



## STAFF REPORT

**Meeting Date:** November 19, 2013  
**To:** Honorable Mayor & City Council  
**From:** Megan Roach, Marketing & Economic Sustainability Manager   
**Subject:** South Beverly Drive Business Improvement District Formation Funding Proposal  
**Attachments:** 1. Presentation from the Chamber of Commerce

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### INTRODUCTION

This item provides an overview from the Beverly Hills Chamber of Commerce regarding a proposal to form a Business Improvement District on South Beverly Drive.

### DISCUSSION

On June 18, 2013, the City Council approved the annual funding agreement with the Beverly Hills Chamber of Commerce, which includes work plan initiatives in support of business attraction and retention for Fiscal Year 2013-14. The Chamber's work plan includes the exploration of a business improvement district (BID) on South Beverly Drive. Specifically, the City has provided the Chamber with funding to finish a BID exploration study, which they began in FY 2012-13, and funding to develop a Request for Proposal (RFP) for a BID consultant for South Beverly Drive. The next step would be for the Chamber to hire a BID consultant; however, funding is not currently allocated in the City's agreement with the Chamber for this purpose. The Chamber has prepared a presentation on the South Beverly Drive BID Formation Funding Proposal and it is included as Attachment No. 1 to this report.

### FISCAL IMPACT

The Chamber is requesting funding in a not-to-exceed amount of \$50,000 to hire a consultant to assist in the formal process of the BID formation. Funding is available in the General Fund, Business Development Program account 0101313 for Fiscal Year 2013-2014.

**RECOMMENDATION**

Staff recommends that the City Council review the Chamber's presentation on the South Beverly Drive BID Formation Funding proposal and provide direction.



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Cheryl Friedling  
Approved By

# **Attachment 1**



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your *City*



your *Chamber*

# SoBev™ Business Improvement District (BID) Formation Funding Proposal

Oct. 15, 2013



**BEVERLY HILLS  
CHAMBER OF  
COMMERCE**

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# Presentation Outline

- I. Background & SoBev™ BID exploration to date
  - What is a Business Improvement District (BID)
- II. Potential Scope of how a BID would serve South Beverly businesses
- III. BID Structure & Process of BID Creation
- IV. Funding Request & Next Steps
- V. Q & A

# I. Background

## What is a Business Improvement District (BID)?

- Public/private partnerships that perform services for a specified commercial district (street cleaning, public safety most common)
- Financed as Merchant-assessed BID vs. Property-assessed BID  
(PBIDs have larger budgets, app. 75% of BIDs in County are PBIDs)
- Assessments occur on County property tax bills. Directly proportional to estimated benefit received by the business.
- At least 56 BIDs in LA County, over 100 in California  
(Santa Monica, Downtown LA, Downtown Long Beach, Hollywood, Old Town Pasadena among largest in LA County)



# Background

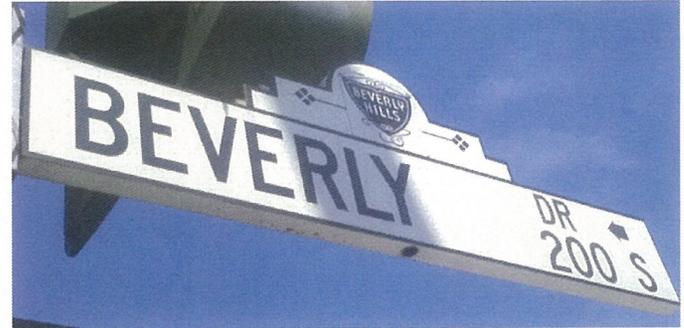


- Recommendation from Small Business Task Force chaired by Councilmember Gold (March 2012 report)

<p><b>Revitalize Merchant Associations By Exploring Opportunities for Business Improvement Districts</b>          – 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>
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- Exploration of South Beverly BID added to Chamber’s 2012-13 Work Plan to Assess BID Feasibility (\$20k)
  - ❖ Chamber concluded that BID was feasible

# Background



- FY 2013-14 Chamber Work Plan Added \$20k\* to form Steering Committee, Identify a Consultant to lead to BID formation

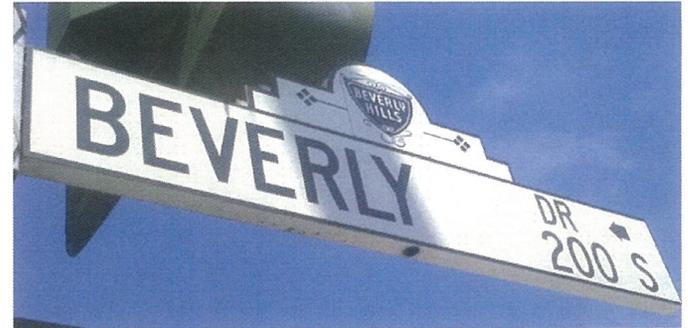
Deliverables:	<p><b>Phase I:</b> Finish BID Exploration. Chamber will host additional meeting(s) as needed among property owners to create a Steering Committee. Invite consultants to educate more about what BID creation would mean for merchants &amp; owners.</p> <p><b>Phase II:</b> Create and circulate RFP to hire a consultant for BID. Also connect this consultant with the Steering Committee and work with City to make sure all relevant laws are being observed.</p> <p><b>Phase III:</b> Administration of the BID including community outreach and lobbying of individual property owners.</p>
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\* Note: Approximately \$30,000 of additional funding is needed if the hiring of a BID consultant is required. This additional funding could be administered in the form of a loan from the City to the BID and repaid through assessment funding.

- Chamber is asking Council to fund Phase II of Plan

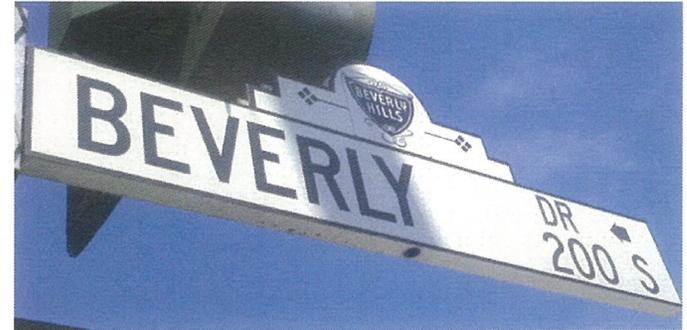


# SoBev™ BID exploration to date



- Chamber created merchant list from scratch; created list of property owners from LAC Assessor data & later Co-Star database
- Working group met in Nov. 2012, parking was overwhelming concern
  - Customers cannot find parking; driving business outside of BH where parking more available;
  - Employees running out every two hours to move cars
- Larger merchant meeting in February, confirmed that parking was major issue (Merchants voted unanimously in favor of a BID)
- Initial meeting with property owners in March; expressed interest in BID but wanted more options for what a BID might cover

# SoBev™ BID exploration to date

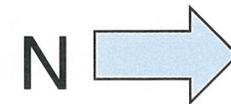
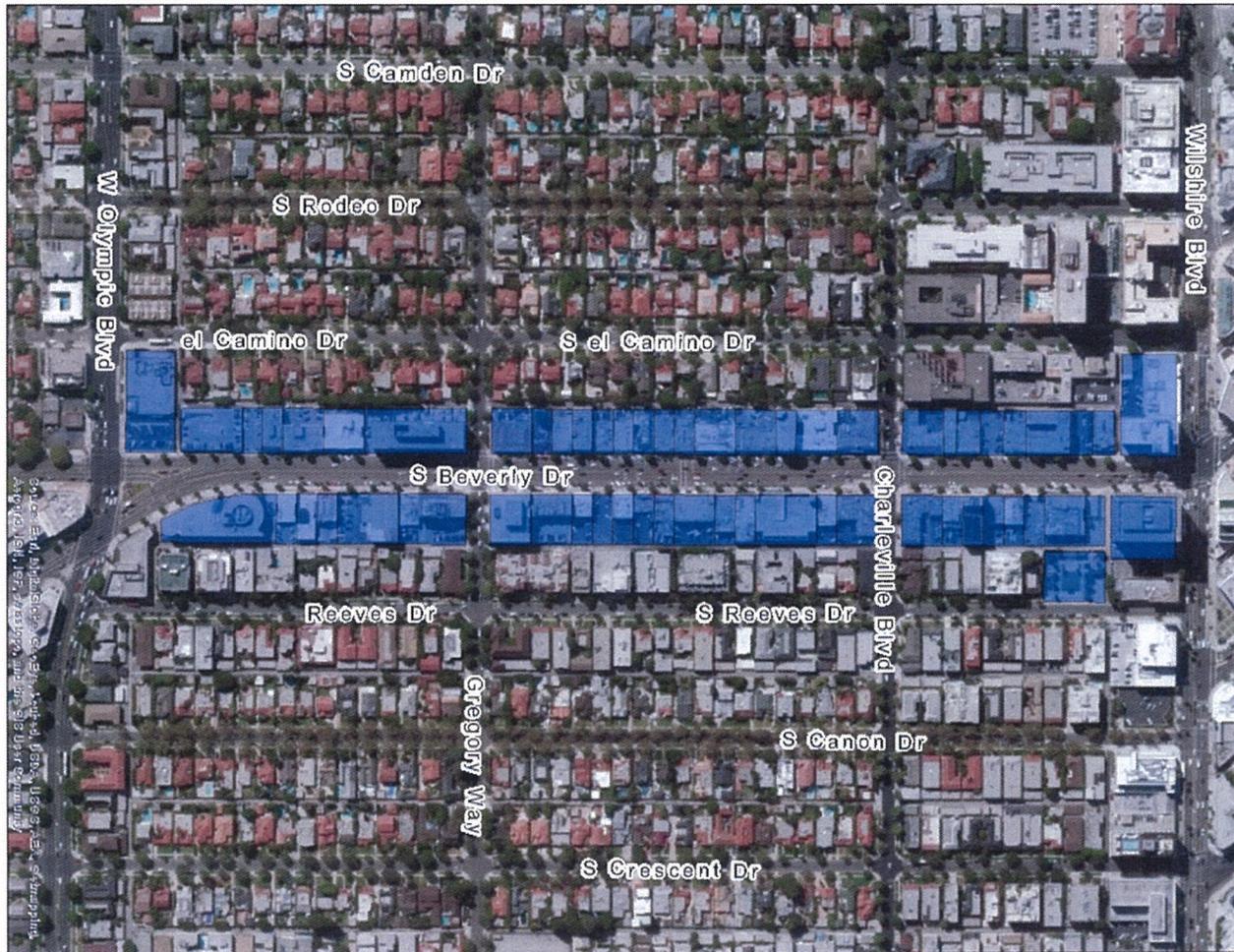


- Chamber concluded that a PBID (property-owner assessed BID) would be more effective than a MBID (merchant assessed BID) because of increased funding
- Larger meeting of property owners Sept. 17
  - Contacted nearly every property owner or their representative before meeting
  - (10 of 60 property owners attended meeting ~17%)
  - Formed Steering Committee; 8 of 10 owners voted to serve on Committee
- Next step: Hire a consultant to guide BID formation

# Proposed BID

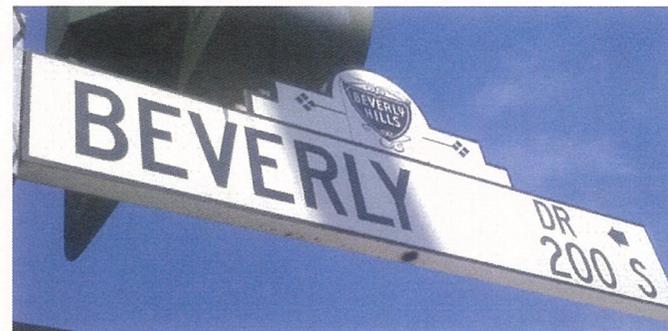
- Focused on easier parking access for visitors to street & utilizing existing capacity of private parking garages
- Capacity issues in South Beverly Neighborhood:
  - 238 parking spaces available in City Garage on 200 Block of S. Beverly; Garage is filled on a regular basis weekdays 11-4 p.m.
  - 69 on-street spaces identified in 2011 study (238+69=307 public spaces available)
  - One company that operates private garages in area identified 200 open spaces that BID could potentially lease (40% increase in capacity)
- Property Owners support BID because it is the best temporary solution until more parking facilities are constructed in the area

# Proposed BID Boundaries



Chamber has identified 60 different property owners in area (app. 104 parcels)

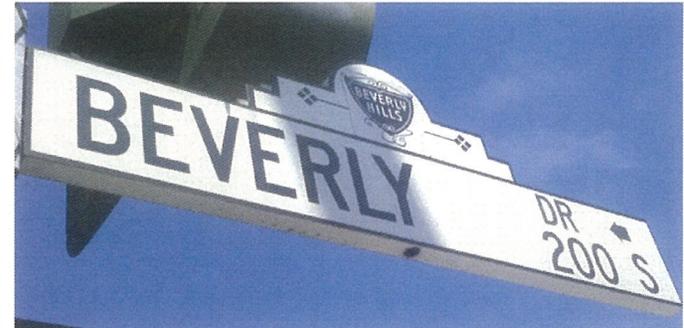
## II. Potential Scope of BID on SoBev



### Public Valet

- Customers drop off cars on 200 Block (1-2 different valet stations); cars parked in private garages on S. El Camino &/or S. Beverly
- Customer pays flat fee (\$5), 2-hour time limit (BID would subsidize rate); Open 6 days a week, 8 or 10 hours a day
- Many property owners expressed skepticism that not enough cars would be handled by public valet

# Other Possibilities for BID Scope



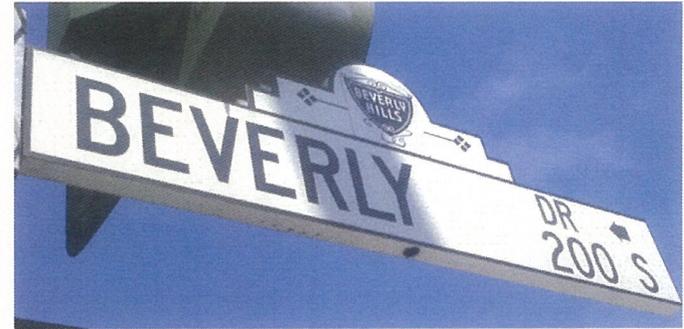
## Additional Parking Ideas

- Subsidized employee parking (concern voiced by many that employees take too many public garage and street parking)
- Subsidized Self-parking at private garages on South Beverly and adjacent streets

## Non-Parking Uses for BID

- Street improvements (holiday lighting, attractive shrubbery, tree trimming)
- Branding and Marketing campaign for street

# Potential BID Funding Structure



- Estimated budget: \$250-\$300k (based on cost of valet services)
- Budget of \$300,000 would make it 31<sup>st</sup> largest BID in LA County (avg. BID annual budget is almost \$1.1m)
- Other BIDs with budgets in this range include Culver City, Little Tokyo, West Hollywood Design, Studio City

## Property-assessed BID

- Square footage of building (e.g. Promenade owners in Downtown Santa Monica assessed \$0.80 sq. ft./year)
- Other criteria: Ground floor space, location, property use

## III. BID Structure & Process

### Property and Business Improvement District Law of 1994

- Allows for private non-profit corporation to manage
- Authorizes a wide variety of services, including parking
- Allows for assessments on properties and/or businesses
- 50% petition requirement
- Management District Plan
- Created for up to 5 Years – up to 10 Years upon renewal

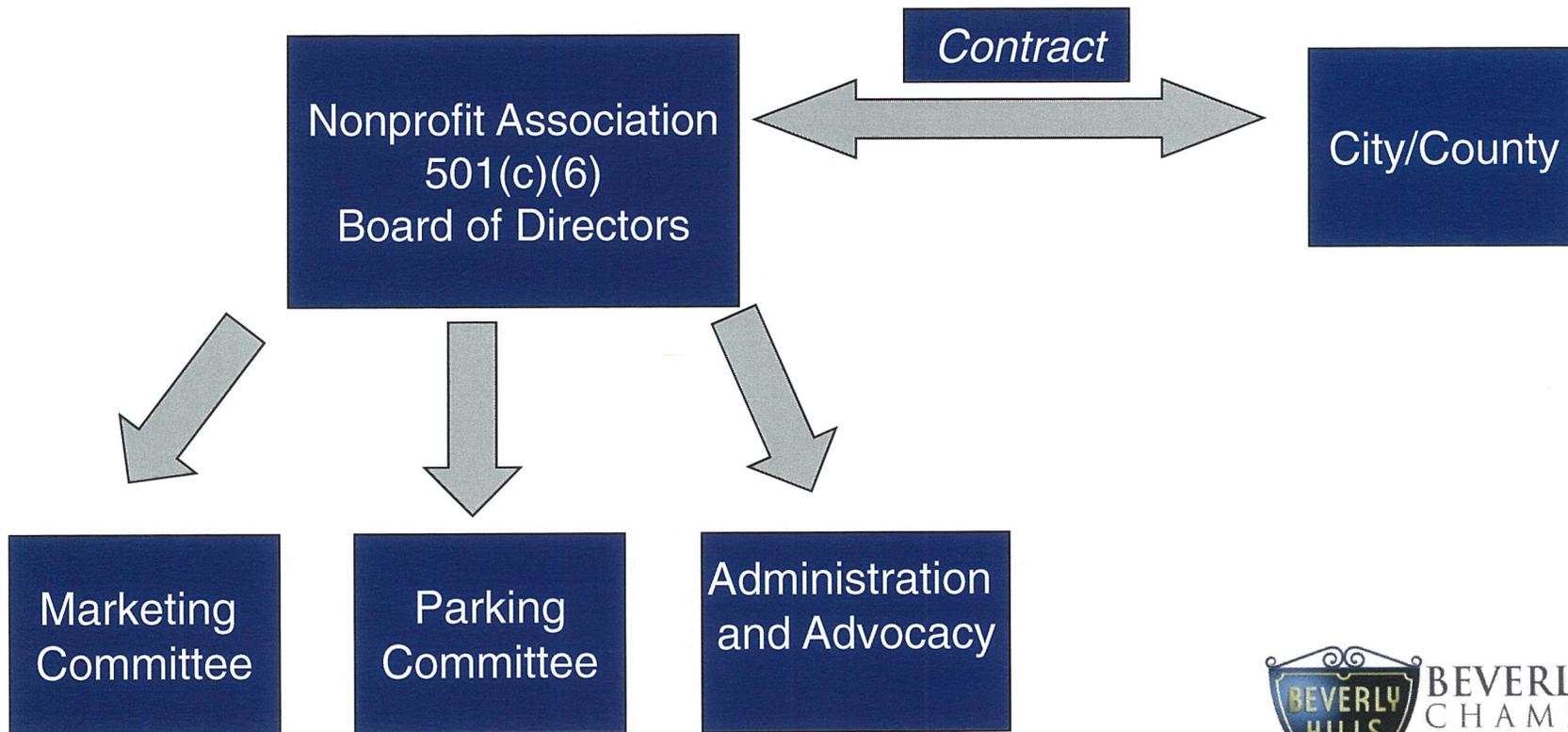
# Steps to Forming a BID



- Organize steering committee
  - Eight owners (13% of total owners) indicated interest in serving on Committee
- Develop detailed database of properties (sq. ft., type), owners
- Outreach to owners
- Develop Management District Plan
- 50% property owner petition
- Public hearings and 218 ballot process
- Approval by City Council

# Property & Business Improvement Districts

## Sample Organizational Structure



## IV. Funding Request

- Chamber seeks an amount not to exceed \$50,000 to hire consultant to assist in formal process of BID formation
  - Original Work Plan was for \$30k but actual cost will be greater
  - Chamber has issued RFP and received Proposals from three qualified firms
- These duties include:
  - Developing & utilizing parcel database; Identifying & obtaining support from property owners;
  - Working with the City Attorney and other agencies to make the district legally compliant; Preparing legal documents necessary to form BID including Management District Plan

## IV. Funding Request

- Cut-off date of June 30, 2014 for Assessor's Office. In order for BID to be operational by 2015, work needs to be completed by this date.
- Chamber recommends that funds be disbursed monthly, (\$4,500-\$5,000/mo.).
- If BID is unsuccessful (not enough property owners vote yes for BID), this would lessen the loss to the City.
- Chamber will submit monthly progress reports.
- Money could be issued as an advance to be paid back by BID once formation is complete and BID is established.



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## Feedback & Questions



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