

Enterprise Zones Mean Jobs and Revenue for LA



JERRY BROWN IS WRONG

Mitchell Englander



Not long ago, I was talking with Gerald Olesker, founder and CEO of Architectural Detail Group (ADG), which designs and builds architectural eco-lighting, about the benefits of the State Enterprise Zone program. He told me that the recent expansions of the Enterprise Zone mean that his manufacturing facilities in the San Fernando Valley are now in the E.Z.

Gerald, who has been in business in LA for 17 years, is committed to doing his manufacturing here in the U.S.A. The benefits and incentives that come with being in an Enterprise Zone will make it easier for him to compete with companies that would outsource and do their manufacturing overseas.

ADG is now competing for new business with a European investor, and if successful, they can expand with a new line of manufacturing and hire up to 1,000 people in LA over the next five years. Every single one of those jobs represents a family in our community that is staying healthy, happy and prosperous. That is what our community needs. The Enterprise Zone is a tool that gives our companies a better chance to compete so that they can create those jobs.

That effort has already started paying off, as we got two expansions in one year of the State Enterprise Zone, adding more E.Z. acreage in the San Fernando Valley including ADG's manufacturing facilities in Chatsworth.

That achievement is a beacon of hope that we must preserve during these hard times. Right now, companies are already utilizing the benefits of the Enterprise Zones in their plans to expand. ADG is a local company that designs and manufactures high-end, energy-efficient induction architectural lighting right here in America, and exports their products across the country and around the globe.

While we have seen our American manufacturing sector hollowing out, this company continues to find innovative ways to incorporate energy efficiency with high-quality American design and manufacturing. They want and need to expand, and the government should be doing everything possible to smooth the path for them.

We should be doubling this effort, not trimming it back. While the State must begin to repair its disastrous budget problems, eliminating Enterprise Zones will do exactly the opposite of what we need: help businesses stay competitive, grow, expand, create jobs and keep the economy pumping. That is why I opposed Gov. Jerry Brown's plan to eliminate the State Enterprise Zone program as part of his efforts to close California's multi-billion dollar budget deficit.

I believe we should do everything we can to help boost the economy and create jobs right here in our community. I supported and helped craft the resolution introduced by Councilman Greig Smith in January 2011 rejecting Gov. Brown's proposal. It was approved unanimously by the City Council.

We need private sector job creation to keep our economy and our communities healthy, and the Enterprise Zone Program is a crucial tool that is already enabling local industrial companies to keep

highly valuable manufacturing jobs here in LA.

The light industrial and clean high-tech companies that benefit from the Enterprise Zone Expansions in Chatsworth and Northridge are giving us the biggest bang for the buck. According to the National Association of Manufacturing (NAM), every dollar's worth of manufactured goods creates another \$1.43 of activity in other sectors of the economy, twice the benefit of the service sector.

The years work to help expand the Enterprise Zone so that more companies in District 14 and Valley-wide can benefit, thrive, expand, stay in Los Angeles and keep creating jobs and revenue for our economy should not be curtailed now.

I can speak from experience because I have been closely involved in on-the-ground efforts to reach out to the industrial, high-tech and clean-tech companies in our district and offer them information and connect them to resources and assistance, by working in conjunction with our utilities and business development agencies like LA Economic Development Corp.

These efforts range from helping folks navigate a Small Business Administration grant application, to connecting them with water or energy-saving programs through DWP, to helping them qualify for government incentive programs.

We have to reverse LA's reputation of being a business-unfriendly City. If our economy is to recover and create jobs, we need to create an environment in which private companies can be healthy, active and competitive.

The expansions of the California Enterprise Zone Program are expected to save 4,000 jobs and generate another 15,000 in the next five years. A 20-year study of 8,000 Enterprise Zones in 43 states showed that the zones lowered unemployment rates by 1.6%, poverty rates by 5.4% and increased household income. In California alone, the zones pushed down unemployment by 2.2%.

Businesses in the Enterprise Zone can receive a range of financial incentives to expand and improve facilities and hire new employees. Companies can receive up to \$37,500 in tax credits for hiring new employees and a 35% reduction in utility rates from DWP over five years. They will also get sales and tax income credits for buying machinery or equipment, fee waivers, lower interest on expansion loans, and priority to bid on State contracts.

These incentives can mean a big difference in a company's bottom line. They can also offer LA advantages in competing with other cities and states that routinely offer incentives to lure LA-based companies out of town.

Architectural Detail Group is just one example. An earlier expansion of the Enterprise Zone in the East Valley made the difference in at least six industrial companies staying in the Valley instead of relocating and taking their jobs out of LA.

It is particularly valuable to the Chatsworth and Northridge areas of the 14th District, one of the largest clean-industrial zones in the City. There are over 1,000 companies employing tens of thousands of people, including 3M, ISET, Capstone Turbine, Nestle Food, and a wide range of companies producing everything from vitamins to solar panels.

ADG's founder Gerald Olesker, who is an active member of Entrepreneurs Organization Network (www.EOnetwork.org) [\[\[hotlink\]\]](#) and a board member of the Valley Economic Alliance, said that private sector companies have the energy, innovation, and desire to grow that we need to tap into.

He said that tools like the Enterprise Zone can give them the edge to stay competitive and create jobs here in America.

We must not be left behind as the overall economy begins to pick up steam and recover from the recession. A jobless recovery is no recovery - and most new jobs are created by small and local businesses. They are the backbone of our economy and it is crucial to our community as a whole to help them compete.

Architectural Detail Group is a great example of the unbreakable American entrepreneurial spirit, and that is where we will find the energy and innovation to bring our economy back to where it needs to be.

(Mitchell Englander is Chief of Staff to current CD 12 Councilman Greig Smith and Candidate for LA City Council) -- cw

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