

TECHNOLOGY TRANSFER: THE NEW KINGS OF KNOW-HOW

# CALIFORNIA

**B U S I N E S S**

APRIL 1993 \$2.95

REFERENCE  
PAMPHLET  
H.B.--History  
News Clippings

## THE 55 SPECIALTY REPORTS CB BEST PLACES

**For Reference**  
Not to be taken from this room

**TO DO  
BUSINESS IN  
CALIFORNIA**



**RESULT:  
HUNTINGTON  
BEACH  
IS RANKED #1  
OVERALL AS THE  
BEST BIG CITY  
FOR BUSINESS  
IN CALIFORNIA**



To compile our final listing, we ranked cities within each group by five crucial measures—business license tax, office space lease rates, median home price, crime rate, and cost of education—then averaged these together.

The result: Huntington Beach in Orange County emerged as best big city for business, while Lancaster in Los Angeles County was ranked best mid-sized city. Both have low business taxes—although, interestingly enough, not the lowest. (Two cities—4th-ranked Glendale in the top 15 and 2nd-ranked Sunnyvale in the middle cities—have no business taxes at all.) Moreover, Huntington Beach has the lowest crime rate in its group, and Lancaster is ranked 10th in crime in its category. Both have low office lease rates and spend healthy amounts on education. Only Huntington Beach falls short in one measure—housing costs. Its median price tag of \$271,000 made it second-highest in its group.

In general, this pattern—low business taxes, low crime rates, low real estate prices, and high expenditures on education—dictated which cities ranked at the top of their categories.

Conversely, cities with the opposite pattern—high business taxes, high crime rates, high real estate prices, and less spending on education—scored near the bottom. Among big cities, San Francisco ranked last, while Berkeley was 40th in the middle cities. In both cities, companies have long complained about high taxes and onerous bureaucratic rules that contribute to their cities' generally "inhospitable" business climates. Indeed, both cities have crushing business taxes. In San Francisco, our hypothetical manufacturer would pay \$150,000 a year, \$18,000 more than in Fresno and more than double the rate in Los Angeles. Berkeley's tax rates are comparable to big-city rates; indeed, they topped all but those of four cities.

To be sure, like any ranking, the criteria for our 55-city list are arguably arbitrary. There are many intangibles of a given community that cannot be measured, but that may be extremely important to a particular company residing there. Ambience, quality of life, natural and cultural resources, and many other factors can affect customers, workers, vendors, and management, and be critical to certain types of business.

But we're going for batting average here. And in that context, the parameters we chose are critical to the health of local businesses. Another set of important factors not directly measured in our rankings is a community's package of special incentives. Many are described briefly in the listings.

We should mention that 13 cities on our list have Enterprise Zones within their boundaries. These zones, designated by the State of California, offer tax breaks to businesses operating there, including hiring tax credits, sales-tax and use-tax credits for machinery and equipment purchased for use in the zone, net operating loss carryovers, and business expense deductions. Most also offer local Enterprise Zone incentives which may include low-interest loans, permit fast-tracking, job training, and site selection assistance.

#

# Huntington Beach is the best place to do business in California

-California Business, April 1993

"Huntington Beach has been selected as the best big city for business in the state by California Business magazine, which analyzed 55 cities with populations of 90,000 and more. Huntington Beach had the lowest crime rate among the states biggest cities and also got very high marks for office lease rates, business license taxes and spending on education."

If you're looking for business prosperity, Huntington Beach has everything you need to get you there. And our Business Development Team has everything you need to get you here.

Let us show you how to take the red tape out of relocation and expansion.

Call Tom Andrusky,  
Michael Gifford or Jim Lamb  
for the Red Carpet Treatment.

**City of  
Huntington Beach Business  
Development**

**(714) 536-5542**

**FAX (714) 375-5087**

**(800) 533-0202**

## HUNTINGTON BEACH

**County:** Orange  
**Population:** 185,000  
**Largest Employers:** McDonnell Douglas; City of Huntington Beach; Golden West College  
**Business License Tax:** A: \$997; B: \$267; C: \$93  
**Office Lease Rates:** \$0.85–1.75 **Median House Price:** \$271,000 **Crime:** 1 **Education:** \$4,657  
**Transportation:** Hwy: Pacific Coast Highway, 405; Air: Orange County Airport; Rail: Southern Pacific; Port: Long Beach, Los Angeles. **Special Incentives:** City officials meet with businesses personally to explain city regulations and permits, and the city provides free seminars and one-on-one counseling through the Huntington Beach Small Business Administration.  
**Contact:** Barbara A. Kaiser, Director of Economic Development, 714-536-5582.

# THE 15 BEST BIG CITIES

A special *California Business* report on how  
California's  
leading cities  
are working to  
build a sunny  
business climate.

HUNTINGTON BEACH PUBLIC LIBRARY  
7111 Talbert Avenue  
Huntington Beach, CA 92648

Peter Ueberroth, chairman of the state Council on Competitiveness, last year described California's public policies, taxes, regulation, and workers' compensation costs as a "job-killing machine." More recently, state leaders debated their concerns and remedies at the February California Economic Summit in Los Angeles, which spawned several bills now before the Legislature to ease regulations and reform workers' compensation. Governor Pete Wilson, meanwhile, inaugurated his Team California program to work on business retention.

Not everyone agrees, however, that California's economic woes are due to foul business weather blown in by government. Stephen Levy and Robert Arnold, economists with the Center for Continuing Study for the California Economy, challenged Ueberroth at the L.A. summit. They blamed the national recession, defense cuts, and the real estate slump—not mass business migration—for the state's ills, and predicted that California will outpace the nation in economic growth once the recovery picks up speed.

"No one has been able to produce a list of companies that have left California for business climate reasons that would account for as much as 5 percent of recent job losses," said Arnold. "You simply can't find data to substantiate an exodus."

It's also hard to find California companies that have rushed to move here or expand here, either. But no matter whose side in the debate you take, one point should not be overlooked: California's great economic diversity—a diversity evident in its more than 450 cities and towns.

To hear people talk about the state's business climate, you'd think California was one vast, uniform marketplace, stretched from Oregon to Mexico like a piece of parched leather, with the same costs and benefits felt by every business within its borders.

That isn't the case, of course. The business climate isn't the same all over the state, anymore than San Diego and Mendocino have the same annual rainfall. Rather than a single business climate, California can boast dozens of "mi-

cro" business climates, eager for a piece of the relocation pie, hoping to tap the natural movement of companies within a dynamic economy.

Most communities work hard to promote their image as a good place to do business. They know that, with tax dollars as scarce as they are in California, smart communities don't sit back and yawn when new businesses show up at the door. They jump to attention. City leaders know they must actively court new businesses, as well as keep existing businesses happy, if they want to maintain a healthy tax base and strong community. With the competition keener than ever before, it's hard to find a city without a business-community development program.

With this in mind, we set out to discover what California's cities are doing to attract and retain business. The result was "55 Best Places," a special *California Business* report on the state's leading business environments.

To compile the report, we selected 55 cities in the state with populations greater than 90,000. The list ranged from Los Angeles, with 3.5 million residents, to Richmond, with 92,600. Our idea was not so much to exclude the smaller cities as to focus on those that compete most vigorously for businesses.

We divided the list into two categories: the 15 largest cities and 40 next largest cities. Clearly, big cities have big-city problems and big-city costs, which are typically more challenging than mid-sized cities. To lump the two together we felt would have given the latter group a decided edge.



The Pierside Pavilion at top-ranked Huntington Beach: low taxes and low crime.



## City of Huntington Beach

2000 MAIN STREET

CALIFORNIA 92648

**MAYOR GRACE WINCHELL**

Telephone (714) 536-5553

May 17, 1993

### An Open Letter to Existing and Potential Huntington Beach Businesses:

It is with great pride and some apprehension that we accept our honor as being chosen California's best big city for business. This report does reflect the overwhelming success of our Business Development Team which was formed to retain and attract businesses to our beautiful city. On the other hand, we know that many businesses are considering locating out of the area, and we will not rest on the laurels of our recent achievement. My fellow Council Members and myself will continue to make every effort to improve the conditions and communication between our city's businesses and City Hall. To quote the theme that our Business Development Team has adopted, we will continue to "Turn Red Tape into Red Carpet."

Sincerely,

Grace Winchell, Mayor  
City of Huntington Beach



City of Huntington Beach  
Business Development