



## CITY OF BEVERLY HILLS STAFF REPORT

**Meeting Date:** April 22, 2014  
**To:** Honorable Mayor & City Council  
**From:** Cheryl Friedling, Deputy City Manager for Public Affairs  
Megan Roach, Marketing & Economic Sustainability Manager   
**Subject:** Progress Report from the Beverly Hills Chamber of Commerce for a Property-Based Business Improvement District (PBID) on South Beverly Drive  
**Attachments:** 1. Report on South Beverly Drive PBID Feasibility

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### INTRODUCTION

This item provides a progress report from the Beverly Hills Chamber of Commerce regarding a proposal to form a Property-Based Business Improvement District (PBID) 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 included 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 property business improvement district (PBID) on South Beverly Drive. Specifically, the City provided the Chamber with funding to finish a PBID exploration study, which they began in FY 2012-13, and funding to develop a Request for Proposal (RFP) for a PBID consultant for South Beverly Drive.

At the November 19, 2013 study session meeting, the Chamber updated the Council on the RFP process and requested funding to hire Progressive Urban Management Associates (P.U.M.A.) to develop the PBID Feasibility Study. P.U.M.A. is a community development consulting firm that has helped to form more than 30 property-based business improvement districts in California. The City Council authorized up to \$45,000 in funding to the Chamber to retain the firm to complete the study.

Beginning in December 2013 and for three months, P.U.M.A.'s team studied the South Beverly Drive corridor, reviewed current and past studies and planning concepts, met with City staff and conducted meetings with more than a dozen property owners and

stakeholders along South Beverly Drive. Their primary objective was to evaluate whether a PBID could be a suitable option to enhance parking management and other district improvements along the South Beverly Drive's retail corridor.

P.U.M.A.'s team then developed a preliminary PBID concept outline to present to property owners. On February 19th, they presented the outline to 18 property owners and several City and Chamber staff. The firm found that a majority of property owners did not support the general concept of forming a PBID on South Beverly Drive. Therefore, they recommend not moving forward to form a PBID at this time. Attachment No. 1 to this report contains P.U.M.A.'s South Beverly Drive PBID Feasibility Study and the feedback from the property owners.

### **FISCAL IMPACT**

The Chamber of Commerce spent \$15,000 (three \$5,000 monthly installments) of the \$45,000 authorized by the City Council for P.U.M.A. to develop the South Beverly Drive PBID Feasibility Study. This funding was provided from the General Fund, Business Development Program account 0101313 for Fiscal Year 2013-2014. The remaining \$30,000 will be returned to General Fund Balance.

### **RECOMMENDATION**

Staff recommends that the City Council receive and file the Chamber's report and presentation on the South Beverly Drive PBID Feasibility Study.

Cheryl Friedling  
Approved By



# **Attachment 1**



**March 17, 2014**

**To:** Alex Stettinski, President, Beverly Hills Chamber of Commerce  
Andy, Sywak, Director of Economic Development and Government Affairs, Beverly Hills Chamber of Commerce

**From:** Brad Segal and Rena Leddy, Progressive Urban Management Associates (P.U.M.A)

**Re:** South Beverly Drive PBID Feasibility

## **Summary**

Progressive Urban Management Associates (P.U.M.A.), a community development consulting firm that has helped to form more than 30 property-based business improvement districts (PBIDs) in California, was retained by the Beverly Hills Chamber of Commerce to evaluate whether a PBID could be a suitable option to enhance parking management and other district improvements along South Beverly Drive's retail corridor. Nearly 100 PBIDs have formed in commercial districts throughout the State of California since enabling legislation was approved in 1994. PBIDs allow property owners in commercial districts to create a special benefit assessment that can finance a variety of enhanced services, including maintenance, safety, parking management, marketing, economic development and beautification. Nearby examples include: Old Pasadena, Westwood Village, Santa Monica, Studio City and Downtown Los Angeles.

The P.U.M.A. team included Brad Segal and Rena Leddy and the South Beverly Drive evaluation was conducted over the months of December, January and February. During these three months, the P.U.M.A. team became oriented with the South Beverly Drive corridor, reviewed current and past studies and planning concepts, met with city staff and conducted meetings with more than a dozen property owners and stakeholders along South Beverly Drive. The P.U.M.A. team then developed a preliminary PBID concept outline to present to property owners. At this meeting, on February 19<sup>th</sup>, with 18 property owners and several City and Chamber staff, the plan was presented and we found that a majority of influential property owners did not support the general concept of forming PBID on South Beverly Drive. Therefore, we recommend not moving forward to form a PBID at this time.

## **The PBID Feasibility Process**

South Beverly Drive is a retail corridor that has developed over the decades into a dining and retail destination for local residents and employees of Beverly Hills. It is located just one block south of North Beverly Drive and two blocks from the famed Rodeo Drive. Wilshire Boulevard, which divides Beverly Drive into north and south, is a physical barrier to pedestrians and without consistent landscaping and street treatments, South Beverly Drive does not have a strong connection to the two retail districts. Yet, South Beverly Drive is doing considerably well, especially as a lunch and dining destination and a community gathering place for residents in adjoining neighborhoods. The challenge on the street is the lack of parking options for both short-term and long-term consumers as it is at capacity (per 2011 Kimley-Horn Study). There is angled and parallel parking and one municipal parking garage. Several restaurants reserve public parking spaces for their valet parking operations. There is inconsistent signage and parking-time requirements throughout the district.

1616 SEVENTEENTH STREET

S U I T E 2 6 2

DENVER, COLORADO 80202

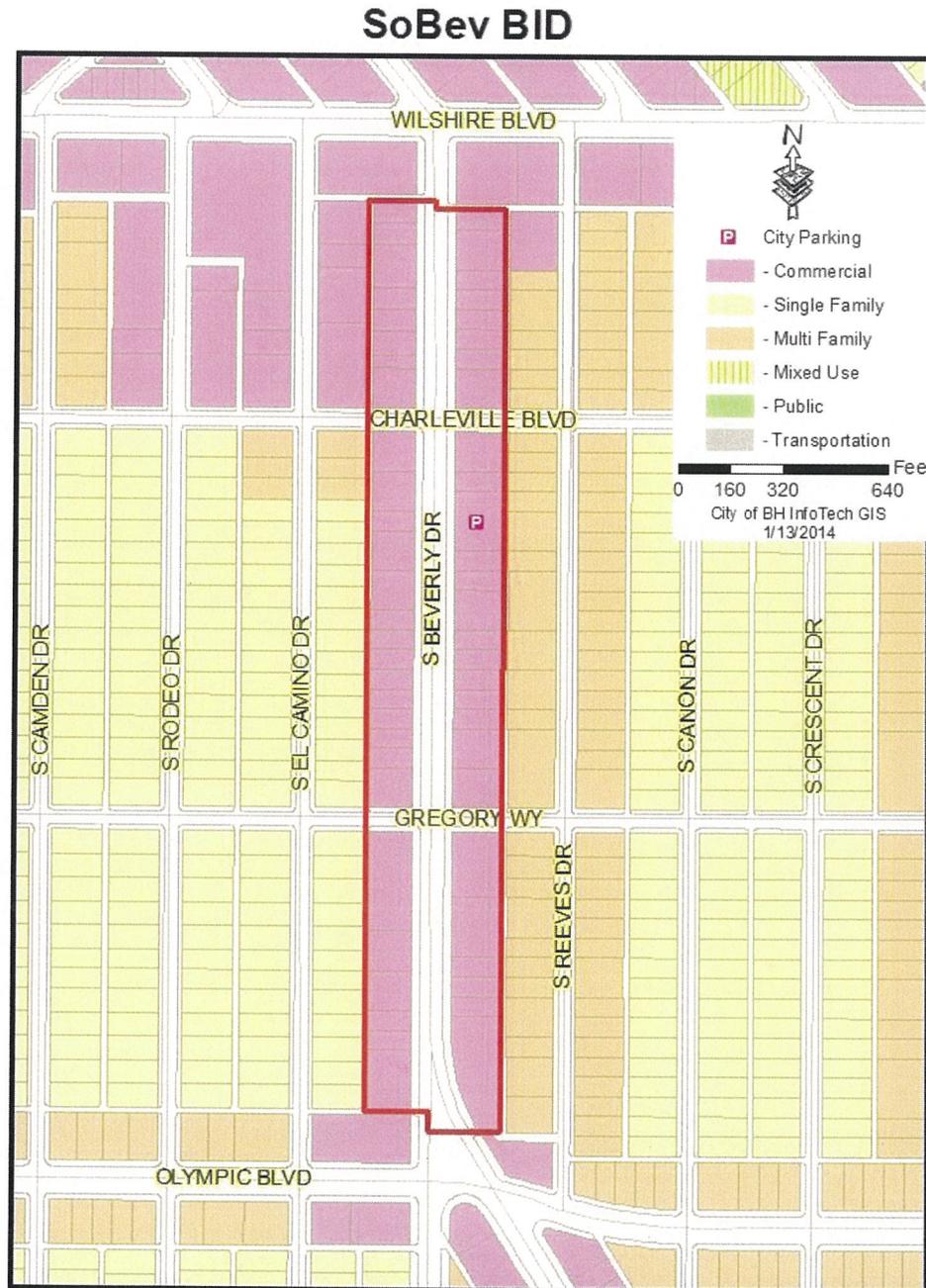
TELEPHONE: 303/628-5554

FAX: 303/628-5557

[www.pumaworldhq.com](http://www.pumaworldhq.com)

Some of the surrounding residential streets allow for public parking, with and without parking meters, and some of them require residential permits.

The initial study area for a South Beverly Drive PBID included all commercial properties along South Beverly Drive from Wilshire Boulevard south to Olympic Boulevard.



Creating a PBID is a lengthy process that requires a strong public/private partnership between local government and affected property owners. Prior to initiating the legal process to form a PBID, it is common to work with affected property owners to develop a business plan that provides a framework for district boundaries, services, budgets, assessments, government structure and an engineer's report. The legal process starts with a petition that must be signed by affected property owners representing a majority of the assessments to be paid. Petitions are then submitted to the City and a mail ballot is sent to affected property owners for a vote on the proposed assessment. Provided that the weighted majority vote in support of the assessment is achieved, the City Council may then form the PBID through an ordinance. Once formed, PBID assessments are collected through County property tax bills and are afforded the same lien enforcement provisions.

Since the PBID formation is lengthy and can also be costly, the Beverly Hills Chamber of Commerce sought an initial feasibility evaluation from P.U.M.A. The initial feasibility evaluation aimed to determine if the South Beverly Drive corridor has the "fundamentals" in place that could support a potential PBID.

These PBID feasibility fundamentals include:

- a) compelling needs that can be addressed through PBID financed improvements and services, and
- b) sufficient positive interest from key property and business stakeholders to initially partner with the Chamber, and later and most importantly, lead the effort.

We found that there were compelling needs that a PBID could finance, such as parking management, providing enhancements to the street, and providing an identity package to help brand the street.

**Possible PBID Services for South Beverly Drive:**

<p><b>Parking Management</b> – The PBID could have an active role in changes and improvements to the parking management of the South Beverly Drive district. Programs could include a central valet parking system, enhanced short and long term parking options, an employee parking validation program and a consistent system for parking signage, duration and cost. The PBID could also work to improve access and connections between shopping areas on North Beverly Drive and Rodeo Drive.</p>	<p><b>Enhancements and Identity Package</b> – The PBID could help create an identity as a destination that serves the residents and workers of the area by producing special marketing for the district and engaging in activities that will enhance the physical appearance. These items might include unique signage, enhanced landscaping, banners, etc.</p>	<p><b>Administration, Management &amp; Advocacy</b> - The PBID could become an important voice for businesses and property owners along South Beverly Drive. It could act as a liaison between them and city government.</p>
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**PBID Proposal**

On February 19<sup>th</sup>, the details of what a PBID could provide to the South Beverly Drive area was presented to a group of property owners and stakeholders. In addition to the above outlined services of a PBID, we presented a proposed budget and assessment methodology.

**Proposed PBID Annual Budget**

Parking Management- -Valet Parking Program -Employee Validation Program -Parking Management Implementation	\$180,000
Enhancements & Identity Package -Banners -Enhanced Landscaping -Signature Signage -Marketing Collateral	\$100,000
Administration, Management & Advocacy	\$70,000
<b>Total</b>	<b>\$350,000</b>

**Proposed Assessment Methodology**

In order to meet the proposed annual budget, annual assessments would be calculated upon each parcel's special benefit received from the activities provided. Based on 750,000 square feet of total building square footage and 4600 feet of total linear front footage within the proposed district boundaries, the assessment rates would be as follows (see attached database for individual properties and characteristics):

Per Front Footage	38.043
Per Building Square Footage	0.233

**(\$38.043 X per Front Footage) + (\$0.233 X per Building Square Footage) = Total Assessment**

This amounts to approximately \$0.47 per square foot per year or \$0.04 per square foot per month.

**Duration**

The proposed PBID would have a term of five years.

**Governance**

The PBID would be managed by an Owner's Association with a governing board of 5 to 9 member directors. The board would be representative of the geographic areas and property types along South Beverly Drive. The Owner's Association might choose to contract with the Beverly Hills Chamber of Commerce to manage the programs and save on overall administrative costs. The board, among other duties, annually reviews the PBID budgets and policies within the limitations of the Management District Plan, hires and fires management and files annual reports with the City Council.

## **District Formation**

Creating a PBID is a lengthy process that requires a strong public/private partnership between local government and affected property owners. Prior to initiating the legal process to form a PBID, it is common to work with affected property owners to develop a management plan that provides a framework for district boundaries, services, budgets, assessments, governance structure and an engineer's report. The legal process starts with a petition that must be signed by affected property owners representing more than 50% of the assessments to be paid. Petitions are submitted to the City, and a mail ballot is sent to affected property owners for a vote on the proposed assessment. Provided that a weighted majority vote in support of the assessment is achieved, the City Council may then form the PBID through an ordinance. Once formed, PBID assessments are collected through County property tax bills and are afforded the same lien enforcement provisions.

## **Property Owner Response**

The majority of the influential property owners that we met with were opposed to a PBID along South Beverly Drive. Many of the property owners at the February 19<sup>th</sup> meeting own more than one parcel of property and/or large parcels. If the PBID were to go forward with a petition, these voices would negatively impact the results of the first step in establishing it. We would not recommend going through that divisive process. Below are some of the concerns that we heard:

*"You are forcing a bureaucracy on the property owners."*

*"There have been failed attempts before and this one will fail too."*

*"There is absolutely no problem with parking. I do not have any vacancies in my building. I don't see any justification for doing this."*

*"There is no compelling reason to do this. I'd rather figure out parking issues for my tenants on my own."*

*"My properties would not benefit from any of the proposed services."*

*"I do not like PBIDs. We were in the failed one in Westwood."*

The negativity was not unanimous as there were a couple of property owners who stated that a PBID would *"help market the South Beverly neighborhood and be an advocate for them at City Hall."* However, overall the apparent opposition is too considerable to overcome.

## **Recommendations**

With the majority of influential property owners against PBID formation, we recommend that the Chamber of Commerce not move forward to form a PBID. However, there are a number of ideas that could help to advance improvements along South Beverly Drive:

1. **Create a South Beverly Drive Action Group/Advisory Group.** This could be a volunteer group of property owners and stakeholders that would work with the Chamber to address issues for the South Beverly Drive corridor and create solutions. This group could meet monthly or quarterly. The first item that it could work on is creating a universal valet parking program. This group would also be helpful in advocating for the needs of the street to the City and Council.
2. **Implement a Universal Valet Parking Program.** Currently, there are 6 valet parking stations along the corridor (see attached chart for current companies and locations). One of the operators, Party Parking Valet, is running 4 of those stations. This company probably has access to parking lots/garages to house the cars. It makes sense to work with the City and Party Parking Valet (or another company if an RFP is preferred) to set up a universal valet parking system similar to those run in Culver City and Old Pasadena. We would recommend working with the City of Beverly Hills to create the guidelines to implement such a plan. If the City or another group wants to control the lease of the parking lot (i.e. in Culver City) where cars would be parked, the costs of that lot could come from a variety of sources such as parking meter revenue, South Beverly Drive membership group fee, City funds, etc. Or most of the cost to run the program could be placed on the valet company for the rights to exclusive access to the street, similar to Pasadena's program (for example, valet staff, signage, city permits, marketing materials, uniforms, insurance and even the parking lot) – see Valet Parking Attachment for description.
3. **Extend the In-lieu Parking Program to include South Beverly Drive.** The City is currently considering extending this program to include South Beverly Drive. If the program is expanded, a goal should be to invest in a new or renovated parking garage for the neighborhood. The In-lieu Parking Program for the "Business Triangle" allows certain businesses located within the Triangle to pay into a fund for future parking rather than provide all physical parking spaces as required by the City's zoning code.
4. **Share in Parking Meter Revenue.** Many cities, including Pasadena and Long Beach, share parking meter revenue with a business group. The parking meter revenue gathered in the South Beverly Drive neighborhood could be allocated to a new and/or renovated garage or to help defray costs for a valet parking program. Or, in some districts the meter revenue is used for marketing purposes.

## Universal Valet Parking Programs

### Culver City –

Management - The Downtown Business Association (a merchant BID) manages the universal valet parking program. It was set up in 2007. The DBA sends out an RFP to find the appropriate parking company.

Valet Parking Company – Modern Parking (not the first company – used 2 or 3 prior). The company is responsible for staff, signage, equipment and uniforms. The DBA has approval over the signage, uniforms and to some extent the parking rate. The DBA's colors and logo are on everything to show that it is a DBA program. At first the Vendor took in all the revenue, now that the program is successful, the Vendor gives \$1000/month back to the DBA as profit.

Parking lots – The cars are store in two separate lots that are leased by the DBA for \$1000/month. For the first two years, the property owners gave them the lots for free because they wanted to see the program succeed.

Valet Stations – The City gives out the permits to the DBA and charges the DBA \$1250 a month for three stations. The City approves the locations and the routes that the drivers take.

Parking Fee and Times - \$5.50 per car. No validations, except for a separate arrangement with the Culver Hotel. There is only nighttime valet parking and no daytime valet parking, except for at the Culver Hotel which is a separate arrangement between the City and the Hotel.

### Valet Parking Budget for BID –

#### Expenses

Parking lots	\$1000 per month
Valet Station Permits	<u>\$1250 per month</u>
<i>Sub-total per month</i>	<i>\$3250</i>

#### Revenue

Profit from Valet Co.	<u>\$1000 per month</u>
<i>Sub-total per month</i>	<i>\$1000</i>

<b>TOTAL Cost per month</b>	<b>\$2250</b>
<b>Total Cost per year</b>	<b>\$27,000</b>

## **Old Pasadena –**

Management – The City gives out the permits for the universal valet parking program.

Valet Parking Company – The Company is Unified Parking and has been for a very long time.

Parking lots – They also own most of the private parking lots and garages so they have a bit of a monopoly. Because of this, it's pretty difficult for any other company to run the universal valet parking program.

Valet Stations – There are 11 stations. The City gives out the permits to the valet company and approves the locations and the routes that the drivers take. There are some separate agreements between the Valet and specific restaurants to place a station in front of their establishment. The restaurants pay to the Valet Company

Parking Fee and Times – Prices and times vary, all at the discretion of the Valet Company. They usually change them based on demand. Some merchants and restaurants offer discounted valet parking. This is an arrangement between the Valet Company and the merchant.

BID participation – the PBID does not have any participation in the universal parking program.

### Other Parking Comments -

*Parking Meter Zone* - There is a Parking Meter Zone in Old Pasadena which is governed by a Commission made up of businesses and property owners. They determine set priorities for parking, parking rates, discuss parking issues, find solutions. The BID Executive Director is the Chair of the Commission. The BID receives the meter revenues, which are used to offset clean and safe services. When the Meter Zone was first set up in 1993, a bond was taken out to borrow \$5 million to finance streetscape and alleyways improvements which included street furniture, trees, grates and historic lighting fixtures.

*Parking Garage Management* - The BID has a contract with the City to manage the public parking garages. It receives a management fee for this undertaking. It provides staff, cleaning, safety and maintenance of the garages.

*Employee Parking* – There is a discount for monthly employee parking in the parking garages. The BID manages this program since it manages the City parking garages. They believe that about 10% of the garage use is by employees.

## Current Valet Parking Stations and Companies

As of February 1, 2014

Locations	Address	Valet Company	Valet Co Contact Information
Kiyono Restaurant	255 S. Beverly Drive	Party Parking Valet Services	269 S. Beverly Drive, #735 Beverly Hills, CA 90212 Ph: (800)498-7275 Contact: Bill Meeker
Urth Café	267 S. Beverly	Party Parking Valet Services	269 S. Beverly Drive, #735 Beverly Hills, CA 90212 Ph: (800)498-7275 Contact: Bill Meeker
Sushi Sushi	326 ½ S. Beverly Drive	Crystal Valet Parking	PO Box 27386 LA, CA 90027 Ph: (213)617-3800 Contact: Greg Gee
South Beverly Grill	122 S. Beverly Drive	Valet Parking Services	1335 S. Flower Street LA, CA 90015 (213)342-3388 Contact: Anthony Policella
Frida Restaurant	236 S. Beverly Drive	Party Parking Service	269 S. Beverly Drive, #735 Beverly Hills, CA 90212 Ph: (800)498-7275 Contact: Bill Meeker
Ruth Chris Steak House	224 S. Beverly Drive	Party Parking Service	269 S. Beverly Drive, #735 Beverly Hills, CA 90212 Ph: (800)498-7275 Contact: Bill Meeker
Piccolo Paradiso	150 S. Beverly Drive	Party Parking Valet Service	269 S. Beverly Drive, #735 Beverly Hills, CA 90212 Ph: (800)498-7275 Contact: Bill Meeker

**\*Note that Kiyono and Urth Café are under the same permit for the same station.**

## **Feasibility Meetings and Interview Participants**

### ***City of Beverly Hills***

Chad Lynn, Director of Parking Operations

Mahdi Aluzri, Assistant City Manager

Robin Harris, Attorney

Brenda Lavender, City Real Estate property manager

Adrienne Irmer, National Urban Fellow

### ***Stakeholders/Property Owners***

Alan Abramson (240 & 244 So. Beverly)

Anthony Hurwitz, (250 So. Beverly)

Terrance Rodsky (253-255.5 So. Beverly)

Jeffrey Littell (139 So. Beverly)

Calvin Sakioka (139 So. Beverly)

Mike Hakim (140 So. Beverly)

Elliot Magdel (252 So. Beverly)

Paul Ohlman (130-134 So. Beverly)

Jeff Nason (221 & 223 So. Beverly)

Charles Hobey (350 So. Beverly)

Mark Olsen (261 So. Beverly)

Steve Webb (representing Four corners)

Bijan Chadchori (224 & 226 So. Beverly)

Benjamin Yadegar (Four Corners)

David Simantob (280 So. Beverly)

Daniel Schwarzblatt (208 – 214 So. Beverly)

### ***Merchants***

Alex Sarkissian, Momed Restaurant

Erika Ampaya, Manager, Mrs. Beasley

Ben, Maude Restaurant