

# Long Beach's CUP Fee Higher Than All Nearby Cities

## Another Trucking Firm – And Its 250 Employees – Expanding To Cerritos

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A flat fee of \$11,000 charged to businesses by the City of Long Beach for a conditional use permit (CUP) is – with one exception – the highest such fee in the area according to a phone survey of area cities conducted by the Business Journal.

That one exception is the City of Los Angeles, which uses a sliding scale that starts at \$2,000 and could reach \$15,000 depending on city costs such as staff time. Currently, there is no sliding scale in Long Beach.

The survey was conducted following complaints from businesspeople that the city is unfriendly to business, overcharges for fees such as the CUP and delays projects. By law, the city's fee can only recoup expenses – primarily personnel costs. The fee cannot be a revenue generator for the city.

The issue of cost arose after the Long Beach City Council in mid-October imposed a city-wide CUP requirement on new trucking facilities, truck yards or new businesses with trucking-related uses with warehouses. When informed of the cost, several councilmembers asked staff to examine a sliding scale approach. The council action was taken after the city's planning commission voted 7-0 last May that no CUP be required, but opted instead for specific development standards that trucking facilities must follow. That vote followed many meetings over a nearly two-year period with residents and businesspeople. City staff, however, chose to go around the planning commission and push for a CUP, thus allowing staff to shut down a non-conforming facility if necessary.

Larger municipalities typically have higher fees and more requirements than smaller jurisdictions due to heightened administrative oversight and recovering costs, according to city staff. But many cities comparable to Long Beach, such as Los Angeles and San Diego, have a sliding scale or deposit system, which bills hours depending on the size of each project. Long Beach is one of the only large cities in Southern California to use a flat rate rather than a calculated average, which some businesses feel is unfair because of having to pay the same

nonrefundable fee despite the size of the project, before even being permitted to operate.

"I'm pretty sure Long Beach has the highest fees in the state right now for everything," said Paul Collins, architect for PAC Design in Long Beach. "I had a recent business that just built a new building up in North Long Beach and their fees were \$120,000 on an \$800,000 project. So, 15 percent of their project was fees . . . Five years ago when I would do a similar project in Long Beach, it would be about 5 percent of the cost of the project. So, they're way up and I'm concerned because [the city] keeps adding . . ."

Some say requiring a CUP takes away rights of small business owners and can open up the stage for imposing restrictive enforcements on individual lots rather than a streamlined approach. Also, many fear the requirement will drive away more port-related industrial businesses and become a roadblock for any new

trucking companies looking to come into the city.

Collins, and others who have been working with planning commission staff on zoning standards, say that may hurt the city's sales tax income. "These are businesses with lots of employees that generate a lot of taxes for the city, and so [the city is] cutting off their nose despite their face," he said.

Industrial companies looking to expand facilities or relocate are staking out digs with less hassle, less costs, lower rental rates, less restrictions and quicker permitting processes, which other cities can now offer in this competitive economic climate.

Kevin Wheeler, CEO of Bear Industrial Supply and Manufacturing, a PVC pipe manufacturer in the city for six years with 25 full-time workers, told the Business Journal in a previous story that, "the environment in Long Beach is not business-friendly," and that the company's selection of Cerritos in their relocation was largely based on cost estimates. Bear signed a five-year lease for more than double the space it had in Long Beach.

Meanwhile, Carlisle Interconnect Technologies, a large industrial firm that manufactures cable and was located in Long Beach for 26 years, is doubling its size from 38,000 to 83,000 square feet, relocating its 250 employees to Cerritos as well. While the company is zoned for manufacturing and light industrial uses, which includes warehousing, distribution and truck related uses, the company's director of operations, Dave Luce, said the decision had nothing to do with Long Beach's requirements. "We're just relocating to a larger facility," he said.

However, several brokers reached by the Business Journal said if Carlisle really wanted to stay in Long Beach, additional space is available within the city. One broker, who did not want to be identified, said the city's "anti-business attitude shows in a down economy since most other cities – and states – are bending over backwards to attract business. Long Beach appears headed in the opposite direction with high fees, restrictions, delays and no welcome mat."

During the past two years, the city slowing eliminated its economic development division

which had been responsible for attraction and retention efforts.

The loss of the two trucking concerns will add to the city's unemployment woes, especially for good paying jobs. In October, the city's unemployment rate stood at 13.8 percent.

### Cerritos: Neighbor With A Different Attitude

Robert Lopez, planning director for the City of Cerritos, which has a population nearly nine times smaller than Long Beach's, said the city has a CUP fee of only \$200, compared with Long Beach's \$11,000. The city was coined the "Most Business-Friendly City" this year by the Los Angeles County Economic Development Corporation, recognized for having its own business ombudsman, fast permitting processes, "No/Low" property tax and no utility users tax. Lopez said the city made a decision early on to stay business-friendly and keep rates low by paying a majority of costs for CUPs out of the city's General Fund and revenue sources rather than having businesses foot the bill. "The fees were set several years ago and they haven't been increased since then," he said.

While some cities prohibit trucking related uses all together, others accept "legal non-conforming" zones and many cities differ on what can be considered or allowed to operate. For instance, Lopez said Cerritos generally prohibits truck terminals, but most new warehouses and distribution companies can be "grandfathered" in through existing zoning.

In Carson, the city doesn't require a CUP for new warehouses, while it does for new trucking yards. An industrial zone CUP there costs \$3,500. The City of Signal Hill doesn't require a CUP on any new trucking related uses, but instead has its own zoning standards, according to the city's planning director, Gary Jones.

Derek Burnham, planning officer for the City of Long Beach, said the city's \$11,000 CUP requirement only refers to new trucking related businesses, which includes warehousing or trucking yards, and those changing the current use of the land. Expanding trucking or distribution companies in the city, under current zoning, would only have to apply for a modification to an existing CUP, which, ac-

ording to the city's fee schedule runs from \$1,000 to \$4,000 depending on size and use. Companies simply relocating or changing ownership under current zoning would only have to pay for a new business license.

The city made the CUP requirement for new trucking related businesses after comparing nearby cities that had the same condition, he said. "It seemed like just about every city we looked at had a conditional use permit requirement for trucking," Burnham added.

However, city planners haven't yet evaluated the comparison of rates between cities and it is something the city will be looking into. The flat fee rate appears to be a concern in accuracy and the city eventually may choose to opt for a sliding scale as requested by city councilmembers. "The one-size-fits all approach is difficult and so we're looking at ways where we might get a little more granular in the way we charge fees just so we're accurate in a cost recovery standpoint," Burnham said.

In general, the city charges fees aimed at recovering costs incurred by city staff, which includes research by the city planner, public notices and preparation for a public hearing. But those costs can differ between city-to-city. For instance, Long Beach requires public notices be sent out to residents 750 feet near the requesting party, where most other cities only require a 300- to 500-foot radius, which the city council approved to make the process more inclusive to residents, he said. The city also requires a large poster be placed on each site.

In addition, requirements of landscaping buffers, block walls, office and restroom facilities, lighting and on-site circulation, as well as ground paving, are intended to "facilitate improvements to poorly maintained properties" and reduce "blight" in industrial areas, according to a staff report.

CUP requirements, on the other hand, allow residents to weigh in on restrictions, imposing limits to hours of operation and other standards. Tony Rivera, chairman of the West Project Area Committee, said the city's new ordinance for trucking and distribution companies puts unwarranted pressure on small businesses and takes away rights. The committee, along with the North Project Area Committee and the

### Comparing Conditional Use Permit Costs For Trucking Facilities

Long Beach	\$11,000 flat fee
Los Angeles	\$2,000-\$15,000 sliding scale
San Diego	\$5,000-\$8,000 deposit plus hours billed
Carson	\$3,500 flat fee
Torrance	\$3,027 flat fee
Lakewood	\$1,000-\$3,000 flat fee
Commerce	\$1,000-\$2,000 flat fee
Downey	\$1,750 flat fee
Compton	\$1,500 flat fee
Montebello	\$1,156 flat fee
Paramount	\$500 flat fee
Cerritos	\$200 flat fee
Signal Hill	No CUP requirement for trucking yards

The Business Journal's Sean Belk conducted phone interviews earlier this month with representatives of the above cities.

Magnolia Industrial Group, had been working on development standards – per the planning commission's request – for nearly two years.

"For the city it is lose, lose, lose, and the same for businesses, but with development standards, without a CUP, it's a win, win, win because eventually the city gets the taxes," he said. "I've been around 30 years working with exporters and there's been a lot of sentiment that Long Beach is against the trucking companies. But you have the port . . . so you can't stop trucking. If you lose the business in Long Beach they're going to go as far as Santa Ana and [the trucks are] still going to come in." ■