match the timing of the Optimization Motion report and ensure collaboration between IRLE and HR&A on the concurrent reports. The IRLE report will be submitted under a separate cover memorandum consistent with this report back on the Optimization Motion.

In response to the Aging Motion, CEO separately engaged a third consultant to examine the feasibility of creating a standalone County department solely dedicated to serving the older adult population and analyze what programs and services could be consolidated. Both the Aging Motion study and the Optimization Motion study analyzed the programs and structure of the current Department of WDACS as any action taken on either or both, aging and workforce development, impacts the WDACS' operation. Therefore, the two studies had to be conducted concurrently and in collaboration with each other. The Aging Motion report will also be submitted under a separate cover memorandum in concurrence with the Optimization Motion report.

To respond to the Optimization Motion, HR&A interviewed over 30 key County staff and external stakeholders, conducted a survey of economic and workforce development partners outside of County government, reviewed best practices for county-level economic development organizations, performed a comprehensive inventory of current economic development services, funding and staffing, and coordinated with IRLE on its assessment of workforce development alignment.

After completing their analysis and consulting with CEO, HR&A developed findings and recommendations and drafted the attached report. The major findings regarding the current status of economic and workforce development services delivery in the County are that the County lacks clear economic development strategic priorities; there is no single leader or accountable entity for economic and workforce development; the resources dedicated for the services are limited; and coordination between economic development entities is insufficient and partnerships are underleveraged.

HR&A provides recommendations in response to each finding, as detailed in the report. The report also provides best practices from leading County-level economic and workforce development structures to provide examples and lessons learned which inform the recommendations on organizational structure.

In the report, HR&A provides roadmaps for the following three alternative organizational structures to perform economic and workforce development services in the County:

1. **Alternative 1** - An enhanced status quo that invests additional resources in the CEO's Economic Development Division and strengthen its capacity to effectively lead the County's economic and workforce development strategy.

2. **Alternative 2** - The creation of a new department to unite existing economic development programs and services.

3. **Alternative 3** - A variation of the enhanced status quo (the first alternative) that considers the possible creation of a separate Department of Aging and recommends placement of WDACS' workforce development services and staff within the Department of Public Social Services.

It must be noted that virtually all analysis was performed prior to the onset of the COVID-19 pandemic, the resulting "safer at home" orders, and ensuing economic downturn. Consequently, the budget and staffing information relied upon to develop this report does not accurately represent the current and future fiscal reality of the County. The fallout from the economic downturn has led to a significant decrease in several key revenue sources and a heightened level of budgetary uncertainty. Due to these complications, more time is needed to complete a detailed budget analysis to report the comprehensive cost impacts of all recommendations. To provide the most accurate information, the analysis should be finalized after the County's Supplemental Budget phase is completed in September 2020.

The Optimization and Aging Motion reports provide options with some cost assumptions, but more fiscal analysis is needed before any implementation would be feasible. For instance, the added annual costs for a particular organizational structure in this Optimization Motion report represent only the ongoing costs associated with salaries and benefits for recommended new staff and do not include all direct and indirect administrative costs associated with implementation, such as costs for physical space, supplies and services including charges from other County departments and general overhead.

The CEO will therefore submit a supplemental report by the end of the 2020 calendar year that details the full estimated operational costs associated with implementing the various alternative organizational structures. Calculation of these further costs will include analysis of the costs associated with the potential creation of a Department of Aging.

If you have any questions, please contact Allison Clark at (213) 974-8355, or allison.clark@ceo.lacounty.gov.

SAH:FAD:AEC
JO:DSK:yy

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Consumer and Business Affairs
Los Angeles County Development Authority
Public Social Services
Workforce Development, Aging and Community Services

COUNTY OF LOS ANGELES

Economic Development Optimization Study

FINAL REPORT

July 2020

Prepared for:

County of Los Angeles Chief Executive Office

Prepared by:

HR&A Analyze. Advise. Act.

Table of Contents

0. Executive Summary **3**

Report Context and Purpose 4

LA County's Existing Economic Development Landscape 5

Summary of Key Findings 6

Implementation 16

1. Context **17**

Purpose of Study 18

HR&A's Role & Methodology 19

2. Existing Conditions **21**

Economic Development in Los Angeles County Today 22

Key Challenges and Service Gaps 24

Stakeholders Perspectives 26

Organizational Diagnostic 28

3. County Economic Development Best Practices **31**

Best Practices in County-Level Economic Development 32

Countywide Economic Development Functions and Responsibilities 34

Lessons for LA County 39

4. Findings and Recommendations **42**

Mission and Vision: Lack of Clear Strategic Priorities 43

Leadership: No Clear Leader or Accountable Entity 44

Resources: Limited Services, Programs and Talent 45

Collaboration: Insufficient Coordination and Underleveraged Partnerships 46

5. Organizational Alternatives **47**

Enhanced CEO-EDD 49

New Economic and Workforce Development Department 52

Enhanced CEO-EDD and Consolidated Workforce Development 55

Salary and Budget Summaries 58

6. Implementation and Next Steps **59**

7. Appendices **67**

Executive Summary

Report Context and Purpose

As the most populous county in the United States, the County of Los Angeles (the "County") plays a critical role in directly addressing the economic security and mobility of its more than 10 million residents. The County provides a suite of workforce and economic development programs and services to serve its diverse and wide-ranging population, in particular the one million people who live in unincorporated communities, and supports the growth of its diversified and robust economy. These services and programs are administered by numerous County departments and agencies, non-profit organizations, and in coordination with 88 incorporated cities. The County invests hundreds of millions of dollars annually in its residents and businesses in programs ranging from training for dislocated workers to small business loans to façade improvement programs, funded by pass-through federal and state funds as well as its own general and special fund resources.

However, despite the variety of its programs, the County Board of Supervisors (the "Board") has acknowledged that its internal organizational structure to carry out these programs and services is not optimal, both in terms of how they are administered as well as the scale and manner with which they are delivered to constituents. The Board recognizes that there is still much to be done in order to increase efficiencies and coordination across programs, and to ensure that the County's departmental organization can effectively serve its goals – most notably the Board's interest in promoting economic mobility and attending to traditionally underserved and economically vulnerable populations.

Accordingly, in February 2019, the Board directed the Chief Executive Office ("CEO") to assess how the County's overall organization could be adjusted to best deliver its economic development programs and services. To this end, the CEO retained HR&A Advisors, Inc. ("HR&A") to evaluate how the County provides economic and workforce development services and its structure for doing so, and to make recommendations about how that structure could be optimized. HR&A's analysis primarily focused on the County's provision of economic development services and coordinated with UC Berkeley's Institute for Research on Labor and Employment ("IRLE") to provide sufficient additional details in regard to workforce development. This Report presents the results of HR&A's evaluation and the three resulting County organizational structure alternatives for improving economic and workforce development service delivery and coordination. All findings are based on research conducted prior to the onset of the COVID-19 pandemic in LA County. HR&A's analysis, evaluation, and recommendations were prepared over eleven months, and included the following tasks:

- Interviews with over 30 key County staff and external stakeholders;
- An online survey of economic and workforce development partners outside of the County government;
- A review of best practices for county-level economic development organizations in some of the nation's major metropolitan areas;
- A comprehensive inventory of the County's current economic development services, funding, and staffing;
- Coordination with IRLE's parallel assessment of workforce development alignment;
- Status briefings for the County's Economic Development Policy Committee; and
- Regular progress meetings with CEO staff.

The following sections, presented in more detail in the remaining chapters of this Report, summarize HR&A's evaluation of existing conditions and recommendations for alternative organizational structures and their associated staffing, costs, and implementation:

1. ***Context**: Outlines the purpose of HR&A's study and explains our analytical methodology over eleven months of investigating economic development at the County level.*

2. ***Existing Conditions**: Summarizes the recent history of economic development in the county and details the results of HR&A's review of the County's existing economic development resources and responsibilities.*

3. ***County Economic Development Best Practices**: Outlines lessons learned for LA County based on an overview of four other cities and counties' economic development organizational models.*

4. ***Findings and Recommendations**: Establishes the key themes of the previous two sections, and how the lessons learned during previous analyses informed the final organizational alternatives.*

5. ***Organizational Alternatives**: Presents the HR&A team's recommendations for a new organizational design to provide economic and workforce development services and deploy related resources in Los Angeles County, including recommendations for staffing, a governance framework, and workforce development alignment.*

6. ***Implementation and Next Steps**: Provides a procedural framework for implementing the County's preferred organizational alternative, with pointed considerations specific to each alternative structure.*

LA County's Existing Economic Development Landscape

The three recommended organizational alternatives detailed in this Report build on the evolution of local government economic development practice, the regional economy, and Board policy over the last 40 years. During the 1980s, like many jurisdictions, the County emphasized both place-based economic development as well as business and industry services. As such, during this decade the County consolidated the Housing Authority, Community Development Department, and former Redevelopment Agency into the independent Community Development Commission ("CDC") to deliver housing, community development, and place-based initiatives. Around the same time, the County also established the Los Angeles County Economic Development Corporation ("LAEDC") – a private, public-benefit nonprofit devoted to business development Countywide. In parallel, the County's more than 80 cities, particularly the largest ones, pursued development and workforce activities largely within their separate economies, and with only occasional linkages to the unincorporated communities.

After establishing the CDC and LAEDC, the County changed very little with respect to programs or structure for economic development, which focused primarily on the unincorporated areas until the early 2010s, when economic development emerged as a more prominent topic of Board attention due to external events. Following the 2007-2009 Great Recession, the State of California dissolved all Redevelopment Agencies statewide in 2012, at which point counties and cities lost the ability to leverage place-based economic development tools and use tax-increment financing, forcing the County to consider a new approach. In 2016, the County established the CEO-EDD to handle a resurgent Board interest

on the topic and to coordinate initiatives with departments, such as the Department of Consumer and Business Affairs ("DCBA") and the Department of Workforce Development, Aging and Community Services ("WDACS"). Most recently, in 2019 the County rebranded the CDC and the Housing Authority as a single agency, the Los Angeles County Development Authority ("LACDA"), elevating economic development to a core service alongside community development and housing.

In the last five years, the County has advanced several plans and strategic initiatives for economic development, but these do not add up to a universally accepted strategy with the necessary steps and assignments of responsibility to implement and monitor them. For example, the two editions of LAEDC's five-year strategic plan (2010 and 2015) articulated some significant strategic initiatives adopted by the County (such as a focus on developing a bioscience industry cluster), but neither of these plans stated clear and necessary steps for their implementation by County entities, despite being formally adopted by the Board and many of the County's cities. Recently and prior to the ongoing COVID-19 pandemic, economic development Board motions have been closely aligned with increasing economic mobility for target populations, considering rising inequality and housing costs and the scarcity of family-supportive jobs. Protecting county constituents against rising inequalities is even more challenging in the face of ongoing, severe economic impacts from the pandemic, making the County's role more urgent.

The Board's relatively new emphasis on economic mobility has provoked considerations of how to better align its economic and workforce development programs and services and leverage its significant funding resources for the benefit of County residents and businesses. But doing so in the present context – where services are scattered across more than 13 County departments, divisions, and agencies, with redundant responsibilities and services, underleveraged resources, dispersed institutional knowledge and lack of clear leadership and accountability to the Board – presents an enormous challenge.

Summary of Key Findings

After conducting extensive interviews, surveys, case studies, and inventories, HR&A identified the following four overarching themes relevant to the County's existing economic development services, programs, and organizational structure:

Mission and Vision: Lack of Clear Strategic Priorities

Traditionally, counties provide a wide range of economic development activities to support regional job creation, ensure economic diversification and resiliency, and grow a healthy tax base. However, there is no one-size-fits-all approach to how counties organize themselves to deliver economic development programs and services, and County stakeholders lacked consensus regarding the County's priorities for economic development, including which services should be added and how they should be delivered. This is likely due to the sheer size of the County and the dissimilarities among each of the five Supervisorial Districts in terms of economic development needs. Regardless, neither County employees nor external stakeholders could clearly articulate the County's goals or long-term vision for economic development – despite the Board's adoption of LAEDC's strategic plan and County staff's completion of an annual Economic Development Scorecard to measure progress. In general, interviewees viewed the County's strategic planning efforts for economic development as deficient. However, most interviewees and survey respondents did recognize that in recent years the Board has focused more on economic mobility and opportunity.

Leadership: No Clear Leader or Accountable Entity

There is no clear lead entity or individual empowered to execute the Board's vision across the more than a dozen County departments and agencies involved in delivering economic development programs and services. The CEO-EDD is the only County entity exclusively dedicated to economic development, but it is limited by a lack of clear authority and resources to manage the overall effort of economic development delivery across all County departments and agencies. In addition, stakeholders noted how frequent Board motions to investigate new ideas – without coherence to a clear, adopted strategy – were overwhelming their staff resources. The current leadership structure does not provide an opportunity for a Countywide leader who works across the different municipalities and the unincorporated areas to ensure coordination, much less the many more nonprofit and institutional economic development players who each have their own set of economic development priorities and objectives.

Resources: Limited Services, Programs, and Talent

While the County fulfills most of the economic services typically provided by county governments, the County currently underfunds economic development relative to its scale and corresponding needs. The approximately $245 million in funding and 163 full-time equivalent ("FTE") staff members the County currently devotes to these economic and workforce development roles translates to significantly lower per capita spending than some of the County's peers. By comparison, Riverside County spends more than twice as much per capita ($49, compared to LA County's $24). Of the County's spending, three-quarters is devoted to workforce development (largely pass-through federal funds) while the other quarter is dedicated to all other economic development services. In addition, there are a handful of typical economic development services which are either minimally provided or virtually absent from the County's program, including tourism development, international outreach, and business and industry services. On the whole, the County also lacks in-house economic development-related subject matter expertise.

Collaboration: Insufficient Coordination and Underleveraged Partnerships

Precedents elsewhere show when many governmental and nonprofit entities are involved in economic development in a county, they can collaborate effectively under the right circumstances. Numerous interviewees and survey respondents noted that the various County departments and agencies are "siloed" from one another, with redundant service coverage and a lack of extensive economic development expertise within different departments. Additionally, stakeholders and partners both remarked that not all County economic development services are created equally: while stakeholders praised the County's small business programs generally, there is still limited support for small businesses seeking to open in unincorporated areas, for example. Several interviewees also noted that the County does not fully leverage its external partners and resources to deliver economic development, commenting that work being done by regional and sub-regional partners was based on strong relationships with individual Board offices, rather than with the departments who explicitly manage or operate economic development programs.

Alternative Organizational Models

HR&A developed a spectrum of potential organizational alternatives to better meet the County's needs, based on the preceding findings and other observations described in the Report. These alternatives were designed to address the County's current organizational challenges in delivering existing economic development services – addressing the shortfall in the County's economic development programs and services would require a political and financial commitment and a unifying economic development strategy. The alternatives range in their complexity of implementation and divergence from the status quo. Proposed structures included:

ALTERNATIVE 1

Investing additional resources in the CEO-EDD to ensure that it has the mission, authority, and capacity to harness other County departments together into a more effective delivery system.

ALTERNATIVE 2

Creating a new County department to bring existing economic and workforce development functions and services together under one department.

ALTERNATIVE 3

Enhancing the CEO-EDD as in Alternative 1, while also relocating workforce development resources to DPSS to improve countywide coordination and alignment.

As discussed in this Report, the estimated costs for each alternative represent only the ongoing costs associated with salaries and benefits for the recommended additional staff and are not a comprehensive account of all direct and indirect administrative costs necessary to realizing the alternative.

Alternative 1: Enhanced CEO-EDD

Clarify and empower the CEO-EDD's role to guide the County's economic development strategy

Alternative 1 vests the existing CEO-EDD with more authority and capacity to determine and implement a Countywide economic development strategy and requires minimal reconfiguration of the County's economic development services. In coordination with IRLE's concurrent study on workforce development alignment, it also includes a new Workforce Development Alignment Coordination subdivision (Figure 1), responsible for assuring workforce development activities are aligned and coordinated with economic development. It also improves internal and external coordination by formalizing the role of the Economic Development Policy Committee ("EDPC") and expanding it to include secondary economic development departments. These changes are realized primarily through additional staff members, rather than departmental reorganizations – in total, **Alternative 1 adds eleven new FTEs, and nets $2.4 million in added costs** to the County's annual budget.

These staff include two leadership positions, four analysts, and five support staff. Alternative 1 invests in analytical and policy experts, improving the County's ability to develop industry cluster initiatives and identify key focus areas for realizing its economic development agenda. By elevating the existing leadership to an Assistant CEO position, it further empowers oversight of the suite of County economic

development services, strengthening the County's ability to implement its economic development services in coordination with overarching strategic goals. Establishing a permanent Project Manager position for the EDPC also facilitates interdepartmental coordination, easing the frustration with organizational silos expressed by County employees. As these adjustments are centered in the CEO-EDD, it is possible that additional attention to economic development practices in other departments may be needed.

Alternative 2: New Economic and Workforce Development Department

Create a new department to integrate all economic and workforce development services.

Alternative 2 proposes a new Economic and Workforce Development Department (EWDD) that integrates the County's existing economic development services into a single department. The new department seeks to make service delivery more coordinated and impactful by relocating staff from CEO-EDD, DCBA, WDACS, and LACDA who are responsible for those departments' existing economic and workforce development services.

Alternative 2 also invests in staff with expertise in economic and workforce development policy and analysis, who advise on and support critical strategic initiatives. In total, these responsibilities are supported by **14 new staff, accounting for added annual costs of $3.4 million**: including five new management positions with expertise in economic or workforce development, three new analytical roles, and six new administrative staff in support roles. As previously mentioned, these costs are the sum of additional staff's salaries and benefits and do not account for the full costs of a new department, which would require substantial additional administrative resources.

Co-locating economic and workforce development improves opportunities for the County to determine which services should be delivered Countywide, by Supervisorial Districts, and in the unincorporated areas by increasing communication among leadership for each service area, which are overseen by a new management position. The new department can also serve as a clear destination for all other County departments and external entities seeking economic and workforce development resources (Figure 2).

Alternative 3: Enhanced CEO-EDD and Consolidated Workforce Development

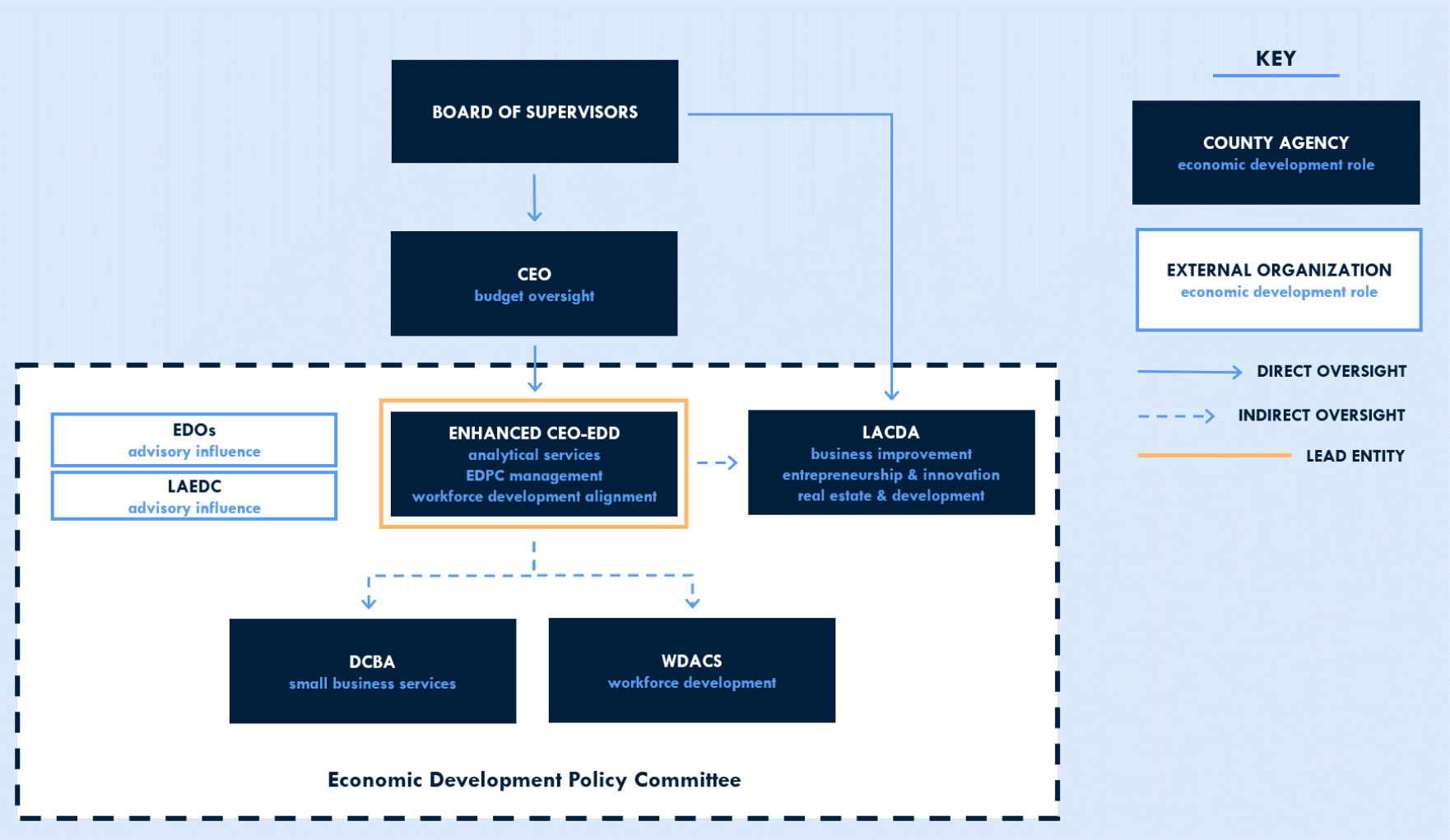
Consolidate workforce development services while strengthening strategic leadership and coordination with economic development.

Alternative 3 proposes an organizational structure similar to Alternative 1, wherein the same resources are added to the CEO-EDD regarding strategic authority, implementation capacity, responsibility for workforce development alignment, and formalizing the EDPC. Additionally, Alternative 3 relocates the workforce development resources currently housed in WDACS into DPSS, to be overseen by existing DPSS leadership, creating opportunities for streamlined delivery of workforce development resources (Figure 3). Consolidating workforce development resources within DPSS also eases oversight, both within DPSS and as related to alignment and strategic initiatives within the CEO-EDD.

These changes rely primarily on the addition of new staff to the CEO-EDD (identical to those proposed in Alternative 1), and the successful integration of WDACS' resources into DPSS, which would be facilitated by a temporary Workforce Development Integration Unit inside DPSS's Program and Policy bureau, of no more

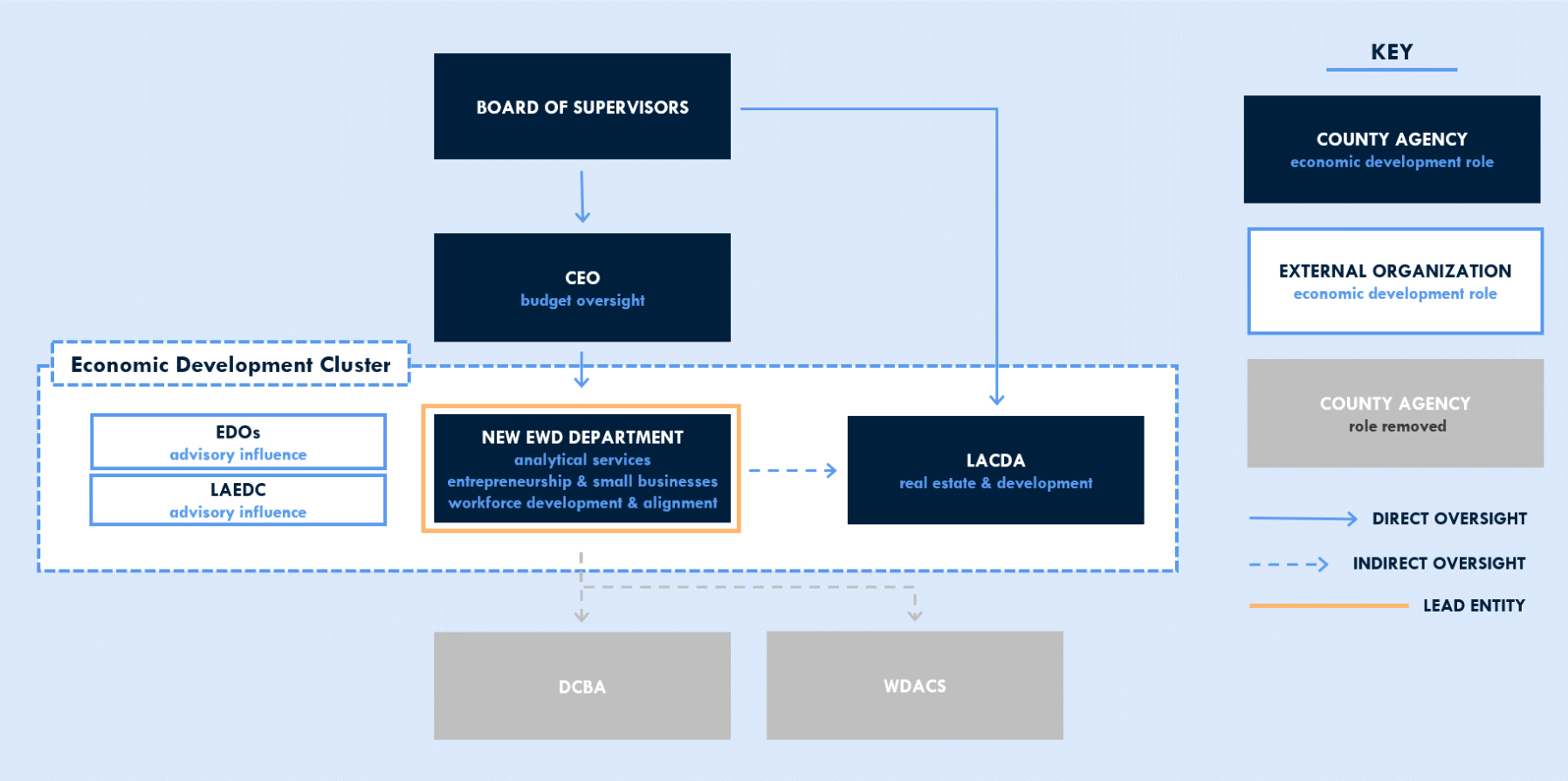
than four FTEs to be staffed by existing County positions and operated in coordination with relevant County figures. Therefore, **Alternative 3's staffing costs are identical to those of Alternative 1,** with potential for additional short-term costs for program education and data management, managed by the Integration Unit. Once fully realized, Alternative 3 will add **eleven new permanent FTEs, and net $2.4 million in added costs** to the County's annual budget.

Fig 1. Alternative 1: Enhanced CEO-EDD



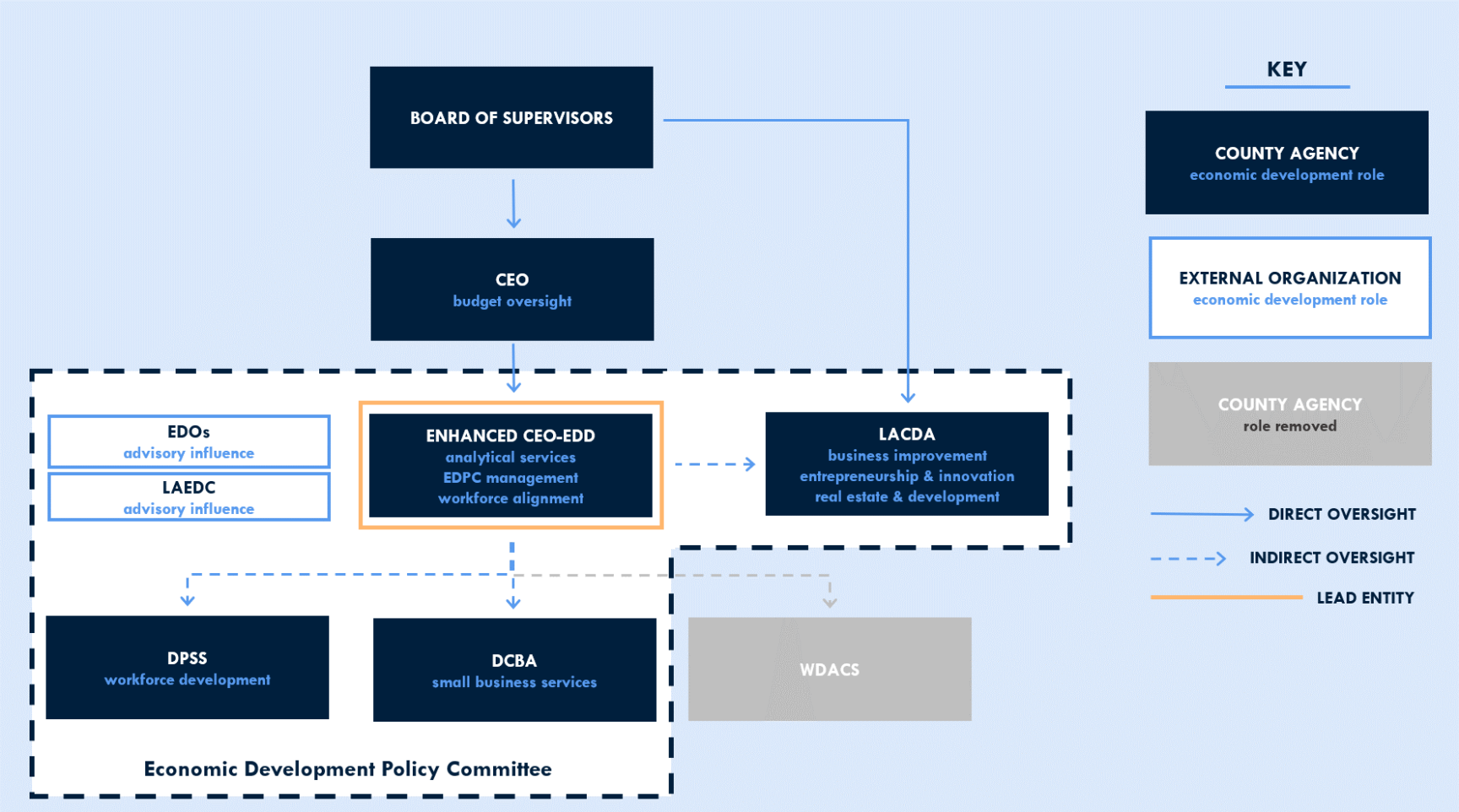
Source: HR&A

Fig 2. Alternative 2: New Economic and Workforce Development Department



Source: HR&A.

Fig 3. Alternative 3: Enhanced CEO-EDD & Consolidated Workforce Development



Source: HR&A.

The third section of this Report will describe each Alternative in detail – Figure 4 below summarizes the key changes to each department.

Fig 4. Summary of Changes

	ALTERNATIVE 1	ALTERNATIVE 2	ALTERNATIVE 3
CEO-EDD	• Increase dedicated resources for strategy, policy development, and analysis • Add new staff positions with economic development skills & expertise • Create Assistant CEO position • Add oversight of workforce development alignment	• Retains only budget oversight role, but dissolves specific Economic Development Division	• Increase dedicated resources for strategy, policy development, and analysis • Add new staff positions with economic development skills & expertise • Create Assistant CEO position • Add oversight of workforce development alignment
LACDA	• Retain economic and workforce development function	• Retains housing and community development, but economic development services move to new EWDD	• Retain economic and workforce development function
DCBA	• Retain economic and workforce development function	• Direct small business services are moved to the new EWDD	• Retain economic and workforce development function
WDACS	• Retain economic and workforce development function	• Workforce development resources are moved to new EWDD	• Workforce development resources are moved to DPSS
DPSS	**N/A**	**N/A**	• Integrates WDACS' workforce development resources
EDPC	• Expand EDPC to include secondary departments and external advisors • Formalize EDPC's role as convener	• Pivots to a new role, perhaps as a cluster agency (with all functions in the New EWDD, a coordinating body is no longer explicitly needed)	• Expand EDPC to include secondary departments and external advisors • Formalize EDPC's role as convener
New EWD Department	**N/A**	• Responsible for all Countywide economic and workforce development services • Develops strategic direction	**N/A**

Source: HR&A.

Figures 5 and 6 summarize the budget and staffing changes associated with each alternative, which are detailed further in Section 5 of this Report. All changes in budget are due to the staffing adjustments mentioned previously, and not changes to economic or workforce development programs. Therefore, the costs associated with each alternative are entirely due to the operating costs.

Fig 5. Summary of Economic Development Staffing Changes (FTEs)

	Existing	Alt 1	Alt 2	Alt 3
CEO – EDD	10.0	+ 11.0	-10.0	+ 11.0
DCBA	11.0	-	- 11.0	-
WDACS	55.0	-	- 55.0	- 55.0
LACDA	16.3	-	- 7.6	-
New EWDD	-	-	+ 97.6	-
DPSS	1.0	-	-	+ 55.0
Net Change	**-**	**+ 11.0**	**+ 14.0**	**+ 11.0**
TOTAL	**93.3**	**104.3**	**107.3**	**104.3**

Source: HR&A. The FTEs and costs only reflect those which are impacted by the organizational change.

Fig 6. Summary of Economic Development Budgetary Changes (in millions)

	Existing	Alt 1	Alt 2	Alt 3
Operating Costs	$16.1	+ $2.4	+ $3.4	+ $2.4
Program Costs	$210.7	-	-	-
Net Change	**-**	**+ $2.4**	**+$3.4**	**+ $2.4**
TOTAL	**$226.8**	**$229.1**	**$230.2**	**$229.1**

Source: HR&A.

Note: Program costs refer to FY 2018-19; operating costs refer to FY 2019-20, due to available data. Operating costs are the sum of all annual salary and benefits associated with the Alternative's economic development staff and are the only costs estimated for each Alternative in this Report – as such, they are not representative of all direct and indirect administrative costs associated with implementation. Figures are rounded. Additional detail on staffing costs are detailed in Appendices B, C, and D.

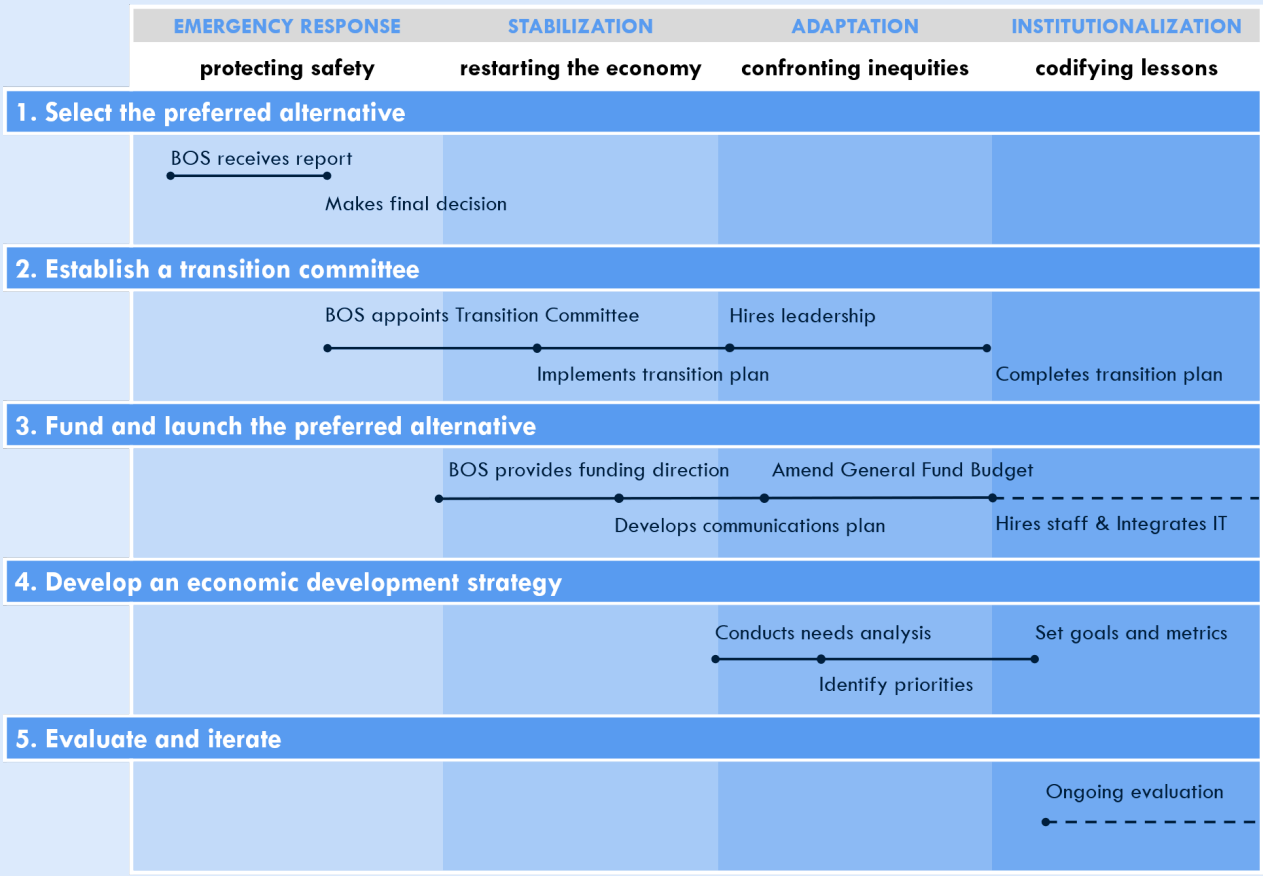
Implementation

Implementing the County's preferred Alternative to optimize economic development delivery will require decisive action, deep collaboration, and a clear strategy. HR&A identified five key stages for implementation of any Alternative selected by the Board, each with a series of milestones as depicted in Figure 7:

1. Select the preferred alternative
2. Establish a transition committee
3. Fund and launch the preferred alternative
4. Develop an economic development strategy
5. Evaluate and iterate

It will be impossible to divorce the County's implementation of any economic development delivery efforts from the devastating impacts of the COVID-19 pandemic. As the County experiences severe unemployment and business closure, there will be an unprecedented need for a coordinated economic recovery. The County has already established an Economic Recovery Task Force to lead this effort. Implementation should align with the four phases of recovery: emergency response, stabilization, adaptation, and institutionalization. The implementation framework is discussed in detail in Chapter 6.

Fig 7. Implementation and Recovery Framework



Source: HR&A.

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Context

Purpose of Study

As the largest county in the country, Los Angeles County plays a critical role in addressing the economic security and mobility of residents in both the unincorporated areas and in the County's 88 cities. The County is in a prime position to equitably improve the livelihood of County residents through its workforce programs and economic development strategies, serving to increase employment and business activity, drive new tax revenues, spur development in high-growth industries, and plan ahead for future structural economic changes.

In its February 5, 2019 motion on this subject, the Board observed that currently, the County's workforce and economic development efforts are effective but could benefit from further consideration with regard to structure. As the end of the LAEDC's Strategic Plan's timeframe (2016-2020) approaches, the Board noted that the County should assess its progress and begin to develop a long-term roadmap.

The Board further noted that the County's economic and workforce development programs should be seamlessly coordinated and integrated to increase efficiency and optimize impact, consistent with many jurisdictions that have consolidated economic and workforce development efforts (e.g. Orange and Riverside Counties, and the Cities of Los Angeles, San Francisco, and Oakland). Still others have distinct and separate offices for economic development and workforce (e.g. San Bernardino County and New York City), while some cities, such as Chicago, house workforce under a social services department.

Accordingly, the Board motion directed the Chief Executive Office (CEO) to assess overall County infrastructures in order to develop a coordinated and thoughtful approach to workforce training, job development, and economic development. Concurrently, a separate report led by UC Berkeley's IRLE would assess the County's workforce development system and additional opportunities for collaboration.

The County already administers a variety of services and initiatives related to workforce and economic development, through multiple roles:

1. Serves as the effective municipality for the 1.05 million people in the Unincorporated County (UIC) areas;
2. Works indirectly with cities as the conduit for many federal funding sources; and
3. Adopts Countywide strategies for regional and sector-based approaches – including, in 2016, a five-year strategic plan produced by Los Angeles County Economic Development Corporation (LAEDC).

As the County enters a new phase in its history, it is poised to reconsider how to better coordinate its approach to workforce and economic development. At the direction of the Los Angeles County Board of Supervisors, HR&A Advisors, Inc. (HR&A) has been working with the CEO to evaluate the County government's current economic development programs and services and to recommend an alternative organizational structure to better optimize the delivery of such services for the benefit of the County's residents and businesses.

HR&A's Role & Methodology

Over the course of eleven months, HR&A led discussions with over 30 key County staff and external economic and workforce development stakeholders, organized an online survey to gather additional insights from external County partners, and conducted an organizational diagnostic that inventoried all of the County's current economic development programs, services and partners. HR&A's work also included national benchmarking research, which included discussions with leaders of economic development organizations in some of the country's largest metros, to understand how other counties and municipalities are organized. HR&A's analysis, while focused primarily on economic development, was also conducted in coordination with a concurrent study by UC Berkeley's IRLE on alignment within the County's workforce development services.

The HR&A team's review and institutional knowledge of the County's challenges to deliver economic and workforce development effectively highlight the need for reform. In order for Los Angeles County to remain an internationally competitive and economically vibrant region, the County needs to organize itself accordingly.

In light of this new opportunity with the Board of Supervisors and the CEO, the purpose of this Report is to set forth a proposed new organizational model for an economic development delivery structure and to recommend specific actions to implement the new approach. As such, the remaining sections of this Report include the following:

Existing Conditions in LA County
This section summarizes the results of a detailed review of the County's existing economic development resources and responsibilities. It is based on significant outreach, research and analysis that consisted of:

1. ***Stakeholder Conversations.***

HR&A conducted in-person, confidential interviews with 30 stakeholders within the County and leaders of external organizations (see Appendix H).

2. ***Online Stakeholder Survey.***

The HR&A team designed and fielded an online survey (Appendix I) that was sent to over 100 local economic development entities and individuals. The survey received over 60 responses, with 17 from the County and the rest from external partners.

3. ***Organizational Inventory and Partnership Assessment.***

Based on the interviews and supplemental reviews of budgets and other documents, the HR&A team analyzed the programs, budgets and staffing data for 11 County departments that have either a direct or indirect responsibility for economic development programs. This analysis also consisted of analyzing external organizations who either contract or partner with the County for economic development programming.

County Economic Development Best Practices
This section summarizes lessons learned and identifies critical success factors for Los Angeles County from HR&A's experience and research, and provides an overview of economic development organizational models employed in four other cities and counties, as well as a comparison of the models based on a number of quantitative and qualitative factors.

Findings and Recommendations

This section summarizes the key themes of the previous two sections, and how the lessons learned during previous analysis informed the final organizational alternatives.

Organizational Alternatives

This chapter presents the HR&A team's recommendations for a new organizational design for providing economic development services and deploying – and redeploying – related resources in Los Angeles County. These recommendations are based on the lessons learned from previous city reorganization attempts, best practices from other cities, the results of the wide-ranging interviews with key constituencies in Los Angeles, and the HR&A team's extensive experience providing economic development services throughout the United States. This chapter makes recommendations for the allocation of economic development and workforce development responsibilities and authority for deployment of resources for the three proposed organizational structures. It also presents recommendations for the financial and governance framework which would help ensure the success of the new model.

Implementation and Next Steps

The final chapter of this Report provides an action agenda for implementing the HR&A team's recommendations. It includes a summary of the key steps, actions and associated timeline required to form, staff and launch the operation of the three proposed organizational structures within a framework focused on just and equitable development as well as recovery from COVID-19.

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Existing Conditions

Economic Development in Los Angeles County Today

The organizational structures proposed here are a continuation of the shifting idea of what constitutes "economic development" in the County. Understanding the history of the County's economic development initiatives and priorities is critical to understanding its current services and structure. To this end, this section provides a brief outline of events from the relatively recent past critical to this Report's inventory of LA County's economic development departments, services, programs and partnerships.

Beginning in the early 1980s, the County changed several aspects of its organizational structure in order to clarify the departmental locations of services related to economic development: community development, workforce development, and redevelopment services. Through a Board Motion in 1981, the County established the Los Angeles County Economic Development Corporation (LAEDC) – a private, public-benefit non-profit whose mission is to attract, retain and grow businesses throughout the County. The LAEDC is situated outside of County government, and its operations rely on private sector members working in coordination with government officials. In 1982, the Community Development Commission (CDC) was formed through the consolidation of the Housing Authority, the Community Development Department, and the Redevelopment Agency, although the Housing Authority was still a separate legal entity.

For the next thirty years, there were few structural changes to the way the County delivered economic development. During this time, the County provided LAEDC with funding to support its programs, and the CDC managed the Redevelopment Agency and its tax increment funding and other state and federal programs (e.g., CDBG and HOME) to fund place-based programs. The CDC did not receive County General Fund dollars and as a result, its coordination with other County departments and the Chief Administrative Office (the entity which was later renamed the Chief Executive Office) was more limited.

After establishing the CDC and LAEDC, the County changed very little of its economic development organizational structure until the early 2010s, when it became a higher County priority. In 2010, approximately 30 years after its founding, the LAEDC issued its first "Five Year Economic Development Strategic Plan" for the County. The strategic plan was focused primarily on workforce development and recovering from the 2007-2009 Great Recession. In 2012, the California legislature dissolved all Redevelopment Agencies statewide, resulting in the operations of 71 County RDAs being reassigned to Successor Agencies.

Within the last five years, the County initiated two major economic development strategic initiatives, but without establishing a clear execution plan or securing universal buy-in. In 2015, the Board of Supervisors adopted a motion to establish a County-wide economic and community development program, and LAEDC released another Five-Year Economic Development Strategic Plan for the County (2016-2020). While LAEDC's plan articulates economic development goals with a focus on industry clusters and entrepreneurship, it lacks specific steps for the County government to implement its aspirations, making it more of a summary of potential than a policy guide. That same year, the County made more prominent its small business services, by moving the Office of Small Businesses from the Internal Services Department into a newly-minted Department of Consumer and Business Affairs (DCBA).

In the absence of a specific implementation plan for the Countywide strategy, the Board of Supervisors began to adapt a series of economic development motions. In 2016, the Board formed a new committee to provide input on policy and implementation of economic development: the Economic Development Policy Committee (EDPC). The EDPC also is responsible for implementing economic development strategies, coordinating workforce development programs, and developing a scorecard of economic development metrics. That same year, the CEO's office established its Economic Development Division, to better coordinate increasing directives related to economic development that had previously been handled by the CEO's Asset Management division. The CEO-EDD issued its first Economic Development Scorecard in 2017.

In the last few years, the Board of Supervisors adopted motions in response to reports and studies on various economic development focus areas, such as evaluations of organizational structures for workforce development, economic development and aging programs within the County government (2018-2019), and follow-ups on the Los Angeles County Bioscience Initiative (2019), which reviewed LA's efforts since 2015 to become a bioscience hub. These motions coincide with significant restructurings within the County government, including the rebranding of the Community Development Commission and the Housing Authority of the County of Los Angeles (HACoLA) as the Los Angeles County Development Authority (LACDA) in May of 2019, with the Board of Supervisors serving as Commissioners who also set the policy agenda. LACDA is currently responsible for the development of a five-year, Countywide "Comprehensive Economic Development Strategy" (CEDS) for 2019-2023. The document, still in draft form as of this Report, primarily identifies capacity-building efforts towards economic development, through various partnerships with entities external to the County. A CEDS is required for the County to be eligible for programs funded by the U.S. Economic Development Administration (EDA).

Key Challenges and Service Gaps

As part of HR&A's analysis, the consulting team worked closely with senior County leadership and external stakeholders to confirm the existing structure and functioning of the County economic development system, challenges faced by the County in delivering economic development services, and potential opportunities to improve the current system. The information developed during this phase of work ultimately informed HR&A's recommendations for delivering more optimal services and programs. Through conversations with more than 30 individuals working within and outside the County, the following recurring themes emerged:

The scale of the nation's most populous County makes economic development service and program delivery particularly challenging.

Not only are the County's governmental operations massive, but the geographic scale and diversity of Supervisorial Districts means that economic development needs and opportunities vary dramatically across the County. In addition, the County's role in economic development is further complicated by its responsibilities to provide municipal-type services to dozens of unincorporated communities, while also fulfilling its statutory role as a provider of health, welfare and justice services to 10 million County residents, managing massive Countywide infrastructure systems, and coordinating with independent economic development initiatives undertaken by 88 incorporated cities, particularly the City of Los Angeles.

The County lacks a well-coordinated economic development organizational infrastructure.

The County's economic development roles and responsibilities are dispersed across multiple departments and there is weak collaboration among them. Numerous parties noted that the various departments are "siloed" from one another, and that coordination by the Chief Executive Office's Economic Development Division ("CEO EDD") is limited by a lack of clear authority and resources to manage the overall effort. In addition, its staff resources are overwhelmed by a constant flurry of Board motions to investigate new ideas and initiate new programs.

The County government lacks a clear strategic economic development plan or policy vision.

Interviewees remarked that the Board's policy emphasis for economic development has largely focused on economic mobility for underserved populations as opposed to growing the business sector, which is often related to workforce development programming. Although there are nascent economic development strategies and plans, including a five-year economic development strategy and annual report card that measures existing economic development programs prepared by the LAEDC, none of them include clear, implementable direction. As a result, because there are no clear priorities, there is no clear structure for implementation including actional outcomes that can be monitored over time.

The County has some strong programs which support economic development, but they are out of scale with the size of the County.

Interviewees spoke highly about several programs and services performed by key County entities, in particular DCBA's small business services and LACDA's transaction-oriented work. However, compared to other high-performing governmental economic

development organizations across the U.S, the scale of these programs is very small in proportion to the scale of County business needs and many routine economic development programs, such as business attraction and retention are uneven or not evident. However, according to several interviewees, it is not clear that an economic development delivery system for Los Angeles County should necessarily resemble those in other areas.

There was no clear consensus from interviewees about the appropriate organizational structure that can optimize the delivery of economic development services and programs in L.A. County.

As described later in this memo, multiple general approaches were mentioned by interviewees. These and other possibilities were investigated further by HR&A in following phases of analytical work.

Stakeholders Perspectives

During the summer of 2019, HR&A fielded an on-line survey which was distributed by email to over 150 economic development stakeholders within the County. These stakeholders were identified by representatives from the offices of each of the County's five Supervisors, the CEO-EDD, departmental leadership for departments regularly engaged in economic development activities, and HR&A. The survey was also distributed to senior and mid-level staff in economic-development affiliated County departments.

Of the 65 usable responses to the survey, 17 were completed by County staff representatives. Within this sample, the majority work in senior level management or executive positions (76 percent), and of these, a plurality (41 percent) have worked for Los Angeles County for 15 or more years. The remaining 48 survey responses were completed by external economic development stakeholders not part of the County government. Similar to the County responses, the majority of external stakeholders have held their position for 15 or more years. The most common stakeholder respondents were from regional economic development organizations ("EDOs") and city governments. Other external organizations included community developers and representatives from workforce development or educational entities.

Key themes from the responses include the following:

County staff and external stakeholders are not in total alignment about what the County should be prioritizing in terms of economic development.

Workforce development and equitable and inclusive growth were identified as strong priorities by both staff and external stakeholders, whereas entrepreneurship and regional growth were deprioritized by both. However, there was not clear alignment for most other economic development program and service priorities. For example, job creation was seen as the Board's highest priority by staff, but it was only a medium priority for external stakeholders.

Both County employees and external stakeholders stated that the Board of Supervisors does not clearly articulate its economic development priorities.

This lack of clarity on economic development priorities was reflected most clearly in open-ended survey responses. For example, several County staff respondents articulated a need for either better communication about the Board's priorities and/or creating an internal or external plan to clarify these priorities and confirm the Board's intention to focus on economic development.

County staff agree that financial resources are at least somewhat adequately provided to most current economic development functions, particularly community development and workforce development.

However, staff noted that other functions, including regional growth analysis and business attraction, are not sufficiently funded. Many respondents inside and outside County government stated that the County should increase its funding commitment to economic development overall, potentially through new dedicated sources.

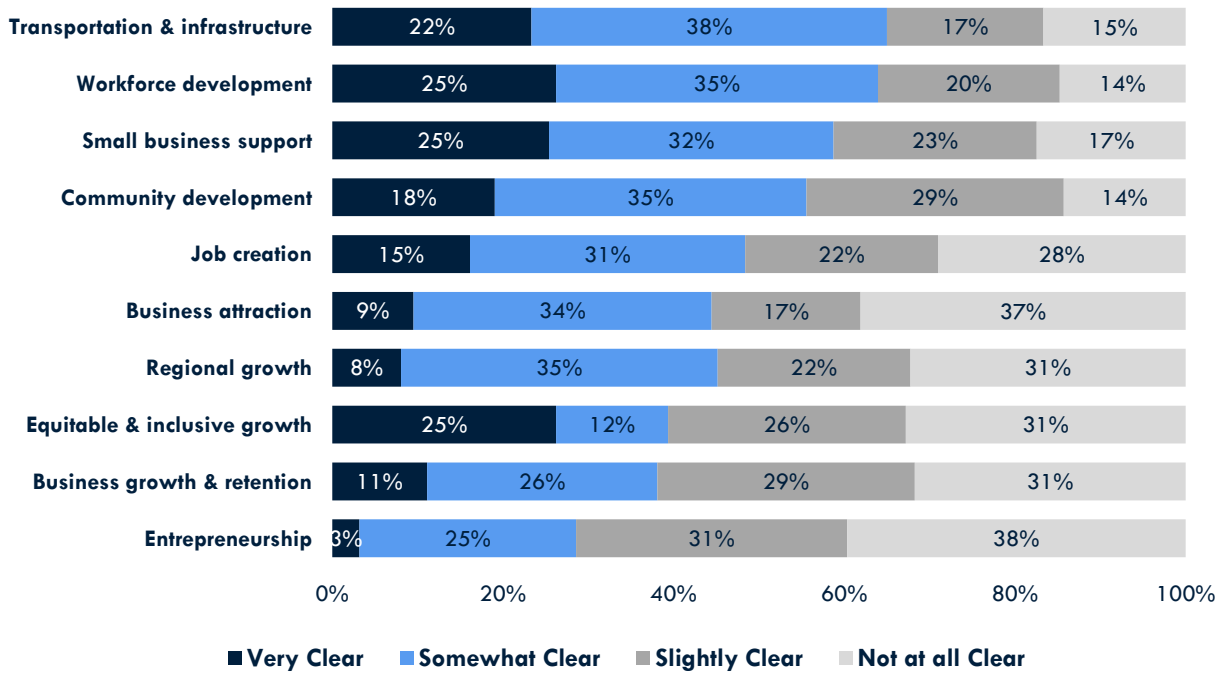
With the exception of workforce development, the majority of external stakeholders noted that the County's economic development programs are ineffective or only slightly effective.

Significantly, around 40 percent of stakeholders surveyed were unfamiliar with the County's programs and unable to provide feedback about the County's performance, suggesting that the County is not adequately marketing its programs and services. External stakeholders noted that the more frequent and effective collaboration with on-the-ground economic development partners would greatly improve the effectiveness of existing programs.

In terms of its organizational performance, survey participants noted that the County does well in ensuring staff diversity and supporting ethics and compliance, but results were mixed for all other functions.

Respondents noted that the County performs particularly poorly when it comes to marketing programs and services and sharing its financial resources and tools.

Fig 8. How well are the Board's economic development priorities articulated?



Source: HR&A.

Organizational Diagnostic

In collaboration with CEO staff, HR&A compiled a comprehensive set of information on budgets, staffing levels, and programs regarding the County's current economic development activities across all entities. County staff also categorized each economic development activity according to a consolidated framework of economic development functions and services from the National Association of Counties ("NACo"). The NACo framework is organized into six economic development functions, which each include a series of more specific services (Figure 9). While there are multiple lenses through which to classify the services typically included within economic development, the NACo framework was chosen as an authority because it particularly focuses on services provided by high-performing county governments. Whether or not LA County's strategic goals for economic development wholly include the services articulated by NACo, the framework provides a way to situate the County's current offerings among similar governmental structures.

Fig 9. Economic Development Services Provided by County Departments

	SERVICES	CEO – EDD	LACDA	DCBA	WDACS
Program Coordination		✔			✔
Strategic Planning	Policy Development	✔			✔
	Cluster Initiatives		✔	✔	✔
	Capital Planning				
Entrepreneurship & Small Business Support	One Stop Business Resource Center			✔	✔
	Business Accelerators & Incubators		✔		
	Financing (Loan Programs)		✔		
	Technical Assistance	✔	✔	✔	✔
Workforce Development	Job Training				✔
	Hiring Programs		✔		✔
	Youth Enrichment				✔
	Technical Assistance			✔	✔
Business & Industry Services	Tourism Development				
	Targeted Industry Marketing		✔		✔
	International Outreach				
	Façade Improvement		✔		
Real Estate Services	Asset Management	✔	✔		
	Real Estate & Infrastructure Development		✔		✔
	Master Planning				
	Transactional Services & Financing		✔	✔	✔

Source: NACo; HR&A.

HR&A found that in total, County departments spend approximately $245M on economic development-related programs and services, and each department tends to focus on one economic development function (see Figure 10). The County also employs approximately 163 full-time equivalent staff who work on the programs or services.

HR&A also assembled a list of the external organizations contracted by County entities to support their economic development services (e.g., contracting with local CDFIs to deliver Business & Industry services). These partnerships, totaling more than 25, illustrate how relationships with external entities can help the County support a wider breadth of programs and services. Lastly, HR&A gathered publicly accessible data from prominent city and regional economic development actors located within the County, to document their budgets and services, and show how their operations may complement the County's delivery of economic development services.

Key takeaways from this analysis include:

Economic development services are provided through multiple County departments, all of which report to the Board of Supervisors, with the CEO providing budget authority.

Each department tends to provide services under one function of economic development, but not necessarily a unique one: for instance, both the Department of Regional Planning and the Department of Beaches and Harbors only provide Real Estate Services. The Board of Supervisors District Offices each also have an economic development deputy who interfaces with regional economic development entities and manages related communications with the CEO. Additionally, the Economic Development Policy Committee (EDPC) serves as a policy workgroup and briefing forum for economic development-related issues prior to their presentation to the Board of Supervisors.

While the County fulfills 90 percent of the economic development services identified in the NACo framework, there are significant redundancies in service coverage by multiple departments.

For instance, Transaction Services & Financing are performed by half of all departments, and Job Training services are provided by six. The only two NACo economic development services not significantly offered by the County are International Outreach and Tourism Development – a finding consistent with comments in interviews with County representatives.

The County relies on contracts with external partners to help fulfill nearly all of the economic development services it provides, with some departments leaning far more heavily on external partners than others.

Most partners are contracted to provide a service that the County department was not already providing – indicating that partnerships play a significant role in expanding the County's offering of economic development services. Additionally, the County may provide a service exclusively through external partnerships, as is the case with Targeted Industry Marketing, and some departments, like WDACS, rely far more on partnerships than others.

Fig 10. Current Program Funding by Department

	STAFF (FTE)	AMOUNT ($M)	PRIMARY NACO SERVICE AREA(S)
CEO EDD	10.0	$3.6 M	Strategy & Policy
DCBA	11.0	$1.5 M	Small Business Services
LACDA	44.2	$44.0 M	Real Estate & Infrastructure
WDACS	55.0	$66.5 M	Workforce Development
DPSS	1.0	$113.0 M	Workforce Development
ISD	5.6	$1.4 M	Workforce Development
Beaches & Harbors	17.2	$3.1 M	Business Improvement
DPW	10.3	$1.3 M	Strategy & Policy; Small Business Services
DRP	0.0	$0.2M	Real Estate & Infrastructure
Arts & Culture	3.0	$1.8 M	Workforce Development
CIO	28.0	$8.0 M	Business Improvement
TOTAL	**185.3**	**$244.4 M**	

Source: HR&A. Source: County departmental budgets FY 2018-19. Figures are the result of each department's self-reporting, as originally featured within the Organizational Inventory and Partnership Assessment portion of HR&A's analysis. They do not necessarily reflect the FTEs subject to alteration within each Alternative structure, which were determined in coordination with the CEO and associated departments as necessary.

three

County Economic Development Best Practices

Best Practices in County-Level Economic Development

As part of assessing existing economic development programs and services, HR&A prepared case studies of successful and innovative economic development organizations in other U.S. counties and major cities to provide a benchmark for inclusion in the overall assessment. These case studies uncovered trends in how countywide economic development programs and services are delivered in other nationally significant economic regions. This benchmarking analysis highlights important organizational features to consider as LA County moves forward to strengthen its economic development service delivery infrastructure.

Municipalities benefit from a deep inventory of best practice evaluations and an overarching consensus on the city's role in economic development, however no such consensus or best practices literature exists for county governments. In some parts of the U.S., such as areas where unincorporated land is nonexistent or sparsely populated, the primary role of county government is to distribute pass-through state and federal funds related to public health and social services. This narrower role is also evident in states that limit county government powers. Counties in Texas, for example, have no zoning powers and little regulatory authority compared to counties in California, and therefore defer economic development responsibilities to municipalities and other regional entities. Elsewhere in the U.S., such as California and Ohio, county governments can and do provide economic development and other municipal-level services to unincorporated areas. As for the division of economic development responsibilities between county and city governments, arrangements differ significantly not only from state to state but within a given county, reflecting variations in municipal capacity and shared service agreements, among other factors. County economic development service provision is a field with few established organizational norms or broadly recognized best practices, which complicates efforts to draw direct comparisons.

LA County stands out as an exceptional case, even among the wide-ranging diversity of county governments. As the most populous county in the U.S. with more than 10.28 million residents, it is almost twice as big as the next most populous county (Cook County, Illinois – 5.2 million residents) and has an unincorporated area population of roughly 1.05 million, a sum exceeding the population totals of all but the top nine U.S. cities. With approximately 110,000 employees, county government is also the largest employer in LA County.[1] LA County's vast and varied geography – from dense urban neighborhoods and low-density suburban cities to sparsely populated desert communities and uninhabited protected lands – results in an array of subregional economies, each with their own economic development strengths and needs.

While LA County's characteristics are not directly parallel with other U.S. counties, HR&A used the following attributes to select a sample of county-level economic development organizations that are relevant as LA County considers alternative economic development delivery systems and organizational structures:

- Nationally significant regional economic hub;
- Excellent collaboration and partnerships;

[1] County of Los Angeles. April 2019. 2019-20 Recommended Budget. Volume 1.

- Strong organizational leaders and/or empowerment;
- Interdepartmental coordination and efficiency;
- Direct oversight or alignment of workforce development programming;
- Industry-specific initiatives;
- Gateway city for international trade and tourism;
- Effective incentive policies and/or programs; and
- Notable accomplishments

HR&A then selected four high performing economic development entities for a more in-depth examination through a combination of research and stakeholder interviews: Riverside County, California; New York City;[2] Miami-Dade County, Florida; and Wake County, North Carolina.

Though none of these entities serve a population the size of LA County, each operates at a sufficiently large scale where applicable lessons can nonetheless be drawn. Miami-Dade and Riverside both rank among the top ten most populous US counties and, if taken in aggregate, the five New York City boroughs are second only to LA County in terms of the number of residents served by a single local government.

The purpose of HR&A's research is to contextualize countywide economic development, illustrate the range of service-delivery approaches that other large counties and cities have adopted for economic development, and provide lessons learned for LA County as it considers future approaches. However, given the variability in counties and the uniqueness of LA County, there is no single economic development service-delivery approach that is the gold standard and could be directly replicated in LA County. Rather, this section shows that economic development is highly tailored to the political and economic realities of a given area. Therefore, the County's approach to countywide economic development may learn and borrow from the lessons of these case studies but should ultimately be tailored to the LA County context.

[2] New York City is in the unique position of being a municipality that encompasses five county equivalents, the five boroughs. Its population size, economic importance, and governance responsibilities are also sufficiently similar to those of Los Angeles County to warrant inclusion in this analysis.

Countywide Economic Development Functions and Responsibilities

Through research on the four case studies selected as well as a scan of other county level economic development organizations, HR&A found that, at the county-scale, approaches to economic development typically fall into four categories:

Centralized "In-House" Economic Development Department, which concentrates most economic development functions under one public entity, staffed by County employees and embedded within the County government structure. Riverside County is an example of this approach. It is worth noting that such structures are uncommon outside of California, as many states allocate fewer governance powers and responsibilities to county jurisdictions.

Publicly-Affiliated Nonprofit Entities, which are separate from county government and have separate funding streams, but are controlled by county leadership, as is the case with New York City.

Privately-Controlled Nonprofit Entities, which are independent from county government and self-financed. Such entities may contract with the county, receiving financial support in return for executing specific public services, but are not directly supervised by county leaders nor employ county staff. In Miami-Dade and Wake counties, economic development functions are organized through this structure and have close institutional ties to regional chambers of commerce.

Few Countywide Economic Development Services or Coordination. In much of the nation, including major economic hubs such as Silicon Valley, Austin, and Boston, economic development activities and functions are organized at the municipal level or by non-governmental entities without a significant countywide role. County government is a minor player in these landscapes, supporting economic development objectives principally through land use and infrastructure investment decisions.

As shown in Figure 11, the four case studies undertake responsibility for different combinations of economic development functions – the mandate of Wake County Economic Development (WCED) is narrower than that of Riverside County, for example. The choice of organizational structure reflects these differences in programmatic breadth, with more complex organizational mandates requiring higher levels of per capita resources and more direct oversight. Annual budgets vary from just over $210,000 per 100,000 residents in Wake County, which primarily focuses on business attraction/retention and regional marketing, to almost $8 million per 100,000 residents for NYC EDC, which manages complex real estate transactions and capital projects on behalf of New York City. These differences are also reflected in staffing size. Organizations with a more limited scope require less staff than organizations with multiple departments and divisions that are responsible for a wide variety of economic development services.

Fig 11. Economic Development Responsibilities and Resources

	Riverside County	New York City	Miami-Dade County	Wake County
2018 Population (Total)	2,450,700	8,398,700	2,761,600	1,092,300
2018 Unincorporated Pop.	393,400	N/A	1,200,200	246,200
# of Municipalities	28	5	34	12
Lead Economic Development Agency	**Riverside Economic Development Agency (EDA)**	**New York City Economic Development Corporation (NYCEDC)**	**Miami-Dade Beacon Council**	**Wake County Economic Development (WCED)**
Organizational Form	County Dept.	Non-profit	Non-profit	Non-profit
Approach to County Economic Development	Centralized 'in-house'	Publicly-affiliated nonprofit	Private nonprofit	Private nonprofit
FY 2017 Budget	$108,344,136	$678,457,000	$5,447,750	$2,200,000[3]
Per capita	$48.73	$79	$2.02	$2.10
FTEs	236	455	25	10
Business Attraction& Retention	**Riverside EDA**	**NYCEDC**	**Miami-Dade Beacon Council**	**WCED**
Regional Marketing & Branding	**Riverside EDA**	NYC + Company	**Miami-Dade Beacon Council**	**WCED**
Business Support	**Riverside EDA**	NY Dept of Small Business Services	Miami-Dade County + Municipalities	City of Raleigh
Entrepreneurship	**Riverside EDA**	Dept. of Small Business Services + NYCEDC	Miami-Dade County + Municipalities + Beacon Council	Innovate Raleigh + WCED
Workforce Development	**Riverside EDA**	Dept. of Small Business Services + NYCEDC	CareerSource South Florida	Capital Area Workforce
Infrastructure	**Riverside EDA**	Dept. of Transportation + NYCEDC	Miami-Dade County + Municipalities	Wake County + Municipalities
Real Estate Development	Riverside County + Municipalities + Riverside EDA	**NYCEDC**	Miami-Dade County + Municipalities + Beacon Council	Wake County + Municipalities
Strategic Planning	Riverside County	Mayor's Office + NYCEDC	**Miami-Dade Beacon Council**	City of Raleigh + WCED

Peer agency is primary responsible
Peer agency is partially responsible
Peer agency is not responsible

Source: HR&A.

[3] Wake County's total budget reflects available data from FY 2016, and also incorporates operating expenses for the Greater Raleigh Chamber of Commerce.

LA County's current organizational structure does not fit neatly into one of the four approaches described above. As discussed in detail in the separate HR&A *Organizational Inventory and Partnership Assessment,* LA County does not have a singular economic development department but does administer many economic development programs "in-house" across a dozen different departments, including the quasi-independent Los Angeles County Development Authority.

Business Attraction and Retention

In all four case studies, the county economic development entity serves as the primary organization responsible for county-wide business attraction and retention, taking responsibility for convening and coordinating with other jurisdictions and organizations as needed in order optimize their region's competitiveness. Activities include site selection management, coordination of incentives, assembly of bid documents, referrals, and other executive deal-making activities. **Institutional agility, highly skilled staff, and strong internal and external relationships are key** for the successful execution of this function. In Riverside County, for example, the EDA's initiative and ability to get approvals within 24 hours for a single-employer job placement fair was the principal factor in the attraction of a major new distribution center. This consistency among the case studies is all the more striking because neither LA County government nor any other economic development actor within the county serve in a comparable role. What limited coordination does occur is being led primarily through the Board of Supervisors' offices and, to some degree, the Economic Development Policy Committee.

Regional Marketing and Branding

In three of the four case studies profiled, the organization's business attraction responsibilities naturally dovetail with regional marketing and branding activities, the necessary precursor to orchestrate negotiations with specific employers. In each of these three cases, the county-wide economic development entity was the only local organization with a sufficiently broad geographic mandate and industry knowledge to **represent the region's full breadth of economic development interests nationally and abroad.** In LA County, the actors that do take on some of these activities – including the City of Los Angeles and the Los Angeles Chamber of Commerce – are not in a position to speak to the full range of regional opportunities available.

Strategic Real Estate Transactions/Development

In New York City, by contrast, NYCEDC is one of many entities involved in facilitating the economic competitiveness of the five boroughs, and as such does not need to step into the role of regional marketing coordinator, which is assumed by a separate entity called NYC + Company. Instead, building on its strengths and expertise in site selection and business attraction activities, NYCEDC also **oversees all public real estate transactions and strategic development** within the five boroughs. None of the other three case studies or LA County have a single, centralized entity serving in such a role, translating overarching values into concrete changes in the physical environment. It is worth noting that, with its oversight over sizable transportation, housing, and other real estate assets, LA County has the necessary resources to serve as an important catalyst for economic development through redevelopment and significant real estate transactions.

Localized Services and Support

It is also important to note the economic development functions for which the four case studies are not responsible. None of the three nonprofits studied serve as their region's core provider of small business support, entrepreneurship assistance, workforce development, or infrastructure investment. These

economic development functions are undertaken by individual municipalities, workforce investment boards, area chambers of commerce, or a suite of smaller, more specialized economic development actors. The county-level economic development entities limit their involvement to referrals, coordination, and convening those who administer these more specialized programs. This clear delineation of responsibilities allows the county-wide economic development entity to **focus on overarching regional economic competitiveness**, while relying on partners to administer more localized and/or more targeted economic development support and services.

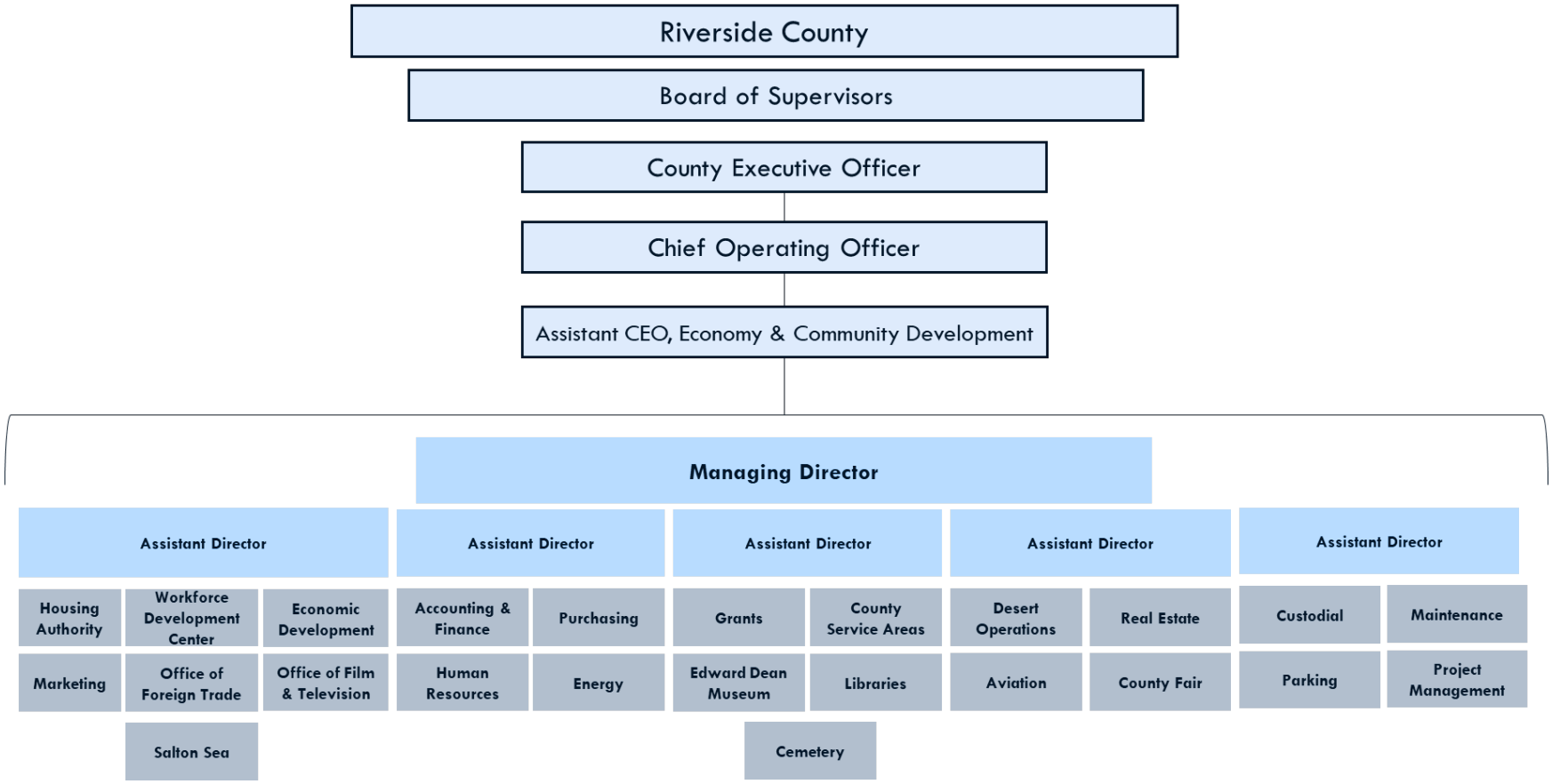
The exception is Riverside County, which takes a centralized 'in-house' approach to economic development. Riverside County EDA takes an exceptionally broad and holistic interpretation of economic development: all county touchpoints that have the potential to improve the region's attractiveness and the job competitiveness of its residents – including libraries, workforce centers, parks, and housing authority assets – are considered economic development tools and are included in broader countywide strategic planning. This centralized approach allows for **powerful coordination and alignment of county resources in support of regional economic development priorities**. However, these significantly expanded responsibilities require a correspondingly larger budget and complex staffing structure compared to the nonprofit organizational models, as well as exceptionally strong leadership able to cut through the constraints that limit government flexibility elsewhere.

The organizational structures for economic development entities ultimately informed HR&A's final recommendations for LA County. For example, Riverside County's economic development services are run out of a centralized county department, the Economic Development Agency (EDA). With nearly 230 employees, the EDA is run by an assistant CEO appointed by the County Board of Supervisors and overseen by the County Executive Officer and Chief Operating Officer. The Assistant CEO is supported by a managing director, five assistant directors, and nine deputy directors, all of whom have sufficient subject matter expertise and decision-making power to initiate programmatic restructuring and realignment as needs and opportunities arise. The EDA is organized into 24 different divisions, with each Assistant Director overseeing four to seven discrete entities.

Riverside's organizational approach allows the EDA to effectively delegate responsibilities, with the five Assistant Directors working together to form a "strike team" made up of trustworthy, quick thinking staff who are empowered to think strategically and creatively when opportunities arise. The grouping of divisions typically signals the potential for inter-related objectives; for example, workforce development, housing, and economic development all report to the same Assistant Director. When Amazon needed to quickly fill positions at its new distribution center, the Assistant Director for these divisions was able to rapidly coordinate a job fair at a nearby Workforce Development Center during which almost 800 job-seekers were hired in one day.

This also frees up time and capacity for the head of the EDA to hold monthly one-on-one meetings with each Supervisor offering updates on issues of particular interest and brainstorming effective actions in response to Supervisor concerns. Given the EDA's range of functions, Supervisors can receive updates on everything from the Housing Authority to the County Fair through one person, avoiding the multiplicity of meetings that would occur if such functions were more siloed. These meetings ensure that the EDA is sensitive to Supervisors' priorities, enabling its leaders to anticipate potential requests and preempting

Fig 12. Riverside County Economic Development Agency Organizational Chart



Source: Riverside County

the need to govern through the slower, more cumbersome process of Board motions. Regular interaction and demonstration of progress also increases trust, allowing the assistant CEO to offer feedback more frankly than would be possible at a public meeting.

Lessons for LA County

HR&A's research found that there is no widespread consensus about which economic development functions should be undertaken at the county level and which are more effectively administered by municipalities or other partners. However, the case studies demonstrate that high-performing county-level economic development entities operating in nationally significant economic hubs do share a set of organizational attributes and strengths that LA County should consider in deciding which functions to administer in-house and where to locate those functions within county government, including the following:

Proactive Curation of the Region's Economy

Unlike most public administration functions, economic development functions routinely operate on two different time scales: some activities require long-term, consistent program administration while others can be achieved only by organizations adept at fast-paced opportunistic mobilization. A reactive approach to economic development – sometimes informally called "smokestack chasing" – limits an organization's ability to anticipate its workflow and bandwidth, creating an environment where urgent activities frequently commandeer resources otherwise needed to advance important long-term objectives. The four organizations profiled have taken structural steps to protect such resources and **proactively advance a long-term economic vision.** For example, instead of relying on traditional business attraction efforts, NYEDC decided to strengthen its technology-based start-up sector by inviting top tier engineering universities to submit proposals for a new applied science campus; the successful candidate would receive 12 acres on Roosevelt Island and seed investment of public capital. Completed in 2017, the Applied Sciences NYC initiative has more than doubled the number of graduate engineering students and faculty in NYC, and is expected to result in nearly 1,000 spinoff companies over the next three decades.

Proactive Engagement with Elected Leadership

The four county organizations studied all strive to **maintain highly responsive relationships with elected officials**, in part in order to balance what could otherwise become competing pressures. Regular, frank discussions enable economic development leaders to anticipate shifts in political priorities and flag the business attraction opportunities that merit the direct involvement of elected officials. In Riverside County, the EDA Director meets with each County Supervisor one-on-one on a monthly basis, updating the Supervisor on priorities of particular interest and brainstorming the feasibility and likely effectiveness of various initiatives. In Miami-Dade, the Beacon Council employs government relations staff to keep a finger on the pulse of elected representatives' concerns and develop responses before issues surface in formal motion and resolution processes.

Empowered and Knowledgeable Staff

Activities like business recruitment and real estate transaction deals are more likely to succeed when economic development staff are empowered to be nimble, adaptable, and creative in a short time period. This flexible and opportunistic approach to economic development – a priority of all four case studies profiled – requires leadership to be sufficiently empowered and knowledgeable of the tools at their disposal to initiate adaptable public-

private partnerships and transactions. All four entities profiled have taken steps to preserve such agility, including maintaining executive **"red team" staff with sufficient professional and institutional bandwidth and oversight** to champion new initiatives.

Recognized Role as Regional Convener and First Point of Contact

In all four cases, the credibility and performance of the economic development entity rests on its recognized status as the region's "go to" contact for economic development inquiries. Strong relationships at both the executive and staff level with all other regional economic development actors allow the entity to make referrals when the inquiries are routine and lead a rapid response when the inquiry represents a strategic regional opportunity. As a senior Wake County Economic Development leader noted, **consistent messaging from all significant regional economic development players is key** – including local governments and the Greater Raleigh Chamber of Commerce. Absent a single, generally recognized entity with both the mandate and capacity to take the lead, there is a strong risk that businesses will not connect with the resources they need to thrive. Scarce public funds are then wasted on redundant programs, or even 'zero-sum' competing municipal attraction efforts, which ultimately stall economic development efforts.

Achievable Strategic Plan with Clear Implementation Steps

In determining how to allocate staff and other resources so as to strike the right balance between incremental program administration tasks and opportunistic interventions, leadership benefits immeasurably from a clear consensus on the County's economic development objectives. In each of the counties studied, the economic development entity prioritizes its activities based on a data-driven assessment of the region's economy and a shared understanding of regional trends, gaps, opportunities, and competitive strengths. In Miami-Dade, the Council generates such economic assessments internally. In Wake County, WCED operations are reconfigured every five years in order to adapt to its five-year strategic plan, which translates regional growth projections into industry and geography-specific action items. **Clarity and leadership buy-in on regional and organizational priorities** provides the solid foundation that staff need in order to test potential game-changing innovations (e.g. new partnerships, restructuring underperforming programs) and differentiate between compelling and haphazard business attraction opportunities.

Clarity Regarding County's Role in the Economic Development Ecosystem

Economic development can encompass an unmanageably wide range of goals, activities, and partners. All four of the county entities profiled **focus their areas of responsibility and rely on partners** to carry out particular economic development functions that are important to the region but not a particular strength of the county-wide organization. Selective outsourcing or a referral to more specialized partners not only improves clarity about the County's specific role and strengths – a benefit both to internal staff and outside entities – but reduces program redundancies and inefficiencies. For example, neither WCED nor the Miami-Dade Beacon Council serve as the county's main providers of small business support. Both, however, offer clear direction and referrals to the wealth of resources made available by other entities in the county.

Strong External Partnerships

Finally, all four case studies maintain a matrix of **mutually beneficial relationships with other economic development actors** in the region, including municipalities, workforce organizations, and separate county departments with overlapping interests. These relationships need

not follow an identical template – as a WCED staff member noted, "a small municipality like Cary needs us far more than, say, Raleigh. Our mantra is to 'meet them where they are' and adapt our level of involvement to the capacity of each partner." Nontraditional but uncommonly productive partnerships can emerge between entities that serve overlapping client bases. For example, in the last few years Riverside County EDA has pioneered joint workforce and housing authority service delivery systems, as well as partnerships between the energy and facilities management division to reduce energy costs.

The range of approaches to countywide economic development across the U.S. make it clear that consensus around *what* economic development programs should be delivered at the county level must precede a determination of *how* those services and programs can be delivered most efficiently and effectively. During interviews with stakeholders that are documented in a separate HR&A memorandum previously submitted to the County, opinions varied about the extent to which LA County should engage in traditional economic development programs and services. Duplication of effort is a concern, as many municipalities within LA County already have robust economic development programs in place. Moreover, the County Board of Supervisors' highest priorities pertain to economic mobility, not specific business or industry recruitment or expansion objectives. Some interviewees felt that, given LA County's sizeable budget and broader geographic mandate, there is a missed opportunity to demonstrate leadership and orchestrate concerted impact over the county's economy. HR&A ultimately incorporated lessons from each of these case studies to inform our final recommendations.

four

Findings and Recommendations

HR&A developed recommendations to address challenges observed throughout the preceding analysis, with particular consideration of the following four key components identified as necessary to create an effective organizational structure for economic development, particularly as the County expands its capacity. The recommendations are also included in Section 6 of this Report which lays out the necessary phasing for implementation.

Mission and Vision: Lack of Clear Strategic Priorities

Having a clear process for translating economic development needs into action is the role of strategic planning and policy development. Throughout both the survey process and stakeholder interviews, neither County employees nor external stakeholders could clearly articulate the County's goals or long-term vision for economic development, although stakeholders did note the Board's recent emphasis on economic mobility. Interviewees viewed the County's strategic planning efforts for economic development as deficient. This is despite the fact that the Board adopted an overall strategic plan for the County, a section of which addresses economic and workforce development, and County staff produces an annual Economic Development Scorecard, which measures progress of the County's economic development programs.

The five-year economic development strategy prepared in 2016 by the independent Los LAEDC, while receiving general support by the Board, is viewed by several stakeholders and partners as disconnected from what the County government needs to implement the proposed initiatives. Because the strategy was intended to be broadly supported by all cities within the County, and not specific to the role of the County government, it is viewed as too broad and lacking in actionable direction that would enable the County government to help implement it. However, the LAEDC strategy's focus on selected industry clusters has drawn Board interest and resulted in subsequent analysis of a few clusters that has a more distinct implementation focus. In addition, the LAEDC regional economic forecast is generally viewed as very useful for understanding general economic trends affecting the County.

RECOMMENDATIONS

1.1 Adopt a County government-tailored economic development strategy and implementation plan

1.2 Distinguish priorities of economic development program delivery based on whether they are to be delivered Countywide or tailored particularly to the Unincorporated Areas

1.3 Assign resources (internal or external to the County government) for positions responsible for evaluating the health of the county economy as a whole

1.4 Create an internal prioritization structure that coordinates County and external actors for region-specific initiatives, i.e. geographic economic development "zones"

1.5 Assure that economic mobility is codified into economic development strategy

Leadership: No Clear Leader or Accountable Entity

The County does not have a dedicated department to run economic development programs, and the lack of a strong, central coordinating entity was frequently noted as a weakness. The CEO-EDD is the *de facto* delegator for economic development requests coming from the Board, but its efforts are limited by unclear mission, authority, and resources, the latter of which are challenged by the level of effort required to address "motion sickness" (i.e., the large and unpredictable volume of Board motions, often with short deadlines). The CEO-EDD's leadership position has not been clearly defined as having authority to go beyond the implementation of Board-directed policies. Historically it has not been the CEO-EDD's role to set policy, only to implement it and provide budget oversight. But, some Deputies expressed a desire to have more ideas "percolate up" to the Supervisors, rather than simply having a unidirectional downward policy relationship.

Numerous interviewees also used the term "silos" to describe how the County entities work independently and collaborate infrequently. The relatively new Economic Development Policy Committee is viewed as a useful forum for returning recommendations to the Board but too large to serve as a collaborative policy or implementation body. There is a lack of proactive collaboration across departments, and some departments working in the same policy space are unaware of programs and services delivered by other departments. In interviews, business outreach and workforce programs often came up as a blind spots for some departments, not recognizing the work being done by or the supportive capacity of other departments. Relatedly, some interviewees pointed out that apart from the CEO-EDD, individual departments (e.g. WDACS, DCBA, and LACDA in particular) do not have the authority to "bring others to the table" on specific issues that would benefit from collaboration. The UC Berkeley IRLE report takes particular note of the lack of alignment among workforce development services, which also has implications for the efficacy of economic development.

RECOMMENDATIONS

2.1 Establish a leadership position able to coordinate, reconcile, and implement a single County vision across all Supervisorial Districts – one that is enabled to represent and market the County's holistic vision to outside entities and potential collaborators

2.2 Create distinct processes for whether an initiative is deemed "countywide" or whether it is taken up as the responsibility of an individual district

2.3 Establish technological systems or protocols for cross-departmental information sharing

2.4 Establish a feedback mechanism between County staff and external partners to inform service delivery and strategic planning

2.5 Create an organizational structure to assure alignment among workforce and economic development (in accordance with IRLE's specific recommendations)

Resources: Limited Services, Programs, and Talent

While the County fulfills 90 percent of the economic services identified in the NACo framework, there are significant redundancies in service coverage across departments, and stakeholders and partners agreed that not all County economic development services are created equally. For instance, while stakeholders praised the County's small business programs, there is still limited support for small businesses seeking to open in unincorporated areas, and bare to minimum provisions for County-level tourism development and international outreach services.

The County also currently underfunds economic development relative to its scale. Departments spend approximately $245M on economic development-related programs and services, the majority of which is dedicated to federal workforce programs in DPSS and WDACS. However, the scale of the County's economic development programs is disproportionate with its size and corresponding needs – LACDA's nascent bioscience revolving loan program is funded at only $3 million annually, a drop in the bucket of the County's multi-billion-dollar annual budget, and for a key regional growth industry. Based on the latest population estimates the County spends $24.20 per capita on economic development, with $18.35 per capita devoted to Workforce Development and only $5.85 per capita for all other economic development services. This lags significantly behind some of the County's largest municipalities, including the City of Los Angeles and Long Beach.

The County, on the whole, also lacks in-house economic development-related subject matter expertise. Most CEO-EDD staff lack prior economic development experience and GIS capability, necessitating outsourcing to other departments, particularly the Department of Regional Planning. LACDA has experience implementing specific programs (e.g., loan servicing, community resource centers, etc.), but much of the County's implementation planning for economic development relies on external consultant support.

RECOMMENDATIONS

3.1 Align the strategy for distributing state and federal pass-through funds with County priorities

3.2 Identify a clear framework for evaluating County expenditures to ensure alignment with economic development priorities and strategies

3.3 Establish a core team of skilled economic development professionals to execute strategic studies and react to ad hoc opportunities and Board initiatives

3.4 Consolidate workforce and economic development programs and services under a single or reduced number of departments

3.5 Establish a program to attract tourists and international investment in LA County to complement and reinforce LAEDC's existing programs and those of other cities and organizations

Collaboration: Insufficient Coordination and Underleveraged Partnerships

The County relies on contracts with external partners to help fulfill nearly all of the economic development services it provides, with some departments leaning far more heavily on external partners than others. Here, "partners" are those organizations that are contracted to fulfill the County's economic development programs. All departments that deliver the bulk of the County's traditional economic and workforce development programs and services contracted external partners to fulfill at least one service, and partners support all of the NACo functions in some form. Most partners were contracted to provide a service that the County department was not already providing – indicating that partnerships play a significant role in expanding the County's offering of economic development services.

This allows County departments to provide more services than their titles may suggest (i.e., how WDACS contracted the Robert Enterprise Development Fund to provide Transaction Services and Financing). However, stakeholders and outside partners noted that these contracts are often underleveraged. These external partners typically have strong relationships with individual Board offices, but do not frequently interact with any of the departments who manage or operate economic development programs.

RECOMMENDATIONS

4.1 Coordinate DRP, DPW, and LACDA operations to locate direct unincorporated county business services in accessible locations throughout the County

4.2 Formalize agreements (such as through intergovernmental agreements) with significant external entities such as the City of Los Angeles and LAEDC

4.3 Leverage economic development organizations as leaders of subregional, or "zone," policy development and implementation, potentially through a distinct advisory and/or implementation role

4.4 Conduct a detailed scan of services already being provided by cities to limit redundancies

4.5 Partner with the private sector to facilitate connections with high-growth industries and advance industry cluster initiatives

five

Organizational Alternatives

Introduction to the Alternatives

Interviewees within HR&A's stakeholder conversations presented various views on what an optimal economic development delivery system should be to meet the County's economic development needs and priorities. These conversations, in conjunction with all prior phases of analysis, informed HR&A's workshopping of multiple organizational models with the CEO's office in the fall of 2019. HR&A ultimately pursued three organizational alternatives to develop further and estimate their associated costs. The following organizational structures are the result of multiple iterations with the CEO and Sara Hinkley at UC Berkeley's IRLE, the leader of their concurrent report on workforce development alignment.

Each alternative seeks to address one, or more, of the major challenges facing the County's current organizational structure, while also helping the County prepare to potentially make further changes to its suite of economic and workforce development programs. As discussed in this Report, the additional costs for each alternative structure represent only the ongoing costs associated with salaries and benefits for recommended new staff, and do not include all direct and indirect administrative costs associated with their implementation.

ALTERNATIVE 1

Enhanced CEO-EDD

Investing additional resources in the CEO-EDD position to ensure that it has the mission, authority, and capacity to harness other County departments together into a more effective delivery system.

ALTERNATIVE 2

New Economic and Workforce Development Department

Creating a new County department to bring existing economic development functions and services together under one department.

ALTERNATIVE 3

Enhanced CEO-EDD with Consolidated Workforce Development

Enhancing the CEO-EDD as in Alternative 1, while also relocating workforce development resources to DPSS to improve countywide coordination and alignment.

ALTERNATIVE 1

Enhanced CEO-EDD

Clarify and empower the CEO-EDD's role to guide the County's economic development strategy.

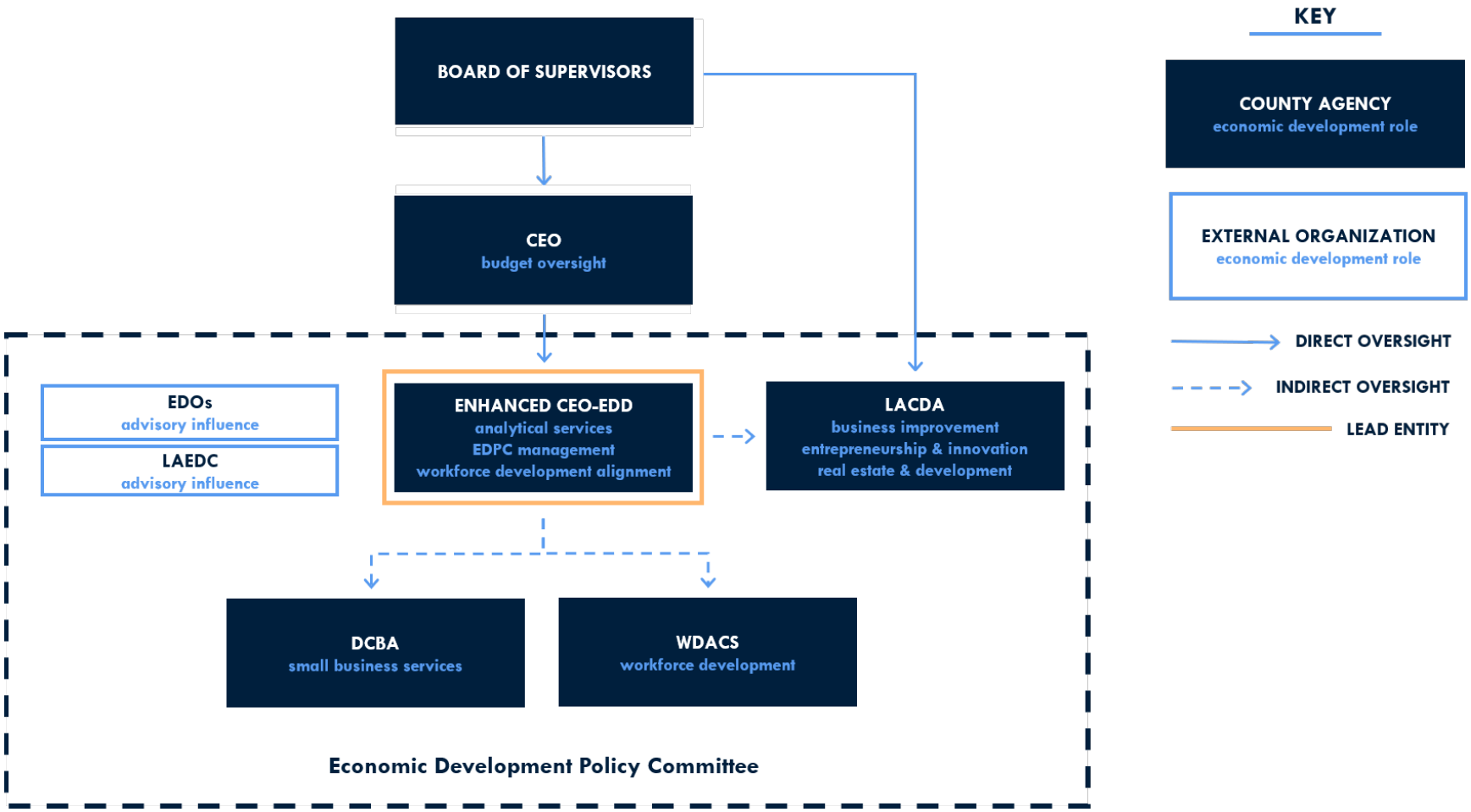
In lieu of a reorganization, this first alternative reflects a scenario in which the County improves upon its current structure for economic development by enhancing the capabilities of the Economic Development Division within the CEO, primarily by improving leadership and oversight in-house.

Alternative 1 vests the existing CEO's Economic Development Division with more power and capacity to determine and implement a Countywide economic development strategy and requires minimal reconfiguration of the County's economic development services. It also includes a new subdivision with responsibility to assure workforce development activities are aligned and constructively coordinated with economic development activities, in coordination with IRLE's concurrent study on workforce development alignment. Increased staff resources devoted to policy and strategic development, as well as empowered oversight of the suite of County economic development services, stands to strengthen the County's ability to implement its economic development services in coordination with overarching strategic goals. Alternative 1 also improves the County's ability to develop cluster initiatives and identify key focus areas for realizing its economic development agenda, primarily by investing in analytical and policy experts. The creation of a new Analytical Services subdivision and a new Deputy Assistant CEO position (Figure 14) addresses the gap in strategic planning and policy analysis and creates clearer leadership hierarchies to facilitate communication and coordination. Formalizing the EDPC's role by establishing a permanent Project Manager position also facilitates interdepartmental coordination and will increase opportunities for collaboration, easing the frustration with organizational silos expressed by County employees.

As shown in Figures 13 and 14, Alternative 1 adds more staffing resources to the CEO-EDD related to strategy, policy development, and economic analysis, while also creating a unit for staffing the alignment of workforce development services. No changes are proposed to any other County departments, and the CEO still provides budget oversight to DCBA and WDACS as primary County departments responsible for the delivery of economic development services. The positions of Senior Manager and Manager are elevated to an Assistant CEO and Deputy Assistant CEO, respectively, to vest more formal leadership in the division. New support staff who provide administrative support roles are also added.

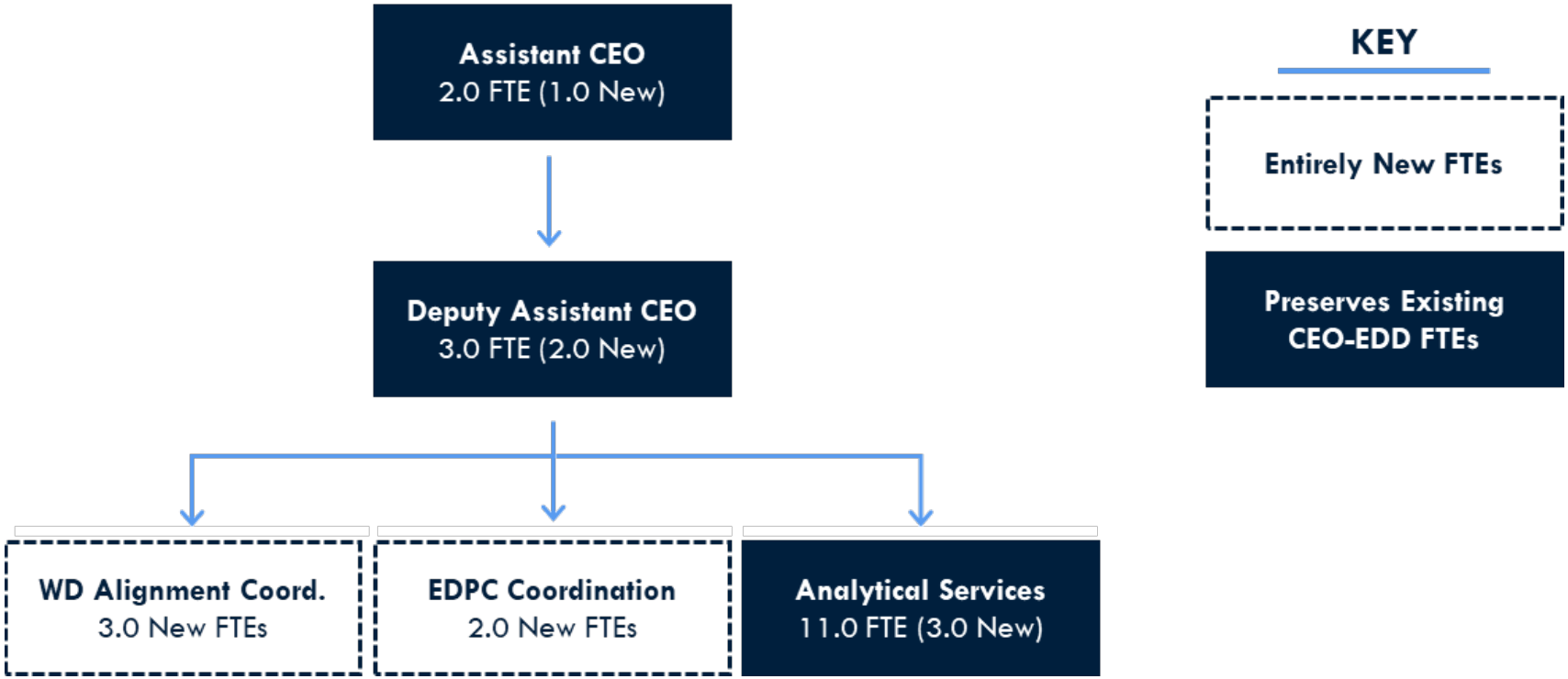
In total, Alternative 1's new staff includes four analysts with expertise in economic and/or workforce development, two coordinative management positions to oversee the EDPC and WD Alignment subdivision, and five support staff in primarily administrative roles. Realizing these staff changes for Alternative 1 will result in a net additional annual cost of $2.4 million to accommodate salaries and benefits (see Appendix B for further detail).

Fig 13. Alternative 1: Enhanced CEO-EDD



Source: HR&A.

Fig 14. Alternative 1 Staff Hierarchy: Enhanced CEO-EDD



Source: HR&A.

ALTERNATIVE 2

New Economic and Workforce Development Department

Create a new department to integrate all economic and workforce development service

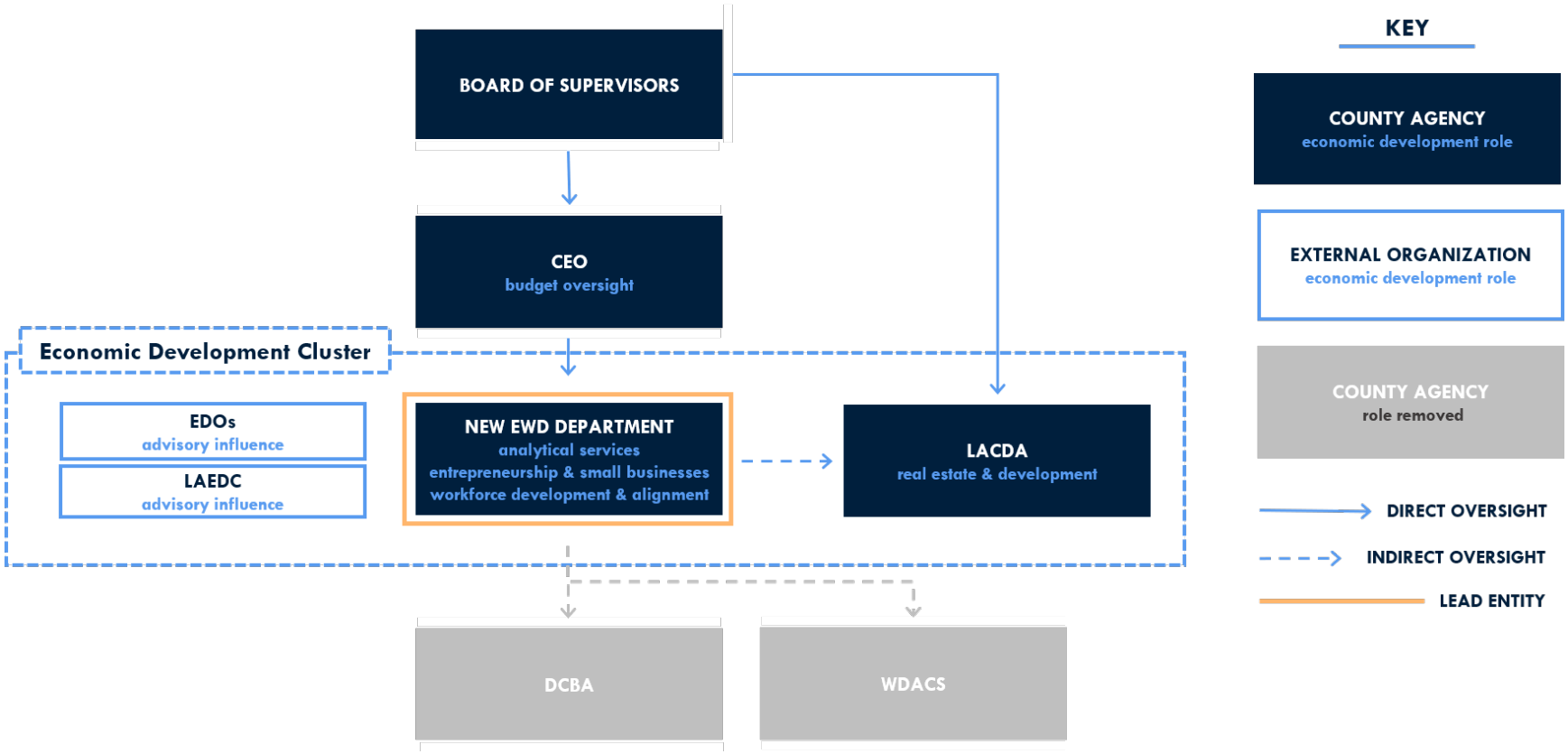
A new standalone department would provide much-needed cohesion to the existing economic development delivery system. The new department could support both economic development and workforce functions, which would address concerns about policy and program alignment expressed by several of the Supervisors.

Alternative 2 integrates the County's economic development services within a new department: the Economic and Workforce Development Department (EWDD). Staff within the CEO-EDD, DCBA, WDACS, and LACDA who are responsible for those departments' economic development services would be transferred to the new department. Once all such staff co-exist within one department, the EDPC's role may be repositioned, now that it no longer needs to serve as the primary coordinative entity – it may pivot to serve as a "cluster agency" that provides opportunities for departments to come together to discuss significant board motions with related deputies. The CEO's office is still responsible for budget oversight of LACDA, which remains an independent non-County entity. LACDA retains its services related to community development, housing, and real estate. The new department is responsible for delivering Countywide economic and workforce development services and can develop strategic directions supported by the input of all associated staff, eliminating organizational silos and increasing collaboration. In addition to streamlining management of services, the new department invests more in policy research and development, housed within a clear departmental hierarchy. Furthermore, co-locating economic and workforce development improves opportunities for the County to align these services and support its economic mobility goals. The new department would improve coordination of services delivered Countywide, by Supervisorial Districts, and in the unincorporated areas by increasing communication among leadership for each service type.

Alternative 2 includes similar staffing additions as featured in Alternative 1 related to increased resources for strategy and policy development, workforce development alignment, and clarified leadership hierarchies (Figure 16). Existing CEO-EDD positions are reassigned to leadership roles in the new department and are responsible for oversight of three subdivisions: Analytical Services, Entrepreneurship & Small Business Support, and Workforce Development. Each subdivision is overseen by a new Chief Deputy position and staffed primarily by relocated economic development staff from LACDA, CEO-EDD, DCBA, and WDACS. New support staff, who serve primarily administrative support roles, are also added to each of the three subdivisions below the Deputy Director.

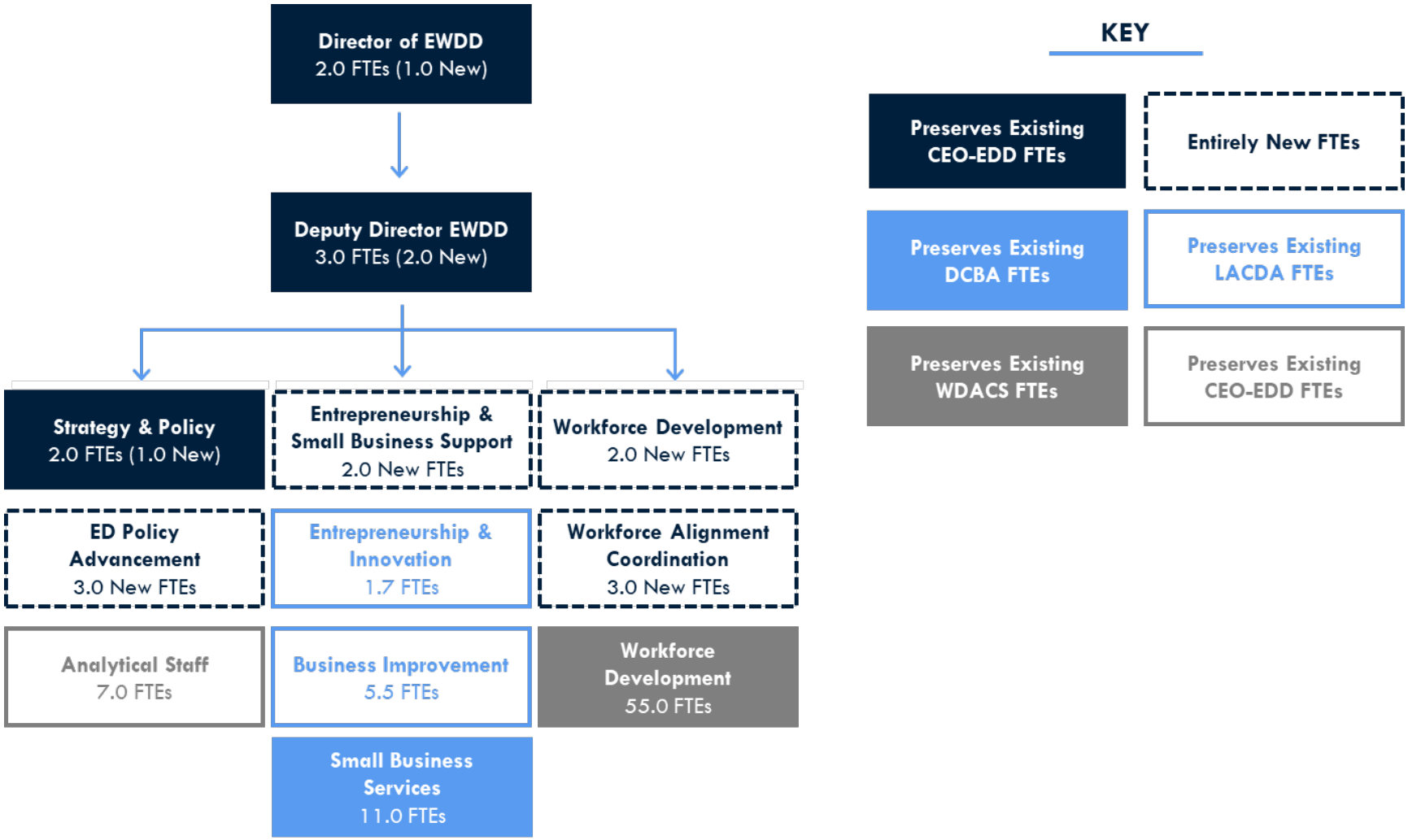
In total, Alternative 2 includes 14 new staff members: three analytical roles with economic or workforce development expertise, five new managerial leadership positions with experience in the program areas they oversee (i.e. Entrepreneurship & Small Business Support), and six new support staff (see Appendix C for further detail).

Fig 15. Alternative 2: New EWD Department



Source: HR&A.

Fig 16. Alternative 2 Staff Hierarchy: New EWD Department



Source: HR&A.
Note: While the 17 FTE Administrative Unit is not included in the above diagram, it is accounted for within all Alternative 2 cost estimates.

ALTERNATIVE 3

Enhanced CEO-EDD and Consolidated Workforce Development

Clarify and empower the CEO-EDD's role to guide County economic development strategy, while consolidating workforce development programs in DPSS.

The third alternative replicates the same changes to the CEO-EDD as described in Alternative 1—enhancing its leadership, strategic development, and analytical capacity to determine and implement a Countywide economic development strategy. Additionally, in coordination with IRLE's concurrent study on workforce development alignment, Alternative 3 includes a new subdivision with responsibility to assure workforce development activities are aligned with economic development activities. By investing in analytical and policy experts, Alternative 3 also improves the County's ability to develop cluster initiatives and identify key focus areas for realizing its economic development agenda.

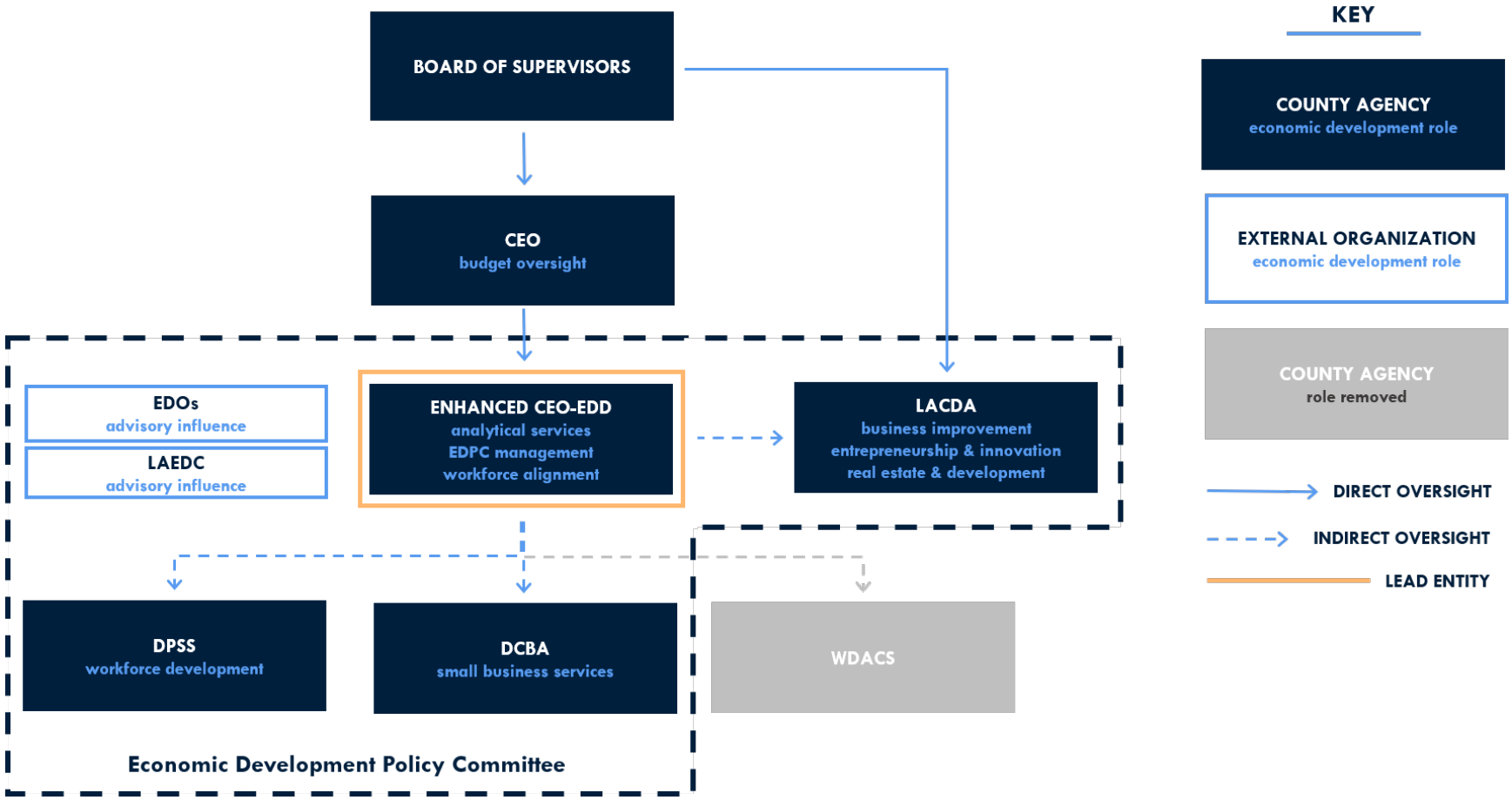
The organizational change unique to Alternative 3 is the relocation of the workforce development resources currently housed in WDACS into DPSS, creating a consolidated unit for workforce development and increasing opportunities to coordinate and streamline program delivery. This integration also serves the outcomes of the parallel Department of Aging study, the result of which may require a new department to house WDACS' workforce development resources. Given the relatively small scale of WDACS' resources, integrating them into DPSS' existing organizational infrastructure is possible, but assuring effective alignment among them will require additional effort, necessitating the role of the temporary Integration Unit (Figure 18).

In addition to the benefits from adjusting the CEO-EDD as in Alternative 1, integrating WDACS' workforce development resources into DPSS' Program and Policy bureau – alongside DPSS' existing core operating responsibilities for workforce development programs – helps limit silos by consolidating related programs while also clarifying departmental roles for external actors navigating County resources, including those clients eligible to move across the spectrum of County workforce development resources. Housing responsibilities for workforce development alignment in the CEO-EDD assures oversight of DPSS' operations while also maintaining a close connection to economic development, as to foster coordination.

Alternative 3 will also involve a temporary "Workforce Development Integration Unit" responsible for overseeing integration within DPSS and coordinating with the Transition Committee to track integration progress. The Unit should be composed of existing County staff with the following capabilities: leadership authority within DPSS and WDACS, workforce development data analysis expertise, and administrative support (approximately 4.0 FTEs in total). Staff should have in-depth knowledge of all services involved in integration as well as their necessary organizational infrastructure. The Unit is disbanded once integration is achieved and stable.

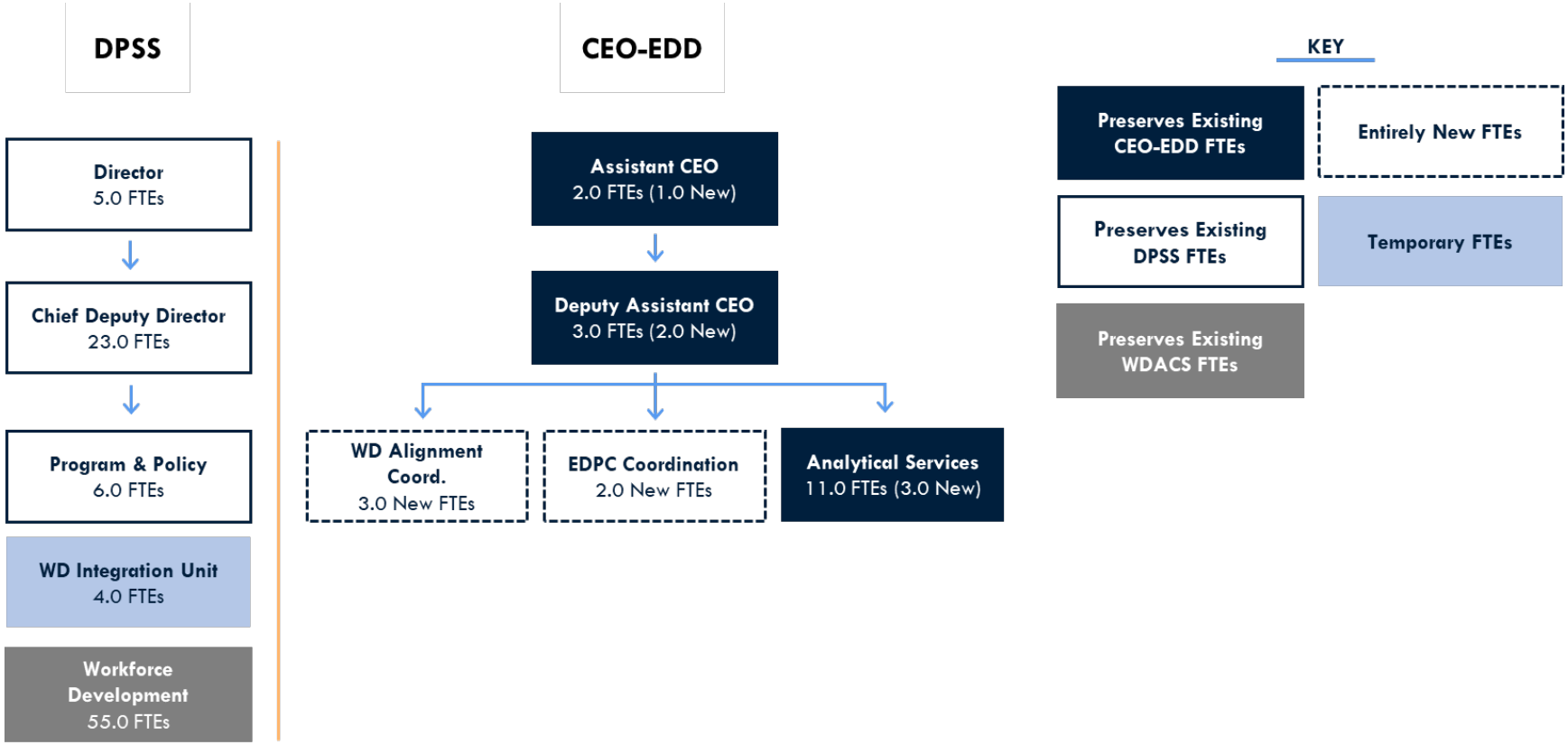
In total, Alternative 3's new permanent staff includes four analysts with expertise in economic or workforce development, two management positions to oversee the EDPC and the WD Alignment subdivision, and five support staff.

Fig 17. Alternative 3: Enhanced CEO-EDD and Consolidated Workforce Development



Source: HR&A.

Fig 18. Alternative 3 Staff Hierarchy: Enhanced CEO-EDD and Consolidated Workforce Development



Source: HR&A.

Salary and Budget Summaries

The budget implications for each Alternative are based entirely on their proposed staffing, as none of them suggest altering the number or scale of economic development services offered by the County. Figure 19 summarizes the changes to the economic development staff for each Alternative, organized by department, and the overall costs. The relatively modest difference in new FTEs among the three Alternatives is consistent with the estimated changes to the County's economic development budget. As seen in Figure 20, Alternatives 1 and 3 require an increase of $2.4 million (a 1.0 percent increase), while Alternative 2 increases the budget by $5.7 million (a 2.5 percent increase). As previously noted, program costs do not change and increases to operating costs are due to the increase in the number or pay class of staff positions – which would likely be funded through the County's General Fund.

Given that the Alternatives include many of the same staffing and organizational recommendations, Alternative 1 can be thought of as a transitional "Phase 1" if the County decides to adopt the full economic and workforce development department of Alternative 2 as its "Phase 2". Transitioning into Phase 2 will require careful considerations of how to prioritize the consolidation of different services into a single department, as well as a fair amount of logistical planning and sensitivities to leadership transitions. Further details accounting for the costs associated with each Alternative's changes in staff are listed in Appendices B, C and D.

Fig 19. Summary of Economic Development Staffing Changes (FTEs)

	Existing	Alt 1	Alt 2	Alt 3
CEO – EDD	10.0	+ 11.0	-10.0	+ 11.0
DCBA	11.0	-	- 11.0	-
WDACS	55.0	-	- 55.0	- 55.0
LACDA	16.3	-	- 7.6	-
New EWDD	-	-	+ 97.6	-
DPSS	1.0	-	-	+ 55.0
Net Change	**-**	**+ 11.0**	**+ 14.0**	**+ 11.0**
TOTAL	**93.3**	**104.3**	**107.3**	**104.3**

Source: HR&A.

Fig 20. Summary of Economic Development Budgetary Changes (in millions)

	Existing	Alt 1	Alt 2	Alt 3
Operating Costs	$16.1	+ $2.4	+ $3.4	+ $2.4
Program Costs	$210.7	-	-	-
Net Change	**-**	**+ $2.4**	**+$3.4**	**+ $2.4**
TOTAL	**$226.8**	**$229.1**	**$230.2**	**$229.1**

Source: HR&A. Program costs refer to FY 2018-19; operating costs refer to FY 2019-20, due to available data. Operating costs are the sum of all annual salary and benefits associated with the Alternative's economic development staff, and are the only costs estimated for each Alternative in this Report – as such, they are not representative of all direct and indirect administrative costs associated with implementation. Figures are rounded. Additional detail on staffing costs are detailed in Appendices B, C and D.

six

Implementation and Next Steps

HR&A identified five implementation stages regardless of which alternative is selected. Each stage includes a description of tasks, key questions to consider, requirements that vary depending on which alternative is selected, and the recommendations from Section 4 of this Report that are relevant to the stage's execution.

Stage 1. Select the Preferred Alternative

The Board of Supervisors is responsible for selecting an alternative and for determining whether or not (depending on resources available and the necessary timeframe) to phase implementation by beginning with Alternative 1 or Alternative 3, and then ultimately transitioning to Alternative 2. The County's preferred Alternative will also depend in part on the outcome of the concurrent Department of Aging study, which could necessitate a major reconsideration of WDACS' role in providing economic and workforce development services.

Critical considerations during Stage 1 include:

- What other internal County protocols (hearings, approvals, etc.) must be fulfilled to realize either alternative?
- How will the nature of job losses and impacted industries affect the County's strategy and need for a new department to coordinate?
- How are the County's internal goals impacted by COVID-19 such that new goals may emerge that impact the preferred alternative?

Alternative 1.
Requires amending division staffing ordinance for CEO-EDD. As the least disruptive of the alternatives, this approach may be desirable in the near-term given COVID-related fiscal impacts.

Alternative 2.
Requires establishing a County ordinance to create a new department and a department staffing ordinance. As the most costly Alternative, may require a lengthy phasing process to realize post-COVID.

Alternative 3.
Requires amending division staffing ordinance for CEO-EDD and DPSS, and like Alternative 1, would not likely require significant new resources.

RELEVANT SECTION 4 RECOMMENDATIONS:

2.1 Establish strong leadership
2.5 Align workforce and economic development

Stage 2. Establish a Transition Committee

A Transition Committee will be responsible for guiding the implementation of the preferred alternative, ensuring successful transition of staffing and program delivery. The Transition Committee will also be responsible for partnering with Human Resources (HR) to facilitate hiring leadership of the new department or division. The Transition Committee should be chaired by leaders from the CEO's Office and include:

- Representatives from each department implicated in the transition with intimate knowledge of relevant programs — LACDA, DPSS, WDACS, DCBA, and CEO-EDD, depending on the selected alternative
- Staff responsible for overseeing workforce alignment
- Representatives from internal administrative departments including budget, HR, County Counsel, IT, and the Board of Supervisors' counsel

Critical considerations during Stage 2 include:

- How does the County ensure that service delivery is not interrupted during transition, and that workforce alignment infrastructure can support necessary response to COVID-19?
- How can the Committee assure that existing service delivery isn't disrupted in the course of transitioning to the new Alternative?
- How can the Committee best coordinate with the County's HR department?

Alternative 1.
May not require including departments other than CEO-EDD, given changes are made exclusively to that division, but at a minimum, workforce development-involved departments should be consulted regarding the formation of the workforce alignment division.

Alternative 2.
Requires carefully considering sequence of new hires to assure seamless operations and departmental unity, with particular attention to the transition of LACDA employees.

Alternative 3.
Requires staff distinct from those serving on DPSS's Integration Unit, while taking care to be in close coordination with one another.

RELEVANT SECTION 4 RECOMMENDATIONS:

1.3 Evaluate County economic health
3.2 Evaluate County expenditure
3.4 Consolidate programs and services
4.1 Coordinate with DRP, DPW, & LACDA

Stage 3. Fund and Launch the Preferred Alternative

While the economic costs of the COVID-19 pandemic are still in flux, the County has projected a budget shortfall for FY 2020-21 of approximately one billion dollars in lost revenue, necessitating expenditure reductions. In light of this, the Transition Committee will need to develop an operating model that allows economic development delivery to become self-sustaining. Potential alternative funding sources could include:

- Earned income from asset management or small business lending
- Credit enhancement fund
- Private-public partnerships
- Philanthropy and social impact grants
- Federal stimulus funds
- Developer impact fees

To launch the preferred Alternative, the Transition Committee will partner with HR to create new staff classifications and hire new employees. In addition, the Transition Committee will update business processes and coordinate with IT to ensure systems can be successfully integrated. The Transition Committee will also need to plan internal and external communications with County staff, customers, and external stakeholders to ensure service delivery remains uninterrupted.

Critical considerations during Stage 3 include:

- What additional operational costs are required to implement the preferred alternative?
- How will departments and/or divisions coordinate to transfer employees? What training will be required to integrate and onboard staff?
- What community outreach efforts are needed to realize the preferred alternative? What external stakeholders need to be directly informed? What service delivery impacts should be proactively communicated?

Alternative 1.
Requires additional funding to CEO-EDD, but minimal staff reconfiguration. As multiple departments will continue to be involved in economic and workforce development, will require systems for cross-departmental information sharing.

Alternative 2.

Requires a.) creating new Department code, b.) transfer of funds from previous divisions, and c.) additional funding to the new Department. Requires focus on transition of LACDA employees into the County's internal structure.

Alternative 3.
Requires a.) creating new division code within DPSS, b.) transfer of funds from WDACS, c.) additional funding to new DPSS division for temporary Integration Unit, and d.) additional funding to CEO-EDD. Also requires program education and data management for successful integration within DPSS.

RELEVANT SECTION 4 RECOMMENDATIONS:

2.2 Distinguish "countywide" vs. "district"
2.3 Protocols for information sharing
3.1 Pass-through funding strategy
3.4 Skilled economic development team

Stage 4. Develop an Economic Development Strategy

As described in the Findings and Recommendations section of this Report, the County lacks a strong strategic direction for economic development, with prior efforts by the LAEDC and the Economic Development Scorecard considered insufficient. Regardless of organizational structure, the County will need to prioritize developing and implementing a strategic plan that defines specific goals and priorities for the County as a whole, the unincorporated areas, and its role in coordination with City governments. At minimum, the strategy should unite existing work from LACDA's "Comprehensive Economic Development Strategy" (CEDS) for 2019-2023 and LAEDC's Five-Year Economic Development Strategic Plan.

The strategic plan should begin with a needs analysis that evaluates existing program delivery and identifies areas for improvement. The strategic plan should establish targets and performance metrics to track progress towards goals. In particular, the strategy should assure that economic mobility is codified into targets for inclusive growth. In addition, the plan would propose alternatives for increasing resources to existing programs or establishing new services that expand the County's impacts.

Launching the Alternative should also be done with precise sensitivity to who and where would be most impacted by service updates, and prioritize rollouts accordingly – ideally, this would be informed by an economic development strategic plan that accommodates differences in needs between unincorporated areas and the County as a whole.

Critical considerations during Stage 4 include:

- How will the County consistently track and report on progress towards strategic goals?
- What new economic development programs or services will the County pursue, and what level of resources is the County willing to dedicate to this effort?

Alternative 1.
Requires coordination among departments, which remain siloed to some degree, and clear distinction among services delivered to unincorporated communities, districts, or Countywide. May require enhancing EDPC to evaluate potential of existing assets.

Alternative 2.
Requires consideration of how resources are allocated between workforce development and economic development activities. Will need to take care to assure that all departmental efforts are coordinated towards and capable of achieving the stated strategy.

Alternative 3.
Requires evaluation of whether DPSS integration improves service delivery. Necessitates frequent communication with CEO-EDD leadership about service delivery status (especially in light of COVID-19) to inform strategic development.

RELEVANT SECTION 4 RECOMMENDATIONS:

1.1 Economic development strategy and plan
1.2 Location-based priorities
1.4 Coordination for region-specific initiatives
1.5 Codify economic mobility
3.2 Evaluate County expenditure
4.3 Leverage external partners as zone leaders
4.4 Scan existing services

Stage 5. Evaluate and Iterate

As a comprehensive economic development strategy is implemented, leadership will be able to monitor progress towards goals. By identifying what's working and what could be improved, staff can continually iterate on the right organizational structure to best deliver services and assure that they are tracking the necessary metrics to evaluate progress. In addition, given financial constraints, a phased approach may be required to gradually transition from the existing structure to one that provides economic and workforce development services comparable to other high-performing County governmental operations.

Critical considerations for Stage 5 include:

- If new services are added, how might those best fit into the organizational structure? If Alternative 1 or 3 is selected, would the addition of new services catalyze a transition to Alternative 2?
- If a phased approach is preferred, how might the staffing and leadership ultimately transition? For example, would the Asst. CEO become the Director of the new department?

Alternative 1.
Requires long-term consideration of WDACS evolving role given outcome of Department of Aging study; Requires evaluation of EPDC as a convening body.

Alternative 2.
Requires consideration of how additional service provisions might affect organization structure.

Alternative 3.
Requires evaluation of whether DPSS integration improves service delivery and whether workforce alignment in CEO-EDD can provide effective oversight of workforce development.

RELEVANT SECTION 4 RECOMMENDATIONS:

2.4 Feedback mechanism for external partners
3.5 Tourism and foreign investment programs
4.2 Formalize partner agreements
4.5 Connect with high-growth industries

Aligning Implementation and Inclusive Recovery

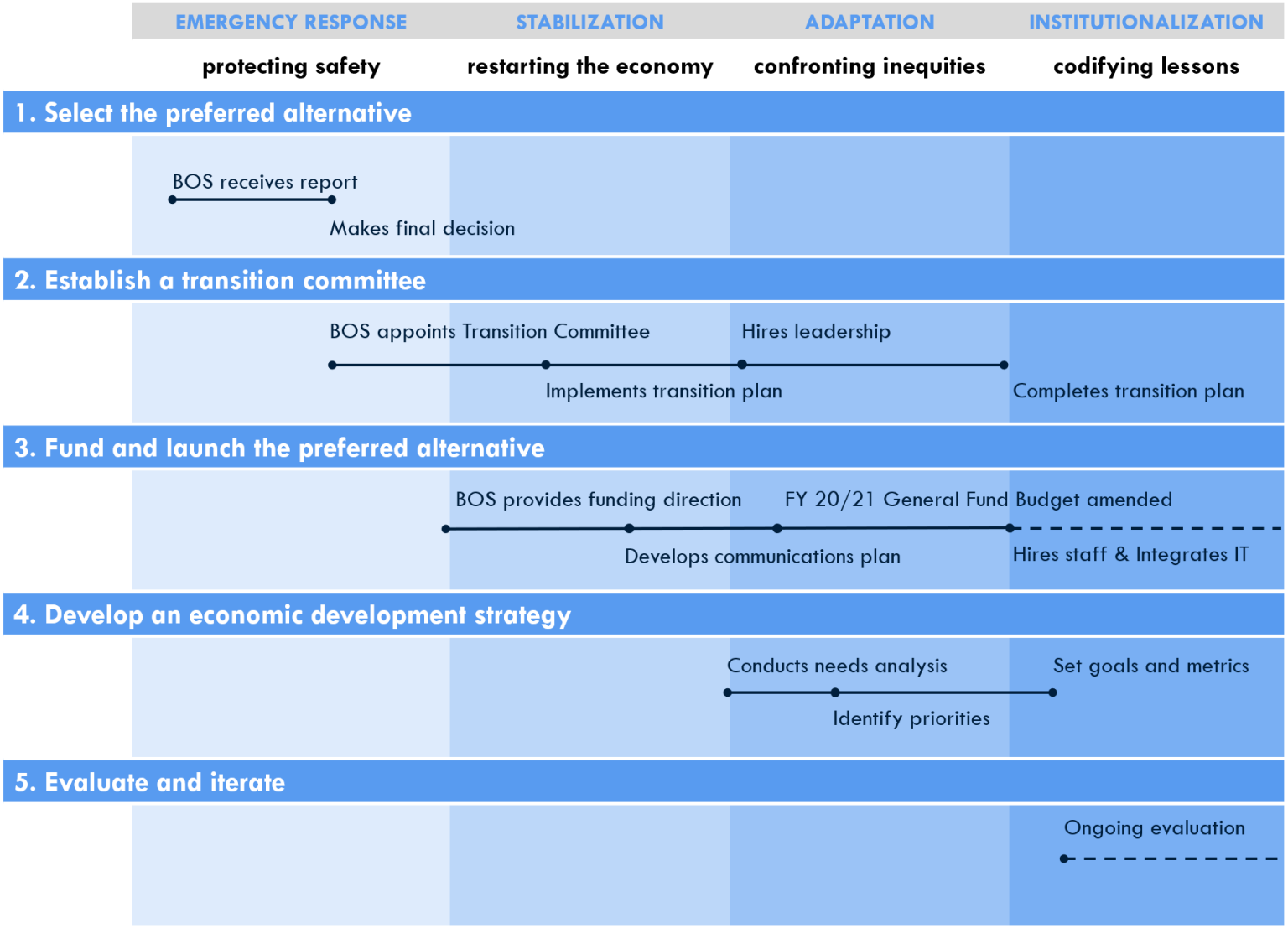
As this Report is being finalized and considered by the Board in July of 2020, the world is in the midst of the COVID-19 global pandemic and its enormous economic implications are beginning to be felt. By late April, LA County had already experienced a job loss of 1.2 million positions in the six weeks since businesses were forced to close. For the month of May, LAEDC reported unemployment was at nearly 21 percent.

It will be impossible for the implementation of the County's reorganization efforts to be divorced from the devastating public health and economic impacts of this pandemic. While no sector of the economy has been spared from damage, the pandemic has exacerbated existing inequalities and created an unprecedented need for regional coordination on workforce development and small business assistance. The County has already established an Economic Recovery Task Force responsible for designing, coordinating and executing a Comprehensive Economic Recovery Plan to inform its Countywide strategy. In planning for recovery, the County should leverage the opportunity to catalyze its economic mobility efforts. By viewing economic development delivery through the lens of a just and resilient recovery, the County can emerge from this moment of crisis by proactively shaping a stronger, more equitable, and more resilient regional economy, made possible by an improved organizational structure. A just and resilient recovery framework organizes efforts into four phases:

1. **Emergency Response:** Protecting the health and safety of community members
2. **Stabilization:** Restoring services, restarting the economy, and resuming civic life
3. **Adaptation:** Addressing physical, economic, and social damage while confronting long-standing inequities
4. **Institutionalization:** Codifying changes to regulations, policies, and governance to reflect lessons learned.

HR&A organized the five key stages for implementation to align with this recovery framework. Given the uncertainty surrounding COVID-19, HR&A did not provide a specific timeline for implementation; however, the four phases depicted in Figure 21 are intended to signal how County actions could align with overall recovery efforts.

Fig 21. Implementation and Recovery Framework



Source: HR&A.

Appendices

Appendix A: Methodology for Estimating Alternatives' Costs

The estimated operating and program costs for each Alternative are based upon an aggregation of data and analysis from HR&A's *Organizational Inventory and Partnership Assessment* memo ("OIPA") and the workshop held with the CEO-EDD on October 24, 2019. The OIPA documented which economic development services the County is currently delivering, where they are housed within its organizational structure, the amount of staff (measured by full time equivalencies, FTEs) allocated to the service, as well as the budgeted funding amount. The October 2019 workshop summarized the priorities and targeted strategic changes inherent to Alternatives 1 and 2, as well as their pros and cons. Alternative 3 was developed after the workshop, in coordination with County stakeholders from the CEO-EDD and DPSS.

Using the staffing information contained in the OIPA as a foundation, this analysis benefited from frequent collaboration with the CEO-EDD to precisely document which and how many staff members would be implicated in the transition into the Alternatives, based on the economic development service that they served, and to account for their related operating and program costs. For new positions proposed in each Alternative, HR&A used County staff classifications as a benchmark to suggest potential titles for staff to fulfill those new services, and for the County position proposed, worked with the CEO-EDD to provide an estimate of the salary and benefits associated with that position. For instances where LACDA employees were being transferred into a County position within Alternative 2, HR&A estimated their salary and benefits costs based on equivalent County classifications provided by the CEO-EDD. HR&A also integrated staffing recommendations related to workforce alignment based on coordination with IRLE's related analysis on workforce development at the County.

The budget and staffing changes are represented in Appendices B through G in terms of operating and program-related costs, each quantified in terms of FTEs and total allocated funding. Operating costs are costs related to all staff salaries and benefits, and operating FTEs are the sum of all staff primarily responsible for administrative support. Program costs and FTEs for a given economic development service are calculated based on the total funded amount (as documented in the OIPA[4]) less the sum of all operating costs and FTEs. As none of the Alternatives explicitly suggest the County add or remove any economic development services, program costs do not change between the status quo and any Alternative. In summary, the added annual costs for each Alternative detailed here represent only the ongoing costs associated with salaries and benefits for recommended new staff and are not a comprehensive account of all direct and indirect administrative costs associated with implementation (i.e. physical space, supplies, and services, including charges from other County departments and general overhead). Additionally, as each County department accounts for the number of FTEs allocated to a given service differently, in some instances the number of FTEs associated with a particular economic development service in

[4] Except in the case of DCBA's Small Business Services, which uses the FY2019-2020 budgeted amount, due to an accounting discrepancy that yielded negative program funding after removing the costs of associated staff members' salaries and benefits.

this memo differs from those originally reported in the OIPA. The FTEs presented here are ultimately intended to serve as benchmarks to estimate relative costs between the Alternatives and the status quo.

Appendix B: Departmental Staffing for Alternative 1: Enhanced CEO-EDD

Division	Title	Est. Salary x FTEs	Est. Benefits x FTEs	Total Salary & Benefits x FTEs	FTEs
Assistant CEO	Assistant CEO for ED	$298,597	$170,633	$469,230	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$384,853	$245,634	$630,487	2.0
Deputy Assistant CEO	Deputy Asst CEO	$229,402	$142,194	$371,596	1.0
	Analyst	$134,763	$97,770	$232,534	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$450,421	$314,966	$765,387	3.0
WD Alignment	WD Alignment Coordinator	$198,512	$127,694	$326,207	1.0
	Lead Analyst	$167,426	$113,102	$280,529	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$449,267	$288,888	$738,155	3.0
EDPC Coordination	EDPC Deputy	$86,256	$75,001	$161,257	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$169,584	$123,093	$292,677	2.0
Analytical Services					
ED Policy Experts	Lead Analyst	$167,426	$113,102	$280,529	1.0
	Analyst	$134,763	$97,770	$232,534	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$385,518	$258,965	$644,482	3.0
Analytical Staff	Principal Analysts	$837,131	$565,512	$1,402,643	5.0
	Senior Analysts	$269,527	$195,541	$465,068	2.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$1,192,914	$836,054	$2,028,968	8.0
Totals		$3,032,557	$2,067,600	$5,100,157	21.0
Operating					4.0
Program					17.0
New		$1,411,729	$961,657	$2,373,386	11.0
Operating					5.0
Program					6.0

Key:
New Positions
Elevated CEO-EDD Positions
Original CEO-EDD Positions

Source: HR&A Advisors.

Appendix C: Departmental Staffing for Alternative 2: New Economic and Workforce Development Department

Division	Title	Est. Salary x FTEs	Est. Benefits x FTEs	Total Salary & Benefits x FTEs	FTEs
Director of EWDD	Director of EWDD	$298,597	$170,633	$469,230	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subtotal		$384,853	$245,634	$630,487	2.0
Deputy Director of EWDD	Deputy Director of EWDD	$229,402	$142,194	$371,596	1.0
	Analyst	$134,763	$97,770	$232,534	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subtotal		$450,421	$314,966	$765,387	3.0
Analytical Services	Chief Deputy	$198,512	$127,694	$326,207	1.0
	Support staff	$73,307	$70,861	$144,168	1.0
Subtotal		$271,819	$198,555	$470,374	2.0
Analytical Staff	Principal Analysts	$837,131	$565,512	$1,402,643	5.0
	Senior Analysts	$269,527	$195,541	$465,068	2.0
Subotal		$1,106,657	$761,053	$1,867,711	7.0
ED Policy Experts	Lead Analyst	$167,426	$113,102	$280,529	1.0
	Analyst	$114,242	$88,138	$202,380	1.0
	Support staff	$73,307	$70,861	$144,168	1.0
Subotal		$354,975	$272,101	$627,076	3.0
Entrepreneurship & Small Business Support	Chief Deputy	$198,512	$127,694	$326,207	1.0
	Support staff	$73,307	$70,861	$144,168	1.0
Subtotal		$271,819	$198,555	$470,374	2.0
Entrepreneurship & Innovation + Business Improvement	Administrative Assistant II	$21,758	$16,281	$38,039	0.4
	Development Specialist II	$142,905	$135,719	$278,624	1.9
	Manager II	$45,697	$35,255	$80,952	0.4
	Development Specialist IV	$248,061	$193,230	$441,291	2.2
	Consultant II	$223,989	$163,812	$387,800	1.7
	Vacant Development Specialist II	$75,213	$71,431	$146,644	1.0
Subtotal		$757,622	$615,728	$1,373,350	7.6
Small Business Services	Chief, Consumer Affairs Representative	$128,627	$94,890	$223,517	1.0
	Consumer Representative Specialist	$124,857	$93,120	$217,977	1.0
	Administrative Services Manager I	$105,315	$83,948	$189,263	1.0
	Consumer Representative Supervisor	$105,315	$83,948	$189,263	1.0
	Consumer and Business Affairs Representat	$583,298	$336,642	$919,940	7.0
Subtotal		$1,047,412	$692,548	$1,739,960	11.0
Workforce Development Division	Chief Deputy	$198,512	$127,694	$326,207	1.0
	Support staff	$83,328	$70,861	$154,189	1.0
Subtotal		$281,841	$198,555	$480,396	2.0
Workforce Development	Intermediate Typist-Clerk	$96,422	$78,246	$174,668	2.0
Operating	Management Secretary III	$81,703	$73,374	$155,077	1.0
	Senior Secretary III	$73,307	$70,861	$144,168	1.0
	Senior Typist Clerk	$54,395	$40,702	$95,097	1.0
	Staff Assistant II	$74,396	$45,810	$120,206	1.0
	Staff Assistant III	$84,567	$48,408	$132,975	1.0
Subtotal		$464,790	$357,401	$822,191	7.0
Programming	Administrative Services Manager I	$105,315	$83,948	$189,263	1.0
	Administrative Services Manager II	$228,484	$176,276	$404,760	2.0
	Career Development Intern	$32,827	$24,694	$57,522	1.0
	Community Services Analyst I	$78,735	$46,919	$125,654	1.0
	Community Services Analyst II	$526,536	$295,335	$821,871	6.0
	Community Services Analyst III	$97,813	$51,791	$149,604	1.0
	Human Services Administrator I	$2,106,305	$1,678,952	$3,785,257	20.0
	Human Services Administrator II	$456,969	$352,552	$809,520	4.0
	Human Services Administrator III	$149,466	$104,672	$254,138	1.0
	Management Analyst	$349,279	$302,002	$651,280	4.0
	Program Manager, WDACS	$445,931	$312,858	$758,789	3.0
	Student Professional Worker II	$175,162	$7,795	$182,957	4.0
Subtotal		$4,752,822	$3,437,792	$8,190,615	48.0
Workforce Development Total		$5,217,612	$3,795,194	$9,012,805	55.0

Key:
New Positions
Elevated CEO-EDD Positions
Preserved Positions

Source: HR&A Advisors.

Appendix C, continued: Departmental Staffing for Alternative 3: Enhanced CEO-EDD and Consolidated Workforce Development

Division	Title	Est. Salary x FTEs	Est. Benefits x FTEs	Total Salary & Benefits x FTEs	FTEs	Key:
Workforce Alignment	WD Alignment Coordinator	$198,512	$127,694	$326,207	1.0	New Positions
Program	Lead Analyst	$167,426	$113,102	$280,529	1.0	Elevated CEO-EDD Positions
Subtotal		$365,938	$240,797	$606,735	2.0	Preserved Positions
Operating	Support staff	$72,259	$45,265	$117,524	1.0	
Subtotal		$72,259	$45,265	$117,524	1.0	
Workforce Alignment Subtotal		$438,197	$286,061	$724,259	3.0	
Workforce Development Division Total		$5,937,650	$4,279,810	$10,217,460	60.0	
Totals		$10,583,230	$7,578,949	$18,162,178	97.6	
Operating					14.4	
Program					83.2	
New		$1,928,686	$1,458,863	$3,387,549	14.0	
Operating					6.0	
Program					8.0	

Source: HR&A Advisors.

Appendix D: Departmental Staffing for Alternative 3: Enhanced CEO-EDD and Consolidated Workforce Development

CEO-EDD	Title	Est. Salary x FTEs	Est. Benefits x FTEs	Total Salary & Benefits x FTEs	FTEs
Assistant CEO	Assistant CEO for ED	$298,597	$170,633	$469,230	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$384,853	$245,634	$630,487	2.0
Deputy Assistant CEO	Deputy Asst CEO	$229,402	$142,194	$371,596	1.0
	Analyst	$134,763	$97,770	$232,534	1.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$450,421	$314,966	$765,387	3.0
WD Alignment	WD Alignment Coordinator	$198,512	$127,694	$326,207	1.0
	Lead Analyst	$167,426	$113,102	$280,529	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$449,267	$288,888	$738,155	3.0
EDPC Coordination	EDPC Deputy	$86,256	$75,001	$161,257	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$169,584	$123,093	$292,677	2.0
Analytical Services					
ED Policy Experts	Lead Analyst	$167,426	$113,102	$280,529	1.0
	Analyst	$134,763	$97,770	$232,534	1.0
	Support staff	$83,328	$48,092	$131,420	1.0
Subotal		$385,518	$258,965	$644,482	3.0
Analytical Staff	Principal Analysts	$837,131	$565,512	$1,402,643	5.0
	Senior Analysts	$269,527	$195,541	$465,068	2.0
	Support staff	$86,256	$75,001	$161,257	1.0
Subotal		$1,192,914	$836,054	$2,028,968	8.0
CEO-EDD Total		$3,032,557	$2,067,600	$5,100,157	21.0
DPSS					
WDACS' WD Unit	Intermediate Typist-Clerk	$96,422	$78,246	$174,668	2.0
Operating	Management Secretary III	$81,703	$73,374	$155,077	1.0
	Senior Secretary III	$73,307	$70,861	$144,168	1.0
	Senior Typist Clerk	$54,395	$40,702	$95,097	1.0
	Staff Assistant II	$74,396	$45,810	$120,206	1.0
	Staff Assistant III	$84,567	$48,408	$132,975	1.0
Subtotal		$464,790	$357,401	$822,191	7.0
Programming	Administrative Services Manager I	$105,315	$83,948	$189,263	1.0
	Administrative Services Manager II	$228,484	$176,276	$404,760	2.0
	Career Development Intern	$32,827	$24,694	$57,522	1.0
	Community Services Analyst I	$78,735	$46,919	$125,654	1.0
	Community Services Analyst II	$526,536	$295,335	$821,871	6.0
	Community Services Analyst III	$97,813	$51,791	$149,604	1.0
	Human Services Administrator I	$2,106,305	$1,678,952	$3,785,257	20.0
	Human Services Administrator II	$456,969	$352,552	$809,520	4.0
	Human Services Administrator III	$149,466	$104,672	$254,138	1.0
	Management Analyst	$349,279	$302,002	$651,280	4.0
	Program Manager, WDACS	$445,931	$312,858	$758,789	3.0
	Student Professional Worker II	$175,162	$7,795	$182,957	4.0
Subtotal		$4,752,822	$3,437,792	$8,190,615	48.0
Unit Total		$5,217,612	$3,795,194	$9,012,805	55.0
Total added to DPSS		$5,666,879	$4,084,082	$9,750,961	55.0
Totals		$8,250,169	$5,862,794	$14,112,962	76.0
Operating					13.0
Program					63.0
New		$1,411,729	$961,657	$2,373,386	11.0
Operating					5.0
Program					6.0

Key:
New Positions
Elevated CEO-EDD Positions
Preserved Positions

Source: HR&A Advisors.

Appendix E: Summary of Costs for Alternative 1: Enhanced CEO-EDD

	Status Quo		Alternative #1		Net	
Expenditures/Appropriations	**Cost**	**FTEs**	**Cost**	**FTEs**	**Cost**	**FTEs**
Operating	$16,057,363	12.0	$18,430,750	17.0	$2,373,386	5.0
Salaries & Wages	$9,627,878	-	$11,039,607	-	$1,411,729	-
Benefits	$6,429,486	-	$7,391,143	-	$961,657	-
Programs	$210,705,703	81.3	$210,705,703	87.3	$0	6.0
Strategy and Policy	$828,229	9.0	$828,229	13.0	$0	4.0
Workforce Development	$170,498,195	48.0	$170,498,195	48.0	$0	0.0
Workforce Alignment	$0	0.0	$0	2.0	$0	2.0
Small Business Services	$227,040	10.0	$227,040	10.0	$0	0.0
Entrepreneurship & Innovation	$316,191	0.6	$316,191	0.6	$0	0.0
Business Improvement	$5,007,649	5.1	$5,007,649	5.1	$0	0.0
Real Estate & Development	$33,828,399	8.6	$33,828,399	8.6	$0	0.0
Totals	**$226,763,066**	**93.3**	**$229,136,453**	**104.3**	**$2,373,386**	**11.0**

Source: HR&A Advisors.

Appendix F: Summary of Costs for Alternative 2: New Economic and Workforce Development Department

	Status Quo		Alternative #2		Net	
Expenditures/Appropriations	**Cost**	**FTEs**	**Cost**	**FTEs**	**Cost**	**FTEs**
Operating	$16,057,363	12.0	$19,444,912	18.0	$3,387,549	6.0
Salaries & Wages	$9,627,878	-	$11,556,564	-	$1,928,686	-
Benefits	$6,429,486	-	$7,888,348	-	$1,458,863	-
Programs	$210,705,703	81.3	$210,705,703	89.3	$0	8.0
Strategy and Policy	$828,229	9.0	$828,229	13.0	$0	4.0
Workforce Development	$170,498,195	48.0	$170,498,195	49.0	$0	1.0
Workforce Alignment	$0	0.0	$0	2.0	$0	2.0
Entrepreneurship and Innovation	$227,040	10.0	$227,040	11.0	$0	1.0
Business Improvement	$316,191	0.6	$316,191	0.6	$0	0.0
Small Business Services	$5,007,649	5.1	$5,007,649	5.1	$0	0.0
Real Estate & Development	$33,828,399	8.6	$33,828,399	8.6	$0	0.0
Totals	**$226,763,066**	**93.3**	**$230,150,615**	**107.3**	**$3,387,549**	**14.0**

Source: HR&A Advisors.

Appendix G: Summary of Costs for Alternative 3: Enhanced CEO-EDD and Consolidated Workforce Development

	Status Quo		Alternative #3		Net	
Expenditures/Appropriations	**Cost**	**FTEs**	**Cost**	**FTEs**	**Cost**	**FTEs**
Operating	$16,057,363	12.0	$18,430,750	17.0	$2,373,386	5.0
Salaries & Wages	$9,627,878	-	$11,039,607	-	$1,411,729	-
Benefits	$6,429,486	-	$7,391,143	-	$961,657	-
Programs	$210,705,703	81.3	$210,705,703	87.3	$0	6.0
Strategy and Policy	$828,229	9.0	$828,229	13.0	$0	4.0
Workforce Development	$170,498,195	48.0	$170,498,195	48.0	$0	0.0
Workforce Alignment	$0	0.0	$0	2.0	$0	2.0
Small Business Services	$227,040	10.0	$227,040	10.0	$0	0.0
Entrepreneurship & Innovation	$316,191	0.6	$316,191	0.6	$0	0.0
Business Improvement	$5,007,649	5.1	$5,007,649	5.1	$0	0.0
Real Estate & Development	$33,828,399	8.6	$33,828,399	8.6	$0	0.0
Totals	**$226,763,066**	**93.3**	**$229,136,453**	**104.3**	**$2,373,386**	**11.0**

Appendix H: Stakeholder Interview Protocols

Los Angeles County Economic Development Optimization | Interview Protocol

External Interviewee Protocol

Name: _____ Date: _____

Interviewer: _____

General Questions

1. What is your role at your organization? What economic development programs and services does your organization provide?

2. What has been your working relationship with L.A. County on economic development, if at all? Which departments and agencies are you most familiar with?

3. From your perspective, what do you think are the County's economic development priorities? What do you think of these priorities?

4. What is your working relationship with the following departments?

DCBA

LACDA

CEO EconDev Division

WDACS

5. From your perspective, what are the particular challenges that LA County faces to implement economic development? (e.g., too large; inadequate funding; lack of policy clarity; organizational process barriers; divided implementation responsibilities; other internal or external challenges)

6. Is there a service or a program related to economic development you'd like the County to provide that it does not currently?

7. What are the best practices being used by other Counties and large cities that could be a good model for the County?

8. Who else do you recommend we interview as part of this process?

9. Anything else you'd like to share?

Characteristics | *To what degree does the County have the characteristics of a high-performing governmental economic development organization?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **Regional County Economic Fundamentals** – Highly developed industry sectors; sufficient transportation and utilities; available land supply; world-class educational institutions; availability of skilled labor force.	☐	☐	☐	☐	☐	☐
2. **County Government Leadership** -- Clear vision about and policy priority for economic development; consistency of vision and priority over time.	☐	☐	☐	☐	☐	☐
3. **County Government Resources** – Sufficient financial (e.g., General Fund; other governmental; and self-perpetuating), regulatory (e.g., permitting) and workforce development system resources.	☐	☐	☐	☐	☐	☐
4. **County Government Economic Development Organizational Flexibility** – Incubate new ideas and initiatives; respond to changing economic and political circumstances.	☐	☐	☐	☐	☐	☐
5. **County Government Economic Development Human Talent** – Organizational management; technical skills; attract and incentivize talent; foster entrepreneurship; diversity & inclusion	☐	☐	☐	☐	☐	☐

Services | *How well does the County perform each of the services offered by high-performing governmental economic development organizations?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **Strategic Planning & Policy Development** (and monitoring performance outcomes)	☐	☐	☐	☐	☐	☐
2. **Business & Industry Services** (navigating the County resources & permit systems)	☐	☐	☐	☐	☐	☐
3. **Small Business Services** (business planning and financing assistance; displacement mitigation)	☐	☐	☐	☐	☐	☐
4. **Workforce Development** (targeted industries; unskilled, semi-skilled & high-skilled; diversity & inclusion)	☐	☐	☐	☐	☐	☐
5. **Strategic Asset Management** (re-use of under-utilized & surplus County property suitable for economic development)	☐	☐	☐	☐	☐	☐
6. **Real Estate & Infrastructure Development** (consistency with economic development objectives; supporting master planning & entitlements; navigating the approval process)	☐	☐	☐	☐	☐	☐
7. **Business & Industry Development** (supporting business attraction & retention)	☐	☐	☐	☐	☐	☐
8. **Transaction Services & Financing** (incubating, negotiating and executing real estate transactions; loans, grants and other financial transactions)	☐	☐	☐	☐	☐	☐

Los Angeles County Economic Development Optimization | Interview Protocol

Supervisor Deputy Interview Protocol

Name: _____ Date: _____

Interviewer: _____

General Questions

1. What does your role as a Supervisor Deputy consist of?

2. What economic development services and programs does your office provide? About what percent of your staff is dedicated to economic development?

3. How does your department's delivery of economic development services to County entities differ from its delivery to non-County services?

4. What types of programs or services does your department provide to unincorporated communities versus the rest of the incorporated District?

5. What do you think are the County's economic development priorities? What do you think of these priorities?

6. What are the Supervisor's highest-priority economic development goals? How were these goals determined? How do they differ from the County's stated goals, if at all?

   Go to SWOT Questionnaire here.

7. From your perspective, what are the particular challenges that LA county faces to implement economic development? (e.g., too large; inadequate funding; lack of policy clarity; organizational process barriers; divided implementation responsibilities; other internal or external challenges)

8. Is there a service or a program related to economic development you'd like the County to provide that it does not currently?

9. What are the best practices being used by other Counties and large cities that could be a good model for the County?

10. Who else do you recommend we interview as part of this process?

Characteristics | *To what degree does the County have the characteristics of a high-performing governmental economic development organization?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **County Economic Fundamentals** – Highly developed industry sectors; sufficient transportation and utilities; available land supply; world-class educational institutions; availability of skilled labor force.	☐	☐	☐	☐	☐	☐
2. **County Government Leadership** -- Clear vision about and policy priority for economic development; consistency of vision and priority over time.	☐	☐	☐	☐	☐	☐
3. **County Government Resources** – Sufficient financial (e.g., General Fund; other governmental; and self-perpetuating), regulatory (e.g., permitting) and workforce development system resources.	☐	☐	☐	☐	☐	☐
4. **County Government Economic Development Organizational Flexibility** – Incubate new ideas and initiatives; respond to changing economic and political circumstances.	☐	☐	☐	☐	☐	☐
5. **County Government Economic Development Human Talent** – Organizational management; technical skills; attract and incentivize talent; foster entrepreneurship; diversity & inclusion	☐	☐	☐	☐	☐	☐

Services | *How well does the County perform each of the services offered by high-performing governmental economic development organizations?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **Strategic Planning & Policy Development** (and monitoring performance outcomes)	☐	☐	☐	☐	☐	☐
2. **Business & Industry Services** (navigating the County resources & permit systems)	☐	☐	☐	☐	☐	☐
3. **Small Business Services** (business planning and financing assistance; displacement mitigation)	☐	☐	☐	☐	☐	☐
4. **Workforce Development** (targeted industries; unskilled, semi-skilled & high-skilled; diversity & inclusion)	☐	☐	☐	☐	☐	☐
5. **Strategic Asset Management** (re-use of under-utilized & surplus County property suitable for economic development)	☐	☐	☐	☐	☐	☐
6. **Real Estate & Infrastructure Development** (consistency with economic development objectives; supporting master planning & entitlements; navigating the approval process)	☐	☐	☐	☐	☐	☐
7. **Business & Industry Development** (supporting business attraction & retention)	☐	☐	☐	☐	☐	☐
8. **Transaction Services & Financing** (incubating, negotiating and executing real estate transactions; loans, grants and other financial transactions)	☐	☐	☐	☐	☐	☐

Los Angeles County Economic Development Optimization | Interview Protocol

County Department Interview Protocol

Name: _____ Date: _____

Interviewer: _____

General Questions

1. What does your role at the County Department consist of?
2. What economic development services and programs does your department provide? About what percent of the department's staff is dedicated to economic development?
3. What do you think are the County's economic development priorities? What do you think of these priorities?
4. What are the department's highest-priority economic development goals? How were these goals determined? How do they differ from the County's stated goals, if at all?
5. How does your department work with both County and non-County entities to provide economic development services?
6. What types of programs or services do your department provide to unincorporated communities versus the rest of the incorporated District?
7. From your perspective, what are the particular challenges that LA County faces to implement economic development? (e.g., too large; inadequate funding; lack of policy clarity; organizational process barriers; divided implementation responsibilities; other internal or external challenges)
8. Is there a service or a program you'd like the County to provide that it does not currently?
9. What are the best practices being used by other Counties and large cities that could be a good model for the County?
10. Who else do you recommend we interview as part of this process?

Characteristics | *To what degree does the County have the characteristics of a high-performing governmental economic development organization?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **Regional County Economic Fundamentals** – Highly developed industry sectors; sufficient transportation and utilities; available land supply; world-class educational institutions; availability of skilled labor force.	☐	☐	☐	☐	☐	☐
2. **County Government Leadership** -- Clear vision about and policy priority for economic development; consistency of vision and priority over time.	☐	☐	☐	☐	☐	☐
3. **County Government Resources** – Sufficient financial (e.g., General Fund; other governmental; and self-perpetuating), regulatory (e.g., permitting) and workforce development system resources.	☐	☐	☐	☐	☐	☐
4. **County Government Economic Development Organizational Flexibility** – Incubate new ideas and initiatives; respond to changing economic and political circumstances.	☐	☐	☐	☐	☐	☐
5. **County Government Economic Development Human Talent** – Organizational management; technical skills; attract and incentivize talent; foster entrepreneurship; diversity & inclusion	☐	☐	☐	☐	☐	☐

Services | *How well does the County perform each of the services offered by high-performing governmental economic development organizations?*

	0 Doesn't Apply/ Don't Know	1 Poorly	2	3	4	5 Very Well
1. **Strategic Planning & Policy Development** (and monitoring performance outcomes)	☐	☐	☐	☐	☐	☐
2. **Business & Industry Services** (navigating the County resources & permit systems)	☐	☐	☐	☐	☐	☐
3. **Small Business Services** (business planning and financing assistance; displacement mitigation)	☐	☐	☐	☐	☐	☐
4. **Workforce Development** (targeted industries; unskilled, semi-skilled & high-skilled; diversity & inclusion)	☐	☐	☐	☐	☐	☐
5. **Strategic Asset Management** (re-use of under-utilized & surplus County property suitable for economic development)	☐	☐	☐	☐	☐	☐
6. **Real Estate & Infrastructure Development** (consistency with economic development objectives; supporting master planning & entitlements; navigating the approval process)	☐	☐	☐	☐	☐	☐
7. **Business & Industry Development** (supporting business attraction & retention)	☐	☐	☐	☐	☐	☐
8. **Transaction Services & Financing** (incubating, negotiating and executing real estate transactions; loans, grants and other financial transactions)	☐	☐	☐	☐	☐	☐

Appendix I: Los Angeles County Economic Development Survey

LA County Economic Development Delivery Survey

Los Angeles County (the "County"), in partnership with HR&A Advisors, Inc. ("HR&A"), has begun a process to assess options to optimize the delivery of economic development services and programs countywide. Please note that when the survey refers to economic development, this includes workforce development, among other components. Several County departments and agencies currently provide economic development services, including the Chief Executive Office, the individual Board of Supervisors offices, the County Development Authority (formerly the Community Development Commission and Housing Authority), the Department of Consumer and Business Affairs, the Department of Workforce Development, Aging and Community Services, the Department of Regional Planning, and Metro, among others. In addition to providing direct municipal services to the County's unincorporated communities, the County coordinates with outside partners like the 88 cities within the County, the Los Angeles Economic Development Corporation and various local chambers of commerce to advance economic development priorities that are regional in nature.

Candid and thoughtful feedback from external stakeholders in the field of economic development is an important part of the project's initial research phase. HR&A is administering this survey to provide those stakeholders an opportunity to share their views on the opportunities and challenges associated with the County's delivery of economic development services.

We estimate the survey will take no more than fifteen minutes to complete. Your responses will be kept confidential and will be used to report on aggregated findings from this survey. Thank you in advance for your participation. After completing the survey, you will have the option to take part in a raffle to win one of ten $10 Visa gift cards. All responses will be anonymized before sharing with County staff in order to ensure confidentiality.

* 1. Do you work for the LA County government?

- ◯ Yes
- ◯ No

LA County Economic Development Delivery Survey

* 1. How long have you worked for the County?

- ◯ 0-5 years
- ◯ 6-15 years
- ◯ 15+ years

* 2. Which of the following options best describes your role at the County?

- ◯ Management/Executive
- ◯ Project Manager/Coordinator/Accountant
- ◯ Analytical Support
- ◯ Other (please specify)

* 3. Which of the following options best describes your role within the County?

- ◯ Economic Development
- ◯ Planning
- ◯ Workforce Development
- ◯ Real Estate, Engineering & Construction
- ◯ Legal, Performance & Compliance, Accounting & Finance, Information Systems
- ◯ Executive
- ◯ Other (please specify)

LA County Economic Development Delivery Survey

* 1. What do you believe are the Board of Supervisors' highest priorities for economic development? Please rank in order the top 5, with 1 being most important.

	1	2	3	4	5
Business attraction	○	○	○	○	○
Business growth & retention	○	○	○	○	○
Community development	○	○	○	○	○
Entrepreneurship	○	○	○	○	○
Equitable & inclusive growth	○	○	○	○	○
Job creation	○	○	○	○	○
Transportation & infrastructure	○	○	○	○	○
Regional growth	○	○	○	○	○
Small business support	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 2. How clearly has the Board expressed its economic development priorities to those working in County government?

	Not at all clear	Slightly clear	Somewhat clear	Very Clear	N/A
Business attraction	○	○	○	○	○
Business growth & retention	○	○	○	○	○
Community development	○	○	○	○	○
Entrepreneurship	○	○	○	○	○
Equitable & inclusive growth	○	○	○	○	○
Job creation	○	○	○	○	○
Transportation & infrastructure	○	○	○	○	○
Regional growth	○	○	○	○	○
Small business support	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 3. How well have the County government's staff and financial resources been appropriately allocated to address these priorities?

	Not at all appropriately	Slightly appropriately	Somewhat appropriately	Very appropriately	N/A
Business attraction	○	○	○	○	○
Business growth & retention	○	○	○	○	○
Community development	○	○	○	○	○
Entrepreneurship	○	○	○	○	○
Equitable & inclusive growth	○	○	○	○	○
Job creation	○	○	○	○	○
Transportation & infrastructure	○	○	○	○	○
Regional growth	○	○	○	○	○
Small business support	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 4. How well does the County government perform each of the following economic development services or activities?

	Not effective	Slightly effective	Somewhat effective	Very effective	N/A
Coordinating external partnerships	○	○	○	○	○
Coordinating with County leaders & agencies	○	○	○	○	○
Demonstrating County-wide leadership	○	○	○	○	○
Developing effective strategies	○	○	○	○	○
Engaging communities, developers & businesses	○	○	○	○	○
Ensuring staff diversity	○	○	○	○	○
Establishing clear goals and metrics	○	○	○	○	○
Marketing new tools and policies	○	○	○	○	○
Sharing financial resources & reports	○	○	○	○	○
Supporting ethics & compliance	○	○	○	○	○

Please provide any additional context or comments.

LA County Economic Development Delivery Survey

* 1. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the **Economic Development Division of the Chief Executive Office**?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 2. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the **Department of Consumer and Business Affairs**?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 3. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the**Los Angeles County Development Authority** (formerly the Community Development Commission and Housing Authority of the County)?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 4. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the County's**Workforce Development, Aging and Community Services** Department?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

5. Aside from the core four entities, if there any other County departments that you interact with which deliver economic development programs and services, please provide feedback in the comment box below. (*optional*)

LA County Economic Development Delivery Survey

1. What changes could the County implement to more effectively address its economic development priorities?

2. What, if anything, do you think the County government should be doing *more* of in the way of providing economic development services or activities?

3. What, if anything, do you think the County should be doing *less* of in the way of providing economic development services or activities?

4. Is there anything else you think would be helpful for us to know in understanding the County's strengths and needs for improvement regarding its economic development services and activities?

LA County Economic Development Delivery Survey

* 1. How long have you been working in community and/or economic development?

- ◯ 0-5 years
- ◯ 6-15 years
- ◯ 15+ years

2. Please enter the ZIP code of your primary place of employment in L.A. County.

[ ]

* 3. Which of the following options best describes your role in the County's economic development landscape? Please select one.

- ◯ Community development corporation/Community-based organization
- ◯ Real estate developer
- ◯ City government/agency
- ◯ Foundation
- ◯ Other (please specify)

[ ]

- ◯ Small business owner
- ◯ Regional economic development agency/non-profit
- ◯ Education or workforce developer
- ◯ Cultural institution or tourism

LA County Economic Development Delivery Survey

* 1. What do you believe should be the County's most important economic development priorities? Please rank in order the top 5, with 1 being most important.

	1	2	3	4	5
Business attraction	○	○	○	○	○
Business growth & retention	○	○	○	○	○
Community development	○	○	○	○	○
Entrepreneurship	○	○	○	○	○
Equitable & inclusive growth	○	○	○	○	○
Job creation	○	○	○	○	○
Transportation & infrastructure	○	○	○	○	○
Regional growth	○	○	○	○	○
Small business support	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 2. How clearly has the County's role in providing the following economic development services and activities been articulated to the public and key stakeholders?

	Not at all clear	Slightly clear	Somewhat clear	Very Clear	N/A
Business attraction	○	○	○	○	○
Business growth & retention	○	○	○	○	○
Community development	○	○	○	○	○
Entrepreneurship	○	○	○	○	○
Equitable & inclusive growth	○	○	○	○	○
Job creation	○	○	○	○	○
Transportation & infrastructure	○	○	○	○	○
Regional growth	○	○	○	○	○
Small business support	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 3. Which of the following County programs are you familiar with?

	Not at all familiar	Slightly familiar	Somewhat familiar	Very familiar	Extremely familiar
Acquisition/rehabilitation financing programs	○	○	○	○	○
Business loans	○	○	○	○	○
Business grants	○	○	○	○	○
Community development grant funds	○	○	○	○	○
Development financing programs	○	○	○	○	○
Façade improvement programs	○	○	○	○	○
Industry sector support	○	○	○	○	○
Community Business Enterprise programs	○	○	○	○	○
Tax credit programs	○	○	○	○	○
Technical assistance	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 4. How effectively is the County delivering the following economic development programs and services?

	Not at all effectively	Slightly effectively	Somewhat effectively	Very effectively	N/A
Acquisition/rehabilitation financing programs	○	○	○	○	○
Business loans	○	○	○	○	○
Business grants	○	○	○	○	○
Community development grant funds	○	○	○	○	○
Development financing programs	○	○	○	○	○
Façade improvement programs	○	○	○	○	○
Industry sector support	○	○	○	○	○
Community Business Enterprise programs	○	○	○	○	○
Tax credit programs	○	○	○	○	○
Technical assistance	○	○	○	○	○
Workforce development	○	○	○	○	○

Please provide any additional context or comments.

* 5. How well does the County government perform each of the following economic development services or activities?

	Not effective	Slightly effective	Somewhat effective	Very effective	N/A
Coordinating external partnerships	○	○	○	○	○
Coordinating with County leaders & agencies	○	○	○	○	○
Demonstrating County-wide leadership	○	○	○	○	○
Developing effective strategies	○	○	○	○	○
Engaging communities, developers & businesses	○	○	○	○	○
Ensuring staff diversity	○	○	○	○	○
Establishing clear goals and metrics	○	○	○	○	○
Marketing new tools and policies	○	○	○	○	○
Sharing financial resources & reports	○	○	○	○	○
Supporting ethics & compliance	○	○	○	○	○

Please provide any additional context or comments.

LA County Economic Development Delivery Survey

* 1. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the **Economic Development Division of the Chief Executive Office**?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 2. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the **Department of Consumer and Business Affairs**?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 3. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the**Los Angeles County Development Authority** (formerly the Community Development Commission and Housing Authority of the County)?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

* 4. The following set of questions relates to the four core County entities which deliver economic development services.

Do you have a working relationship with the County's**Workforce Development, Aging and Community Services** Department?

- ◯ Yes
- ◯ No

If yes, please provide feedback about your experience working with this entity on issues of economic development (optional).

5. Aside from the core four entities, if there any other County departments that you interact with which deliver economic development programs and services, please provide feedback in the comment box below. (*optional*)

LA County Economic Development Delivery Survey

1. What changes could the County implement to more effectively address its economic development priorities?

2. What, if anything, do you think the County government should be doing*more* of in the way of economic development services or activities?

3. What, if anything, do you think the County government should be doing*less* of in the way of providing economic development services or activities?

4. Is there anything else you think would be helpful for us to know in understanding the County's strengths and needs for improvement regarding its economic development services?

LA County Economic Development Delivery Survey

Thank you for your participation. We look forward to reviewing your feedback, and if you have any additional thoughts or questions, please feel free to contact Daniel Kelleher at DKelleher@ceo.lacounty.gov. Thank you for your time and insight.

If you would like to be entered into the raffle to win one of 10 $10 Visa gift cards, please include your email below. All of your responses will remain anonymous.

1. Your email:

Financing Critical Infrastructure

West Carson TOD
Enhanced Infrastructure Financing District (EIFD)
EDPC Update

July 16, 2020

For Discussion Purposes Only

SCAG TIF Pilot Program

- ✓ TIF districts can help implement SCAG's RTP / SCS and affordable housing objectives
- ✓ SCAG provides assistance to cities to evaluate / implement new tools:
  - STEP 1 – Technical Screening Application
  - STEP 2 – Pilot Project Feasibility Analyses
    1) Placentia Old Town & TOD / Packinghouse District
    2) San Pedro / Wilmington in Los Angeles
    3) Santa Ana Civic Center Revitalization
    4) **West Carson in Unincorporated Los Angeles County**
    5) West Santa Ana Branch Transit Corridor
    6) Interstate 5 Corridor
    7) Vermont Transit Corridor in Los Angeles
    8) Long Beach Midtown
    9) Imperial County and Riverside County Salton Sea
  - STEP 3 – Regional Stakeholder Outreach and Coordination; Implementation
  - SCAG Contact: Kimberly Clark (Clark@scag.ca.gov)

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LA County EIFDs

La Verne TOD

- City-County contributing property tax revenue to fund infrastructure around future Gold Line station
- Improvements to area will include mixed-use housing, station area infrastructure, and sustainable projects
- Status: formed by City in October 2017; L.A. County joined January 14, 2020; fully formed and receiving tax increment

Redondo Beach AES Power Plant

- City-County contributing property tax revenue to fund revitalization of 50-acre power plant site into regional park, including remediation and wetlands restoration
- Status: formed by City in May 2019; L.A. County Resolution of Intent to join November 2019; engaged in formation process

West Carson TOD

- Led by County in unincorporated area (no City partnership); will be second County-only EIFD in State (Madera County 2018 EIFD)
- Status: Resolution of Intent to form EIFD May 2020; engaged in formation process

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Executive Summary

- ✓ West Carson Transit Oriented District Specific Plan (WCTODSP) adopted in October 2019:
  - 2,271 new residential units
  - 2.7 million sf commercial/industrial
  - Harbor-UCLA Medical Center Master Plan
  - BioTech park

Up to $1.7 billion of new development over the next 20 years

- ✓ $136 million infrastructure investment needed to support new development:
  - Transit connections, streets, and circulation – create transit-oriented area
  - Open space and recreation – requested in public meetings
  - Utility upgrades, parking – support BioTech park job growth

- ✓ SCAG-County partnership to fund EIFD feasibility study
  - Fulfills Goal 12 of "Our County" sustainability plan – coordinated funding and partnerships
  - County projects to comply with prevailing wage and local/targeted worker policies

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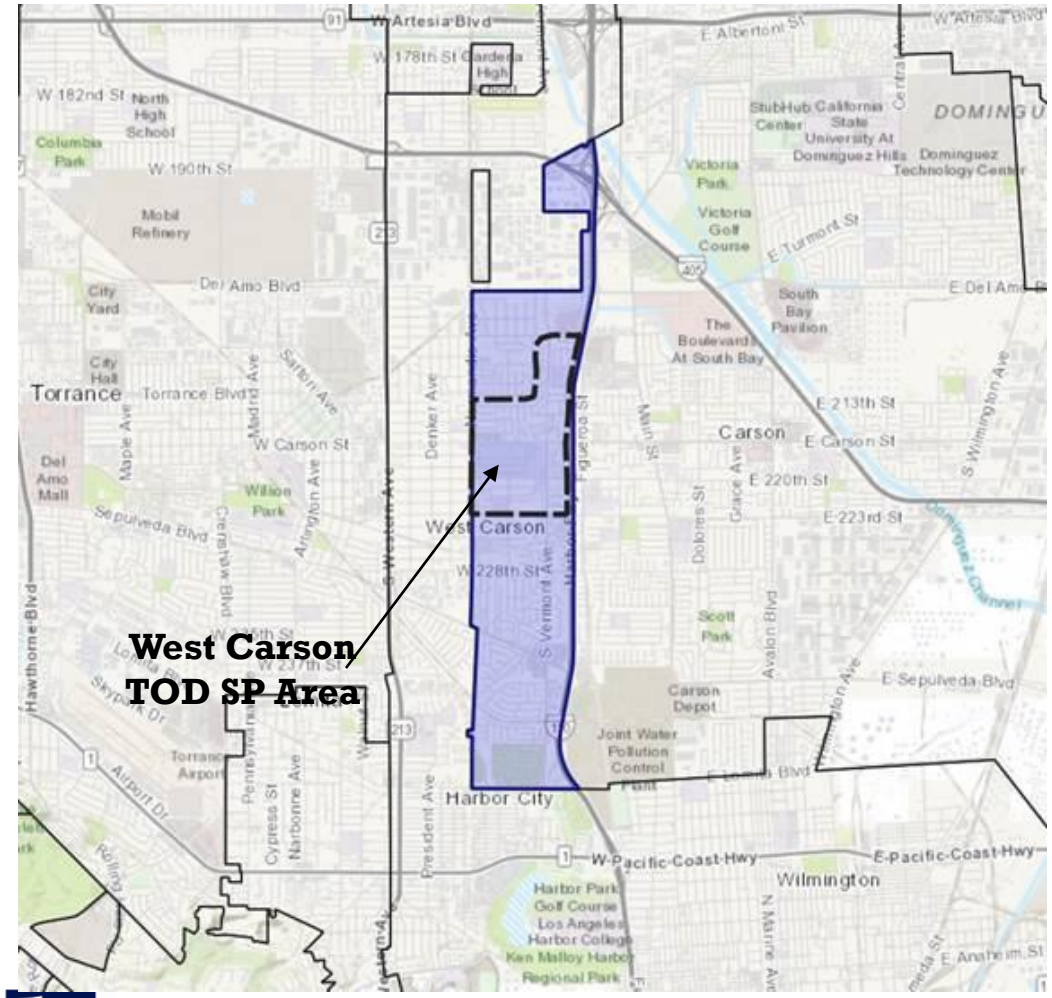
EIFD Boundaries



- ✓ EIFD Boundary: West Carson Unincorporated area
- ✓ Includes WCTODSP area, Harbor-UCLA, BioTech park
- ✓ 1,587 total acres (0.09% of unincorporated County)
- ✓ 6,451 parcels
- ✓ $2.6 billion current assessed value (base – 0.018% of total County AV)
- ✓ $1.7 billion potential new development (increment)

Total 50-year tax increment revenue = $614 million*
Up to 20% ($123 million) for affordable housing

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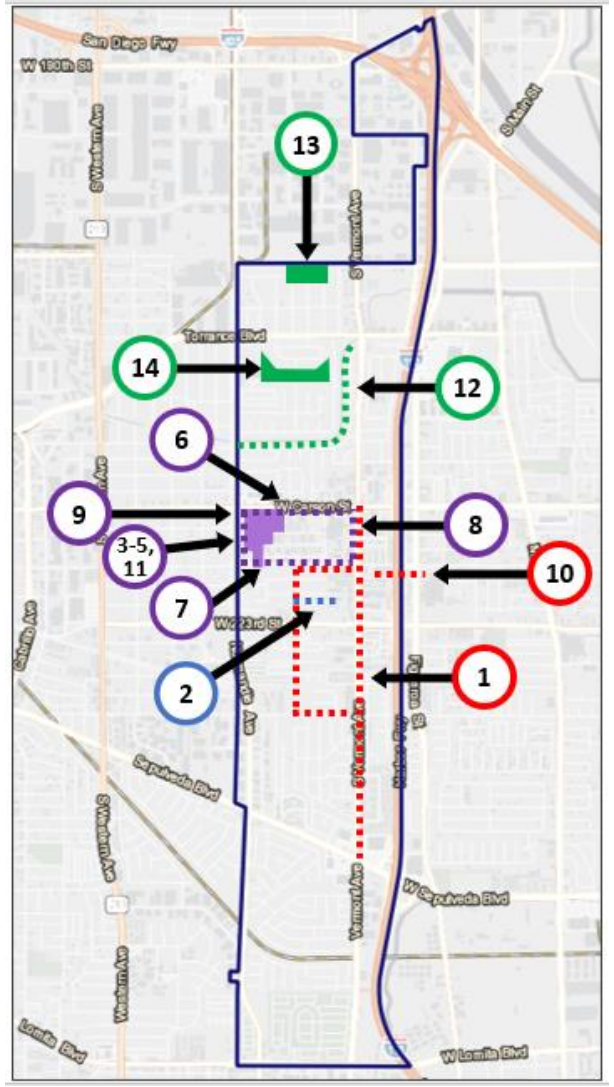
**Assumes County contributes 90% of its estimated $0.305 property tax share*

Infrastructure Map

- ✓ Estimated $136 million infrastructure from Specific Plan, HUCLA Master Plan, BioTech Park to transform area in to Transit Oriented District

Streets & Mobility	
1	Pedestrian improvements and urban greening
2	213th St. green streets improvement project
3	Building acquisition for BioTech Park parking garage
4	Parking garage for BioTech Park
5	Bio Tech Park - water/sewer/electric utility upgrades
6	HUCLA MP Phase 1D - Carson St. streetscape
7	HUCLA MP Phase 3B - 220th St., Normandie (south) streetscape and storm drain project
8	HUCLA MP Phase 4 - Carson St. and Vermont Ave. streetscape
9	HUCLA MP Phase 5 - Normandie Ave. (north) streetscape
10	220th St. pedestrian bridge improvements (w/ City of Carson)
Open Space & Nature	
11	Bio Tech Park public open space
12	Torrance Lateral multi use path
13	Wishing Tree Park Phase 2 community center
14	"Bowtie" park
15	WCTODSP pocket parks



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Feasibility Analysis – Tax Increment Projections

- ✓ 100% Property Tax Revenue Scenario:
  - Assumes WCTODSP buildout over 25 years – total $1.74 billion build out
  - Assumes 2% AV growth in remaining West Carson area
  - LA County contributes **30.5 cents** of property tax increment – **90%** of its estimated 30.5 cents property tax share increment
  - LA County does <u>not</u> contribute any of its property tax in-lieu of MVLF (10.5 cents)
- ✓ Property tax increment + incremental property tax in-lieu of MVLF:

			EIFD Revenues			
	Annual Tax Increment	To General Fund	To Affordable Housing Fund	To Infrastructure Fund	Est. Infrastructure Bonding Capacity	Cumulative EIFDTax Increment
Year 5	$2,312,457	$231,246	$462,491	$1,618,720	$8,000,000	$5,584,761
Year 10	$5,093,633	$509,363	$1,018,727	$3,565,543	$23,000,000	$23,627,685
Year 15	$7,954,554	$795,455	$1,590,911	$5,568,188	$28,000,000	$54,348,528
Year 20	$11,137,146	$1,113,715	$2,227,429	$7,796,002	$32,000,000	$98,568,879
Year 50	$27,602,008	$2,760,201	$5,520,402	$19,321,405		$614,633,570

($2020) – Bonding capacity estimated by Kosmont Transactions Services, registered municipal advisor

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EIFD Oversight & Documentation

Public Financing Authority (PFA):

- Governing board of the EIFD
- Membership – 3 members of Board of Supervisors, 2 public members appointed by District 2 Supervisor
  - Supervisor Ridley-Thomas, Supervisor Hahn, Supervisor Solis, Keith Hoffman (LA Biomed), David Louie (Planning Commission)
- Drives the preparation, circulation, and adoption of the Infrastructure Financing Plan

Infrastructure Financing Plan (IFP):

- Core governing document of the EIFD, including:
  - List of facilities to be funded by the EIFD
  - Tax revenues to be allocated to the EIFD
  - A cap on the portion of tax increment to be allocated to the EIFD
  - A cap on the total dollar amount of taxes to be dedicated to the EIFD
  - Anticipated fiscal impacts to participating taxing agencies
- Circulated to EIFD property owners, residents, and participating taxing agencies
- PFA holds 3 public hearings prior to adopting IFP and officially forming EIFD
- Can be amended at future date for changes in boundaries, projects, or funding

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Status and Next Steps

- ☑ Board of Supervisors Resolution of Intent to begin formation of EIFD – May 12
- ☑ Public Financing Authority Boardmembers appointed – in process
- ☐ First PFA meeting – August 11
- ☐ Public meeting to introduce EIFD and Infrastructure Financing Plan – Sept 8
- ☐ Three consecutive public hearings on Infrastructure Financing Plan – October-January
- ☐ Adopt Infrastructure Financing Plan and Form EIDF – January 2021

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Disclaimer

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ from those expressed in this analysis.

Discussions or descriptions of potential financial tools that may be available to the City are included for informational purposes only and are not intended to be to be "advice" within the context of this Analysis.

Municipal Advisory activities are conducted through Kosmont Companies' affiliate, Kosmont Transaction Services, which is Registered as a Municipal Advisor with the SEC and MSRB.

THANK YOU

Questions?

Kosmont Companies
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Appendix

Tax Increment Financing in California

TIF in California

- Proposition 18 approved by California voters in 1952 creating Tax Increment Financing (TIF)
- Allows local governments to create "Districts" to finance improvements using TIF
- Infrastructure investments that use increased property tax revenues from new development
- State has approved new "sustainability district" financing tools that can utilize TIF

State has approved new "sustainability districts"

- Enhanced Infrastructure Financing District (EIFD), Community Revitalization Investment Authority (CRIA)
- Address major infrastructure, sustainability, and housing needs
- Enable tax increment financing
- Encourage joint ventures with cities, counties, special districts, and private developers

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EIFD Fundamentals

- EIFDs approved / amended by SB628 (2014), AB313 (2015), AB1568 (2017), SB1145 (2018), AB116 (2019)
- Growth in property tax from participating agencies used to fund local / regional projects
- Statutory Authority: Part 1 of Division 2 of Title 5 of the Government Code
- Term: 45 years from first bond issuance
- Governance: Public Financing Authority led by city or county implements Infrastructure Financing Plan
- Eligibility: City, County, Special District; school districts exempt
- Approvals: No public vote to create district, subject to majority protest per AB116; no voter approval for bonds
- Eligible Projects: Any property with useful life of 15+ years & of communitywide significance; purchase, construction, expansion, improvement, seismic, rehabilitation; maintenance contracts
- No blight test needed
- District boundaries do not need to be contiguous

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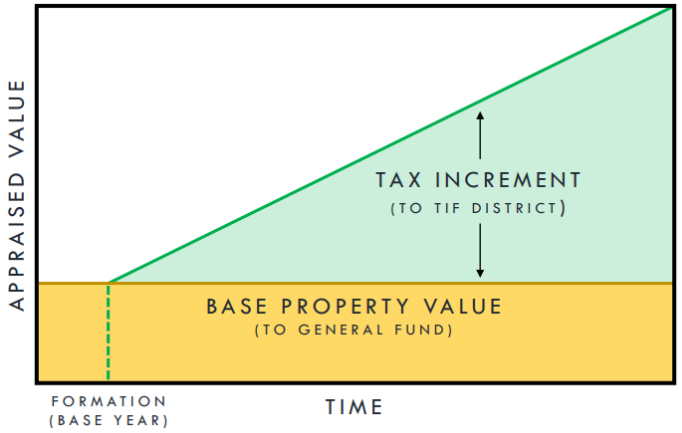
EIFD Mechanics

Property taxes are a major source of revenue for local governments

- LA County collects all property tax payments and distributes them to taxing entities – 1% statutory tax rate in California
- LA County receives 30 – 40% of property taxes and can use revenues for 'general purposes'

Incremental Growth Funds Improvements

- Taxing entity (City, County, Special District) pledges a % of ad valorem property tax revenues generated from new development
- Pledged revenues used to secure bonds issued for improvements
- No new or increased taxes – increase in property values drive tax revenue and improves the area
- "Below the line" direct assessments and voted indebtedness unchanged



Types of Projects EIFDs Can Fund

Light / High Speed Rail

Affordable Housing / Mixed Use

Transit-Priority Projects

Parks & Open Space

Civic Infrastructure

Brownfield Remediation

Childcare Facilities

Industrial Structures

Wastewater/Groundwater

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