

2002-2007 Gateway Cities Comprehensive Economic Development Strategy

Submitted to
Economic Development Administration
By
Gateway Cities Council of Governments

March 2002

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Prepared by
USC Center for Economic Development
School of Policy, Planning, and Development
University of Southern California

March 2002

Gateway Cities Council of Governments Comprehensive Economic Development Strategy

Member Cities

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

Mission of The Gateway Cities Council of Governments

The goal and intent of the council is one of voluntary cooperation among the cities for the collective benefit of cities in Southeast Los Angeles County.

Serve as an advocate in representing the members of the Gateway Cities Council of Governments at the Regional, State and Federal levels on issues of importance to Southeast Los Angeles County.

Serve as a forum for the review, consideration, study, development and recommendation of public policies and plans with regional significance, including but not limited to the following:

- I. **Transportation Planning and Funding**
Perform the transportation planning for the sub-region, advocate for maximum public sector funding for city and sub-regional projects.

- II. **Economic Development**
Promote the economic development of the sub-region by maximizing the sub-region's competitive advantage, to overcome influences that are eroding the sub-region's economy and to work cooperatively with the private sector.

- III. **Air Quality**
Be sufficiently involved in the activities of the South Coast Air Quality Management District (AQMD), so as to respond to District actions affecting the best interests of the members of the Council of Governments.

- IV. **Sub-regional Planning and Data Base Oversight**
Perform the SCAG sub-regional planning function, be sufficiently involved in the oversight and management of the data base of the sub-region to protect the interests of the cities and the sub-region

Foreward

The Gateway Cities Council of Governments (GCCOG) was established in 1996. One of its first accomplishments was the development of an economic initiative, The Gateway Cities Economic Strategy Initiative, prepared by DRI/McGraw-Hill, 1996. This document served as the region's Overall Economic Development Plan, consistent with EDA's requirement. A key recommendation of the initiative was the establishment of a non-profit economic development organization. Thus, the Gateway Cities Partnership, Inc. was founded in 1997 as an alliance of business, labor, education and the public sector.

In 1999 the GCCOG, in partnership with the Southern California Association of Governments (SCAG), sponsored three *Livable Places Profiles*. These city profiles of Signal Hill, Santa Fe Springs, and Paramount highlighted the efforts of each municipality to transform their city into a more livable place, through initiatives directed toward industrial, commercial, and residential development. The case studies were presented as an opportunity for all GCCOG members to learn to enhance their quality of life by learning from the accomplishments of other cities.

In the next phase of the Livable Cities Project, an input and orientation workshop was held with the general GCCOG membership. One of the outcomes was the need to hold a regional conference, which the Gateway Cities Partnership organized. The Gateway Cities' Future: Advancing and Sustaining Our Communities for Tomorrow, a daylong conference, was held on February 9, 2001. Educators, business and community leaders, and representatives of labor organizations, non-profits, and environmental organizations attended along with local elected officials, to explore the challenges in the region. Panelists presented the state of the region on transportation/infrastructure, education/workforce development, and quality of life/urban renewal.

The ensuing discussion at the GCCOG resulted in the determination to prepare an updated Comprehensive Economic Development Strategy to capitalize on the issues identified at the conference and to refine them into a viable strategy for the region.

A Comprehensive Economic Development Strategy Committee (CEDS Committee) was formed by the GCCOG City Manager's Policy Steering Advisory Committee. The CEDS Committee oversaw the refinement and update of the background data developed for the *Gateway Cities: A Profile at the Start of the 21st Century*, which was published for the conference.

The goals, strategies, and action plan contained in this document grew out of this public process and incorporated the community input garnered at the city level in the development of their respective General Plans, Consolidated Plans, and Redevelopment Plans.

The next task of the CEDS Committee will be to review projects proposed to them to ensure that they implement the strategy developed through this process.

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Executive Summary

The Gateway Cities Region has played a most significant role in the development of the Los Angeles Region and indeed Southern California in its totality. The manufacturing heartland, the Gateway Cities Region has nurtured many generations of Southern California families and individuals, native born and immigrant, in pursuit of the "American Dream" envied around the world. Our destiny is not one of "back to the future" but forward to a future of promise, prosperity and unique life experiences enhanced by an environment with vast diversity, multicultural richness and economic bounty as found in the Gateway Cities Region.

We have an appointment with the future. We will be the world's largest global trading location facilitated by leading edge transportation infrastructure and facilities. We will offer commercial and industrial siting opportunities unequaled in quality offering domestic and international competitive advantage. Our workforce will be well trained and skilled in all of the major sectors in the world economy, earning attractive family wage incomes, supporting a quality of life highly regarded around the globe.

This Comprehensive Economic Development Strategy is an important step in fulfilling that destiny. It sets forth the region's needs and outlines opportunities to respond to those needs. It is meant to be an evolving document however. It presents sample economic development strategies that support five broad goals. The strategies will change as needs change over time. The five primary goals are:

Goal 1: Greater Employment Opportunities

Manufacturing employment has historically driven the region's economy, providing high wage jobs supporting trade and services in the region. Prior to 1989, aerospace and defense related industries dominated the regional economy. However, during the early 1990s, there was a major restructuring due to the decline in government spending on aerospace and defense at the end of the Cold War; the civil disturbance of 1992; the Northridge earthquake in 1994; and business flight in response to environmental laws and government regulations.

The industries that paid the best wages and salaries experienced the greatest employment decline. These sectors include industries such as aerospace, petroleum, chemicals, and shipbuilding. The average annual earnings of workers in the Gateway Cities Region aircraft industry in 1992 were \$43,600. This was 51 percent higher than the average annual wage of \$28,000 in all other industries in the Region. However, the manufacturing industries that hired the most workers between 1992 and 1997 paid below-average wages and salaries. These industries were apparel and textiles, furniture, lumber and wood products, and miscellaneous manufacturing.

Goal 2: A More Educated Workforce

Education performance measures in the Gateway Cities Region reflect a national mismatch between the increasing demand for qualified workers, and a stagnant or declining supply of workers qualified to meet high-tech industry labor demands. The problem is not a shortage of workers overall, but a shortage of workers with adequate skills. In a recent National Association of Manufacturers survey, 60 percent of manufacturers reported that half of their job applicants were unqualified. The Gateway Region offers substantial job opportunities in large manufacturing industries, yet workers in the region tend to lack the skills needed to fill those jobs. The regional average attrition rate from 1995-96 to 1998- 99 was 30 percent; the regional average dropout rate in 1998-99 was 3.4 percent. One implication of the high attrition rate is that the labor force includes these former students who are not completing high school, whose qualifications and prospects for career advancement are limited.

Nonetheless, the potential for bridging this gap between required skills and worker qualifications in the Gateway Region exists. Census data suggest that the number of working-age Gateway Region residents is expanding. With adequate gap assessments, training programs can target the gap, providing qualified workers for these jobs.

Goal 3: Improved Infrastructure

Infrastructure within the Gateway Region is stressed by growing population and deferred maintenance. Existing roads, water, drainage, waste management and other public infrastructure facilities were not designed to support the level of current and projected growth. Competing demands for scarce public funds have forced Gateway Region cities to cut back on maintenance and upgrades of public infrastructure. Today, many cities in the Region need to rebuild existing facilities or expand capacity. Without this public investment, new construction (private investment) may be limited. Existing businesses may seek locations outside the Region that can provide needed services more reliably. In the worst case, declining rents could lead Gateway Region landowners to defer property maintenance. This cycle can be self-fulfilling as owners neglect property with poor public services. Government leaders, hesitant to spend money on declining areas, may neglect the very infrastructure needed to support or revive areas within the Gateway Region.

Goal 4: Improved Planning and Decision-Making Processes

Effective economic development strategies within the Gateway Cities Region will depend upon effective planning and decision-making processes. It is the goal of the Gateway Cities to build upon the already successful regional and multi-agency partnerships that have benefited the Region. These include the Gateway Cities Partnership, an alliance of business, labor, education and the public sector. It also includes the efforts of the Alameda Corridor Transportation Authority and the State-local partnerships formed to relieve congestion along the major transportation corridors traversing the Gateway Cities.

Goal 5: Effective Land Use

The ports and transportation infrastructure of the Gateway Region provide the competitive advantage for wholesale trade. Although the nondurable manufacturing industry has recently experienced decreased employment, state economic growth and local clustering advantages offset the effect resulting in a net gain of jobs.

Effective land use decisions must be made regarding the future role of manufacturing and other land uses in the region. The Gateway Cities must maintain a competitive advantage in the industrial sectors and maximize proximity to key transit and freight corridors. The Region must do so however in a way that balances the needs of both residents and businesses. High concentrations of manufacturing throughout the Gateway Region, existing long before sound environmental regulations, littered the region with brownfields. Redevelopment of these sites is needed to make land available for new industrial development and other kinds of businesses. Another key concern is the lack of adequate park and recreational facilities throughout the Region.

In an attempt to realize these five goals, this Comprehensive Economic Development Strategy proposes an Action Plan organized around six elements:

- Sustainable Development
- Use of Information Technology and Telecommunications
- International Trade
- Entrepreneurial Development
- Tourism
- Cooperation and Collaboration

These elements become implementing strategies when they respond to specific obstacles and guide both long and short-term solutions. In some cases, they see their end result in the development of specific parcels. The strategies that follow, like the goals, will change as needs change. The CEDS is a living document; and the strategies are guideposts that the cities will use in establishing priorities. They are:

Strategy 1: Sustainable Development

Sustainable development focuses on meeting current needs of a community without compromising the needs of future generations, and improving the quality of life for all present and future populations. In the Gateway Region, the Gateway Cities Partnership has committed itself to the sustainability of the Region's economy, quality of life, environment, education, and infrastructure. Recent trends in the global economy—industrial clustering and specialization, diversification of the workforce, reintegration of work and home—are placing a premium upon community character and quality of life. In addition to utilizing the existing infrastructure more efficiently, investments must be made to expand and rehabilitate existing infrastructure to manage current and projected

population size as well as stimulate the growth of new employment opportunities in the Region.

This CEDS considers what barriers exist with regard to sustainable development. They include an overall lack of competitiveness in the region in high wage employment. The CEDS also considers opportunities, including the potential for eco-industrial park development and an expanded role for effective local stakeholders. One example is the Center for International Trade and Transportation (CITT). This is a joint effort of The Gateway Cities Partnership, CSU Long Beach and the transportation industry meant to act as a catalyst for training, growth, and competitiveness.

For example, the proposed 260 acre PacifiCenter redevelopment project in Long Beach is designed to complement existing neighborhoods and enhance the entire community by providing the following benefits: \$2 billion annually in economic benefits; 20,000 new quality jobs; increased housing values; over 52 acres of public and private open space; weekend attractions for the community; new restaurants, outdoor cafes and shops; on-site energy generation; and a partnering of higher education and technology. By providing a full range of quality jobs, PacifiCenter will attract a whole new generation of professionals to the region. The community's children will also have an added incentive to stay in an area where attractive employment opportunities are plentiful.

Strategy 2: Use of Information Technology and Telecommunications

Electronic-commerce, information technology industries, and telecommunications offer new opportunities and challenges for distressed areas. Technology-based development requires the development of new infrastructure, programs that support entrepreneurship, and training to develop a skilled workforce to maintain and support state-of-the-art systems.

One area of opportunity is the former Boeing/NASA facility located in the city of Downey. While the loss of this employment generator was a blow to the Gateway Cities Region, the 160-acre site might be used for the development of a film studio, tech-related industrial space or other employers bringing high wage jobs to the area.

Strategy 3: International Trade

International trade is the engine that drives the economy of the LA Basin, particularly given our links to the Pacific Rim. The Long Beach and Los Angeles ports combined form one of the largest port complexes in the world. International trade creates jobs in several ways: through the manufacturing of goods for the Region and for export, in goods delivery, in port security, and through trade in services. Techniques to enhance the Region's competitiveness as a center for international trade, business and investment; and to increase the number of jobs available at the ports for the Region amidst the influx of new technology are significant components of the economic strategy. In addition, special attention must be paid to the influence that trade has on local traffic.

Strategy 4: Entrepreneurial Development

Small and medium sized businesses are the backbone of the Southern California economy. Small and fledgling companies, however, often lack the resources to successfully finance, manage, and operate their companies. An element of this strategy is to encourage start-ups by targeting them with technical assistance, knowledge, and financial support. Also to be targeted by such programs are minority owned businesses. Traditionally, minority business owners have less access to capital and education. In addition, a certain percentage is new to the United States and its business mores. However, such businesses are a vital part of our economy and a key factor in creating jobs in the minority population of the Region. Partnering with universities, and local, state and federal government agencies should also leverage resources.

The Region already has a successful model in the "Buy Long Beach" plan that was developed in cooperation with the Long Beach Area Chamber of Commerce to provide better access to city contracts for disabled, minority and woman-owned business enterprises. Also, a 1% preference is given to bidders whose place of business is located within the City limits for the purchase of materials and equipment. This CEDS focuses on the development strategies that allow local businesses to be in a position to take advantage of coordinated marketing efforts, to also include business incubators.

Strategy 5: Tourism

Tourism is an established leader in Southern California's modern service economy. This growth sector creates employment in other sectors including retail, food service, car rental agencies, and air travel. Two key factors make tourism in Southern California unique: its cultural diversity and its coastal location. Communities should make an effort to celebrate and market its diverse heritage, and take advantage of the prize locality. An enabling mechanism is the development of adequate infrastructure facilities, wider information dissemination, and area marketing strategies that lead to increasing tourism and related jobs in distressed and/or underdeveloped areas.

The Region has made great strides in developing high profile projects like Long Beach's Pike at Rainbow Harbor; but other areas of the Gateway Cities Region require the basic infrastructure that must be in place before the development of tourist attractions can occur. These include streetscape improvements encompassing crosswalks, curb ramps, sidewalks, security lighting and landscaping. This CEDS also proposes the development of parking structures, alleviating drainage problems and improving median island hardscape and landscape to create a more favorable environment for tourism.

Strategy 6: Cooperation and Collaboration

More cooperation and collaboration across public and private sectors is necessary to advance regional economic development. Creative collaborative approaches provide the ways and means to leverage resources, build social capital, diversify funding, and sustain regional developing efforts.

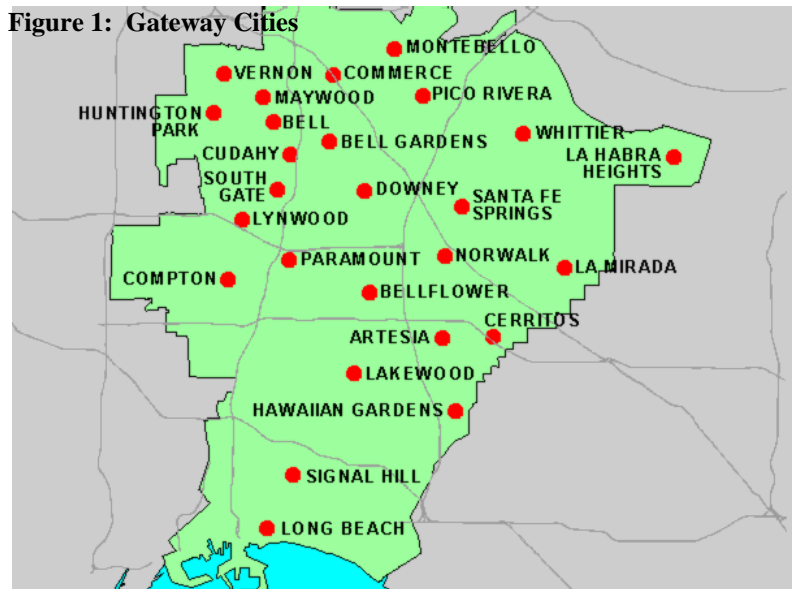
The Gateway Cities Council of Governments worked with the Gateway Cities Partnership to secure a \$2.8 million high tech training grant from the Department of Labor to train precision machinists throughout the 27-city region; a collaboration of community colleges and universities in the Region will facilitate the training. As a partner in the California Center for Regional Leadership (CCRL), the Gateway Cities Partnership is currently preparing a proposal for implementation of a workforce-training program for entry-level jobs in high-wage, high-demand industries. This CEDS proposes developing other partnerships to maximize the effectiveness of local service providers.

These six Action Plan elements will provide a framework in which to evaluate the effectiveness of proposed economic development projects on key sites throughout the Region. In guiding local efforts, it is our hope that this Comprehensive Economic Development Strategy will contribute to an atmosphere in which the Gateway Cities, by 2020, develop a world-class workforce engaged in the most diverse and vibrant economy anywhere on the globe. This economy will be supported by an education system from kindergarten through the university level offering leading edge programs and training covering the liberal arts to advanced technical and highly technical fields, including terminal degrees and lifelong learning opportunities. The CEDS is a preliminary, if essential, means of meeting our appointment with the future.

Gateway Cities Profile

Located in southeastern Los Angeles County, the Gateway Cities cover approximately 203 square miles and comprise 5 percent of the land area of Los Angeles County. The Gateway Region consists of the cities of Artesia, Avalon, Bell, Bellflower, Bell Gardens, Cerritos, Commerce, Compton, Cudahy, Downey, Hawaiian Gardens, Huntington Park, La Habra Heights, Lakewood, La Mirada, Long Beach, Lynwood, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Santa Fe Springs, Signal Hill, South Gate, Vernon, Whittier, and nearby unincorporated areas of Los Angeles County (Figure 1). The County plays a central role in the life of the Region. It

Figure 1: Gateway Cities



provides region wide services like storm drains. It also provides fire and sheriff services to the unincorporated areas and to individual cities that contract with the County for them. Source: Southern California Association of Governments

Socio-Economic Information

According to 2000 Census data, the Gateway Region of Los Angeles, with a population of 1,700,407, is 17.8 percent of the Los Angeles County population and 5 percent of the California population. Population density is significantly higher in the Gateway Region than in Los Angeles County or California as a whole. Density, or population per square mile, is 3.5 times higher in the Gateway Region than in Los Angeles County, and 39 times higher than California density.

Population Growth

According to Census data the Los Angeles County population, between 1990 and 2000, grew from 8,863,164 to 9,519,338, an increase of 7.4 percent. The Gateway Region population grew from 1,584,973 to 1,700,407 between 1990 and 2000, an increase of 7.3 percent. Population grew more slowly during the 1990's than in the previous decade, however, and will likely grow more slowly over the next five years. Compared with Los Angeles County and California, the Gateway Region lags in population growth.

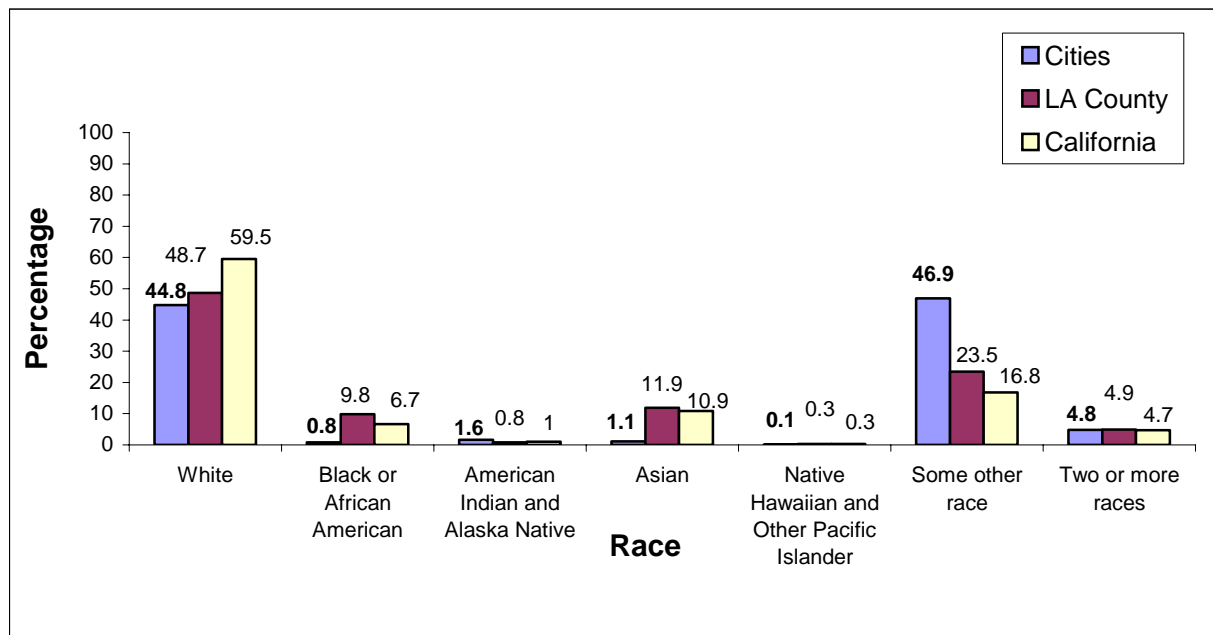
Factors driving population change in the region include internal migration (residents moving into or out of the region), natural increase (births minus deaths), and immigration (foreign migration). During the 1990's, domestic migration to and from California

changed dramatically when about two million more people moved out of California than relocated to the State. This large net outflow is unprecedented in California's history. According to the Census Bureau, the departure of California residents from the State offset the entry of 2.2 million people to California in the 1990's. Nevertheless, California's population continued to grow during the 1990's through immigration and natural increase. Current trends indicate that domestic migration in California and the Region will be lower, while immigration will continue to be strong.

Racial and Ethnic Background

In Los Angeles County, the ethnic and racial composition of the region is 45% Hispanic, 33% non-Hispanic White, 10% non-Hispanic Black, 12% non-Hispanic Asian, and 1% non-Hispanic Other. In contrast, the Gateway Region has an ethnic and racial composition of 54% Hispanic, 25% non-Hispanic White, 9% non-Hispanic Black, 11% non-Hispanic Asian, and 1% non-Hispanic Other. For the first time, the 2000 census offered respondents an opportunity to choose "Two or more races" as a category (Figure 2).

Figure 2: Comparison of Population Composition by Race, 2000 Census



Source: U.S. Census Bureau

The California Department of Finance projects a steady decline in the proportion of non-Hispanic Whites and Blacks in Los Angeles County, and a steady increase in the proportion of Hispanic and Asian residents. The proportion of Non-Hispanic Whites is likely to dip to about 23% by 2020, while the proportion of Blacks will decline to 7.4%.

During this period, estimates show the proportion of Hispanics increasing to over 55%, while the share of non-Hispanic Asians and Pacific Islanders will increase to over 14%.

According to Claritas, 54% of the 2000 Gateway Region population is Hispanic, compared to 45% and 32% in Los Angeles County and California respectively. Between 1990 and 2000, the Hispanic population in the Gateway Region grew over 26% (about the same in Los Angeles County), although significantly less than the 40% increase in the Hispanic population overall in California.

Age

The residents of the Gateway Region tend to be younger than residents of Los Angeles County as a whole; 36.5% of the Los Angeles County population is younger than 24, whereas 24% of the County population is over 50. The median age in Los Angeles County is 34. In the Gateway Region, 40.3% of the population is under 24, while 21.7% of the population is over 50. In the Gateway Region, the median age of residents is 31.

Income

In Los Angeles County, 54.6% of households earn less than \$50,000 whereas 60% of all households in the Gateway Region earn less than that amount. Over 15% of households earn \$100,000 or more in the County while less than 11% of households earn \$100,000 or more in the Gateway Region.

Estimated 2000 median income in Los Angeles County is \$45,400 which is 6% greater than the Gateway Region median income of \$42,835. Per capita income in Los Angeles County is \$22,000. In the Gateway Region, the per capita income is 27% less than the County at \$17,380.

Geographic Profile

The Gateway Region is bordered on the north by the city of Los Angeles, on the south by Orange County, on the east by Eastern Los Angeles County, and by the Baldwin Hills and the Pacific Ocean on the west.

Climatic Information

The Region has a two-season climate; summers are usually hot and dry, with most of the precipitation arriving in winter. Temperatures are moderated by the Pacific Ocean; and communities away from the shore, particularly in the valleys, are generally hotter in summer. In late summer and fall the hot, dry winds called the Santa Anas blow down from the mountains in the east. In January the average high temperature is 66°F and the

average low is 48°F; in July highs average 75°F and lows average 63°F. Annual precipitation in the area is 12 inches.

Natural Resources

The Gateway Region has many natural resources. The oilfields that are found all over the region are mostly concentrated in Long Beach, Santa Fe Springs and Signal Hill. In addition to the oil fields, there is also a natural port located in Long Beach along with miles of Pacific coastline. The Los Angeles and San Gabriel Rivers are also natural resources for the area. The rivers wind straight through the heart of the Gateway Cities Region and end their courses in Long Beach at the Pacific Ocean.

Seismic Activity

Earthquakes are a major risk to the area (Figure 3). The Region sits in a center of seismic activity. The many fault lines that surround the area include the Norwalk Fault, the Whittier-Elsinore Fault and the Newport-Inglewood Fault. These faults are all branches of the San Andreas Fault, which lies approximately 40 miles to the northeast of the region. It has been estimated that there is a 50% probability that a major earthquake will occur within the next 20 to 30 years on or near the San Andreas Fault.

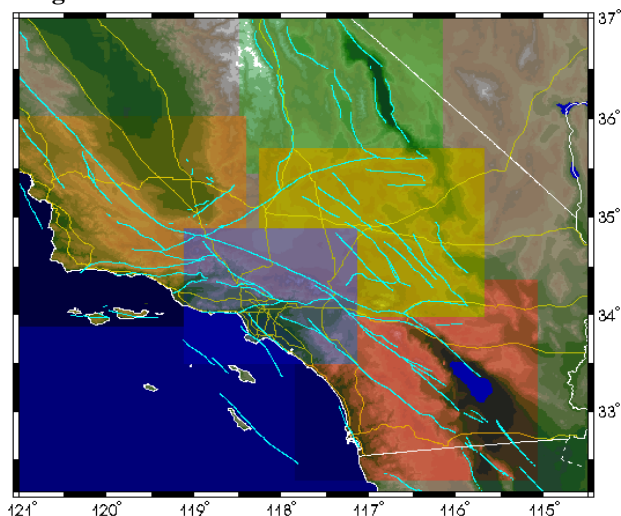
Environmental Policy

In the state of California, certified unified program agencies (CUPAs) are agencies certified by the California Environmental Protection Agency secretary to implement the unified program as specified by Health and Safety code statute 25404(a)(1)(A). The Unified Program consolidates, coordinates, and makes consistent the following hazardous materials and hazardous waste programs (Program Elements):

- Hazardous Waste Generation (including onsite treatment under Tiered Permitting),
- Aboveground Petroleum Storage Tanks (only the Spill Prevention Control and Countermeasure Plan or "SPCC"),
- Underground Storage Tanks (USTs),
- Hazardous Material Release Response Plans and Inventories,
- California Accidental Release Prevention Program (Cal ARP), and,
- Uniform Fire Code Hazardous Material Management Plans and Inventories

CUPAs are local agencies that include fire departments, health departments, and environmental resources departments. In the Gateway Cities Region, CUPAs include the

Figure 3: Fault Lines in Southern California



Source: Southern Cal. Earthquake Center

Long Beach/Signal Hill Cities Joint Powers Agency, Santa Fe Springs City Fire Department, and the Vernon City Health Department. The Los Angeles County Fire Department is responsible for all other jurisdictions in both the unincorporated and incorporated areas of the Gateway Cities Region.

A CUPA's responsibility is to administer and evaluate the effectiveness of:

- The consolidation of the administration of the six Program Elements.
- The consolidated permit for the six Program Elements and any other permits for hazardous waste or hazardous materials required by local ordinance.
- The unified inspection and enforcement program.
- The single fee system for all Program Elements.
- The fee accountability program.
- State standards for the Unified Program.

For further information on CUPAs, please see www.lacofd.org/unifiedpg.htm.

Infrastructure

Infrastructure Conditions

Infrastructure within the Gateway Region is stressed by growing population and deferred maintenance. Existing roads, water, drainage, waste management and other public infrastructure facilities were not improved to support increasingly dense occupancy. Competing demands for scarce public funds, due in great part to Proposition 13, have forced Gateway Region cities to cut back on maintenance and upgrades of public infrastructure. Today, many cities in the Region need to rebuild existing facilities or expand capacity. Without this public investment, new construction (private investment) may be limited. Existing businesses may seek locations outside the Region that can provide needed services more reliably. In the worst case, declining rents could lead Gateway Region landowners to defer property maintenance. This cycle can be self-fulfilling. Government leaders, hesitant to spend money on declining areas, may neglect the very infrastructure needed to support or revive those areas.

Water

The SCAG Regional Comprehensive Plan lists water supply as playing a leading role in the growth and development of Southern California. Indeed, it has long been apparent that the local water supply is insufficient to support the Region's demand. As the Region's population continues to grow, so does the demand for water. Southern California, a semi-desert and desert environment, needs an adequate and reliable water supply for irrigation, domestic, and industrial use. The future of Southern California's urban development and economy depends upon it.

To supply the Region with an adequate and reliable water supply, much effort has been put into developing and maintaining a water supply infrastructure that brings water from areas with a more plentiful water supply. These areas mainly include Owens Valley, the Bay Delta area in Northern California, and the Colorado River. Currently, these outside sources supply Southern California with 60% of its water. The remaining 40% of the Region's water comes from local surface water, groundwater, and reclaimed water sources.

However, water supply remains a critical issue. While local water sources remain relatively stable and while groundwater is a major source for many Gateway Cities, the continued availability of water from outside the Region remains in doubt. Though the enlargement of the East Branch of the California Aqueduct should facilitate increased delivery from California's State Water Project (SWP) systems, the amount available to Southern California is expected to decrease with increased water use in Northern California and the Delta. Furthermore, the amount of water imported from the Colorado River to California is also expected to decrease with the increasing demand for water in Arizona and Nevada. Recent droughts make water supply an even more critical issue.

Therefore, Southern California continues to search for more reliable and long-term water supply alternatives. These alternatives include new water supply, management, and conservation techniques. The techniques range from water recycling, the more effective use of groundwater basins, and desalination, to improved irrigation, and better storage facilities.

Presently, an elaborate water delivery system has been developed, along with wholesale, retail, and regulatory agencies, to ensure reliable water supplies of quality water to accommodate the demands of the growing region. The Metropolitan Water District (MWD) owns the water distribution system that transports water from Northern California to Southern California.

A number of member agencies comprise MWD and sell the water wholesale to water utilities. Central Basin, one of these member agencies, sells to forty water utilities that in turn service most of the Gateway Cities Region.

Communications

Computer Technology

Computer and Internet penetration and adoption rates indicate the level of availability and access to computer technology for different racial communities. While African-American and Hispanic groups continue to lag in technology access surveys, both have made significant progress in recent years. In the United States, 41.5% of all households access the web from home; the comparable figure for African-Americans is 23.5% and 23.6% for Hispanics. Surveys indicate African-American households nationwide are now twice as likely to have Internet access in the home as they were 20 months ago. With regard to computer ownership, 51% of households in the nation own computers. In

comparison, African-American and Hispanic households show a significant narrowing gap with 32.6% of African-American households and 33.7% of Hispanic households owning computers. Not surprisingly, African-Americans are one of the groups most likely to use libraries to access the Internet. While figures are not immediately available for the Gateway Cities, 48.7% of the population in the City of Los Angeles has Internet access. In California, the Internet penetration rate is 46.7%.

A 2000 study, "Falling Through the Net," by the U.S. Department of Commerce, suggests that in only half the cases are differences in income and education responsible for the discrepancy in computer usage and internet penetration rates for African-American and Hispanic groups. Also, this report shows that low-income users use the Internet most frequently for job searches. This makes computer technology outreach for these under-served communities an important component of their development.

In this respect, national programs that encourage computer usage and training are critical for minority communities. Along with training, computer access must be guaranteed by providing for the appropriate infrastructure in these communities. Combined, these services foster economic development by ensuring computer access and Internet resources, as well as job information and job skills. By providing communities with computer facilities and skills, residents are prepared to become a part of a workforce increasingly dependent on computer technology.

Energy Distribution Systems

California continues to remain vulnerable to energy supply disruptions with the deregulation of energy and the resulting energy crisis. As a result, the level of energy consumption and supply in Southern California has been closely scrutinized. Recent state legislation assures the public that California is working hard to quickly and efficiently resolve the energy crisis. Conservation practices have been enforced and the possibility of rolling blackouts appears less of a threat.

Southern California Edison, the main energy provider for the Gateway Cities Region, has reached a settlement with the California Public Utilities Commission. This settlement is meant to secure the solvency of Southern California Edison and thus guarantee uninterrupted energy supply for the Region. Among other provisions, the settlement limits the ratepayers' cost of paying off the debt. This means that the energy supply will continue to be affordable to the Gateway Cities.

The Gateway Cities will continue to receive their energy. Moreover, the energy systems infrastructure is in place. The infrastructure in the Gateway Cities is actually overbuilt, due to the Region's past association with multiple industries that have since left the area. As a result, there are no constraints on distribution nor are there any problems in serving the Region's consumption needs.

Transportation Modes

Transportation Outlook

While Southern California is one of the most prosperous and productive metropolitan areas in the world, the Gateway Region faces tremendous challenges as we look toward the future. Not only is the population growing, but the composition of the Region's population is also changing. Significant trends include the aging of the population and the growing proportion of Hispanic and Asian/Pacific Islanders. These two factors will result in changing, but yet unknown, travel patterns and new mobility needs for large portions of the population. Challenges include improving transportation mobility for all people and enhancing the movement of goods within the Region. In addition, we must ensure that transportation investments are cost-effective, protect the environment, promote energy efficiency and enhance quality of life.

The transportation outlook for the Gateway Region is mixed, at best, for moving both goods and people. Transportation impacts in the Gateway Region today include bad air quality, increased risk of cancer, and traffic congestion. These problems can discourage new high-tech companies from locating in the Gateway Region when healthier alternatives are available elsewhere in Southern California. Several strategies and projects are being implemented and examined to improve person and goods movement in the COG Region. One such project is the Alameda Corridor, which opens in April 2002. Additionally, the COG is working with MTA and Caltrans in the preparation of a multi-modal improvement study for the I-710 corridor. The COG is also working with the Port of Long Beach to examine ways to reduce empty container truck trips to/from the Ports.

Movement of Goods

Freight (or goods) transportation through the Region depends on a complex, interconnected network of roads, rails, and ports. For example, the existing transportation system within and adjacent to the Ports of Long Beach and Los Angeles is already constrained and will likely deteriorate without intervention by cities in the Gateway Region. Expected increases in cargo throughput in the next twenty years will generate considerable new rail and vehicle traffic on the transportation system feeding the Ports. In 1998, the San Pedro Bay Ports Long-Term Cargo Forecast prepared by Mercer Management Consulting, Inc. projected that the Los Angeles-Long Beach Port complex would handle approximately 65,000 Twenty-Foot Equivalent Units (TEUs) per day by 2020.

Freight movement has long been an issue for residents of the Gateway Cities Region. Though freight movement has a negative impact on regional mobility, the transport of goods for the residents and business of the Gateway Cities is important to the Region's economy. The construction of the Alameda Corridor seeks to reconcile these issues and provide benefits for both. The Alameda Corridor is a \$2.4 billion, 20-mile railroad expressline that stretches between the Ports of Long Beach and Los Angeles and Downtown Los Angeles. By eliminating 200 railroad crossings, the Corridor should

facilitate the movement of goods without impacting local mobility. When it is completed, 100 trains a day will move \$100 billion a year in goods.

Movement of People

Turning to the movement of people through the Region, reliance on automobiles and projected population increases point to a decrease in forecasted average peak morning commute speeds on most freeways from 34 mph to 20 mph by 2025. As commute times decrease, more commuters take to local streets, thereby increasing local congestion and travel time for workers who rely on local streets for their livelihood. Transportation congestion is also likely to slow fire and police response times well into the future.

Figure 4: MTA Light Rail Service – Blue Line
Downtown Los Angeles to Long Beach



Source: <http://www.mta.net>

Thus, availability of and access to public transit is a growing issue and need. The Los Angeles County Metropolitan Authority provides bus and rail service for most of the Gateway Cities Region. MTA Bus Route 362 runs north and south through the Gateway Cities Region and provides service to downtown Los Angeles. The south end begins in Hawaiian Gardens and travels through or near Artesia, Norwalk, Santa Fe Springs, Pico Rivera, Downey, and Commerce before reaching Downtown Los Angeles. MTA Bus Route 311 provides bus service east and west across the Region before ending at the LAX Airport. It begins near La Mirada and La Habra Heights and travels through the Gateway Cities of Downey, Bell Gardens, Bell, and Huntington Park.

The MTA also has two metro rail lines that run through the Gateway Cities Region. These are the Blue Line and the Green Line. The Blue Line runs north and south from Downtown Los Angeles to Long Beach and travels through the Gateway Cities of Compton and Long Beach. The Blue Line ensures that the residents of the Gateway Cities Region can commute to and from Downtown

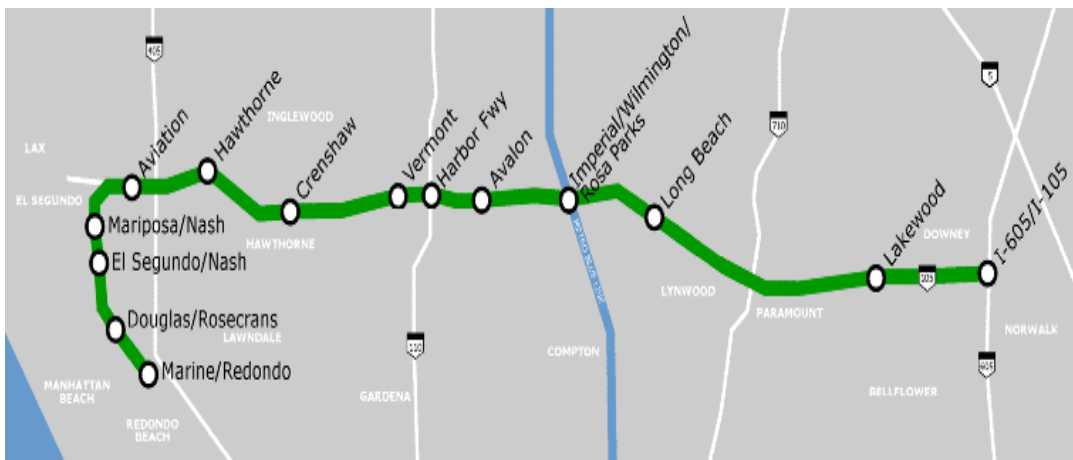
and Long Beach to visit and work at Los Angeles' brightest attractions and tourist spots. In Long Beach, these are the

Long Beach Aquarium, the Convention and Entertainment Center, Pine Avenue for dining and shopping, the Queen Mary, Shoreline Village, and Terrance Theatre. In Downtown Los Angeles, features range from the Los Angeles Convention Center and Staples Center to Plazas and Hotels. Furthermore, the Blue Line intersects the Red and Green Lines. The Red Line continues on to attractions like Hollywood and Universal City.

The Green Line runs east and west from Norwalk to Redondo Beach. On its way, it passes Los Angeles International (LAX) Airport. The Green Line travels through the following Gateway Cities: Norwalk, Downey, Bellflower, Paramount, Lynwood, and Compton.

Source: <http://www.mta.net>

Figure 5: MTA Light Rail Service – Green Line, Norwalk to Redondo Beach



Amtrak provides interstate and interregional passenger rail service in the area. Los Angeles was ranked 6th among the ten busiest Amtrak stations in the year 2000. Although there are no Amtrak stations within the Gateway Cities, Amtrak trains

traversing the region include the Pacific Surfliner, Southwest Chief and Sunset Limited. The Pacific Surfliner makes 11 daily round-trips between San Diego and Los Angeles. The Southwest Chief is a daily train between Los Angeles and Chicago. The Sunset Limited provides service between Los Angeles and Orlando three times a week.

Amtrak also currently provides commuter service for Metrolink. Metrolink is a premier regional rail system linking communities to employment and activity centers. Metrolink provides reliable transportation and mobility for the region, leading toward more livable communities. Metrolink is used by close to 32,000 riders everyday. It covers 416 miles spread over 6 routes.

Figure 6: Metrolink and Metro Lines



Source: <http://www.mta.net>

Metrolink links Oxnard to Los Angeles (Ventura County Line), Lancaster to Los Angeles (Antelope Valley Line), San Bernardino to Los Angeles (San Bernardino Line), Riverside to Los Angeles (Riverside Line), Oceanside to Los Angeles (Orange County Line) and San Bernardino to San Juan Capistrano (Inland Empire-Orange County Line). There are three Metrolink stops in the Gateway Cities Region, in Norwalk/Santa Fe Springs on the Inland Empire-Orange County line, in Commerce on Inland Empire-Orange County line, and in Commerce/Montebello on the Riverside line (Figure 6). Along the way, Metrolink traverses the Gateway Cities of Montebello, Commerce, Vernon, Pico Rivera, Santa Fe Springs, Norwalk and La Mirada as well as unincorporated portions of Los Angeles County. The Metrolink stops could become the centers of transit-oriented developments, combining housing,

commercial, retail and a pedestrian-friendly environment.

In addition to rail and transit services, the Gateway Cities provide for the paratransit needs of residents in the Region. Many Gateway Cities, like Long Beach, Norwalk, and Downey provide Dial-A-Ride bus services. These curb-to-curb shared ride city services assist the mobility impaired and senior citizens of each city.

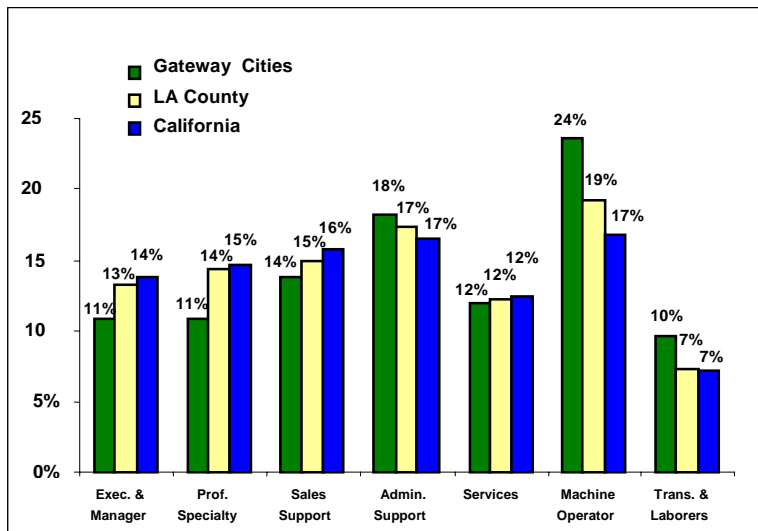
Major Sectors of the Gateway Cities Economy

Past Contributions to Employment

Historically, cities in the Gateway Region have been the manufacturing center of Southern California. Manufacturing employment drove the Region's economy, providing high wage jobs supporting trade and services in the Region. Prior to 1989, aerospace and defense related industries dominated the Region's economy. However, during the early 1990s, there was a major restructuring due to the decline in government spending on aerospace and defense at the end of the Cold War; the "civil disturbance" of 1992; the Northridge earthquake in 1994; and business flight in response to environmental laws and government regulations.

The 1990 Census occupational profile suggests that close to half of the Gateway Region residents held blue-collar and service sector jobs. Approximately one-third of the Region's population (16 years and older) was engaged in blue-collar jobs, compared with 26.5% in Los Angeles County and 23.9% in California (Figure 7). In the Gateway Region, most blue-collar jobs were in machine operations, precision production, and craft occupations. Service sector jobs accounted for 12% of jobs in the Region, a level consistent with Los Angeles County and California employment. The Gateway Region trailed the County and State in white-collar jobs, specifically executive, managerial, and professional specialty jobs.

Figure 7: Population (16+ Years) by Occupation, 1990



Source: U.S. Census Bureau, Claritas

Past Contributions to Income

The industries that paid the best wages and salaries experienced the greatest employment decline around the early 1990's. These sectors include industries such as aerospace, petroleum, chemicals, and shipbuilding. The average annual earnings of workers in the Gateway Cities aircraft industry in 1992 were \$43,600. This was 51 percent higher than the average annual payroll of \$28,000 in all Gateway Cities industries. The manufacturing industries that hired the greatest number of workers between 1992 and 1997 paid below-average wages and salaries. These industries were apparel and textiles, furniture, lumber and wood products, and miscellaneous manufacturing. The apparel and textiles industry paid low annual wages of \$18,400 and the eating and drinking industry paid \$9,900.

The transportation, trade, finance, and service industries experienced employment change and a decrease in average annual earnings throughout the Gateway Cities in the early 90's. Most growing sectors in the Gateway Region paid relatively low wages and salaries. These include eating and drinking places, hotels and motels, amusement and recreation facilities, motion picture and business services. Most of these wages were not above the minimum wage. However, the transportation and wholesale trade industries paid average to above average wages and salaries. Yet, these sectors accounted for only 15 percent of Gateway Cities employment in 1992, compared to the 25 percent employment share of low-wage retail trade and service industries. Both transportation

and wholesale trade showed moderate increases, in the 1% range, between 1992 and 1999.

Past Contributions to Revenue

Manufacturing has historically generated the greatest revenue in the Gateway Cities Region. According to the U.S. Department of Labor persons employed within the manufacturing sector outnumbered employees in construction and mining nearly 3-to-1 in 1998. This is translated into revenue for the various cities. In addition, the persons employed within this sector were the major contributors to tax revenue for the Gateway Region. Since 1991 manufacturing employment has increased every year since 1991 and in 1999 stood at 21.7 percent of overall employment.

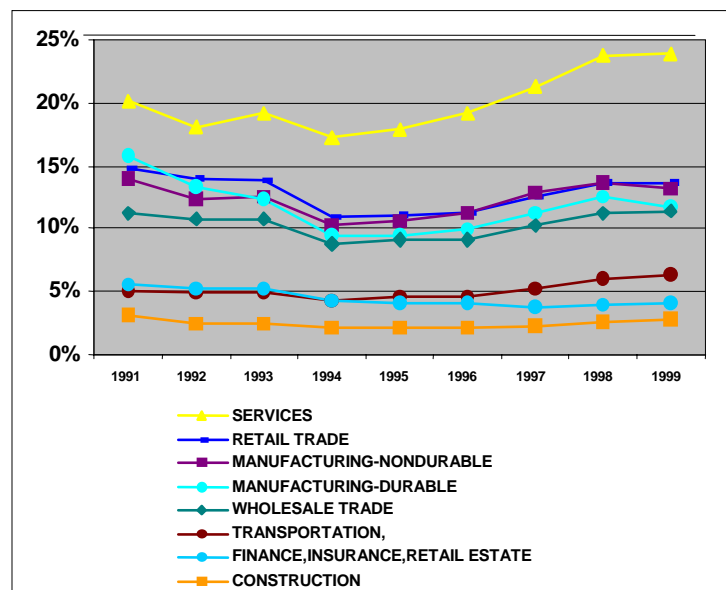
Present Contributions to Employment

Employment patterns in the Gateway Region parallel those in the rest of California and the nation. For example, the share of manufacturing jobs in the Region declined from 29.8% in 1991 to 24.9% in 1999, while service sector jobs increased from 18% to 23.8% during the same period. Employment in the Gateway Region grew 7.8% between 1991 and 1999, from 1,079,052 to 1,162,920 jobs. By 1999, the Region accounted for 28.7% of all jobs in Los Angeles County. California Employment Development Department data for 1999 show that the three leading sectors of non-farm employment in the Gateway Region are manufacturing (24.9% of jobs), services (23.8%), and retail trade (13.6%). In contrast, data for Los Angeles County show the service sector contributing the most jobs (33.1%), followed by manufacturing (15.9% of employment), and retail trade (15.4%).

The September 11th attacks are likely to have an impact on unemployment. According to Jack Kyser in his article “ Terrorist Attack on World Trade Center Effects on Local and National Economy,” job losses are expected to occur in manufacturing, communications, public utilities, and certain service sectors. However, an increase in employment should occur in the technology industry, specifically in the security, advanced communication, and intelligence gathering. The bio-medical and “classical” aerospace industry should also experience an increase in demand.

Present Contributions to Income

Figure 8: Employment by Industry, Gateway Cities



The new service sector jobs generally pay considerably less, and support fewer additional (indirect) jobs. In fact, durable manufacturing jobs paid an average of \$38,900 per year, 19% more than service sector jobs in the Gateway Region. Average annual payroll per employee in the Region ranged from \$21,800 for retail trade jobs, to \$66,700 in the finance, insurance and real estate sector.

Source: California Employment Development Department

Present Contributions to Revenue

The September 11th terrorist attacks have had an apparent impact on major sectors of the Gateway economies. Travel and tourism, and direct international trade are some of the leading sectors affected by the attacks. Airline, hotel, and other related services have been hurt due to the events. Consumer related spending and retail services have declined. Most of the revenue in the year 2000 came from food services and retail businesses. In Los Angeles County, there were 14,700 businesses in food services, and 27,900 in retail services. Manufacturing is still an important sector of the economy however; and certain sectors have not been impacted by the terrorist attacks. These sectors are technology and apparel (Kyser, 2001). Still, the loss of tax revenue according to the Los Angeles Economic Development Corporation (LAEDC) is unsettling. This deficit will affect the Gateway Region.

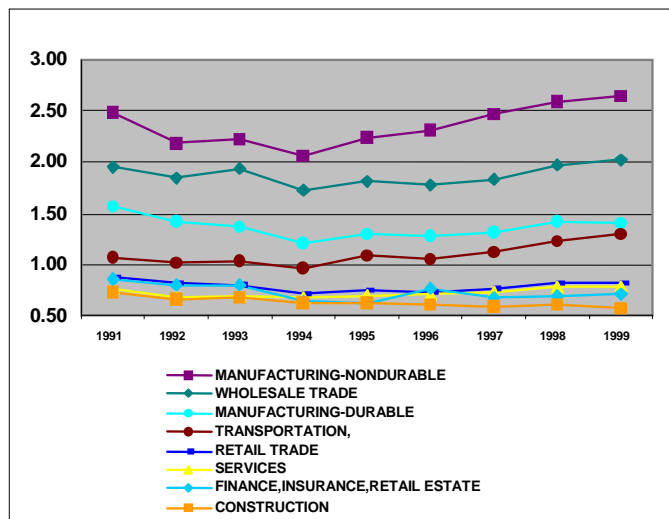
Future Contributions to Employment

Location quotient and shift-share analysis, tools used in economic analysis, reveal information suggesting industries that contribute to the export base of the Gateway Region.

The "Location Quotient" measures the degree to which employment in a given industry in the Gateway Region exceeds what the employment would be if local employment were prorated among industries according to industry percentages of state employment.

The location quotient is calculated by dividing the Region's percentage or share of employment for a particular industry by that of the state. If a location quotient is one, employment is proportional. If it is greater than one, the region has a higher concentration of employment relative to the state and therefore the industry is potentially exporting; if it is less than one, employment is less concentrated and is therefore mainly serving local needs. The more the location

Figure 9: Gateway Cities Employment Location Quotient



Source: California Employment Development Department

quotient exceeds one, the greater the concentration relative to the state. Relative competitive advantages, industry clustering, or educational attainment can account for the differences.

In 1999, the location quotient for the Gateway Region was less than one in retail trade; services; finance, insurance and real estate; and construction. The location quotient was greater than one in non-durable manufacturing; wholesale trade; durable manufacturing; and transportation and utilities (Figure 9).

Economic base theory says that the effect of these industries on the local economy is to create wealth through exporting goods. The ports and transportation infrastructure of the Gateway Region provide the competitive advantage for wholesale trade and contributed to the historical location of durable manufacturing. The other factor was the oil fields, for their source of energy and their need for machinery.

Although the non-durable manufacturing industry experienced decreased employment, state economic growth and local clustering advantages offset the effect resulting in a net gain of jobs. These results support the conclusion of the location quotient that this is a net export industry. Transportation and utilities experienced employment growth on all levels, also supporting the export industry analysis.

For wholesale trade, both industry and local economic factors show negative employment growth, also due to technology efficiencies. Growth in employment is due to factors in the California economy (Figure 10). This is an export industry, not only throughout California, but beyond. Service industry employment grew from state and industry factors; local economic factors decreased employment slightly.

Figure 10: 1991-1999 Shift-Share Analysis of Gateway Region/California

Industry Sector	State Effect	Industry Effect	Local Effect	Gateway Cities Employment Growth 1991-1999
CONSTRUCTION	4,245	3,936	(10,479)	(2,298)
MANUFACTURING-DURABLE	21,386	(33,559)	(21,264)	(33,437)
MANUFACTURING-NONDURABLE	19,000	(20,580)	3,196	1,616
TRANSPORTATION, UTILITIES	6,792	2,751	10,131	19,673
WHOLESALE TRADE	15,169	(2,887)	(300)	11,982
RETAIL TRADE	19,985	(4,378)	(16,901)	(1,294)
FINANCE, INSURANCE, REAL ESTATE	7,383	(7,689)	(11,976)	(12,282)
SERVICES	27,254	38,220	(5,650)	59,825

Source: California Employment Development Department

Future Contributions to Income

Over the longer term, future contributions to income are expected to come from retail and service employers. The Gateway Cities are expanding their businesses, creating many restaurants, and shopping outlets. People applying for these jobs need minimal

skills and can be trained in a short period of time. Since September 11th there has been an increased need for technology-skilled workers, particularly in the security services. The Port of Long Beach faces security issues that will have to be remedied, and the Gateway Cities employment base should be well situated to fill these jobs.

Future Contributions to Revenue

According to the LAEDC Economic Update, the economy should start to improve after the second half of 2002. The future contributions for revenue are forecasted to come from retail and service sector businesses. The Long Beach Airport and the Port are expected to lead the way in creating revenue by creating new jobs in technology and security, and increasing international trade.

Factors Directly Affecting Economic Performance

Pending State Legislation

1. Assembly Bill 857 – State Vision/Local Planning

In Senate, to be heard in conference committee in the fall of 2001

This bill requires local governments and state agencies to incorporate the State Vision in preparing their plans, adapting the State Vision to local conditions. In terms of regional development, the State Vision supports and encourages state policies and funding decisions that accommodate growth by:

- Supporting local collaborative efforts to address regional impacts of growth through coordinated planning of regional strategies for addressing transportation, housing, school, air, water, energy, wastewater, natural resource, agricultural land and open space issues
- Supporting infrastructure improvement agreements that result from collaborative land use efforts and decisions that have been reached among cities and counties within a region including local infrastructure pooling, revenue sharing agreements, or other regional strategies that reduce incentives for local agencies to make unilateral land use and development decisions

2. Senate Bill 221- Land Use and Water Supply Planning

Signed by the Governor

- Requires a city or county to include as a condition in all tentative maps for 500 or more residential units a requirement that a sufficient water supply shall be available

- Proof of the availability of a sufficient water supply could be based on written verification of the water service provider or a finding made by the local agency by another source

3. Senate Bill 600 – Transit Village Plans

Two-Year Bill proposed

- Exempts transit villages from meeting the physical and economic criteria of blight in order to qualify as redevelopment areas
- Expands the definition of transit village to include areas within one mile radius of transit station

Financial Resources

Bond Issues

Local governments often pay for capital improvements by issuing tax-exempt bonds when there is a lack of available federal and state funding. However, bond issues can be very expensive in comparison to cash purchases, since bonds can take up to thirty years to pay back, with interest, which increases the actual cost up to three times their worth. Historically, the most common types of tax-exempt bonds used by local governments have been general-obligation and revenue bonds, but certain changes in the law have made the use of these bonds more and more difficult. An alternative to general-obligation and revenue bonds would be taxable bonds, but these carry a much higher interest rate.

General-obligation bonds are repaid through general tax revenue and must be approved by the voters in advance. Though statewide bond issues can be placed on the ballot without raising taxes, local general-obligation bond issues are normally compensated for through increasing the local property tax rate. But with the passing of Proposition 13, it is now virtually impossible to increase local property taxes to pay for new bond issues. Therefore, the use of general-obligation bonds has been greatly reduced.

Revenue bonds are typically paid off by income derived once the specific project that the bond has funded is completed. In general, the use of tax-exempt revenue bonds is common for California governments as long as the bonds are not issued for private activity purposes. The federal Tax Reform Act of 1986 significantly restricted the use of tax-exempt revenue bonds for private activity purposes such as Industrial Development or Mortgage Revenue Bonds. The Act allotted California a very limited dollar amount of such bonding power each year, which has increased the level of competition between local governments and state agencies to receive allocation in order to issue industrial development bonds and mortgage revenue bonds.

Because of the above-mentioned legislative trends, revenue and general obligation bonds have become less viable in financing development in California.

Assessment Districts and Mello-Roos Bonds

Assessment district type bonds are primarily based on “user-fees” as opposed to relying on tax subsidies. They are usually used in conjunction with impact fees. An assessment district comprises all the people who will benefit from a specific public improvement; these people are then the ones who pay for that public improvement. The amount that each person in the designated district pays is comparable to the level of his/her property’s benefit.

Since the early 1980's, interest in assessment districts has increased due to the decrease in available alternatives. One such type of financing has been the Mello-Roos district, a derivative of the assessment district, created in reaction to Proposition 13. Land developers usually control the creation of Mello-Roos districts.

Mello-Roos community facility districts are particular districts that raise funds from property owners within a given area in order to provide public improvements in that area. Under State Constitution Article XIII (c) Section (2), all increases in general taxes (tax revenues not earmarked for specific purposes) must be approved by majority vote, and all increases in "special taxes" (tax revenues earmarked for specific purposes) must be approved by a two-thirds majority vote. Mello-Roos tax districts make use of these "special taxes." The Mello-Roos district floats tax-exempt bonds, and the Mello-Roos taxes received from property owners in the subdivision pay back the bonds. As opposed to assessment districts, property owners do not pay the tax based on benefit. Every property owner pays the same amount.

In November 1996 California voters passed Proposition 218, whose intent was to ensure that all new taxes and property-based assessments are subject to approval by a majority of voters. Its passage hinders the establishment of assessment districts and similar revenue generating tools.

Business

U.S. economy has downshifted, and this trend is inclusive of Los Angeles. U.S. growth is projected to drop to 1.8% in 2001 from 5% in 2000 before recovering to 2.6% in 2002. U.S. businesses are cutting back and investment spending for new plant and equipment is weak. Inventories are falling. The Los Angeles County Economic Development Corporation forecasts that there will be slower growth in 2001 in the entire Consolidated Metropolitan Statistical Area (Riverside-San Bernardino, Orange, Ventura, and Los Angeles Counties). Specifically, the business growth of Los Angeles is forecasted to be at 1.4% (all estimates were configured before September 11, 2001)¹ Despite uncertainty generated by the energy crisis, businesses are still investing in California.

Los Angeles County contains the highest concentration and presence of minority-owned businesses in the country. These owners contribute taxes, jobs, goods and services to an economy increasingly defined by small business. According to the last census, Los Angeles and Orange counties contain an estimated 280,000 minority firms that conduct business on a daily basis. About 41,000 of these have paid employees, and provide work for more than 278,000 people while generating \$34 billion in revenue.²

¹ 2001-2002 Economic Forecast & Industry Outlook for the Los Angeles Five-County Area Mid-Year Update, July 2001

² The Southern California Minority Business Atlas produced by the Community Development Technology Center with support from the Merrill Lynch & Co. Foundation, Inc., 2000

Within the Gateway Region, the city of Long Beach has a population of over 50,000 Cambodians in the community known as “Little Phnom Penh.” The city of Artesia is often referred to as “Little India” because of its concentration of Indian businesses (one of which is the Bank of India) and Indian shoppers.

In Los Angeles County, services and retail have historically been the fastest growing sectors of the economy. Minority-owned businesses often serve customers of their own ethnic group and are often located in areas convenient to that population. In this regard, the products and services of minority-owned businesses are an important factor in the health and vitality of communities. Investment in these enterprises, partnerships, and business-to-business relations are an investment in the economic development of the Los Angeles community.

To continue to thrive and remain a force in the Region’s economy, minority businesses must confront the fundamental challenge of doing business. These small businesses must be connected to mainstream business networks, information resources, financial sources, and market opportunities.

Transportation Systems

The Ports

The Ports of Los Angeles and Long Beach, the largest seaport complex in the nation, and the third largest in the world, functions as the hub for international trade on the Pacific Rim. About one-quarter of all U.S. waterborne trade by value moves through these Ports. The cargo load in 2000 was valued at more than \$200 billion. By 2020, the cargo load moving through the ports is expected to double to an equivalent of 24.3 million containers a year. To accommodate this increase in trade, both Ports are working to increase their cargo-holding capacity. Furthermore, the Alameda Corridor will help the Ports with this increase by facilitating the transport of goods into and out of the port complex.

The Alameda Corridor

The Alameda Corridor is one of the most important inter-modal systems in California. It will dramatically improve traffic flow in and out of the Ports of Los Angeles and Long Beach. It begins near the ports, paralleling Alameda Street and travels through the Gateway Cities of Compton, Lynwood, South Gate, Huntington Park, and Vernon, and ends at the transcontinental rail network east of Downtown Los Angeles.

The Alameda Corridor directly affects the Gateway Region’s economy in two ways. First, the Alameda Corridor facilitates freight delivery by creating a faster, more efficient way to move cargo throughout the United States and to overseas markets. From a business perspective, saved time translates into saved money. This encourages port-related business to locate and expand in an area where their trade interests can be

addressed without considerable delay. Second, the Corridor will improve access to the area by improving traffic flow and reducing traffic conflicts at approximately 200 street-level railroad crossings. From SR 91 south to the two ports, the Alameda Corridor Transportation Authority eventually plans to improve and re-stripe Alameda Road from four to six lanes. Furthermore, freight trucks will be redirected to the traffic lanes bordering the Corridor, thus improving the condition and safety of the Regions' streets and freeways. As a result, commuters will be more inclined to travel through these areas. Private investment along these streets is expected to follow.

Factors Indirectly Affecting Economic Performance

Household Growth

The number of households in the Gateway Region increased 5% between 1990 and 2000, from 519,401 to 545,407. In comparison, household growth was higher elsewhere, 6.2% in Los Angeles County and 12.9% in all of California. Looking ahead five years, the projections by the California Department of Finance show the number of households in the Gateway Region increasing 5.4%, faster than the 20-year average. Household growth is directly tied to numbers of housing units, so this projection may be high unless multifamily construction increases.

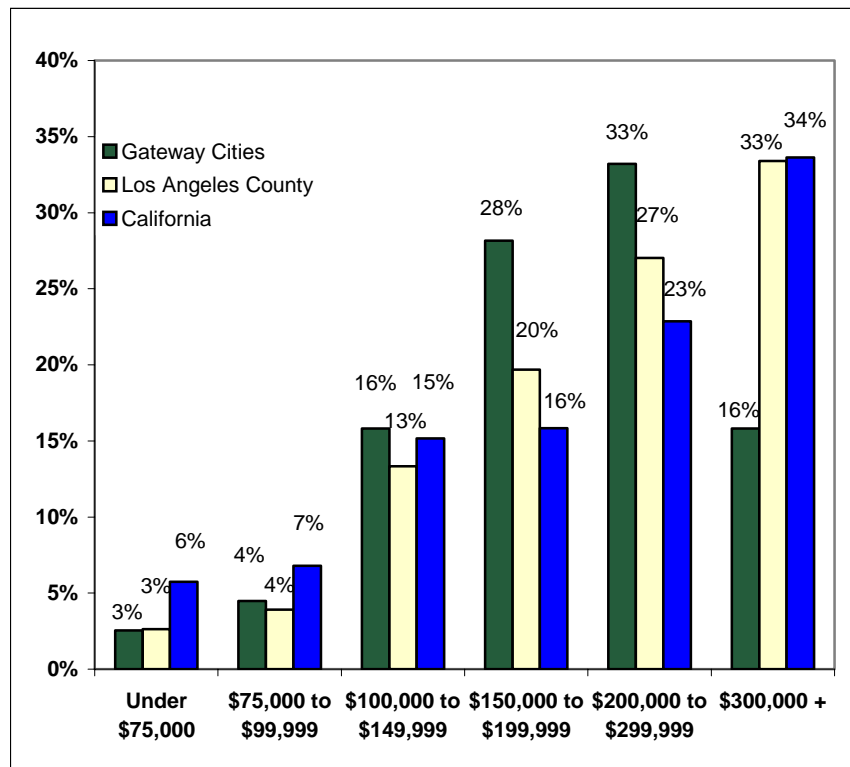
According to the California Department of Finance, there were 3.42 persons per household in the Gateway Region in 2000. Household occupancy was higher in the Gateway Region than in Los Angeles County (3.14 persons per household) or California (2.96 persons per household). Household occupancy varies significantly among Gateway Region cities. For example, occupancy was 2.6 people per household in Signal Hill, 3.8 in Cerritos, and a high of 4.83 in Bell Gardens.

Housing Stock Levels

Infrastructure plays a significant role not just in the work people do (and where), but in the places they live. The housing stock in the Gateway Region was older than in Los Angeles County or the state in 1990 and is now ten years older. About 55% of the housing stock is over 50 years old compared to roughly 50% and 35% in Los Angeles County and California. The Gateway Region (51%) had a slightly higher percentage of owner-occupied units in 1990 than the County (48 %).

According to 2000 Claritas estimates, the property value of 39.5% of Los Angeles County owner-occupied units is below \$200,000; in contrast over 50% of the owner-occupied units in the Gateway Region are valued under \$200,000 (Figure 11). Furthermore, Gateway Cities has 15.8% of owner-occupied units with property values \$300,000 and above; Los Angeles County and California have over 32% with property values exceeding \$300,000. Consequently, the median property value of owner-occupied units was \$198,249 in the Gateway Cities, 20% below the county median and 15% below the state median.

Figure 11: Owner Occupied Property Values, 2000



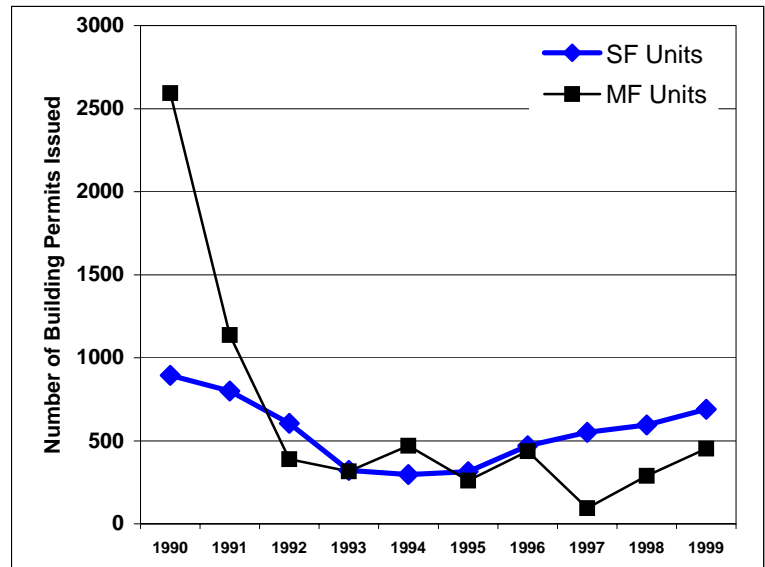
Source: Claritas

According to California Department of Finance 2000 estimates, 54.2 percent of the housing units in the Gateway Cities Region are single-detached homes. Comparable figures in Los Angeles County and California are 48.6 percent and 56.0 percent, respectively. The difference in the proportion of multiple housing units (5+ units) is also significant. Multiple housing units (5+ units) in Los Angeles County account for roughly one-third of all housing units compared to one-quarter of all housing units for the Gateway Cities.

Trends in the number of residential building permits issued in the Gateway Region are an indicator of economic health. Although tempered by inflationary trends and the recession in the early 1990s, the number of residential building permits the Gateway Region issued dramatically shows the economic conditions of the period.

The number of single-family residential building permits issued in the Gateway Region over the past decade fell between 1990 and 1994, but returned to 1991 levels by 1999 (Figure 12). La Mirada and Pico Rivera issued the greatest number of single-family permits annually within the Gateway Region during the past ten years. Long Beach permit issuance has varied over the years, peaking in 1990 and 1998.

Figure 12: Gateway Cities Residential Building Permits Issued



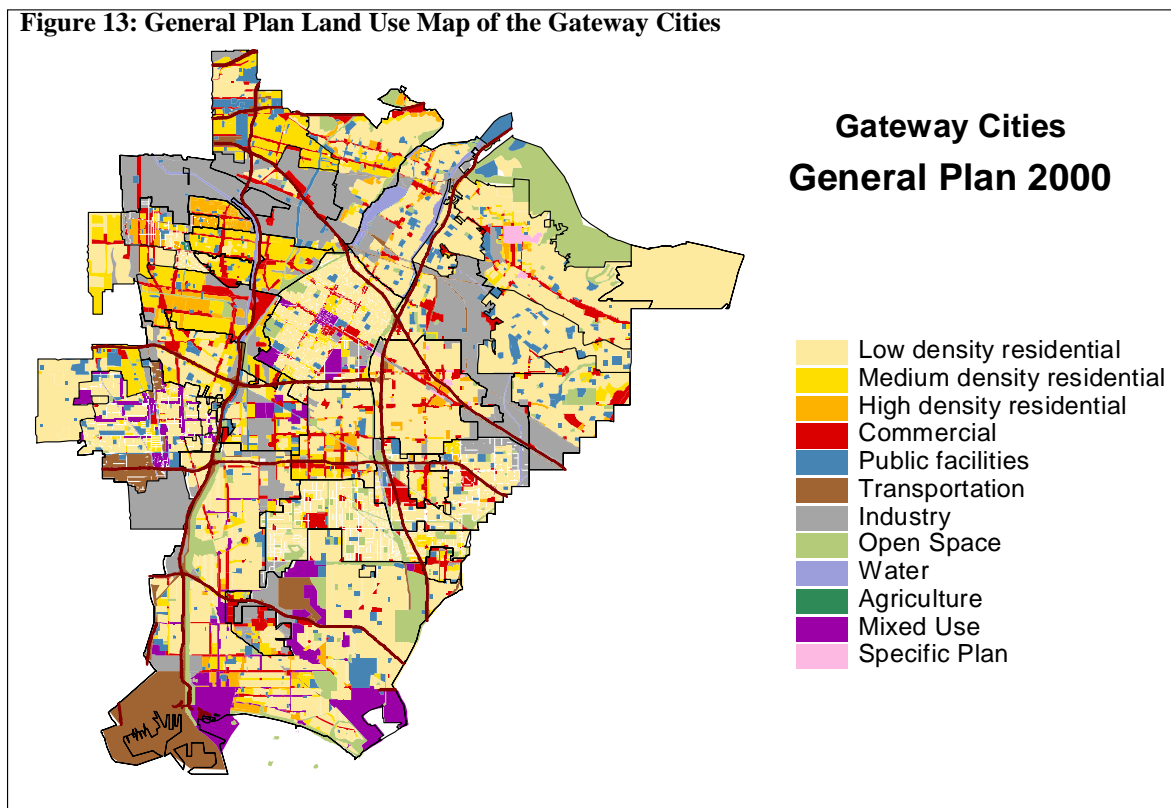
Source: Construction Industry Research Board, December 2000

The number of multi-family residential building permits the various Gateway Cities issued over the past decade dropped from over 2,500 in 1990, to about 500 in 1992. Since then, the number of issued permits remained around 500, with one marked dip in 1997. Montebello and Cerritos, with no multi-family building during the past decade, topped the 1999 list of the most-issued multi-family residential building permits. The cities of Long Beach, Downey, Paramount and Hawaiian Gardens, which contributed significantly to the peak in multi-family building in 1990, had minimal activity in the latter half of the decade.

Low vacancy rates and competitive rents indicate continued demand for housing in the Gateway Cities Region. During the last decade, housing vacancy rates in the Gateway Cities have been consistently lower than in Los Angeles County and in California. For 2000, the California Department of Finance reports a vacancy rate for Gateway Cities of 4.6% compared to 5.5% for Los Angeles County and 7.4% for California. Claritas reports the median rent for Gateway Cities (\$566) competitive compared to Los Angeles County (\$570) and California (\$561).

Three other factors support this demand for housing in Gateway Cities, namely high population density, higher number of persons per household, and more persons living together in a housing unit. According to Claritas, more than 20% of all persons in housing units were living five or more to a unit in Gateway Cities compared to 17.2% for Los Angeles County and 14.3% for California. Figure 13 shows the General Plan Land Use Map for the Gateway Cities with the currently planned housing density.

Figure 13: General Plan Land Use Map of the Gateway Cities



Health

In 1998, the Center for the Study of Latino Health at the UCLA School of Medicine produced a Community Health Needs Assessment for the Downey Community Hospital and the Kaiser Permanente Bellflower Medical Center. The cities that make up the core of their service area (core area) and the basis of their analysis are Bell, Bellflower, Bell Gardens, Commerce, Cudahy, Downey, Huntington Park, La Habra, Lakewood, Lynwood, North Long Beach, Norwalk, Maywood, Paramount, Pico Rivera, Santa Fe Springs, South Gate, and Whittier. In addition, they serve Vernon, Artesia/Cerritos, Compton, and the Los Angeles communities of Florence, South Central Los Angeles, Watts, and Willowbrook. As of 2000, 54% of the Gateway Region's population consists of Latinos.

The Assessment observed that most issues related to health and health care services demonstrate the *Latino Epidemiological Paradox*. That is, among this Latino population, poverty rates are higher, access to care is more limited, and educational levels are lower than among White Non-Hispanics of all ages. However, the overall mortality rate among Latinos is either equal to or lower than the White Non-Hispanic mortality rate. For

example, the Latino population in the core area, unlike White Non-Hispanics and Blacks, met all the Healthy California Program goals for primary causes of death (heart disease, cancer, and stroke). Overall, the leading causes of death in the core area mirror those for the County, State, and U.S. In descending order, they are: heart disease, cancer, cerebrovascular diseases, chronic obstructive pulmonary disease, pneumonia and influenza, diabetes, unintentional injuries, and homicide.

Other health concerns in the core area apply disproportionately to the larger Latino community.

- In general, the teen birth rate is slightly higher in the core area than in the rest of the County; nearly 1 in 7 in the core area to nearly 1 in 8 in the County.
- Nearly 8 in 10 births in the core area are to Latina mothers.
- Nearly half of Latina mothers are immigrants, and nearly 7 in 10 come from a Spanish-speaking home.
- Certain childhood communicable diseases are more prevalent among Latino populations than others. Latino incidence of mumps, for example (which happens to be highest in the County), is more than double that for White-Non-Hispanic and Black populations.

There are also concerns about the quality of health care in terms of cultural and language sensitivity in the core area.

Access to healthcare poses special problems to core area residents. Healthcare access problems include high costs, transportation challenges, primary care gatekeepers, difficulty navigating through a number of health care programs, shortage of long-term health care, and insufficient support for healthcare givers. Community, church, and school representatives reported that a lack of parental oversight and involvement was, in their opinion, responsible for high teen pregnancy, violent behavior, and substance abuse among youth. They suggested that organized programs and activities, safe places for play, and mentors could help remedy these health problems. Representatives from local governments and social service agencies have reported that better cooperation among agencies could improve healthcare services in the region by centralizing information, simplifying processes, and improving continuity.

Long Beach is unique among Southern California cities in that it has its own health department. It has undertaken reviews of health conditions in the City³. While not entirely reflective of standards throughout the Gateway Region, Long Beach's experience provides valuable lessons for other cities.

³ The Long Beach Health Council, under the direction of Dr. David Sloan, released two Community Health Research Studies, the first in June 1996 titled Building a Healthy Long Beach, the second in 1999 titled Continuing the Commitment.

Circulatory diseases are the leading killers in Long Beach causing half of all deaths in the City. The rate of coronary disease has increased in the African American population. Asian Americans have experienced a high incidence of stroke-related deaths. While cancer rates are improving for the population as a whole, rates for African Americans, Asians, and Latinos are increasing. There has been a rise of infant mortality and low birth weight babies among Latinas. However there have been modest improvements in African American teen birth and infant mortality rates. Immunization rates have improved for 5 year olds but not for 2 year olds. There is a strong lack of information about mental health conditions in the Long Beach area since there are no statistics for private and non-profit services that provide mental health care.

There has been an increase in infectious diseases since 1980. A high percentages of teens are continuing to contract sexually transmitted infections (STIs). AIDS is the fourth leading cause of death in Long Beach. Southeast Asians make up only 14% of the Long Beach population but they account for 43% of all tuberculosis cases. There is a rapid increase in cases of domestic violence and child abuse. Homicide incidents are still high. Environmental Health Hazards are located in small clustered areas in Long Beach with lead being the most hazardous of chemicals.

Long Beach health care providers, like many in the nation, are increasingly focusing on outpatient services; but facilities are not distributed throughout the city and only four community clinics provide general care. There has been a reduction in services at the regional Harbor-UCLA Medical Center, having an impact on the care of the indigent and on emergency and trauma services.

Educational Attainment

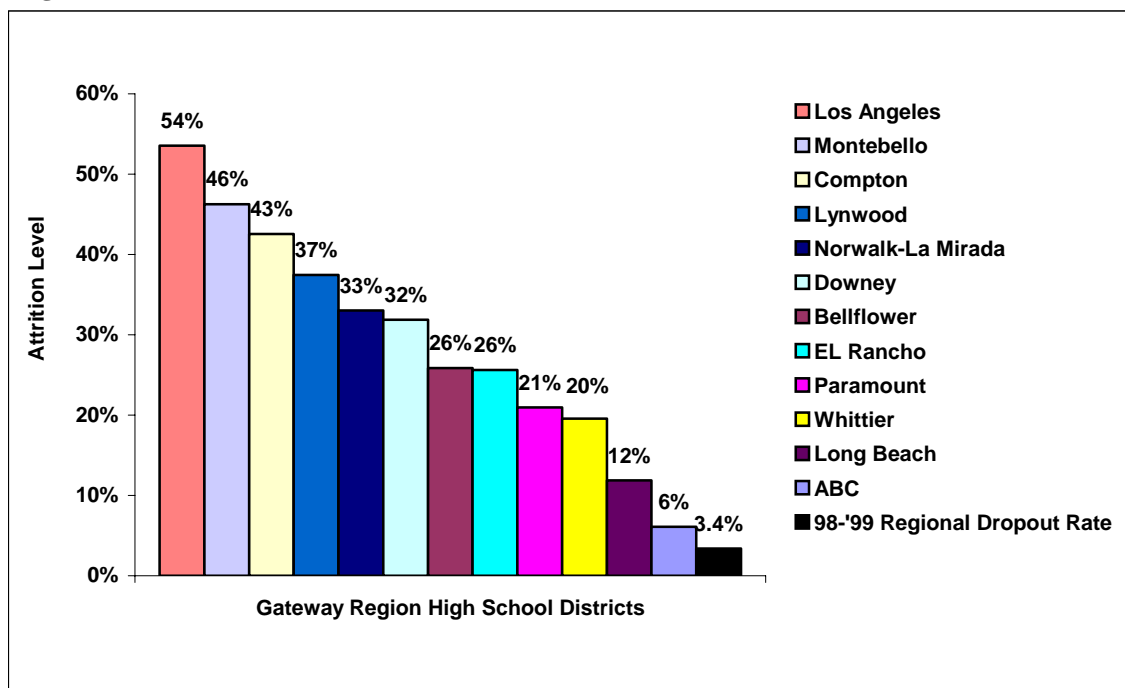
Public High School enrollment increased each of the past five years according to California Department of Education records. The increases total 12,000 students—the equivalent of roughly three new high schools. The Region's school districts built one new high school and added bungalows or modular buildings to existing campuses to accommodate the students. While enrollment in all school districts grew, Long Beach, Los Angeles Unified, Montebello, and Whittier expanded the most.

The racial and ethnic make-up of Gateway Region public high schools shows lower public school enrollment among Non-Hispanic White students. Public high school students in the Region are 61% Hispanic, 15% Non-Hispanic White, 13% Asian and Pacific Islander, and 11% Black. In contrast, the Region is 54% Hispanic, 25% Non-Hispanic White, 12% Asian and Pacific Islander, and 9% Black overall. Public school enrollment is lower among Non-Hispanic Whites due to smaller family size, smaller school-age population and private school enrollment.

At the high school level, graduation, dropout, and attrition rates are measures of the effectiveness of the public education system. Dropouts are students who miss 45 consecutive days of the school year (without transferring to another program or returning to school by Information Day in October of the next year). The attrition rate measures the decrease in students between 9th and 12th grade. Other effectiveness measures are the state's Academic Performance Index and the percentage of graduating students who have completed the University of California and California State University course requirements.

Figure 14 shows the attrition rate in the high school districts of the Gateway Region as measured by the number of freshman who began school in 1995 compared to the number of seniors enrolled in 1999. This is a rough estimate, since it is not adjusted for students who transferred in or students who were held back from the previous class. The regional average attrition rate from 1995-96 to 1998-99 was 30%; the regional average dropout rate in 1998-99 was 3.4%. One implication of the high attrition rate is that the labor force includes these former students who are not completing high school, whose qualifications and prospects for career advancement are limited.

Figure 14: Attrition Rate from 9th Grade (Fall 1995) to 12th Grade (Fall 1998)



Source: California Department of Education

Education measures in the Gateway Region reflect a national mismatch between the increasing demand for qualified workers, and a stagnant or declining supply of workers qualified to meet high-tech industry labor demands. *The problem is not a shortage of workers overall, but a shortage of workers with adequate skills.* In a recent National Association of Manufacturers survey, 60% of manufacturers reported that half of their job applicants were unqualified. The Gateway Region offers substantial job opportunities

in a large manufacturing industry, yet workers in the region tend to lack the skills needed to fill those jobs. Nonetheless, the potential for bridging this gap between required skills and worker qualifications in the Gateway Region exists. Census data indicate that the large group of working-age Gateway Region residents is expanding. With adequate gap assessments, training programs can target the gap, providing qualified workers for these jobs.

The shortage of qualified workers in the Gateway Region is associated with poor performance by students currently in school, and the low number of high school graduates among the labor force. (Figure 15) ***Attrition rates are very high and only one in four students is completing requirements for admission to California colleges and universities. This issue is of great concern considering that family-wage jobs in manufacturing require the 12th grade reading level college preparatory work can provide.***

The quality of life implications of this education-skills gap in the Gateway Region are serious. ***Observers have estimated that, over a lifetime, workers with a college degree earn \$1 million more than those with just a high school diploma.*** These added earnings help strengthen the regional economy – by increasing tax revenues, for example. The added income also provides a buffer during economic stagnation or contraction, and acts as a multiplier, stimulating additional economic growth.

Figure 15: Performance Measures of Gateway Public High Schools

HIGH SCHOOLS	District	1999 Los Angeles County HS Ranking		1999 Academic Performance Index (API)		2000 Academic Performance Index (API)		98/99 \$ Spent/Student (ADA)		Average Size of English Class		Students/Teacher Ratio		97/98 Percent of Students Attending Community College		1999 Percent of Students Meeting UC/CSU Course Requirements		1999 Dropout Rate		Attrition Rate	
		1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Whitney	ABC	1	966	969	\$4,933	28	24.5	21	3%	94%	1.7%	6%									
California Academy	Long Beach	2	909	912	\$5,263	31	29.1	22.3	0.0%	100%	3.5%	12%									
Cerritos	ABC	17	758	771	\$4,933	26	24.5	21	25%	70%	1.7%	6%									
La Mirada	Norwalk-La M.	42	655	627	\$5,198	32	28	22.1	30%	29%	4.1%	33%									
Polytechnic	Long Beach	49	635	661	\$5,263	33	29.1	22.3	24%	64%	3.5%	12%									
Mayfair	Bellflower	53	623	631	\$4,669	34	28.3	23	16%	41%	0.7%	26%									
Warren	Downey	61	608	613	\$4,540	33	31	24	33%	26%	2.1%	32%									
California	Whittier	66	601	602	\$5,209	28	29.5	25.6	25%	38%	3.0%	20%									
La Serna	Whittier	67	600	652	\$5,209	28	29.5	25.6	20%	48%	3.0%	20%									
Richard Gahr	ABC	68	599	514	\$4,933	20	24.5	21	33%	34%	1.7%	6%									
Avalon	Long Beach	69	596	626	\$5,263	24	29.1	22.3	15%	68%	3.5%	12%									
Lakewood	Long Beach	72	592	601	\$5,263	31	29.1	22.3	37%	14%	3.5%	12%									
Millikan	Long Beach	76	586	595	\$5,263	33	29.1	22.3	n/a	33%	3.5%	12%									
Downey	Downey	77	585	612	\$4,540	32	31	24	35%	23%	2.1%	32%									
Woodrow Wilson	Long Beach	79	582	623	\$5,263	n/a	29.1	22.3	39%	30%	3.5%	12%									
Santa Fe	Whittier	99	536	562	\$5,209	28	29.5	25.6	25%	43%	0.7%	20%									
Schurr	Montebello	103	528	535	\$4,865	34	30.4	25	40%	41%	4.1%	20%									
Bellflower	Bellflower	103	528	529	\$4,865	30	30.4	25	32%	27%	4.1%	20%									
Whittier	Whittier	107	518	536	\$5,209	n/a	29.5	25.6	35%	39%	0.7%	20%									
Artesia	ABC	108	513	524	\$4,933	26	24.5	21	20%	46%	1.7%	6%									
South Gate	Los Angeles	117	489	492	\$5,986	25	25.6	22.3	29%	26%	5.9%	54%									
El Rancho	El Rancho	123	484	524	\$5,320	25	25.6	22	13%	n/a	1.9%	26%									
Bell	Los Angeles	126	483	483	\$5,986	n/a	25.6	22.3	32%	28%	5.9%	54%									
Norwalk	Norwalk-La M.	126	483	504	\$5,198	33	28	22.1	30%	16%	4.1%	33%									
Pioneer	Whittier	129	480	542	\$5,209	28	29.5	25.6	17%	34%	0.7%	20%									
Jordan	Long Beach	133	472	484	\$5,263	32	29.1	22.3	28%	11%	3.5%	12%									
Montebello	Montebello	134	471	493	\$4,865	33	30.4	25	35%	18%	4.1%	20%									
John Glenn	Norwalk-La M.	134	471	495	\$5,198	30	28	22.1	32%	26%	4.1%	33%									
Bell Gardens	Montebello	137	469	460	\$4,865	33	30.4	25	31%	28%	4.1%	20%									
Savannah	Long Beach	138	468	524	\$5,263	n/a	29.1	22.3	n/a	n/a	3.5%	12%									
Paramount	Paramount	141	465	456	\$5,320	27	27.8	21.4	20%	9%	3.5%	21%									
Huntington Park	Los Angeles	148	454	456	\$5,986	26	25.6	22.3	33%	26%	5.9%	54%									
Lynwood	Lynwood	151	451	467	\$4,925	33	28.5	23	23%	53%	7.2%	36%									
Cabrillo	Long Beach	160	429	434	\$5,263	32	29.1	22.3	n/a	36%	3.5%	12%									
Compton	Compton	164	410	409	\$5,222	31	28.1	24.1	17%	21%	1.8%	43%									
Centennial	Compton	167	400	416	\$5,222	26	28.1	24.1	21%	59%	1.8%	43%									
Dominguez	Compton	169	383	418	\$5,222	34	28.1	24.1	11%	12%	1.8%	43%									
Los Angeles County	177 High Schools		961	961	n/a	27	26.7	25.1	33%	39%	3.6%	29%									
California	908 High Schools		800	800	\$ 5,379	27	26.7	24.2	34%	38%	2.9%	24%									
Gateway Cities	37 High Schools		548	577	\$ 5,166	30	28.28	23.12	25%	37%	3.4%	30%									

Source: Gateway Cities Department of Education

Educational Facilities

California State University, Long Beach (CSULB)

CSULB is a campus of over 33,000 students and seven academic colleges: Health & Human Services, Liberal Arts, Business Administration, Education, Engineering, The Arts, and Natural Sciences & Mathematics. CSULB is playing an important role in regional economic development. CSULB has designed an M.A. program in Global Logistics. Since a large part of the Gateway Region economy, and that of southern California, depends upon international trade, the school is helping to provide local industry with an educated workforce. This is particularly true for national and international corporations that increasingly rely upon a successful logistics and supply chain management.

Biola University

Biola University is located in the city of La Mirada and is bounded on the west by Biola Avenue and on the east by La Mirada Boulevard. It is located between the large east-west thoroughfares of Rosecrans Avenue and Imperial Highway, and approximately three miles to the southwest is the Santa Ana Freeway (Freeway I-5). Biola University encompasses six schools: Business, Theology, Psychology, Intercultural Studies, Continuing Studies, and Arts and Sciences. Biola is one of the largest Christian schools in the country, with 3000 students, 145 programs, 14 master's degrees and six doctoral programs. Biola is classified by the Carnegie Commission as a Doctoral Granting II University, the second highest rank possible for a University that does not receive government research funds. Biola was listed in the U.S. News and World Report survey as one of only 208 "National Universities."

Whittier College

Whittier College is a four-year independent residential liberal arts college distinguished by its small size, nationally recognized liberal arts curriculum, and innovative interdisciplinary programs. The campus houses 29 academic and administrative facilities, a performing arts center, a chapel, a library, athletic fields and facilities, and seven residence halls. Whittier College enrolls 1535 students from 33 states.

Community Colleges

Long Beach City College has two main campuses, the Liberal Arts Campus located on Carson Street, and the Pacific Coast Campus located on Pacific Coast Highway. The Region is also home to Cerritos College bordering Cerritos and Norwalk, Rio Hondo College in Whittier and Compton College in Compton.

Cultural Facilities

The Region is home to several premiere performing arts facilities including the **La Mirada Civic Theatre, the Downey Community Theater,** and the **Cerritos Center for the Performing Arts** Owned and operated by the City of Cerritos, the Cerritos Center annually presents over 150 performances. The Cerritos Center features a flexible theater capable of six different seating and stage configurations, ranging from a 1,800-seat arena theater to a 900-seat recital hall setting.

The Gateway Cities are also home to several museums of regional note. These include **Pio Pico Mansion**, a State Park and museum in Whittier. The site is the home of the last Mexican governor of California. Other historical locales include **the Long Beach Ranchos** and various small historical museums in Pico Rivera, Bellflower and Norwalk. Art facilities include **the Pico Rivera Center for the Arts, the Downey Museum of Art** and the **Museum of Latin American Art (MoLAA)**. MoLAA, located in Long Beach, is the only museum that exclusively features contemporary Latin American art in the Western United States. MoLAA received 45,818 people in 2000 and offers educational programs through their permanent collection and traveling exhibitions.

Long Beach Museum of Art

The Long Beach Museum of Art is located on a bluff overlooking Long Beach Harbor and the Pacific Ocean. The Museum, established in 1950, is an accredited institution operated by the Long Beach Museum of Art Foundation. The Museum's permanent collection is made up of about 5000 paintings, drawings, sculptures, works on paper, and decorative arts (furnishings and accessories). Particular strengths of the collection lie in the past 300 years of American decorative art, early 20th century European art, California Modernism, and contemporary art, including approximately 3,000 artist videos.

In addition to temporary exhibitions, the Museum offers extensive educational programs for children and adults. Over the next three years, approximately 50,000 children from the Long Beach Unified School District will participate in programs at the Museum.

Long Beach Convention and Entertainment Center

Completed in the summer of 1994, the \$111 million expansion of the Long Beach Convention Center is the first phase of the Pike at Rainbow Harbor Project. The Convention Center now offers 344,000 square feet of exhibit space, attracting local, national and international conventions and is expected to provide a solid base of visitors year round for the attractions located within Pike at Rainbow Harbor.

Queen Mary

The Queen Mary, listed on the National Register of Historic Places, is Long Beach's most famous resident. The Queen Mary is the world's largest luxury liner and has been a permanent fixture in Long Beach since December 9, 1967. Today the 55-acre Queen

Mary Seaport, where the Queen Mary is housed, includes the 365-stateroom Hotel Queen Mary, the Queen's Marketplace and a shopping and dining area.

Aquarium of the Pacific

The Aquarium of the Pacific is one of the largest aquariums in the United States. Its 550 species fill 17 major habitats and 31 focus exhibits. The Aquarium is located only minutes from the shops along Pine Avenue in Downtown Long Beach, the Long Beach Convention Center, and the Queen Mary.

Toyota Grand Prix of Long Beach

For the past 27 years Long Beach has hosted the Annual Toyota Grand Prix of Long Beach (part of the CART FedEx Championship Series) for three days along the downtown city streets surrounding the Convention and Entertainment Center and running adjacent to the Aquarium of the Pacific. The Grand Prix, virtually a city-within-a-city complete with infrastructure capable of supporting 300,000 people, takes roughly nine weeks to build. Each year the Toyota Grand Prix of Long Beach generates an economic impact of more than \$38 million.

KLON 88.1

"America's Jazz Station," KLON-FM 88.1 is a 24-hour public, member-supported jazz, blues and information station serving Los Angeles and Orange Counties, as well as the Inland Empire, and is distributed nationwide via cable and satellite access. KLON is broadcast from the campus of California State University, Long Beach. KLON-FM 88.1 is one of the highest rated jazz stations in the United States. For the past 22 years, KLON has produced the Long Beach Blues Festival, which attracts thousands throughout California.

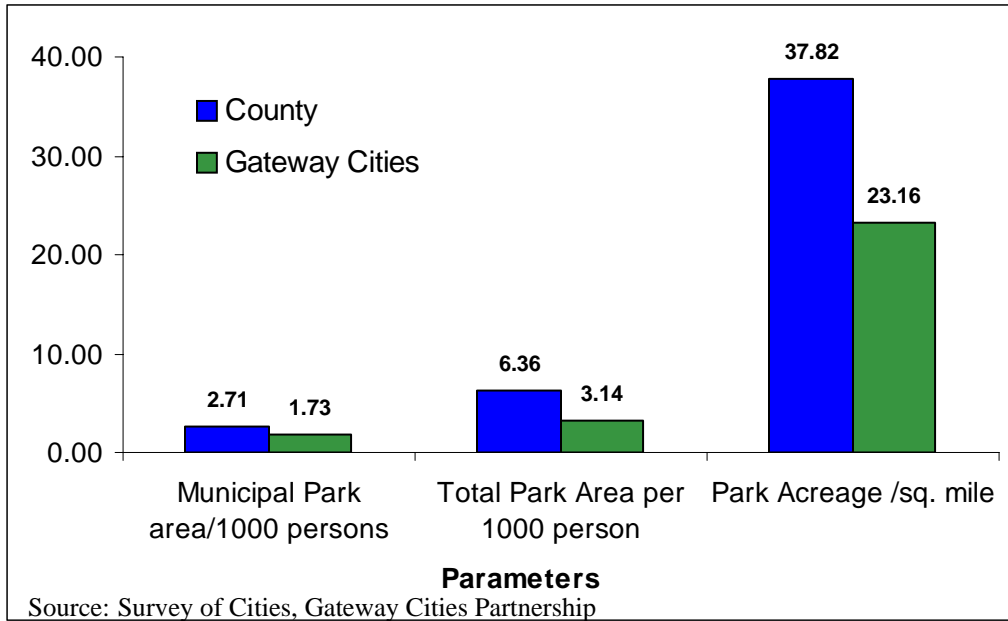
Earl Burns Miller Japanese Garden

The Japanese Garden of California State University, Long Beach has been featured in popular garden publications, such as *Sunset* magazine, and attracts more than 50,000 visitors each year. The Japanese Garden also offers horticulture classes, guest lecturers and cultural performances. The Garden includes one of Southern California's largest koi ponds and a Zen garden.

Recreational Facilities

The Gateway Cities Region offers many recreational facilities, including beaches and parks. However, the Region sorely lags the rest of Los Angeles County in available open space (Figure 16). Creating recreational facilities is a key goal for the Gateway Cities since they contribute to the kind of quality of life likely to attract new residents and businesses.

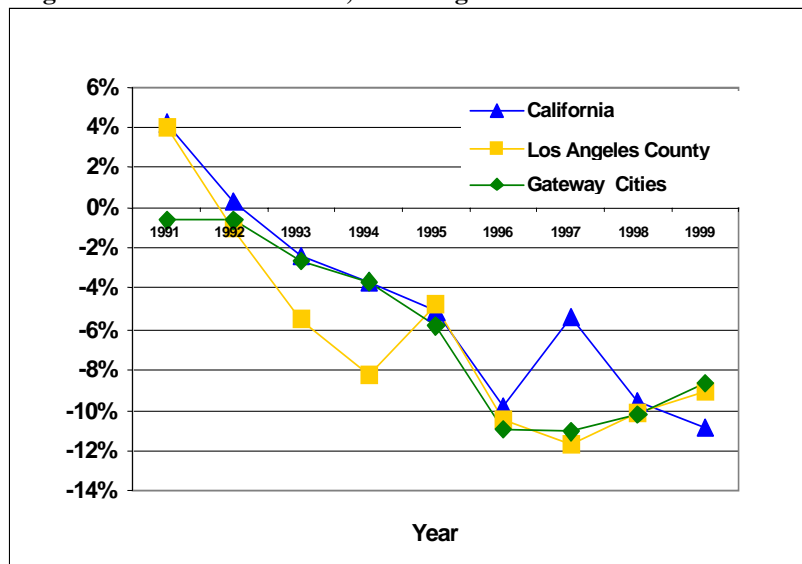
Figure 16: Park Acreage Comparison for LA County and Gateway Cities



Crime

A key indicator of overall quality of life, crime in the Gateway Region during the 1990s shows the same general trend of falling rates found in the rest of Los Angeles County and California (Figures 17 and 18). According to the FBI Crime Index (which classifies crimes as violent, property crimes, larceny, or arson), crime in the Gateway Region dropped 43% since 1991, reflecting similar declines of 36% and 45% in Los Angeles County and California, respectively. Increases in income and education usually accompany these declines.

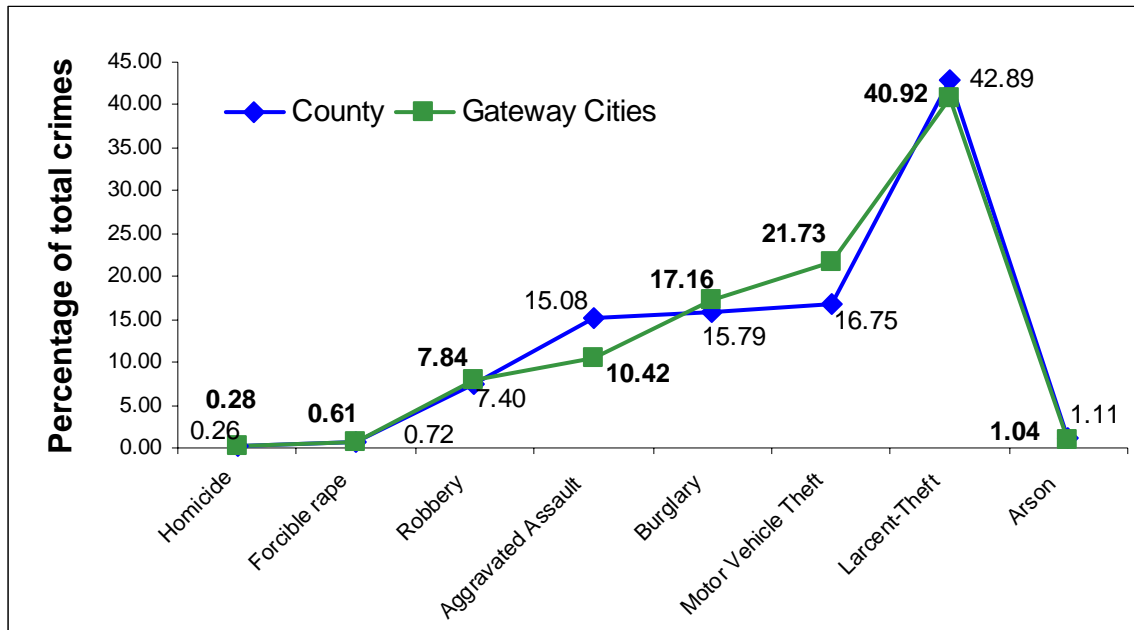
Figure 17: FBI Crime Index, % Change 1990-1999



Although many factors contribute to declining crime incidences (increases in police force, or less frequent crime reporting, for example), this indicator tends to correlate

positively with advances in quality of life such as income and educational achievement. FBI statistics show that four cities deviate from the general trend of declining crime rates: Commerce, Compton, Signal Hill and Vernon.

Figure 18: Percentage Share of Crime by Type, 2000



Source: Federal Bureau of Investigation

Vernon, in particular, has the highest crime incidence, although this statistic may be misleading since cities' criminal activity rates are tied to per capita ratios. Nevertheless, careful attention and further study are needed to identify and limit the likely causes of crime in these cities to boost overall quality of life.

Environmental Issues

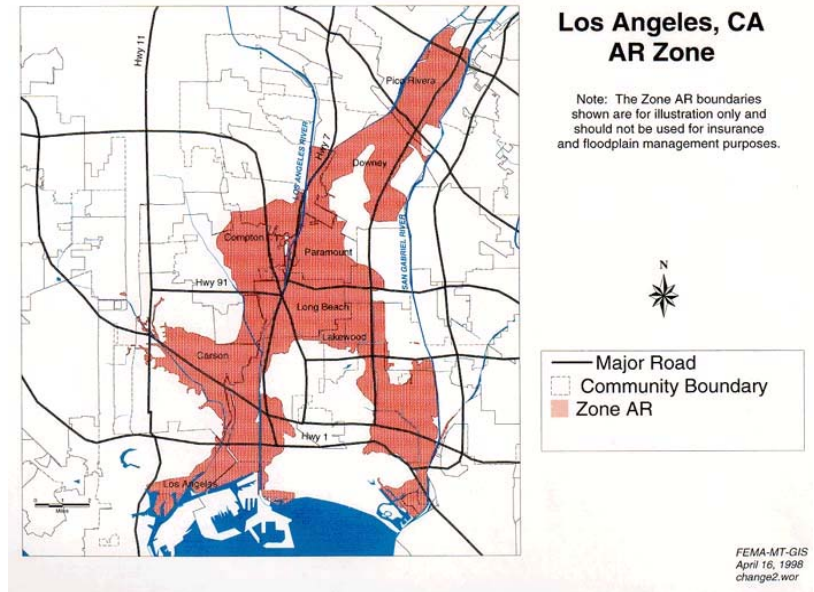
Flood Control

The Los Angeles District of the Army Corps of Engineers has developed the Los Angeles County Drainage Area (LACDA). LACDA is a system of dams along the LA, San Gabriel, and Santa Ana Rivers and the Rio Hondo. It serves as a flood control mechanism for the greater Los Angeles Basin, including the Gateway Cities. The flood control channels are maintained by the Los Angeles County Flood Control District.

Three major flood control channels discharge water into the Pacific Ocean cross the Region (Figure 19). The San Gabriel River Channel is located on the eastern side of the Gateway Cities. The Rio Hondo Flood Control Channel is located in the northwest along with the Los Angeles River Flood Control Channel. The Rio Hondo Flood Control Channel and the Los Angeles River meet just south of the Downey city limits. At this meeting point, the river channel is not entrenched below grade and the channel is contained only by levees.

A \$210 million Los Angeles River restoration project, completed in 2002, has reduced the flood risk in eleven cities and unincorporated areas from Downey south to Long Beach Harbor. The project included both levees and devices attached to bridge support pilings to streamline water flow. Its completion eliminates the need for mandatory flood insurance for thousands of property owners in the Gateway Cities Region.

Figure 19: Flood Control Map of Los Angeles County Flood Basin



Source: Federal Emergency Management Agency

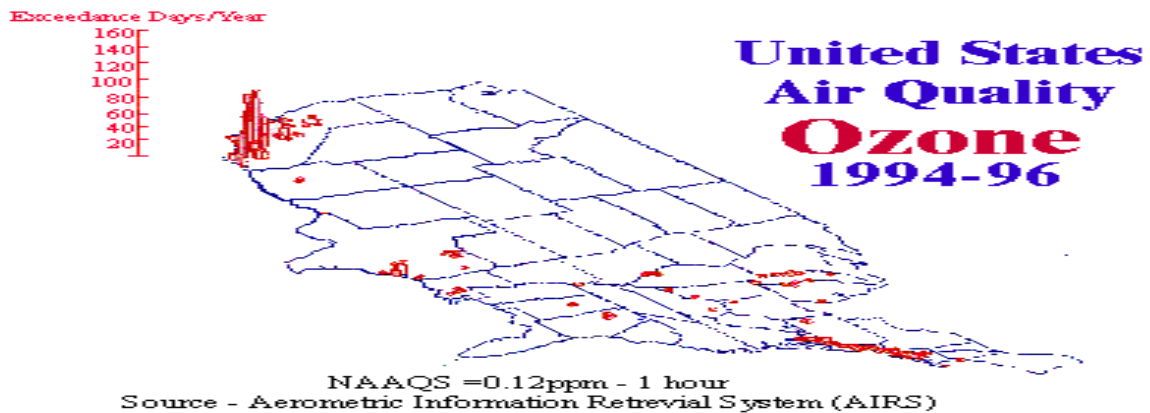
Air Quality

The SCAG 1996 Regional Comprehensive Plan and Guide notes a growing awareness of the role and potential impact air quality has on the economic vitality of the Southern California Region as a whole, but especially that of the Los Angeles basin (Figure 20). Air quality is important because it presents new opportunities and challenges with respect to the development of new technologies, the public and business interests' desire to locate in healthful places, and the need to maintain a strong yet flexible regulatory environment. As a result, the Region has made significant efforts to launch campaigns educating the public on the dangers of poor air quality, the need to regulate and reduce sources of air pollution, and to encourage technology-based air quality improvements.

The Southern California Association of Governments asserts that many factors influence individuals and businesses to locate or stay in an area. These factors range from regional and local business climate, to work force competitiveness, infrastructure availability, and quality of life. However, as air quality and regulatory emission reductions have become stricter and more expensive to implement in the Southern California Region, businesses

have looked to locate elsewhere. This has become a contentious issue as increasing importance is placed on job creation and retention.

Figure 20: Exceedance of Ozone Standards, Days/Year



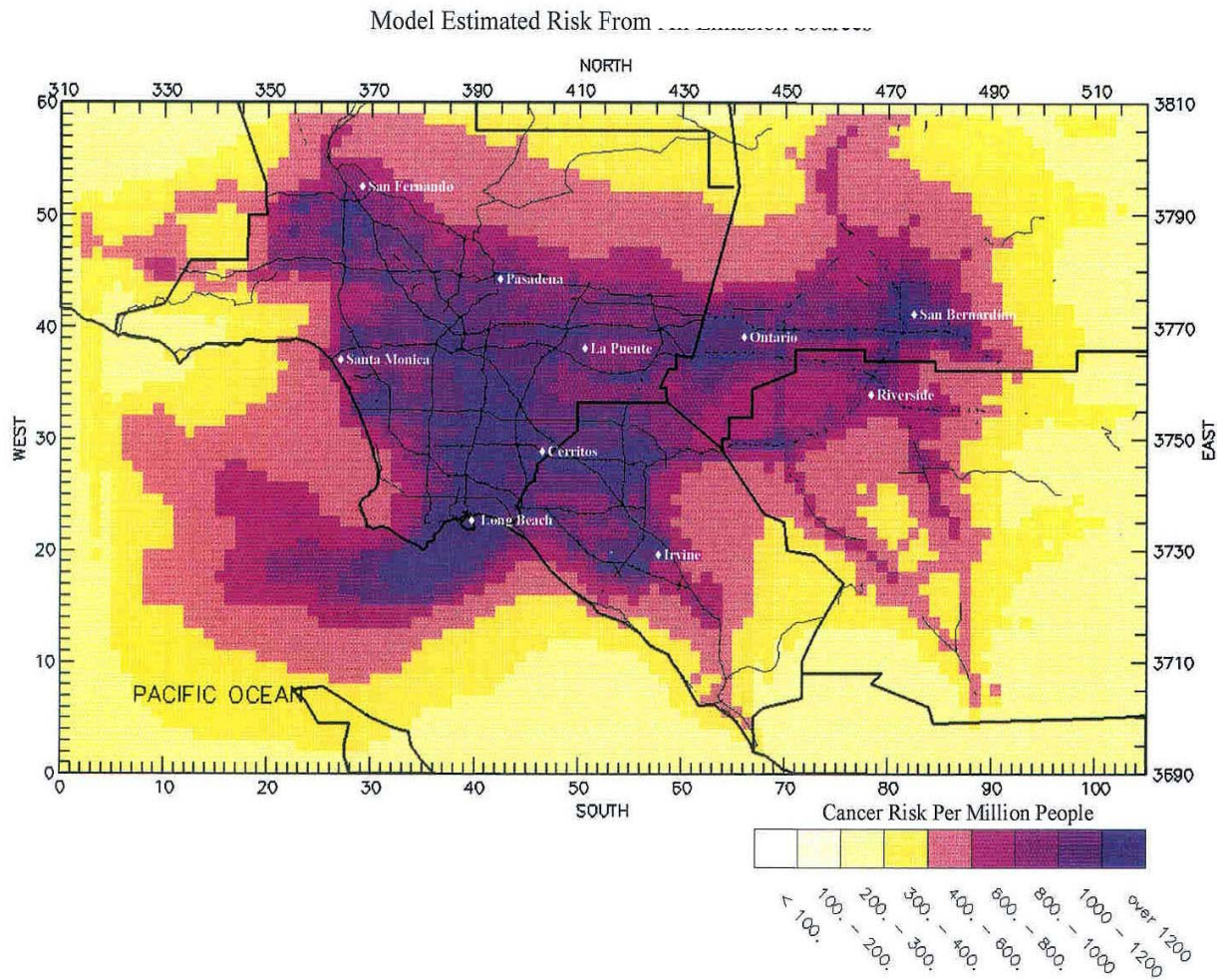
Source: South Coast Air Quality Management District

Smog is distributed unevenly across the South Coast Basin. Along with the rest of Southern California, the Gateway Region clearly has inferior air quality. Los Angeles and Orange Counties, for example, experience lower air pollution levels than Riverside or San Bernardino Counties. Within Los Angeles County, the Gateway Region shows signs of even better air quality than the rest of the region. Air quality in the Gateway Region seems to reflect a trend towards gradually meeting Federal air quality standards. For example:

- Levels of ozone and carbon monoxide declined significantly between the three-year periods of 1976-1978 and 1997-1999.
 - The three-year, average number of days exceeding the 1-hour, and 8-hour Federal ozone standards decreased by 71% and 44%, respectively.
 - The three-year, average number of days exceeding the Federal carbon monoxide standard dropped by 91%.
- The three-year, average number of days exceeding the federal 24-hour air quality standard decreased 79% between 1985-1987 and 1997-1999.

Although air quality is improving, cancer risk from air pollution, especially particulate matter from diesel emissions is still a large problem in the Gateway Region. Figure 21 portrays the intensity of cancer risk caused by gaseous and particulate air pollutants during a one-year monitoring program performed by the South Coast Air Quality Management District at ten sites in central Los Angeles County. When the cancer risk due to diesel sources—roughly 70% of the total risk—is eliminated, the map fades to shades of yellow with a few pink dots. A drastic reduction in diesel emissions would have a significant impact on the risk of cancer in the region.

Figure 21: Cancer Risk From Air Pollution



Wetlands

While over 95 percent of California coastal wetlands have been lost to development, together Long Beach and Seal Beach (Orange County) have a significant portion of the severely degraded, but still undeveloped vestiges of these wetlands. Open space primarily dedicated to wildlife, especially wetlands, provides a kind of respite from urban living that is uniquely available along the Southern California coast. These available sites should be nurtured and enhanced.

The Rivers and Mountains Conservancy has identified substantial remaining historic wetland areas in its open space plan. These areas can serve as wildlife habitation and as locations for passive forms of recreation. Wetlands in or near the Gateway Cities Region include Los Cerritos near the mouth of the San Gabriel River, Lower Compton Creek, and the saltwater marsh at the lowest reach of the Los Angeles River in Long Beach. The Conservancy has also identified El Dorado Regional Park and Nature Center and the Whittier Narrows Nature Center as valuable open spaces.

The city of Long Beach is conducting a study on the feasibility of the wetland restoration potential of storm retention basins south of DeForest Park and in the vicinity of the Sixth Street Bridge near Downtown Long Beach. Other strategic actions regarding wetlands include:

- Compiling a list of restorable wetland areas and sources of funding for restoration;
- Collaborating with the City of Seal Beach, City of Huntington Beach, and the United States government to set aside the maximum possible contiguous acreage for wetlands and bird fly;
- Identifying funding for land acquisition, such as harbor expansion or runoff mitigation (Federal TEA-21 transit legislation) and;
- Where possible, recreating or creating wetlands to serve educational purposes for the community.

Below is a list of some of the open space and wetlands along the Los Angeles River, some of which function as parks, school grounds and other uses:

- Golden Shore Marine Preserve, a 6-acre, tidal wetland that was built in 1998
- Cesar E. Chavez Park, a 23-acre community park with a community center and possible 2-acre park expansion
- Bicycle Path connecting from the 6th Street underpass to the Los Angeles River Trail
- MTA Bus Yard, a 5.1-acre site that is lightly used and visually blighting to the area
- Ceramics Factory, 1.9 acres
- Southern Pacific Transportation site, 11 acres that is currently for sale at \$7 million but the land contains hazardous materials that need to be cleared
- Drake Park, 6-acre community park
- Wrigley Heights, 40 acres
- Dominguez Gap East, West and Southwest Basins
- Compton Creek
- Virginia Country Club, 15 acres
- Deforest Detention Basin
- Boy Scout Camp Ground, 9 acres
- Sutter Elementary School
- City-owned unused property, 1 acre
- Deforest Park, 15-acre community park

Hazardous Waste Contamination⁴

The detrimental effects of improper hazardous waste management have become painfully well known in Southern California. Major groundwater aquifers relied upon by thousands of residents for drinking water, are now threatened with contamination from “volatile organic chemicals,” which resulted from past waste management practices. PCB’s and heavy metal disposed of through the publicly owned sewer system resulted in contaminated fish and habitat in the region’s oceans. In addition, local businesses and governments have expended considerable resources in attempting to remediate this process.

Significant efforts have been initiated in the past 20 years at the federal, state, regional, and local level to ensure that such mismanagement does not occur in the future. The major thrust of this effort, in addition to cleaning up contamination from past practices, was to create a stringent regulatory system that would govern how hazardous wastes are to be managed and, most importantly, disposed of. This system of federal, state, regional, and local laws requires generators of hazardous waste to keep careful track of the waste they generate and to send their wastes to specified types of waste management facilities where they can either be recycled, treated (to reduce its hazardous characteristics) or exposed of in an environmentally safe manner. The type of recycling, treatment, or disposal required by law varies according to the type of waste.

- The Southern California Association of Governments addresses hazardous waste contamination in their Regional Comprehensive Plan and Guide. They identify two primary goals:
- To promote the following waste management hierarchy for hazardous wastes:
 - Waste Reduction
 - Recycling and Reuse
 - Safe Disposal
- To ensure adequate, appropriate, and environmentally safe waste management capacity in the region.

Concerning economic growth, providing adequate hazardous waste management facilities in the region can reduce waste management and waste transportation costs for area businesses, thereby reducing operating costs.

Brownfields

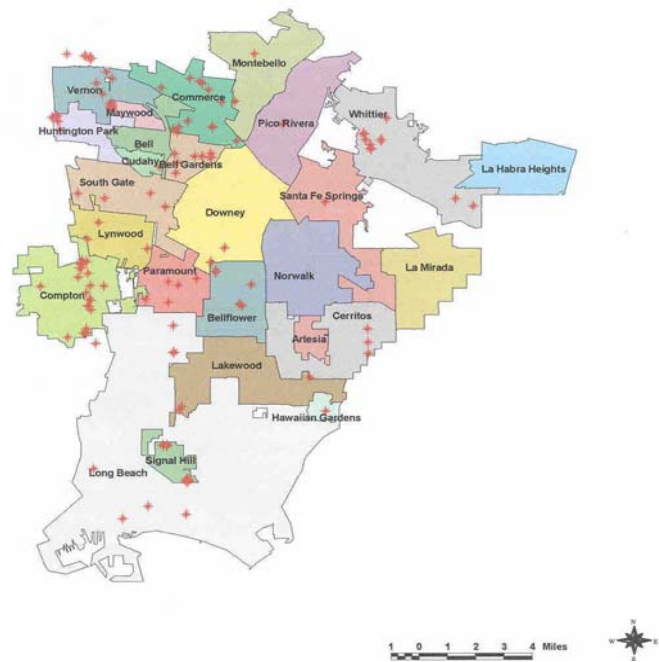
High concentrations of manufacturing throughout the Gateway Region, existing long before sound environmental regulations, littered the region with brownfields. (Figure 22) The U.S. Environmental Protection Agency defines brownfields as abandoned, idled, or

⁴ Southern California Association of Governments Regional Comprehensive Plan and Guide, Chapter 13 “Hazardous Waste Management” March 1996

under-used industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived environmental contamination. Redevelopment of these sites is needed to make land available for new industrial development and business retention, expansion and attraction. Despite the current boom in employment in California, the region continues to under-perform the rest of the Southern California economy.

Although the technology is available to cleanup most site contamination, the cost of cleanup, when added to acquisition and redevelopment, often exceeds the economic value of the redeveloped property, particularly for smaller lots. One way to overcome the cost barrier is to aggregate several smaller parcels to attain economies of scale, another is to provide financial assistance from the public side, and a third is adaptive reuse of existing buildings cutting down on demolition and construction costs. The other reason to recycle these industrial lands is to eliminate the public health risk they pose. Not all brownfield sites are contaminated, but until there has been a thorough environmental assessment, perceptions reign.

Figure 22: Brownfield Sites in the Gateway Region



Source: Gateway Cities Partnership, Inc.

Existing Plans and Processes

Transportation

Route 710 Corridor Study

Route 710 runs north and south from I-10 to Long Beach and travels directly through the heart of the Gateway Cities Region. It passes through or near the cities of Montebello, Commerce, Maywood, Bell, Bell Gardens, Cudahy, South Gate, Lynwood, Downey, Compton, Paramount, Signal Hill, and Long Beach. Along its path, it intersects the I-10, SR-91, I-5, I-105, I-405 and US-1 Freeways (Figure 23).

Presently, the State Department of Transportation, in a consortium with the Metropolitan Transportation Authority, the Southern California Association of Governments and the Gateway Cities Council of Governments is performing the Route 710 Corridor Study to develop a transportation plan for providing congestion relief between Rte. 60 and the Ports of Long Beach and Los Angeles. The Study will recommend a plan for providing efficient access to the ports and reducing passenger and truck congestion along the I-710

freeway and surface streets. Other results will be to reduce pollution, particularly diesel toxins, and improve safety. Finally, the plan seeks to reduce incursion of non-residential traffic into residential neighborhoods.

Figure 23: I-710 Freeway



Source: www.dot.ca.gov/dist07/terp/dist7/rte710_corr_study.pdf

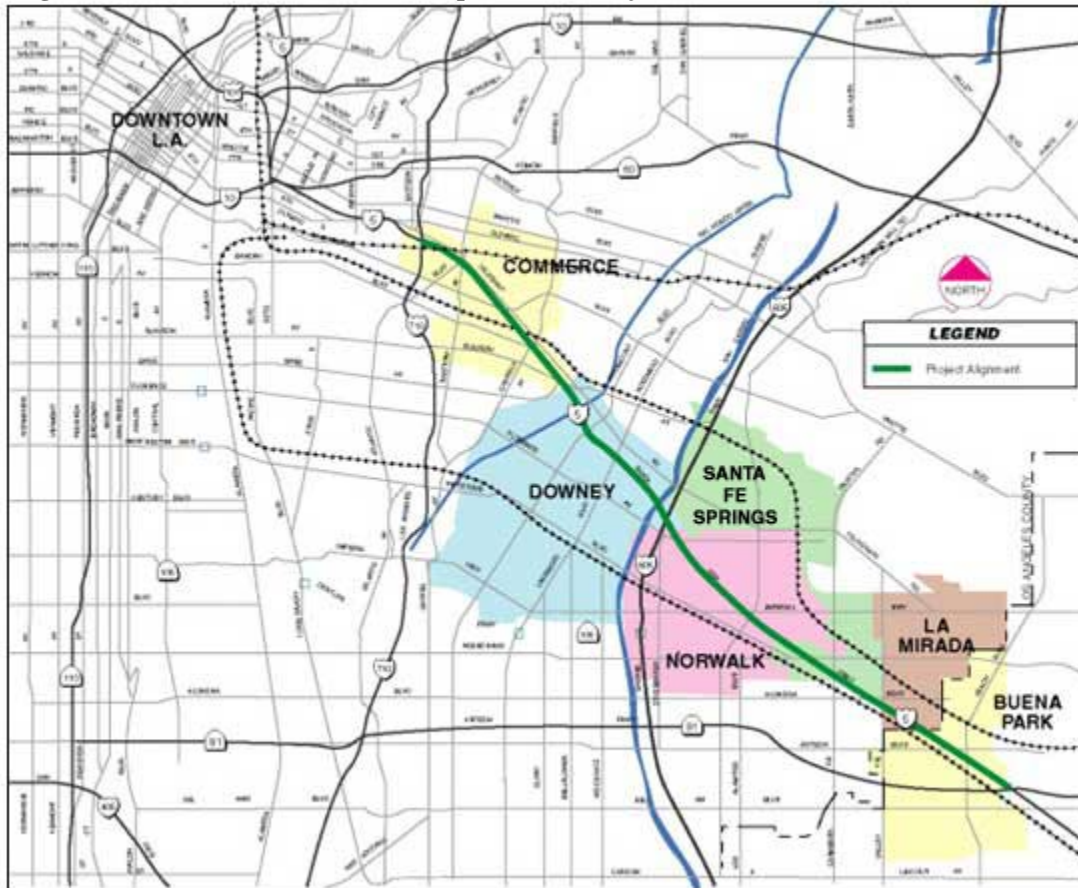
Interstate 5 Major Improvement Project

The California Department of Transportation (Caltrans) proposes to widen a 16-mile portion of Interstate 5 between State Route 91 and the I-605 Freeway. This section of Interstate 5 passes through the Gateway Region Cities of Commerce, Downey, Norwalk, Santa Fe Springs, La Mirada, and Buena Park (Figure 24).

Caltrans, in collaboration with other federal and state transportation agencies, has completed a Major Investment Study (MIS) for I-5. (An MIS is part of a long range planning process whose purpose is to provide decision-makers with options for addressing identified transportation problems). The I-5 MIS Study seeks to develop solutions to improve mobility by substantially increasing capacity, improving safety, improving access, and reducing travel time delays. To respond to these needs, the Study calls for widening this section of I-5 to 10 lanes, including High Occupancy Vehicle lanes, increasing bus and rail transit services, and improving the Intelligent Transportation Service (ITS) along I-5 and adjacent roads.

It appears the I-5 MIS recommendations will be implemented. Governor Gray Davis recently approved Transportation Congestion Relief legislation, which provides \$5.3 billion for funding critically needed transportation projects. One of the selected projects has been the I-5 Improvement Project studied in the MIS.

Figure 24: Portion of I-5 Corridor Improvement Project



Source: www.dot.ca.gov/dist07/route5/is5_mip.htm

Water Quality

Maintaining the quality of water in the Southern California Region has become an increasingly important issue and is an important goal for the future success of Southern California. The Southern California Association of Governments (SCAG) notes in the SCAG 1996 Regional Comprehensive Plan and Guide that the historical growth and urbanization in the Southern California region has often adversely affected water resources. As more people have moved into the area, an increased amount of sewage wastewater has been discharged into the Region's water bodies. Urbanization has devastated many of the natural filtration systems that maintain the quality of water. Also, urbanization has increased the amount of runoff pollution. Moreover, major underground aquifers have become unusable because of past industrial practices. Unfortunately, because aquifers provide millions of residents with their drinking water, this affects the amount of water available for consumption.

Recent efforts, however, have targeted changes leading to improved water quality. For example, federal funding has significantly improved wastewater treatment during the past 15 years. Also, new hazardous waste management practices have dramatically reduced the likelihood that current industrial practices will contaminate groundwater supplies. In addition, there is a growing awareness and scientific understanding of the relationships among water quality, the surrounding habitat, and land use. Despite these successes, though, new challenges still remain in the region. The Southern California Association of Governments believes these issues mainly include addressing and financing the control of non-point source pollution, such as stormwater runoff; paying for the cleanup of contaminated groundwater basins; and balancing the costs of water pollution control with other regional objectives.

Furthermore, efforts to promote improved water quality are addressed under Section 208 of the Clean Water Act. This section designates the Southern California Association of Governments (SCAG) as the agency responsible for developing a Waste Treatment Management Plan for the region. Among the goals for improving water quality, the 208 plan seeks to provide a comprehensive planning framework for both point and non-point source water pollution. As a result, SCAG's specific planning requirements include, but are not limited to, identifying needed treatment works to meet anticipated needs over a 20 year period, the identification of construction priorities for the region, and procedures and methods to control non-point source pollution from agriculture, mining and other sources. In 1979, SCAG prepared the Areawide Waste Treatment Management Plan and made amendments to the plan in 1981.

Air Quality

Decisions made concerning land use, economic growth, and transportation infrastructure needs have an impact on air quality considerations. The SCAG 1996 Regional Comprehensive Plan and Guide notes that decisions made in these three areas have the potential to positively affect air quality, mobility, growth, and economic development. Examples of these impacts are local efforts to foster livable communities and support non-motorized travel modes. Other examples include transportation infrastructure improvements like high-occupancy vehicle lanes, transit/smart shuttles, and rideshare services. These services positively influence air quality and mobility while providing opportunities for economic benefits. Furthermore, advanced transportation technologies such as electric vehicles, alternative fuel vehicles, telecommunications technologies, intelligent transportation systems, and smart shuttle transit provide air quality benefits while having the potential to promote economic development in the region.

Welfare Reform

Welfare reform was launched in Los Angeles County in 1998. In California, the new welfare reform program is called CalWORKs for "California Work Opportunities and

Responsibilities to Kids" and it replaced the Aid to Families with Dependent Children (AFDC) program, which had been in place for over 30 years.

CalWORKs limits adults to a lifetime maximum of five years of cash aid and requires most to work at a job or participate in welfare-to-work activities at least 32 hours per week. In Los Angeles County, the new work requirements impact almost 134,000 families. As of January 1999, the total number of CalWORKs cases had dropped by 32,593 compared to the year before, the aided parents of over 56,000 CalWORKs families were employed at least part time, and over 95,000 were enrolled in welfare-to-work⁵. Just over 11,000 parents have had their aid reduced for failure to participate⁶.

Since most welfare parents are single mothers, childcare also is a major issue. With more mothers going to work in the future, plans are already underway to increase the availability of child care countywide. According to the Los Angeles County Department of Public and Social Services (DPSS), one such project is aimed at expanding school-based child care, another will provide child care licensing assistance and specialized training for child care providers, and a third is a joint project with local schools to implement after-school enrichment programs for children who are members of CalWORKs families.

Other projects on the drawing board include an agreement with the State Department of Rehabilitation for services to disabled parents and a pilot project with the County Probation Department to help parents on probation get training and jobs. To go even further to break the welfare cycle, another pilot project would extend CalWORKs employment services to absent parents who need a job so they can pay child support.

The Los Angeles County Economic Development Corporation has hired a consultant to incorporate the following welfare reform strategies for the Gateway region:

- Leverage the existing economic development infrastructure for linking CalWORKs participants to companies' open positions
- Increase and promote coordination between workforce development and economic development providers
- Connect job creation move-up efforts to the CalWORKs program

⁵ Data received from the Los Angeles County Department of Public Social Services

⁶ *ibid*

Other Key Development Issues

State of Regional Economy

More than an estimated 1.7 million people live and work in the Gateway Cities Region. Quality of life issues play an important role in attracting new residents and businesses. Within the last decade, the Region has experienced a series of changes in the economy including losses in defense contracting and increases in the service sector. Most notable, however, are the uncertain impacts as a result of the September 11 terrorist attacks on the United States.

Manufacturing and Port Industry

The Gateway Region is part of Southern California's manufacturing heartland, and along with the City of Los Angeles, it is the nation's second largest manufacturing center. Nearly 700,000 people work in manufacturing jobs.

In addition, the Gateway Region is home to the ports of Long Beach and Los Angeles. The third busiest container port complex in the world, about one-third of all container cargo in the country moves through the Los Angeles and Long Beach ports.

As a result, the region is a major hub for international trade. With an unrivaled collection of shipping lines, railroads, motor carriers, and air and sea freight forwarders, the Gateway Region is home to one of the nation's largest distribution networks. Also, custom brokers, warehouses, freight consolidators, logistics providers, banks, and all of the other entities that make up the infrastructure for international trading abound in the Region. Furthermore, the ports and ships continue to increase their container capacity each year, encouraging even more trade through the Region.

As a consequence, the increasing levels of traffic through the port area and surrounding cities has become a major concern, as the existing ground transportation system has proved inadequate. In an effort to alleviate congestion and facilitate traffic out of the port area, the Alameda Corridor, a 20-mile railroad expressline, is being built. It connects the ports of Los Angeles and Long Beach to the transcontinental rail network east of downtown Los Angeles. Along its way it travels through or borders the cities of Vernon, Huntington Park, South Gate, Lynwood, Compton, Carson, Los Angeles, and unincorporated portions of the County of Los Angeles.

Many economic benefits accrue from the construction of the Alameda Corridor. The Alameda Corridor Transportation Authority is committed to responding to the needs of residents by providing job training and job opportunities to residents of communities adjacent to the Alameda Corridor. Second, the Alameda Corridor's construction is expected to negatively influence traffic patterns. Alameda Street is expected to see an

increase in smoother traffic flow because drivers will no longer have to stop for the train. Private investment will likely follow.

Impacts of September 11 Terrorist Attacks

In response to the September 11th terrorist attacks, the region is presented with opportunities to respond to the economic impacts on the United States. The Gateway Region can approach this role with respect to different economic development strategies. These are international trade, use of information technology and telecommunications, and tourism.

In the international trade arena, increased security regulations on port activities will likely increase the cost of imports. If imports become more expensive to produce abroad, the nation's industries may see a need for increased domestic production. The Gateway Region, primed and ready with its extensive distribution network, manufacturing centers, and associated trade businesses, will need to look at its role in the increased domestic production of goods.

With respect to technology and telecommunications, the Gateway Region is presented with two arenas for economic development. One, the increased demand for security technology provides an opportunity for the Gateway Region to develop this technology locally. Second, the Gateway Region's history of manufacturing and industry means the telecommunications and technology infrastructure already exists. As a result, it is much easier for companies to move into the area to develop the security technology and respond to the increased demand.

As a result of September 11th, the local travel and tourist industry has been and will be negatively impacted. For example, Long Beach Airport has grown accustomed to regular increases in passenger volume. Long Beach Airport experienced a 40% increase in passenger volume between 1996 and 1997 compared to a 3% increase for Los Angeles Airport. (Figure 25) This trend may reverse itself following the terrorist attacks.

However, the Gateway Region also has potential to develop and promote the tourist industry in response to September 11th. The Gateway Region's location puts it in close proximity to tourist attractions like Disneyland and Hollywood. Since the terrorist attacks, these attractions have experienced a sharp decline in national visitors, as people are less likely to travel by plane. In response, Southern California is currently marketing itself not only to residents within Southern California, but also to neighboring states like Arizona and Nevada. The Gateway Region is presented with the opportunity to market its location to these visitors.

In addition, because the Gateway Region's residents are not traveling to other parts of the country, the region can encourage Gateway City residents to spend money within the Gateway Region and support the local economy. The Gateway Region can draw visitors

to the area with tourist attractions like the Queen Mary in Long Beach, the Long Beach Aquarium of the Pacific, and Pacific Boulevard in Huntington Park. Other attractions include the City of Artesia, home to California's largest Asian Indian population and the best Indian restaurants in Southern California. California State University at Long Beach University, California State University at Dominguez Hills, and the Long Beach Convention Center, and the Cerritos Center for the Performing Arts are also located in the Region.

Figure 25: Air Passenger Volumes for Long Beach and Los Angeles Airports

**AIR PASSENGER VOLUMES
BY INDIVIDUAL AIRPORT**

LONG BEACH

	1994	1995	1996	1997
January	41,238	28,260	40,510	34,338
February	37,008	21,347	35,809	37,493
March	43,856	26,977	37,251	51,001
April	44,256	31,571	35,541	45,690
May	46,430	34,695	35,620	52,064
June	35,662	35,860	36,720	51,836
July	50,895	39,000	39,456	56,447
August	47,132	40,312	40,150	60,682
September	35,259	35,149	32,591	51,191
October	33,037	44,047	33,652	58,782
November	35,360	39,398	32,468	52,496
December	39,498	48,775	35,450	59,096
Total	489,631	425,391	435,218	611,116
Percent Change	-19.99%	-13.12%	2.31%	40.42%

Source: City of Long Beach, Airport Bureau

LOS ANGELES

	1994	1995	1996	1997
January	3,724,492	4,150,985	4,354,598	4,638,570
February	3,360,462	3,657,431	4,167,068	4,135,178
March	4,017,270	4,340,828	4,822,045	5,039,230
April	3,892,945	4,351,393	4,615,249	4,662,578
May	4,168,001	4,466,553	4,862,383	4,950,172
June	4,477,951	4,761,887	5,169,960	5,229,972
July	5,000,993	5,026,293	5,430,882	5,688,287
August	5,185,654	5,390,558	5,796,671	5,871,623
September	4,252,199	4,368,182	4,686,693	4,927,337
October	4,344,566	4,479,204	4,804,244	4,978,031
November	4,197,107	4,369,031	4,351,943	4,791,338
December	4,428,635	4,546,878	4,912,823	5,058,468
Total	51,050,275	53,909,223	57,974,559	59,970,784
Percent Change	6.70%	5.60%	7.54%	3.44%

Source: City of Los Angeles, Department of Airports

Partners and Resources for Economic Development

A partner in the Gateway Region's efforts for economic development is The Gateway Cities Partnership. The Gateway Cities Partnership, Inc. is an alliance of business, labor, education and the public sector that works to define, develop and lead the collaborative efforts of business, education, labor, government, and the expanded community. Their mission is to achieve regional economic revitalization and growth.

The Gateway Cities Partnership's goals include developing a world-class workforce, promoting the growth of trade through the Southern California seaports, reusing industrial land in the region to revitalize the region's urban core, attracting new high technology jobs to the region, and retaining, expanding, and attracting business. Equally important goals are increasing the family wage job base, improving the quality of life in the region, sparking an educational renaissance, and enhancing regional growth and vitality in keeping with sustainable community ideals.

Opportunities abound for economic revitalization and investment in the Gateway Cities Region. Listed below are the different incentives that have traditionally been used in the Region and throughout Southern California. These include:

The Empowerment Zone: The Empowerment Zone is a federal program. It is designed to create jobs and reinvestment opportunities within the nation's poorest urban and rural communities.

The Enterprise Zone: The Enterprise Zone is a state program. It identifies and targets specific areas for economic revitalization and investment.

Redevelopment Agency: Public agency that seeks to identify and implement redevelopment plans for an area.

EPA's Brownfield Pilot Project: Brownfield tax incentive programs allow for environmental clean up costs to be fully deductible for the year they were incurred rather than having to be capitalized.

Other programs include Business Improvement Districts (BID), in which state and local laws permit merchants and property owners to tax themselves and then use these funds to purchase supplemental services for the improvement of the area. A summary of economic development incentive programs currently in use in the Gateway Cities follows.

	Empowerment Zone	Enterprise Zone	Redevelopment Agency	EPA's Brownfield Pilot Project	Special Assessment District	Business Expansion and Retention Program	Commercial/Industrial Rehabilitation Program	Fee Incentive Program	None	Other	Comments
City	Redevelopment Programs										
City of Artesia									X		
City of Avalon									X		
City of Bell									X		
City of Bellflower			X				X			X	Property acquisition prog., econ assistance, comm. loan prog.
City of Bell Gardens			X								
City of Cerritos			X								
City of Commerce			X			X	X				
City of Compton			X								
City of Cudahy											
City of Downey			X			X	X	X			
City of Hawaiian Gardens			X								
City of Huntington Park											
City of La Habra Heights									X		
City of La Mirada									X		Bus. Prog. In developing unique deals for, applicable to business
City of Lakewood						X					
City of Long Beach		X	X	X	X	X	X	X		X	\$2,000 Grants for new business
City of Lynwood			X	X							
City of Maywood			X	X			X				
City of Montebello			X								
City of Norwalk			X								
City of Paramount										X	Commercial rebate program
City of Pico Rivera			X			X	X	X		X	Business assistance program
City of Santa Fe Springs									X		
City of Signal Hill			X	X							
City of South Gate		X	X						X		
City of Vernon									X		
City of Whittier			X							X	Housing assistance & rehab prog., Business loan prog.

Vision Statement

The Gateway Cities Region has played a most significant role in the development of the Los Angeles Region and indeed Southern California in its totality. The manufacturing heartland, the Gateway Cities Region has nurtured many generations of Southern California families and individuals, native born and immigrant, in pursuit of the “American Dream” envied around the world. Our destiny is not one of “back to the future” but forward to a future of promise, prosperity and unique life experiences enhanced by an environment with vast diversity, multicultural richness and economic bounty as found in the Gateway Cities Region – we have an appointment with the future.

By the year 2020 the Gateway Region will have developed a world-class workforce engaged in the most diverse and vibrant economy anywhere on the globe, supported by an education system from kindergarten through the university level offering leading edge programs and training covering the liberal arts to advanced technical and highly technical fields, including terminal degrees and lifelong learning opportunities. It will be the world’s largest global trading location facilitated by leading edge transportation infrastructure and facilities. It will offer commercial and industrial siting opportunities unequalled in quality and domestic and international competitive advantage. Our workforce will be well trained and skilled in all of the major sectors in the world economy, earning attractive family wage incomes and supporting a quality of life highly noticed around the globe.

Goals

The following are the goals for the Gateway Cities generated through a synthesis of public documents. A committee appointed by the Gateway Cities Council of Governments reviewed the following goals to ensure they reflect the desires of the residents:

- 1) **More Employment**
- 2) **Higher Levels of Education**
- 3) **Improved Infrastructure**
- 4) **Improved planning and decision making processes**
- 5) **Effective Land Uses**

The first goal for the Gateway Region is to create *more and better paying employment* opportunities. In order to solve the short-term goal of creating employment, the Region will need to develop its retail base. These will provide employment seekers with entry-level jobs. However, a long-term goal will be to secure better paying employment focusing on an industrial and technological employment base.

Higher levels of education are essential in order to prepare the Region's workforce. According to the Los Angeles Business Journal, the economic future of Los Angeles will be determined in large part by adult education programs. Consequently, more regional programs beyond the high school level need to be created. Better-educated workers will secure higher wages.

City leaders must **improve the infrastructure** within their cities. This needs to be a priority if the city wants to encourage business and growth. Public and private funds will be pursued in order to pay for a wide array of infrastructure-related improvements tied to, among others, roads, telecommunications upgrades, and business-ready leasable space.

Effective economic development strategies within the Gateway Cities Region will depend upon effective **planning and decision-making processes**. It is the goal of the Gateway Cities to build upon the already successful regional and multi-agency partnerships that have benefited the Gateway Cities. These include the Gateway Cities Partnership, an alliance of business, labor, education and the public sector. It also includes the efforts of the Alameda Corridor Transportation Authority and the State-local partnerships formed to relieve congestion along the major transportation corridors traversing the Gateway Cities.

Effective land use will maximize the region's potential. There are several means of ensuring that the Region is successful in accomplishing this goal. First is to ensure that the impact of housing, transportation, and the economy is considered at both the regional and subregional level. Second, land use must be used more effectively. It is important that cities look at the region as a place for people to live and work. The third way is to make sure that the public sector is contributing to this process by identifying funds for current and future projects. Fourth, fiscal reform needs to be undertaken in order to make planning more timely and effective. In order to get business done there needs to be flexible rules and budgets.

Action Plan

The CEDS Action Plan results from the preceding sections. It is organized around six elements:

1. Sustainable Development
2. Use of Information Technology and Telecommunications
3. International Trade
4. Entrepreneurial Development
5. Tourism
6. Cooperation and Collaboration.

These elements become implementing strategic priorities when they respond to specific obstacles and guide both long and short-term solutions. In some cases, they see their end result in the development of specific parcels. The strategies, like the goals, will change as

needs change. The CEDS is a living document; and the strategies are guideposts that the cities will use in establishing priorities.

The strategies will also be used in gauging short-term success at meeting the Region's Goals. The CEDS process includes annual updates. In order to evaluate local efforts over the course of a twelve-month period and assess the readiness of the Region for economic development activity, each City will be asked to complete an annual Survey of Development Indicators. The survey will allow the Cities to report on figures that reflect readiness for economic growth. It will also allow them to provide a narrative of efforts that show progress toward more employment, better education, improved infrastructure, improved planning processes and effective land use.

Finally, the annual city survey will provide valuable background information to be used in assessing the worthiness of individual projects for implementation. It will allow cities to more accurately complete the Project Rating Instrument (PRI) found at the end of this document. The PRI rates individual projects needing EDA funding.

Sample survey questions follow. They are organized around the six strategies:

Sustainable Development:

- What progress has been made in rehabilitating brownfield sites within your city?
- Has your General Plan process identified new land for park and recreation facilities?
- What major road improvements have been undertaken in the past twelve months?

Use of Information Technology and Telecommunications:

- Please provide examples of local school district efforts to equip classrooms with information and communication technologies.

International Trade:

- Identify major employers in the City.

Entrepreneurial Development:

- How many commercial building permits has your city issued over the past twelve months? Permits for home-based businesses?

Tourism:

- Please provide the locations of major streetscape improvements undertaken over the past twelve months or planned for the next twelve months.

Cooperation and Collaboration:

- Please provide examples of grant requests that your City has participated in which involve other local cities or a Council of Government? (Call for Projects, etc.) Were the grant requests funded?

Responses to the survey will allow the Gateway Cities to determine what barriers to economic development continue to exist, what responses have proven (un)successful, and which projects are in the development pipeline. The following tables outline the six sample strategies. Each table includes:

Barriers to Economic Development

A strategy must respond to a specific need. The Gateway Region has identified key barriers as primary targets to address. While family income in the Region is comparable to or higher than county and statewide averages, per capita income is respectively 27 percent and 34 percent less than in Los Angeles County and California. 35 percent of the population 25 and older has not received a high school education. Part of the Gateway Region's strategic plan is not only increasing the number of quality jobs offered, but also making those jobs accessible to residents of the region, through training programs.

Short-Term Response (1-year)

Short-term responses are those that require minimal financial investment and often stimulate changes in the process (community planning, etc.) that make long-term responses possible. In some cases, a short-term response will call for the application of an existing program in a new setting or additional criteria. Existing programs implemented in an effort to address economic barriers and quality of life issues are able to serve as a standard for the Gateway Region's strategic plan. In particular, city efforts such as the "Buy Long Beach" program are models that may be appropriate regional strategies.

Long-Term Response (3-5 years)

Long-term responses are those that require multi-level and multi-agency coordination and the identification of funding sources.

Potential Sites for Implementation

In some cases, individual parcels within the community are identified as appropriate targets for implementation of the strategy. These are sample projects, meant to be illustrative of the kinds of economic development activities the Gateway Cities expect to pursue. Actual project implementation will depend upon changing needs, and the availability of land, funding and community support.

Sustainable Development

Sustainable development focuses on meeting current needs of a community without compromising the needs of future generations, and improving the quality of life for all present and future populations. In the Gateway Region, the Gateway Cities Partnership has committed itself to the sustainability of the region’s economy, quality of life, environment, education, and infrastructure. Recent trends in the global economy—industrial clustering and specialization, diversification of the workforce, reintegration of work and home—are placing a premium upon community character and quality of life. In addition to utilizing the existing infrastructure more efficiently, investments must be made to expand and rehabilitate existing infrastructure to manage current and projected population size as well as stimulate the growth of new employment opportunities in the region.

For example, the PacifiCenter development project in Long Beach and Lakewood is designed to complement existing neighborhoods and enhance the entire community by providing the following benefits: \$2 billion annually in economic benefits; 20,000 new quality jobs; increased housing values; over 52 acres of public and private open space; weekend attractions for the community; new restaurants, outdoor cafes & shops; on-site energy generation; and a partnering of higher education and technology. By providing a full range of quality jobs, PacifiCenter will attract a whole new generation of professionals to the region. The community’s children will also have an added incentive to stay in an area where attractive employment opportunities are plentiful.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Lack of growth and competitiveness of the region	The Gateway Cities Partnership has joined with CA State University, Long Beach and the transportation industry in the Center for International Trade and Transportation (CITT) to act as a catalyst for training, growth, and		Region wide

	competitiveness.		
BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Underutilized real estate		<p>1. Boeing is consolidating its commercial airplane facilities in Long Beach and Lakewood to take underutilized real estate and return it to the economic base through redevelopment. Boeing is planning office and high-tech manufacturing uses on the Lakewood portion of the PacifiCenter site. PacifiCenter's 260 acres include about 22 acres in Lakewood, in the form of a strip of land south of Cover Street and east of Paramount Boulevard. It will feature over five million square feet of office, tech-related and light industrial space; two hotels; 150,000 square feet of retail space and more than 2,500 residential units.</p>	<p>1. The Long Beach portion of the Boeing site remains underutilized</p> <p>2. Gateway Cities Brownfield sites</p>

		<p>2. Continuing strategic brownfields development., including identifying and prioritizing brownfield sites; submitting funding applications to the US EPA for Brownfields grants by individual cities and joint applications from the COG; advising member cities of existing State funding for Brownfield programs and providing cities with technical assistance to obtain funding; and working with the BIA and other building industry organizations to develop adaptive reuse criteria to encourage brownfields redevelopment, including educational workshops with Planning Commissions and City Councils to explain cost implications, zoning variances and other issues.</p>	
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Use of Information Technology and Telecommunications

Electronic-commerce, information technology industries, and telecommunications offer new opportunities and challenges for distressed areas. Technology-based development requires new infrastructure, programs that support entrepreneurship, and training to develop a skilled workforce to maintain and support state-of-the-art systems.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Loss of the Boeing/NASA Downey facility, a major economic force in the Gateway Region		To gain control of the 160-acre former Boeing/NASA site from the federal government to economically stimulate the area by building a film studio, tech-related industrial space, a hospital, learning center, and a school.	The Boeing/NASA facility is located in the city of Downey, bordered by Stewart Street and Gray Street to the north, Imperial Highway to the south, Lakewood Blvd. to the west, and Bellflower Blvd. to the east.
Lack of business to business links	Develop regional Business Chamber/City task force to design outreach strategy	Develop Internet-based B-to-B directory for outreach chamber. City or COG to act as site host.	Region wide
Digital Divide	Identify and disseminate information on available training programs at schools and centers throughout region		Libraries, City Halls, senior and youth centers region wide

International Trade

International trade is the engine that drives Southern California's economy, particularly given its links to the Pacific Rim. The Long Beach and Los Angeles ports combined form one of the busiest ports in the world. International trade creates jobs in several ways: through the manufacturing of goods for the region and export, goods delivery, port security, and through trade in services. Techniques to enhance the region's competitiveness as a center for international trade, business and investment; and to increase the number of jobs available at the ports for the region amidst the influx of new technology are significant components of the economic strategy. In addition, special attention must be paid to the influence that trade has on local traffic and related impacts.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Unrealized benefits of port expansion		Development of business retention plan/cross-training strategies so that cities become force in retaining businesses with links to ports. COG to act as organizational catalyst.	Region wide
Impact of additional truck traffic on the surrounding communities and the environment due to international trade growth	Complete Major Corridor Study of the I-710, Long Beach Freeway, to analyze traffic congestion and other mobility problems in this Corridor	Develop multi-modal, timely, cost-effective transportation solutions from the Ports to State Route 60.	The 18-mile Corridor improvement will encompass the following cities: Bell, Bell Gardens, Commerce, Compton, Cudahy, Long Beach, Lynwood, Maywood, Paramount, and Southgate

Entrepreneurial Development

Small and medium sized businesses are the backbone of Southern California economy. Small and fledgling companies, however, often lack the resources to successfully finance, manage, and operate their companies. An element of this strategy is to encourage start-up businesses by targeting them with technical assistance, knowledge, and financial support. Also to be targeted by such programs are minority owned businesses. Traditionally, minority business owners have less access to capital and education. In addition, a certain percentage is new to the United States and its business mores. However, such businesses are a vital part of our economy and a key factor in creating jobs in the minority population in the Region. Partnering with universities, and local, state and federal government agencies should also leverage resources.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Traditionally, disadvantaged, minority and women business enterprises (DBE's/ MBE's/ WBE's) do not have equal access to bid on City contracts.		The "Buy Long Beach" plan was developed in cooperation with the Long Beach Area Chamber of Commerce to provide better access to city contracts for DBE's, MBE's and WBE's. Also, a 1% preference is given to bidders whose place of business is located within the City limits for the purchase of materials, equipment or supplies	Region wide

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Underutilized business development services	Compile and disseminate information on existing programs offered by community colleges, World Trade Center, Small Business Development Centers, CA Manufacturing Technology Council, etc.		City Halls, Chambers of Commerce, business associations region wide

Tourism

Tourism is an established leader in Southern California's modern service economy. This growth sector creates employment in other sectors such as restaurants, retail stores, car rental agencies, and air travel. Two key factors make tourism in Southern California unique: its cultural diversity and its coastal location. Communities should make an effort to celebrate and market its diverse heritage, and take advantage of the prize locality. An enabling mechanism is the development of adequate infrastructure facilities, wider information dissemination, and area marketing strategies that lead to increasing tourism and related jobs in distressed and/or underdeveloped areas.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Lack of recognition as a tourist destination in Southern California	Regional publicity push by local hotels through the coordination of the cities and the COG	The Pike at Rainbow Harbor Project offers a unique opportunity for development. The project includes a \$100 million world-class aquarium, and the redevelopment of America's first modern harbor. The project is a joint venture of public and private investment. The City and the Port are committing \$166 million for the construction of infrastructure and all public areas, including the Downtown Harbor. Sites are publicly owned and vacant, and will be offered on long-term ground leases to one master developer	Located in the City of Long Beach, Pike at Rainbow Harbor is a 300-acre destination waterfront site located within 50 miles of 13 million people. Close proximity to modern office towers and high-rise condominiums, and the recently expanded Convention Center.

		or to several developers.	
Tourism Infrastructure (parking, bus stops, lighting, etc.)	Identify and prioritize tourist-related infrastructure improvements	To fund the Promenade Streetscape Improvements which encompass crosswalks curb ramps, sidewalks, security lighting and landscaping, the First Street Parking Structure which provides for a 750+ car "park and ride" parking structure at the First Street Transit Mall, and the North Long Beach Redevelopment Project which includes \$1 million for neighborhood infrastructure such as local street reconstruction, alleviating drainage problems and improving median island hardscape and landscape.	The Promenade Streetscape Improvements and the First Street Parking Structure in the North Long Beach Redevelopment Project Area. This area is located along the Port of Long Beach north of the San Diego Freeway (I-405), bordered by the cities of Compton and Paramount to the north, Lakewood to the east and Carson to the west.

Cooperation and Collaboration

The need for more cooperation and collaboration across public and private sectors is paramount to advancing the economic development objectives in Southern California. Creative collaborative approaches provide the ways and means to leverage resources, build social capital, diversify funding, and sustain regional developing efforts.

BARRIERS TO ECONOMIC DEVELOPMENT	SHORT-TERM RESPONSE (1-YEAR)	LONG-TERM RESPONSE (3-5 YEARS)	POSSIBLE SITES FOR IMPLEMENTATION OF STRATEGY
Access to quality jobs within the region for residents		The Gateway Cities Council of Governments worked with the Partnership to secure a \$2.8 million high tech training grant from the Department of Labor to train precision machinists throughout the 27-city region; a collaboration of community colleges and universities in the region is facilitating the training.	
Availability of entry-level high-wage jobs		As a partner in the California Center for Regional Leadership (CCRL), Gateway Cities Partnership is currently preparing a proposal for implementation of a workforce-training program for entry-level jobs in high-wage, high-demand industries.	

Project Rating Instrument

<i>CRITERIA</i>	<i>MEASUREMENT</i>	<i>RATING</i>
JOB CREATION		
1. Number of short-term jobs (<1 yr.) created	0-25	2
	26-50	4
	51-75	6
	>76	8
2. Number of long-term jobs (>1 yr.) created	0-10	2
	11-25	4
	26-50	6
	51-99	8
	>100	10
3. Total cost per job ratio	>\$12,501	2
	\$7,500 - \$12,500	6
	<\$7,500	10
COMMUNITY IMPACT		
4. Unemployment rate in Project Area	<5%	2
	5% - 10%	6
	>10%	10
5. Median household/per capita income in Project Area (as a percentage of County household income)	0% - 50%	10
	51% - 80%	8
	81% - 120%	6
	>121%	2
6. Community benefit(s)	❖ Creation of new jobs <ul style="list-style-type: none"> • Welfare-to-Work • Family-wage and higher pay • Local hiring 	1-9
	❖ Creation of new business opportunities in the Project Area	
	❖ Improve quality of life	
	❖ Increase in tax base	
7. Employment Plan	❖ Existence of employment strategy	2
	Is there a citywide or regional plan for local hiring, in coordination with local/regional employment/training organizations? Has plan made best use of existing programs?	4

CRITERIA	MEASUREMENT	RATING
<u>PROJECT READINESS & INVESTMENT</u>		
8. Current status of proposed Project	<ul style="list-style-type: none"> ❖ Conceptual ❖ Planning and design ❖ Ready to construct <p>(Consider: site control, relocation, environmental issues, time frame relative to grant year, and if financing has been secured)</p>	<ul style="list-style-type: none"> 3 6 9
9. Other funding sources	<ul style="list-style-type: none"> 0% - 25% 26% - 50% 51% - 75% >75% 	<ul style="list-style-type: none"> 2 4 6 10
10. EDA funding request to total Project cost ratio	<ul style="list-style-type: none"> 0% - 5% 6% - 10% 11% - 15% >15% 	<ul style="list-style-type: none"> 10 8 6 2
11. Capacity of applicant	<ul style="list-style-type: none"> ❖ Experience ❖ Financial strength 	<ul style="list-style-type: none"> 1-5 1-5
12. Bonus	<ul style="list-style-type: none"> ❖ Overall quality of the Project ❖ Innovation and creativity ❖ Coordination with other projects in the region ❖ Secondary impacts ❖ Other 	<ul style="list-style-type: none"> 1-5
<u>TOTAL POSSIBLE POINTS</u>		<u>107</u>
TOTAL POINTS FOR THIS PROJECT		