



KAREN BASS

MAYOR OF LOS ANGELES

City of Los Angeles
Mayor Karen Bass

Executive Directive No.4

Identifying Barriers to Small Business Creation, Development and Growth

90-Day Progress Report Summary

Prepared by the Mayor's Office of Business and Economic Development
September 2023



KAREN BASS
MAYOR

Dear Angelenos:

I am pleased to announce the release of Executive Directive 4's first Progress Report.

Over 98 percent of all businesses in the City of Los Angeles are classified as small. Even more, small businesses are responsible for nearly 50 percent of all jobs and 63 percent of net new jobs nationwide. To ensure their success and strengthen our local economy as a whole, I directed my Office of Business and Economic Development to work in collaboration with select City Departments to form the Los Angeles Business Steering Committee (LABSC). This committee was instructed to assess current internal processes, timelines, taxes, and fees to help identify barriers to economic development.

Since the signing of this Directive, on June 22, the LABSC has met to commence this process. Through the framework developed through this Directive, our City can make improvements to fortify our local economy and reduce barriers to entry for businesses that are looking to open up shop within our City.

This Progress Report Preview serves as a preliminary overview of what is detailed in the complete report. Thank you so much for your support as we promote a business friendly ecosystem and work towards driving the City's economic growth forward.

Sincerely,

A handwritten signature in black ink that reads "Karen Bass". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Karen Bass

Mayor of Los Angeles

The City of Los Angeles is a major international hub for business and entrepreneurial activity. It is home to over 470,000 businesses, the majority of which are small businesses that were hit particularly hard by the COVID-19 pandemic. To help these businesses continue to recover, thrive, and strengthen our local economy as a whole, the City committed to reducing the barriers to small business development and improving the way in which businesses interface with City departments.

Accordingly, on June 22, 2023, Mayor Karen Bass signed Executive Directive 4 (ED4): *"Identifying Barriers to Small Business Creation, Development and Growth."* This directive calls for a review of burdensome processes and fees that impede small business creation, development and growth in the City of Los Angeles. It established the Los Angeles Business Steering Committee (LABSC), a committee of select City Departments, to oversee and administer ED4's objectives. The LABSC is comprised of the following Departments and Bureaus:

- Mayor's Office of Business and Economic Development
- Office of Finance
- Office of the City Administrative Officer
- Office of the City Controller
- Department of City Planning
- Department of Building and Safety
- Department of Water and Power
- Economic and Workforce Development Department
- Department of Cannabis Regulation
- Department of Public Works (Bureau of Contract Administration, Bureau of Engineering, Bureau of Sanitation, and Bureau of Street Services)
- Fire Department

Together, the LABSC is responsible for identifying barriers to economic development through a series of actions:

- A review of existing business taxes and fees to identify reasonable reductions that can be made to promote business creation and growth;
- An assessment of existing processes and timelines associated with starting a new business, expanding an existing one, and contracting directly or indirectly with the City; and
- A comparative analysis of City taxes and fees to those of other jurisdictions.

In accordance with the Executive Directive, a report was to be issued with initial findings within 90 days. Highlights from the progress report are outlined in this report preview.

PROGRESS REPORT HIGHLIGHTS

Helping Business Open and Expand in the City



Departmental Action Plans

Departments created individual action plans to address process delays within their respective departments. These plans include commitments to streamline processes, adopt time-reduction related goals, expand greater coordination with businesses, increase access to information and education, integrate new technologies, shorten processing times, provide early feedback, and much more. The following is a preliminary list of improvements identified for implementation by each Department:

Department of Building and Safety

- Expand the Department's Zoning Review Section to include review of Small Business projects, before the end of the calendar year, to help expedite plan checks.
- Expand Support for the Restaurant and Small Business Express Program (RSBEP) by assigning additional case managers to help small businesses. One additional case manager was hired in August 2023. Additional case managers will be assigned in the next calendar year.
- Explore the possibility of early issuance of Select Clearance Summary Worksheet for plans submitted to the department, decreasing wait time by several weeks depending on the size of the project.

Department of City Planning

- Develop simple-to-navigate, integrated, virtual platforms that can accommodate a wide range of services, including application filing requests for all types of projects.
- Offer in-person services for consultations, application filings, and permit clearances for existing and new programs.
- Optimize the Restaurant Beverage Program (RBP) with clear guidelines.
- Promote business activity, reduce processing times and minimize "late hits" by establishing and maintaining a formal entitlement pre-check and application pre-screening service for small businesses.
- Explore the creation of a language access plan and the augmentation of resources and services by making them available in different languages.

Fire Department

- Develop a preliminary review and case management program so that businesses are provided guidance and coordination to ensure that submitted plans meet initial requirements and standards.
- Provide transparent off-hour review fees for customers.
- Encourage customers to take advantage of inspection job walks and job meetings as a no-cost service to save time and money.
- Explore the potential adoption of a concierge service that provides preliminary review and case management assistance to businesses.

Department of Public Works | Bureau of Contract Administration

- Implement a virtual education tool, Project Assistance Meeting (PAM), to facilitate easy access to a live inspector who can answer questions and provide guidance for public work permit requirements. Completion expected by Fall 2023.

Department of Public Works | Bureau of Sanitation & Environment

- Revise Low Impact Development (LID) ordinance to exempt small projects to reduce plan reviews by more than 50% and improve review times. Completion expected by October 2023.
- Explore the development of improvements to the LID portal and plan check process through BuildLA programming.
- Identify potential upgrades to current technology for the Industrial Waste permitting process to improve efficiency and enhance customer features.

Department of Public Works | Bureau of Engineering

- Integrate mapping of select departments into NavigateLA to allow for businesses and City Departments to cross reference data geospatially. Also, implement a Map Status Tracking System that will track the status of tentative tract maps, subdivisions and other mapping actions.
- Create a bond tracking system to allow automated notifications to the Bureau's Bond Control Unit for the release of bonds.
- Equip the Bureau with permit tagging capabilities to help clearly identify how the information can be analyzed to generate metrics and reports.
- Create a Street Vacation Application tracking system for employees to accurately monitor project status.
- Adopt virtual inspections that allow building and public works inspectors to save time and increase efficiency.
- Coordinate with DWP's Shapefile Integration Project to reduce the amount of time needed to process permits and increase transparency.
- Establish a Work Order Management System to improve staff's ability to open, close, and track work orders.

Department of Public Works | Bureau of Street Services

- Update the StreetsLA website for a more “user friendly” interface with a focus on the core services offered by the Bureau. Completion expected Fall 2023.
- Develop a clear and easily comprehensible guide on Bureau policy regarding tree processes, using the new ED4 “Opening a Business” roadmaps as a template, to reduce confusion. Completion expected by Fall 2023.

Department of Water and Power

- Create an internal process to implement the new Rule Governing Water and Power Electric Service for underground line extensions to streamline procedures and reduce costs.
- Hire additional staff dedicated to processing permits and facilitating projects to reduce customer queues. Completion expected by the end of 2023.
- Develop workshops and quarterly webinars with frequently asked questions that are targeted to small business owners.
- Increase agency collaboration with other departments to better meet customer needs.
- Promote pre-plan submission consultation to help businesses understand requirements prior to plan check.

Department of Cannabis Regulation

- Expand Business Licensing and Compliance (BLC) Program for Social Equity applicants and licensees to receive guidance from industry experts.
- Expand payment processing options to allow applicants to remit payment sooner.
- Implement a mapping solution maintained by the Department that can be updated frequently with current data, ensuring applicants are equipped with the most up to date information.
- Hire additional staff dedicated to processing permits and facilitating projects to reduce customer queues. Completion expected by the end of 2023.



Bolster Early Engagement

Providing pre-submission plan check support is proven to help expedite permitting processes. The LABSC is working to bolster education and early engagement by 1) increasing accessibility to departments through the use of in-person and virtual counters, 2) promoting and expanding pre-plan submission consultation, and 3) streamlining access to customer support.

Early commitments include the following:

- *Departments from LABSC have committed to provide businesses access to virtual counter services by December 1, 2023.*
- *Consistent with the Department of City Planning and Department of Building & Safety, the City's Department of Water and Power, with*

Commission approval, will also establish an in-person counter.

The Mayor's Office will also be working with Departments to promote consultation services and create a virtual library of recorded workshops that businesses can refer to throughout the year for guidance.



Streamline Access to Information and Education

Navigating the City should not be difficult. In coordination with the City's Information Technology Agency (ITA) and Office of Finance, the Mayor's Office will be creating a "Business Navigator" that will serve as a centralized hub within the City's Business Portal (business.lacity.org) that will equip businesses with the information and direction needed to navigate the City expeditiously.



Technology Integration to Advance Coordination and Transparency

Consistent with ED4, the City will be creating the "Los Angeles Permit System," a platform that will house all data relating to projects, including clearances and code enforcement cases. This portal will replace a 30 year-old permit system that has become outdated with a single permitting system that encompasses all development services departments. It will ensure coordination between departments, streamline the permitting process, and provide transparency to constituents. This platform will cost approximately \$30 million to complete. A Request for Proposal (RFP) has been released and awarded. It is currently under contract negotiations.

The City will also expand the capabilities of BuildLA, the City's shared platform for development services, to improve consumer engagement, increase interdepartmental coordination and ensure alignment with the needs of businesses and developers.

Improving Taxpayer Engagement and Experience



Office of Finance Strategic Plan

In alignment with ED4, the City's Office of Finance adopted a Strategic Plan. This strategic plan will review and update outdated sections within Los Angeles Municipal Code — including the City's Tax Ordinances that cover business taxes in Article 1. Additionally, the Plan aims to identify opportunities and challenges facing the organization, and possible solutions for improvement and progress. Plan objectives include the following:

- Improvement of Business Tax customer experience and delivery of services by adopting updated processes
- Deployment of new integrated technology systems to improve efficiency and usability

- Improvement of taxpayer online user experience and data security
- Implementation of standardized collection and revenue management protocols
- Development of an informed, versatile and cross-trained staff to improve efficiency and knowledge transfer

Commitment to Work in Partnership with the Business Community



ED4 Community Business Taskforce

The LABSC will be working with the Los Angeles City Small Business Commission in partnership with business policy advocacy organizations to form the ED4 Community Business Taskforce. The taskforce will gather feedback from the business community and work with the LABSC to advance the community's priorities.



Small Business Cabinet

To help direct the Mayor's agenda and ensure that small businesses have influence over the priorities and solutions needed to support their growth, the Mayor will establish the Small Business Cabinet through ED4. This cabinet will be made up of senior small business industry leaders in Los Angeles. It will begin meeting by October of 2023.

Building Business Inclusion in Procurement



Address Certification Backlog

The City's Bureau of Contract Administration produced strategies to help eliminate business certification backlog and expedite certification processes. In the first 90 days, BCA focused on reducing its backlog of Local Business Enterprise (LBE) applications, and was able to eliminate *all* requests that were over 30 days past their original submission. BCA's aim is to maintain a goal of processing LBE applications within 30 days of receipt. The Bureau will also work towards reducing its backlog for other types of certifications.



Expedite Contract Payments

Departments adopted preliminary short-term solutions for expediting contract payments, including commitments to implement certain strategies by December 1st of this year. They include the following:

- New practices that support vendor education prior to contract submission, including adoption of tutorials, sample invoices, and checklists
- Adoption of one centralized portal and entry point for invoice submission to ensure visibility of invoices and facilitate tracking
- Training modules and pilot training bootcamps for staff

- Segmented time commitments by reviewing division
- Provision of clear designation of responsibilities to staff
- Adoptions of standardized and simplified processes for each department

✓ **Technology Utilization to Expedite Payments**

The City's Office of Procurement is working to centralize and digitize the City's invoicing process. This new system will reduce the likelihood of errors and discrepancies in invoicing, tracking the status of invoices and payment requests, and ensuring accurate record-keeping. Additionally, this will hold the City to a higher standard of service to its stakeholders, allow for more transparency in government processing of payments, and provide the added benefit of assisting City vendors with regulations and audit requirements.

Departments have also committed to report monthly metrics and track individual cases that become overdue. Additional strategies are being discussed at this time. They will be shared in future reports.

NEXT STEPS

Comparative Analysis of permits and fees

A comparative analysis of popular permits and fees issued by the City will be completed. Findings will be further evaluated as needed. Additionally, programs that help expedite permits and lower certain fees will be considered for expansion, helping to support more businesses.

Evaluation of certain taxes and fees

The LABSC will work with the Office of Finance and Chief Administrator's Office to further assess the fees and taxes that are found to be of significantly higher cost than those of other Cities. This analysis will be made in conjunction with the Office of Finance's review of outdated sections or recurring issues within Los Angeles Municipal Code — including the City's Tax Ordinances that cover business taxes in Article 1.

Coordination with Businesses

As a result of ED4, the LABSC will establish the ED4 Community Business Taskforce — in coordination with the Los Angeles City Small Business Commission and business policy advocacy organizations. The taskforce will gather feedback from the business community and work with the LABSC to advance the community's priorities. Additionally, to help direct the Mayor's agenda and ensure that small businesses have influence over the priorities and solutions needed to support their growth, the Mayor will establish the Small Business Cabinet — a cabinet made up of senior small business industry leaders in the Los Angeles region.

Evaluation Completion of Identified Processes

Along with processes for expediting payment of contracts and opening and/or expanding a business, additional processes that require review have been identified to date. These, including any items identified by the ED4 Community Business Taskforce, will be reviewed and assessed by the LABSC for improvements. Updates to those findings will be shared in future progress reports.

Monthly Collection and Evaluation of Goals and Performance Metrics

At the end of every month, Departments will submit monthly metrics that will allow for the Mayor's Office to track progress and further identify areas of improvement. For expediting process of payment, for instance, departments have been instructed to provide the following information:

- Number of pending payments
- Maturity of invoices since submission
- Reason for identified payment delay

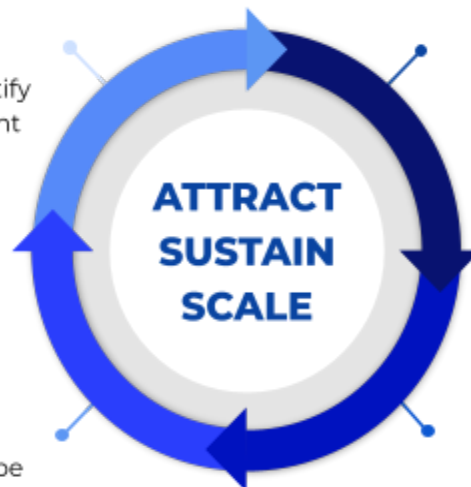
The LABSC will also be tracking each department's Action Plan and specific metrics that allows for the LABSC to evaluate progress. This process will allow for the City to continuously evaluate City performance and make adjustments as needed. The process is summarized in the graph below.

EVALUATION

Assess and review metrics, evaluate outcomes, and identify opportunities for improvement and new solutions.

DATA COLLECTION

Gather data to identify problems that can be addressed through specific actions or policy initiatives.



LONG-TERM SOLUTIONS

Develop solutions that can be implemented over time and create the foundation the City needs to be increasingly business-friendly.

SHORT-TERM SOLUTIONS

Develop solutions that can be implemented in the near future to support businesses immediately.



KAREN BASS
MAYOR OF LOS ANGELES

Mayor.LACity.gov

For inquiries, please contact mayor.business@lacity.org