

CITY OF HERMOSA BEACH

DOWNTOWN COST BENEFIT ANALYSIS

PUBLIC COMMENTS & RESPONSES

FEBRUARY 2016



This document is a compilation of public comments received to the Draft Downtown Cost Benefit Analysis. Written comments are presented first in the order of receipt, followed by comments received verbally at public meetings held on February 11, 2016 and February 18th, 2016. Responses are subsequently listed in alphabetical order based on the commenter's last name, or entity name.

Written Comments

COMMENTS ON CITY OF HERMOSA BEACH: DOWNTOWN COST BENEFIT ANALYSIS



2/11/2016

Exploring Assumptions

COMMENTS ON CITY OF HERMOSA BEACH: DOWNTOWN COST BENEFIT ANALYSIS

EXPLORING ASSUMPTIONS

Executive Summary

We agree with the summary that the precise information reviewed is limited, incomplete and difficult to quantify per land use. We will attempt per section to comment on and document differences and omissions from our perspective.

2.1 Background

There is a large volume of data in the report that was assigned either a “moderate” or “low” rating for reliability and accuracy. Due to those ratings it leaves a wide margin for alternative conclusions.

The interchangeable use of “cost” and “expense”: A cost can be either an “expense” or an “asset”. How does the broad expenses outlined per city department separate out any assets? Are there any asset costs associated with the annual cost detailed? Has program revenues by department been subtracted from the government expenses (see page 154 of the *City of Hermosa Beach 2015-2016 budget*)?

2.2-2.3 Downtown Study Area

HBHA-1

The study area is rather large and extended beyond the normal size of a typical downtown discussion. Typically, downtown would be considered 15th Street to the North, The Strand to the West, 8th Street to the South and Manhattan Avenue to the East (see *Downtown Core Revitalization Strategy 01/14*). Increasing the study size to the North from 15th Street to 16th Street adds 36-Residential units and 1-commercial unit. Increasing the study size to the East from Manhattan Avenue to Monterey Blvd adds 119-Residential units and 6-commercial properties. This increase in size skews many assumptions and allocations because the increased size is 96% residential land use. In addition, see section 2.5 regarding size of the “HDL” sales tax study which would match perfectly to the standard size of downtown.

2.4 Late Night Establishments

HBHA-2

The choice to list establishments serving alcohol after 11pm as a late night establishment is appropriate. The choice to list activity from 10pm-3am is questionable. Land uses such as liquor store or pizza place, typically fill the space from 1am-3am.

HBHA-3

2.5 Data Sets

The “HDL” sales tax study would fit perfectly to the standard discussion of the downtown area if the area was not arbitrarily expended as mentioned in *section 2.2-2.3*.

A reduced study size would also more closely match the Police Department Geographic area (*Figure 5, pg. 8*). The Fire Department Data will not fit any better regardless of how the study area is decided.

3.0 Revenues

HBHA-4

3.1 Sales Tax

Generally HDL figures are accurate other then this study area is larger than the HDL study area. Sales Tax for hotels was so small it did not make the top 10 list in the City’s adopted budget for 2015-2016.

3.2 Property Tax

The city receives 1.035651% per \$1,000 of assessed value plus \$200-\$300 per parcel in direct assessments. In July 2016, a fixed sewer fee of \$115 for residential and a variable sewer fee will be assessed based on water usage for commercial properties.

We believe that assessed value has been underestimated for all categories in the study area based on sampling of the tax assessor website for late night establishments. A spreadsheet detailing the underlying assessed values would be useful in this report to double check accuracy.

3.3 Utility User Tax

HBHA-5

The methodology used in allocating the “6% Utility User Tax” is vastly under reported in the study. Built square footage is not a good estimation but rather the land use would be more appropriate. A typical restaurant can pay in the thousands per month for gas, and electric as opposed to several hundred for a residential use. Services for commercial packages for DirecTV, Time Warner Cable, multiple phone lines, Internet are all assessed the 6% fee. DirecTV alone can be several thousand per month for commercial services substantially greater than any residential use. The assumptions made would divide the \$24,548 by the 32-late night businesses in the report. That result would be \$767/year per business or \$63.92/month. That would amount to \$1,065/month in utilities per business. That figure is a gross miscalculation when any restaurant use in just electric would exceed \$1,065/month. The actual “*Prorata UUT*” share would be closer to \$115-\$120,000 for late night establishments.

HBHA-6

3.4 Business License Tax

The data provided and Appendix B is very accurate to estimate revenues from business license tax. The only question we have is 32-parcels are used previously in the report and now only 26-late night businesses are listed?

3.5 Transient Occupancy Tax

HBHA-7

The data provided is very accurate based on the study area.

3.6 Encroachments

The data provided is very accurate, however, it should be mentioned that recently retail establishments on Pier Avenue will be allowed encroachments. That fee will be zero or very low initially but is likely to increase in the future.

3.7 Parking Lots & Structures

The assumption that only 10.00% of total revenues between 10pm and 3am are attributed to late night activity is just not supported. There is virtually no other downtown use after 10pm other than late night activity. All three facilities are at capacity at 10pm and virtually empty by 2:30am nightly. The assumption that there is some other reason or use for 90% of the revenues for those three lots has no basis in fact. Businesses also purchase monthly and annual passes for those lots. Currently, employee parking passes also are allowed to park in those lots, even though we try to discourage the practice.

There is also no mention that parking is enforced in those three lots until 2am as opposed to midnight for the rest of the downtown and city. There is also no mention of the demand parking pricing in place since 2014 from 8pm on of \$.25 per hour. Both of these items have meaningful impacts on this study.

These three lots also do not participate in the free parking downtown from December 15-December 29th each year. That is in contrast to the loss of revenue of \$60,000 from silver meters within the posted hours.

3.8 Metered Street Parking

HBHA-8

As mentioned in previous sections the metered street parking study is smaller than this study by 15th Street to the North, Manhattan Avenue to the West. It would be reasonable to move the study area to the same size as so many of the other data sets for accuracy.

It is hard to support the assumption that only 5.0% of metered parking is for late night activity between 10pm and 3am in the study area. We can provide other city reports

HBHA-9

within the last two years that would contradict this assumption. There are virtually no other uses open after 10pm to support that assumption. A person would find Hermosa Ave, Pier Ave, and the surface lot at 14th and Manhattan Avenue at capacity at 10pm and empty by 2:30am. This section also does not mention the demand pricing deployed after 8pm in the study area since 2014 for the metered parking. Supporting data should be provided if such a wild assumption is to be put forward. Why would additional community service officers be deployed between midnight and 2am to chase \$41,000 in meter revenue for late night use?

HBHA-9

3.9 Parking Citations

The assumptions in this section are not supported. There was a drop in the actual number of citations from 2014-2015 of 8,445 city-wide. The assumption that late night activity is only attributed 10% for a lot and 5% for meters of the citation total is not supported by the facts. Another issue is the large number of vehicle citations at 10am due to vehicles being left over night after a driver had been drinking. This fact can easily be verified visually each night at 2:30am and reviewing citation revenue at 10am at the start of enforcement each day.

The assumption is questionable that only \$1,373,078 out of the city total of \$2,545,289 or 54% is attributable to the downtown area. The vast majority of the city's parking meters are installed in the downtown zone. Outside of that zone there are far more yellow meters or 24 hour parking spots for residents. A more detailed data set should be provided in this report to verify the accuracy of these numbers.

HBHA-10

3.10 Retail & Cellular Leases

The data is very accurate but virtually inconsequential to the discussion.

3.11 Community Resources

This section is completely unrealistic and misreported. To claim the city received revenue of only \$66,247 for special events is simply not true. The *Hermosa Beach Chamber of Commerce and Visitor's Bureau* would be able to provide an accurate number for many of these events. Many events such as *Fiesta Hermosa* pay \$10,000 per day or \$30,000 per weekend. Parking-in-lieu fees are paid for every parking space impacted. Direct reimbursement for refuse, police, fire and security is provided. They also provide Sales tax of \$30/booth x 300(+) booths per weekend directly to the city. There are indirect benefits of removing certain public functions from being a city expense as it has in the past, such as (St. Patrick's Day parade, Tree lighting, Christmas decorations, street banners, and the New Year's Eve celebration).

HBHA-11

Some of these Holiday weekend events also prevent the large outlay of City funds in the neighborhood of \$100,000 per weekend as evidenced by the 4th of July weekend. Any Beach community would be inundated with 50-100,000 visitors on any holiday weekend as experienced by many other Southern California cities (ex. Newport Beach, Huntington Beach, and Santa Monica). This section should be reviewed with appropriate stakeholders and completely rewritten to be accurate.

3.12 EMS Transportation

HBHA-11

Since the city enjoys their own ambulance service they realized revenue of \$469,000 in the last year per the city budget. The fire department service overly is much larger then the study area and difficult to quantify. Out of the 1,344 EMS calls 81 were between the hours of 10pm and 3am that is only 6%. The numbers and percentages are not supported by the facts and Appendix D? The assumptions in this section need to be addressed.

3.13 Summary of Downtown Revenues

HBHA-12

There is a wide array of revenues ignored in this study. Below are list of items that should be addressed in the study from the City of Hermosa Beach budget:

➤ 3104 In-lieu Sales Tax	\$688,870
➤ 3107 Transfer Tax	\$237,307
➤ 3109 ½ Sales Tax ext. for Public Safety	\$182,608
➤ 3110 Time Warner Cable TV Franchise	\$137,239
➤ 3111 Electric Franchise	\$81,844
➤ 3112 Gas Franchise	\$50,688
➤ 3113 Refuse Franchise	\$224,424
➤ 3123 Verizon Cable Franchise	\$312,062
➤ 3204 Building Permits	\$387,181
➤ 3205 Electric Permits	\$75,820
➤ 3206 Plumbing Permits	\$63,000
➤ 3207 Occupancy Permits	\$16,000
➤ 3208 Grease Trap Permits	\$8,415
➤ 3211 Banner Permits	\$5,968
➤ 3225 Taxi cab Franchise	\$176,000
➤ 3227 Mechanical Permits	\$31,571
➤ 3301 Municipal Court Fines	\$226,407
➤ 3305 Administrative Fines	\$5,500
➤ 3418 Special Events	\$120,000

HBHA-13

➤ 3422 Beach Plaza Promotions	\$30,000
➤ 3802 Planning Sign Permit	\$11,897
➤ 3812 Conditional Use Permit	\$12,332
➤ 3813 Plan Check Fees	\$465,647
➤ 3821 Daily Permit Lot A	\$60,459
➤ 3823 Special Event Security Police	\$36,000
➤ 3824 500' Noticing	\$16,590
➤ 3841 Police Towing	\$98,000
➤ 3843 Parking Permits Annual	\$430,000
➤ 3858 Monthly Parking permit Lot A	\$135,408
➤ 3882 Special Event Fire Code Permit	\$4,000
➤ 6825 Clean Bay Restaurant Insp	\$8,000
➤ 6850 Annual Business Fire Inspection	\$40,000
➤ 3101 Lighting/Landscape Dist. Fund	\$454,400

Each of the above items obviously is for the city as a whole, however, they directly relate to downtown. You can imagine that most companies would not pay a franchise fee without a downtown district such as a taxi franchise agreement. In order, to be accurate this study should address each of these revenue items and whether they apply or not to downtown? The reliability assigned in (Table 8, pg. 19) of “good” for all except “Utility Users Taxes” as low is questionable.

HBHA-13

4.0 Costs

4.1 Police

Based on the City budget (pg. 154) Public Safety (Which includes both Police and Fire expenses) is listed at \$16,737,044 – program revenues of \$5,398,329 for a total of \$11,338,715 combined. This report lists \$11.8 million for police and \$5,407,734 for Fire or \$17, 207, 734 in total. This substantial overstatement in this report overstates the actual figures in this report by \$5,869,019? This discrepancy in careless and invalidates all assumptions on expenses for public safety. This needs to be immediately addressed to the stakeholders and the public.

HBHA-14

As mentioned at the outset “costs” can be categorized as either an “expense” or an “asset”. In these listed costs are extensive assets that should be removed from the study. Under the Police Costs are Materials, supplies, other totaling \$2,156,600, Equipment/Furniture of \$235,501 plus an additional \$69,308 in equipment. These costs should be removed from the budget as assets not expenses. There are items that have nothing to do with the downtown such as Crossing Guards \$98,982, Neighborhood Watch

HBHA-15

\$373,510. There is also \$171,651 listed under expense item 4201 that covers parking meter expenses covered earlier in the report, animal removal, bee removal and other non-related expenses.

HBHA-15

In regards to Police Calls (Appendix C, pgs. 41-44) the charts do not match up on any page. The assumptions are not accurate and missing information which should be explained? For example (pg. 41) 2013 calls:

All Hours	10pm-3am (pg. 41) 2013 Calls
------------------	-------------------------------------

PARKHB	Not Listed
--------	------------

484R	Not Listed
------	------------

Not Listed	647F
------------	------

All Hours	10pm-3am (pg. 42) 2014 Calls
------------------	-------------------------------------

459A	Not Listed
------	------------

928	Not Listed
-----	------------

Not Listed	FOOTBT
------------	--------

Not Listed	242
------------	-----

Not Listed	647F
------------	------

Not Listed	PRES
------------	------

After analyzing the actual police calls on Appendix C glaring errors are evident. (Please see attached Appendix C-Supplemental for 2013 & 2014 police calls using Appendix C numbers). This study lists all calls downtown as 22%? If the actual numbers are entered based on data in (Appendix C) the total calls downtown in 2013 are 2,282 out of 33,646 citywide calls. This makes the downtown total actually 7% not 22%? The hours of 10pm-3am lists 377 calls out of 2,282 or 17% not 51%. The percent between 10pm-3am is actually 1% of the citywide total as opposed to the 12% listed in the report for 2013?

There are other glaring data errors in (Appendix C, pg. 41-44): There are at least 12- instances where no figure is listed for the downtown as a whole when a number is listed in the subset of 10pm-3am. This type of error leads to inaccurate figures and percentages. These glaring errors and omissions must be addressed in the study and accurate figures and costs assigned.

HBHA-16

4.2 Fire

In the above police cost report 2013 and 2014 numbers were used. In this section calls for service are listed for 2014 and 2015? Each year has slightly different budget amounts, staffing levels and should be compared on the same years. The actual Fire budget was actually \$5,194,554 instead of the budgeted amount of \$5,407,734 or 31% of the entire Public Safety Budget. If you subtract the Public Safety revenues from the expenses by taking 31% of the \$5,398,329 in revenues you can lower the actual expenses by \$1,673,481 or net expenses of \$3,521,073?

As mentioned above, costs that are actually assets should be removed as an expense. There is \$1,079,861 in materials/supplies/other, \$21,800 equipment furniture, \$6,000 equipment, \$46,662 Safety gear purchases, \$15,800 equipment. If the numbers are not calculated and reported accurately the assumptions are inaccurate and cannot be relied upon.

HBHA-17

In regards to Fire calls (see *attached supplemental to Appendix D*) in the service area for 2014-2015. There were 374 calls downtown out of 2,426 citywide which gives you 15% of citywide calls. The percentages are identical for both 2014 and 2015. The percentage of calls downtown for both years equaled 32% of the downtown calls. This report lists 18% instead of 15% and the cost allocation of 20% is not supported when two years in a row calls for service were only 15% even though the geographic area is much greater than the study area. There is no basis for the 20% assumption at all?

4.3 Public Works

HBHA-18

Many of the expenses detailed in (*Table 10, pg. 23*) are reimbursed or covered by property assessment?

➤ Landscaping services for medians, parkways, parks, tree trimming	\$11,497
➤ Trees and Plants-Hermosa Ave/Plaza	\$3,645
○ Above covered by landscaping assessment?	
➤ Galaxy Soccer Event (one time event and reimbursed by event)	\$560
➤ Summer Concerts-Portable restrooms, banners event expense	\$4,877
➤ St Patrick's Day Extra Cleaning (reimbursed by Chamber)	\$400
➤ Mobile Floodlight Tower is an asset	\$8,223
➤ Pier Plaza Bollard-Improvement one time cost	\$925
➤ Jarvis Memorial Water Fountain Water Bottle Filler	\$4,458
➤ Light replacements, event oversight	\$53,872
➤ Morning Porter Service (Paid on refuse bills)	\$24,436
➤ Afternoon Porter Service (Paid on refuse bill)	\$10,705

HBHA-19

Many public works expenses fall into a category where they are reimbursed by each event, paid by landscaping/Lighting assessment districts. Either way the numbers are such that they are virtually inconsequential to the discussion. Assigning 20% to late night establishments for expenses that happen mainly during the day seems arbitrary but not out of the ballpark.

HBHA-19

4.4 Community Resources

This is one category where revenues exceed expenditures by \$265,106 per year. The budget is listed at \$1,257,311 and program revenues are \$1,522,417 (see pg. 154, *City Budget*). Allocating anything to late night establishments is not supported; however, the number allocated is so small to be inconsequential.

HBHA-20

4.5 Community Development

The allocations for community development seem reasonable and accurate. The only question would be the allocation of 90% of a building and code enforcement official to downtown when they have responsibilities in other districts of the city.

HBHA-21

4.6 General Administration

This category has many issues with the assumptions:

Legislative/Legal

The city council budget is \$302,682 which includes unrelated costs of \$25,000 for conference and travel, \$31,995 special events outside of the downtown area, and \$101,951 in materials/supplies/other. These costs should be removed from the budget amount before applying to downtown.

The city attorney budget is \$320,000, if there was no downtown the City Attorney would still be employed by the city; the costs of these services in recent years were inflated due to the oil ballot measure O. Assigning 15% to downtown seems arbitrary and 25% to the late night businesses is not supported by facts or time allocation.

The city clerk budget is \$383,139 which includes unrelated costs of \$42,145 administering oaths of office and document requests, \$52,000 for a special general election for city council. In addition, other expenses should be excluded such as \$23,700 election consultants and document scanning, \$40,365 materials, supplies, other, \$13,450 BID notices, \$57,471

The city treasurer budget of \$40,618 includes fees for Safekeeping and armored car transport of \$11,650, and materials/supplies/other of \$9,870. Both of these expenses should be removed from the item as not a downtown expense or an asset cost.

HBHA-22

The city prosecutor budget of \$208,504 should be based on actual prosecutions related to downtown, which is easily discernable from earlier discussions.

FPPC updates. These unrelated expenses should be removed from the budget before being applied downtown.

General Government

The city manager budget of \$736,650 includes unrelated expenses of \$58,699 materials/supplies/other, \$5,435 equipment assets, \$54,701 office recycling and compost bins. These items should be removed prior to allocating costs to the downtown.

The Finance Budget is broken into three sections Administration of \$919,703 which has unrelated expenses of \$63,467 Materials/Supplies/Other. This area is particularly hard to quantify given the scope of the operation.

The second finance division of cashier services with a budget of \$758,683 has many unrelated expenses to downtown. Items such as \$91,023 Materials/Supplies/Other, \$45,521 animal licenses, \$15,174 bus passes, \$15,174 cash keys, \$699 office chair assets are unrelated to downtown and should be removed.

The list finance item is administering assessment districts with a budget of \$20,055 which includes one district downtown (Lower Pier) with costs of \$1.932. The remaining \$18,123 administering assessment districts outside of downtown should be removed.

The human resource department has a budget of \$530,854 with unrelated expenses of \$234,300 employee service pins, special investigations, legal services, \$11,000 employee appeals, \$45,937 Materials/Supplies/Other. Additional items unrelated to downtown are \$73,193 insurance, \$57,211 ride share program all of these items should be removed from the budget listed before applying to downtown.

The current general appropriations budget of \$93,759 allows bulk purchases of office supplies that are then provided to other departments and billed to each department. Including, this item other then secretarial support double hits the downtown.

The assumption that 15% of the Legislative/General government budget is applied to downtown and 25% of that amount to late night is not supported by actual usage. It may not be unreasonable but the methodology should be explained in this report.

4.7 Parking Lots & Structure

HBHA-22

The costs for parking lot meters and the parking structure are included in two separate department budgets. Lot B is administered by the Police budget with \$23,699 merchant services and \$564 for wireless fees.

HBHA-23

The costs for Lot A and the parking structure are in the Public Works budget, which includes the parking structure revenue share payments to the county totaling \$527,594.

Many expenses have changed permanently after the installation of new smart meters throughout downtown and new pay by space meters in Lot B. This change of provider and equipment has created efficiencies and cost savings that should be included in this report.

The current numbers listed in the report are included in other city department budgets and overestimated using the 2014 fiscal year. These items should be corrected and addressed in the final report.

HBHA-23

4.8 Metered Street Parking

We obviously agree the percentage of revenue and expenses should match for the downtown. The meters are included in the Community Services portion of the Police department budget. The current smart meters are only installed downtown within the city. Coin meter maintenance and technician costs should be excluded from the discussion. There is also no mention of the \$43,296 wireless fees paid for the smart meters in this section? In addition, there are purchase costs associated with purchasing the asset of the new smart meters and pay by space meters included in the department budgets that should be addressed in this report.

HBHA-24

4.9 Parking Citations

The assumptions for this section are not only duplicative but include many errors. The fees included in section 4.8 for Lot B and smart meters are from the community resources section of the police department budget. The budget amount of \$2,172,401 includes many unrelated expenses \$4,530 equipment and animal traps, \$43,296 smart meter wireless fees, \$564 Lot B wireless fees, \$23,699 pay by space charges. This budget also includes \$83,120 to purchase pay by space meters in Lot B as an asset.

The selection of 44% to apply to downtown is arbitrary and not supported by the facts. It is easy to pull a percentage of actual citations issued downtown compared to the city as a whole and use actual percentages. In the revenue section for parking citations 5% of other and 10% of the structure citations are attributed to late night establishments while the odd 6.4% of expenses is attributed to late night establishments. It would be much cleaner to just use the actual percentage of citations issued downtown as a whole and the percentage issued 10pm-3am and 10am the next morning for late night? This section is so flawed that it needs to be rewritten in its entirety.

HBHA-25

4.10 Summary of Downtown Expenses

The items in the previous sections need to be addressed before relying on any summary of expenses. In (Table 15, pg. 26) the reliability rating of low for general administration and moderate for every other department is odd. Each department budget is detailed and complete it is obviously arbitrary at times to assign percentages based on limited information. The rating of good for the Lot A, B, North Pier parking structure & county share and parking citations do not deserve a good reliability due to the errors addressed above.

In (Table 16, pg. 27) it contradicts (Table 15) by listing so many items as low reliability such as parking citations instead of good and moving most departments to low reliability from moderate. It also moves general administration from good reliability to low reliability? There are ways to review the actual numbers, percentages and budgets to move most of these to moderate if not good reliability.

HBHA-26

5.0 Estimates of Net City Revenues

Until the underlying issues in the revenues and expenses are addressed it is impossible to have any type of meaningful discussion of net city revenues for downtown or late night establishments. Our concerns are detailed and addressed about the imprecise nature and possible errors by the study authors on (pg. 29)

6.0 Additional Considerations

6.1 Synergistic Land Uses

We agree that synergistic land uses are at play in Hermosa Beach. With a 1.4 square mile city and 19,502 residents many things are at play and interacting. In a City with 52% renter occupied units amenities play a big role in selecting a place to live and spend rental dollars. These amenities include the beach, amazing people, public spaces, restaurant/bars, personal care businesses and retail. Every time a resident has to leave to buy an item or spend their dining dollars outside of the city everyone loses a little.

Given the high rental costs and subsequent rising property values Hermosa Beach enjoys the largest revenue source to the city through property taxes. This is created by a synergistic effect and does not matter whether property taxes are paid by a homeowner, renter or a business paying property taxes through a NNN lease. Typically, the free market moves properties whether residential or commercial to the highest and best use and is difficult to prevent.

6.2 Multiplier Impacts

The use of an “IMPLAN” model is interesting originally developed by the *USDA Forest Service*, a product of the Rural Development Act of 1972. To be effective it should employ an industry head count and then provide the multiplier. The restaurant and bar industry is the largest employer in Hermosa Beach employing over 500 people. It is inaccurate to say that a “personal care business” would generate \$1,774,826 the facts do not support this assumption. This is compared to a restaurant/bar that employs 25-95 people each and grosses 1-million to 8-million annually. The assumptions that a hair salon, nail salon or massage parlor would even come close much less more than a restaurant and bar is false. Business license applications include employee head counts and could be calculated as well as the industries as a whole head count based on land use analysis. This model application should be reviewed and updated in this report

7.0 Conclusion

HBHA-27

A valid conclusion cannot be drawn until issues that have been mentioned in this submission or from additional stakeholders are addressed. All of the data provided in this analysis was obtained from publicly available documents such as the *City of Hermosa Beach Budget*, and the *Downtown Core Revitalization Plan*. The opinions stated are simply questions of the validity and data used at times within the *Downtown Cost Benefit Analysis Study*. We respectfully ask that you address the items listed prior to a final report being issued.

Sincerely,



David Lowe



President

Hermosa Beach Hospitality Association

PUBLIC COMMENTS & RESPONSES DOWNTOWN COST BENEFIT ANALYSIS

16

2013 Downtown Study Area:		All Hours	10PM-3am
Code	Description	Reports	Reports
SECCHK	Security Check	1,811	1,282
SS	Subject Stop	1,157	725
415	Loud Party / Animal Dist	666	405
T	Traffic Stop	623	364
PARKHB	Illegal Park-HB	255	Not Listed
925A	Suspicious Vehicle	193	135
FLAG	Citizen Flag Down	185	94
PRES	Rescue	137	57
FOOTBT	Foot Beat	111	37
484R	Petty Theft Report	79	Not Listed
647F	Disorderly Conduct: Alcohol/Drugs	Not Listed	36
Others	Other	1,239	378
647(F)PC	Disorderly Conduct: Alcohol/Drugs	207	114
372PC	Urinating in Public	187	165
Warrant	Warrant Arrest	95	34
484PC	Theft	68	Not Listed
FOUND PROP	Found Property	44	12
LOST PROP	Lost Property	33	Not Listed
CANCEL	Cancelled Report	26	14
14601.1AVC	Drive: Lic Suspended/Etc.	23	11
23152(A)VC	DUI Alcohol/Drugs w/ Priors	22	14
242PC	Battery	22	Not Listed
Others	Others (Possible duplicate?)	316	99
MISC	Misc Unnumbered Report	Not Listed	11
572030MC	No Explanation	Not Listed	9
0904010AMC	No Explanation	Not Listed	8
	Totals:	2,282	377
	Citywide Reports	33,646	9,958

7% of City Reports Downtown

4% of Citywide Reports

17% of Downtown after 10pm.



**Figures based on Appendix C (pg. 41-44) Downtown Cost Benefit Study

2014 Downtown Study Area:		All Hours	10PM-3am
Code	Description	Reports	Reports
SECCHK	Security Check	1,187	810
SS	Subject Stop	1,329	947
415	Loud Party / Animal Dist	807	420
T	Traffic Stop	566	301
PARKHB	Illegal Park-HB	306	Not Listed
925A	Suspicious Vehicle	119	95
FLAG	Citizen Flag Down	192	101
PRES	Rescue	140	32
FOOTBT	Foot Beat	Not Listed	41
484R	Petty Theft Report		
647F	Disorderly Conduct: Alcohol/Drugs	Not Listed	36
Others	Other	1,305	329
647(F)PC	Disorderly Conduct: Alcohol/Drugs	199	102
372PC	Urinating in Public	357	337
Warrant	Warrant Arrest	78	43
484PC	Theft	61	Not Listed
FOUND PROP	Found Property	66	26
LOST PROP	Lost Property	21	Not Listed
CANCEL	Cancelled Report	21	Not Listed
14601.1AVC	Drive: Lic Suspended/Etc.	23	11
23152(A)VC	DUI Alcohol/Drugs w/ Priors	Not Listed	14
242PC	Battery	24	51
Others	Others (Possible duplicate?)	305	97
MISC	Misc Unnumbered Report	Not Listed	Not Listed
572030MC	No Explanation	Not Listed	Not Listed
0904010AMC	No Explanation	Not Listed	Not Listed
459A	Audible Alarm (not listed in 2013)	99	Not Listed
928	No Explanation (Not listed in 2013)	85	Not Listed
INFO RPT	Information Report (Not listed in 2013)	21	12
25662(A)BP	No Explanation (Not listed in 2013)	Not Listed	10
415(1)PC	No Explanation (Not listed in 2013)	Not Listed	9
	Totals:	7,311	3,824
	Citywide Reports	33,212	9,604

22% of Citywide Reports

12% of Citywide Reports

52% of Calls downtown

2014 Calls	All Hours	10pm-3am	Citywide
Good intent	72	32	562
EMS	264	82	1,336
Fire	9	2	92
Public Assistance	29	5	118
Other	Not Listed	Not Listed	318
Downtown Totals	374	121	2,426

Notes: 15% calls downtown/32% 10pm-3am



2015 Calls	All Hours	10pm-3am	Citywide
Good intent	85	29	651
EMS	269	81	1,344
Fire	6	2	74
Public Assistance	39	15	171
Other	Not Listed	Not Listed	341
Downtown Totals	399	127	2,581

Notes: 15% calls downtown/ 32% 10pm-3am

****Supplemental from Appendix D City of Hermosa Beach Downtown Cost Benefit Analysis**

From: Kim MacMullan [<mailto:kmac@hbchamber.net>]
Sent: Thursday, February 11, 2016 8:36 AM
To: Viki Copeland
Subject: Kosmont Report Question

Good morning, Viki -

Hopefully this is a simple assumption!

A few Chamber members (besides me) read the report for tonight and noticed that the "Event Revenue" page includes several Chamber community events. There were concerns that the Fiesta line item seemed low, considering the dollars for in-lieu and expense we pay to the City.

Looking at the City invoice, my guess is that you match our payment to the expense items across the P&L and do not recognize it as "revenue," but instead as offset to the expense incurred.

Is that a correct assumption? I may need to clarify that to non-accounting folks but it seems reasonable to me that our payments are not revenue at all. I won't get into explaining GAAP recognition rules but you can reference that to me if necessary!

HBChamber-1

Have a great weekend. I plan to stop by tonight for 40-45 min at the beginning.

Kimberlee MacMullan

President / CEO

Hermosa Beach Chamber of Commerce and Visitors Bureau

1007 Hermosa Avenue

Hermosa Beach, CA 90254

(310) 376-0951 Fax (310) 798-2594

www.hbchamber.net

From: [Claudia Berman](#)
To: [hbcomments](#)
Subject: My Comments on Downtown CBA
Date: Sunday, February 14, 2016 4:49:54 PM

Dear Kosmont,

After attending the Draft Downtown CBA meeting, I disagree with this part of your conclusion:

"Finally, while a given use or component within Downtown may contribute relatively more or less than another use, there currently exists a synergistic mix that supports the success of each."

That is an opinion.

While I agree there is a synergistic impact among bars/restaurants in the downtown area (e.g. bar hopping, or drinks after dinner), the bars can be a negative impact for other businesses. Patrick Malloy's customers going to watch a game aren't going to stop into Bar Method after. There have been drunks that have caused damage in retail establishments.

Most restaurants open at 5PM M-Th. So while there a lot of dinning options, they are not all available during retail or office hours. It's unlikely that a person who has lunch at Hennessy's on a Wednesday is going to go shopping at Luna.

Two places that I loved for breakfast are long gone due to rent increases. So even fewer places now are open in the AM.

The success of downtown being a week-end, bar hopping mecca, is what makes it a empty at other times. While our downtown businesses are eclectic, I don't think we can claim they are synergistic.

Downtown is deserted in the day during the work week, and even more so in winter.

I think you really need to remove that conclusion, unless you do some real market analysis and survey the businesses directly.

Thank You,
Claudia Berman

Berman-1

From: Andrea Jacobsson [mailto:andrea@jamaauto.com]
Sent: Monday, February 15, 2016 10:26 AM
To: hbcomments

Subject: Hermosa Beach cost benefit analysis

I'd just like to add a few thoughts for your consideration in the cost benefit analysis of downtown Hermosa Beach

Jacobsson-1

1. Hermosa Beach's Chamber of Commerce is the only self-funded Chamber. We are funded by the Fiesta. If this were not the case, the City would be responsible to fund the Chamber of Commerce. Your study stated that the only revenue the City received was the permit fee of \$514 and that all other costs were an offset of expenses. The rent of \$10,000 of the plaza area is not an expense nor are the savings in increased police security which would be needed for a three day weekend and the Chamber pays. I'd like to see the actual expenses and offset detailed for accuracy in reporting. The Chamber also donates to 10 different Hermosa non-profits from Fiesta revenues and has taken over the expense of the St Patrick's Day Parade, New Year's eve celebration, Christmas decorations and many other events that are generally funded by City's budgets. The Chamber also donates to fund the sunset concerts, Special Olympics and many other fine organizations which increases the quality of life for Hermosa residents.
2. Hermosa Beach is not seen as a business friendly City for businesses considering to locate to Hermosa Beach. This study only solidifies this perception. The study should not attribute fixed costs for police and fire including pension obligations to the downtown area. If the downtown did not exist city administration costs or pension costs would not be reduced.

Jacobsson-2

Most people in the city of Hermosa Beach value the amenities that the downtown offers. This is the reason that property values, (property tax revenues), and rents are so high. Visitors and hotel guests come here because of our downtown. This generates revenue for the City that would not exist if we were a sleepy bedroom community. Thank you for considering the above items as you refine your draft of the cost benefits of HB downtown

Sincerely,
Andrea Jacobsson
JAMA Auto House, Inc
700 Pacific Coast Highway
Hermosa Beach, CA 90254
310.529.3649

From: [Scott D. Gimple](#)
To: [hbcomments](#)
Subject: Hermosa Beach - Question on Police and Fire Services,
Date: Thursday, February 18, 2016 7:49:42 PM

We watched the presentation this evening and I had one question.

When looking at the calls for service volume, did you look at the type (severity of call) of calls, the length of time each call took, and the number of man hours per call to determine what impact downtown has on Hermosa Beach, especially between 10:00pm and 3:00AM?

Best regards,

Gimple-1

Scott Gimple
654 8th Street
Hermosa Beach, CA 90254

Verbal Comments

Commenter	Comment(s) / Question(s)
Lissner-1 2/9/16 Lissner call to City Hall	<p>How was estimate of \$81.10 / hr for a full loaded police officer established?</p>
Lissner-2 2/10/16 Lissner call to City Hall	<p>Interested in seeing the HDL sales tax reports used to estimate sales tax revenue in the analysis.</p>
Meeting (“M”)1, Speaker (“S”) 1 31:00 (Time in video)	<p>The use of “Good” “Moderate” and “Low” in the analysis - are these unusual words to use, good words to use? They seem very simple, and not very descriptive. Why is the information not reliable, did the City do something wrong? When I walk away should my conclusion be that the City is in the hole \$300,000 (with respect to late night establishments?</p>
M1S2 35:25	<p>I am confused about what our takeaway is – how do we process this analysis and what does it mean? Could we not flip the conclusions, or plug in different words, would somebody else say that data says something else?</p>
M1S3 41:10	<p>On the areas that are soft (lower degrees of reliability) – is the methodology repeatable? Even those areas where interviews were taken - that sounds subjective? Is the City Prosecutor’s office included as a cost? Going forward, if it is repeatable, is there any merit in looking at this in the future?</p>
M1S4 46:00	<p>Submitted Letter (HBHA). Why was a study area that doesn’t align with other boundaries picked, and why was an area that includes so much residential picked. There is a study that went to the planning commission that shows exactly what the number of police calls are. Questions on call log data accuracy.</p>
M1S5 50:20	<p>Desire some clarification on the definition of categories of revenues and expenses and reimbursement of expenses. Could underlying assumptions and calculations of revenues versus reimbursement be shown in greater detail?</p>
M1S6 52:00	<p>Encroachment revenue has not changed since 2009 – perhaps City should look at whether that should be increased. Does the police department budget include pension costs? How is the \$81.10/hr fully loaded police officer cost calculated? There should be an item/cost for wear and tear on streets. I don’t see the cost of insurance / settling lawsuits. I think we would should consider the opportunity cost of the land for the parking structure / the value of the land under a higher use. I don’t see an item for depreciation of</p>

	the parking structure.
M1S7 55:15	Why is only 10% of parking meter revenue allocated Downtown. The Downtown area probably has the longest hours of meter operation versus other nearby areas / cities, who else is spending money at night at the meters other than Late Night Establishments? Users at 6 am could also be attributed to Late Night Establishments. The City has the highest encroachment fees relative to other cities I operate in, especially for places open later hours. We pay taxes for wear and tear. During the week there are probably only five Late Night Establishments open; the police have to be there anyway due to other activities.
M1S8 1:00:00	The Utility User Tax has a low to moderate reliability rating – why can't we get better information. The cellular lease is included in the revenues stream for downtown, is it also allocated to Late Night Establishments? What would increase the level of confidence in the information?
M1S9 1:04:20	I would probably through this report in the trash – everything is an estimate, don't know why we don't have better information. A line that bothers me is that the revenues and costs are equal – do you mean that we should be okay with breaking even running a downtown. What other cities or information do you look at or compare to say that is okay or in-line?
M1S10 1:11:30	What are the next steps in this process? How are comments responded to?
M1S11 1:13:30	This report seems like something City staff could have put together. Now we have a good framework, in the future maybe we can have more accurate results. Maybe we could look at how the City compares with other cities with similar downtowns.
M1S12 1:14:55	With respect to the opportunity cost questions – If this analysis is going to be used to form policy in the future, perhaps we should look at what size the commercial area should be, and the opportunity cost of residential versus commercial should perhaps be considered.
M1S13 1:16:00	Can you talk more about the methodology used to come to the conclusion on the synergistic nature of a mix of uses downtown?
M2S1 25:20	How much of the police and fire service budget goes to pensions? I have a concern that a lot of the costs are fixed costs and wouldn't go away without downtown. Will you look at how much the Chamber of Commerce contributes to the City?
M2S2 30:50	One of the costs to the City is the focus of the City on the downtown area – there is not focus on other areas of the City such as Pacific Coast Highway and Aviation. Other parts of the City don't get enough policing and that is a cost with consequences.
M2S3 34:00	I would not want to go back to City funding the Chamber of Commerce – taxpayer money should not be spent on the Chamber. Think a good job was done on the analysis, could get in to pensions, property taxes other analysis, but would not make it any clearer. I read that the Downtown area is a push (in terms of revenue).
M2S4 36:25	A general discussion of considerations of cost and benefit analysis, concerned about how the findings of the analysis might be used.

	Appreciates the effort and comments.
M2S5 38:30	Response regarding comment on fixed versus variable costs – all costs are variable, the attempt to allocate / methodology is fine. If the Chamber of Commerce didn't have Fiesta Hermosa revenues the Chamber would likely be much smaller.
M2S6 40:45	Chamber of Commerce supports 10 non-profits, without which those entities might not be able to survive, and many of the activities that the Chamber performs were historically City expenses.
M2S7 42:15	Some of the numbers were stated to be "Low" such as the Utility User Tax – I and not sure why that is low, why we can't get better data. Someone also said the parking meter revenue appeared low. Is equipment used Downtown amortized / the cost of depreciation included? EMS transport has revenues, but it would be interesting to see the costs as well. It might be helpful to talk about the pensions and explain that pensions are based in the base salary and not overtime.

Response to Comments

Comment	Response
Berman-1	Based on the authors' review and evaluation of the Downtown area, it is the authors' conclusion that there currently exists a synergistic mix of land uses that supports the success of each sufficiently to create a viable downtown.
Gimple-1	In estimating the allocation of costs for police and fire service, the types of calls, typical time required, and administrative overhead required were considered and given weight.
HBChamber-1	<p>The scope of the analysis is to estimate the revenues and expenses that accrue to the City's General Fund. While the Chamber likely provides a substantial monetary and nonmonetary contribution to the City, the revenues and expense of the Chamber of Commerce are outside of the focus of the analysis.</p> <p>The analysis tried to capture City revenues and costs associated with those revenues. As indicated in the questions, to the extent that fees and payments are received to directly offset expenses (i.e. supplemental police staffing), those revenues and expenses may not have been explicitly listed in the analysis. However, if directed, the authors will include a more detailed inventory of the referenced revenues received and expenses paid by the Chamber in the final report.</p> <p>With respect to City funding of the Chamber, and the Chamber funding of public events, to the extent that the Chamber did not operate the revenue generating events, arguably the events would not happen, would not happen on the same scale, and/or the City would operate the events and earn the associated revenues. Each of these outcomes is speculative, and as such the existing conditions and funding structures were not evaluated in the analysis.</p>
HBHA-1	Pursuant to the last bullet / note in Section 2.1, the term cost and expense are used interchangeably in the report. There was not an effort to classify expenditures as investments in depreciable assets versus expenses. Rather all expenditures required to perform a service or function, whether they were in capital equipment, depreciation, or an expense were considered part of the cost of performing that service or function. In example the annual cost of a fire truck (i.e. depreciation of the asset) was considered part of the cost of providing fire service.
HBHA-2	The Downtown study area was developed based on discussions with City Staff, and available information sets. Despite the inclusion of residential uses within the Downtown study area, the authors focused heavily on commercial

	<p>uses within the Downtown. To the extent feasible, revenues from residential uses were isolated from revenues from commercial uses (please see Table 9: Summary of Revenues by Primary Land Use & Type). As noted within the report, there may exist additional revenues such as residential use of parking meters that were not isolated from other commercial uses.</p> <p>With respect to expenditures, the ratio of commercial versus residential land uses within Downtown was considered in estimating and allocating costs within the Downtown Study area. Police and fire services were the primary expense drivers within Downtown and were based on different geographies than the Downtown study area (please see Figure 5: Police Department Geographic Area & Downtown Study Area, and Figure 6: Fire Service Grid Area). Given the different information sources utilized, there is no perfect study area for this analysis. Instead, the authors evaluated the differences between the geographies, and considered mix of land uses therein in estimating and allocating costs (and revenues) within Downtown to attempt to best allocate costs (and revenues) to non-residential land uses.</p> <p>Future analysis could focus on a slightly different geographic area; though the authors expect that it would not materially change the analysis.</p>
HBHA-3	The use of certain data sets from 10 pm – 3 am for Late Night establishments was based on discussions of increased activity levels associated with patronage of Late Night establishments with City departments and staff.
HBHA-4	Please see response to comment HBHA-2.
HBHA-5	<p>As described in Section 3.2, the City annually receives approximately 0.00203% of assessed valuation as property tax. The remainder of the property tax levied goes to other agencies.</p> <p>With respect to sewer and other similar assessments. These assessments are levied to directly offset costs. The authors excluded both the revenues and the costs from the analysis. Including these assessments is possible, though would require additional analysis, but would not impact net contributions.</p> <p>Property tax information was evaluated on a parcel by parcel basis utilizing information for 2015 assessments from the Los Angeles County Assessor. The authors may be able to make the underlying data available for further review, or may be able to provide a comparison of the commenter's information.</p>
HBHA-6	In preparing the final report, the authors will reevaluate the allocation of Utility User Taxes within the downtown area. Further, the authors request any information that the commenter (or other stakeholders) may be able to furnish on the same.
HBHA-7	The commenter identified an erroneous parcel count in the draft report. The number of parcels attributed to Late Night establishment in the analysis is 26 and not 32 as listed in the draft. The assessed valuation and other

	<p>associated calculations were based on the correct parcels, and thus will not change. For cross referencing, two parcels are attributed to The Mermaid, two parcels are attributed to Sangria dba American Junkie, Patrick Molloy's and Silvios Brazilian B.B.Q are on the same parcel, and Underground Pub & Grill, Establishment, and Pedone's Pizza & Fine Foods are on the same parcel. Finally, the former Game Changers / Shark's Cover parcel is assigned to the Late Night establishment category, though there is currently no business license associated with it.</p>
HBHA-8	<p>As discussed in Section 3.7, based on actual time of use / revenue reports from the multispace meters, approximately 8.35% of all parking lot and structure revenue is earned between the hours of 10 pm and 3 am.</p> <p>As discussed in the second to last bullet / note in section 2.1, <i>"For the purposes of the analysis herein, some revenues and costs attributed to Late Night establishments are allocated with consideration given to activity reported between the hours of 10 pm and 3 am. In considering conclusions, the reader should understand that not all revenues or expenses (i.e. parking revenues, police service expenses) within the downtown area that occur between the hours of 10 am and 3 am can be exclusively attributed to Late Night establishments, and that Late Night establishments within the downtown area generate revenues (and expenses) outside the hours of 10 pm and 3 am."</i></p> <p>Given this consideration, 10% of <i>total</i> parking lot and structure revenue was allocated to Late Night establishments (<i>not 10% of 10 pm – 3 am revenues</i>).</p>
HBHA-9	<p>Please see response to comment HBHA-8. As discussed in Section 3.8, based on actual time of use / revenue reports from the parking meters, approximately 5.5% of total parking meter revenue within the Downtown is earned between the hours of 10 pm and 3 am. Based on this metric, and consideration of other area users, 5% of <i>total</i> parking meter revenue within the Downtown was allocated to Late Night establishments (<i>not 5% of 10 pm – 3 am revenues</i>). The authors are available to review additional information that the commenter might have.</p>
HBHA-10	<p>As discussed in Section 3.9, parking citations are tracked based on issuance location, and citations issued within the Downtown were considered in the analysis. Thus, the authors consider the allocation of Downtown citations revenues versus citywide citations revenues to be reliable. However, the commenter also noted the allocation of Downtown revenues to Late Night establishments, which were based on the same allocation as parking revenues discussed in response to comment HBHA-8 and HBHA-9. The authors desire and to the extent available will pursue additional information on this revenue source, but generally believe that more reliable information is limited.</p>
HBHA-11	<p>Please see response to comment HBChamber-1.</p>
HBHA-12	<p>The calculation for Downtown EMS transportation revenue is described in Section 3.12 and aligns with the data in Appendix D for 2015 Fire calls. The</p>

	authors will re-review the average revenue per transport and alignment with projected City budgets with the staff.
HBHA-13	The final report and/or response to comments will include a discussion of this list of revenue codes, where they are included if they already are, why they were excluded if intentionally excluded, or added to the calculation of Downtown revenues if appropriate.
HBHA-14	The authors do not see the referenced information / do not know which source document the commenter is referencing. The \$11.82 million Police budget, and \$5.41 Fire budget is based on actual expenditures for Fiscal Year 2014-15 reported in the 2015-16 budget. Pertinent program revenues that offset these departments (i.e. parking citations) are accounted for separately.
HBHA-15	Please see response to comment HBHA-1. The \$11.82 million police budget is based on actual expenditures for Fiscal Year 2014-15 reported in the 2015-16 budget. This figure excludes the Community Services division, and Crossing Guards.
HBHA-16	The information in Appendix C is from the Police department's database. Only the top 10 calls or report type are listed, all others are grouped into the "Others" category. The authors will include the missing Code descriptions in the final report. The authors rechecked the calculations and they appear accurate. As an example, the table for 2014 calls can be read as follows: In 2014 there were 29,129 calls within the City, of which, 6,135 (21.1%) were within the downtown area, of which 3,152 (51.4%) were between the hours of 10 pm and 3 am (10.8% of the 21,129 total citywide calls). The authors are unsure of the source of the 33,636 calls referenced in the questions, though may be available to review additional information.
HBHA-17	Please see response to comment HBHA-1 and HBHA-14.
HBHA-18	The authors are reviewing additional information on fire calls. The original data set reviewed by the authors did not include False Calls and HazMat calls for Downtown, which were included in a subsequent data set with Citywide totals. Allocations based on the original data set were utilized in the draft, pending confirmation of additional data and analysis.
HBHA-19	The authors will re-review the list with staff to identify any costs any that may not be paid with general fund revenues or are atypical costs (i.e. not indicative of ongoing capital improvement expenditures). Such costs will either be removed in the final report or further justification for their inclusion will be provided.
HBHA-20	The authors will reevaluate the allocation of Community Resources costs to Late Night establishments and either remove the amount in the final report or provide further justification for its inclusion.
HBHA-21	The allocation was based on discussions with the Community Development Department. However, the authors will discuss the allocation again with the Community Development Department, and may provide additional discussion of the allocation in the final report.
HBHA-22	Please see response to comment Jacobsson-2 and HBHA-1. While perhaps less than ideal, a broad based allocation was made due to a lack of

	information to support an alternative method.
HBHA-23	The allocated costs for parking lots and structures are from the 2014-15 fiscal year and considered reliable, however will be re-reviewed prior to the issuance of the final report.
HBHA-24	The allocated costs for parking meters are considered reliable, however will be re-reviewed prior to the issuance of the final report.
HBHA-25	The numerator used in the allocation of parking citation costs is the Enforcement Activity portion of the Community Services Division budget of \$1,835,504, rather than the entire 2014-15 budget for the Division of \$2,211,451. The 44% allocation is based on the percentage of parking citations issued Downtown. Please see response to comments HBHA-8, HBHA-9, and HBHA-10 for additional discussion and the basis of allocations.
HBHA-26	<p>Other than the General Administration category, it is the authors' opinion that there was enough specific information from the other referenced departments to deem the underlying data moderately reliable. With respect to Lot A, B, North Pier / County Share, and Parking Citations, information specific or reasonably proximate information relevant to the Downtown area was available to justify a good rating.</p> <p>The reliability ratings decrease between the two tables due to a decrease in information and reliability in allocating between land uses Downtown (Table 16) versus allocations to Downtown as a whole (Table 15).</p>
HBHA-27	The IMPLAN model allows for the estimate of outputs for a given input. Table 19: IMPLAN Run for Samples Establishments can be read as "Every \$1.0 million spent at Personal Care establishment(s) is expected to directly support approximately 14 full time jobs, and total wages of approximately \$657,000." The table does not suggest the actual revenue of a given establishment, but rather the economic output for a given input for that establishment type.
Jacobsson-1	<p>The scope of the analysis is to estimate the revenues and expenses that accrue to the City's General Fund. While the Chamber likely provides a substantial monetary and nonmonetary contribution to the City, the revenues and expense of the Chamber of Commerce are outside of the focus of the analysis.</p> <p>The analysis tried to capture City revenues and costs associated with those revenues. As indicated in the questions, to the extent that fees and payments are received to directly offset expenses (i.e. supplemental police staffing), those revenues and expenses may not have been explicitly listed in the analysis. The final document may include a more detailed inventory of the referenced revenues received and expenses paid by the Chamber.</p> <p>With respect to City funding of the Chamber, and the Chamber funding of public events, to the extent that the Chamber did not operate the revenue generating events, arguably the events would not happen, would not happen on the same scale, and/or the City would operate the events and earn the</p>

	<p>associated revenues. Each of these outcomes is speculative, and as such the existing conditions and funding structures were not evaluated in the analysis.</p>
Jacobsson-2	<p>This analysis focuses on a cost allocation model to evaluate the potential revenues and costs associated with operating a portion of the City. Allocation models are commonly used in this type of analysis as they help understand prorated contributions of different elements. A supplemental, or alternative approach suggested in the question is to look at the potential fixed versus variable cost components associated with a particular function.</p> <p>As an example, the argument would be that if the Downtown area went away, the cost of fire services would not change much, if at all. There is some merit to this notion if minimum staffing levels are already in place; even if service area and/or service demand were reduced, staffing could not be reduced any further, and thus costs could not be reduced.</p> <p>However, ultimately cities must maintain solvency and at a minimum a balance of revenues and expenses over the long term. Thus, in this example, to the extent that revenues from the Downtown area were to go away, ultimately the City would have to find a way to either generate additional revenues, or to reduce expenses.</p> <p>Continuing with the example of fire service, cities in the region that do not generate sufficient revenues to support minimum staffing levels often contract with other agencies such as Los Angeles County Fire Department to provide such services at a lower cost than funding a municipal specific department.</p> <p>Another way of evaluating the fixed cost argument in this example is that, but for the revenues from the Downtown area, the City might not be able to support its own municipal agencies and the levels of service it currently has.</p>
Lissner-1	<p>The \$81.10 was based on information for staffing an additional Sergeant and Officer at Pier Plaza for eight hours per day on Friday, Saturday, and Sunday. Further the \$81.10 is based on an average hourly rate, multiplied by 1.5 to account for overtime, plus Medicare costs. As the hours are overtime, no additional retirement, uniform, or benefit costs were added in the calculation.</p> <p>Regardless, the allocation of costs in the analysis does not rely on the hourly rate, but rather an allocation of a percentage of the total Police Department budget to the Downtown. The language on the \$81.10 rate may be removed from the final draft to improve clarity.</p>
Lissner-2	<p>The City has furnished non-confidential information on sales tax revenue to the commenter.</p>
Meeting (“M”)1,	<p>Please see referenced video mark for question and answer, as well as the third bullet / note in Section 2.1, and Section 7.0.</p>

Speaker ("S") 1 31:00 (Time in video)	
M1S2 35:25	Please see referenced video mark for question and answer as well as Section 7.0.
M1S3 41:10	Please see referenced video mark for question and answer. The authors consider the analysis repeatable. The City Prosecutor's office is included as a cost.
M1S4 46:00	Please see referenced video mark for question and answer, as well as response to comment HBHA-2, and HBHA-16.
M1S5 50:20	Please see referenced video mark for question and answer, as well as response to comment HBChamber-1.
M1S6 52:00	Please see referenced video mark for question and answer, as well as response to comment Lissner-1. The Police Department budget includes retirement costs. With respect to wear on the streets, the authors think it would be difficult to attempt to reliably quantify and allocate costs for street wear. Additionally, gas tax revenues which are intended to help pay for street maintenance were not included as revenue source. With respect to potential opportunity costs of particular property or land uses, such evaluation is beyond the scope of this analysis. Finally, the cost of putting the parking structure into service is effectively taken into consideration through the inclusion of the County revenue share as an expense.
M1S7 55:15	Please see referenced video mark for question and answer, as well as response to comment HBHA-8 and HBHA-9.
M1S8 1:00:00	Please see referenced video mark for question and answer. Utility User tax data was only available on a citywide basis, and thus required broad allocation. Please also see response to comment HBHA-6.
M1S9 1:04:20	Please see referenced video mark for question and answer. The authors' use of the phrase that revenues are generally in-line with expenses is not in comparison to other cities, but rather that direct City (of Hermosa Beach) revenues from Late Night establishments is roughly equal to direct City expenses. The final report will use a different term.
M1S10 1:11:30	Please see referenced video mark for question and answer. The draft may be modified pursuant to comments received, and a final report issued.
M1S11 1:13:30	Please see referenced video mark for question and answer. The authors are available to complete additional analysis if requested by the City.
M1S12 1:14:55	Please see referenced video mark for question and answer, as well as response to comment M1S6, and M1S11.
M1S13 1:16:00	Please see referenced video mark for question and answer, as well as response to comment Berman-1 and Section 6.1.
M2S1 25:20	Please see referenced video mark for question and answer, as well as response to comment Jacobsson-2 and HBChamber-1. With respect to pensions, based on figures for 2014-15 in the 2015-16 budget, retirement appeared to be approximately \$2.1 million of the \$11.8 million Police

	Department budget, and approximately \$800,000 of the \$5.4 million Fire Department budget.
M2S2 30:50	Please see referenced video mark for question and answer. An evaluation of opportunity costs or costs to areas outside of Downtown is beyond the scope of this analysis.
M2S3 34:00	No additional comments from the authors.
M2S4 36:25	No additional comments from the authors.
M2S5 38:30	No additional comments from the authors.
M2S6 40:45	No additional comments from the authors.
M2S7 42:15	Please see referenced video mark for question and answer. The “Low” rating is a rating of the reliability of the data, and not related to the amount of revenue versus what might be expected. Please also see response to comment HBHA-6. The cost of depreciation and asset replacement is included in the costs evaluated. EMS revenues are considered in the analysis, and costs are included in the budget for the Fire Department.