

Update Economic and Finance Issues



GATEWAY CITIES

COUNCIL OF GOVERNMENTS

FY 2019-20 State Budget

- ▶ The Following Information is taken from the League of California Cities Analysis of State Budget (<http://www.cacities.org>)
- ▶ The Legislature Passed FY 2019-20 State Budget on 6-14-19 with Additional Funding for Services for the Homeless, Safe Drinking Water, Investment in Infrastructure as well as Emergency Preparedness and Response
- ▶ The final budget largely reflects the framework and funding levels proposed by Gov. Gavin Newsom, with a total spending of \$214.8 billion, and an additional \$19 billion set aside in the state's "rainy day" reserves.
- ▶ In a compromise with the Legislature, the budget does not contain the "water tax" that was proposed in January to invest in water system improvements, but instead commits \$130 million of Cap-and-Trade funding.
- ▶ Includes funding for Medi-Cal coverage to young adult immigrants and permits Covered California to provide subsidies to middle class residents.

FY 2019-20 State Budget

- ▶ Allocates more than \$2.4 billion to help address homelessness and affordable housing needs throughout the state. Which includes funding:
- ▶ \$250 million for technical assistance for local governments and councils of government (COG) to develop plans that include but are not limited to: streamline housing approvals, complete California Environmental Quality Act (CEQA), improve permitting or rezoning to increase density
- ▶ \$500 million for the Infill Infrastructure Grant Program for specific residential or mixed-use infill development
- ▶ Note: While the \$750 million has been allocated in the state budget, the implementing budget trailer bill is still under negotiations and will be voted on during the next couple of weeks.



Budget

Budget Victories

Dear Community,

As a member of the Budget committee, I am happy to announce that I voted to secure within the 2019-2020 State Budget the following funding for the 58th Assembly District:

- \$5.8 Million for Columbia Memorial Space Center in Downey
- A 2 Year tax exemption on menstrual products
- \$75 Million additional funding for Exide lead clean up
- \$275 Million AB 617 Community Air Protection Efforts
- \$2 Million extension for Laguna Nueva Park Development in Commerce
- \$1 Million for Cerritos College Health Sciences Building Renovation
- \$735 Thousand for Parks and Recreation Facilities in Pico Rivera

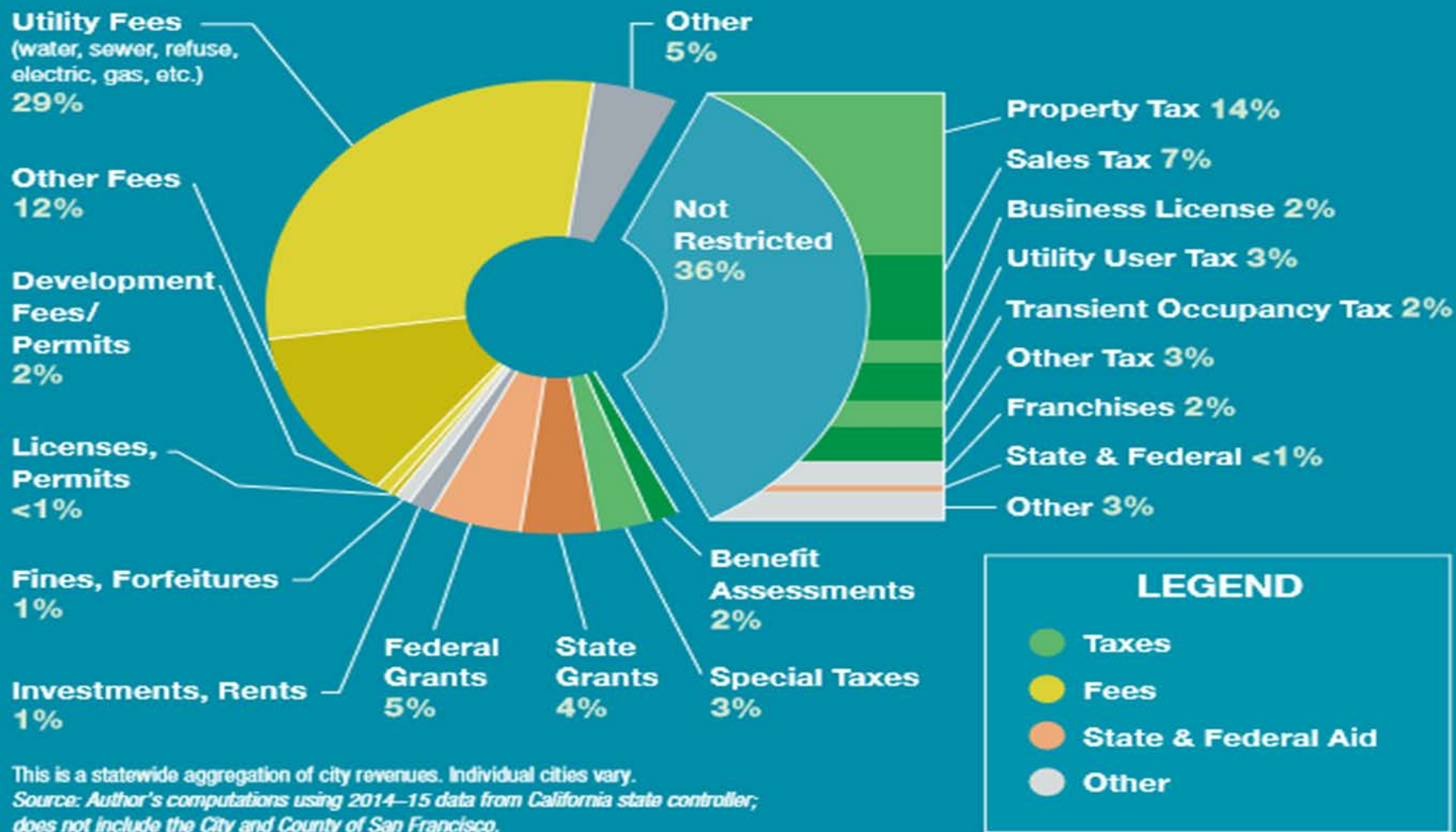
The following was secured for K-12 Funding, Pension, Special Education, and Early Education Programs:

- **Special Education** - Provides \$153 million for special education services in schools; and an additional \$493.2 million in grants for schools districts who serve pre-k students with intellectual and developmental disabilities.
- **Full-day Kindergarten** - Provides \$300 million in grants for full-day kindergartens.
- **Early Education** - Expands child care facilities, professional development, and eligibility for state pre-school and child care.
- **Afterschool** - Provides \$50 million in ongoing Prop 98 funding for afterschool programs.

Sincerely,

Cristina Garcia
Assemblymember, 58th District

CALIFORNIA CITY REVENUES



AB 147 (Burke), New California Online Sales Tax Collection Law

- ▶ Governor Newsom signed measure into law 4-25-19
- ▶ Implements in California the Supreme Court's *Wayfair* decision which allows a state to impose a use tax collection duty on retailers of a certain size even if they do not have a physical presence in the state.
- ▶ Important because digital commerce has been growing at over 10% annually, 4 times more than overall growth.
- ▶ The new law will result in:
 - ▶ \$1 billion to \$2 billion in annual uncollected CA sales tax being collected
 - ▶ \$125 million to \$250 million in new sales tax going to cities and counties
 - ▶ Overall modest increase in sales/use tax of 1.8 to 3.5%

How are cities going to respond to the challenge of falling revenue from the loss of “brick-and-mortar” retail stores?



New State-Local Partnership?

SB 5 (Beall, McGuire, Portantino)

- ▶ SB 5, Affordable Housing and Community Development Investment Program passed State Senate on 5-29-19
- ▶ Would ultimately direct up to \$2 billion annually in support of local infill, transit-oriented development, affordable housing and neighborhood revitalization.
- ▶ While the Governor and Legislature have proposed only one-time funding, this bill has the potential of being the model for future state-local cooperation for urban revitalization.
- ▶ SB 5 is designed as an “opt-in” program and no affected taxing entities are required to participate. Schools are made whole by Prop 98 backfill mechanism.

Role of the Gateway Cities COG in Economic Development

- ▶ The Gateway Cities are in economic competition with each other; especially for retail sales tax dollars.
- ▶ The Council of Governments cannot assist individual cities with sales tax related Economic Development.
- ▶ Rather the goal of the Economic Development Working Group is to lower unemployment within our 27 cities and 9 unincorporated communities by encouraging non-retail job creation activities.
- ▶ Income produced by these new jobs will be spent in our communities and allow our residents to have better lives.
- ▶ Thus creating a win-win situation for our COG members.

Gateway Cities Council of Governments Economic Development Working Group

"The Goal of the Economic Development Working Group is to lower Unemployment within the Gateway Cities Region by encouraging Job Creation Activities."

Members

- **Abel Avalos**, Community Development Director, City of Lakewood
- **Yolanda Castro**, Executive Director, Southeast Los Angeles Workforce Dev. Board
- **Gerald Caton**, Working Group Chair, Gateway Cities Council of Governments
- **Jeff Collier**, City Manager, City of Whittier
- **Torrey N. Contreras**, Senior Assistant City Manager, City of Cerritos
- **Charlie Honeycutt**, City Manager, City of Signal Hill
- **Melissa Infusino**, Workforce Development Director, Long Beach City College
- **John Moreno**, City Manager, City of Paramount
- **Robert Moran**, Principal Analyst, CEO Office, County of Los Angeles
- **Wayne Morrell**, Director of Planning, City of Santa Fe Springs
- **Nancy Pfeffer**, Executive Director, Gateway Cities Council of Governments
- **Sergio Ramirez**, Dep. Dir. of Economic & Property Dev., City of Long Beach
- **Aldo Schindler**, Community Development Director, City of Downey
- **Scott Smith**, President/CEO, Cerritos Chamber, Gateway Chambers Alliance

GATEWAY CITIES WEBSITE TO ATTRACT NEW BUSINESSES AND ASSIST EXISTING COMPANIES

<http://www.gatewaycogsitereprospector.org/>

The screenshot shows a web browser window with the address bar displaying <http://www.gatewaycogsitereprospector.org/>. The website content includes a header with a map of California and the title "Gateway Cities COG Property Site Selector." Below the header is a navigation bar with four main sections: "Regional Overview", "The Workforce", "Search Real Estate", and "Add Properties". Each section has a brief description and a "LEARN MORE" or "SEARCH SITES" button. At the bottom, there is a "Select a Gateway City" section with a list of cities and a "VIEW ON MAP" button. The browser's taskbar at the bottom shows the system clock as 10:32 AM on 12/11/2013.

Gateway Cities COG Property Site Selector.

Find the right building, lot, or retail space for your business in southeast Los Angeles County.

GATEWAY CITIES
COUNCIL OF GOVERNMENTS

Regional Overview

A snapshot of the region's economic resources, educational institutions, medical facilities, and investments.

[LEARN MORE](#)

The Workforce

Regional workforce info, including, mean household income, education levels, and the largest employment sectors.

[LEARN MORE](#)

Search Real Estate

The Gateway Cities COG region has the perfect location for giving your business the competitive edge!

[SEARCH SITES](#)

Add Properties

Know of a new property for lease or sale? Please post it here! And be part of Gateway Cities Property Site Selector.

[ADD PROPERTIES](#)

Select a Gateway City

Artesia	Downey	Maywood
Avalon	Hawaiian Gardens	Montebello
Bell	Huntington Park	Norwalk
Bellflower	Industry	Paramount
Bell Gardens	La Habra Heights	Pico Rivera
Cerritos	La Mirada	Santa Fe Springs
Commerce	Lakewood	Signal Hill
Compton	Long Beach	South Gate
Cudahy	Lynwood	Vernon
		Whittier

[VIEW ON MAP](#)

Why the Gateway Cities COG Region is Right for You

Located in southeast Los Angeles County, the **Gateway Cities Council of Governments** (Gateway Cities COG) region covers approximately 203 square miles and is home to approximately 2 million hardworking and capable residents. With access to global trade via one of the world's leading full-service seaports, a recently upgraded commercial service airport, rail yards that transport ever-increasing amounts of imports and exports, and an improving network of roads and public transportation, the Gateway Cities region is the perfect location for your business!

With this Gateway Cities website, you can obtain all the information you need to find the right building, lot, or retail space for your business. You may: view available properties in the region; search all available sites; obtain dynamic property and business reports; conduct a dynamic demographic analysis of the region, create and print maps tailored to your needs, and so much more!

Gateway Cities Economic Development White Paper

- ▶ The purpose of the white paper is to demonstrate the necessity for the development of additional State funding methods tailored to the unique circumstances of the Gateway Cities Region in order to assist with the creation of new Affordable Housing Units and relevant Economic Development activities.
- ▶ The Economic Development Working Group has contacted the Governor's Office of Business and Economic Development regarding the need for special assistance for the Gateway Cities.
- ▶ We are currently working with several staff members of the Office of Business and Economic Development.

What are the Gateway Cities Unique Circumstances?

- ▶ The Gateway Cities Region's population density is already nearly 4 times as dense as Los Angeles County and 43 times denser than California.
- ▶ In order to create an Enhanced Infrastructure Finance District or Community Revitalization and Investment Authority, jurisdictions need to receive at least \$0.15 of every property tax dollar collected. Only two of the twenty-seven Gateway Cities meet this criterion.
- ▶ The Gateway Cities has one of the largest concentrations of economically disadvantaged communities in the State.
- ▶ Approximately one-third of the Gateway Cities population, 25 years and above, attained less than a high school education.

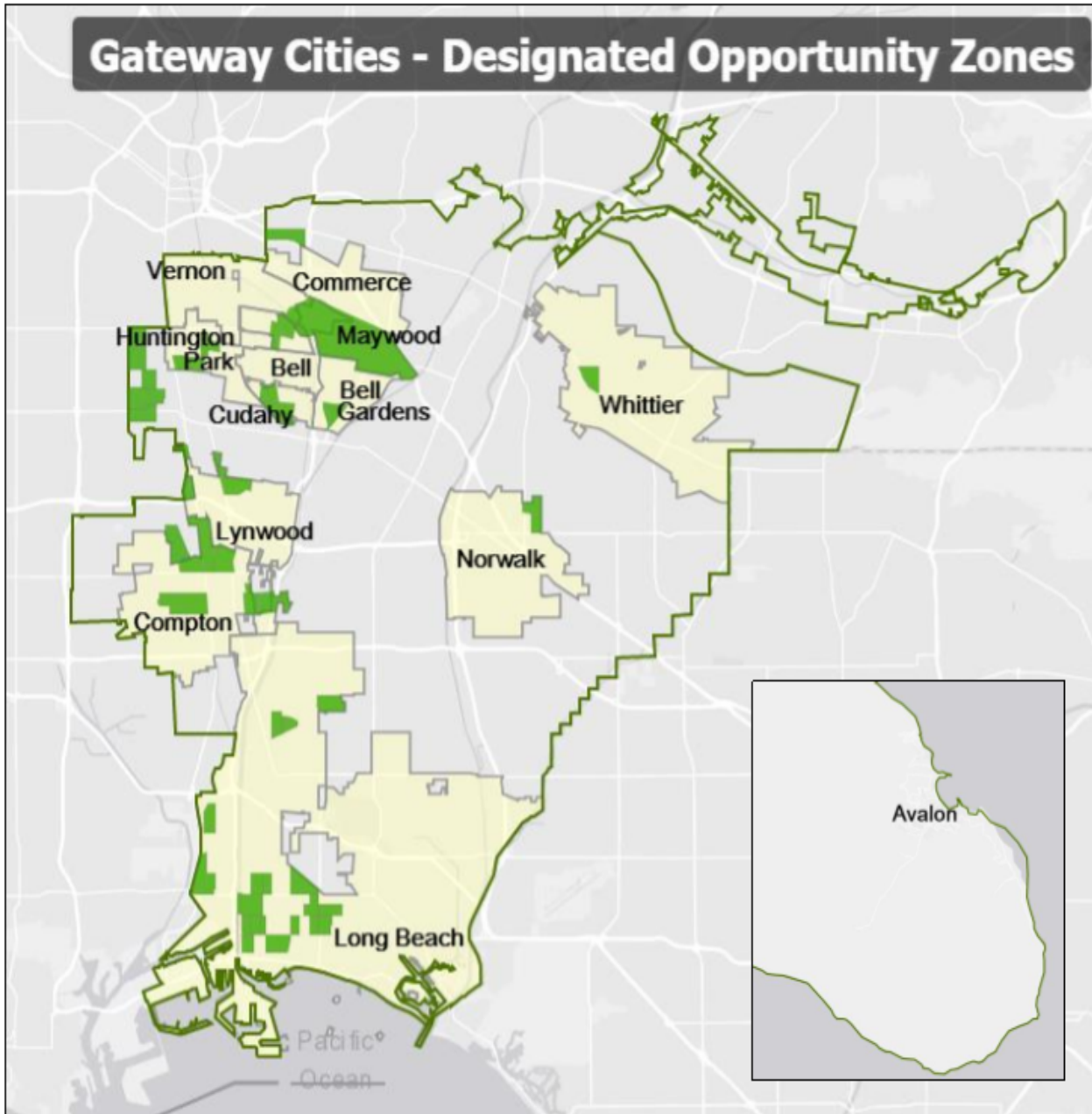
“Regions Rise Together” - Governor’s New Initiative

- ▶ This initiative will “bring together diverse leaders in every region over the course of the next year so that an inclusive and comprehensive plan is developed that will lift every part of California” .
- ▶ While oriented towards California’s inland communities, the Gateway Cities has requested that our sub-region be included in the initiative.
- ▶ The “Regions Rise Together initiative is launched in partnership with California Forward, an organization with a long history of leading conversations on sustainable regional economic development.

We have previously worked together to produce legislation that assisted our region's Economic Opportunity

- ▶ Governor Brown in 2013 signed into law SB 470 sponsored by the City of Long Beach and the Gateway Council of Governments to reactivate economic opportunity powers that were previously accessible to cities through Redevelopment (RDA).
- ▶ SB 470 provided cities and counties with flexibility for property disposal through the “fair reuse sale” process. This enabled local governments to promote economic opportunity strategies to increase jobs, promote affordable housing, encourage transit-oriented development and increase tax revenue for all levels of government.

Gateway Cities - Designated Opportunity Zones

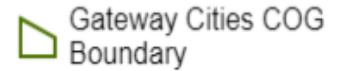


LEGEND

Opportunity Zones (census tracts)



GCCOG Boundary



GCCOG City Boundaries



The California Department of Finance designates certain census tracts as Opportunity Zones, where investments made by individuals through special funds would be allowed to defer or eliminate federal taxes on capital gains.

If one census tract in a Gateway City was designated as an Opportunity Zone, then the whole City is highlighted in this map.