



City of Carson

Report to Mayor and City Council

July 15, 2014
Unfinished Business

SUBJECT: REPORT ON COSTS INCURRED FOR THE CITY'S FOREIGN DIRECT INVESTMENT PROGRAM

Submitted by Jeff Westbrook
Acting Director of Community Development

Approved by Nelson Hernandez
City Manager

I. SUMMARY

At its regular meeting on May 20, 2014, the City Council considered a report on the City's recent participation in the US Commerce Department's SelectUSA (Exhibit No. 1). Based on questions raised at that meeting, this report examines the City's overall foreign direct investment (FDI) expenses.

II. RECOMMENDATION

RECEIVE and FILE.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

On February 18, 2014, the City Council directed staff to prepare a request for qualifications to identify a consultant to assist in the City's foreign direct investment program (FDI). At the same meeting, the City Council authorized participation in the US Commerce Department's SelectUSA program in the Pearl River Delta of China to encourage FDI.

FDI Program

To showcase the world's premier business locations, SelectUSA at the federal level was established to supply businesses with easy access to federal-level programs and services related to business investment. California is the No. 1 state for attracting foreign direct investment, according to the California Governor's Office of Business and Economic Development. Coupled with numerous investment opportunities and diverse industry clusters, the state is a desirable place for businesses to operate.

For businesses looking for investment opportunities in the US, SelectUSA provides a litany of tools and resources:

- A searchable guide of federal programs and services available to businesses operating in the United States—including grants, loans, loan guarantees, and tax incentives;

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- Industry snapshots that describe the competitive landscape; and
- A catalogue on “Why to Select the USA?” that explains the advantages of operating a business in the United States.

Taking advantage of the SelectUSA FDI program helps to keep Carson’s business attraction efforts relevant and successful. Carson’s location near the ports of Los Angeles and Long Beach, and its access to an excellent workforce and business-friendly environment present a good choice for businesses looking to locate or expand their operations. With foreign investment in the United States increasing, it is an excellent time to encourage such investment locally in order to create jobs and stimulate local economic activity.

The City’s FDI program efforts will be structured to optimize the following:

- Maintain a healthy environment for businesses to succeed.
- Collaboration with other agencies to maximize the collective impact.
- Leveraging the region’s existing industry clusters.
- Establishing relationships with potential investors.

It was in effort to establish foreign relationships with potential investors that the City participated in FDI program, one of many programs offered by SelectUSA.

Although California State University, Dominguez Hills (CSUDH) had expressed an interest in partnering with the City formally in FDI, on June 27th they informed staff of their decision not to do so.

EB-5 Program

Under federal law, 10,000 immigrant visas per year are available to qualified individuals seeking permanent resident status on the basis of their engagement in a new commercial enterprise. This visa program is popularly called the EB-5 visa program.

Permanent resident status based on EB-5 eligibility might be available to investors who have invested – or are actively in the process of investing – at least \$500,000.00 into a new commercial enterprise that they have established. A new commercial enterprise includes: the creation of an original business, the purchase of an existing business and restructuring or reorganizing the business to the extent that a new commercial enterprise results, or expanding upon an existing business. An applicant seeking status as an immigrant investor must demonstrate that his/her investment will benefit the United States economy and create full-time employment for no fewer than ten qualified individuals, or maintain the number of existing employees in a “troubled business.”

Staff expects to bring a proposal for the possibility of an EB-5 program in the City to the Council for consideration within the next few weeks.

Prior to the SelectUSA program trip to China, the City asked the Los Angeles County Economic Development Corporation (LAEDC) for recommendations on which qualified firms to solicit for proposals to assist the City’s FDI efforts. The LAEDC

suggested the following, listed along with their bids:

- Kourosh Hangafarin of Carson - \$15,000.00
- Rosenow Speveck Group (RSG) of Santa Ana - \$25,000.00
- Kosmont Associates of Los Angeles - Passed/No Bid

The City accepted the Kourosh Hangafarin proposal. The firm is a Woman Business Enterprise (WBE).

As a result of the City's trip, a delegation of 17 business people from China visited Carson on June 25 to look for investment opportunities. Some of those people are already asking to follow up on their visit. On July 7, one of the business owners City representatives met with in Guangzhou called City staff to set up a meeting here to discuss a project with Carson's petroleum industry. The City received a letter from another Guangzhou businessman, Mr. Jame Guo, who also participated in meetings with the City's delegation, expressing an interest in moving forward on a project in Carson.

A Hong Kong businessman who attended the SelectUSA trade fair came to Carson on July 8 to investigate opportunities. The Shanghai Invest Council of Experts is planning a trip to Carson in September to look for investment possibilities.

Finally, a summary accounting of the expenditures of the SelectUSA City trip to the Pearl River Delta of China is as follows:

TRIP

<u>Expense</u>	<u>Item</u>
\$420	Visas
\$5,843	Airfare
\$7,194	Hotel
\$809	Van/Taxi
\$31	Meals
\$86	Telephone
\$289	Shipping
\$4,500	Select USA Pearl River Registration
<u>\$814</u>	Select USA Shanghai Registration
Total	\$19,986

GENERAL BUSINESS DEVELOPMENT EXPENSES

\$15,000	Kourosh Hangafarin Consultant Contract (2 month)
<u>\$8,527</u>	Promotional marketing handouts and brochures
Total	\$23,527

V. FISCAL IMPACT

The City's FDI efforts to date would include the trip costs, consultant fee and promotional expenses for a total of \$49,252.93. At this point, it is not clear what the cost for working with CSUDH would be. Any such agreement would require Council approval.

VI. EXHIBITS

1. Staff report from May 20, 2014 (pgs. 5-13)

Prepared by: Barry Waite, Business Development Manager

TO: Rev05-13-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date_____ Action_____

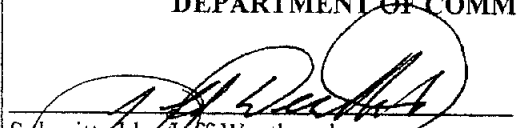


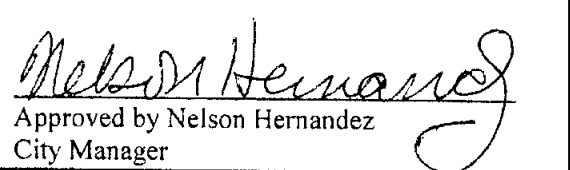
City of Carson

Report to Mayor and City Council

May 20, 2014
New Business Discussion

**SUBJECT: REPORT ON SELECT USA FOREIGN DIRECT INVESTMENT WITH THE US
DEPARTMENT OF COMMERCE**


Submitted by Jeff Westbrook
Acting Director of Community Development


Approved by Nelson Hernandez
City Manager

I. SUMMARY

From April 14-24, 2014, the City of Carson participated in the US Commerce Department's SelectUSA. This report recaps the trip and its outcomes. There will be a PowerPoint presentation provided at the City Council meeting.

II. RECOMMENDATION

RECEIVE and FILE.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

The SelectUSA direct investment program takes representatives from around the country to other nations to meet with potential investors. The Commerce Department's previous programs with other communities have included Mexico, Belgium, Japan, Germany and New Zealand. This year's location was the Pearl River Delta of China. On February 18, the City Council approved participation in the program (Exhibit No. 1) and approved seeking a consultant for assistance in encouraging foreign direct investment (FDI) in Carson (Exhibit No. 2).

The Carson delegation was Mayor Dear, Economic Development Commissioner Kourosh Hangafarin, Web Developer Bing Jing (who served as interpreter) and Business Development Manager Barry Waite. The itinerary for the trip included four cities: Hong Kong, Guangzhou, Shenzhen and Shunde. The City was able to secure additional visits with businesses and government representatives in Jiangsu, province entirely funded by the provincial government. With the California Trade Office, Carson then joined the SelectUSA Forum in Shanghai. All in all, the delegation visited eight cities.

The itinerary was extremely full for the entire trip. Each day consisted of a full schedule of activities and meetings from morning into the night. At the five trade fair locations, Carson's table was very busy and generally had the most traffic of the 23 participating agencies. The most common topics were the EB-5 program, how to start a business in Carson, Cal State University Dominguez Hills, and how someone gets a son or daughter into an American university, which is considered a key to success.

Some of the business people had already done business in the Carson area. One gentleman who already owns a business in Carson was pleased to see the community represented. In addition to meetings, the delegation had the opportunity to visit a major Kia manufacturing facility, an automobile seat manufacturing plant, the largest appliance manufacturer in China, an Italian machining company and the Jiangsu port facility.

Several times, the Carson delegation took a "divide and conquer" strategy to cover multiple meetings at once. For example, the Mayor met with Zhujiang Movie Factory, the fourth largest Chinese film producer, while the rest of the group prepared for the trip to Yancheng in Jiangsu.

In Chinese society, government officials are highly regarded. The Mayor was attributed the highest esteem throughout the trip. In addition to the other activities described above, he met with the American Chamber, Hong Kong Chamber, Federation of Hong Kong Industries, the US Consul General and numerous local dignitaries. Two other elected officials, the Lieutenant Governor of Nevada and the Mayor of Canton, Ohio, participated in the program and were likewise well received. The Los Angeles County Economic Development Commission, of which Carson is a member, is looking into having our region represented at each of these SelectUSA programs with an elected official included as a member of the delegation.

The Carson delegation met with three universities to discuss potential connections with our own university and to develop connections with investors. There was strong interest in further work in this area. This is a great opportunity for potential commercialization of university research and making use of the talent pool the university creates.

Staff is now responding to the inquiries received. As a result of the visit, a Chinese delegation of business and government leaders is planning to visit Carson in July to look at specific investment opportunities. As with any trade show, only time will tell how many of these leads pan out as investments. The level of interest in Carson was extremely high, and it seems very likely that the trip will pay significant dividends.

V. FISCAL IMPACT

As the attached spreadsheet shows (Exhibit No. 3), the total travel cost was \$15,412.00. This includes all expenses of which staff is currently aware.

The cost of registration for the first five days of the SelectUSA program was \$4,500.00. The cost of participation in Shanghai SelectUSA event was an additional \$814.10.

After receiving proposals from two firms, the City contracted with Mr. Hangafarin for \$20,000.00 to provide assistance with the FDI program that was also approved on February 18, 2014, for the months of April and May. Included in his fee was \$5,000.00 for production of marketing materials. The City purchased business cards in Chinese and English. These items are all usable in the City's continuing FDI efforts. An accounting of the FDI expenses is attached (Exhibit No. 4).

VI. EXHIBITS

1. SelectUSA staff report from February 18, 2014 (pgs. 4-5)
2. Foreign Direct Investment staff report from February 18, 2014 (pgs. 6-7)
3. Spreadsheet of travel costs (pg. 8)
4. Spreadsheet of foreign direct investment expenses (pg. 9)

Prepared by: Barry Waite, Business Development Manager

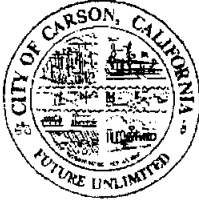
TO: Rev05-13-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____



City of Carson Report to Mayor and City Council

February 18, 2014
New Business Discussion

SUBJECT: CONSIDERATION OF PARTICIPATION IN THE SELECTUSA ROADSHOW

Submitted by Jacquelyn Acosta
Acting City Manager

Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

This item is on the agenda at the request of Mayor Dear. The United States Department of Commerce is leading a trade delegation to three cities in China through the SelectUSA Roadshow (Exhibit No. 1). Cities and economic development organizations are invited to participate in the trip, which focuses on real estate, manufacturing, health care and biotechnology. Each of these sectors is significant in Carson. The deadline to join the delegation is March 15, and a presentation packet will need to be developed, creating urgency for a decision on this matter.

II. RECOMMENDATION

CONSIDER sending a delegation to participate in the Pearl River Delta Roadshow.

III. ALTERNATIVES

1. DIRECT staff to conduct further research.
2. REFER the matter to the Economic Development Commission.
3. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

SelectUSA was established by Executive Order of the President and is housed within the U.S. Department of Commerce. SelectUSA is a U.S. government-wide effort to encourage, facilitate, and accelerate business investment in the United States by both domestic and foreign firms—a major engine of economic growth and job creation.

SelectUSA provides enhanced coordination of existing resources and functions within the U.S. Department of Commerce and across all federal departments and agencies with operations relevant to business investment. It works in partnership with state, regional, and local economic development organizations to promote and facilitate overall U.S. business attraction, retention, and bringing back operations that have moved overseas. SelectUSA works on behalf of the United States and exercises strict geographic neutrality, barring the promotion of one area over another.

EXHIBIT NO 01



The Los Angeles County Economic Development Commission, of which Carson is a member, has been involved in the roadshows for the last few years and will be sending their China Chief Representative. This trip will include visits to the cities of Hong Kong, Shenzhen and Guangzhou. The dates of the trip are April 14-18, 2014. Further details should be available very soon if the city expresses interest. Participation would allow the city to market directly to companies wanting to locate in this region and provide international exposure.

The city delegation would be composed of the Mayor and the city's Business Development Manager, Barry Waite. Economic Development Commissioner Kourosh Hangafarin has expressed his willingness to participate. He has many years of experience in foreign business projects, so his assistance would be very helpful. It is not clear if the city would need an interpreter at this point.

V. FISCAL IMPACT

The fee to send a delegation of three would be \$3,500.00, which includes registration, space at the mini-trade fair in each city, travel between cities and food. Funds for this are available in the Business Development Division account (01-70-720-969). Travel to China would be an additional expense estimated to be approximately \$1,100.00 per person.

VI. EXHIBITS

1. SelectUSA Roadshow announcement (pg. 3)

Prepared by: Barry Waite, Business & Employment Development Manager

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TO: Rev01-06-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____





City of Carson Report to Mayor and City Council

February 18, 2014
New Business Discussion

**SUBJECT: CONSIDERATION OF HIRING A CONSULTANT TO ASSIST THE CITY IN
ENCOURAGING FOREIGN DIRECT INVESTMENT**

Submitted by Jacquelyn Acosta
Acting City Manager

Approved by Jacquelyn Acosta
Acting City Manager

I. SUMMARY

This item is on the agenda at the request of Mayor Dear. The Carson Economic Development Commission has been studying the topic of foreign direct investment and the EB-5 program. The commission voted unanimously at the January 9, 2013, commission meeting (Exhibit No. 1) to recommend that the city bring in a consultant to help assess the city's options and move forward proactively.

II. RECOMMENDATION

DIRECT staff to prepare a request for qualifications to identify a consultant to assist in the city's foreign direct investment program.

III. ALTERNATIVES

1. TAKE no action at this time.
2. REFER the matter back to the Economic Development Commission with other direction.
3. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Carson has long been a place of international investment. According to the Los Angeles County Economic Development Corporation, Carson is consistently one of the top cities in the county for foreign direct investment (FDI). Companies from around the globe are represented.

The city's Economic Development Commission (EDC) has been considering FDI as a funding source for projects since the state eliminated redevelopment agencies. Redevelopment funds have been a key to Carson's success in cleaning up brownfields and building a prosperous community. Interest in development has sprung back from the great recession, and businesses are looking for available properties. In order to be proactive and attract the best projects, the city needs to focus on attracting and directing FDI.

One of the most popular FDI programs is called EB-5, run by the Department of Commerce. The program was created in 1990 and greatly expanded through a regulatory streamlining in 2011. Investors from other countries put \$1,000,000.00

or more into a project that directly creates 10 or more jobs within two years. The investor then gets a Green Card to live legally in the United States. In Carson, American Logistics International is an example of a businesses funded by EB-5. In the case of that company and many others, investors are pooled together to create an investment large enough to create a successful business.

Regional centers are a key part of the EB-5 program. Any public or private entity can apply to become regional center to promote economic growth, improved regional productivity, job creation and increased domestic capital investment. The US Customs and Immigration Service is responsible for approving regional centers applications. The process to apply includes a plan of how the center will promote economic growth, a detailed plan for job creation, resources to be used in establishing the center, and the expected impact.

On August 6, 2013, the City Council approved an updated economic development element to the city's general plan. FDI would be a useful tool for many of the implementation measures as both a funding source and a planning tool.

Establishing a regional center or otherwise encouraging FDI is not within the experience or knowledge of city staff. The EDC believes the city should bring in an independent consultant to assist the city in this area. A request for qualifications will allow the city to identify organizations capable of assisting in this role.

The timeliness of this matter is evidenced by recent events. Two firms have come to the city this month with projects featuring potential FDI, and the opportunity to participate in the Department of Commerce's SelectUSA Roadshow in China has arisen. This latter issue is being presented separately for the City Council's consideration.

V. FISCAL IMPACT

None at this time.

VI. EXHIBITS

1. Minutes from January 10, 2014, Economic Development Commission meeting (pg. 4)

| Prepared by: Barry Waite, Business & Employment Development Manager

| *M:\Agenda Titles & Recommendation\2014\2-18-14 Foreign direct investment.docx*

TTD:Rev01-06-2014

Reviewed by:



Select USA Travel Expenses
City of Carson

Travel - April 12-14
Select USA - April 14-19
Yancheng - April 19-22
Select USA - April 22-23
Travel - April 24

6.2658 Yuan to the dollar

Visas \$ 420

Hotel \$ 2,242 Hong Kong
\$ 672 Shenzen
\$ 2,328 Guangzhou
\$ - Yansheng
\$ 1,952 Shanghai
\$ 7,194

Airfare \$ 5,843

Shipping \$ 289 For brochures and materials

Van/taxi ¥ 2,500 To Hong Kong
¥ 1,200 To Hong Kong
¥ 800 To Hong Kong
¥ 100 Guangzhou luggage fee
¥ 145 Guangzhou taxi
¥ 290 Guangzhou taxi
¥ 15 Shanghai taxi
¥ 17 Shanghai taxi
\$ 809 ¥ 5,067 exchange rate

Meals ¥ 111
¥ 86
\$ 31 ¥ 197

Telephone \$ 86

TOTAL
TRAVEL \$ 14,672

EXHIBIT NO 03



Foreign Direct Investment Expenses
City of Carson

\$20,000.00 Consultant contract - For April/May

\$2,105.64	Pens
\$4,736.05	Brochure printing
\$1,250.00	Key chains
\$245.00	See's candy
\$190.14	Business cards

\$8,526.83 TOTAL

\$4,500.00 SelectUSA Pearl River Registration

\$814.10 SelectUSA Shanghai Registration

\$5,314.10 TOTAL