



County of Los Angeles

## **ECONOMIC DEVELOPMENT POLICY COMMITTEE MEETING**

**DATE: Thursday, February 17, 2022**

**TIME: 9:00 a.m.**

**THIS MEETING WILL CONTINUE TO BE CONDUCTED VIRTUALLY TO ENSURE THE SAFETY OF  
MEMBERS OF THE PUBLIC AND EMPLOYEES AS PERMITTED UNDER STATE LAW.**

**TO PARTICIPATE IN THE MEETING CALL TELECONFERENCE NUMBER:**

<tel:+1-323-776-6996>, access code: 918 840 874#

**Link to Microsoft Teams meeting:**

[Join Virtual Meeting Here](#)

### **AGENDA**

Members of the Public may address the Economic Development Policy Committee on any agenda item by submitting a written request prior to the meeting. Two (2) minutes are allowed per person in total for each item.

- 1. CALL TO ORDER**
- 2. GENERAL PUBLIC COMMENT**
- 3. PRESENTATION/DISCUSSION ITEM(S):**
  - A. Legislative Update**
    - Traci Kawaguchi, CEO Legislative Affairs and Intergovernmental Relations
  - B. Economic & Workforce Development ARPA Programs and Legal Aid for Small Businesses**
    - Kelly LoBianco, Executive Director, Economic & Workforce Development
    - Allison Clark, Interim Assistant Director, Econ & Business Development
  - C. Employee Ownership as a Business Retention and Recovery Strategy**
    - Evan Edwards, CEO of Project Equity
- 4. PUBLIC COMMENT**
- 5. STANDING ITEMS**
  - A. Progress on American Rescue Plan Act Program Implementation and Outcomes**
  - B. Economic Development Optimization: New Department Transition**
  - C. Poverty Alleviation Initiative**
- 6. ADJOURNMENT**

**Los Angeles County Economic Development Objectives:**

- Attract, develop and retain businesses that provide quality jobs in high growth industries
- Increase employment opportunities by improving workforce development skills and employer partnerships
- Invest in infrastructure needs to improve and maintain competitiveness of LA County Region
- Coordinate across multiple County agencies to ensure that services to workers, businesses and entrepreneurs are coordinated and streamlined to facilitate a “no wrong door approach” to serving our constituents
- Work to balance jobs with housing

IF YOU WOULD LIKE TO EMAIL A COMMENT ON AN ITEM ON THE ECONOMIC DEVELOPMENT POLICY COMMITTEE AGENDA, PLEASE USE THE FOLLOWING EMAIL AND INCLUDE THE AGENDA NUMBER YOU ARE COMMENTING ON:

**[DKELLEHER@CEO.LACOUNTY.GOV](mailto:DKELLEHER@CEO.LACOUNTY.GOV)**

# Legal Aid for Small Business Owners

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February 17, 2022

Economic Development Policy Committee



# Agenda

- Description / Funding Allocation
- Services Provided and Projected Metrics
- Timeline
- Eligibility Requirements
- Q&A

# Legal Aid for Small Business Owners

## Overview -

In partnership with nonprofit legal service providers, offer legal advice and landlord-tenant support for income-qualified small businesses

Allocation - \$1.5 M

# Services - Workshops

## **Know Your Rights Webinars**

Provide valuable legal information to businesses to help them address the end of the Eviction Moratorium, protections for commercial tenants, and guidance for forthcoming grants / rental assistance

- Total of eight (8) webinars to be held. Will start first weeks after launch, slated for end of this month, February 2022
- Metrics: minimum 200 attendees

## **Small Business Webinars**

Address wide variety of legal issues impacting small businesses (i.e. commercial leasing, Covid-19 impacts, finance, employment law, among other topics)

- Total of ten (10) webinars to be held, one (1) per month.
- Metrics: minimum 250 attendees

# Services – One-on-One Counseling

## One-on-One Counseling

Assist businesses with:

- Transactional legal services
- Referrals to available resources and partner organizations
- General legal questions

Transactional legal services will include, but not be limited to commercial lease negotiations, review of lease agreements, employee safety, wages, paid leave and benefits, intellectual property matters, tax liability, setting up business structures and organizations, document preparation, bankruptcy, and other legal issues.

Metrics: 800 businesses provided with transactional legal assistance

# Services – Legal Academy

## Small Business Legal Academy

Half day event providing specific legal workshops and one-on-one consultations with attorneys during the event.

- Total of two (2) events to be held, one held first half of the year, second during the second half of the year.
- Metrics TBD based on number of attorneys enlisted to participate

# Timeline

- Project Design currently under review by ARDI Team
- Program launch 2/8/2022
- Businesses which applied for Small Business Rent Relief will be contacted and prioritized for assistance
- Workshops to begin end of February
- Public Portal and Toll-Free Hotline to be available early March

# Eligibility Requirements

## ARPA Requirements

- Prioritizing business communities identified to be in the highest, high, moderate tiers based on the COVID-19 Vulnerability and Recovery Index

## Contractor Requirements

- a) Business income:** Profits not to exceed \$75k; sales not to exceed \$250k

OR

- b) Personal income:** Primary business owner not to exceed:

- 1) 300% of Federal Poverty Guidelines (FPG); or
- 2) 500% of FPG if the business has a “qualifying community impact,” including whether the business is female owned, veteran owned, LGBTQ owned, owned by a person of color, etc.; or
- 3) 80% of the Area Median Income (AMI), as determined by HUD ([huduser.gov](https://huduser.gov)).

# QUESTIONS?

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Thank you!

844-432-4900

[concierge@wdacs.lacounty.gov](mailto:concierge@wdacs.lacounty.gov)



# Employee Ownership:

A tool for employee retention,  
business resiliency and succession

Presentation to Los Angeles County  
Economic Development Policy Committee  
February 17, 2022

Presented by Project Equity



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# Presenter



**Evan Edwards**

Chief Executive Office  
Project Equity

[www.project-equity.org](http://www.project-equity.org)

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# Meet Project Equity



We help owners of small & medium size businesses secure their companies' legacies by transitioning to employee ownership.

# Project Equity Regional Partnerships



**City of  
Santa Clara**

The Center of What's Possible



**DEPARTMENT OF  
ENVIRONMENTAL  
PROTECTION**  
MONTGOMERY COUNTY • MARYLAND



Los Angeles County Supervisor

**HILDA L. SOLIS**

First District

CITY OF  
**LONG BEACH**



THE  
**NEW 9<sup>th</sup>**

# What is employee ownership?

A proven business structure in which a broad base of employees own the business they work at

# What is an employee ownership transition?

The sale of a business (its assets or stock) to a new entity with employee-owners

The purchase can be financed by a loan taken out by the company and repaid over time through future profits

Most transitioned businesses retain executives/ management, often with employee-owners electing and/or serving on a Board of Directors

# Proof Bakery



"Proof has taught me to move through the food world with intentionality and accountability, not just in the kitchen but in the areas of service and our local community. I look forward to the new employee ownership collaboration that will elevate our voices, both individually and collectively."

**Jen Salgado**

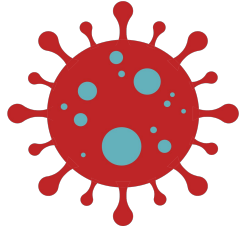
Employee-owner, Proof Bakery



# Why employee ownership is especially relevant

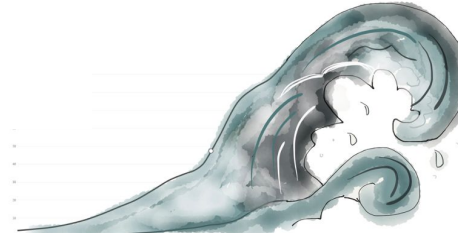
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# Twin crisis: millions of local businesses at risk



## COVID-19

has created significant small business challenges, especially in certain sectors



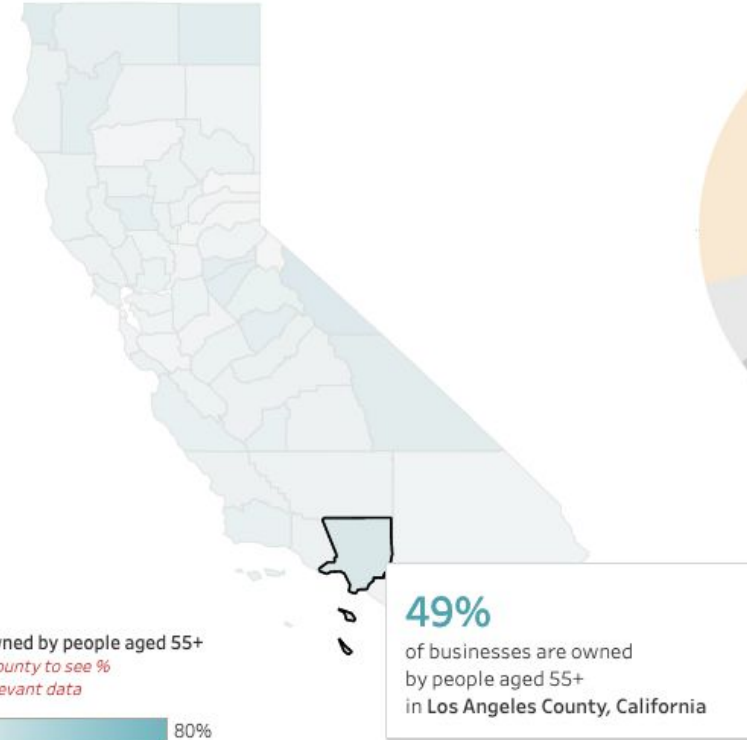
## Silver Tsunami

threatens 50% of job-creating businesses as baby boomers retire

Source: Opportunity Insights Economic Tracker

# Silver tsunami

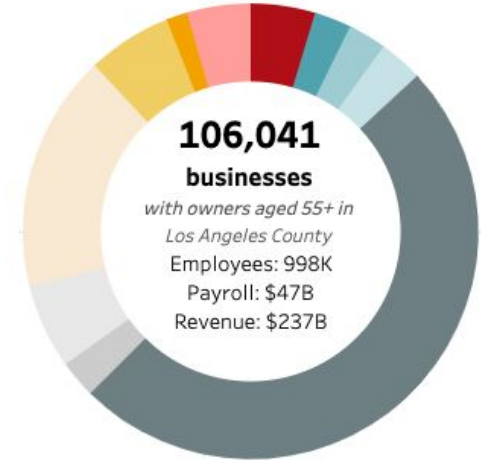
In Los Angeles County, an estimated **49% of locally-owned businesses** have owners at or nearing retirement age



% of firms owned by people aged 55+  
*hover over a county to see %  
click to see relevant data*

45%  80%

*\*Data from the Census ABS is based on respondent firms; data may not be available or accurate for counties with small populations.*



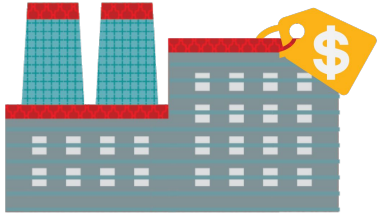
## Industries

*hover over a donut slice to see data*

- Accommodation & food services
- Admin & waste management
- Arts & entertainment
- Construction
- Health care & social assistance
- Manufacturing
- Other industries
- Professional services
- Retail trade
- Transportation & warehousing
- Wholesale trade

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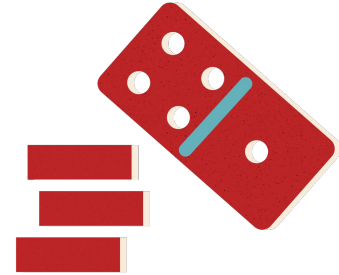
# Selling a business isn't easy



Only **20%** of  
businesses sell



About **15%** transition  
within families



**1 in 5** businesses are  
at risk of closing

According to US Small Business Administration 2004 study and BizBuySell.com

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# Working people are not economically secure

- 46% of U.S. families cannot manage a \$400 emergency expense
- Six of 10 fastest-growing occupations pay less than \$27,000 a year
- 40% of workers experienced worsening job quality since the start of the COVID-19 pandemic



Rutgers Institute for the *Study of Employee Ownership and Profit Sharing*



# Benefits of employee ownership

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# Employee ownership



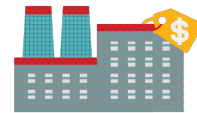
## Benefits to businesses

- Higher productivity and growth
- Lower employee turnover
- Improved longevity, lasting legacy



## Benefits to workers

- Better pay and benefits
- Assets and business ownership
- Voice in key decisions



## Benefits to communities

- Increased local spending
- Heightened civic engagement
- Community wealth building

# Employee ownership

Strengthens local economies

**When a company is sold through a conventional acquisition, what happens to ...**

- The jobs
- The tax base of the local jurisdiction
- The professionals who serve the firm (their account, lawyer, banker, insurance agent)

**When a company is sold via employee ownership, the business stays where it is**

- The jobs stay, the tax base stays
- And the other local businesses keep their supplier, customer, partner



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# Employee ownership

means quality jobs & economically secure workers



**33%** higher wages



**53%** longer job tenure



**92%** higher household  
net worth

Based on a 2017 study from the National Center for Employee Ownership

# Employee ownership

creates stronger businesses

## Profit margins



**8.5%**

higher than peers

*Democracy at Work Institute*

## Sales and employment



Grows **2%**  
faster per year

*National Center for Employee Ownership*

## Resilience

**Compared to traditionally-owned companies, employee-owned companies:**

- Were **50% less likely** to lay off employees during the 2001 & 2008 recessions
- Were **less than half** as likely to cut employees' pay in 2020 (during the pandemic)
- Were **6 times more likely** to say in mid-2020 they expected to make a full recovery after the pandemic

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# Unique benefits of employee buyouts



Owners can achieve  
a fair sale price

















Owners retain influence on  
pacing and exit timeline



Preserve existing company  
legacy, culture, and assets

Based on a 2017 study from the National Center for Employee Ownership

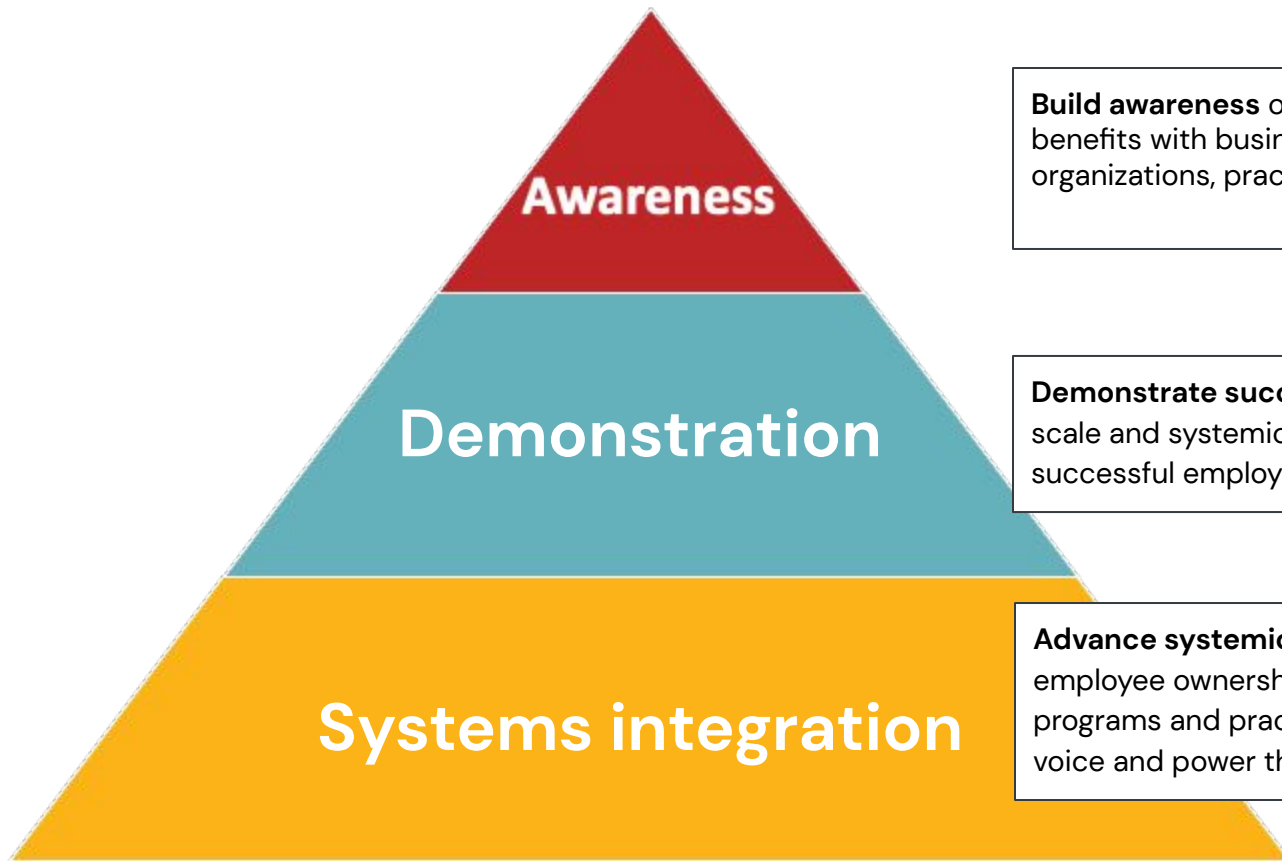
# Understanding business succession options

Options				
	Preserve legacy	Market value	Tax benefits	Retain employees
Sell to family members		?	?	?
Acquisition	?	?		?
<b>Employee ownership</b>				
Close down operations				



# Building a local employee ownership ecosystem

# Building a local employee ownership ecosystem



**Build awareness** of employee ownership and its benefits with business owners, business-serving organizations, practitioners, and policy makers

**Demonstrate success** and build the case for scale and systemic change by supporting successful employee ownership transitions

**Advance systemic change** by embedding employee ownership into local policies, programs and practices and building worker voice and power through successful transitions

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# Building a local employee ownership ecosystem

## Best practices & recommendations for local government:

- Commit to a multi-year program (3–5 years) with the outer years increasingly focused on embedding within county roles and systems
- Institutionalize an economic development focus on business retention through succession planning, with employee ownership as a leading option (report annually on the number of businesses that are 30+, 20+, 15+ years old to track the need)
- Use platform and credibility for awareness building and outreach
- Subsidize feasibility assessments for businesses wanting to explore an employee ownership transition
- Develop supportive financing, loan funds, and other incentives
- Add business license tracking of employee ownership, in addition to corporate form
- Promote employee ownership through legacy business programs
- Train city/county staff or create new staff positions to advance employee ownership



# Q&A