

**CITY OF WEST HOLLYWOOD ECONOMIC SUMMIT
MINUTES**

January 23, 1995

I. Welcome - Abbe Land, Mayor

Mayor Land began the Summit by discussing the strength of the West Hollywood Economy, citing the City's operating budget provided for a fiscal reserve as evidence of this. The City has been working with the business community to improve the economic strength of the City, but more work is needed because the economy still has some problems. For the future, the ability to identify new and emerging businesses and capturing them is a crucial goal. Mayor Land then discussed the City's major business sectors, including entertainment, design and hospitality.

II. Welcome - Paul Brotzman, City Manager

Brotzman mentioned that the City's fiscal indicators, such as the Transient Occupancy Tax and sales taxes, indicated upward trends for the last four quarters compared to the year before. He then provided a summary of the City's major sales tax generators, including the House of Blues, Hughes Market, Pavilions and Tower Records. Brotzman also pointed out that the City managed to deliver services at high levels consistently throughout the recession. Finally, he urged the participants not to overlook the residential sector when considering economic development activities.

III. Introductions

Allyne Winderman, Manager of the Economic Development and Housing Division, asked all participants to go around the table and site one positive and one negative issue they have seen in the City. The following represent those responses:

Paul Brotzman City Manager	Positive: tax rates have been kept down; City is a more desirable place to do business Negative: density; resident-business conflicts
Paul Koretz Councilmember	Positive: new business development (Jerry's Deli. House of Blues) Negative: overly aggressive parking enforcement
Abbe Land Mayor	Positive: approval of parking structure Negative: not aggressive enough in attracting new business
Sal Guariello Councilmember	Positive: no utility tax Negative: East Side needs more attention - redevelopment/revitalization
Steve Martin Councilmember	Positive: City is not bankrupt; capital improvements Negative: need to bring residents into development planning

James Litz Planning Comm.	Positive: new Economic Development Manager Negative: lack of internal and external communication at City Hall
D'Lynda Fisher Planning Comm.	Positive: Sunset Specific Plan Negative: East Side planning and economic development
John Altschul Public Safety Comm.	Positive: crime statistics down, particularly prostitution Negative: more citizen input when large projects approved
Stephanie Hart Transportation Comm.	Positive: parking structure approval Negative: more parking needed - major problem
Don Daves Warner Studios	Positive: street lights, other improvements on East Side Negative: still crime on the East Side
Mark Lehman BREP	Positive: infrastructure/appearance improvements Santa Monica Boulevard looks great Negative: need to be more unified on business issues - need clear policies
Nate Goller Phyllis Morris Originals/Property Owner	Positive: City more realistic about parking; City more flexible Negative: City could work more with property owners re. parking
Ron Kates Avenue of Design	Positive: Council more responsive to business issues Negative: still too many taxes
Elaine Mutchnik CVB	Positive: CVB successful in creating an image for the City Negative: better balance between needs of citizens and residents needed
Haley Powers CVB	Positive: Council has kept balance between residents and business needs in terms of economic development; creative city campaign Negative: need a visitor profile
Demitri Samaha CVB/Club Owner	Positive: parking better; free parking before Christmas; Mardi Gras Negative: need more meetings with business owners. police. residents
Fred Vanacore CVB	Positive: City's recognition of importance of business sector; trying to solve business problems Negative: City is too slow on the parking issue

Chris Bonbright Business License Comm.	Positive: City staff has become more pro-business Negative: East Side ignored; a minority of City residents still making development difficult and costing businesses money
John Douponce CVB	Positive: this meeting Negative: need consistent support for CVB
Diana Graham Chamber	Positive: communication with City getting better Negative: not enough communication between different groups and City; parking problems
Thomas Crail Chamber	Positive: holiday decorations on SMB; parking structure Negative: haven't got a shared vision for the City
Russ Wilson BREP	Positive: House of Blues; Jerry's Deli; new businesses; parking structure Negative: competition for high-tech industries not active enough
Mark Olson So. Cal Edison	Positive: cooperation between businesses and the City Negative: not enough done to remain competitive with other cities
Sharon O' Rourke Gas Co.	Positive: Council and staff are accessible and proactive Negative: for utilities, parking and traffic problems impede service speed
Andy Wolf PDC	Positive: PDC, Chamber, and City have potential to work together well Negative: poor communication between groups; accentuation of the negative
Anastasia Kostoff-Mann CVB	Positive: City, groups working together Negative: difficulty in aligning different agendas
Charlie Mercer Sunset Strip Assoc.	Negative: no new development on Sunset in 10 years; office vacancy; groups not working together enough
Tim Olsen Community Alliance	Positive: Sheriff's Dept. Negative: crime
Liz Bernard- Anderson Community Alliance	Positive: First-Time Homebuyers Workshops Negative: parking shortage, prostitution
Bill Griffin Community Alliance	Negative: trash, visible homeless population

Donna Saur Public Safety Comm.	Positive: East Side activities to end prostitution Negative: East Side businesses not willing to work with residents; duplication of businesses on East Side; East Side needs visual help
John Heilman Councilperson	Positive: greater recognition of importance of business; faster approvals Negative: East Side Development - absentee landlords; City needs to be more aggressive and diversify industry base
Steve Strauss Nightclub Council	Positive: City's diversity is its biggest asset

IV. Presentations on State, Regional and City Trends

A) Presentation on State and Regional Trends -- Gay Forbes

California is pulling out of the recession as evidenced by the drop in the unemployment rate, net job gains, increased retail sales, building permits, and tax revenues, expanded lending, and stabilized home prices. Small firms are the greatest contributors to new employment. In Southern California, 1994 marked the beginning of the recovery, as signaled by declining office vacancies, industrial growth and 5% retail growth. Companies have ceased exiting the area and new companies are starting to come in.

While this is good news, it is crucial to realize that the economy has undergone a structural shift in the region. Leading industries have shifted, primarily because of the decline of the aerospace/defense sector and the crashing of the construction market. Small businesses are replacing large companies as the drivers of economic growth. High Technology has transformed the workplace -- more people are working at home and proximity is no longer critical to the workplace. Huge central offices are no longer the only corporate building type and locating downtown is not necessary. These are good things for West Hollywood.

Regional growth industries include: international trade and overseas markets; mass transit; tourism; and, motion pictures and television. West Hollywood already supports two of these industries. However, the news is not all good. Growth may very well be expected to slow down as the national recovery stalls. The problems in both Orange County and Mexico may have spillover effects on our area. Retrofitting and continuing earthquake recovery will continue to demand considerable resources. A large portion of job growth will be in "burger flipper", minimum wage sector and not in high-wage jobs. In planning for the future, we must remain aware of these trends.

B) Presentation State of the City -- Allyne Winderman

This is the "perceptual map" of the commercial areas of West Hollywood. This map indicates what is important to us as users of the City and how different places interact with each other [Ms. Winderman points to commercial map.] You can see four districts: Sunset Boulevard, Avenues

of Design, Santa Monica-West Side to Fairfax, and Sunset Boulevard-East Side. We may be concluding from this map that it may be a good idea to have more interaction between districts, such as encouraging hotel guests to shop in the Avenues of Design.

Additionally, we have identified a number of landmarks [Ms. Winderman points to landmark map.] These aren't the only places that are noteworthy visually or historically, but are memorable places. They include: the PDC, Spagos, Chasen's, the Argyle Hotel, Plummer Park and other places. [Ms. Winderman points to the vacant land and storefronts map.] There is not much vacant land. Surface parking lots are not included in the map, and may be property available for development. Vacancies are generally scattered with some concentration in the Avenues of Design. [Ms. Winderman points to Facade Grant Program map.] These maps show the major works in progress of the Facade Grant Program.

Looking at the General Revenue Chart for West Hollywood: About one-half of City revenues come from sales, property and transient occupancy taxes. Parking fines provide another 17%. A percentage of parking fines revenue is being transferred to the Parking Improvement Fund. As you may know, the City Council has approved the Kings Road parking structure.

Looking at the Sales Tax Comparison Chart: This chart compares Beverly Hills, Culver City, Burbank, Santa Monica, Pasadena, Glendale and West Hollywood. Beverly Hills is far ahead with about twice the sales tax revenue of other cities. The chart is misleading because it makes West Hollywood look about average, but actually these cities are all doing very well. When you compare West Hollywood with California or LA County, we are 80% higher than average. When you compare sales tax for different areas of the City, Santa Monica Boulevard produces about twice the sales tax as each of the other districts, with bars, restaurants, supermarkets and car dealers the big revenue generators. The Design Center has fallen sharply but appears to be on the rise again. East Side businesses actually weathered the recession well. The City's major business group is general merchandise with restaurants and hotels in second place.

C) Presentation of West Hollywood Economic Development -- Rhonda Sherman

The City has placed an emphasis on economic development over the past ten years. If you refer to the chart [Ms. Sherman refers to flow chart in packet of materials showing all economic development activities in the City since incorporation,] you can see the entire range of economic development programs and activities accomplished in the City over the past ten years. Some highlights include: formation of the marketing corporation, the Business Retention and Expansion Program, an array of small business assistance programs and the formation of WHEST. WHEST is the West Hollywood Employment Service and Training Program and is a new job development and placement program.

V. Organization Reports

A) Convention and Visitors Bureau - Haley Powers

Since focusing more exclusively on travel and tourism in 1992, the CVB has undertaken activities directed at enhancing City revenues. Some of these include:

- Participation in trade shows and industry conferences
- Establishing an annual New York Sales Mission
- Publishing hotel, restaurant, bookstore and art gallery guides and a newsletter directed at travel agents
- Creating and targeting visitor-specific advertising in The Advocate, Frontiers and the World Travel Guide
- Contracting with travel-agent specific direct-mail fulfillment house
- Running a new targeted public relations campaign

In addition, the CVB has collaborated with the Chamber and the City to market and promote Mardi Gras, Christopher Street West Lesbian and Gay Pride Celebration and Halloween. Currently, the CVB is also involved with:

- expanding advertising and public relations for Christopher Street West 25
- increasing marketing to the gay and lesbian communities in the region and beyond regional borders
- implementing direct mail as a way to expand tourism
- marketing on an international level, particularly the Pacific Rim
- producing market-specific collateral materials
- Studying the feasibility of a Convention Center in the City

B) Chamber of Commerce -- Thomas Crail

The Chamber has been very active in developing commerce in the City over the past ten years. We would particularly like to mention the Business Retention and Expansion Program, which in collaboration with the City has worked intensively to attract new businesses to West Hollywood and keep existing ones in the City. The Chamber has also established a Transportation Management Organization (TMO) which operates out of the Chamber office and is dedicated to solving traffic and public transportation problems in the City. The Chamber has been active in general with several Chamber-related and independent business groups such as the Nightclub Council, the Avenues of Design Business Association and the Santa Monica Boulevard Association to promote commercial development in West Hollywood and to help solve any problems among businesses in the City or considering locating in the City.

C) Community Alliance -- Tim Olsen

The Community Alliance has been an active commercial organization which has focused on building a strong business community in the City. The Alliance has concentrated its efforts in several main areas, including:

- providing a venue for City businesses to network and become resources for each other
- sponsoring business and commercial-related and social events
- communicating the needs of businesses to the City and other organizations
- acting as a pro-business advocate with the City government
- encouraging the City to become more business-friendly
- insuring that businesses are aware of new regulations and ordinances which may affect them

The Community Alliance looks forward to working with the City and the other organizations here tonight who are also concerned about business development in the City the accomplish the common goals that will benefit everyone.

D) Pacific Design Center - Andrew Wolf

The Pacific Design Center has been working very hard to move ahead and meet new challenges and seize new opportunities. Some recent activities and accomplishments include:

- the PDC has been seeking out international possibilities for designers and architects
- the PDC is getting a new sign in four Pacific Rim languages
- the PDC has 17 new showroom tenants, including a new home and garden cable channel
- the 20th annual West Week is happening in March
- the PDC is collaborating with the City to market the PDC more actively
- the PDC is also working with the hotels to make the Center into a mini-convention center

On a more continual basis, the PDC has been working to become more open to the public and in order to accomplish this, has come up with the model Idea House, a personal shopping service, the opening of a new cooking school and other public-friendly projects. Currently, the Green Building is 60% leased and the Blue Building is 90% leased.

VI. Individual Group Reports

(See Appendix A)

VII. Conclusion -- Allyne Winderman

This summit was great but we are only half-way there. The minutes of this meeting will be written up and distributed. The next meeting will really be hard work as we prioritize what we want based on the group discussions, which will also be written up for review.

VII. Public Comment

Jean Dobrin mentioned the need for new ideas which are innovative, from which good things will come. Business and residents must work together and parking must be addressed by both of these groups. There should be a gateway landmark at the entrance of the City, like Chasen's was. There should also be a gateway at Santa Monica and Doheny.

- End -

APPENDIX A
SMALL GROUP REPORTS

GROUP 1

BUSINESS ATTRACTION AND RETENTION DEVELOPMENT INCENTIVES

Three issue areas emerged from the group discussion: new marketing tools for both retention and expansion; new business sectors; and, development on Sunset and the East Side.

New Marketing Tools

West Hollywood is already a highly competitive place to do business, but has the opposite reputation. Efforts to aggressively market West Hollywood's advantages are needed. Some ideas include:

- Send out a sheet with the business license tax bill showing comparative costs elsewhere and what is being done with business license tax revenues
- Be more proactive in competing with other cities whose brokers aggressively push their advantages
- Use a billboard on the Sunset Strip to advertise West Hollywood as a business location

The Group also discussed the creation of a new image for the City that rather than backing away from "the creative city" ideas, builds on it and also adds "smart" to "creative". This could be done by:

- The high-tech revolution in business has necessitated improved infrastructure facilities; the City should concentrate on making those upgrades as quickly as possible and working closely with the utilities to accomplish this
- Once the upgrades are underway, use them to market our modern business environment, which is ready to meet cutting edge technological needs
- Incorporate the infrastructure upgrades into a new marketing campaign based on something like: "West Hollywood: the Smart and Creative City"

New Business Sectors

The Group identified three main new business sectors meriting exploration: high-tech/microenterprise: fashion: and, international trade and tourism. Some ideas included:

- The group agreed that West Hollywood needed to situate itself more centrally along the information superhighway, meaning infrastructure upgrading and attracting more high-technology communications businesses, particularly small companies

- West Hollywood, as a trend-setting city, is in a unique position to capture more fashion business from downtown; new showrooms at the PDC evidence the first wave of what could become a powerful trend in fashion business development, if restrictive parking problems could be solved; international trade is booming in the region and West Hollywood needs to become more international in orientation; marketing materials, such as CVB guides, should be printed in four languages, including Chinese, Japanese and Korean; design is by nature international and this should be encouraged; international tourism is an untapped revenue source of unbelievable proportions -- international travelers spend almost twice what domestic travelers do

New Business Development

The Group agreed that the fact that no large scale development had occurred on Sunset in many years needed to be addressed and that new development projects in general needed fostering.

The Group had several ideas for Sunset, including:

- Passing the Sunset Specific Plan and moving ahead with development
- Overcoming the resistance of residents and coming up with ways to incorporate their concerns into the plan

Ideas for the East Side included:

- Target development incentives for the East Side to attract specific kinds of businesses
- Consider some kind of large-scale, cutting edge "incubator project," like a multi-media center or a microenterprise
- Complement the already large arts community by building a large arts center, museum or some kind of university extension campus for arts or even travel/hospitality studies
- Reconsider redevelopment for the East Side with a greater emphasis on overcoming the misconceptions and fears of the business community of eminent domain and other issues which scare businesses and residents; convince the community that redevelopment will benefit and not hurt them

GROUP 2

Enhancing the City's Image - Roles of Organizations

Business Improvement Districts

Crime

Enhancing the City's Image - Roles of Organizations

- Who is our target audience? - visitors and businesses
- Who are our visitors? - local, out-of-state, national, international
- We have not coordinated our efforts well in the past. There is overlap with the CVB, CC and City's PIO. (e.g. press releases, should PIO do more of what CVB has done in the past?). One possible solution to this is creating a master calendar for these activities and indicating who is the responsible organization.
- There needs to be a clear sense of who has what responsibility. This needs to be figured out among the organizations first and then communicated to others (public).
- There is a need for baseline studies of the City (e.g. Visitor Profile). This needs to be updated every year and benchmarks need to be set. These baseline studies are the piece of the pie that is missing. This information can be used by many organizations. We should first see what information we have on hand. See how other cities do this and how they pay for it (general fund?). Example: Visitor Profile.
- Festivals - We need to diversify our events and festivals. We should look at different types of events in different areas of town (i.e. on Sunset Blvd., for Seniors, book faire). Who should take the lead on these festivals, and how are they paid for?
- Marketing to Attract Businesses-
 - This is a weak area for the City/Chamber and CVB
 - This is different from enhancing our image to attract visitors
 - Other cities are more aggressive in this area
 - We need to identify businesses and tell them what we have to offer
 - We've fallen behind other cities in this area
 - There are specific business groups that we should be attracting - We really need to say "We want medical offices" and then go out and get them to come to the City. We need to first identify what we want and then go after it.
 - We need to step up efforts with brokers, but we also need to do more
 - The City is more user-friendly - we need to advertise this - there is a perception problem
 - Who is going to coordinate these efforts? How do other cities do it? BREP has mainly focused on retention and working with brokers. We can either

expand what BREP does or come up with a new way to do this. The Chamber should be involved with this. Business people also need to be involved.

Business Improvement Districts (BID)

- We always bite off more than we can chew
- We need to let the Avenues of Design BID operate for at least a year so that we have an opportunity to see how it works and then move on to other areas (Sunset, SMW, SME).
- What district goes next depends on where the leadership is. The City should respond at the request of the district leadership. The City should also come on board and support BIDs. In order for the BID to be successful, the City must enhance its own image (as a place to do business, as a service provider).
- There should be a City-led effort to allow businesses to vent. No one has spent time with the business community to allow them to vent (about taxes, services, etc.).

Crime

- A safe community brings in business
- West Hollywood is safe (statistics show this). We need to get the word out that we are safe.
- We are already doing everything that is on the list of issues. We need to get the word out.
- The perception of crime is a problem
- One of the roles of the CVB, Chamber and City is to make sure that the perception of crime is taken care of. This can be done by communicating the positive statistics and by getting the media to report the positive
- The word needs to get out to the following groups: visitors (through hotels), businesses, meeting planners and residents.
- There also needs to be more systematic outreach to the decision makers (i.e. meeting planners, travel agents) about the low crime rate in West Hollywood.
- Look into "Friendly Ticket", a ticket that could be left on cars saying "you left items in your car which might encourage someone to steal them".
- Safety information should be distributed to the hotels
- The City should coordinate the information campaign to visitors
- Businesses have to be willing to get involved in the Business Watch program

GROUP 3

PARKING

DESIGN

Parking

Problems

Group three discussed parking issues in West Hollywood. The group first identified the problems currently facing the City today.

- Poor Circulation
- Too few parking structures, lots, & spaces
- Underutilized existing parking
- Uncontrolled valet parking boundaries
- Resident opposition to developing parking structures
- Too little on-site/ adjacent parking
- Not enough dollars to fund new parking
- Tapped out shared parking and existing meters

The City has “hotspots” of traffic congestion. These hotspots occur on the commercial thoroughfares, such as Santa Monica Blvd. and Sunset Blvd. Due to the many nightlife establishments, it is often difficult to park in these areas. e.g. parking needed in Robertson and Santa Monica Blvd. area.

Only 20% of parking meters funds, \$200,000, and only 5% of parking fines, \$250,000, goes back into the parking fund. Public should know this. Thus, need to inform public and create public support.

PDC parking is too dark. Needs more security.

Solutions

- City *must* become more aggressive toward creating parking in West Hollywood
- Form parking task force to analyze existing parking and find places for new parking as well as means to get new structures/lots built under a new parking development program
- Create creative finance and design applications
- Focus on empty lots for temporary parking with meters. e.g. Hammond & Sunset
- Better utilize existing lots. e.g. PDC lot
- Better utilize space behind commercial property (in alley and lots) on East Side
- Work with owners of existing lots to better utilize
- Create parking permit bonuses

- Increase dollar percentage of fines/forfeitures that go back into the parking fund (Total revenue from fines/forfeitures is \$6.7 million)
- New businesses must be forced to supply more parking (new construction)
- Charge more for parking in existing lots. e.g. PDC increase to \$5.00 at night
- Or, offer free parking at PDC to get more people to utilize space
- Require employers/employees to park in structures off the street
- Require Sports Connection patrons to use parking structure
- Tap more sources for funding for parking lots and structures
- Reduce landscape requirements for building temporary lots. Focus more on getting them built for temporary purposes. e.g. Tower Records instance.
- Work closer with Los Angeles County to reduce land costs for parking purposes.

Parking Structures

The City needs more parking structures. However it is too expensive. Follow Beverly Hills example of subsidized parking lots along Little Santa Monica Blvd.

Potential Parking Structure Sites

Santa Monica Blvd./ San Vicente
Pacific Bell site

**GROUP 4
EAST SIDE DEVELOPMENT
CLEANLINESS
REDEVELOPMENT**

Better Business Cooperation and Representation

- The City needs a new active business association group formed from the “grass roots”
- Support a Sheriff mobile station and foot patrols in the area”
- Formation could begin with quarterly joint meetings sponsored by the Chamber of Commerce and the Community Alliance

Making the East Side a Better Business Environment

- Attract new and more varied businesses
- Enforce sign regulations on businesses
- Enforce regulations on unsightly auto repair shops and Greg’s Appliance so that the unsightly messes may not be seen from the street
- Work with Russian business community to educate them in the ways of the neighborhood to attract more customers; i.e., print signs in English, always have someone in the store who speaks English, be courteous and friendly to customers, work with and join the business association, and how to make stores appear more inviting
- Improve Parking
- Re-zone Santa Monica Boulevard to allow greater residential density

Building an Image for the East Side

- Develop a common vision for the area
- Upgrade the image by promoting the east side as a safe place to do business
- Create a cohesive image of Santa Monica Blvd. from Doheny Drive to La Brae Avenue, for instance, holiday decorations from one end to the other
- Work with Los Angeles to divert and direct homeless away from Poinsettia Park They are using the residential neighborhoods to scavenge and hang out to and from the park with grocery carts

GROUP 5
STREAMLINING AND CREATING A BUSINESS FRIENDLY ENVIRONMENT
GROWTH IMPACTS
EMPLOYMENT

Streamlining Regulation and Creating a Better Business Environment

- The City needs a better idea of what types of businesses it wants
- The General Plan needs to be re-evaluated and needs to provide a better guide to development
- The City needs to be less adversarial and foster better communication with businesses in getting projects completed
- Streamline in-house traffic studies
- The City should hire an advocate or ombudsman to help businesses get approved and established.
- Project bids and requests-for-proposals for City projects should be re-evaluated
- Better communication needs to be facilitated between City departments regarding policy issues

Growth

- Parking & circulation issues need to be resolved
- The importance of the Sunset Specific Plan should not be underestimated and better marketing efforts are needed to get the plan passed
- Continuity in zoning capability should be established
- Include infill in existing buildings and new developments
- Ongoing communication between business & community should be fostered
- Organize stronger community groups
- Long-range regional traffic improvement should be studied

Employment

- Promote WHEST & local employment (“Hire West Hollywood First”)
- Target types of businesses that create higher-wage jobs
- Develop a profile of the kinds of businesses the City wants
- Conduct more outreach to attract businesses, especially large businesses & entertainment firms
- Employee/residents are advocates for business when dealing with government