UCLA Institute for Research on Labor and Employment

The Need for a Better Deal for Workers & Residents in Inland Southern California:

A Case Study of QVC Inc.'s 2015 Operating Covenant Agreement with Ontario, California

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Executive Summary

Workers and residents in Ontario are not benefiting as much as they could from the city's economic development projects. Ontario's politicians have overlooked the community building potential of economic development projects found in other California cities where politicians have engaged residents in negotiations to incorporate community benefit agreements (CBAs) or project labor agreements (PLAs) into public agreements with developers. The model CBAs and PLAs in other California cities that we review show how they involve community stakeholders in on-going monitoring and oversight of the completion and implementation of the economic development project. Here we contrast these "best practices" for economic development as well as Measure JJJ in Los Angeles City with the 2015 operating agreement between the City of Ontario and QVC, Inc., an on-line and shopping channel retailer, regarding its distribution center located in Ontario. That agreement establishes Ontario as the "point of sale" (or location of sale) for QVC goods stored in its Ontario distribution center, allowing the city to collect sales tax revenue when consumers purchase those items. In exchange, the City has agreed to return to QVC an astounding 55% of total sales tax revenue collected, up to $500 million and 60% thereafter, in addition to 60% of sales taxes on QVC's purchases of goods and equipment. The political process also lacked transparency and inclusivity, which limited the ability of local community stakeholders to be involved in crafting the agreement. This operating agreement is an example of just how little local officials expect from developers and retailers. We argue that this "low road" approach to economic development contributes to the city's high level of poverty, keeps the city's tax base low, and fails to capitalize on civic engagement to improve the quality of life for workers and residents.

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Introduction

Local governments play an important role in shaping regional economic development and determining who benefits and how. Public officials are responsible for approving major economic development projects within cities and counties, and ensuring that they comply with the law, including federal, state, and local regulations pertaining to employment, construction and building safety, and the environment. Local policy makers are often eager to encourage developers to invest in their communities, viewing development projects as a critical means for increasing local tax revenue and creating new jobs. For this reason, local policy makers frequently offer incentives for developers and retailers to undertake projects in their city by subsidizing parts of the project or offering tax abatements.

Federal and state policies contribute to the tendency of local governments to compete for economic development projects by offering concessions to developers and to retailers, including warehouses and distribution centers that increasingly serve as the point of sale for on-line consumers. Due to declines in federal funding for urban and housing development and the limits on property taxes after the passage of Proposition 13, local governments have increasingly relied upon sales tax revenue. In California, sales tax is collected by the state government and returned to the jurisdiction where the sale occurred according to the "situs rule." Although some California cities depend upon it more than others, sales taxes generally provide local governments with their fourth largest source of revenue, after charges for services, intergovernmental aid, and property taxes. Local policy makers especially value it because it provides non-discretionary funding.[1] Not only does California's sales tax policy create considerable inequities in local revenues, but it also encourages local governments to favor, and even compete for, retail development projects in order to raise revenues. Policy analysts conclude that:

> California currently finds itself with a local fiscal system that promotes a competition for one type of development—retail. Such competition has significant costs, in terms of the comparative lack of attention to broader forms of economic and community development as well as the cost of incentives to the public treasury.[2]

Indeed, local governments compete for retail development projects in various ways that are costly in terms of the public treasury, including offering tax abatements, waiving or relaxing regulations, providing infrastructure related to the project, such as road development, or rebates on sales taxes.[3]

Although policy makers are supposed to consider community input before approving economic development projects, the extent to which local residents participate in shaping these projects varies across municipalities and counties. In California, "ballot box" zoning or land use planning via voter initiative has supported green belts and growth moratoria locally, but favored growth at the regional level, where the effects are more likely to be redistributive.[4] Ballot initiatives intended to resolve land-use conflicts tend to support development[5] and empower decentralized governance.[6]

Concerns that economic development served the interests of politicians and businesses at the expense of local residents, and that community interests were not being well served by project agreements, prompted the creation of community benefit agreements (CBAs) and project labor agreements (PLAs) in addition to policy initiatives. A CBA is "a legally binding contract (or set of related contracts)",[7] between a developer and community representatives that "specifies the public benefits and amenities that a particular developer will provide to the impacted community in exchange for the community's support of its proposed project."[8] CBAs are agreements between coalitions of community organizations and developers that improve the outcomes of development projects for local workers and residents and help to minimize their harm. Usually, CBAs are developed in relationship to major or large-scale economic development and/or infrastructure projects. Ideally, once negotiated, these agreements are incorporated into public agreements between local governments and developers. Across the United States, CBAs have been used to prioritize the employment of local residents and to ensure that project-related jobs pay decent wages. They have also been used to protect the environment and to ensure that development projects create new community funds and resources, such as affordable housing units, public parks, or job training programs.[9]

PLAs also seek to integrate the input of organized labor and community groups into development project agreements. A PLA is a pre-hire collective bargaining agreement that establishes the terms and conditions for public sector employees, contractors and subcontractors, and the individual participants in the labor force prior to the project's start. For example, the requirement that contractors hire union labor has been used to maintain wages in environments otherwise dominated by the drive to maximize profits and sales tax.[10] And local hire programs can provide structural solutions to persistent workplace exclusion and discrimination due to race, class, or gender.[11]

This policy brief examines three recent successful efforts to improve the regulation of economic development in California as models for cities in Inland Southern California: (1) Los Angeles Measure JJJ; (2) the Los Angeles Sports and Entertainment District (or the "Staples Center") CBA; and (3) the Maritime and Aviation PLA of the Port of Oakland (the MAPLA). We then contrast these three examples with the 2015 agreement between the Ontario city council and the retailer QVC, Inc. to locate a large distribution facility within city limits. Our conclusion discusses alternative strategies for improving the terms of economic development policies and agreements in Ontario and the broader Inland Southern California region.

Models for Policy Change in California Cities

California developers, policy makers, and community and labor activists have been on the forefront of improving economic development policies through policy initiatives, CBAs, and PLAs. Measure JJJ in Los Angeles, the Staples Center CBA, and the MAPLA provide us with three models or "best practices" in terms of their commitments to providing good working conditions, prioritizing local residents' employment, and providing various community enhancements.

Los Angeles' Measure JJJ

Passed by nearly 64 percent of Los Angeles city voters in 2016, Measure JJJ provides an excellent example of how the terms of local economic development policies can be changed through public policy and voter initiative. Measure JJJ, supported by a broad coalition of labor and community organizations, applies to all residential building projects that need special approval from the city, such as those involving ten or more units. It provides new incentives for these developers to create more affordable housing and requires them to hire local construction workers and to pay prevailing wages.[12]

In support of Los Angeles's goal of expanding affordable housing, Measure JJJ provides incentives for residential housing developers to create more affordable housing by waiving or relaxing local restrictions, such as those governing the number of units and the height of the building, if they do so. In exchange for obtaining city approval for their projects, developers agree to include 11 to 25 percent of their units as affordable housing units. The percentage of units depends on how close the project is located to a public transit stop, and whether the units are designed for renters with extremely low incomes (under 30 percent of median income), very low incomes (under 50 percent of the median), or low incomes (less than 80 percent of the median). Projects within 750 feet of a Metro rail station are required to provide the greatest percentage of affordable housing units, while those at least a half-mile from a Metro stop are required to have the lowest percentage of such units.[13] Developers that do not want to provide affordable housing in their projects must either provide affordable housing units off-site or pay a fee to the city's Affordable Housing Trust Fund.[14]

Regarding the goal of improving local residents' employment opportunities, the measure requires developers to hire licensed construction workers. It also requires that at least 30 percent of workers be Los Angeles residents, and at least 10 percent to be "transitional workers" living within a five-mile radius of the project (i.e., veterans, single parents, public assistance recipients, or the chronically unemployed).[15]

The Staples Center CBA

In contrast to Measure JJJ, which affects all of Los Angeles, the Staples Center CBA, signed in 2001, is a legally binding agreement between the Figueroa Coalition for Economic Justice (FCEJ), representing over 30 community organizations, and the developers, the LA Arena Land Company and Flower Holdings, LLC. The terms of the CBA were later incorporated into the public agreement between the developers and the Los Angeles Community Redevelopment Agency.

In the Staples Center CBA, developers agreed to fulfill the following requirements regarding employment, the development of affordable housing, and meeting other public needs:

Employment

- To ensure that at least 70 percent of project-related jobs pay living wages and to comply with the City's policies regarding living wages and service worker retention;
- To provide at least $100,000 in seed funding to a non-profit to operate a "first source" job referral and job training program for local residents displaced by the project and other low-income local residents;

Affordable Housing

- To develop or cause to develop at least 20 percent of the units as "affordable housing";
- To provide $650,000 for interest-free loans to local non-profit housing developers to expand access to affordable housing in the area;

Meeting Other Public Needs

- To provide up to $75,000 for a needs assessment regarding the area's needs for parks and recreational facilities as well as provide $1 million dollars towards meeting those needs;[16]
- To include a publicly accessible plaza and several other spaces open to the public;
- To work with the FCEJ to urge the City to develop a residential parking program for local residents and to provide $25,000 to fund the costs of developing that program for the first five years and to establish a traffic liaison to assist the local community with traffic issues related to the project.[17]

To monitor compliance with the living wage employment goals described above, the developers agreed to report annually to the City Council's Community and Economic Development Committee the percentage of jobs related to the project that are "living wage" jobs, and to require all of their tenants to provide information necessary for that report annually. The Developers also agreed to meet at least four times per year with an Advisory or Oversight Committee made up of representatives of the developers and the FCEJ. The Oversight Committee, which includes staff and other members of various community organizations, includes subcommittees to monitor particular aspects of the CBA.[18]

Maritime and Aviation Project Labor Agreement of the Port of Oakland (MAPLA)

Like the Staples Center CBA, the MAPLA is more focused than a city-wide policy initiative. Revised in 2016, the MAPLA was first signed into agreement in 2000, by the Port of Oakland's commissioners and the Coalition for an Accountable Port, a broad coalition of local unions and community organizations. The coalition included the East Bay Alliance for a Sustainable Economy and community organizations affiliated with the Bay Area Construction Sector Intervention Collaborative (BASIC), which sought to develop a program to prepare local residents for careers in the construction industry. The agreement ensures that the project uses union labor, pays construction workers decent wages, and improves local residents' access to construction jobs. In return, construction workers and their unions agree to complete the project and to avoid work stoppages.[19]

The MAPLA has been periodically revised when new development projects in the Port of Oakland are being proposed and considered, and additional community benefits have been won through negotiations with Oakland city officials, Port of Oakland Commissioners, and/or companies operating in the vicinity of the port. For example, in 2012, Revive Oakland, a broad coalition of over 30 organizations representing the community, organized labor, and faith-based people, pushed for and won an "Oakland Army Base Redevelopment Good Jobs Policy," which provided living wages for workers, requirements for hiring local and disadvantaged workers, banned the consideration of criminal background of job applicants by employers, and created the West Oakland Job Resource Center. This policy also limited the use of temporary agencies by warehouse employers.[20] In 2017, CenterPoint, Port of Oakland Commissioners, and labor and community activists affiliated with Revive Oakland and Oakland Works negotiated the terms of an agreement for a large distribution center to be located at the former Army Base in West Oakland; the agreement includes a jobs policy that prioritizes the hiring of local residents.[21]

The MAPLA was most recently updated in 2016 by the Port Commission, Center Point Properties, and Revive Oakland. The revised the MAPLA specifies the community benefits to be obtained from a project to develop a large warehouse and distribution center at the former Army Base in West Oakland. [22]

In the 2016 version, the MAPLA outlines detailed requirements for uniform contracts covering everything from safety standards to drug testing. In terms of labor provisions, it requires all contractors and sub-contractors involved in the project, including those involved in trucking and delivering materials for the project, to do the following:

To hire workers at state or federal prevailing wage rates, whichever is higher;

- To hire union workers; contractors not under a Master Labor Agreement are only allowed to hire up to 5 of their own "core" employees as long as every other initial hire is a union member, starting with a union hire, and these "core employees" are licensed and meet other employment requirements;
- To hire local impact area residents (LIR) for 50% of all "journey" hours if such residents are "available, capable and willing";
- To hire LIR workers for at least 20% of all hours, all of whom must be local residents;
- To hire disadvantaged workers (i.e., those living in an economically disadvantaged area, workers with a criminal justice record, those who are currently homeless, welfare recipients, veterans, and adults that are emancipated from the foster care system) for at least 25% of all apprentice hours;
- To hire at least one LIR as a 'new hire apprentice' (NHA) for the first $1 million of construction and at least one more NHA for each additional $5 million. NHAs must work at least 500 hours unless this requirement is waived by a 'social justice committee.'
- To donate 0.30 per craft hour to a social justice trust fund that is used to help local residents "eliminate employment barriers, gain entry into and remain in the building trades."[23]

If needed, contractors can utilize up to half of the required LIR hours off-site. The MAPLA also protects truck drivers from being classified as independent contractors by enabling them to contest that classification through a grievance process, and if, necessary, through arbitration.[24] To ensure compliance with the above requirements, all contractors and sub-contractors working on the project are required to sign a "letter of assent" to abide by the terms of the MAPLA and to submit copies of it to the Port Attorney and Daviller-Sloan, Inc. and to submit a local hiring compliance plan prior to their mandatory pre-construction meeting with the Building and Construction Trades Council of Alameda County. Unions will not meet with or dispatch workers to the contractor or sub-contractor until their letter of assent is filed and the pre-construction meeting takes place.[25]

Summary of Best Practices in other Cities

Table 1 below summarizes the community benefits that were guaranteed to local residents and workers through Measure JJJ, the Staples Center CBA, and the 2016 version of the MAPLA. In addition to affordable housing and recreational space, CBAs can include space and funding for childcare and healthcare centers, residential parking, incentives for local businesses, and regulations to protect against environmental damage associated with the development, among many other possibilities.

Table 1: Summary of Community Benefits Won in Other California Cities

Development Policy/ Agreement	Measure JJJ	Staples Center CBA	MAPLA
Affordable Housing	✓	✓	
Training Opportunities	✓	✓	✓
Local Labor Requirements	✓	✓	✓
Prevailing or Living Wages	✓	✓	✓
Other Community Enhancements		✓ *Parks and Rec, Parking*	✓ *Protections for truckdrivers against employment misclassification*

Economic Development in Ontario, CA

The community benefits from economic development projects that are guaranteed to workers and residents in other cities, as discussed in the three examples above, contrast with the situation of residents in the Inland Southern California region generally, and Ontario, CA in particular. Below, we provide a case study of the 2015 operating agreement between the city of Ontario and the retailer QVC to illustrate this point. Before summarizing this agreement and contrasting it with the "best practices" discussed above, it is important to understand the demographic and economic context in which the deal was negotiated. This context suggests a significant need for the kinds of community benefits, especially living wage jobs, achieved in the previous examples.

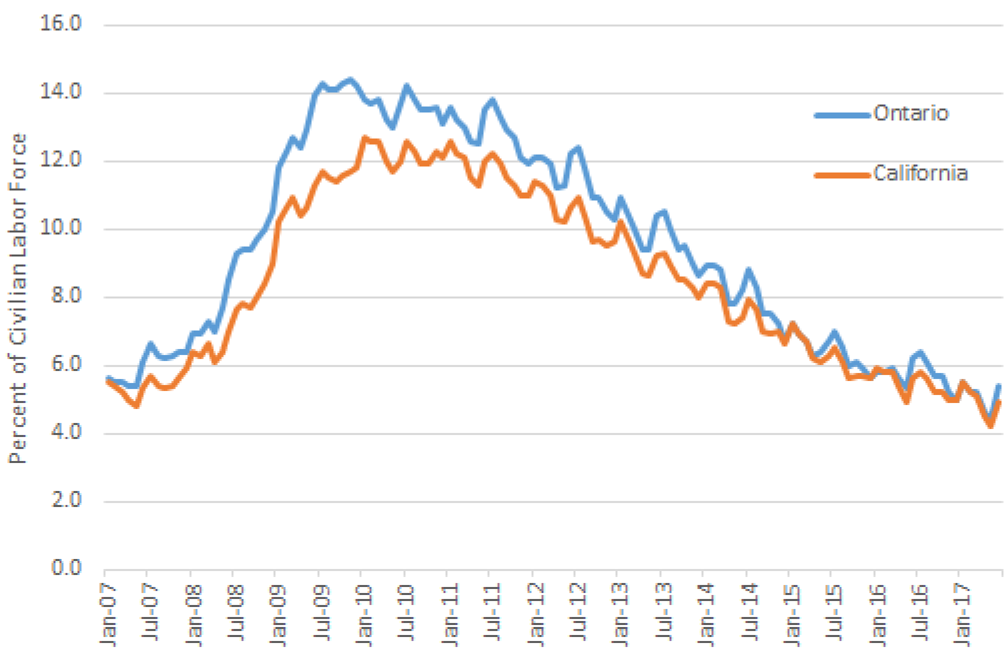
Table 2: Ontario's Demographic Profile

	Ontario	California
Hispanic or Latino (of any race)	70.7%	38.4%
Percent high school graduate or Higher	70.6%	81.8%
Percent bachelor's degree or higher	13.8%	31.4%
Median household income	$54,114	$61,818
No health insurance	20.4%	14.7%
Persons below the poverty line	18.1%	16.3%

Source: American Community Survey 2011 - 2015 5 year estimates

Home to approximately 173,212 residents, Ontario lies 35 miles east of downtown Los Angeles. Ontario has a high concentration of Hispanic or Latino residents and tends to have lower levels of education and income than the California average. Residents are also much more likely to be impoverished compared to the average Californian. In addition, like many cities in Inland Southern California, Ontario was hit hard by the collapse in housing prices starting in 2008, causing major declines in the construction trades, and increases in foreclosures.[26] As a result, Ontario's unemployment rate skyrocketed above the California and national average, and has only recently begun to converge to state and national levels.

Figure 1: Unemployment in Ontario and California 2007-2017



Source: BLS Local Area Unemployment Statistics (Data seasonally unadjusted for comparison)

Along with Riverside and San Bernardino cities, Ontario forms a large metropolitan statistical area in the inland region of Southern California. This area is home to a significant transportation infrastructure that has placed it at the center of the warehouse and logistics industry in the region. Dominated by UPS cargo traffic, Ontario International Airport (ONT) is one of the busiest cargo airports in the country.[27] In addition, a large freeway and rail system connects Ontario to the port of Long Beach and Los Angeles the two busiest ports in the country. As U.S. domestic demand has recovered, so have demand for imported goods, contributing to the growth of trade passing through these ports and the growth of the transportation and warehousing industries in Ontario.

Table 3: Sectoral Shares of Ontario's GDP 2015

Sector	Share
Government	18.67%
Finance, insurance, real estate, rental, and leasing	16.66%
Retail trade	9.27%
Educational services, health care, and social assistance	9.17%
Manufacturing	8.44%
Professional and business services	7.90%
Wholesale trade	7.15%
Construction	5.96%
Transportation and warehousing	5.27%

Source: Bureau of Economic Analysis Regional Accounts

Despite the growth of the transportation and warehousing sectors, the Riverside-Ontario-San Bernardino metropolitan statistical area's economic output is still dominated by government and real estate. However, in Ontario, transportation and warehousing firms are the second largest industry in terms of employment after the administrative, support, and waste management industry, employing roughly 22% of Ontario workers.[28] It is worth noting, however, that because the temporary workers hired by warehouse or transportation are counted as employees of the temporary agency, this number is surely underestimated.[29]

While the growth in the regional economy has certainly benefited workers, the median earnings of workers in the transportation and material moving occupations lie below those for all jobs in the Riverside-Ontario-San Bernardino area.[30] In 2016, workers in these occupations earned a median wage of $14.88 per hour, compared to $17.04 per hour for all occupations. The most common job within the transportation and material moving occupations is what the Bureau of Economic Analysis calls, "laborers and freight, stock, and material movers (hand)." These are workers who move freight and stock manually (without power equipment) and perform other general tasks in warehouses and other facilities. These workers earn only $12.38 an hour. Temporary workers, who tend to earn less than those directly hired by warehouses and logistics companies, are not counted in this wage data. A 2013 survey of blue-collar, non-supervisory warehouse workers found that 63 percent of respondents were temporary employees and that temps earned an average hourly wage of $9.42.[31] Warehouse workers' median wages are significantly below what researchers estimate to be the "living wage" for the area. In Ontario, in order for two working adults to support a family of four, it is estimated that each must earn $16.70 per hour.[32]

QVC's Ontario Bargain

In June of 2015, the City Council of Ontario approved an Operating Covenant Agreement between the City and the on-line and shopping channel retailer, QVC, Inc.[33] This agreement would locate a QVC distribution center or warehouse in the Meredith International Centre – a 257 acre development in southeast Ontario made up of industrial, commercial, and residential land uses. Although this project dates to 1981, the land has remained vacant for some time; as a result, the City has amended the plan to incorporate a revised land use arrangement. A large portion of the land was purchased by the Sares-Regis group to use as an industrial park, QVC was courted to anchor it, and now Ontario is home to a one million square foot warehouse that serves as QVC's West Coast distribution center.

The deal made to secure QVC in the city of Ontario is notable both for its sizable tax abatement and its complete lack of agreements ensuring a significant benefit for local workers and residents. The deal was also negotiated quietly with limited public outreach, and consequently, without substantial public comment.

The Operating Covenant Agreement establishes Ontario as a point of sale, which means that Ontario will be the beneficiary of sales tax revenues stemming from sales to California residents as long as they pass through the Ontario distribution center. In exchange, the City has agreed to return an astounding 55% of total sales tax revenue collected, up to $500 million and 60% thereafter. QVC also receives 60% of Ontario sales taxes back on its purchases of goods and equipment. The state of California requires all local agencies to provide an economic subsidy report, providing specific information on subsides and made available to the public. Ontario's report estimates the sales tax generated will amount to $5,000,000 annually, of which $2,750,000 will be given to QVC. [34] This is an enormous giveaway for a city whose sales taxes are currently the largest category of revenues, accounting for 32.7% of revenues, up from 21.86% in FY 2009-10.[35]

For these large sums, the City of Ontario requires only QVC's commitment to remain in Ontario for 41 years. The expected economic benefits are left vague in the agreement, which states that this deal will, "result in substantial benefits to the City, and its citizens including... the creation of significant new employment opportunities, property tax revenues, sales tax revenues, and other ancillary benefits."

The city's Economic Subsidy Report claims that 522 full-time jobs and 400-500 part-time jobs will be created as a result of both the construction and operation of the distribution center.[36] Beyond these jobs, the subsidy report claims there will be "public and private improvements made, and the energy and synergistic effect on the surrounding community will likely stimulate additional growth and job opportunities within the community." In stark contrast to the previously outlined CBA and PLA agreements, none of these benefits are made concrete and measurable, nor is there any enforcement clause should these benefits fail to materialize. Moreover, there are no annual public reporting requirements in Ontario's agreement with QVC in order to monitor and make publicly accessible the total amount of sales tax givebacks to QVC. Although QVC's commitment to corporate social responsibility includes being a "good neighbor" and "global citizen,"[37] its 2015 Operating Covenant agreement with Ontario did not include any measures to mitigate the possible negative impacts on residents' quality of life of adding another warehouse to the region. As a national hub for warehouses and logistics, heavy truck and train traffic in the region have exacerbated regional traffic congestion and air pollution (including diesel emissions), which are known to contribute to major public health problems, including high rates of cancer and weak lung capacity among children.[38]

Finally, in contrast to the CBA and PLA agreements summarized above, Ontario's negotiations with QVC occurred without any community input. As reported in the Inland Valley Daily Bulletin (the sole article on the city council meeting in which the deal was approved), "the item was approved in under a minute, with no oral report, explanation or comment." Unless you count Mayor Paul Leon's murmured remark, "It's approved unanimously? Cool." [39] This summary statement hardly qualifies as a good faith effort to gather community input on a major economic development project involving an estimated $2.75 million a year subsidy.

Map of QVC Distribution Center Warehouse in Ontario, CA, reproduced from Google, 2017.

Conclusion & Policy Recommendations

In terms of community outcomes, the 2015 Operating Agreement between the City of Ontario and QVC, Inc. reflects a "low road" approach to economic development that pervades much of Inland Southern California. By promising to return to QVC, Inc. 55% of total sales tax revenue collected, up to $500 million and 60% thereafter, when goods stored at the warehouse are sold (as well as 60% of sales taxes on QVC's purhases of goods and equipment), the agreement limits the revenue-raising potential of the distribution center. Other potential community outcomes of this agreement, including the generation of new jobs, are only expressed in vague terms that are neither measurable nor legally enforceable. Notably, the agreement fails to prioritize the hiring of local residents, guarantee living wage jobs, or include provisions to minimize or mitigate the traffic congestion, air pollution and other potential environmental and health impacts associated with the QVC warehouse. Nor did the developer or city actively engage with organized community groups or coalitions in the process of developing, monitoring, or implementing this agreement.

Our review of Measure JJJ, the Staples Center CBA, and the MAPLA demonstrates it is possible for community groups, developers, and local governments to collaborate to ensure that economic development means more than simply generating local sales tax revenue. Economic development agreements that include measurable and legally enforceable terms provide the means to generate good jobs for local residents as well as other community resources, such as workforce training programs for underemployed workers, improved access to public and green spaces, and increased availability of affordable housing. They also provide the means to limit or mitigate any negative outcomes of economic development projects, such as traffic congestion or air pollution.[40] Generally, a voter initiative is ideal if a municipality's development-related issues are pervasive or industry-wide, there are no pending development decisions that must be made immediately, and voters are sufficiently educated about and supportive of such measures. We find that creating either a CBA or PLA and then incorporating it into local policy-makers' agreements with developers is the best way to maximize community outcomes for specific economic development projects while minimizing community harm.

We argue that it is imperative that workers, residents, and community organizations in the city of Ontario, as elsewhere in Inland Southern California, work together to identify what needs and concerns are most important to local constituents, and for local policy makers to invite and be responsive to community input. Making proposed economic project agreements publicly known and available as soon as possible and inviting public commentary on them well before they are considered and adopted by policy makers is a necessary first step in ensuring that development outcomes are responsive and accountable to local constituents.

An organized community coalition and a CBA would further help to increase community engagement with, and influence over, the design and enforcement of economic project agreements to maximize their community building potential. Without an organized coalition, community groups lack a unified voice, strength in numbers, and do not share power in negotiations over local and regional economic development decisions, making it easier for both policy makers and developers to ignore or to selectively respond to them. And, without a CBA in place, organized coalitions lack a collective voice at the table when developers and policy makers design and implement economic project agreements; they also lack a legally enforceable agreement with developers regarding the project and its outcomes.[41]

According to the Partnership for Working Families and the Community Benefits Law Center, an effective CBA is grounded in four core principals:

1. It is negotiated by a coalition that effectively represents the interests of the impacted community; The process is transparent, inclusive, and accessible to the community;
2. Terms of agreement provide specific, concrete, meaningful benefits, and deliver what the community needs; and
3. There are clearly defined formal means by which the community can hold the developer (and other parties) accountable to their obligations.[42]

In terms of the last point, effective agreements, such as the MAPLA and the Staples Center CBA, often involve the creation of an oversight committee that includes representatives of the community coalition to monitor and oversee the implementation of the agreement with extensive community participation and specific reporting requirements that make publicly accessible the actual, measurable outcomes of major development projects.[43]

In addition, we recommend improving state and/or regional standards for local economic development policies and procedures to prevent a costly "race to the bottom" competition among local governments for economic development projects, especially retail projects. Such competition among cities for economic projects tends to be particularly fierce within Inland Southern California because these cities are similarly small, and located in close proximity to the same regional consumer market and the Port of Long Beach-Los Angeles Harbor complex. A regional strategy to require developers and retailers (or employers more generally) to provide living wages, local hiring requirements, and other community benefits may be best for cities in Inland Southern California that tend to lack the bargaining leverage that is found in Los Angeles, with its particularly large consumer market, or port cities, such as Oakland or Long Beach. However, some Inland cities, such as Ontario or Riverside, may have sufficient bargaining leverage—due to their distinct characteristics, such as being home to a major airport, university, and/or relatively affluent consumer market—to demand greater public benefits from developers and companies.

Finally, we advocate strengthening statewide regulations and procedures contained in the California Environmental Quality Act (CEQA) and state-level planning and zoning laws to ensure that the cost-benefit analysis of proposed and actual development projects is as rigorous, transparent, and accountable to the public as possible at all stages of the project (from its inception to its ongoing operation). The California Competes tax credit, which provides incentives for companies to invest in California, requires awardees to report on the net increase in full-time employment and full-time employees' compensation. While such public reporting requirements are laudable, they are insufficient.[44] Requiring that awardees additionally report on levels of part-time and temporary employment and the wages and benefits of part-time and temporary employees, and to provide goals for increasing the percentage of employees that are hired full-time and hired directly by the company, would further strengthen public accountability around these tax credits; requiring the repayment of tax credits when companies fail to fulfill their stated employment goals would go even further to ensure that those receiving these tax credits actually fulfill their promises to the state.

Reforming state tax policies could also help to shift the incentive structures that shape local development policies. For example, revising Proposition 13 in order to raise additional local revenues from commercial property could provide cities with additional funds for increasing and improving local services, job creation and job readiness programs, improving working conditions for municipal employees. It would also make cities less reliant upon local sales tax. As discussed above, local governments' heavy reliance upon local sales tax encourages policymakers to offer costly concessions to developers and retailers without asking for much in return.

State-level, as well as regional, standards for employers and economic projects would do much to curb competition among local governments for development and retail projects to improve outcomes for residents and workers at the local and regional levels. Recent policy victories such as Measure JJJ in Los Angeles, which creates new incentives for housing developers to create affordable housing and requires them to employ local residents at prevailing wages, and the statewide increase in the minimum wage provide just two noteworthy examples of how, with sufficient popular mobilization and good political leadership, public policies can be adopted and used to improve the quality of life for workers and families in California.[45]

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