Executive Summary

I. Introduction

The 2007 *Kosmont-Rose Institute Cost of Doing Business Survey* analyzes fees, taxes, and economic incentives and programs in 402 cities nationwide. This year's *Survey* features 26 new Southern California cities, a more complete and useful Transportation Amenities section, and an updated profile format.

The *Survey*, in its thirteenth year of publication and its fifth year as the *Kosmont-Rose Institute Cost of Doing Business Survey*, offers real estate professionals, businesses, city and county staff, business and economic associations, and others who need to evaluate general business costs and specific project costs or make relocation decisions the opportunity to compare the cost of doing business in municipalities nationwide.

The *Survey* rates each city as Very Low Cost ($), Low Cost ($$), Average Cost ($$$), High Cost ($$$$), or Very High Cost ($$$$$). This year's *Survey* identified 80 Very Low Cost ($) Cities, 80 Low Cost ($$) Cities, 82 Average Cost ($$$) Cities, 80 High Cost ($$$$) Cities, and 80 Very High Cost ($$$$$) Cities. This year's rating method differs from last year's rating method significantly in that the 2007 *Survey* utilizes a straight line curve rather than a bell curve in deriving Cost Ratings.

SURVEY HIGHLIGHTS FOR 2007

National:
- The ten least expensive cities in 2007 (in alphabetical order) are: Cheyenne, WY; Eugene, OR, Everett, WA; Federal Way, WA; Henderson, NV; Kent, WA; Las Vegas, NV; Reno, NV; Vancouver, WA; and Yakima, WA.

- The top ten most expensive cities in 2007 (in alphabetical order) are: Akron, OH; Cincinnati, OH; Clarksburg, WV; Columbus, OH; Indianapolis, IN; Jersey City, NJ; New York, NY; Philadelphia, PA; Rochester, NY; and San Francisco, CA.

- The 20 lowest cost cities nationwide are all located west of the Mississippi River. The highest cost cities nationwide tend to be located in the Northeast, in the Great Lakes region, and in California.

California:
- The top ten least expensive cities in California in 2007 (in alphabetical order) are: Banning; Costa Mesa; Hesperia; Moorpark; Roseville; Sutter Creek; Unincorporated El Dorado County; Unincorporated Lake County; Unincorporated Merced County; and Westlake Village.

- The top ten most expensive cities in California in 2007 (in alphabetical order) are Bell; Berkeley; Compton; Culver City; Inglewood; Los Angeles; Oakland; Rancho Santa Margarita; San Francisco; and Santa Monica.

- Cities in Los Angeles County tend to place in higher cost categories than the cities surveyed in San Bernardino, Ventura, San Diego, Riverside, and Orange Counties.

Los Angeles:

- Of the 71 cities surveyed in Los Angeles County, only 17 cities have Cost Ratings in the lowest two brackets; of these, only Westlake Village is in the lowest bracket.

- Eleven Los Angeles County cities are in the Average Cost bracket, 22 cities are in the High Cost bracket, and 22 cities are in the Very High Cost bracket.

- The ten least expensive cities in Los Angeles County in 2007 (in alphabetical order) are: Agora Hills; Bell Gardens; Cerritos; Diamond Bar; Glendora; La Puente; San Dimas; Signal Hill; Temple City; and Westlake Village.

- The ten most expensive cities in Los Angeles County in 2007 (in alphabetical order) are: Bell; Compton; Culver City; Inglewood; Los Angeles; Lynwood; Manhattan Beach; Maywood; Pomona; and Santa Monica.

II. Major US Cities

Table 1 gives the Cost Ratings for the 15 most populated cities surveyed. On average, the most populated cities tend to be more expensive, with eight cities in the Very High Cost bracket and nine cities in the two highest brackets combined. Nonetheless, three of the most populated cities, San Antonio, Dallas, and Houston, have successfully maintained the lowest Cost Rating ($).

Table 1: Cost Ratings and Rankings for the Most Populated Cities

City	Rating	Population Ranking	City	Rating	Population Ranking
NEW YORK	$$$$$	1	DALLAS	$	9
LOS ANGELES	$$$$$	2	SAN JOSE	$$$$	10
CHICAGO	$$$$$	3	DETROIT	$$	11
HOUSTON	$	4	JACKSONVILLE	$$$	12
PHOENIX	$$$$$	5	INDIANAPOLIS	$$$$$	13
PHILADELPHIA	$$$$$	6	SAN FRANCISCO	$$$$$	14
SAN ANTONIO	$	7	COLUMBUS, OH	$$$$$	15
SAN DIEGO	$$	8			

Table 2 gives the Cost Ratings for the 15 least populated cities surveyed. Interestingly, some of the least populated cities in the *Survey* maintain some of the highest Cost Ratings (examples: Clarksburg and Irwindale). This is predominantly due to many low-populated cities' industry-based structures. Lacking typical sources of revenue, industry-based cities may be inclined to tax businesses heavily; therefore, some cities with low populations still manage to earn High Cost Ratings.

Table 2: Cost Ratings and Rankings for Least Populated Cities

City	Rating	Population Ranking	City	Rating	Population Ranking
VERNON	$$$	402	SIGNAL HILL	$$	394
INDUSTRY	$$$$	401	GRAND TERRACE	$$$	393
IRWINDALE	$$$$$	400	COMMERCE	$$	392
SUTTER CREEK	$	399	FILLMORE	$$	391
WOODLAKE	$$$$	398	EL SEGUNDO	$$$$$	390
SEBASTOPOL	$$	397	CLARKSBURG	$$$$$	389
EMERYVILLE	$$$$$	396	SANTA FE SPRINGS	$$$	388
WESTLAKE VILLAGE	$	395			

Table 3 outlines the 2007 *Survey*'s most expensive cities. Table 4 outlines the 2007 *Survey's* least expensive cities. In both cases, these cities, representing different regions in the United States, may or may not share similar tax characteristics. For example, New York, NY and Philadelphia, PA have relatively low Utility User tax rates, while Los Angeles, CA and San Francisco, CA have much higher Utility User tax rates. A city with low Utility User taxes and high Business Taxes may receive a High Cost Rating, and a city with high Utility User Taxes and low Businesses Taxes may also receive a High Cost Rating. Likewise, a city with a high Utility User tax rate and low Business Taxes may receive a Low Cost Rating, and a city with low Utility User taxes and high Business Taxes may also receive a Low Cost Rating.

Table 3: Most Expensive Cities in the United States

City	Rating	City	Rating
AKRON	$$$$$	NAPERVILLE	$$$$$
CINCINNATI	$$$$$	NEW YORK	$$$$$
CLARKSBURG	$$$$$	NEWARK	$$$$$
COLUMBUS	$$$$$	PHILADELPHIA	$$$$$
INDIANAPOLIS	$$$$$	ROCHESTER	$$$$$
JERSEY CITY	$$$$$	SAN FRANCISCO	$$$$$
LOS ANGELES	$$$$$	SANTA MONICA	$$$$$
MINNEAPOLIS	$$$$$		

Table 4: Least Expensive Cities in the United States

City	Rating	City	Rating
AURORA	$	LAS VEGAS	$
CENTENNIAL	$	OLYMPIA	$
CHEYENNE	$	RENO	$
EUGENE	$	SIOUX FALLS	$
EVERETT	$	SPOKANE	$
FEDERAL WAY	$	VANCOUVER	$
HENDERSON	$	YAKIMA	$
KENT	$		

2007 Edition

III. OVERVIEW OF CALIFORNIA CITIES

Why do California Cities consistently rank poorly in the *Survey*?

According to the *Survey's* founder, Larry Kosmont of Los Angeles-based Kosmont Companies, the answer points less to California cities and more to California itself. "Just by being located in California, these cities are at a 'cost' disadvantage right out of the gate," he states. "In fact, any California city that earns an Average Cost Rating is doing fairly well in my book," he continues, noting that California's high sales and income taxes make for a difficult playing field for California cities to compete with those from other states.

However, California's high costs are only a symptom of an underlying problem. The California business community has suffered from statewide taxation and a political culture that has made life difficult for cities trying to attract and retain business. Specifically, the cumulative effect of several taxation restraining ballot measures (Propositions 13, 62, and 218) has left California cities challenged to find new sources of revenue. Additionally, state financial support for local cities has inconsistently been available over the years as the state has struggled merely to pay for its ongoing costs.

Long-term economic development has been replaced systematically with shortsighted taxes and exactions on business and development activities. Whereas residents are more likely to stay and vote for lower taxes and fees, businesses are more likely to vote with their feet. The cities get caught in the middle, often unable to counteract the state-imposed costs that are driving away employers.

Without meaningful financial help from the state, California cities are left with only two basic options to increase funds: raise local tax rates or encourage development. Raising taxes is widely unpopular and requires a public vote. To meet their needs, cities have historically relied upon revenues from real estate and businesses.

Mr. Kosmont breaks down these two sources into what he calls the "Four R's:" Redevelopment, Retail, Rooms, and Relocation. Redevelopment creates new sources of property tax; retail outlets bring cities more sales tax; hotel rooms tap into non-local spending; and business

relocated to reside within a city's limits will pay additional taxes, bring jobs and thus an influx of disposable income to area businesses. While all four of these sources are geared to serve both cities and their citizens, local fiscal policies in California have disproportionately used the Four R's at the expense of broad range goals.

Many California cities have viewed housing as an anchor on the budget, opting instead to chase commercial projects, especially those that are sales tax "thumpers." Also, assistance for small business and industrial incentives consistently has been a second-tier priority at local economic development departments. "The unfortunate reality is that California cities have become so dependent on a few unbalanced sources of income that it makes it difficult for them to commit to a long-term economic development plan with the appropriate incentives and still pay their day-to-day operating costs," he notes. "In their rush for sales tax cash registers, cities frequently forget that you need rooftops or good paying jobs to generate sales."

While many California cities have scrambled to encourage their businesses to remain or expand locally, the state continues down a policy path of taxes and fines that erodes the profitability of businesses, rather than reducing barriers to growth that could stimulate even greater back-end fiscal benefits.

This year's onslaught of legislative bills include heavier workers compensation costs, disability related mandates, more medical insurance mandates, and a slew of other anti-business legislation. "California is conflicted at the core," continues Kosmont. "The state wants business but can't wait to tax it when it arrives."

California Cities Adapt and Los Angeles Sees Improvement

Even though California cities are on their own, some local cities manage to offer competitive fees, tax rates, and economic development programs that can be pivotal when an executive or business owner is faced with a choice of cities in an otherwise difficult environment. "California cities have learned to adapt through three decades of hardship and many have fought it alone to retain their businesses," says Kosmont. "Having seen businesses depart for other states in recent years, many of today's city managers and leaders have a newfound sense of urgency. They are

motivated to offer businesses help that may not have been politically or financially available five or ten years ago."

Some cities are beginning to rein in policies long considered unfavorable to business. In 2005, the City of Los Angeles enacted reforms to its business license tax schedule, and the new fee schedules became operational on January 1, 2006. The ordinances made across-the-board rate reductions of gross receipts business tax rates. The rates decrease by a minimum of 1.0% a year to a maximum of 4.0% a year, depending upon the prior year's business tax receipts, but the total rate reduction will not exceed 15% for the life of the program. After two rate changes over two years, these tax reductions are evidently reaching a tipping point as California's largest city slightly improved its countywide ranking from the most expensive to the second-most expensive Los Angeles County city for business.

Hope for California?

The shrewd business owner and executive will be armed with more than just the *Survey's* figures and their own industrial indicators. What happens at the ballot box in California, now and in the future, could have the greatest overnight impact on a company's bottom line.

For Californians, new taxes may be untenable, but new debt is not out of the question. It became clear to most voters in November 2006 that the state desperately needs to upgrade its infrastructure, including roads, schools, parks, ports, and water facilities. Voters passed $47.5 billion in bonds to rebuild the state's deteriorating public systems. In the coming years, the bond funds may present opportunities for cities to reallocate scarce resources toward helping businesses through public investment.

Although the bonds have been approved, potential benefits for California are at risk of being curtailed by drastic eminent domain reform. A measure on last year's ballot, Proposition 90, was designed to prohibit the taking of any non-government owned property for economic development. Prop 90 would have effectively eliminated the use of eminent domain as a tool to attract new private investment, and the compensation requirements in the initiative would have made the cost of acquisition prohibitive for public works projects. Cities would have been left

with significantly diminished resources to fund basic services and upgrades of roads and schools and a significantly weakened basis for effecting economic development programs.

Prop 90 was defeated last November, but the margin was narrow and similar measures have already been proposed for next election by the Jarvis Taxpayers Association. In addition, acts have been filed by Senator Tom McClintock (R-California) and Assembly Member Mimi Walters (R-Laguna Niguel) which promise to severely limit eminent domain at the expense of economic development.

In contrast, Assembly Member Hector De La Torre (D-South Gate) is authoring a legislative package called "The Eminent Domain Reform Act of 2007/2008" which may be perceived as a compromise between current law and the aggressive scope of Prop 90. Designed to protect homes without unduly stifling redevelopment, the De La Torre legislation combines a constitutional amendment (ACA 8) and a statutory bill (AB 887) that prohibit the taking of owner-occupied homes for the purpose of transfer to another private party. The proposal also provides opportunities for small businesses faced with eminent domain to participate in the new plan for their local economic revitalization, along with increased compensation and relocation assistance for small businesses faced with a taking. The De La Torre initiative, though still in the drafting phase, has already garnered support from both the League of California Cities and many property rights advocates.

IV. OVERVIEW OF SOUTHERN CALIFORNIA CITIES

San Bernardino, Ventura, San Diego, and Riverside Counties

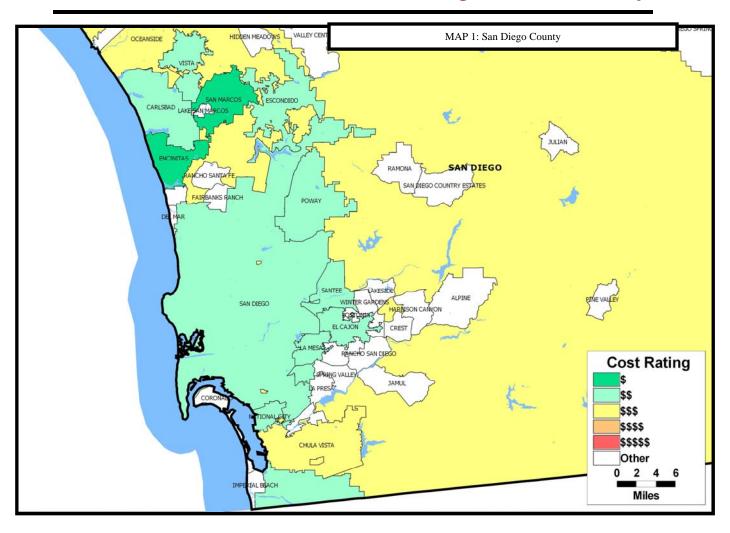**Table 5: Cost Ratings and Rankings for San Bernardino County, CA**

City	Rating	County Rank	City	Rating	County Rank
SAN BERNARDINO	$$$$$	1	ADELANTO	$$$	11
RIALTO	$$$$$	2	HIGHLAND	$$$	12
Unincorp. SAN BERNARDINO CO.	$$$$$	3	ONTARIO	$$	13
FONTANA	$$$$	4	RANCHO CUCAMONGA	$$	14
COLTON	$$$$	5	UPLAND	$$	15
REDLANDS	$$$$	6	CHINO	$$	16
LOMA LINDA	$$$	7	CHINO HILLS	$$	17
GRAND TERRACE	$$$	8	APPLE VALLEY	$	18
VICTORVILLE	$$$	9	HESPERIA	$	19
BARSTOW	$$$	10			

Table 6: Cost Ratings and Rankings for Ventura County, CA

City	Rating	County Rank
PORT HUENEME	$$$$	1
VENTURA (SAN BUENAVENTURA)	$$$$	2
Unincorp. VENTURA CO.	$$$	3
OXNARD	$$$	4
THOUSAND OAKS	$$	5
SIMI VALLEY	$$	6
CAMARILLO	$$	7
FILLMORE	$$	8
MOORPARK	$	9

Table 7: Cost Ratings and Rankings for San Diego County, CA

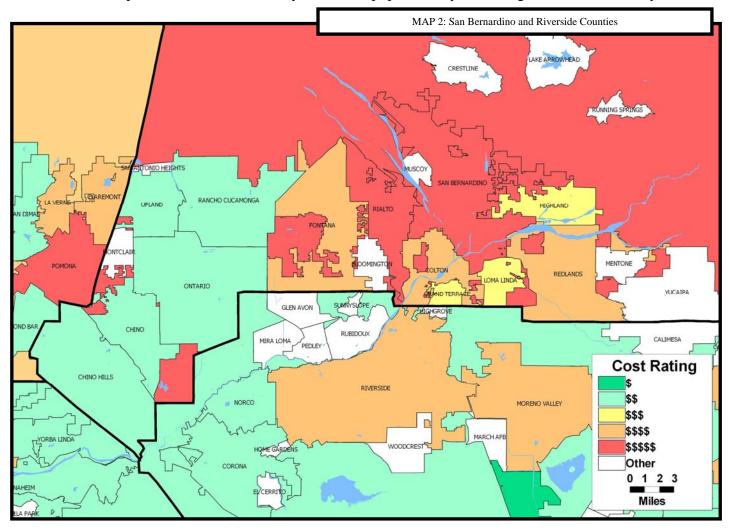| City	Rating	County Rank	City	Rating	County Rank
Unincorp. SAN DIEGO CO.	$$$	1	NATIONAL CITY	$$	9
OCEANSIDE	$$$	2	VISTA	$$	10
CHULA VISTA	$$$	3	LEMON GROVE	$$	11
EL CAJON	$$	4	POWAY	$$	12
CARLSBAD	$$	5	SANTEE	$$	13
SAN DIEGO	$$	6	ENCINITAS	$	14
ESCONDIDO	$$	7	SAN MARCOS	$	15
LA MESA	$$	8			

MAP 1: San Diego County

Findings for San Bernardino, Ventura, and San Diego Counties

Table 5, San Bernardino's Cost Ratings and Rankings table, shows that a majority of the cities in the county are of either relatively Low Cost or Average Cost. Of the 19 cities surveyed, two cities are Very Low Cost ($), and five are Low Cost ($$). Six cities are in the Average Cost bracket ($$$). Three cities fall in the High Cost bracket ($$$$) and three cities fall into the Very High Cost bracket ($$$$$). Of the three cities that are Very High Cost, one "city" represents the unincorporated areas of San Bernardino County, which have some of the highest property tax rates in the country. Last, there is no single major city with a population of over 250,000 in San Bernardino County.

Overall, the cities surveyed suggest that it is relatively cheaper to do business in Ventura County than in San Bernardino County. Five of the nine cities surveyed in Ventura County are either

Very Low Cost or Low Cost; there are two cities in each of the next highest cost ranking brackets, Average Cost and High Cost. There is no city rated as Very High Cost.

San Diego County is, on average, less expensive than Ventura and San Bernardino Counties. Of the 15 cities surveyed, only three rank above the Low Cost Rating and those three cities only fall within the Average Cost bracket. The most expensive "city" in which to do business comprises the unincorporated areas of the county. The most populous city, San Diego, is a Low Cost city.
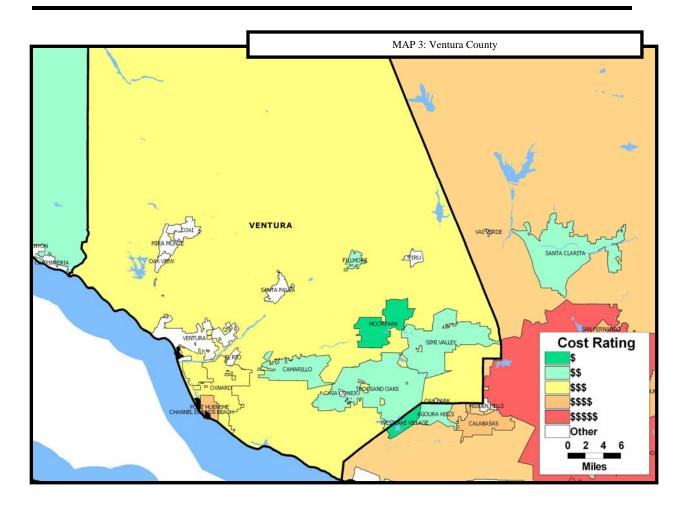

MAP 2: San Bernardino and Riverside Counties

MAP 3: Ventura County

Table 9: Cost Ratings and Rankings for Riverside County, CA

City	Rating	County Rank	City	Rating	County Rank
LA QUINTA	$$$$	1	NORCO	$$	10
MORENO VALLEY	$$$$	2	SAN JACINTO	$$	11
RIVERSIDE	$$$$	3	Unincorp. RIVERSIDE CO.	$$	12
PALM SPRINGS	$$$$	4	CORONA	$$	13
INDIO	$$$$	5	TEMECULA	$$	14
BEAUMONT	$$$$	6	PERRIS	$	15
PALM DESERT	$$$	7	HEMET	$	16
LAKE ELSINORE	$$	8	BANNING	$	17
MURRIETA	$$	9			

Findings for Riverside County

Riverside County possesses a significant variety of Cost Ratings. Ten of the cities surveyed are rated either Very Low Cost or Low Cost ($ or $$), and six are rated High Cost ($$$$). The remaining city falls in the Average Cost bracket ($$$). The only major city in the county, Riverside, is one of the more expensive cities but not the most expensive city. The most expensive city, La Quinta, has a population of only 35,363 people.

The unincorporated areas of Riverside County are not as expensive as the unincorporated areas of San Diego, San Bernardino, and Ventura. While all the unincorporated areas tend to have higher property tax rates, the rates in Ventura and Riverside Counties are not significantly higher than in the rest of the counties.

Other Findings for San Bernardino, Riverside, Ventura, and San Diego Counties

In these four Southern California counties, the number of cities in the respective cost brackets is as follows:

Table 10: Ratings for Riverside, San Bernardino, San Diego, and Ventura Counties

	$$$$$	$$$$	$$$	$$	$
RIVERSIDE COUNTY	0 cities	6 cities	1 cities	7 cities	3 cities
SAN BERNARDINO COUNTY	3 cities	3 cities	6 cities	5 cities	2 cities
SAN DIEGO COUNTY	0 cities	0 cities	3 cities	10 cities	2 cities
VENTURA COUNTY	0 cities	2 cities	2 cities	4 cities	1 cities

Table 11: Cost Ratings and Rankings for Various Cities in San Bernardino County, CA

City	Rating	County Rank
REDLANDS	$$$$	6
LOMA LINDA	$$$	7
GRAND TERRACE	$$$	8
ONTARIO	$$	13
RANCHO CUCAMONGA	$$	14
CHINO	$$	16
CHINO HILLS	$$	17

Los Angeles County, Orange County, and Riverside County surround the southwestern tip of San Bernardino County (see map 3). The four cities surveyed in this region, Chino, Chino Hills, Ontario, and Rancho Cucamonga, all have Cost Ratings of Low Cost ($$). This pattern differs from that of the other three cities listed in Table 11, Grand Terrace, Loma Linda, and Redlands, which border only Riverside County. These cities have higher Cost Ratings than the four cities surrounded by all three counties, Loma Linda and Grand Terrace falling in the Average Cost Rating ($$$) and Redlands falling in the High Cost Rating. Further, these three cities have smaller populations than the four surrounded by the three counties.
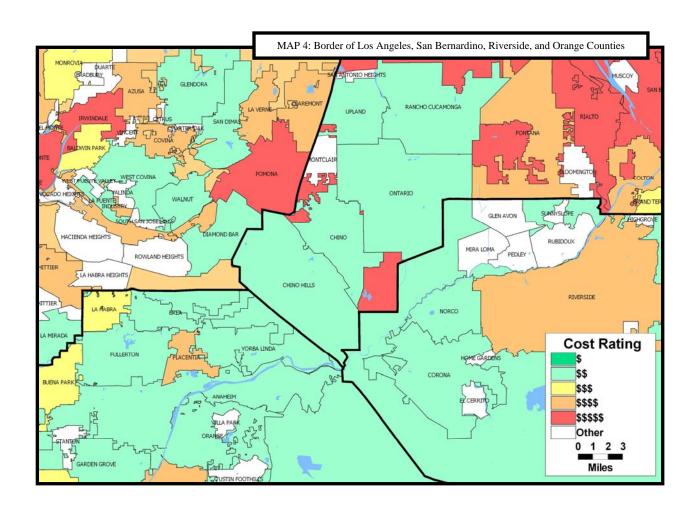

MAP 4: Border of Los Angeles, San Bernardino, Riverside, and Orange Counties

Table 12: Cost Ratings, All Cities- San Bernardino, Riverside, Ventura, San Diego Counties

$$$$$	$$$ (cont.)	$$ (cont.)
RIALTO	LOMA LINDA	ONTARIO
SAN BERNARDINO	OCEANSIDE	POWAY
Unincorp. SAN BERNARDINO CO.	OXNARD	RANCHO CUCAMONGA
	PALM DESERT	SAN DIEGO
$$$$	Unincorp. VENTURA CO.	SAN JACINTO
BEAUMONT	Unincorp. SAN DIEGO CO.	SANTEE
COLTON	VICTORVILLE	SIMI VALLEY
FONTANA		TEMECULA
INDIO		THOUSAND OAKS
LA QUINTA	**$$**	Unincorp. RIVERSIDE CO.
MORENO VALLEY	CAMARILLO	UPLAND
PALM SPRINGS	CARLSBAD	VISTA
PORT HUENEME	CHINO	
REDLANDS	CHINO HILLS	
RIVERSIDE	CORONA	**$**
VENTURA (SAN BUENAVENTURA)	EL CAJON	APPLE VALLEY
	ESCONDIDO	BANNING
$$$	FILLMORE	ENCINITAS
ADELANTO	LA MESA	HEMET
BARSTOW	LAKE ELSINORE	HESPERIA
CHULA VISTA	LEMON GROVE	MOORPARK
GRAND TERRACE	MURRIETA	PERRIS
HIGHLAND	NATIONAL CITY	SAN MARCOS
	NORCO	

Orange County

Table 13: Cost Ratings and Rankings for Orange County, CA

City	Rating	County Rank	City	Rating	County Rank
RANCHO SANTA MARGARITA	$$$$$	1	YORBA LINDA	$$	15
SEAL BEACH	$$$$$	2	ANAHEIM	$$	16
SANTA ANA	$$$$	3	BREA	$$	17
IRVINE	$$$$	4	NEWPORT BEACH	$$	18
HUNTINGTON BEACH	$$$$	5	FULLERTON	$$	19
PLACENTIA	$$$$	6	ORANGE	$$	20
LA HABRA	$$$	7	FOUNTAIN VALLEY	$$	21
WESTMINSTER	$$$	8	Unincorp. ORANGE CO.	$$	22
MISSION VIEJO	$$$	9	SAN JUAN CAPISTRANO	$$	23
BUENA PARK	$$$	10	TUSTIN	$$	24
GARDEN GROVE	$$	11	LAKE FOREST	$$	25
CYPRESS	$$	12	LAGUNA HILLS	$	26
ALISO VIEJO	$$	13	LAGUNA NIGUEL	$	27
SAN CLEMENTE	$$	14	COSTA MESA	$	28

Table 14: Cost Ratings and Rankings for Orange County, CA Coastal Cities

City	Rating	County Rank
SEAL BEACH	$$$$$	2
HUNTINGTON BEACH	$$$$	5
SAN CLEMENTE	$$	14
NEWPORT BEACH	$$	18

Table 15: Cost Ratings and Rankings for Orange County, CA Cities Coastal and Slightly Inland

City	Rating	County Rank
SEAL BEACH	$$$$$	2
HUNTINGTON BEACH	$$$$	5
ALISO VIEJO	$$	13
SAN CLEMENTE	$$	14
FOUNTAIN VALLEY	$$	21
NEWPORT BEACH	$$	18
SAN JUAN CAPISTRANO	$$	23
LAGUNA HILLS	$	26
COSTA MESA	$	28

**Table 16: Cost Ratings and Rankings for Orange County, CA Cities
Bordering Los Angeles County, CA**

City	Rating	County Rank
LA HABRA	$$$	7
BUENA PARK	$$$	10
CYPRESS	$$	12

MAP 5: Orange County

Findings for Orange County

Orange County, overall, is a relatively low-cost county. Of the 28 cities surveyed in the county, 15 are rated Low Cost ($$), and four are rated Average Cost ($$$). Only six cities are in the two highest brackets, with merely two cities rated as Very High Cost ($$$$$).

Coastal cities in Orange County, which include Seal Beach, Huntington Beach, Newport Beach and San Clemente, do tend to be slightly higher in Cost Rating than other cities in Orange County. Seal Beach, bordering Los Angeles County, is the second-most expensive of the Orange County coastal cities surveyed; in fact, Seal Beach shares its rating as a Very High Cost city with only Rancho Santa Margarita. While Rancho Santa Margarita's placement is attributable to its high property taxes, Seal Beach's property tax rates are not significantly higher than the rest of Orange County. Likewise, Huntington Beach is a High Cost ($$$$) city, ranking above most cities in Orange County. Newport Beach and San Clemente, in contrast, are of Low Cost rating similar to most Orange County cities.

The population of Orange County is centered in Santa Ana and Anaheim, with slightly smaller populations in Irvine, Huntington Beach, and Garden Grove. All five of these most populated cities in the county are in North Orange County, and all except Huntington Beach are set inland. Of these five most populated cities, only two are Low Cost and three are Average Cost. Anaheim, with the second largest population of 333,778 people, is one of the cities ranked as Low Cost.

Cities bordering Los Angeles County are on average slightly cheaper than coastal cities (Table 16). The most expensive city bordering Los Angeles County is also a coastal city: Seal Beach (Table 14). There is not a large cost difference between the cities bordering Los Angeles County and cities that are set slightly inland (Table 15).
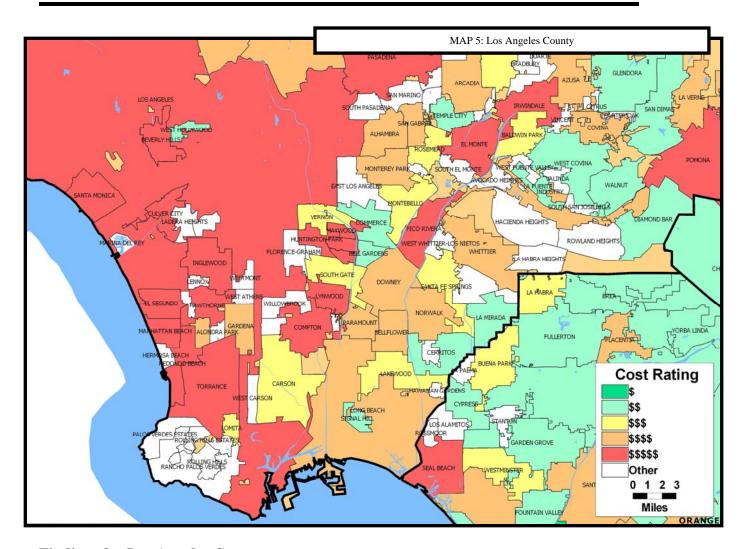
Table 17: Cost Ratings, All Cities: Orange County

$$$$$	$$ (cont.)
RANCHO SANTA MARGARITA	BREA
SEAL BEACH	CYPRESS
	FOUNTAIN VALLEY
$$$$	FULLERTON
SANTA ANA	GARDEN GROVE
IRVINE	LAKE FOREST
HUNTINGTON BEACH	NEWPORT BEACH
PLACENTIA	ORANGE
	SAN CLEMENTE
$$$	SAN JUAN CAPISTRANO
LA HABRA	TUSTIN
WESTMINSTER	Unincorp. ORANGE CO.
MISSION VIEJO	YORBA LINDA
BUENA PARK	
	$
$$	COSTA MESA
ALISO VIEJO	LAGUNA HILLS
ANAHEIM	LAGUNA NIGUEL

Los Angeles County

Table 18: Cost Ratings and Rankings for Los Angeles County, CA

City	Rating	County Rank	City	Rating	County Rank
SANTA MONICA	$$$$$	1	DOWNEY	$$$$	37
LOS ANGELES	$$$$$	2	LONG BEACH	$$$$	38
CULVER CITY	$$$$$	3	Unincorp. LOS ANGELES CO.	$$$$	39
COMPTON	$$$$$	4	WHITTIER	$$$$	40
INGLEWOOD	$$$$$	5	BELLFLOWER	$$$$	41
BELL	$$$$$	6	PARAMOUNT	$$$$	42
MAYWOOD	$$$$$	7	CALABASAS	$$$$	43
POMONA	$$$$$	8	BALDWIN PARK	$$$	44
LYNWOOD	$$$$$	9	LOMITA	$$$	45
MANHATTAN BEACH	$$$$$	10	LAKEWOOD	$$$	46
EL MONTE	$$$$$	11	MONTEBELLO	$$$	47
HUNTINGTON PARK	$$$$$	12	PALMDALE	$$$	48
HAWTHORNE	$$$$$	13	ROSEMEAD	$$$	49
PASADENA	$$$$$	14	MONROVIA	$$$	50
EL SEGUNDO	$$$$$	15	SOUTH GATE	$$$	51
REDONDO BEACH	$$$$$	16	CARSON	$$$	52
PICO RIVERA	$$$$$	17	SANTA FE SPRINGS	$$$	53
IRWINDALE	$$$$$	18	VERNON	$$$	54
CUDAHY	$$$$$	19	SANTA CLARITA	$$	55
TORRANCE	$$$$$	20	WEST COVINA	$$	56
BEVERLY HILLS	$$$$$	21	COMMERCE	$$	57
GARDENA	$$$$	22	WEST HOLLYWOOD	$$	58
NORWALK	$$$$	23	WALNUT	$$	59
SAN GABRIEL	$$$$	24	LANCASTER	$$	60
CLAREMONT	$$$$	25	LA MIRADA	$$	61
MONTEREY PARK	$$$$	26	DIAMOND BAR	$$	62
INDUSTRY	$$$$	27	SAN DIMAS	$$	63
AZUSA	$$$$	28	GLENDORA	$$	64
GLENDALE	$$$$	29	BELL GARDENS	$$	65
BURBANK	$$$$	30	LA PUENTE	$$	66
SAN FERNANDO	$$$$	31	TEMPLE CITY	$$	67
ARCADIA	$$$$	32	SIGNAL HILL	$$	68
LA VERNE	$$$$	33	CERRITOS	$$	69
LAWNDALE	$$$$	34	AGOURA HILLS	$$	70
COVINA	$$$$	35	WESTLAKE VILLAGE	$	71
ALHAMBRA	$$$$	36			

MAP 5: Los Angeles County

Findings for Los Angeles County

It is clear from looking at Table 18 that cities in Los Angeles County tend to be significantly more expensive than the cities surveyed in San Bernardino, Ventura, San Diego, Riverside, and Orange Counties. Of the 71 cities surveyed in Los Angeles County, only seventeen cities have Cost Ratings in the lowest two brackets ($ and $$), and only one of those seventeen has a Very Low Cost ($) Rating. Eleven cities rank as Average Cost ($$$), 22 cities rank as High Cost ($$$$), and 21 cities rank as Very High Cost ($$$$$).

While many cities in Los Angeles County tend to have higher property tax rates than cities in other counties in California, these rates are not significantly higher. They tend to be only slightly above the property tax rates of cities in other counties in Southern California. Moreover, the sales tax rate is also above the sales tax rates in the other Southern California counties. The

cumulative effect of these rates, in addition to the generally higher business tax and utility rates, make Los Angeles County one of the most expensive counties in the *Survey*.

The City of Los Angeles is not only the most populated city in Los Angeles County (and the second-most populated city in the United States), but it is also the second-most expensive city in the county. Though the city still imposes high business taxes, Los Angeles has sought to improve its business environment. In 2005, the City of Los Angeles enacted reforms to its business license tax schedule, and the new fee schedules became operational on January 1, 2006. The ordinances made across-the-board rate reductions of gross receipts business tax rates. The rates decrease by a minimum of 1.0% a year to a maximum of 4.0% a year, depending upon the prior year's business tax receipts, but the total rate reduction will not exceed 15% for the life of the program. After two rate changes over two years, these tax reductions are evidently reaching a tipping point as California's largest city slightly improved its statewide ranking from the 2nd to the 3rd most expensive California city for business. However, slightly higher property tax rates, higher business tax rates, and higher utility rates make Los Angeles one of the more expensive cities in the Los Angeles County.

Table 19: Cost Ratings and Rankings for Los Angeles County, CA
Three Most Populated Cities

City	Rating	County Rank	Population Ranking
LOS ANGELES	$$$$$	2	1
LONG BEACH	$$$$	38	2
GLENDALE	$$$$	29	3

Table 20: Cost Ratings and Rankings for Los Angeles County, CA 15 Most Populated Cities

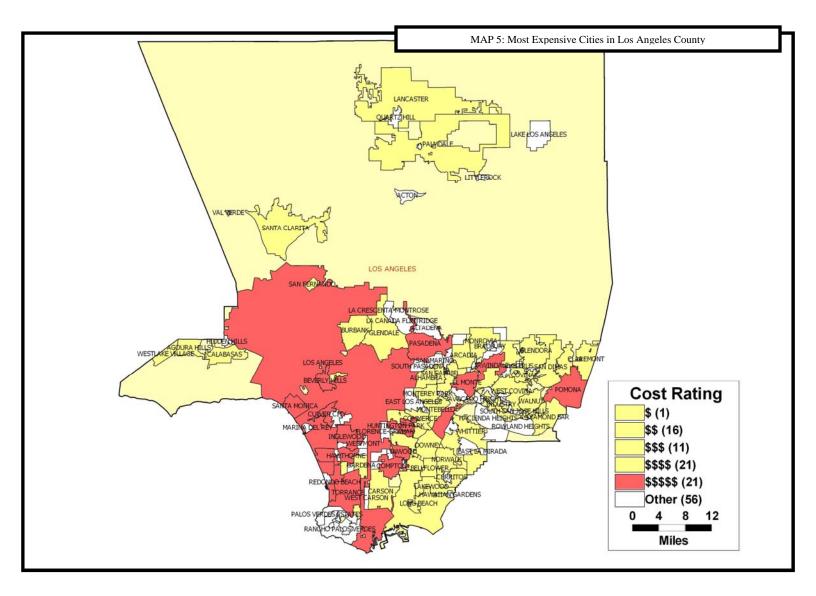| City	Cost Rating	County Rank	Population Ranking
LOS ANGELES	$$$$$	2	1
LONG BEACH	$$$$	38	2
GLENDALE	$$$$	29	3
SANTA CLARITA	$$	55	4
POMONA	$$$$$	8	5
PASADENA	$$$$$	14	6
TORRANCE	$$$$$	20	7
PALMDALE	$$$	48	8
LANCASTER	$$	60	9
EL MONTE	$$$$$	11	10
INGLEWOOD	$$$$$	5	11
DOWNEY	$$$$	37	12
WEST COVINA	$$	56	13
NORWALK	$$$$	23	14
BURBANK	$$$$	30	15

Tables 19 and 20 display the rankings and Cost Ratings for the three most populated cities in and the 15 most populated cities in Los Angeles County. Six of the fifteen most populated cities rate as Very High Cost ($$$$$), and five rate as High Cost bracket ($$$$). Only one city has an Average Cost Rating ($$$) while three cities are in the Low Cost bracket ($$).

Table 21: Cost Ratings and Rankings for Los Angeles County, CA Coastal Cities

City	Rating	County Rank
SANTA MONICA	$$$$$	1
MANHATTAN BEACH	$$$$$	10
EL SEGUNDO	$$$$$	15
REDONDO BEACH	$$$$$	16
LONG BEACH	$$$$	38

Table 21 displays the Cost Ratings and populations for the coastal cities surveyed for Los Angeles County. Santa Monica, El Segundo, Manhattan Beach, and Redondo Beach are along Santa Monica Bay, and Long Beach is on South Bay. The populations of the Santa Monica Bay cities are all under 100,000, while the population of Long Beach, at 476,564, makes it the second-most populated city in the county (Los Angeles ranks first).

Many cities in Los Angeles County are expensive; these coastal cities are no exception. Only one of the coastal cities falls below the Very High Cost Rating and that city, Long Beach, still ranks as High Cost. Redondo Beach and Long Beach are the two least expensive cities of these coastal cities.

MAP 5: Most Expensive Cities in Los Angeles County

Cost Rating
$ (1)
$$ (16)
$$$ (11)
$$$$ (21)
$$$$$ (21)
Other (56)

0   4   8   12
Miles

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MAP 6: Least Expensive Cities in Los Angeles County

Cost Rating
- $ (1)
- $$ (16)
- $$$ (11)
- $$$$ (21)
- $$$$$ (21)

0 4 8 12
Miles

Table 22: Cost Ratings, All Cities- Los Angeles County, CA

$$$$$	$$$$ (cont.)	$$$ (cont.)
BELL	BURBANK	ROSEMEAD
BEVERLY HILLS	CALABASAS	SANTA FE SPRINGS
COMPTON	CLAREMONT	SOUTH GATE
CUDAHY	COVINA	VERNON
CULVER CITY	DOWNEY	
EL MONTE	GARDENA	**$$**
EL SEGUNDO	GLENDALE	SANTA CLARITA
HAWTHORNE	INDUSTRY	WEST COVINA
HUNTINGTON PARK	LA VERNE	COMMERCE
INGLEWOOD	LAWNDALE	WEST HOLLYWOOD
IRWINDALE	LONG BEACH	WALNUT
LOS ANGELES	MONTEREY PARK	LANCASTER
LYNWOOD	NORWALK	LA MIRADA
MANHATTAN BEACH	PARAMOUNT	DIAMOND BAR
MAYWOOD	SAN FERNANDO	SAN DIMAS
PASADENA	SAN GABRIEL	GLENDORA
PICO RIVERA	Unincorp. LOS ANGELES CO.	BELL GARDENS
POMONA	WHITTIER	LA PUENTE
REDONDO BEACH		TEMPLE CITY
SANTA MONICA	**$$$**	SIGNAL HILL
TORRANCE	BALDWIN PARK	CERRITOS
	CARSON	AGOURA HILLS
$$$$	LAKEWOOD	
ALHAMBRA	LOMITA	**$**
ARCADIA	MONROVIA	WESTLAKE VILLAGE
AZUSA	MONTEBELLO	
BELLFLOWER	PALMDALE	

V. OVERVIEW OF NORTHERN CALIFORNIA CITIES

Alameda, Contra Costa, San Mateo, and Sacramento Counties

Table 23: Cost Ratings and Rankings for Alameda County, CA

City	Rating	County Rank
OAKLAND	$$$$$	1
BERKELEY	$$$$$	2
ALAMEDA	$$$$$	3
EMERYVILLE	$$$$$	4
SAN LEANDRO	$$$$	5
LIVERMORE	$$$$	6
HAYWARD	$$$	7
NEWARK	$$$	8
FREMONT	$$$	9
PLEASANTON	$$$	10
UNION CITY	$$$	11
DUBLIN	$$$	12

Table 24: Cost Ratings and Rankings for Contra Costa County, CA

City	Rating	County Rank
RICHMOND	$$$$$	1
SAN PABLO	$$$$	2
PLEASANT HILL	$$$	3
CONCORD	$$$	4
Unincorp. CONTRA COSTA CO.	$$$	5
DANVILLE	$$$	6
MARTINEZ	$$$	7
PITTSBURG	$$$	8
WALNUT CREEK	$$$	9
ANTIOCH	$$	10
SAN RAMON	$$	11

Findings for Alameda and Contra Costa Counties

Oakland, Berkeley, Alameda, Emeryville, and San Leandro are the five most expensive cities in Alameda County; they are also the only cities surveyed in the county that have any tax on electric and phone usage. The utility tax rate charged by each city corresponds directly with the expensiveness of the city. Oakland, Berkeley and Alameda charge slightly more than San Leandro and Emeryville for both electric and telephone usage.

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In Alameda County, the population hubs are Oakland, Fremont, and Hayward, each of which is within eight miles of the Pacific Ocean.

Of the eleven cities in Contra Costa County surveyed, all but four have very similar Cost Ratings; the exceptions are Richmond, San Pablo, Antioch, and San Ramon. Richmond and San Pablo, rating Very High Cost and High Cost respectively, are located very near each other on the western most side of the county, directly by the San Pablo Bay. Antioch and San Ramon possess much lower Cost Ratings; both are rated as Low Cost.

The population in Contra Costa County does not appear to have an effect on the Cost Rating of the cities. Richmond is the most expensive city in the county and has the second-highest population; however, the city with the highest population, Concord, has a Cost Rating on par with cities such as Danville, which have more average populations. The second-most expensive city, San Pablo, also has the smallest population (excluding Unincorporated Contra Costa County).

Table 25: Cost Ratings and Rankings for San Mateo County, CA

City	Rating	County Rank
DALY CITY	$$$$	2
REDWOOD CITY	$$$$	3
SAN MATEO	$$$	4
MENLO PARK	$$$	5
SAN BRUNO	$$$	6
FOSTER CITY	$$$	7
SOUTH SAN FRANCISCO	$$	8
BURLINGAME	$$	9

Table 26: Cost Ratings and Rankings for Sacramento County, CA

City	Rating	County Rank
SACRAMENTO	$$$$$	1
Unincorp. SACRAMENTO CO.	$$$	2
CITRUS HEIGHTS	$$$	3
ELK GROVE	$$$	4
FOLSOM	$$	5

Findings for San Mateo and Sacramento Counties

In San Mateo County, the three of the four cheapest cities, San Bruno, South San Francisco, and Burlingame, surround the San Francisco International Airport. The two most expensive cities, Daly and Redwood, are both near neighboring counties. All cities studied in the *Survey* are in the northern half of the county near the San Francisco Bay. When comparing the five Board of Supervisor districts comprising San Mateo (District 1 – Supervisor Mark Church, District 2 – Supervisor Jerry Hill, District 3 – Supervisor Rich Gordon, District 4 – Supervisor Rose Jacobs Gibson, and District 5 – Supervisor Adrienne Tissier), District 4 which is comprised of Redwood city and Menlo Park is the most expensive followed by District 5 which is comprised of Daly city and South San Francisco. District 3 is the least industrialized of all five districts.

Daly City and Redwood City are the most expensive and among the most populated cities in San Mateo County. The four most populated cities in the county, Daly City, San Mateo City, Redwood City, and South San Francisco, are all coastal communities.

Sacramento County is a relatively Average Cost county, with three of the cities falling into the Average Cost Rating bracket ($$$), one city falling into the Low Cost bracket ($$), and Sacramento falling into the Very High Cost Bracket ($$$$$). Sacramento has the highest population and is the most expensive in the county.
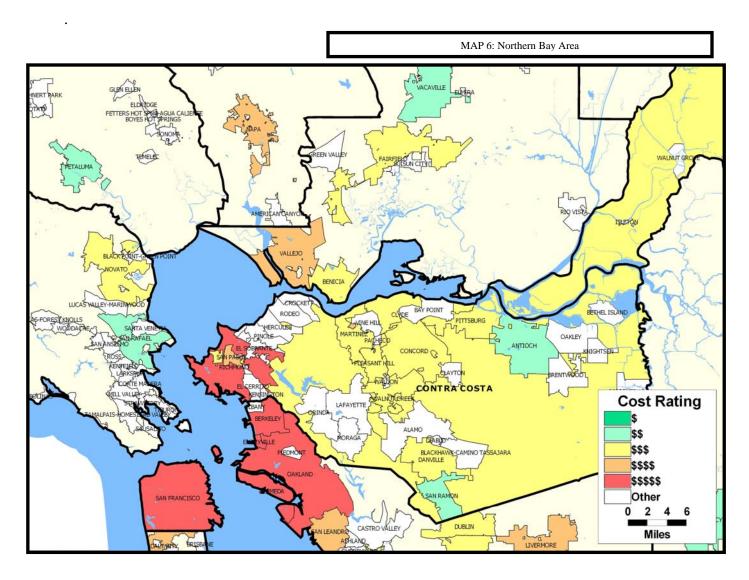
Other Findings for Alameda, Sacramento, San Mateo, and Contra Costa Counties
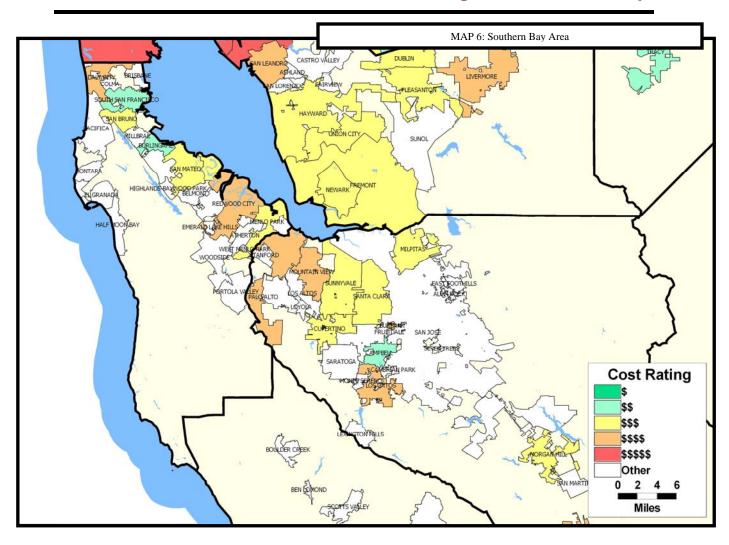
In these four southern California counties, the number of cities in the respective cost brackets breaks down as follows:

Table 27: Ratings for Alameda, Contra Costa, Sacramento, and San Mateo Counties

	$$$$$	$$$$	$$$	$$	$
Alameda County	4 cities	2 cities	6 cities	0 cities	0 cities
Contra Costa County	1 city	1 cities	7 cities	2 cities	0 cities
Sacramento County	1 city	0 cities	3 cities	1 city	0 cities
San Mateo County	0 cities	2 cities	4 cities	2 cities	0 cities

As Table 27 shows, in these four northern California counties the cost of doing business is relatively average. In all, of the 39 cities in these counties, only 20 have an Average Cost Rating.

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MAP 6: Northern Bay Area

MAP 6: Southern Bay Area

Cost Rating
- $
- $$
- $$$
- $$$$
- $$$$$
- Other

0 2 4 6
Miles

Santa Clara County

Table 28: Cost Ratings and Rankings for Santa Clara County, CA

City	Rating	County Rank
GILROY	$$$$	1
SAN JOSE	$$$$	2
PALO ALTO	$$$$	3
MOUNTAIN VIEW	$$$$	4
LOS GATOS	$$$$	5
CUPERTINO	$$$	6
SUNNYVALE	$$$	7
MILPITAS	$$$	8
SANTA CLARA	$$$	9
MORGAN HILL	$$$	10
CAMPBELL	$$	11

Findings for Santa Clara County

Table 28 illustrates the rankings and Cost Ratings for all the cities surveyed in Santa Clara County which is also in Northern California. The data show that Santa Clara County is an Average to High Cost county. The county has five cities with an Average Cost Rating ($$$), and five cities in the High Cost bracket ($$$$). The city with the largest population, San Jose, also has one of the more expensive ratings as a High Cost city. The next two most populated cities, Sunnyvale and Santa Clara, have only an Average Cost Rating. The only city ranked more expensive than San Jose is Gilroy, which has a relatively smaller population of fewer than 80,000. Campbell is the only city ranked as Low Cost ($$).

VI. OVERVIEW OF OTHER CALIFORNIA CITIES

Selected California Cities

Table 29 lists the remaining cities surveyed in California whose counties have not been listed.

The Cost Rating and rankings of each city are as follows:

Table 29: Cost Ratings and Rankings for Selected California Cities

City	Rating	City	Rating
MONTEREY	$$$$$	NOVATO	$$$
SAN FRANCISCO	$$$$$	Unincorp. KERN CO.	$$$
STOCKTON	$$$$$	BAKERSFIELD	$$
FRESNO	$$$$	EL CENTRO	$$
NAPA	$$$$	PETALUMA	$$
PORTERVILLE	$$$$	REDDING	$$
SALINAS	$$$$	SAN RAFAEL	$$
SAN LUIS OBISPO	$$$$	SEBASTOPOL	$$
SANTA BARBARA	$$$$	TRACY	$$
SANTA CRUZ	$$$$	TURLOCK	$$
SANTA ROSA	$$$$	Unincorp. SANTA BARBARA CO.	$$
TULARE	$$$$	VACAVILLE	$$
VALLEJO	$$$$	MADERA	$
WATSONVILLE	$$$$	MERCED	$
WOODLAKE	$$$$	ROCKLIN	$
BENICIA	$$$	ROSEVILLE	$
CHICO	$$$	SANTA MARIA	$
CLOVIS	$$$	SUTTER CREEK	$
DAVIS	$$$	Unincorp. EL DORADO CO.	$
EUREKA	$$$	Unincorp. LAKE CO.	$
FAIRFIELD	$$$	Unincorp. MERCED CO.	$
LODI	$$$	VISALIA	$
MODESTO	$$$		

VI. SELECT NON-CALIFORNIA COUNTIES SURVEYED

Broward County, FL and Maricopa County, AZ

Table 30: Cost Ratings and Rankings for Broward County, FL

City	Survey Rating	County Rank
MESA	$$$$$	1
CHANDLER	$$$$$	2
GILBERT	$$$$$	3
PHOENIX	$$$$$	4
SCOTTSDALE	$	5

Table 31: Cost Ratings and Rankings for Maricopa County, AZ

City	Rating	County Rank
SUNRISE	$$$$$	1
FORT LAUDERDALE	$$$$	2
POMPANO BEACH	$$$$	3
MIRAMAR	$$$$	4
CORAL SPRINGS	$$$$	5

Findings for Broward, Maricopa Counties

Tables 30 and 31 display cities surveyed in Maricopa and Broward Counties. Both of these counties are relatively expensive, though one city in Maricopa County, Scottsdale, is a Very Low Cost city ($).

VII. Conclusion

The 2007 *Kosmont-Rose Cost of Doing Business Survey* analyzes data from 402 cities in all 50 states and the District of Columbia.

The least expensive city in which to do business is Cheyenne, Wyoming. Philadelphia, PA is the most expensive city for businesses.

Communities in western states such as Washington, Colorado, and Nevada consistently provide low cost areas in which to do business. California cities such as Los Angeles, San Francisco, Oakland, and Santa Monica continue to receive Very High Cost ratings, although they have improved in recent years.

The improved rankings for California cities mean that the Golden State is begrudgingly becoming somewhat more competitive. This change is due to competing cities in other states becoming more costly, rather than California cities becoming less expensive. A handful of cities from other states have raised their business costs in the past year, which leaves many California cities as less costly options.