

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND  
KATHRYN BARGER**

**APRIL 18, 2017**

**County Economic Development Trust Fund**

The County of Los Angeles (County) 2016-2021 Strategic Plan identified economic development as an essential tool for fostering vibrant and resilient communities within the County. There is consensus that regional economic growth can be positively influenced by the actions of County government and will be best-served through active support for small businesses, high-growth sectors, and socially responsible industries. The ability to foster job creation and sustainable career paths can often be a critical first step towards building the strong and dynamic communities identified in the 2016-2021 Strategic Plan. Indeed, the County's efforts around workforce development are essential to the success of economic development and have been a key component of the Board of Supervisors' (Board) increased focus on economic priorities. The 2016-2021 Strategic Plan highlighted this priority by directing the County to identify and align workforce development programs to provide career pathways for the high-need and priority populations that continue to face significant barriers to employment. By also targeting workforce development efforts around high-growth industry sectors and reliable career paths, the County can seek to build a sustainable pipeline of workers that helps drive economic growth.

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**MOTION**

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**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND  
KATHRYN BARGER  
APRIL 18, 2017  
PAGE 2**

To achieve long-term success with economic development, the Board has supported investments beyond just workforce development and job placement programs and has sought to build direct partnerships with the private sector. The Board has endeavored to create an economic development program that will also stimulate private investment in communities and grow the businesses that are critical to the region's economic future. The initial funding for such efforts was established pursuant to an October 20, 2015 motion (2015 Motion) on economic and community development put forth by Supervisors Mark Ridley-Thomas and Hilda L. Solis. The 2015 Motion established the County's Economic Development Trust Fund and authorized the initial allocation of \$965,000 to be used for economic development purposes. The 2015 Motion further identified five specific programs that were to receive future funding allocations from the Economic Development Trust Fund. The programs identified included a Manufacturing Revolving Loan Fund, Community Business Revitalization Program, Bioscience Revolving Loan Fund, Industry Cluster Grant Program, and Catalytic Development Loan Fund. Initial funding for these programs was established at \$6.5 million for Fiscal Year 2016-17, and required by the 2015 Motion to increase to an annual amount of \$15 million by Fiscal Year 2021-22.

Since the adoption of the 2015 Motion, the County has significantly increased its efforts around economic development. The Board has approved major programs for economic development that include local and targeted worker hire, small business utilization, community participation on economic development projects, and enhanced coordination for workforce development. The County has also formed the Economic Development Policy Committee, which includes membership from all five Board Offices, and now meets twice each month. In February 2017, the Chief Executive Officer (CEO) released the first Economic Development Scorecard to track and monitor the performance of the County's economic development programs. The CEO also is making progress towards a countywide economic development website and Geographic Information Systems (GIS) platform that will help attract new business investment to the County and communicate the County's economic development message to the public.

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND  
KATHRYN BARGER  
APRIL 18, 2017  
PAGE 3**

Additionally, on March 21, 2016, the CEO released the Strategic Asset Management Plan that provides a framework to inform and guide strategic management and investment in the County's critical assets including "leveraging existing assets and investment opportunities to benefit the surrounding community, serving as a catalyst for economic activity, promoting job creation, and strengthening the County's financial position."

Given the increased focus on economic development in the County, and the Board's interest in facilitating job opportunities for all of its residents, it is appropriate to re-examine the programs identified in the 2015 Motion. Each of these programs should demonstrate a direct nexus with an existing Board-approved initiative such as workforce development, small business utilization, affordable housing, health care delivery, and/or sustainability. For the three loan funds that were allocated the majority of funding by the 2015 Motion, there should also be specific objectives related to leveraging private investment, facilitating future County procurement efforts, supporting County capital programs, and/or providing career pathways for individuals facing significant barriers to employment. By linking County economic development activities with these priorities and objectives, the Board can ensure that its investment in economic development has a direct impact on all populations and workers within the County.

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:**

1. Direct the Chief Executive Officer (CEO) to report back in writing to the Board of Supervisors (Board) by June 13, 2017, with recommendations regarding the use of one-time monies and ongoing funding to support the Economic Development Trust Fund. Such recommendations should include a policy to address any carryover funding from prior budget years.
2. Direct the CEO, in collaboration with the Executive Director of the Community Development Commission, to report back in writing to the Board by June 13, 2017 on re-positioning the Manufacturing Revolving Loan Fund as a cleantech fund that supports the County's efforts around increased sustainability. The

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND  
KATHRYN BARGER  
APRIL 18, 2017  
PAGE 4**

cleantech sector is recognized as a leading growth industry in the region, can support County efforts around energy efficiency and water resiliency, and provides career opportunities across a wide range of salary and education levels.

3. Direct the Executive Director of the Community Development Commission (CDC) to implement the Catalytic Development Loan Fund and to report back in writing to the Board by June 13, 2017, on efforts to identify specific opportunities to leverage this fund with private investments. The strategy for leveraging private funders should address issues of subordination and first-loss provisions as they may relate to funding provided by the County.
4. Direct the CEO to manage the Bioscience Revolving Loan Fund on a going-forward basis and to consider re-positioning this revolving loan fund as a "fund-of-funds" that lends to equity funds and supports early-stage investment in the bioscience sector in the County. The CEO should engage directly with the County Health Agency for guidance regarding investment strategies that can directly or indirectly support the delivery of public health care by the County. Specific opportunities to leverage this fund with private investments should also be addressed as a core element of the new "fund-of-funds" strategy.
5. Direct the Executive Director of the CDC to accelerate the implementation of the Community Business Revitalization Program (the RENOVATE Program) and identify a strategy to fund no less than ten projects in Fiscal Year 2017-18.
6. Direct the CEO to implement the grant program for industry strategies and cluster-building efforts described in the 2015 Motion, and to directly align this program with the workforce development efforts of the Department of Workforce Development, Aging and Community Service and other County Departments. This effort should align with the Los Angeles Basin Regional Workforce Development Plan 2017-20, the Los Angeles County Workforce Development Board 2017-20 Local Area Plan, and ongoing efforts to support the bioscience, construction and cleantech industry sectors. Having released a Request for Statement of Qualifications (RFSQ) for economic development services in March

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND  
KATHRYN BARGER  
APRIL 18, 2017  
PAGE 5**

2017, the CEO is in the process of establishing a master services agreement with consultants and advisors that have experience across the entire range of County economic development initiatives. The CEO is well-positioned to manage a grant program focusing on industry clusters and workforce development, and can utilize both its master services agreement and future competitive solicitations to secure such services.

7. Direct the CEO and Executive Director of the CDC to report back in writing to the Board, and to the Economic Development Policy Committee, by August 22, 2017, and quarterly thereafter with a status update regarding the three economic development loan programs, the RENOVATE Program, and the Industry Strategies Program, and on the CEO's effort to engage the County Health Agency in the overall bioscience industry sector initiative. With respect to the three loan programs, the status update should include information regarding any solicitations being developed for outside fund managers or loan officers and a strategy for prioritizing loans to borrowers within the County Unincorporated Areas.
8. Direct the CEO to report back in writing to the Board, and to the Economic Development Policy Committee, by June 13, 2017, regarding any staffing recommendations necessary to pursue the successful outcomes of the Economic Development Trust Fund. These recommendations should address not only the resources required to implement the programs identified in this Motion, but also the Board's larger objectives related to economic development.
9. Direct the Executive Director of the CDC to report back to the Board in writing by May 16, 2017, on the status of the \$455,000 appropriated for the Honor Ranch Development in the Fiscal Year 2016-2017 budget and transfer the remaining funds to the CEO for the development of the Honor Ranch property.

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