



Staff Report

File #: REPORT 16-0149, Version: 1

**Honorable Mayor and Members of the Hermosa Beach City Council
Session of February 23, 2016**

Study

DRAFT COST BENEFIT ANALYSIS, DOWNTOWN

(Finance Director Viki Copeland)

Background:

On June 9, 2015, staff presented the Council with a report on downtown revenue and expenses for 2013-14. The report was not an in depth analysis but more of a quick attempt to quantify expenditures as had been presented previously. Staff recommended that an independent third party be engaged to do a more in depth study, to include late night establishments, if Council was interested. The City Council directed staff to proceed with the study.

Staff engaged the firm of Kosmont Companies to prepare the study, as they had prepared the cost benefit analysis for the oil project.

The draft report was sent to the City Council on Thursday, February 8, 2016. The draft report is on the website and is attached to this report as well. Copies are available in the library and in the Finance Department for review. Two public meetings were held, one on Thursday, February 11th and one on Thursday, February 18th.

Will Sohlt from Kosmont Companies walked through the draft reports and along with staff, responded to comments and questions. All questions and comments from the public were documented and will be provided on Monday, February 22, 2016 along with some responses.

The conclusion of the report is that businesses in the downtown area likely generate approximately \$6.8 million in direct municipal revenue and result in approximately \$6.5 million in direct municipal expenditures. Late night establishments within downtown generate approximately \$1.3 million in direct municipal revenue and approximately \$1.6 million in direct municipal expenditures.

POLICY CONSIDERATIONS:

- Is the purpose of the study to simply provide a better understanding of the revenue and expenditures associated with the downtown and to identify whether revenue covers costs? Staff believes that the report fulfills this purpose.

- Does the City Council wish to make further use of the report in considering economic decisions about downtown? Does the Council want to use the report in other ways or use it in ongoing Downtown Strategies discussions or the General Plan re-write?
- Should the issue of downtown economics be added to the March Strategic Plan Meetings for further discussion/prioritization?

NEXT STEPS:

- Staff will consider whether changes could be made to make tracking of expenditures easier in the future.
- Research whether comparisons to other cities with similar downtowns are available.
- City Council should provide direction on how they would like the information used.
or
- Receive and file the report.

Attachments:

1. Draft Downtown Cost Benefit Analysis

Respectfully Submitted by: Viki Copeland, Finance Director
Approved: Tom Bakaly, City Manager