



Beverly Hills City Council Liaison / Small Business Task Force Committee
will conduct a Meeting, at the following time and place, and will address the
agenda listed below:

CITY HALL
455 North Rexford Drive
4th Floor Conference Room A
Beverly Hills, CA 90210

Monday, September 24, 2018
4:30 PM

AGENDA

- 1) Public Comment
 - a. Members of the public will be given the opportunity to directly address the Committee on any item not listed on the agenda.
- 2) Discussion with the Beverly Hills Chamber of Commerce regarding re-establishing the Small Business Task Force
- 3) Adjournment


for Byron Pope, City Clerk

Posted: September 19, 2018

**A DETAILED LIAISON AGENDA PACKET IS AVAILABLE FOR REVIEW IN THE
LIBRARY AND CITY CLERK'S OFFICE.**



In accordance with the Americans with Disabilities Act, Conference Room A is wheelchair accessible. If you need special assistance to attend this meeting, please call the City Manager's Office at (310) 285-1014 or TTY (310) 285-6881. Please notify the City Manager's Office at least twenty-four (24) hours prior to the meeting if you require captioning service so that reasonable arrangements can be made.

Item 2



CITY OF BEVERLY HILLS
POLICY AND MANAGEMENT

MEMORANDUM

TO: Beverly Hills City Council Liaison/Small Business Task Force Committee
FROM: Laura Biery, Marketing and Economic Sustainability Manager
DATE: September 24, 2018
SUBJECT: Re-Establishment of the Small Business Task Force
ATTACHMENT: 1. Memo from Beverly Hills Chamber of Commerce dated September 18, 2018

As part of the City Council approved 2018-19 Work Plan, the Beverly Hills Chamber of Commerce (Chamber) is tasked with re-establishing and managing a Small Business Task Force.

The Chamber provided the attached memo for reference to offer background on the previously existing 2011-2016 Small Business Task Force as well as next steps for 2018-2019.

The Chamber would like to discuss the following items to begin the process of re-establishing a Small Business Task Force:

- Defining What Constitutes a Small Business
- Selection of Members of the Task Force
- Identifying the Goals of the Task Force
- Process for Achieving Goals
- Timeline for Task Force
- Format, Frequency and Location of the Task Force Meetings
- Coordination of Task Force Goals with Other City Initiatives (i.e. Strategic Planning Committee, Economic Sustainability Plan, Destination Development Plan)

The anticipated outcome of the Small Business Task Force will be to provide a report with findings and identified strategies to attract and retain small businesses in Beverly Hills.



CHAMBER
— of —
COMMERCE

Small Business Task Force

From: Blair Schlecter, Vice President of Economic Development and Government Affairs, Beverly Hills Chamber of Commerce

To: City of Beverly Hills Small Business Task Force City Council Liaison Committee

CC: Todd Johnson, CEO, Beverly Hills Chamber of Commerce

Date: September 18, 2018

Introduction

Under the Chamber's 2018-19 Work Plan with the City of Beverly Hills, the Chamber is tasked with re-establishing and managing a Small Business Task Force to help make improvements for Small Businesses in the City of Beverly Hills.

Background and Past Work of the Small Business Task Force

In July 2011, at the initial request of then Vice-Mayor Willie Brien and Councilmember Julian Gold, followed by direction from the City Council, the City formed a Small Business Task Force (Task Force) whose mission was to evaluate what the City of Beverly Hills could do to retain and attract small business and continue to provide a favorable business environment. An overview of the mission and goals of the Task Force is included in Attachment 1.

The Task Force was chaired by then Councilmember (now Mayor) Julian Gold, M.D., and included 14 other committee members drawn from a wide spectrum of the business community. Individuals serving on the Task Force were nominated by each Councilmember. The members of the Task Force are identified in the March and December 2012 City Staff Reports attached to this memorandum.

The Task Force first met on September 13, 2011 and established the following objectives:

- 1) Review current retail and office business vacancy rates in key commercial areas;
- 2) Identify existing challenges for keeping small businesses in Beverly Hills and barrier for bringing new small businesses into the City;
- 3) Review best practices of programs for small businesses in other municipalities;
- 4) Develop options based on analysis and assessment of feasible solutions to overcome identified barriers; and
- 5) Provide recommendations, based on the options evaluated, to the City Council, for programs to attract and retain small businesses in Beverly Hills.

Over several months, the Task Force discussed and evaluated the City's business opportunities and challenges. The Task Force discussed challenges in five areas: (1) Physical (2) Experience (3) Process (4) Economics (5) Local Preference.

On March 6, 2012, it made 22 recommendations to the City Council, including adding more parking in certain business districts, improving the pedestrian experience on streets such as South Beverly Drive and Robertson, and creating a more seamless permitting process. The recommendations of the Task Force are attached to this memo (Attachment 2).

Following this presentation, the Task Force initiatives were prioritized and several included in the Fiscal Year 2012-2013 budget.

Staff subsequently identified several solutions, many of which have been implemented. A progress report was provided to the City Council on December 4, 2012 and is attached to this memo (Attachment 4).

The City also prepared a Comparative Tax Analysis in 2012 to assess the attractiveness of the City versus neighboring municipalities. A copy of this report is attached as Attachment 6.

The Task Force continued to meet intermittently to discuss progress and provide updates to the City. Many of the proposed solutions are in place today, including improved wayfinding, Broker's Roundtables and the Shop Local Program (now called "My Beverly Hills.") The Task Force continued to meet intermittently until March 2016, at which time it stopped meeting for reasons which are not clear.

Next Steps in Reconstituting the Small Business Task Force

The Chamber would like to discuss next steps to reconstitute the Small Business Task Force, including preferred format of the meeting, timeline, goals and members of the Task Force. Based on information gathered so far, the Chamber suggests including Task Force members from a cross-section of small businesses in different industries as well from the different neighborhoods (Golden Triangle, Southeast, etc.).

Because of the upcoming New York Business Attraction and Retention Mission and other City and Chamber initiatives, the Chamber has discussed having a first Small Business Task Force meeting in mid-November.

The Chamber would like to discuss the following items:

- Defining What Constitutes a Small Business
- Selection of Members of the Task Force
- Identifying the Goals of the Task Force
- Process for Achieving Goals
- Timeline for Task Force
- Format, Frequency and Location of the Task Force Meetings
- Coordination of Task Force Goals with Other City Initiatives (i.e. Strategic Planning Committee, Economic Sustainability Plan, Destination Development Plan)

Attachments

1. Small Business Assistance Ad Hoc Committee
2. March 6, 2012 City of Beverly Hills Staff Report Regarding Findings and Recommendations of Small Business Task Force
3. March 6, 2012 PowerPoint Presentation to City Council
4. December 4, 2012 City of Beverly Hills Staff Report with Update on the Implementation of the Small Business Task Force
5. December 4, 2012 PowerPoint Presentation to City Council
6. Cost of Doing Business Report Comparative Analysis: City of Beverly Hills vs. Neighboring Cities

Attachment 1



Small Business Assistance Ad Hoc Committee

Overview

In response to a request by Vice Mayor Brien and Councilmember Gold, the City Council at their July 7, 2011 study session, discussed a report staff prepared on the City's current and prospective efforts and initiatives related to small business retention and attraction. The concern is primarily focused on the high retail vacancy the City has experienced in certain commercial areas as a result of the economic downturn.

The City Council discussed current approaches for achieving a robust business attraction and retention program, and provided direction on other program ideas to consider for enhancing the City's existing efforts. To spearhead this effort, Mayor Brucker appointed Councilmember Gold as the Chair of a new ad hoc committee to examine small business assistance opportunities.

Mission

The mission of the Small Business Assistance Ad Hoc Committee is to evaluate what the City can legally do to retain and attract small businesses in Beverly Hills.

Objectives

Each Councilmember nominated individual(s) to serve on the Committee based on their expertise on the subject matter and their commitment to the business community. Starting in September, the Committee will meet once a month (meetings will last approximately one hour) for the next three to four months with the following objectives:

- Review current retail and office business vacancy rates in key commercial areas throughout the city;
- Identify existing challenges for keeping small businesses in Beverly Hills and barriers for bringing new small businesses into Beverly Hills;
- Review best practices of small business assistance programs in other municipalities; and
- Provide recommendations on programs for retaining and attracting small businesses in Beverly Hills to the City Council by January 1, 2012.

Attachment 2



STAFF REPORT

Meeting Date: March 6, 2012
To: Honorable Mayor & City Council
From: Mahdi Aluzri, Assistant City Manager
Megan Roach, Marketing & Economic Sustainability Manager *MR*
Angie Molina, Special Assistant to City Manager *AM*
Subject: Report of Findings and Recommendations from the Small Business Task Force
Attachments: 1. Report

INTRODUCTION

This report provides an overview of the work completed by the Small Business Task Force and their recommended action items to retain and attract small businesses to Beverly Hills.

BACKGROUND

In response to a request by Vice Mayor Brien and Councilmember Gold, the City Council at their July 7, 2011 study session discussed the City's current and prospective efforts and initiatives related to business retention and attraction. The concern is primarily focused on the high retail vacancy the City has experienced in certain commercial areas as a result of the economic downturn.

The City Council discussed current approaches for achieving a robust business attraction and retention program and provided direction on program ideas to consider for small businesses. To spearhead this effort, Mayor Brucker appointed Councilmember Gold as the Chair of a new task force to examine small business assistance opportunities. In general, a small business is one that is independently owned and operated, is organized for profit, and is not dominant in its field.

The mission of the Small Business Task Force is to evaluate what the City can do to retain and attract small businesses in Beverly Hills. Each Councilmember nominated

individual(s) to serve on the Task Force based on their expertise on the subject and their commitment to the business community. Members of the Task Force include:

- Bobbie Greenfield, *Beverly Hills Brownie Company*
- Tom Korey, *First Property Realty*
- Dar Mahboubi, *The Rodeo Collection*
- Jodie Robinson, *Anne Michelle*
- Brian Rosenstein, *Keiler Holdings & Beverly Hills Planning Commissioner*
- Shawn Saeedian, *Beverly Hills Market*
- Tawny Sanders, *Beverly Hills Courier*
- Lee Silver, *Ervin Cohen & Jessup*
- Alex Stettinski, *Beverly Hills Chamber of Commerce*
- Joe Tilem, *Dawson Tilem & Gole & Former Mayor of Beverly Hills*
- Bill Wiley, *CPM®, Director, CBRE, Inc. Two Rodeo Drive & Chairperson, Beverly Hills Conference and Visitors Bureau Board of Directors*
- Mitch Dawson, *Dawson Tilem & Gole*
- Arnold Rosenstein, *New Pacific Realty Corporation*
- Bruce Schulman, *Mercedes Benz of Beverly Hills*

At their initial meeting on September 13, 2011, Councilmember Gold and the Task Force members developed the following objectives to achieve the mission statement and direct their work effort:

- Review current retail and office business vacancy rates in key commercial areas throughout the city;
- Identify existing challenges for keeping small businesses in Beverly Hills and barriers for bringing new small businesses into the city;
- Review best practices of programs for small businesses in other municipalities;
- Develop options based on analysis and assessment of feasible solutions to overcome identified barriers; and
- Provide recommendations, based on the options evaluated, to the City Council, for programs to retain and attract small businesses in Beverly Hills.

DISCUSSION

Over the course of five meetings, the Task Force discussed existing barriers to small business retention and attraction and grouped the barriers into five categories. The Task Force discussed the feasibility of prioritizing areas for order consideration, but ultimately decided that they are all equal. Accordingly, these categories are considered equal in terms of their importance and value to retaining and attracting small businesses.

- **Physical** – improvements to City assets and infrastructure
- **Experience** – enhancing the street level experience for pedestrians and patrons
- **Process** – improvements to the City's permitting and development review process
- **Economics** – exploring financial incentive programs for small businesses
- **Local Preference** – marketing programs that emphasize 'buy local'

After the Task Force identified the barriers and aggregated them by category, staff researched and developed potential solutions to them. These potential solutions were

analyzed and assessed for feasibility from both a fiscal and legal perspective. They were then presented to the Task Force for their review and additional recommendations.

The Task Force identified a total of twenty-one recommendations for possible implementation to retain and attract small businesses in Beverly Hills. The recommendations are included as Attachment No. 1 to this report. Recognizing that these recommendations cannot all be implemented at the same time, a multi-year horizon was suggested based on their feasibility for implementation.

FISCAL IMPACT

For the current fiscal year, the Business Development Program account 0101313 includes \$77,000 to fund new business attraction and retention initiatives. An additional \$77,000 will be available next fiscal year should the City Council approve the same level of funding. In addition, several Task Force recommendations are capital projects and funding for these projects will be proposed as part of the City's five-year Capital Improvement Program, which will be included in the proposed Fiscal Year 2012-2013 budget for City Council consideration, prioritization and adoption.

RECOMMENDATION

It is recommended that the City Council discuss the findings and recommendations from the Small Business Task Force and provide direction as appropriate.



Approved By
Mahdi Aluzri
Assistant City Manager

Attachment 1



City of Beverly Hills

Small Business Task Force

Report of Findings and Recommendations

March 6, 2012

Members of the Small Business Task Force

Councilmember Julian A. Gold, MD

Bobbie Greenfield, *Beverly Hills Brownie Company*

Tom Korey, *First Property Realty*

Dar Mahboubi, *The Rodeo Collection*

Jodie Robinson, *Anne Michelle*

Brian Rosenstein, *Keiler Holdings & Beverly Hills Planning Commissioner*

Shawn Saeedian, *Beverly Hills Market*

Tawny Sanders, *Beverly Hills Courier*

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Bill Wiley, CPM®, *Director, CBRE, Inc. Two Rodeo Drive & Chairperson, Beverly Hills Conference and Visitors Bureau Board of Directors*

Mitch Dawson, *Dawson Tilem & Gole*

Arnold Rosenstein, *New Pacific Realty Corporation*

Bruce Schulman, *Mercedes Benz of Beverly Hills*

City Staff Liaisons

Mahdi Aluzri, *Assistant City Manager*

Angie Molina, *Special Assistant to City Manager*

Megan Roach, *Marketing & Economic Sustainability Manager*

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Summary of Task Force Recommendations

Overview

In response to a request by Vice Mayor Brien and Councilmember Gold, the City Council at their July 7, 2011 study session discussed the City's current and prospective efforts and initiatives related to business retention and attraction. The concern is primarily focused on the high retail vacancy the City has experienced in certain commercial areas as a result of the economic downturn.

The City Council discussed current approaches for achieving a robust business attraction and retention program and provided direction on program ideas to consider for small businesses. To spearhead this effort, Mayor Brucker appointed Councilmember Gold as the Chair of a new task force to examine small business assistance opportunities. Each Councilmember nominated individual(s) to serve on the task force based on their expertise on the subject and their commitment to the business community.

Mission

The mission of the Small Business Task Force is to evaluate what the City can do to retain and attract small businesses in Beverly Hills. In general, a small business is one that is independently owned and operated, is organized for profit, and is not dominant in its field.

Objectives

Councilmember Gold and members of the Task Force developed the following objectives to achieve the mission statement and direct their work effort:

- Review current retail and office business vacancy rates in key commercial areas throughout the city;
- Identify existing challenges for keeping small businesses in Beverly Hills and barriers for bringing new small businesses into the city;
- Review best practices of programs for small businesses in other municipalities;
- Develop options based on analysis and assessment of feasible solutions to overcome identified barriers; and
- Provide recommendations, based on the options evaluated, to the City Council, for programs to retain and attract small businesses in Beverly Hills.

Process

The first meeting of the Small Business Task Force was held in September 2011. Staff provided an overview of the City's current approaches for achieving a robust business attraction and retention program, which includes those initiatives outlined in the five-year Economic Sustainability Plan, among others. In addition, staff provided the Task Force with retail and office vacancy data, which the City tracks on a quarterly basis to identify trends and opportunities and to gain important insights into the local Beverly Hills economy.

In the fourth quarter of 2011, the City's business triangle experienced a retail vacancy rate of less than 5%; however, the vacancy rate citywide was approximately 13%. This citywide vacancy rate is much higher than our historical average and has a disproportionate impact on areas outside of the business triangle where many small businesses are located. As a result, several of the Task Force's recommendations focus on areas such as S. Beverly Drive and S. Robertson Boulevard. The Task Force also coordinated with the City's Southeast Revitalization Task Force to ensure their recommendations for improvements to these areas did not conflict.

During their next two meetings, the Small Business Task Force discussed existing barriers to small business retention and attraction and grouped the barriers into five categories. The categories are considered equal in terms of their importance and value to retaining and attracting small businesses.

- **Physical** – improvements to City assets and infrastructure
- **Experience** – enhancing the street level experience for pedestrians and patrons
- **Process** – improvements to the City's permitting and development review process
- **Economics** – exploring financial incentive programs for small businesses
- **Local Preference** – marketing programs that emphasize 'buy local'

After the Task Force identified the barriers and aggregated them by category, staff researched and developed potential solutions to them. These potential solutions were analyzed and assessed for feasibility from both a fiscal and legal perspective. They were then presented to the Task Force for their review and additional recommendations.

The Task Force identified a total of twenty-one recommendations for possible implementation to retain and attract small businesses in Beverly Hills. Recognizing the need to act quickly to address the needs of the small business community in today's economic climate, efforts are already underway in a number of these areas.

Summary of Task Force Recommendations

Physical

Barrier #1 - Insufficient parking structures and limited long-term and inexpensive parking

Proposed Solution	Estimated Cost	Status/Timeline
Design/Develop GIS Parking Demand Model – to predict how changes in area land use and parking supply impact overall parking demand with relationship to current capacity and occupancy. A dynamic tool that can be used in future evaluations of development or redevelopment projects, multimodal transportation enhancements, or decisions on management/allocation of parking resources.	\$70,000	Project was presented to the City Council on February 7, 2012. Project timeline is 9 to 12 months.
Create a Parking Strategic Plan – develop strategies to maximize existing parking resources through public/private partnership opportunities, a citywide parking valet service, among others. Also, review monthly parking fee structure and develop strategies for moving monthly parking to perimeter facilities away from congested garages primarily serving retail shoppers.	TBD	Spring 2013
Parking Facilities Maintenance – budget capital dollars for the ongoing maintenance of the City's parking structures to ensure quality and cleanliness for patrons. The recently completed Crescent Parking Structure is the standard for quality and cleanliness.	TBD	Proposed as part of the Five Year Capital Improvement Program.

Barrier #2 - Vacant retail space in areas outside of the Business Triangle

Proposed Solution	Estimated Cost	Status/Timeline
Develop a Vacant Storefront Beautification Program – a program for un-leased retail space that will include design options provided by the City along with regulations for consistency and maintenance. Also, explore the feasibility of a program with the School District and/or private schools to display artwork from local students.	TBD	Program development will begin in Spring 2012 in coordination with Community Development and the Architectural Commission.

Conduct Broker Roundtable Meetings – the City's agreement with the Chamber of Commerce includes two broker roundtable meetings, which will allow for dialogue and information sharing between brokers, the Chamber and the City to explore ideas for addressing vacant spaces.	N/A	First broker roundtable was held on February 14, 2012. The second will occur in Spring 2012.
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Experience

Barrier – Lack of pedestrian ambiance and experience (in particular S. Beverly and S. Robertson)

Proposed Solution	Estimated Cost	Status/Timeline
Public Art for Commercial Areas – explore the use of fine arts funding to create a program for artists to design and submit public art concepts for the City's commercial areas. Develop a pilot program for public art/bike racks for the four street corners at S. Beverly Drive and Charleville.	\$20,000	Pilot program to be presented to the Fine Arts Commission in Spring 2012.
Revitalize Merchant Associations By Exploring Opportunities for Business Improvement Districts – begin a 'grassroots' effort in targeted areas for BIDs to provide events and experiences.	TBD	Staff will work with the Chamber on this initiative for FY 2012/13.
Visitor Experience Programs – look into recreating the tour guide program to welcome visitors to Beverly Hills. Also explore self-guided tours through podcast/smart phone technology and look at integrating the Beverly Hills trolley program with tour bus operators.	TBD	Program feasibility will be discussed with Chamber and CVB in conjunction with launch of new Visitor Center.
Citywide Way finding Program – create a citywide directional signage 'way finding' program for the business triangle and other commercial areas. Identify business districts, cultural landmarks, historical buildings, and look at placement of City flag on Visitor Center. Explore improved directional and space availability for the City's parking structures.	\$300,000	Proposed as part of the Five Year Capital Improvement Program.
Replace Trees on S. Beverly and S. Robertson – replace ficus trees with palm trees for consistency with business triangle and replace cement tree bases with decorative grates.	\$1,588,000	

Improve Sidewalk Quality on S. Beverly, S. Robertson and Little Santa Monica – improve the aesthetic quality of the sidewalk.	TBD	
Mid-Block Crosswalks for S. Beverly – conduct a needs assessment to study the need, benefit and impact of mid-block crosswalks for the 100 and 300 blocks of S. Beverly Drive.	\$20,000	

Process

Barrier – Lack of a seamless and effective permitting and review process to attract and retain businesses

Proposed Solution	Estimated Cost	Status/Timeline
Mayor's Government Efficiency Task Force – implement the Task Force recommendations to improve the efficiency of the City's development review and permitting process.	TBD	Recommendations presented to City Council on December 19, 2011.
Permit Fees Estimate Tool – develop a tool for small business applicants to estimate permit fees based on valuation of work and other factors so that applicants have a fee estimate earlier in the process to include in their project budget and have a better understanding for how the fees are calculated. Work with Community Development to bring awareness to the new online tool.	N/A	This solution will be addressed through the recommendations of the Mayor's Government Efficiency Task Force.
Create a New Business Checklist – create a checklist that includes the steps involved with opening a new business in Beverly Hills, including key City staff contacts and resources specific to small businesses. The guide will be available at City Hall and on the website.	None	Summer 2012

Economics

Barrier #1 – Undercapitalized small businesses and lack of financial incentives

Proposed Solution	Estimated Cost	Status/Timeline
Explore Financial Incentive Programs – look at the feasibility of providing financial incentive programs including loans/grants and fee deferrals for small businesses. Staff will develop case studies, perform tax analysis and provide recommendations for financial incentive programs. This will also include an analysis of the cost recovery fees associated with the establishment of a business (processing of permits, etc).	TBD	Fall 2012 to develop case studies and perform analysis.

Barrier #2 – Perception that taxes are higher in Beverly Hills

Proposed Solution	Estimated Cost	Status/Timeline
Develop a Cost of Doing Business Comparison Report – report will compare tax rates in Beverly Hills to neighboring cities and will include business license taxes, sales taxes, property taxes, parking taxes, utility taxes, special assessments, and business improvement district taxes or fees. The report will be published under the Economic Development section of the City's website and shared with the broker community.	None	Report to be published in Spring 2012.

Local Preference

Barrier – Lack of emphasis on 'buy local' programs

Proposed Solution	Estimated Cost	Status/Timeline
Promote Small Business Saturday – utilize Chamber and City resources to promote the American Express 'Small Business Saturday' program in Beverly Hills.	\$5,000	November 2012 and each year thereafter.

Support the Chamber's Shop Local eNewsletter Program – provide marketing support for the Chamber's new Shop Local Program, which provides exclusive offers for Beverly Hills residents and businesses, along with special events and package deals for subscribers.	None	Ongoing
Shield Licensing/Branding Program – explore a program to 'license' the Shield to businesses based in Beverly Hills to promote these local businesses.	TBD	Recommended work plan in Policy & Management's FY 2012/13 budget.
Promote New Businesses – recognize new Beverly Hills businesses at City Council Meetings to provide a welcome and awareness of the business to the community.	None	Ongoing
City Purchasing Agreements – review existing City purchasing agreements to determine if there is an opportunity for the City to 'buy local'.	None	Fall 2012

Attachment 3



Small Business Task Force

Findings and Recommendations

City Council Study Session

March 6, 2012



When you buy from a small business, you are not helping a CEO buy a third vacation home. You are helping a dad pay a mortgage, a mom put food on the table, a child get lessons to fulfill a dream. Our customers are our shareholders and the ones we strive to make happy. Thank you for supporting small business!

-- Unknown



Background

- July 2011 – City Council discussion on approaches for achieving a robust business attraction and retention program
- Councilmember Gold appointed as Chair of new task force by Mayor Brucker
- Individual(s) nominated to serve on Task Force by each Councilmember



Task Force Members

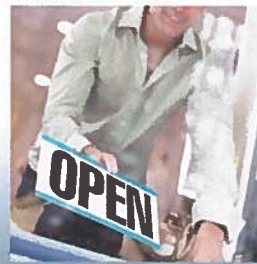
Chair - Councilmember Julian A. Gold, MD

- Bobbie Greenfield, *Beverly Hills Brownie Company*
- Tom Korey, *First Property Realty*
- Dar Mahboubi, *The Rodeo Collection*
- Jodie Robinson, *Anne Michelle*
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- Arnold Rosenstein, *New Pacific Realty Corporation*
- Bruce Schulman, *Mercedes Benz of Beverly Hills*



Mission

- To evaluate what the City can do to retain and attract small businesses in Beverly Hills
- In general, a small business is independently owned and operated, is organized for profit, and is not dominant in its field



Process

Identified existing barriers to small businesses



Barriers grouped into five categories



Physical
Experience
Process
Economics
Local Preference



Process

Staff researched and developed potential solutions



Analyzed fiscal and legal aspects



Task Force reviewed and provided additional recommendations



Task Force identified 21 recommendations to retain and attract small businesses



Task Force Recommendations



Physical

Barrier #1 - Insufficient parking structures and limited long-term and inexpensive parking

Proposed Solutions:

- Design and Develop GIS Parking Demand Model
- Create a Parking Strategic Plan
- Parking Facilities Maintenance



Physical

Barrier #2 - Vacant retail space outside Business Triangle

Proposed Solutions:

- Develop Vacant Storefront Beautification Program
- Conduct Broker Roundtable Meetings





Experience

*Barrier - Lack of pedestrian ambiance and experience
(in particular S. Beverly and S. Robertson)*

Proposed Solutions:

- Public Art for Commercial Areas
- Revitalize Merchant Associations
- Visitor Experience Programs



Experience

Proposed Solutions (continued):

- Citywide Way finding Program
- Tree Replacement S. Beverly & S. Robertson
- Sidewalk Quality Improvements
- Study Mid-Block Crosswalks for S. Beverly





Process

Barrier - Lack of a seamless and effective permitting and review process to attract and retain businesses

Proposed Solutions:

- Mayor's Government Efficiency Task Force
- Permit Fees Estimate Tool
- New Business Checklist



Economics

Barrier #1 - Undercapitalized small businesses and lack of financial incentives

Proposed Solution:

- Explore Financial Incentive Programs



Barrier #2 - Perception that taxes are higher in Beverly Hills

Proposed Solution:

- Develop Cost of Doing Business Comparison Report



Local Preference

Barrier - Lack of emphasis on 'buy local' programs

Proposed Solutions:

- Promote Small Business Saturday
- Support Chamber Shop Local Program
- Explore Shield Licensing/Branding Program
- Promote New Businesses
- Review City Purchasing Agreements



Task Force Member Comments



Recommendation

That the City Council discuss the findings and recommendations from the Small Business Task Force and provide direction as appropriate




Questions?

Attachment 4



STAFF REPORT

Meeting Date: December 4, 2012
To: Honorable Mayor & City Council
From: Megan Roach, Marketing & Economic Sustainability Manager 
Subject: Update on the Implementation of the Small Business Task Force Initiatives

INTRODUCTION

This report provides an update on the implementation of the Small Business Task Force initiatives that were presented to the City Council on March 6, 2012.

BACKGROUND

In July 2011, in response to concerns about the high retail vacancy in Beverly Hills, then Mayor Barry Brucker appointed Councilmember Gold as Chair of a new task force to examine small business assistance opportunities.

Beginning in August 2011 and over the course of five meetings, the Task Force discussed barriers to small businesses and grouped the barriers into five categories:

- **Physical** – improvements to City assets and infrastructure
- **Experience** – enhancing the street level experience for pedestrians and patrons
- **Process** – improvements to the City's permitting and development review process
- **Economics** – exploring financial incentive programs for small businesses
- **Local Preference** – marketing programs that emphasize 'buy local'

After the Task Force identified the barriers and aggregated them by category, staff researched and developed corresponding potential solutions. The solutions were analyzed and assessed for feasibility from both a fiscal and legal perspective. They were then presented to the Task Force for their review and additional recommendations.

Ultimately the Task Force developed a total of twenty-one recommendations for implementation to retain and attract small businesses in Beverly Hills, which were presented to the City Council on March 6, 2012.

DISCUSSION

Following the creation of the Small Business Task Force in 2011, Beverly Hills' retail and office vacancies and quoted rates have continued to improve as shown in the table below. The City utilizes CoStar, a commercial real estate and analytics tool, to identify trends and provide insights into the local Beverly Hills economy.

In particular, retail quoted rates have increased nearly 14% from Q1 2011 to Q3 2012. Office vacancy rates have steadily decreased from 15% in Q1 2011 to fewer than 13% in Q3 2012. It is also worth noting that while the current citywide retail vacancy rate is 12.8%, the retail vacancy rate for the Business Triangle is 3%.

Beverly Hills Retail and Office Data			
	2010	Q1 2011	Q3 2012
Retail Vacancy Rate*	14.4%	13.9%	12.8%
Retail Quoted Rate	\$56.68	\$60.84	\$69.11
Office Vacancy Rate	12.9%	15.0%	12.9%
Office Quoted Rate	\$43.65	\$44.03	\$43.42

**Citywide retail vacancy rate. The current retail vacancy rate for the Business Triangle is 3%.
Source: CoStar*

Several of the more long-standing vacant properties in Beverly Hills have recently signed leases with new retail, restaurant and office tenants. Rodeo Drive is almost entirely leased and Canon and Beverly Drive continue to flourish with new businesses. A sampling of new and anticipated businesses includes:

- **Scoop**, an iconic boutique for men and women, opened a holiday shop at 265 N. Beverly Drive. The store will remain open until early 2013 when it will reopen as the permanent Scoop boutique.
- **D.L. & Co.**, a boutique store that sells candles and specialty gifts, recently opened at 417 N. Beverly Drive.
- **All Saints Spitalfields**, a British men's and women's fashion store, will soon move into 330 N. Beverly Drive.
- **Theory**, a contemporary men's and women's clothing brand, will move into an 8,000 square foot space on Beverly Drive.
- **Alice + Olivia**, a chic women's designer, plans to move onto the 400 block of N. Beverly Drive.

- **Marimekko**, a Finnish textile company, recently opened its first West Coast store at 370 N. Canon Drive.
- **H.O.M.E. (House of Music & Entertainment)**, a premier jazz entertainment venue that serves world class cuisine, recently opened at 430 N. Camden Drive.
- **David Webb**, maker of precious gems and beautiful jewelry pieces, recently opened a store at 9621 Brighton Way.

Following the March 6th presentation to the City Council, the Task Force initiatives were prioritized and several were included in the FY 2012-13 department budgets. Remaining initiatives will be prioritized and incorporated into future fiscal year department budgets and work plans. Initiatives that are in progress or have been completed include:

1. Physical

- Design and Develop a GIS Parking Demand Model – the model will predict how changes in parking supply impact overall parking demand and it is scheduled to be completed in December 2012.
- Parking Facilities Maintenance – the FY 2012-13 capital improvement budget includes over \$6 million dollars for City parking facility rehabilitation and other projects to ensure quality and cleanliness for patrons.
- Conduct Broker Roundtable Meetings – coordinated by the Chamber of Commerce twice annually, these meetings allow dialogue between brokers, Chamber and City representatives to stimulate business growth. The next roundtable meeting is December 6, 2012.

2. Experience

- Revitalize Merchant Associations – as part of their FY 2012-13 work plan, the Chamber is spearheading a Business Improvement District (BID) exploration committee for South Beverly Drive. The City Council allocated \$20,000 to the Chamber for this effort.
- Visitor Experience Programs – the new Visitor Center includes a variety of programs including interactive technology to locate hotels, restaurants, and retail stores and new walking tours that cater to visitor interests.
- Citywide Wayfinding Signage Program – the program will enhance visitors' and locals' ability to navigate the city's commercial areas and find desired destinations including the new Visitor Center. Graphic designs and proposed signage locations have been presented to the Conference and Visitors Bureau for feedback and meetings are being scheduled with the Small Business Task Force and the Rodeo Drive Committee. Once stakeholder input is obtained, designs and locations will be brought to the City Council for review and input in January 2013.

3. Process

- Mayor's Government Efficiency Task Force – recommendations to improve the City's development review process including increasing discretionary review;

restructuring staffing in the Community Development Department; and implementing a 70-day restaurant express permit program.

4. Economics

- Financial incentive initiatives will be developed as department work plans and studied in further detail in FY 2013-14.

5. Local Preference

- Promote Small Business Saturday Program – as part of their FY 2012-13 work plan, the Chamber developed a program in conjunction with the American Express Small Business Saturday Program on November 24, 2012. Program highlights included advertisements in local papers, email blasts, and branded merchandise for small businesses. The City Council allocated \$10,000 to the Chamber for this effort.
- Support Chamber Shop Local Program – the City Council recently allocated \$80,000 in funding to enhance the Chamber's Shop Local Program. Upcoming initiatives include a residential mailing program, promotional collateral, street banners, advertising, social media, and a dedicated website.
- Promote New Businesses at City Council Meetings – the Beverly Hills Brownie Company was the first new business to be recognized at the August 7, 2012 City Council meeting.

FISCAL IMPACT

The City Council approved funding for the small business initiatives through the adoption of the FY 2012-13 operating and capital improvement budgets. Additional initiatives will be presented for City Council consideration, prioritization and adoption as part of the FY 2013-14 budget process.

RECOMMENDATION

It is recommended that the City Council receive and file the update on the Small Business Task Force initiatives.

Mahdi Aluzri
Approved By

Attachment 5



Small Business Task Force Initiatives Progress Report

December 4, 2012



Background

- In July 2011, then Mayor Brucker appointed Councilmember Gold as Chair of new Task Force
- Beginning in August 2011, Task Force evaluated what the City can do to retain and attract small businesses in Beverly Hills
- On March 6, 2012, Task Force's 21 recommendations were presented to City Council
- Initiatives prioritized and several included in FY 2012-13 department budgets
- Quarterly Task Force meetings to provide progress updates



Background

Beverly Hills Retail and Office Data

	2010	Q1 2011	Q3 2012
Retail Vacancy Rate*	14.4%	13.9%	12.8%
Retail Quoted Rate	\$56.68	\$60.84	\$69.11
Office Vacancy Rate	12.9%	15.0%	12.9%
Office Quoted Rate	\$43.65	\$44.03	\$43.42

Source: CoStar

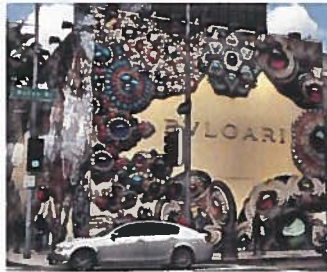
*Citywide retail vacancy rate. The current retail vacancy rate for the Business Triangle is 3%.



New & Future Businesses



Rodeo Drive



N. Beverly Drive - 400 Block


S. Santa Monica Blvd.	
Museum of Television & Radio	465
The Organic Pharmacy	453
Dale Michele	451
St Urban St. Bagels	449
T Mobile	447
Coffee Bean	443
Basic Bites	443
Office (Entrance to Second Floor)	441
The Farm	439
Tom's Toys	437
Sharkey's Mexican Grill	435
Verizon Store	433
Gymboree	423
North Face	421
The Cheese Store	419
DL & Co.	417
Office Entry	415
Planet Blue	409
Club Monaco	401
Brighton Way	W




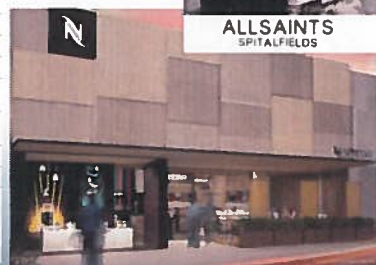
theory




S. Santa Monica Blvd.	
9440	Bank of America 9440 Santa Monica Blvd.
438	Crate & Barrel
428	Starbucks
422	Z Gallerie
424	Aqua Restaurant (Entrance on street level. Restaurant on basement level.)
420	Hanspree
414	Nate 'N Al
406	Future Alice + Olivia
408	Future Theory
404	Aldo
400	Intermix
E	Brighton Way



N. Beverly Drive - 300 Block

<p>Optometrix 375</p> <p>Roots 371</p> <p>L'Occitane 367</p> <p>Nancy Kottes 365</p> <p>Jill Roberts 363</p> <p>Banana Republic 357</p> <p>Geary's 351</p> <p>Parking Structure Elevator/ Lobby 345</p> <p>Williams Sonoma 339</p> <p>City of Beverly Hills Public Parking</p> <p>Adriano Goldschmied 329</p> <p>American Express Travel Services 327</p> <p>Ron Herman 325</p> <p>Lukaro Salon (second level) 323</p> <p>Boulmiche 325</p> <p>Bebe Sport 319</p> <p>Beverly Hills Brownie Company 315</p> <p>Robins Jeans 313</p> <p>Vosges- Haut Chocolat 311</p> <p>Optical Fashion Center 309</p> <p>Il Fornaio 301</p>	 	<p>370 Gap</p> <p>364 Cheesecake Factory</p> <p>358 Jurlique</p> <p>356 Sunglass Hut</p> <p>354 Taschen Books</p> <p>352 A Pea in the Pod</p> <p>350 Beverly Hills Beauty Center</p> <p>348 Christophe</p> <p>346 Perrin Paris</p> <p>344 Donald Gruenberg Jewelry</p> <p>342 Jack N Jill's</p> <p>340 Gallery</p> <p>338 Marie Chantal</p> <p>334 Lululemon</p> <p>332 Scandia Down</p> <p>330 Future All Saints Spitalfields</p> <p>320 Future Nespresso</p> <p>316 Levi's Store</p> <p>314 Jigsaw</p> <p>312 Tutu's Kids</p> <p>310 HMX</p> <p>308 Leon's</p> <p>300 Pottery Barn</p>
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N. Beverly Drive - 200 Block




Dayton Way

Retail space beneath MGM Office Headquarters which occupies upper floors.

Future Scoop at the corner of Beverly Drive and Dayton Way and Future Hakasan restaurant just south of the MGM entrance.

Office Building

Wilshire Blvd.

Dayton Way

270 **Future Pei Wei Restaurant**

268 Vacant

266 Rodeo Realty

262 Vacant

260 **Yojisan Sushi**

258 Nat Wise by Anto

256 La Valencia (Estate Jewelry, Antiques, Timepieces)

252 **Future Flemings Restaurant.**

246 Former Belwood Bakery Café

244 Available

242 Former Joya restaurant

Montage Beverly Hills
Judy Lee

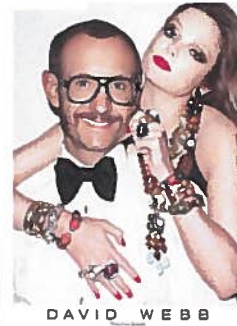
Wilshire Blvd.



Other New Businesses



monsieurmarcel
gourmet market & restaurant
www.monsieurmarcel.com



Task Force Initiatives Update



Physical

Design and Develop GIS Parking Demand Model

- To predict how changes in parking supply impact overall parking demand
- Model to be completed in December 2012

Parking Facilities Maintenance

- FY 2012-13 capital funding for ongoing maintenance of City's parking structures



Physical

Conduct Broker Roundtable Meetings

- Coordinated by Chamber of Commerce twice annually to allow dialogue between brokers, the Chamber and City representatives to stimulate business growth
- Next roundtable meeting scheduled for December 6, 2012





Experience

Revitalize Merchant Associations

- Chamber is spearheading a Business Improvement District (BID) exploration committee for South Beverly Drive



Visitor Experience Programs

- New Visitor Center at 9400 Santa Monica Blvd.
 - Interactive technology
 - New customized walking tours



Experience

Citywide Wayfinding Program

- Scope of work finalized and design consultant hired
 - Enhance visitors' and locals' ability to navigate the City's commercial areas and find desired destinations
 - Direct individuals to the Visitor Center and other key points of interest in City's business triangle

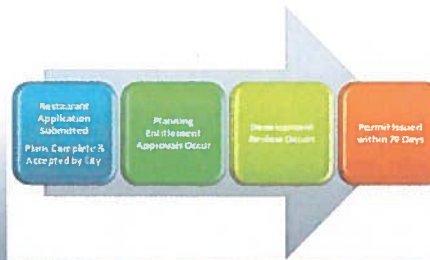




Process

Mayor's Government Efficiency Task Force

- Recommendations to improve development review process
 - Increase discretionary review
 - Restructure Community Development Department staffing
 - 70-day Restaurant Express Permit Program



Local Preference

Promote Small Business Saturday Nov. 24th

- City Council allocated \$10,000 to Chamber to develop program, in conjunction with American Express
- Program included advertisements in local papers, email blasts, and branded merchandise for small businesses



Support Chamber Shop Local Program

- City Council allocated funding to enhance program
- Upcoming initiatives include street banners, mailers, advertising, and dedicated website



Promote New Businesses

- Beverly Hills Brownie Co. recognized at August 7th Council meeting



Questions?

Attachment 6

CITY OF
BEVERLY
HILLS

COST OF DOING BUSINESS REPORT

COMPARATIVE ANALYSIS: CITY OF BEVERLY HILLS VS. NEIGHBORING CITIES



| Angie Molina – NUF 2012

This report compares the City of Beverly Hills to its surrounding cities, in an effort to examine the perception of a higher “cost of doing business” within the City. Furthermore, the report examines various business costs (ex. parking tax, sales tax, utility tax, etc.), while highlighting exclusive benefits associated with doing business in Beverly Hills.

Profile of the City of Beverly Hills

In 1914 the City of Beverly Hills was incorporated under the general laws of California. Since its inception, it's been known as an affluent and reputable city, representing a long-established residential community and commercial center. Located approximately 10 miles west of the Los Angeles City Hall, it occupies a land area of approximately 5.7 square miles and serves a residential population of approximately 34,210. The City estimates that it serves approximately 100,000 to 150,000 persons during the day. Throughout history the City has been at the forefront of the entertainment and luxury retail industry, establishing itself as the epicenter of high-end luxury commodities and lifestyle. Today, although the city continues to represent a world-class brand, it finds itself competing for new business opportunities from neighboring cities: The city of Los Angeles and West Hollywood to the east, the City of Santa Monica to the west and the City of Culver City to the South.

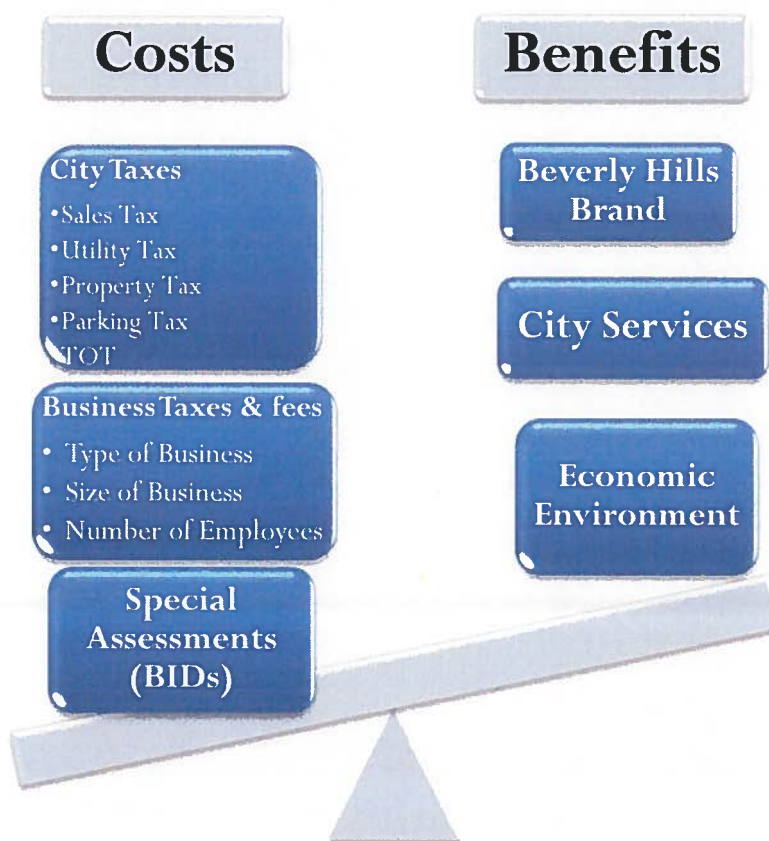
As an ongoing effort to welcome new businesses to the Beverly Hills community, this report provides a business cost comparison amongst Beverly Hills and its neighboring cities (Santa Monica, Los Angeles, Culver City, and West Hollywood) as it relates to business taxes, city taxes and special assessments, as well as highlighting the many *benefits* that exists when establishing a business in Beverly Hills.



Costs and Benefits

When deciding where to place your business, analyzing city costs and benefits play a determining role. As both of these factors are considered, the City of Beverly Hills not only offers a competitive tax structure, but also some of the most notable incentives to business owners. It is these benefits that enhance and attract business to the city of Beverly Hills, resulting in good business sense

- **“Costs”** are expenses related to all aspects of a business operation, which are imposed by the City in the form of a tax. For example, water and electricity are essential resources to the operations of a business; therefore, in order to provide and administer these services, local governments impose a tax on the amount of usage through a utility tax.
- **“Benefits”** are related to the economic prosperity and climate that can exist within the City. These benefits, which can include city services and business services, such as the Chamber, can create a business friendly environment where new business can prosper and succeed.



Benefits of Beverly Hills

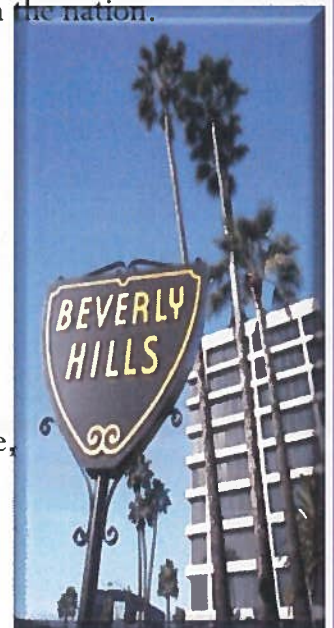
- **Brand recognition.** The exclusive Beverly Hills brand, known for fashion, luxury retail and a premier lifestyle, is one that carries over into all of the businesses and residents that call Beverly Hills their home. As many successful businesses can attest, such as Sprinkles and California Pizza Kitchen, the Beverly Hills brand was a major contributor to their immediate recognition, which assisted in sales and marketing exposure.
- **Economic Strength.** The economic prosperity experienced by the City of Beverly Hills can be attributed to its residents, the adjacent wealthy communities and well-to-do visitors, which provide a strong and concentrated customer base.
- **City Services.** The City has some of the most sophisticated and top of the line services for any city in the nation, including:



- **The City's highly-trained Police Department** has a response time of less than 2.6 minutes, making Beverly Hills one of the safest small cities in America.
- **The Beverly Hills Fire Department** is proud to be one of only a few departments in the nation that carries the elite distinction of being rated a "Class 1" department by the Insurance Services Office.
- **Emergency Management Division.** The City has one of the most sophisticated emergency preparedness and response systems in the nation.
- **Daily Street cleaning** and consistent sidewalk maintenance.
- **Environmentally Friendly**
 - * Beverly Hills proudly maintains the integrity of the City's landscape heritage; it has been recognized once again as a "[Tree City USA](#)" community by the [Arbor Day Foundation](#).
 - * The Open Space Element is the principal guide for the maintenance and conservation of natural resources, open space, and recreation and park lands in the City of Beverly Hills.



- **Beverly Hills Chamber of Commerce**
- **Conference and Visitor's Bureau (CVB)**



City Taxes

This report analyzes city taxes by comparing Sales, Business (retail), Property, Parking, TOT and Utility taxes (electricity, water and waste water) of selected cities.

Categories & Definitions

- ❖ **Utility Tax (UUT):** Electricity, gas, water, and telecommunications services provided to both residential and business users are subject to local utility user tax. (Not charged in Beverly Hills and West Hollywood)
- ❖ **Sales Tax:** Sales tax is a retail point-of-purchase tax imposed by state and local governments that is paid by the purchaser for goods and services. Small business owners are required to assess sales tax, collect it and pass it on to the appropriate authorities within the prescribed time. As of July 1, 2011 the statewide sales tax rate is 8.25%.
- ❖ **Transient Occupancy Tax (TOT):** This is charged in California when occupying a room or rooms or other living space in a hotel, inn, tourist home or house, motel or other lodging unless the stay is for a period of 31 days or more.
- ❖ **Property Tax:** Property Tax is assessed and administered by Los Angeles County. All county property owners pay 1% general property tax, along with special or direct assessments levied by their municipalities.
- ❖ **Parking Tax:** The tax rate is currently 10% of the total parking fee charged by any parking facility operator. (Not charged in Beverly Hills , Culver City and West Hollywood)
- ❖ **Business Tax:** All Businesses are required to obtain a business tax certificate (also known as a business license) located within the City in which they are located or doing business therein. Most cities require the license within 30 days of starting business.
- ❖ **Business Improvement District (BID):** is a defined area within which businesses pay an additional tax or fee in order to fund improvements within the district's boundaries.

*"Taxes are what we pay for civilized society." — Oliver Wendell Holmes, Jr.,
U.S. Supreme Court Justice*

Composed of a variety of industry clusters, such as the entertainment industry, tourism, finance, professional services and retail, the business communities in Beverly Hills can benefit largely from the taxes that the City *does not* impose, such as utility and parking taxes. In contrast, Culver City imposes the highest utility tax rate at 11%, followed by Santa Monica and Los Angeles at 10%. Although West Hollywood and Culver City also do not impose a parking tax, Los Angeles and Santa Monica impose a parking tax at 10%. Certain tax rates that could be considered to be high, such as TOT at 14%, are shared equally in Beverly Hills as well as in Los Angeles and Santa Monica. Figure 1:1 provides the comparison of the cities that have the highest and the lowest taxes.

As a no/low property tax city, Beverly Hills does not levy its own municipal property tax. The allocation from the County on Beverly Hills 1.09% (Est. Ad valorem). Although property taxes are assessed and collected by Los Angeles County, rates are lowest in Culver City at 1.06%, followed by Beverly Hills at 1.09%, highest is Los Angeles at 1.22%. The sales

<i>Figure 1:1 City Taxes - Highest vs. Lowest</i>				
	Highest		Lowest	
	City	Rate	City	Rate
Business Tax*	LA	\$ 1.27	WH	\$ 0.48
Sales Tax	SM	9.25%	ALL OTHER	8.75%
TOT	LA/BH/SM	14%	WH	11.50%
Parking Tax	LA/SM	10%	BH/CC/WH	N/A
Property Tax	LA	1.22%	CC	1.06%
Utility Taxes				
Electricity	CC	11%	BH/WH	N/A
Water	CC	11%	BH/WH	N/A
Waste water	CC	11%	BH/WH	N/A

tax rates are at 8.75% for all cities, except for Santa Monica which has the highest rate at 9.25%. Business taxes (for retail) are highest in Los Angeles at \$1.27 per 1,000 gross receipts, which could be considered significantly higher than in West Hollywood at \$.048, per \$1,000 gross receipts. Beverly Hills stands at the average rate of \$1.25 per \$1,000 in gross receipts with Culver City, followed by Santa Monica at \$1.00. Tax exemptions are provided by Los Angeles, Santa Monica and Culver City for the elderly, disabled and low income that meet the City's low income requirement.

Figure 1:2 City Tax Comparisons of Beverly Hills and the neighboring cities.

City Taxes Comparison					
Tax categories	Beverly Hills	Los Angeles(1)	Santa Monica(1)	Culver City(1)	West Hollywood
Tax Rates					
Business License Tax(2)	\$1.25	\$1.27	\$1.00	\$1.25	\$0.48
Sales Tax	8.75%	8.75%	9.25%	8.75%	8.75%
TOT	14%	14%	14%	12%	11.50%
Parking Tax	\$ -	10%	10%	0%	0%
Electricity(3)	\$ -	10%	10%	11%	\$ -
Water(3)	\$ -	10%	10%	11%	\$ -
Waste water(3)	\$ -	10%	10%	11%	\$ -
Property Tax Rate (Est.Ad Valorem)(4)	1.09%	1.22%	1.11%	1.06%	1.18%

Highest rates for each category highlighted in red.

(1) All Rate Exemptions: Elderly, disabled and low income who meet the City's low income requirement

(2) Business Tax rate comparison is based on gross receipts for the retail business tax classification.

(3) The tax imposed by this section shall be at the rate indicated by each city of the charges for such utility (energy, water, waste water).

(4) Rates are based on the highest tax rate for the assessed value of homes in each city. All county property owners pay 1% general property tax, along with special or direct assessments levied by their municipalities. Property Taxes are administered by the County of Los Angeles. The 1% General County Tax (ad valorem) was established with the passage of Proposition 13. The General levy of 1% is distributed among agencies in the County on a county-wide basis; and the amount of the distribution changes each year based on increases or decreases in assessed value. The countywide average of all tax rates is 1.16%, or \$11.60 for every \$1,000 of assessed value.

Source: <http://www.latimes.com/news/local/la-me-city-property-tax-table,0,2603475.htmlstory>

Business License Tax

For the City of Beverly Hills, the business license tax revenue is primarily generated by commercial building operators, medical offices, hotels and personal service businesses. This is somewhat different to the neighboring cities, as only Los Angeles and Santa Monica also count with a high concentration of commercial buildings and hotel operations.

Beverly Hills requires all businesses operating in Beverly Hills to register their business and obtain a valid registration certificate from the Department of Finance Administration.

Business Tax Classification System ~ Categories & Definitions

The Business tax Classification System separates businesses into categories based on business activities. Businesses may fall in to one or many classification depending on their business types and the activities they conduct in the City.

Figure 2:1 Business license tax structure of

Beverly Hills and neighboring cities

Main Business classifications in Beverly Hills

- ❖ **Retail Sales:** Typically any business activity where the business sells goods, wares, merchandise, etc. at retail.
- ❖ **Personal Service:** Personal services, such as hotels, spas, beauty salons, dry cleaners, repairs, rentals, etc. This covers all service related business not otherwise classified by the City.
- ❖ **Professionals:** Businesses providing professional type services such as doctors, lawyers, and accountants. Typically includes any business where a professional license is issued and regulated by the state.
- ❖ **Commercial Property Rental:** The Commercial Property Rental classification are those that rent, lease, sublet, etc. non-residential property including raw land, buildings, office space, billboards, parking lots, or any part thereof.



- ❖ **General Business:** This is a “catch all” classification. Businesses structures and activities change over time and tax codes typically do not. This provides a safety net for cities when businesses change or when a unique business activity is conducted by a newly established business.

Business Tax Methodologies

- ❖ **Gross receipts.** Gross receipts are typically defined as the total revenue generated by a business before any deductions, allowances, and discounts. For a retail establishment, gross receipts are the total of all sales. Gross receipts for a service or professional based business are the total amount charged and received for services performed.
- ❖ **Employee Tax.** This is based on the annual employees count. To calculate this, the total number of hours worked during the year is calculated for all employees and divided that number by 2,080 (40 hours per week x 52 weeks). The final number is rounded to the nearest whole number to produce the total number of employees for a business in a given year.
- ❖ **Operational Cost.** Expenses incurred in the operation of a business. Operating Costs include the following: Contracted Services, Mortgage Payments, Employee Benefits, Rent, Equipment, Utilities, Lease Payments, and Wages.

Figure 2:2 Business license tax structure for all tax classifications

BUSINESS TAX CLASSIFICATION	BEVERLY HILLS (BH)	LOS ANGELES (LA)	CULVER CITY (CC)	SANTA MONICA (SM)	WEST HOLLYWOOD (WH)
General Office	Number of Employee	Gross Receipts	Gross Receipts	Gross Receipts	Operating Cost
Professional Office	Number of Employees	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Retail	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Wholesale	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Manufacturing	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Personal Service	Number of Employee	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Commercial Property Rental	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts
Residential Property Rental	Gross Receipts	Gross Receipts	Gross Receipts	Gross Receipts	Exempt

Due to the unique structure of Beverly Hill's business license tax structure, a straightforward comparison of the business license tax rates for Beverly Hills and its neighboring cities has to be done very carefully and with a clear understanding that the tax classifications of gross receipts vs. number of employees indicates very different ways of determining the cost that businesses pay depending on their business classification.

Because of this, it can be said that the business tax classification of General office/Business Services, Personal Services and Professional Office are not a true 'apples to apples' comparisons, when comparing these categories in Beverly Hills to its neighboring cities.

For the purposes of this report, and in order to get a 'realistic' comparison, when comparing business taxes, a business with a gross receipt of \$10M with an employee base of 20 employees is used as an example.

Figure 2:3 Business Tax Rate Comparisons - Highest vs. Lowest (per \$1,000 gross receipts*)				
	City	Highest Rate	City	Lowest Rate
General Office/Bus.Svcs.* Tax based on \$10M gross receipts or 20 employees	LA	\$5.07 \$50,700	WH	\$0.96 \$9,600
Personal Service* Tax based on \$10M gross receipts or 20 employees	LA	\$3.56 \$35,600	BH	\$238.76** \$2,214.76
Retail Tax based on \$10M gross receipts	LA	\$1.27 \$12,700	WH	\$0.48 \$4,800
Wholesale Tax based on \$10M gross receipts	BH/SM	\$1.25 \$12,500	WH	\$0.48 \$4,800
Manufacturing Tax based on \$10M gross receipts	LA	\$3.70 \$46,250	WH	\$0.96 \$9,600
Professional Office* Tax based on \$10M gross receipts or 20 employees	BH	\$1,322.90** \$9,544	CC	\$ 1.00 \$10,000
Residential Property Rental Tax based on \$10M gross receipts	BH	\$12.00 \$120,000	WH	N/A \$0
Commercial Property Rental Tax based on \$10M gross receipts	BH	\$23.50 \$235,000	CC	\$1.00 \$10,000

Unique to Beverly Hills is the business license tax structure of 'Number of Employees,' for the business classifications of General Office/Business Services, Personal Services and Professional Office. Based on the number of employees that each business has, and not on their gross receipts, this tax structure provides attractive incentives to certain industries that fall within these tax classifications and count with a small employee base.

Figure 2:4 City of Beverly Hills Business License Tax structure

General Office/ Bus. Svcs. (Class A/Group IV)	<i>Number of Employees--</i> * Base Tax and first 2,080 hours of employee payroll.....\$238.76 * Each additional hour of employee payroll... 0.05
Personal Service (Class A/Group III)	<i>Number of Employees--</i> * Base Tax and first 2,080 hours of employee payroll...\$238.76 * Each additional hour of employee payroll...0.05
Retail (Class B/Group I)	<i>Gross Receipts--</i> * Minimum..... \$75.00 * \$1.25 per \$1,000 of gross receipts over \$60,000
Wholesale (Class B/Group I)	<i>Gross Receipts--</i> * Minimum.....\$75.00 * \$1.25 per \$1,000 of gross receipts over \$60,000
Manufacturing (Class B/Group I)	<i>Gross Receipts--</i> * Minimum.....\$75.00 * \$1.25 per \$1,000 of gross receipts over \$60,000
Professional Office (Class C/Group V)	<i>Number of Employees--</i> * Base and first 2,080 hours of professional payroll or billed hours...\$1,322.90 * Each additional hour of professional/semi-professional payroll or billed hours.....0.63606 * Each hour of non-professional employee payroll...0.12778
Residential Property Rental (Class E)	<i>Gross Receipts--</i> * 12.00 each \$1,000 of gross receipts
Commercial Property Rental (Class F/Group VI)	<i>Gross Receipts--</i> * \$23.50 each per \$1,000 of gross receipts

Based on the City's 2008 Economic Summary, the top industries in the City of Beverly Hills are tourism, luxury retail, entertainment, finance, real estate, professional services and information technology. These industries particularly benefit not only from the City's tax structure, but also from the substantial loyalty to the Beverly Hills brands and the high spending power that the City's high-income residents, tourists and workers enjoy.

Figure 2:5 Business License Tax Comparison by City (Per \$1,000 gross receipts)

Business License Tax Classification	BEVERLY HILLS(1)	CULVER CITY(2)	LOS ANGELES(3)	SANTA MONICA(4)	WEST HOLLYWOOD(5)
General Office/Bus.Svcs (Class A/Group IV)(1a)	Employee tax \$238.76 (base tax)(1b)	\$3.00	\$5.07	1.25(4a) \$75 min tax	\$0.96(5a) \$72.00 min tax
Personal Service (Class A/Group III)(1a)	Employee tax \$238.76 (base tax)(1b)	\$1.00	\$3.56	\$3.00(4b)	\$0.96(5a) \$72.00 min tax
Retail (Class B/Group I)	\$1.25(1d) \$75 min tax	\$1.00	\$1.27	1.25(4a) \$75 min tax	\$0.48(5b) \$24.00 min tax
Wholesale (Class B/Group I)	\$1.25(1d) \$75 min tax	\$1.00	\$1.01	1.25(4a) \$75 min tax	\$0.48(5b) \$24.00 min tax
Manufacturing (Class B/Group I)	\$1.25(1d) \$75 min tax	\$1.00	\$1.01	1.25(4a) \$75 min tax	\$0.48(5b) \$24.00 min tax
Professional Office (Class C/Group V)(1a)	Employee tax \$1,322.90 (base tax)(1c)	\$3.00	\$5.07	\$5.00(4c)	\$1.44(5a) \$72.00 min tax
Residential Property (Class E)	\$12.00	\$3.00	\$2.55	1.25(4a) \$75 min tax	N/A
Commercial Property (Class F/Group V)	\$23.50	\$1.00	\$1.27	\$1.25	\$1.44(5b) \$48.00 min tax
New Business License	\$16.21	\$70	n/a	\$26.50	\$25
Renewal Business License	\$7.15	\$65	n/a	Renewal depends on Gross receipts (4d)	\$25

BUSINESS LICENSE TAX NOTES

A business tax certificate is required whether the business actually makes a profit or not. Independent contractors must obtain a business tax certificate. Non-profit organizations are required to obtain a business tax certificate but are exempted from paying business tax on those activities for which they have I.R.S. proof of tax exemption.

BEVERLY HILLS (1) (1a) Beverly Hills rates for General office, Personal service and Professional services are calculated by number of employees. All other rates are based on gross receipts. (b) Classification A - Business Services: Base Tax and first 2,080 hours of employee payroll is \$238.7. Each additional hour of employee payroll is 0.05. (c) Classification C - Professionals: Base and first 2,080 hours of professional payroll or billed hours is \$1,322.90. Each additional hour of professional/semiprofessional payroll or billed hours is \$.6306. Each hour of non-professional employee payroll is 0.12778. (d) Retail, Wholesale and Manufacturing have a min.tax of \$75.

CULVER CITY (2) The only entities exempt from a bus. tax certificate are homeowner associations and employees of a business.

LOS ANGELES (3) A Small Business shall mean any person whose total taxable and nontaxable gross receipts from within and without the City do not exceed \$100,000.00 on July 1, 2006. LAMC Section 21.30 provides an exemption for a brand new business that is started in the City of Los Angeles or an existing business from outside the City of Los Angeles that relocates into the City. A brand new business or a business that relocates from outside the City is exempt from paying the first year business tax provided the business obtains the Tax Registration Certificate from the City by the end of the second calendar month of the business start date.

SANTA MONICA (4) Businesses located in Santa Monica whose world-wide gross receipts do not exceed \$40,000 are exempt from business tax. (a) \$75 base fee + \$1.25 per \$1,000 of gross receipts in excess of \$60,000. (a) \$75 base fee + \$1.25 per \$1,000 of gross receipts in excess of \$60,000 (b) Services: \$75 base fee + \$3.00 per each \$1,000 in gross receipts. (c) Professionals: \$75 base fee + \$5.00 per each \$1,000 in gross receipts. (d) Renewal: Minimum Amount Due (based on gross receipts declaration at renewal): Commercial location: \$308.62 if GR less than \$40,000/383.62+ if GR more than \$40,000. Residential location: \$60.91 if GR less than \$40,000 / \$135.91+ if GR more than \$40k.

WEST HOLLYWOOD (5) New Businesses: After payment of the initial fee of \$25, the first 12 months of business operations are exempted from the Business Tax with exception to the minimum tax. The second 12 months of business operations are taxed at one-half (50%) of the normal rate. (a) General Office, Personal Services and professional office has a minimum fee of \$72 (b) Retail, Wholesale and Manufacturing and Commercial property have a minimum tax of \$48.

As mentioned earlier, the tax methodology of 'number of employees' provides a distinctive structure of calculating the business taxes, because once the number of employees and the number of hours are calculated for a business, the business tax amount will stay fixed regardless of the gross receipts.

The following charts provide the rates (per \$1,000 gross receipts) that each city currently has for the tax classification of General Office, Retail, Personal Service and Professional Office. The comparisons show the amount that a business in each of these categories would pay in business taxes based on gross receipts of \$60k, \$500k, \$1M or \$10M. These amounts were selected with the criteria that \$60k is the minimum amount that the City of Beverly Hills requires to impose a business license tax, and \$500k - \$10M provide a range of gross receipts that small business can have. The Small Business Administration (SBA) stipulates that a business can report \$7 million in average annual receipts to be considered a small business.

Summary of Size Standards by Industry

Size guidelines define the maximum size that a firm (including its affiliates) can be to qualify as a small business for most SBA programs.

Size standards usually are a measure of a business's number of employees or its average annual receipts.

Based on those criteria, the SBA has established the following common standards for a small business, depending on its North American Industry Classification System (NAICS) code:

- 500 employees for most manufacturing and mining industries, and
- \$7 million in average annual receipts for most non-manufacturing industries.

There are many exceptions, but these are the primary size standards for most industries. For complete information on size standards, see the SBA's Small Business Size Regulations ([13 CFR Part 121](#)) or the [Table of Small Business Size Standards](#).

<http://www.sba.gov/content/summary-size-standards-industry>

Although the *perception* of having a high cost of doing business is sometimes attributed to the City of Beverly Hills, the charts below demonstrate a different view when it comes to business tax rates and costs, specifically highlighting a business with gross receipts of \$10M and 20 employees.

When the rates and gross receipts are compared, it is easy to see that the city of Los Angeles has a significantly higher business license tax at \$50,700 vs. \$2,214.76 (with an assumption that the business in Beverly Hills has 20 employees) for a General Office business.

This could be considered as advantages that the City of Beverly Hills offers to businesses that fall within the 'number of employees' classification such as General Office and Personal Services. Under these categories, a business with a small employee base and with gross receipts of a minimum of \$1M can usually benefit greatly from this structure.

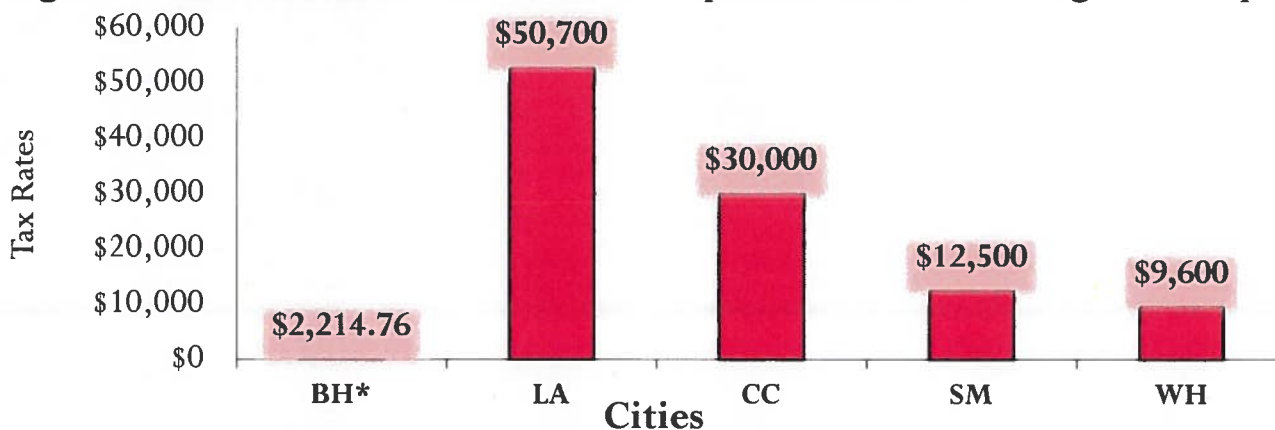
Figure 2:6 General Office - business tax cost comparison based on gross receipts

General Offices (based on gross receipts)					
Cities	\$1,000	\$60,000	\$500k	\$1M	\$10M
BH*	\$2,214.76	\$2,214.76	\$2,214.76	\$2,214.76	\$2,214.76
LA	\$5.07	\$304	\$2,535	\$5,070	\$50,700
CC	\$3.00	\$180	\$1,500	\$3,000	\$30,000
SM	\$1.25	\$75	\$625	\$1,250	\$12,500
WH	\$0.96	\$58	\$480	\$960	\$9,600

Rates are per \$1,000 in gross receipts. * BH rates are based on number of employees/ 20 employees

→ Lowest
→ Highest

Figure 2:7 General Office - business tax comparison based on \$10M gross receipts



* BH rates are based on number of employees/ 20 employees

Figure 2:8 Retail - business tax comparison based on gross receipts

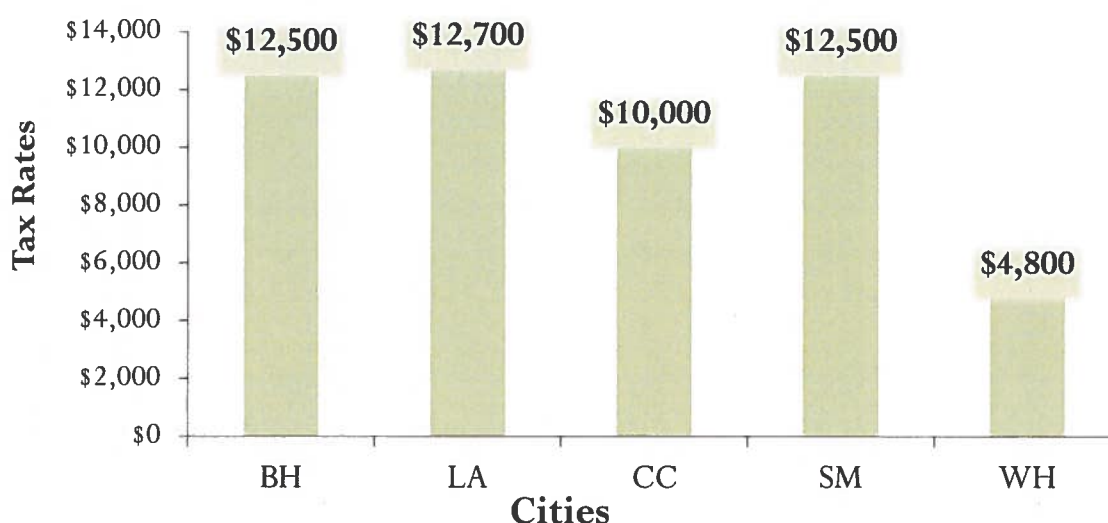
<u>Cities</u>	Retail (Gross receipts)				
	<u>\$1,000</u>	<u>\$60,000</u>	<u>\$500,000</u>	<u>\$1M</u>	<u>\$10M</u>
BH	\$1.25	\$75	\$625	\$1,250	\$12,500
LA	\$1.27	\$76	\$635	\$1,270	\$12,700
CC	\$1.00	\$60	\$500	\$1,000	\$10,000
SM	\$1.25	\$75	\$625	\$1,250	\$12,500
WH	\$0.48	\$29	\$240	\$480	\$4,800

→ Highest

→ Lowest

Rates are per \$1,000 in gross receipts.

Figure 2:9 Retail - business tax comparison based on \$10M gross receipts



The retail industry, being one of the most prominent revenue generators, is also very competitive in Beverly Hills when comparing business license tax rates with neighboring cities. The city of Los Angeles shows to have the highest rate at \$1.27 per \$1,000 gross receipts vs. West Hollywood at \$0.48 per \$1,000 gross receipts. For the retail and wholesale industry, Santa Monica and Beverly Hills share the same rate of \$1.25 per \$1,000 gross receipts.

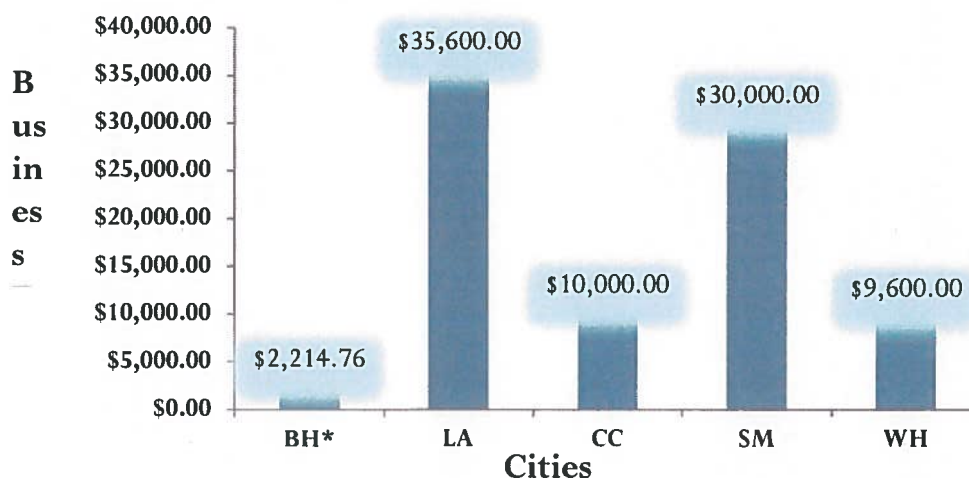
With this competitiveness, it is no wonder that many of the high-end luxury retail choose to come to Beverly Hills. The incomparable shopping experience of an outdoor village, the earning power of the City's residents and employment base, the luxurious hotels and the personal services, provide a perfect combination for the retail industries as a whole.

Figure 2:10 – Personal Services - business tax comparison based on gross receipts

CITIES	Personal Services (Gross receipts)				
	\$1,000	\$60,000	\$500,000	\$1M	\$10M
BH*	\$2,214.76	\$2,214.76	\$2,214.76	\$2,214.76	\$2,214.76 → Lowest
LA	\$3.56	\$213.60	\$1,780.00	\$3,560.00	\$35,600.00 → Highest
CC	\$1.00	\$60.00	\$500.00	\$1,000.00	\$10,000.00
SM	\$3.00	\$180.00	\$1,500.00	\$3,000.00	\$30,000.00
WH	\$0.96	\$57.60	\$480.00	\$960.00	\$9,600.00

Rates are per \$1,000 in gross receipts. * BH rates are based on number of employees/ 20 employees

Figure 2:11 – Personal Services - business tax comparison based on \$10M gross receipts.



As noted on the comparative charts for the Personal Services industries, Beverly Hills again proves to be a very cost effective and a friendly city to do business in. Business grossing over \$1M and above can benefit from the significant reduction in the cost of business taxes (considering that the business has 20 employees or less). The Tourism and Luxury Services that the City of Beverly Hills embraces, such as hotels, personal care services, limousine services and full service restaurants is one of the strongest and most important revenue generators for the City.

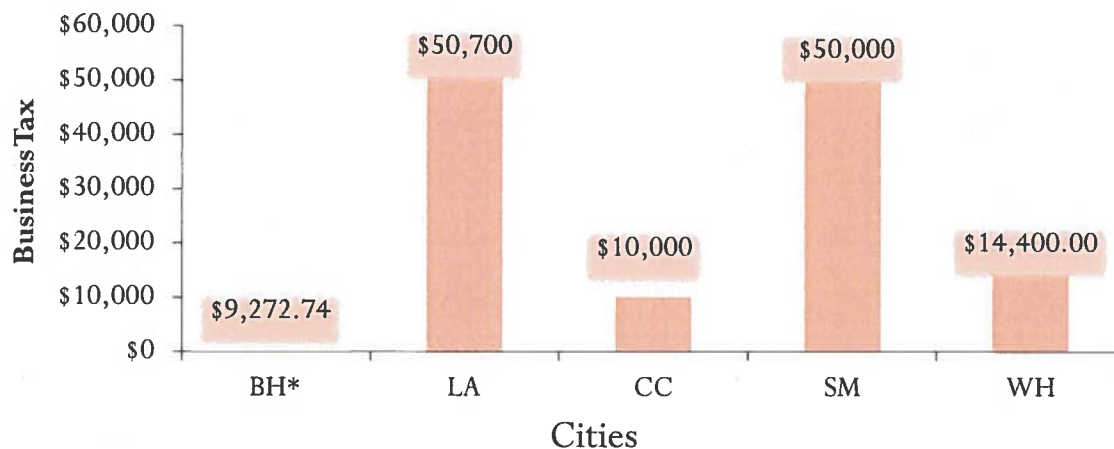
Figure 2:12 – Professional Office - business tax comparison based on gross receipts

Professional Offices (Based on gross receipts)					
Cities	\$1,000.00	\$60,000	\$500,000	\$1M	\$10M
BH*	\$9,272.74	\$9,544	\$9,544	\$9,544	\$9,544
LA	\$5.07	\$304	\$2,535	\$5,070	\$50,700
CC	\$1.00	\$60	\$500	\$1,000	\$10,000
SM	\$5.00	\$300	\$2,500	\$5,000	\$50,000
WH	\$1.44	\$86	\$720	\$1,440	\$14,400

Rates are per \$1,000 in gross receipts. * BH rates are based on number of employees/ 20 employees

→ **Lowest**
→ **Highest**

Figure 2:13 – Professional Office - business tax comparison based on \$10M gross receipts



The 'Professional office' business tax classification has proven to be one of the most attractive business tax structures to businesses such as medical offices and law firms. Although the base tax is considerably higher compared to that of the neighboring cities, at a base rate of \$1,322.90, a professional office will pay substantially less in business taxes if the business has a small employee base and reports a minimum of \$10M in gross receipts in Beverly Hills.

Figure 2:13 provides a graph with the cost comparison of the business taxes paid by a professional office paying \$10M in gross receipts, with the assumption that there are 20 employees, 4 professional and 16 non-professionals. With this assumption, Beverly Hills has the most favorable business tax rate at \$9,544.43, in comparison to its neighboring cities; \$10,000 for Culver City, \$50,700 for Los Angeles, \$50,000 for Santa Monica and \$14,400

for West Hollywood. While the business tax for all other cities increase based on the gross receipts, the business tax for Beverly Hills remains the same. Additionally, the Professional Offices category provides a different base tax and 'per additional hour' rate for each professional and non-professional employee. This indicates that depending on the number of professionals and non-professionals, as well as the number of full time employees the rates can change significantly.

Lastly, for purposed of comparing rates with the neighboring cities, it should be noted that when comparing the classifications of general office, personal services and professional office, strictly based on gross receipts and not on number of employees, the city of Los Angeles holds the highest rates for all three classifications.

Number of Employees - Tax Calculations Sample Calculation for 20 Employees

Figures 2:14 and 2:15 provide examples of the process and calculations done to establish the full business tax cost for **General offices and Personal Services** (Figure 2:14) and for **Professional Offices** (Figure 2:15).

Figure 2:14 General Office & Personal Services calculation of business taxes for 'Number of Employees' based on the following criteria:

General Office & Personal Services	
Gross Receipts	\$10M
Employees	20
Base tax and 2,080 hours	\$238.76
Each additional hour of employee payroll	0.05
2,080 hours * .05 for every each employee	\$104.00
Total Employee tax: $\\$238.76 + 19(\\$104.00)$	\$2,214.76

General Offices & Personal Services			
# of Employees	Base Tax & Hours	Half Hour Rate per Employee *	Total Employee Tax
20	\$238.76	\$104.00	\$2,214.76

*Tax rate is based on \$.05 per hour for each full time employee. This is equivalent to \$104 per year for each full time employee (40 hrs. x 52 weeks = 2080 hrs.) x .05 = 104.

→ The total business tax based on 'number of employees' is calculated as follows:

$$\$238.76 + 19(\$104.00) = \$2,214.76$$

Figure 2:15 Professional Office - calculation of business taxes for 'Number of Employees' is based on the following criteria:

Professional Office	
Gross Receipts	\$10M
Employees total	20
4 - Professional , 16 - nonprofessional	10-May
Base tax and 2,080 hours of professional payroll or billed hours	\$1,322.90
Each additional hour of professional/semi-professional payroll or billed hrs.	0.63606
Each hour of non-professional employee payroll	\$0.12778
Rate of professional/semi-professional per year per professional employee	\$1,323.00
Rate of nonprofessional per year per nonprofessional employee	\$265.78
Employee Tax for 4 professionals	\$3,969.01
Employee tax for 16 nonprofessionals	\$4,252.52
Total business employee tax (\$1,322.90+3(\$3,969.01)+16(\$4,252.52))	\$9,544.43

Professional Offices - Employee tax calculation for full time employees					
# of Prof. Emp.	Base Tax rate Professional Emp.	Prof. Emp. rate per year/per employee	# Non-Prof Emp.	Non-Professional Emp. rate per year/per employee	Total Employee Tax
4	\$1,322.90	\$1,323.0048	16	265.7824	\$9,544.43

*Tax rate is based on \$.6306 per hour for each professional/semi-professional employee, and \$.12 for each non-professional employee. This is equivalent to \$1,323 per year for each professional full time employee and \$265.78 per year for each full time nonprofessional employee.

→ The total business tax based on 'number of employees' is calculated as follows:
 $(\$1,322.90 + 3(\$3,969.01) + 16(\$4,252.52)) = \$9,544.43$

Based on the 2006 report on the City of Beverly Hills, 'Sharpening the competitive edge', 87% of Beverly Hills employers have 10 or fewer employees has a large number of small businesses and self-employed individuals who produce not only business tax revenue but also spending capacity.

Special Assessments (BIDs)

For the purposes of this report the special assessments studied were of the additional fees that city's assess for Merchants Associations or Business Improvement Districts (BIDs) located in each city. As defined earlier, a BID is a defined area within which businesses pay additional taxes or fees in order to fund improvements or services within the district's boundaries.

The City of Los Angeles is at the top with approximately 38 BIDs, which all have different formulas and specifications to calculate the fees that each business needs to pay. Big cities, such as Los Angeles, approve various special assessments for public improvements on a variety of factors, such as a business parking structure or to cover the costs of special events held in that district. Normally, fees for BIDs are calculated on an annual basis and are based on the business taxes that the business pays, or on a set calculated amount. These are imposed in order to cover costs such as the maintenance and marketing of the business community, and/or the events and programs that are hosted by the BIDs to continue to draw attention from new and existing customers.

The City of Beverly Hills only has the Rodeo Drive merchant association, which is a voluntary association and only businesses located on Rodeo Drive are qualified to be members. Santa Monica has approximately eight BIDs, which range in fees from \$1,000 annually to higher costs depending on the gross receipts of the business or the zone in which is located (See Figure 3:1 for all fees). These include the Main Street BID, the Santa Monica Pier BID, the Downtown Santa Monica Inc., which holds four BIDs, and the Montana Ave. BID. West Hollywood, on the other hand has two established BIDs, The Avenues-Art, Fashion & Design District BID and Sunset Strip BID, the fees can range from \$180 to \$35,000 annually. Lastly, Culver City currently only counts with the Culver City Downtown Business Association (DBA). Fees are TBD.

This comparison highlights the additional costs that businesses need to consider, as special assessment fees for BIDs, for example, can be a substantial additional cost to the business. The City of Beverly Hills provides business various resources, such as the Beverly Hills Chamber of Commerce and the Conference and Visitors Bureau which assist with the branding and marketing efforts of the City and its businesses. Additionally, the strong partnerships that all three entities have provide businesses with excellent support and assistance.

Figure 3:1 Special Assessments – City of Beverly Hills

Figure 3:1 Special Assessments – Comparison of Business Improvement District (BIDs) Fees

	Beverly Hills	Los Angeles	Santa Monica	Culver City	West Hollywood
Number of BIDs	1	Approx. 38	8	1	2
Business Improvement Districts	Rodeo Drive Merchant Association	The City of Los Angeles has approx. 38 BIDs. The city uses a nexus formula, which looks at the size/area of the property or a flat fee based on the proximity of the business to the focal point of the marketing efforts. BIDs focus on maintenance, security and marketing efforts.	*Main Street BID Fees: 1xBus.Lic.Tax, max: \$2K *Santa Monica Pier *Downtown Santa Monica Inc: Includes 4 BIDS, fees estimates based on gross receipts or zones. Fees: range from \$1,000 - \$26,032 annually. *Montana Ave: Fees: 1x Bus.Lic.tax, max \$1k *Pico Blvd: Fees: 1x Bus.Lic.tax, max\$1k	Downtown Culver City BID .	* The Avenues-Art, Fashion & Design District. Fees: \$180-\$1,180 annually * Sunset Strip BID. Fees: \$250-\$35,000 annually
Fees	N/A	Please refer to http://cityclerk.lacity.org/bids/bidgeol_est.pdf for details.	Fees range from \$1,000 - 26,032 annually. See above for specific rates	TBD	Fees range from \$180-\$35,000 annually

Findings and Recommendations

This analysis demonstrates that the City of Beverly Hills has competitive tax rates and fees, in comparison to its neighboring cities. In addition, the city's economic strength, unrivaled city services, and prestigious brand provide an even greater appeal and asset to new businesses.

When closely examining city taxes, Beverly Hills consistently ranks lower in cost than Los Angeles, Santa Monica, and Culver City. The waiver of the utility and parking tax, for example, can be very beneficial to hotels and businesses that provide large services to the public. In addition, the comparisons done demonstrate that the perception of a higher cost of doing business in Beverly Hills is skewed, as many factors need to be taken into consideration when making a fair analysis. Certain business tax classifications and business sizes (gross receipts) can also be identified that experience an advantageous benefit, in terms of taxes/fees, by being placed in Beverly Hills. Businesses that experience particular satisfaction of low business cost in Beverly Hills are classified under personal services, general office and professional office, with the assumption that they make over \$1 million in gross receipts and have a small employee base.

On the other hand, businesses that don't make over \$1 million in gross receipts or are not part of these industries are at a disadvantage, representing a missed opportunity for the City to increase its revenues. Taking this into consideration, one can see that a large share of the market is being overlooked and a saturation of certain industries, such as medical offices, has moderately stagnated the growth of a diverse business environment. Identifying companies that have a high cost of doing business in BH allows for new business attraction and retention strategies to be developed.

Although the City has considerable high business tax rates on commercial and residential leases, Beverly Hills has a very consistent and high demand for its commercial and residential property, which played a key role in the recovery of the economic recession. Having one of the strongest economies in Los Angeles County, the City of Beverly Hills was able to quickly bounce back from the economic recession, by quickly lowering its vacancy retail rate and adding very significant new leases to its books, such as the United Talent Agency, Playboy Enterprises and Red Bull North America.

With this analysis, the City has a couple of recommendations to consider. Although voter approval would possibly be necessary, which is sometimes cumbersome to gain, as well as additional reviews and approvals by the city clerk and city attorney, the benefits of these recommendations could lead Beverly Hills to an even greater competitive advantage from its neighboring cities.

Recommendations to be considered are:

- Reforming the business tax structure to provide greater incentives for current industries that are at a disadvantage.
- Offering tax exemptions on certain industries or business sizes that are attractive to BH
- Waiving business and permit fees
- Providing new business tax credits
- Instating 'empowerment zone credits' to create or revitalize business clusters in BH.

Lastly, businesses should always consider that being placed in Beverly Hills allows companies to benefit from the excellence city services which allow for a business friendly environment and offers the support and resources for companies to have success. Furthermore, business in BH will also align themselves with the brand of Beverly Hills as well as benefits from its robust economy and nearly five million business and leisure travelers from all over the world.

The City of Beverly Hills's businesses are uniquely defined in the region and world economy. They are characterized by their prestige, central location, density, and proximity to quality and high income neighborhoods.