



JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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October 25, 2018

Board of Supervisors
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First District
MARK RIDLEY-THOMAS
Second District
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KATHRYN BARGER
Fifth District

TO: Supervisor Sheila Kuehl, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Joseph Kelly 
Treasurer and Tax Collector

Joseph M. Nicchitta 
Director, Department of Consumer and Business Affairs

SUBJECT: **BOARD MOTION FEBRUARY 13, 2018, AGENDA ITEM NO. 2 –
120-DAY REPORT BACK – BUSINESS REGISTRATION PROGRAM**

On February 13, 2018, your Board instructed the Chief Executive Officer (CEO) and our offices, working in consultation with County Counsel and any other relevant Department Directors, to develop a new Los Angeles County (County) Business Registration Program (Program), and report back in 120 days with a proposed ordinance that would establish the Program. On June 14, 2018, we requested a 120-day extension. We briefed this report at the Operations Cluster meeting of October 4, 2018, and the Economic Development Policy Committee on October 11, 2018.

This report responds to the February 13, 2018, Board motion and includes a proposed Ordinance. To implement the Program, your Board would still need to consider and adopt the proposed Ordinance at a public meeting consistent with law, including but not limited to Government Code section 25131. The TTC estimates that it would be able to begin to accept and process registrations twelve months after your Board adopted the Ordinance.

Background

The Program has evolved in the last three years in three distinct phases, as follows.

Phase I (November 2015) – Your Board directed the Treasurer and Tax Collector (TTC) to inventory all business license programs in the County's 88 cities and evaluate the expansion of the County's Business License Program to all businesses. The TTC presented the Board with two options: 1) expand the Business License Program to all businesses; or 2) develop and implement a new Program for all businesses not subject

to the Business License Program. The TTC noted that option 2 was the more business-friendly option. Further, the Program's simpler application process and the single registration fee would have less of an economic impact on businesses than the regulatory fees charged in the Business License Program.

Phase II (May 2016) - The Board noted that the Program could be designed to balance effective service to the business community and cost recovery, and still offer the unincorporated areas a competitive advantage over many cities in the region, which may have higher taxes and license fees. Accordingly, the Board directed the TTC to report back with a proposal for implementation of the Program. The TTC submitted the proposal in August 2016.

Phase III (Present) – In February 2018, the Board directed our offices to evaluate further various components of the Program, including its applicability to all businesses; gather additional input from the business community; and to codify the recommended Program into a County Ordinance (Ordinance). In addition, your Board directed the Department of Consumer and Business Affairs (DCBA) to outreach to businesses in unincorporated areas to solicit feedback about the Program, and to explore whether there are categories of businesses that should be exempt from any Program fee, or who should pay a reduced fee, based on their gross revenue or number of employees. This report responds to these requests.

Proposed Ordinance

The following summarizes key requirements, fees, and enforcement protocols under the proposed Ordinance (Attachment I):

Program Requirements

To accomplish your Board's direction in the above described motions, all businesses operating within the unincorporated area of the County, except Home-based Occupations as defined in Section 7.94.020 A. of the proposed Ordinance, must possess either a Business Registration Certificate or a Business License, each of which is valid for one year. Although Home-based Occupations are exempt from registration under the proposed Ordinance, we recommend a reevaluation of this exemption two years after the Program begins to accept registration applications.

Annually, businesses covered under the Program would be required to complete an application and submit supporting documents such as Articles of Incorporation, California Secretary of State - Statement of Information, Doing Business As and Fictitious Name Statement, Seller's Permit (if applicable per location), and any other required permits. Consistent with your Board's direction, we will strive to ensure that the application process, including the submission of supporting documents, can be completed online.

Program Fees

The annual registration fee is \$185. The Department of Auditor-Controller reviewed and approved the fee. Businesses with multiple locations will pay \$185 for the first location and \$65 for each additional location. These fees will fully recover all of the TTC's and the DCBA's costs related to Program education, application processing, and enforcement, as well as on-going annual maintenance and support for the Program's information technology system.

In the community engagement process, some participants requested that we consider developing a tiered fee schedule based on certain characteristics of businesses (e.g., annual gross receipts, or number of employees.) In general, the idea was that in a tiered fee model, larger businesses would pay more than a "mom and pop" business. This approach would result in less than complete cost recovery. The fee is developed to recover the County's costs in administering the program and because the application processing tasks are the same for each business (with the exception of multiple locations which we have considered in the fee proposal) there is no basis for charging anything but a single fee for all businesses.

The TTC also calculated a hypothetical three-year phase-in of the \$185 registration fee, should your Board wish to consider an alternative implementation framework. However, because the proposed fee is based on cost recovery, Net County Cost would be required for the first two years as shown in the following table.

Year	Registration Fee	Net County Cost Required
1	\$60	\$1,000,000
2	\$120	\$520,000
3	\$185	\$0

Penalties and Enforcement

Failure to file an annual application and pay an annual fee by the required registration deadline shall subject a business to penalties and enforcement as specified in Section 7.94.050 of the proposed Ordinance.

Protocols – Administrative and Data Sharing

Administrative Protocols

Once an application is submitted, the TTC will review it for accuracy, verify the documents submitted, and determine if the business is eligible for the Program. In some instances, we expect to identify that certain businesses should be licensed and not registered, and we will advise such businesses of that fact. If the TTC suspects a

business is operating illegally, we will seek additional information from the applicant and consult with County Counsel.

Data Sharing Protocol

We developed a protocol for data sharing with the CEO, DCBA, and Workforce Development, Aging and Community Services, as well as co-users of the EPIC-LA platform including Regional Planning, Public Works, Fire, and Parks and Recreation, for program, economic development, and/or enforcement purposes.

Start-up Costs Necessary to Implement the Program

EPIC-LA Implementation

We are preparing a contract amendment to expand the existing County contract with Tyler Technologies for EPIC-LA, to provide for online business registration and data collection. The projected cost is \$300,000 and the CEO approved this amount in the supplemental budget. Should your Board adopt the proposed Ordinance and establish the Program, we anticipate presenting the contract amendment to your Board shortly thereafter.

Category	Cost
Staffing	\$1,540,000
<u>TTC</u> Tax and License Field Inspector (3) Tax Services Clerk II (3) Accounting Technician I (1) Secretary III (1)	
<u>DCBA</u> Consumer Affairs Representative III (1)	
Information Technology	\$300,000
EPIC-LA Cost (BRP only) (Includes software, licensing and system configuration).	
Total	\$1,840,000

After Program implementation, the TTC and the DCBA will recover their costs through the Registration Fee paid by Program participants. The TTC identified the following start-up costs to implement the Program:

Business License Program

Certain items in the February 13, 2018, Board motion focused on the Business License Program, including the development of a Business License Compliance Pilot Project Proposal and the expansion of the Business License Program to include car wash facilities, garment manufacturing and janitorial services. The TTC will report separately to your Board on these items within the next 60 days.

Results of Outreach to the Business Community

Background on Outreach Efforts

Pursuant to your Board's motion, the DCBA, in partnership with TTC and other County departments, conducted 38 roundtables and business group presentations to solicit feedback on the Program from April 2018 through September 2018. The DCBA also retained a consultant, Estolano LeSar Advisors (Estolano) to develop and implement a comprehensive marketing plan and prepare a report documenting the business community's feedback and concerns. Estolano also conducted 17 of the 38 business roundtables as a neutral facilitator to ensure that business owners' concerns were documented and addressed.

A report prepared by Estolano summarizing the business community's feedback on the Program is attached as Attachment II.

Summary of Marketing and Outreach Efforts

The DCBA conducted extensive outreach to ensure participation by the business community in business roundtables and surveys. Efforts included:

- Contacting and partnering with local business organizations, town councils, local chambers of commerce, merchant associations, economic development corporations, County libraries, and America's Job Centers. Each business organization was provided information that included FAQs about the Program and fliers promoting upcoming roundtable sessions with an online survey link.
- Creating a County webpage to communicate to businesses (<http://dcba.lacounty.gov/BusinessRegistration>.) The website included FAQs about the Program, an overview of existing County programs, differences between the Program and business licensing, and dates and locations of

upcoming roundtable sessions.

- Utilizing County social media and targeted Facebook advertisements to reach approximately 18,000 residents.
- Creating an online survey for stakeholders unable to attend roundtable sessions to provide feedback. Estolano designed and launched the survey in August 2018 and closed the survey at the end of September 2018. Fifty six individuals responded to the survey, and feedback was collected regarding business information, knowledge of County programs, current concerns and priorities regarding their business, general concerns regarding the Program, feedback regarding the registration fee, possible exemptions from the Program, and suggestions for the County to improve delivery of current services.
- Utilizing the DCBA's business database to email over 6,000 businesses across all five supervisorial districts to communicate outreach efforts and Program information.
- Partnering with your Board offices to outreach to business constituencies. Your Board's staff, the DCBA and Estolano worked closely with community business groups to publicize roundtable sessions and encourage business owners to participate.

Outreach to Immigrant-Owned Businesses

Estolano and the DCBA designed a marketing campaign to target communities with immigrant-owned businesses. Estolano and the DCBA also worked with multi-lingual community business organizations such as the East Los Angeles Chamber of Commerce and STC Management to engage their members. Marketing materials were translated into Spanish, Mandarin, and Korean to further engage immigrant-owned businesses in roundtable discussions. At the roundtable events, translators were provided for business owners to provide input in their primary language.

Feedback From the Business Community

Although the business community raised many unique concerns during the DCBA's outreach efforts and its business roundtables, the DCBA observed several common themes throughout the Supervisorial Districts.

- Business owners were almost universally concerned about the County charging a fee to support the Program. As explained below, the proposed fee for the Program is \$185, and the majority of business owners stated this fee was too

high and would constitute a burden in combination with other fees they already pay.

- Business owners expressed concern that many were not aware of the diverse services and programs the County already offers to support small businesses. Business owners attributed a lack of outreach on behalf of the County to their knowledge deficit, and urged the County to create business liaisons who can provide a single point-of-contact to business owners about County services and strengthen the relationship between the County and the business community.¹
- Despite efforts to advise business owners of the value of the Program, in particular to allow the County to provide customized, targeted support to businesses and allow data-driven policymaking to support small businesses, most business owners did not believe the Program would benefit them directly. However, they did suggest ways the County could use Program data to benefit local businesses, and many stated they would have no issues paying the Program fee if they benefitted directly.
- Business owners expressed concern regarding how the County would use the data gathered from the Program, and whether privacy would be compromised.

Each of these themes is analyzed in greater detail in the Estolano report (Attachment II).

Reduced Fees or Fee Exemptions for Microbusinesses

Your Board directed the DCBA to provide an analysis of businesses that could be eligible to pay a reduced registration fee or be exempt from paying a fee altogether. Although your Board described these businesses as “microbusinesses,” that term is subject to wide ranging definitions across multiple state and federal programs. The DCBA elected to avoid using the term “microbusiness,” and instead focused the analyses on gross annual receipts and the number of employees a business has, as these are commonly used to evaluate the size and financial capacity of a business.

However, it is important to note that any exemption, fee waiver or reduced registration fee would result in less than complete cost recovery for the program as similarly highlighted in section “Program Fees” above.

¹ The DCBA will continue to evaluate improvements to its small business liaison and concierge programs to address community feedback and improve the relationship between the County and unincorporated area businesses.

The DCBA analyzed businesses in the unincorporated area utilizing data from Dun & Bradstreet, a company that provides commercial data and analytics for businesses and governments. Dun & Bradstreet uses a combination of publicly available aggregate data and proprietary algorithms to produce their data products. The DCBA's analysis found that almost 90% of all businesses in the unincorporated area have fewer than 10 employees, making the number of employees at a business an impractical metric to determine the size of a business. However, the DCBA has determined that businesses with gross annual receipts less than \$100,000, which represent approximately 37 percent of businesses in the unincorporated area, would benefit the most from a reduced registration fee or no fee. Data suggests that:

- 55 percent of these businesses have median wages below \$15/hour, which approaches the unincorporated area minimum wage of \$13.25/hour for businesses of 26 or more employees, and \$12/hour for business of 25 or fewer employees;
- 17 percent of these businesses have elevated levels of financial stress; and
- More than 99% of these business locations do not have a parent company.

It is reasonable to assume that these businesses are likely to be impacted by cumulative fee increases, including a Business Registration fee, and increases in the minimum wage which are scheduled to increase on July 1, 2019, to \$14.25/hour for businesses of 26 or more employees, and \$13.25/hour for business of 25 or fewer employees.² Nevertheless, compared to other cities and municipalities within Los Angeles County, the cost of doing business remains competitive when consideration is given to the higher taxes and license fees.

The TTC reported to your Board previously that of the 88 incorporated cities in the County, 82 require all of their businesses to be licensed, and three (Malibu, Santa Clarita, and Westlake Village) of the remaining six cities contract with the TTC for Business License Program Administration. Currently, Calabasas, Industry, and Rolling Hills do not have a business license program.

In response to the concern that the \$185 registration fee would drive businesses to neighboring cities that were more "business friendly," the TTC conducted an analysis and found that the great majority of incorporated cities have higher business taxes than the \$185 registration fee. Specifically, the TTC calculated the business tax or

² During your Board's regular meeting on June 26, 2018, your Board directed the DCBA to convene County departments and report back on the cumulative fee burden on unincorporated area businesses. The DCBA will submit that report under separate cover.

registration fee in each of the ten largest (by population) incorporated cities in the County, for a retail business with three employees and gross annual sales of \$250,000. The registration fee is less than that charged by eight of the ten cities, by an average of 31%:

1.	Los Angeles	\$317.50	6.	Pasadena	\$258.84
2.	Long Beach	\$263.63	7.	Torrance	\$258.00
3.	Glendale	\$253.99	8.	Lancaster	\$177.00
4.	Pomona	\$235.25	9.	El Monte	\$297.00
5.	Palmdale	\$34.00	10.	Inglewood	\$275.00

Note: The City of Santa Clarita's population warranted inclusion. However, the City of Santa Clarita has adopted the County's Business License Ordinance, so we excluded the City of Santa Clarita from this comparison.

Should you have any questions, please contact either one of us directly or your staff may contact Keith Knox, Chief Deputy Treasurer and Tax Collector, at (213) 974-0703 or kknox@ttc.lacounty.gov, and Rafael Carbajal, Chief Deputy Department of Consumer and Business Affairs, at (213) 974-0834 or rcarbajal@dcba.lacounty.gov.

JK:KK:KG:sld

Attachments

c: Chief Executive Officer
Auditor-Controller
County Counsel
Executive Officer, Board of Supervisors
Community Development Commission
Workforce Development, Aging and Community Services

ANALYSIS

This ordinance amends Title 7, Business Licenses, of the Los Angeles County Code, by adding a new Division 3, related to business registration.

MARY C. WICKHAM
County Counsel

By
SHAHIEDAH PALMER
Deputy County Counsel
Government Services Division

SSP:

Requested:
Revised:

ORDINANCE NO. _____

An ordinance adding Division 3, Business Registration Program, to Title 7, Business Licenses, of the Los Angeles County Code, to establish the Los Angeles County Business Registration Program.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. The title of Title 7 is hereby amended to read as follows:

Title 7 – BUSINESS LICENSES AND BUSINESS REGISTRATION

SECTION 2. Division 3 is hereby added to Title 7 to read as follows:

DIVISION 3 – BUSINESS REGISTRATION PROGRAM

Chapter 7.94 – Business Registration Requirement

Section 7.94.010 – Short Title

The short title of this Division 3 is the "Business Registration Program Ordinance."

Section 7.94.020 – Definitions

Except where the context otherwise requires, the terms used in this Division 3 shall have the meanings given to them in Division 1 of this title. Otherwise, the terms below shall have the following meanings:

A. "Home-based Occupation" shall have the meaning set forth in Section 22.08.080 H of this Code.

B. "Registration Certificate" means a written proof of registration issued by the Tax Collector in accordance with the provisions of this Division.

Section 7.94.030 – Business Registration Requirement

A. Starting on TBD, every business operating within the unincorporated areas of the County, except Home-based Occupations, must possess either a valid Registration Certificate or, if required by Division 2 of this Title 7, a Business License. Each Registration Certificate shall be conspicuously displayed on the business premises if the business is conducted at a fixed location. Itinerants may satisfy the foregoing requirement by carrying a current Registration Certificate on their person and displaying the same upon request by the Tax Collector, Sheriff, or any other person authorized to enforce the Business Registration Program Ordinance.

B. Each Registration Certificate shall be valid for one year from its date of issuance, and must be renewed prior to expiration.

C. Businesses in operation prior to the effective date of the Business Registration Program Ordinance must complete the initial registration no later than the deadlines set forth below by applying for a Registration Certificate on the form prescribed by the Tax Collector and paying the required non-refundable fee.

TBD	Businesses with 100 or more employees
TBD	Businesses with 50 or more employees
TBD	Businesses with 25 or more employees
TBD	Businesses with fewer than 24 employees
TBD	Deadline for all businesses in operation prior to the effective date of the Business Registration Program Ordinance

Section 7.94.040 – Business Registration Certificate – Application, Fee and Issuance

A. Businesses commencing operation within the unincorporated area of the County after the effective date of the Business Registration Program Ordinance must, within fifteen (15) days after commencing business, apply for a Registration Certificate on the form prescribed by the Tax Collector and pay the non-refundable registration fee. The fee shall be \$185; however, if a business conducts the same activity in more than one location in the unincorporated area of the County, the fee for each additional location shall be \$65.

B. Each Registration Certificate application shall set forth the name under which the applicant transacts or intends to transact business, the location of the proposed place of business, and such other information as the Tax Collector may require. In the case of a sole proprietorship, the application shall be signed by the sole proprietor; in the case of a partnership, the application shall be signed by a general partner; in the case of a limited liability company, the application shall be signed by the managing member; and in the case of a corporation, the application shall be signed by the person authorized by the corporation to sign on its behalf.

C. After the Tax Collector receives a properly completed application and fee, the Tax Collector shall determine whether the applicant is required to obtain a Registration Certificate or Business License, or whether the applicant is engaged in a business activity not authorized by the Code. Within sixty (60) days of determining that a Registration Certificate is required, the Tax Collector shall issue a Registration Certificate to the applicant.

D. Registered businesses shall notify the Tax Collector in writing within thirty (30) days of changes in the following:

1. The sole owner of a sole proprietorship;
2. A partner of a general partnership or limited partnership;
3. A member of a limited liability company;
4. The Chief Executive Officer, Secretary, Chief Financial Officer, or Agent of a corporation; or
5. Any address listed in the Registration Certificate application.

E. Registration Certificates are non-assignable and non-transferable, and shall be null and void thirty (30) days after the sale or transfer of the business for which the Registration Certificate was issued or thirty (30) days after the business for which the Registration Certificate was issued ceases to be conducted at the location designated in the certificate.

F. A separate registration application and fee shall be submitted for each location within the unincorporated areas of the County where business subject to the Business Registration Program Ordinance is conducted, and the Tax Collector shall issue a separate Registration Certificate for each such location.

G. Each Registration Certificate shall state: a unique Registration Certificate number; the business to whom it is issued; date of issuance; expiration date; business address; and the business activity or activities specified on the application, as defined by the North American Industry Classification System.

H. Duplicate Registration Certificates shall be issued pursuant to the same process as a duplicate License set forth in Section 7.02.070.D. of Division

1 of Title 7, and subject to the same fee as a duplicate License set forth in the License fee schedule.

Section 7.94.050 – Penalties and Enforcement

Starting on TBD, failure to register or renew registration in a timely manner shall be a violation of this Division 3, which shall be subject to penalties and enforcement specified in Division 1 for violation of any provision of this Title.

Section 7.94.060 – Administration of Business Registration Program

The Tax Collector shall have the primary responsibility for administration of the Business Registration Program. The Department of Consumer and Business Affairs shall be responsible for conducting outreach, marketing, and supportive services to businesses subject to the Business Registration Program. Where appropriate, the Tax Collector and Department of Consumer and Business Affairs shall consult and cooperate with the County Counsel in performing their respective duties set forth in this Division 3.

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Purpose of the County Business Registration Program Roundtable Discussions

In August and September 2018, the Los Angeles County (County) Department of Consumer and Business Affairs ("DCBA") and Estolano LeSar Advisors ("ELA") facilitated a series of public roundtable discussions in unincorporated areas located across the County. The purpose of the roundtable discussions was to provide local businesses and community members ("stakeholders") with information about the proposed Business Registration Program ("BRP"), current County programs and services for businesses, and to obtain feedback and concerns regarding the proposed BRP. This report details the comments received by the DCBA and ELA at each roundtable discussion. These comments will inform the development of BRP regulations and procedures for unlicensed businesses in the unincorporated County areas.

Methodology

This section outlines the outreach activities for the BRP roundtable discussions, including scheduling the meetings, communication efforts, and structure of the roundtable sessions.

Scheduled Dates and Locations

DCBA and ELA determined the locations in each supervisorial district that would attract the largest number of businesses located in the unincorporated areas. ELA facilitated a total of 15 public roundtable discussions, which were held at the following dates, times, and locations as shown below. The County scheduled the meetings on a weekday in morning and evening to accommodate the time constraints of business owners and community members attend the meetings.

Table 1: Business Registration Program Roundtable Discussions

Hacienda Heights Library
Monday, August 27, 4:30-5:30pm
 16010 La Monde St,
 Hacienda Heights, CA 91745

AC Bilbrew Library
Tuesday, August 28, 6:00-7:00pm
 150 E El Segundo Blvd.
 Los Angeles, CA 90061

Quartz Hill Library
Thursday, August 30, 5:00-6:00pm
 5040 Ave M-2
 Quartz Hill, CA 93536

View Park Bebe Moore Campbell Library
Friday, August 31, 9:30-10:30am
 3854 W 54th St
 Los Angeles, CA 90043

Sorensen Library
Friday, September 7, 10:00-11:00am
 6934 Broadway
 Whittier, CA 90606

Altadena Library
Monday, September 10, 5:30-6:30 pm
 600 East Mariposa Street
 Altadena, CA 91001

La Puente Library
Tuesday, September 11, 5:00-6:00pm
 15920 Central Ave
 La Puente, CA 91744

City Terrace Library
Wednesday, September 12, 6:00-7:00pm
 4025 East City Terrace Dr
 Los Angeles, CA 90063

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Topanga Library

Tuesday, September 4, 10:00-11:00am

122 N Topanga Canyon Blvd

Topanga, CA 90290

Florence-Firestone Service Center

Thursday, September 6, 9:00-10:00am

7807 Compton Ave

Los Angeles, CA 90001

El Camino Real Library

Thursday, September 6, 10:00-11:00am

4264 Whittier Blvd

Los Angeles, CA 90023

Rowland Heights Library

Thursday, September 6, 5:00-6:00pm

1850 Nogales St

Rowland Heights, CA 91748

East Los Angeles Library

Thursday, September 13, 6:00-7:00pm

4837 E 3rd St

Los Angeles, CA 90022

Hacienda Heights Library

Thursday, September 13, 5:30-6:30pm

16010 La Monde St,

Hacienda Heights, CA 91745

Stevenson Ranch Library

Tuesday, September 25, 6:00-7:00pm

25950 The Old Rd

Stevenson Ranch, CA 91381

ELA and DCBA also facilitated meetings at the following organizations and locations:

- **East Los Angeles Chamber of Commerce**

DCBA staff attended the East Los Angeles Chamber of Commerce "Wake Up with East LA Business Networking Breakfast" event on August 29th to promote the BRP roundtable sessions.

- **Santa Clarita Chamber of Commerce**

ELA presented the proposed BRP at the Santa Clarita Chamber of Commerce Breakfast event on September 12th and documented feedback from the audience.

- **NBC/Universal**

ELA presented the proposed BRP to Executives at NBC/Universal and solicited feedback on the program. ELA also provided hard copies of the flyers for NBC/Universal to distribute their vendors to provide their input on the program online.

Collaboration with Local Organizations

ELA and DCBA widely publicized the roundtable sessions, which included calling and emailing local business organizations and town councils within the unincorporated area. ELA used an existing contact list that the County had compiled from the previous roundtable meetings and targeted local chambers and business associations within the unincorporated areas. ELA initially targeted local chambers of commerce and business associations because of their organized efforts and relationship with local businesses within their community. ELA sent personalized emails to these organizations to:

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1. Provide information about the proposed BRP.
2. Request to make a presentation at an upcoming meeting or event.
3. Promote the upcoming scheduled roundtable events and online survey.

ELA followed up with a phone call to ensure that the organizations received the email, as well as discuss potential partnership in co-hosting a roundtable session. Through this effort, ELA worked with the South Los Angeles Chamber of Commerce to co-host a roundtable session in the 2nd Supervisorial District. ELA also worked with STC Management and the Regional Chamber of Commerce - San Gabriel Valley to help promote the roundtable sessions in the 4th Supervisorial District.

Promoting the Roundtable Sessions

ELA designed flyers to publicize the roundtable sessions. The County translated the flyers in Spanish, Chinese, and Korean. ELA designed three versions of the flyers, which included the following:

- Flyer #1: Roundtable session customized for location.
- Flyer #2: List of all roundtable locations including dates and locations.
- Flyer #3: Weblinks to the online survey and BRP website for more information.

ELA also sent the flyers to local organizations in the unincorporated areas to promote the roundtable sessions, including the following:

- Chambers of Commerce.
- Merchant Associations.
- Economic Development Corporations.
- Town Councils.
- Supervisorial District Offices.
- County Libraries.
- American's Job Centers.
- Microloan programs to small businesses.

ELA collaborated with local organizations to promote the flyers and information on their social media and email blast. One organization, STC Management in the 4th Supervisorial District posted the flyer on its social media. According to STC Management, the flyer reached approximately 1,500 people on Facebook, whereas the Chinese-translated flyer reached approximately 3,400 people.

Online Survey

ELA created a survey to target stakeholders who are unable to attend a roundtable session in-person to provide their input online. ELA posted the survey on Survey Monkey and launched the survey in August. The survey requests information to collect data and other pertinent information from stakeholders, such as the following:

- Information about their business (e.g., name, types of business, and location).

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- Knowledge of and/or participation in County programs and services assisting businesses.
- Current concerns and priorities with their business.

The survey also solicited feedback from stakeholder on the BRP, such as the following:

- Feedback on the proposed registration fee and possible fee exemptions for microbusinesses.
- General concerns about the proposed BRP.
- Suggestions on how the County can better engage with businesses to deliver its programs and services.

DCBA BRP Webpage

The County developed a webpage for the proposed BRP for stakeholders to learn more about the BRP (e.g., frequently asked questions, overview of County programs and services, clarity on the difference between the County Business License Program and the BRP), dates and locations of upcoming roundtable sessions, and a link to the online survey to provide feedback on the program.

Roundtable Discussion Format

ELA organized each roundtable discussion in 1-hour sessions. Spanish and Chinese interpreters were also available at the roundtable sessions. Each session began with a brief presentation from the local librarian to inform stakeholders about resources available at the library facilities to assist businesses. The agenda for the roundtable session include the following:

1. Introduction.
2. Overview of County programs and services for businesses.
3. Purpose of the proposed BRP.
4. Timeline of feedback on BRP.
5. Roundtable discussion.

ELA facilitated the roundtable discussions by asking the stakeholders the following questions:

1. What are your concerns and priorities for your business? How can the County help?
2. What could the County do to better engage with businesses to deliver these services?
3. How can the County expand and/or improve its current programs and services for businesses?
4. What should qualify as a microbusiness? Should microbusinesses receive a reduced fee or waiver? If so, which factors should be considered?
5. Overall concerns with the proposed BRP.

ELA directed the participants to complete a survey to collect information about their business (e.g., name, types of business, and location) and knowledge of and/or participation in County programs and services assisting businesses. During roundtable discussions, both DCBA and ELA staff were available to answer questions from the participants. ELA also encouraged the

participants to share the information with businesses in their community to attend the upcoming roundtable sessions and/or complete the online survey.

Documenting Attendance and Feedback

ELA representatives were present at each roundtable session to facilitate the discussion and document the feedback. ELA tracked the attendance with a headcount of participants at each roundtable discussions. The locations with the highest number of participants included AC Bilbrew Library in South Los Angeles (2nd District), East Los Angeles Library (1st District), and View Park Library (2nd District). ELA anticipated higher attendance at these locations because of the collaboration with the South Los Angeles Chamber of Commerce, East Los Angeles Chamber of Commerce, and Whittier Boulevard Merchants Association.

The second set of roundtable sessions began on August 27, 2018 and ended on September 25, 2018. In total, ELA and DCBA held 17 roundtable sessions and meetings throughout the Supervisorial Districts. In total, there were 118 participants. ELA also tracked the number of survey responses online from August 24 through September 30, which totaled 75 responses. In total, over 190 people actively participated in a roundtable session, meeting, and/or online survey.

Analysis of Public Feedback

The roundtable sessions included feedback from the following stakeholders:

- Local business owners.
- Community members (non-business owners).
- Representatives from chambers of commerce, merchant associations, and other business organizations.
- Representatives from workforce development programs.

The feedback from stakeholders on the proposed BRP was consistent throughout the County. Local business owners were able to provide insight on the challenges of operating a business and working with the County (e.g., permits, certifications, etc.). Chambers of commerce and merchant association representatives provided feedback that was representative of their members.

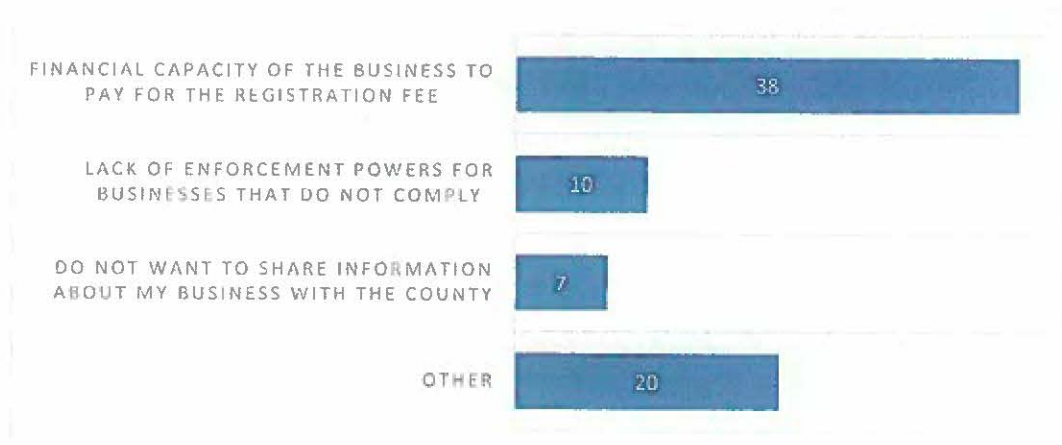
General Feedback on the Proposed BRP

The stakeholders provided the following major input on the proposed BRP:

1. Concerns on the proposed registration fee amount.
2. Business owners expressed a lack of knowledge and awareness of existing County programs and services.
3. Stakeholders inquired how the BRP would benefit business owners directly.
4. Transparency on how the registration fees will be used.
5. Privacy issues over the use of registration data.
6. A majority of the stakeholders stated that business owners may not have an issue with paying the fee once they see the benefits of the BRP.

Business owners responding to the online survey, shown in the figure below, expressed that financial capacity is a major concern.

Figure 1: What, if any, are your concerns with the proposed Business Registration Program? (Online survey)



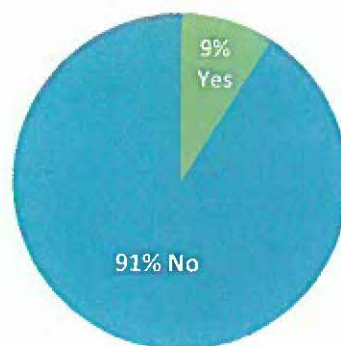
The stakeholders referred to the following concerns as the “Other” category:

- There is no added benefit or the lack of clear benefits to businesses for having to register for this program.
- Taxes, losing home-base/office, exorbitant fees.
- Too many forms and documents to process and mail.

Concerns on the proposed registration fee amount

Additionally, when responding to the online survey, stakeholders expressed concerns over the proposed registration fee amount. Most business owners strongly believed that the fee is too high when weighed against the other annual business-related fees. According the online survey, a majority of the stakeholders preferred that the County do not impose a fee for the BRP as shown in the figure below:

Figure 2: Should there be a fee for the Business Registration Program? (Online survey)



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Stakeholders at the roundtable discussions, meetings, and online survey expressed the following issues with the proposed fee:

- Most stakeholders consistently did not approve of the proposed \$185 registration fee¹ and viewed it as another tax on top of their other costs.
- Stakeholders, including non-business owners, view the fee as a burden to small “mom-and-pop” businesses.
- Business owners are already paying other taxes and fees for their business (e.g. fees to the fire department for additional light fixtures in their buildings). The registration fee would be an added burden to operating a business in the unincorporated area.
- Stakeholders stated that the fee would deter entrepreneurs from starting a business in the unincorporated area.
 - One stakeholder cited an example in which a company tried to establish a business in the unincorporated area but was deterred by existing requirements.
- The County should not impose a fee for the program before the County improves its enforcement on certain regulations.
 - For example, business owners in East Los Angeles felt they were being reprimanded and regulated more than illegitimate businesses in the area.
- Some stakeholders in East Los Angeles were concerned that if the BRP program did not move forward, the County would likely increase other fees and taxes for business owners.
- Some stakeholders believed that County services and programs do not directly benefit them and argued the County should find other means to pay for the program instead of imposing a fee on these stakeholders.
- The Santa Clarita Chamber of Commerce suggested that the County can work with local Chambers to obtain relevant data. Additionally, a representative from the Chamber was willing to purchase data on local businesses in the area from a third-party consultant and provide it to the County in lieu of imposing a fee on individual businesses.

However, in the face of the possibility that the County would impose a fee, some stakeholders suggested that the County lower the fee amount or impose the fee proportionally based on gross income or a tiered system.

- While large business owners would have little difficulty paying the fee, small “mom-and-pop” businesses with lower gross receipts would consider it a financial obstacle. Stakeholders stated these businesses should be offered a lower fee or a fee exemption.
- Some stakeholders believed registration was necessary but did not believe that there should be a fee because access to the County programs and services are currently available for free.
- Stakeholders mentioned that businesses with different gross annual receipts should pay the fee on a tiered system. For example:
 - \$100,000 and below would be exempt.

¹ The annual registration fee of \$185 was calculated by the Los Angeles County Treasurer and Tax Collector and will fully recover all department costs. These costs include staff time, education and enforcement, as well as on-going maintenance.

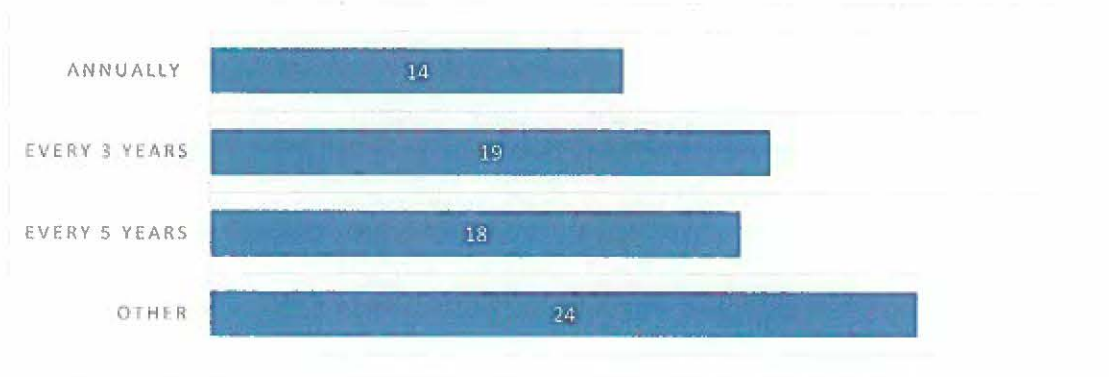
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- \$100,000-250,000 would pay \$100.
 - A higher tier would pay \$150.
 - The highest tier would pay \$250.
- One stakeholder suggested that businesses should pay different fee rates based on business classification.
- One stakeholder suggested that the County offer payment installation for business owners who cannot afford to pay the entire fee amount upfront.
- Some stakeholders expressed that the fee would probably not “make or break” a business, though it is still too expensive.
 - One stakeholder suggested reducing the fee from \$185 to \$100, exacting the fee every 2 or 3 years, or adjusting the fee based on gross income or reduce it over time. The same attendee felt that imposing a registration fee was still necessary, as it would encourage businesses to use the County services.

Should the County impose a fee under the BRP, results from stakeholders who responded to the online survey suggested that the County should require business owners to update their information under the BRP as shown in the figure below:

Figure 3: How often should the County require you to update your business information under the Business Registration Program? (Online survey)



The stakeholders referred to the following as the “Other” category:

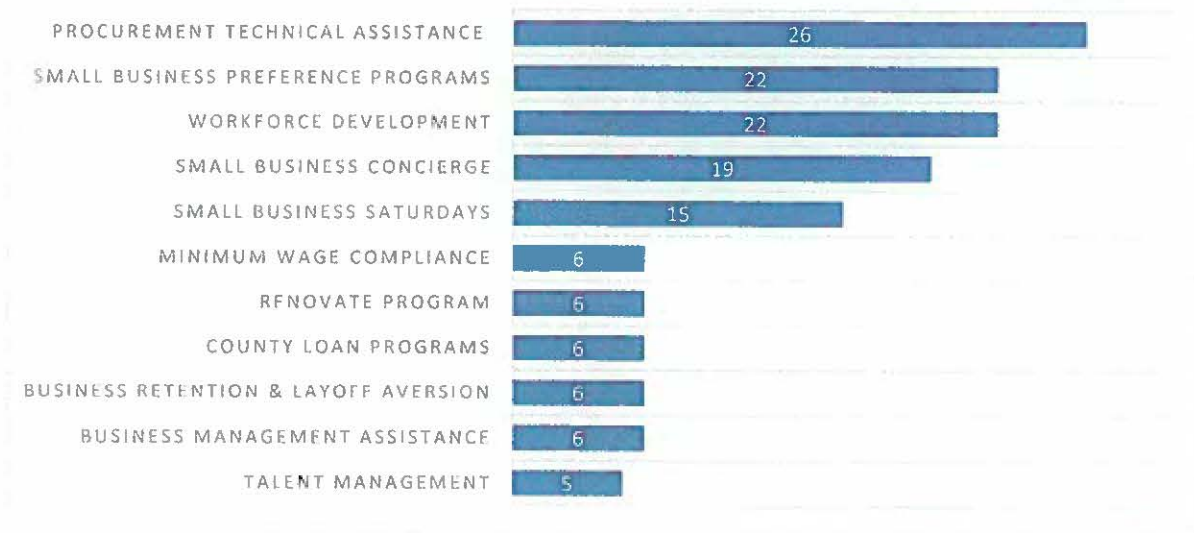
- The fee and updating the information should be voluntary.
- County should not impose the fee at all.

Knowledge and awareness of existing County programs and services

ELA presented to the stakeholders an overview of the County programs and services for business to educate the potential benefits of the BRP, including the ability for the County to better engage and deliver these services to businesses. A majority of the stakeholders were not aware that the County programs and services are available to them. Some stakeholders stated that the County programs and services would be beneficial to them, whereas some stakeholders do not see the programs and services applying to or benefiting their business. According to the online survey results, stakeholders have the most familiarity with the Procurement Technical Assistance for Small Businesses Program and the least familiarity with

the Talent Management Program. The figure below shows the County programs and services that the stakeholders have heard of and/or participated in:

Figure 4: Which of the following County business development services have you heard of and/or participated in? (Online survey, check all that apply)



The stakeholders also attributed a lack of outreach services on behalf of the County to their knowledge deficit, though did not believe that the BRP would be a necessary component to bridge the gap. Stakeholders suggested that the County work with a community-based organization or liaison to reach out to local businesses and improve their relationship with the County.

- Upon learning about these benefits, stakeholders believed that the lack of service revealed a deficit in how the County markets to and connects with the community.
- Most stakeholders who recently learned about the County programs and services found them to be helpful.

Direct Benefits from the Proposed Program

Stakeholders expressed difficulty in understanding how the proposed BRP directly benefits businesses. As mentioned earlier, a majority of the stakeholders stated that business owners may not have an issue with paying the fee once they see the benefits of the BRP.

- One stakeholder stated that employment assistance service would be extremely useful for finding potential employees with rare and specialized skills. The programs would also be helpful in assisting veteran workers and employers.
- Some stakeholders inquired whether the current County programs and services are duplicative of what other organizations offer.

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The stakeholders offered suggestions on how the County could expand and improve its current services that would directly provide benefits to the businesses.

- Provide businesses with more access to capital and other funding opportunities;
- Give more assistance to organizations that use volunteers as its workforce;
- Create a web database of all current funding opportunities for businesses and make it available for local businesses to use;
- Provide services and data that would help businesses in drafting a market analysis for their business;
- Focus on outreaching to young entrepreneurs and learn what they need to help them start a business;
- Work with local communities to assess what their needs are to help existing businesses grow and thrive successfully;
- Create a program that encourages more tourism in the community to help existing businesses grow;
- Guiding a business owner and walking them through the business certification process.
- Advertising organizations that are already partnered with the County that provide business services;
- Provide commercial loans for business owners with fair or little credit; and
- Provide a one-stop filing service for related business certifications, such as preference programs, seller's permit, etc.

Privacy issues over the use of data

Some stakeholders understand that data collection is necessary even without the BRP, especially if the County is to understand which businesses needed assistance. However, stakeholders shared concerns over what type of data the County would collect if the BRP was implemented. Issues included the disclosure of the citizenship status of employees, government monitoring, and detailed financial information. Some stakeholders expressed concerns about the County using the data to track businesses to impose additional County fees and taxes.

- Some stakeholders were only comfortable with providing basic information, such as business and business owner names, type of business, address, and phone number.
- One business owner felt that the County should make sure that sensitive information should be well-protected before it collected data so that business models were not copied or suffered from identity theft.
- Businesses want to be left alone and they do not need the County's help. Businesses have a natural fear of government overstepping boundaries.
- The County would need to collect a lot of data for the BRP to be useful, and there is little justification for businesses to give that much data.
- One stakeholder believed that the County would use the BRP to track businesses and charge additional fees and taxes.

Despite these concerns, some stakeholders understand the need to obtain and analyze business data in the unincorporated areas. For example:

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- One organization viewed the BRP as an opportunity for the County to share data with organizations that assist with business development and help them reach out to business owners in need.
- Some stakeholders believed that having useful data would make county services more effective.

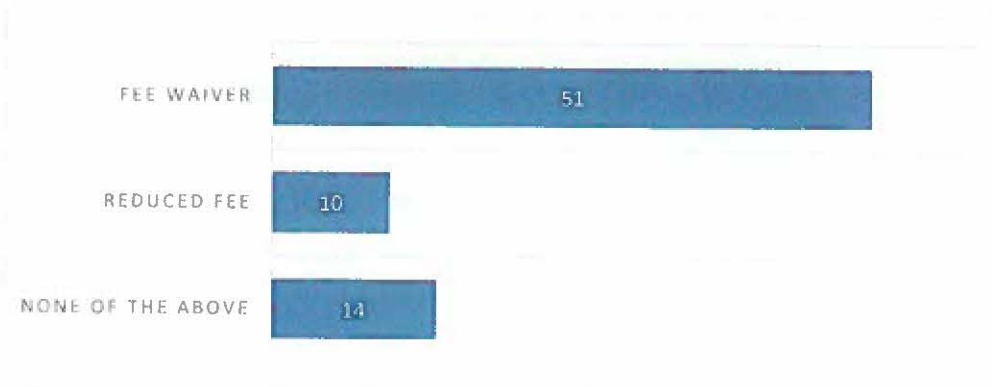
Transparency on how the registration fees will be used

A majority of the stakeholders wanted to know where the fee would be deposited and how the fee revenues will be used. A majority of the stakeholders also did not approve of the concept of the fees going towards cost recovery and the hiring of additional County staff to administer the new program. Stakeholders believe that the registration fee revenues should be invested in the communities, such as addressing homelessness, parking issues, and graffiti cleanup.

Microbusinesses and Exemptions

The County is exploring how to define, classify and consider “microbusinesses” under the proposed BRP and analyze whether to offer a fee reduction or waiver for microbusinesses or businesses that demonstration financial hardship. According to the online survey results, shown in the figure below, 68 percent of the stakeholders suggested that businesses that qualify as a microbusiness should receive a fee waiver, as shown in the figure below:

Figure 5: Under the Business Registration Program, should businesses that qualify as a microbusiness receive the following: (Online survey)



ELA inquired with stakeholders about how microbusinesses should be defined and what should be the thresholds for a fee reduction or waiver.

Defining Microbusinesses

Stakeholders had various suggestions as to what thresholds would define microbusinesses based on gross annual receipts, number of employees, or both.

- Based on stakeholder suggestions, thresholds based on gross annual receipts ranged from approximately \$35,000 or \$40,000, or below \$100,000.

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- Some stakeholders believed that the number of employees made more sense as an indicator compared to gross receipts as it is possible for a company with one employee to make more than \$100,000 per year.
- Recommended employee thresholds for microbusinesses ranged from businesses with fewer than 10 employees, or fewer than 25 employees.
- Some stakeholders felt that it was necessary to use a combination of different thresholds, with microbusinesses defined as businesses with less than 10 or 5 employees with \$35,000 a year in gross annual receipts.
- Some stakeholders suggested the threshold for microbusinesses should consider net revenue rather than gross annual receipts.

According to the survey results, most of the stakeholders defined a microbusiness as a business with 10 employees or less. In terms of gross annual receipts, the stakeholders suggested \$250,000 or less.

Figure 6: If a definition of a microbusiness was used to provide a reduced fee or waiver, which factors should be considered? (Online survey)



Fee Exemptions

Some stakeholders believed that exemptions should be provided to non-profit organizations, faith-based organizations, and microbusinesses.

Fairness and Equity

Under the current proposed BRP, home-based businesses are considered exempt from the paying the fee. However, some stakeholders argued that home-based businesses should still be required to register and pay the fee.

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Suggestions from Stakeholders on County Programs and Services

The stakeholders also provided suggestions to expand and/or improve the County programs and services to businesses.

Program Administration

- More accessibility with program design, as many businesses cannot answer the phone right away or return phone calls.
- Provide forms electronically because many business owners do not have the time to travel to Downtown to complete and submit the required forms.
- Provide a better screening process for employees, such as those who are formerly homeless.
- There is speculation on how legitimate businesses are being penalized more than ones operating illegally; there needs to be better enforcement, especially with street vending.
- Provide the ease of finding County contract bids that are open for small businesses.
- Streamline the process for businesses contracting with the County.
- Organize networking events for small businesses centered around a panel discussion on key topics for specific industries.
- Provide services that help small businesses, such as parking issues, enforcement issues, and marketing of a business corridor.
- Offer free legal counseling and classes on legal matters, such as contracts for small business owners.

Engagement and Outreach

- Provide effective marketing to deliver the services directly to the local businesses and help them identify what they need, not the other way around.
- Some stakeholders prefer that the County work with local chambers of commerce rather than create the BRP.
- County resource offices should be located closer to businesses as some businesses find it difficult to travel the Hall of Administration to access services.
- Reach out to and partner with local colleges that host job training programs, such as Cerritos and El Segundo.
- Network with other non-profit agencies or public-private partnerships, such as Small Business Development Center (SBDC) Network or the California Manufacturing Technology Consultant (CMTC) to help the County with marketing and delivering its service and resources to local businesses.
- Be more visible in the community, such as events and other services.
- Make a single point of contact from the County for businesses in the unincorporated areas.
- Use marketing tools to advertise their services, including email, social media, newsletters, print, and visual media outreach as a way to connect businesses to services.
- Some stakeholders suggested outreaching door-to-door to business owners is an effective strategy, which could be performed by the County or local community-based organizations.

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- Designate a County staff member to attend meetings at local chambers of commerce to help answer questions as a way of being more proactive towards businesses, as well as promote existing and new County services for local businesses.