



STAFF REPORT

Meeting Date: March 6, 2012
To: Honorable Mayor & City Council
From: Mahdi Aluzri, Assistant City Manager
Megan Roach, Marketing & Economic Sustainability Manager (MP)
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*

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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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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. |

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| <p>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.</p> | <p>N/A</p> | <p>First broker roundtable was held on February 14, 2012. The second will occur in Spring 2012.</p> |
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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 |
|--|--------------------|---|
| <p>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.</p> | <p>\$20,000</p> | <p>Pilot program to be presented to the Fine Arts Commission in Spring 2012.</p> |
| <p>Revitalize Merchant Associations By Exploring Opportunities for Business Improvement Districts – begin a ‘grassroots’ effort in targeted areas for BIDs to provide events and experiences.</p> | <p>TBD</p> | <p>Staff will work with the Chamber on this initiative for FY 2012/13.</p> |
| <p>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.</p> | <p>TBD</p> | <p>Program feasibility will be discussed with Chamber and CVB in conjunction with launch of new Visitor Center.</p> |
| <p>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.</p> | <p>\$300,000</p> | <p>Proposed as part of the Five Year Capital Improvement Program.</p> |
| <p>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.</p> | <p>\$1,588,000</p> | |

| | | |
|---|----------|--|
| 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. |

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|---|------|---|
| <p>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.</p> | None | Ongoing |
| <p>Shield Licensing/Branding Program – explore a program to 'license' the Shield to businesses based in Beverly Hills to promote these local businesses.</p> | TBD | Recommended work plan in Policy & Management's FY 2012/13 budget. |
| <p>Promote New Businesses – recognize new Beverly Hills businesses at City Council Meetings to provide a welcome and awareness of the business to the community.</p> | None | Ongoing |
| <p>City Purchasing Agreements – review existing City purchasing agreements to determine if there is an opportunity for the City to 'buy local'.</p> | None | Fall 2012 |