



October 17, 2022

Dear Mayor Boyles and Members of the El Segundo City Council:

The El Segundo Chamber of Commerce would like to express our concern about El Segundo Measure BT appearing on the November 8, 2022 ballot. We appreciate the City staff working with us to help our business community understand the impact of the proposed measure. As we researched the Measure BT details and numbers, it became apparent that the hotel numbers are significantly higher than their comp sets. We met with our El Segundo hotel operators and they too are concerned with this sudden and significant increase.

Our El Segundo hotels are currently paying approximately \$432/year for our Business License Tax. If Measure BT passes, our El Segundo hotels will be paying \$150 per room/year. This increases the BLT for a 250-room hotel from \$432 to over \$37,000. Measure BT puts El Segundo hotels at an extreme disadvantage compared to hotels in our neighboring cities which can be seen on the chart below.

CITY	Proposed/current Business License Tax	Cost for average 250 room hotel	TOT (Hotel tax)	UUT	Other
El Segundo	\$150/room	\$37,200	12%	3%	
Manhattan Beach	\$24.59/room	\$6,147	14%	n/a	
Hermosa Beach	\$43/room	\$10,750	14%	5.50%	
Redondo Beach	\$20 for first unit, \$8 for each add'l unit	\$2012 + \$18/employee	12%	4.75%	\$18 per employee
Torrance	\$26/room	\$6,500	12%	6.50%	
Culver City	Gross Receipts		14%	11%	\$1.00 per \$1000 gross receipts
LA City	Gross Receipts		14%	9%	\$1.27 per \$1000 gross receipts

As you can see, Manhattan Beach has a BLT of \$24.59/room. A 250-room hotel just to the south of us would pay \$6147/year compared to over \$37,000/year in El Segundo. The hotels will be submitting proposals for contracted rates and groups for 2024 within the next few weeks and the potential passing of Measure BT leaves them without complete data to bid competitive rates for their clients.

We would like to work with the City to ensure the Destination Marketing "Start Here" campaign is effective and provide our hotels all the tools needed to be a partner in those efforts. As you know, the Transient Occupancy Tax (TOT) was the highest source of revenue to the City of El Segundo prior to the pandemic. We encourage your support of our hotels as our community strives to return to those pre-pandemic levels.

The hotels' concern about the passing of Measure BT is echoed by every sector of our business community. With consideration given to the current economic environment as well as the uncertainty of a possible recession, we would like to propose a revised approach to this increase should it be passed by the voters. We ask you reconsider the 2024 implementation date of Measure BT and adjust that time frame through discussions and solutions with the stakeholders. Meeting with the business community to develop the implementation of these potential new Business Tax License fees as we move through the coming months would bring the business community and City together to determine the best course of action. This type of partnership would be a major asset for future "Most Business Friendly City" Award nominations, as well as a driving force for future economic attraction/development.

We value our partnership with the City of El Segundo and look forward to continuing to be a place where "Big Ideas Take Off" with the City by our side. We would welcome the opportunity to be engaged in an implementation of Measure BT should it pass, by bringing our business community and City leaders together to determine the best course of action to serve our residents and our hometown continues to be the "Most Business Friendly City".

Sincerely,



Marsha Hansen  
CEO/President  
El Segundo Chamber of Commerce

cc: Heidi Maerker, Publisher, Herald Publications