

CITY OF LOS ANGELES

CALIFORNIA



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MAYOR

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Interim City Clerk

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When making inquiries relative to
this matter, please refer to the
Council File No.

June 4, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 11-1429, at its meeting held June 3, 2014.

City Clerk
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BUDGET AND FINANCE COMMITTEE REPORT relative to prohibiting alcohol advertising on City property.

Recommendations for Council action:

1. CONCUR with the recommendation of the Public Safety Committee relative to prohibiting alcohol advertising on City property.
2. INSTRUCT the Chief Legislative Analyst (CLA) to report to Council on the revenue loss experienced by other cities who have enacted similar bans.
3. INSTRUCT the CLA to report to Council with more complete information on the basis of the calculations in the CLA report including information from contractors on the actual numbers.
4. INSTRUCT the CLA to report to the Budget and Finance Committee with potential offsets and mitigations for the revenue loss.

Fiscal Impact Statement: The CLA reports that relative to the contract with CBS Decaux for advertising on street furniture, Bureau of Street Services (BSS) indicated that the fiscal impact to the City would be reduced annual revenue of approximately \$400,000 to \$600,000. This amount is based on information provided to BSS by the vendor which estimated that the lost revenue associated with alcohol advertising would be \$2-3 million (10-15 percent) annually. Based on the City's share of the vendor's gross revenue (20 percent), this translates to a reduction of approximately \$400,000 to \$600,000 in annual revenue for the City. Since the effective date of the next contract for street furniture is several years away, it is likely that some portion of this lost revenue could be replaced by selling additional advertising to other buyers.

Community Impact Statement: Yes

Support: Venice Neighborhood Council, Boyle Heights Neighborhood Council, Mar Vista Community Council

SUMMARY

At its meeting of February 10, 2014, the Budget and Finance Committee considered a CLA report, submitted in response to Motion (Alarcon - Huizar - Rosendahl - Cardenas - Koretz), relative to adopting an Ordinance that would prohibit alcohol advertising on City owned and controlled property. According to the Motion, the proposed ordinance would be modeled after ordinances adopted in the cities of San Francisco and Philadelphia. The Motion also asked for a report on the financial cost of underage drinking to the City of Los Angeles, with an emphasis on data from the Los Angeles Police Department and Los Angeles Fire Department.

Additional information was subsequently requested by the Public Safety Committee covering topics such as impacts to existing City contracts, measurable social impacts, potential revenue and operational impacts to City departments, and the scope of ordinances adopted by other cities. The CLA reports that its Office contacted City departments which authorize some form of

advertising on City property. Some departments authorize advertising through contractual agreements with vendors who sell advertising space and remit a portion of gross revenue to the City. Some other departments permit advertising in the form of signage and sponsor recognition at food and beverage concessions at facilities under their control. These topics are discussed further in the CLA report attached to the Council file.

During the Budget and Finance Committee consideration, a CLA and BSS representative provided an overview of the matter and responded to related questions from Committee members. A lengthy period of public comment was held. Committee members expressed support of the policy to prohibit alcohol advertising on City property and discussed the revenue issues in greater detail. After further consideration, the Budget and Finance Committee recommended to concur with the recommendation of the Public Safety Committee relative to prohibiting alcohol advertising on City property and recommended several instructions requesting additional information on revenue. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

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11-1429 2-10-14

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED
As Amended
JUN 03 2014
See attached Motion
LOS ANGELES CITY COUNCIL

COMMUNICATION FROM CHAIR AND MEMBER, PUBLIC SAFETY COMMITTEE relative to prohibiting alcohol advertising on City property.

Recommendation for Council action:

REQUEST the City Attorney to draft an ordinance which would prohibit the advertising of alcohol products on City owned and controlled property, with exemptions for existing contracts, proprietary departments that control their own property (Los Angeles World Airports, Port of Los Angeles, Recreation and Parks, Library), and City departments which have facilities or uses where the sale or consumption of alcohol is permitted.

Fiscal Impact Statement: The Chief Legislative Analyst (CLA) reports that relative to the contract with CBS Decaux for advertising on street furniture, Bureau of Street Services (BSS) indicated that the fiscal impact to the City would be reduced annual revenue of approximately \$400,000 to \$600,000. This amount is based on information provided to BSS by the vendor which estimated that the lost revenue associated with alcohol advertising would be \$2-3 million (10-15 percent) annually. Based on the City's share of the vendor's gross revenue (20 percent), this translates to a reduction of approximately \$400,000 to \$600,000 in annual revenue for the City. Since the effective date of the next contract for street furniture is several years away, it is likely that some portion of this lost revenue could be replaced by selling additional advertising to other buyers.

Community Impact Statement: Yes

Support: Venice Neighborhood Council, Boyle Heights Neighborhood Council, Mar Vista Community Council

SUMMARY

In a report to Council dated March 15, 2013 (attached to the Council file), the CLA recommends that Council request the City Attorney to draft an ordinance which would prohibit the advertising of alcohol products on City owned and controlled property with the certain exemptions mentioned above. The CLA's report discusses similar laws enacted by other cities, exemptions for the aforementioned department properties and sports events, the potential economic impact associated with lost advertising revenue.

According to the CLA, two City departments currently authorize advertising through contractual agreements with outside vendors: Los Angeles Department of Transportation (LADOT) and BSS. LADOT's contract for advertising on City-owned transit vehicles states already prohibits the advertising of all alcohol products. Two BSS street furniture and bus bench contracts already contain provisions for restricting the advertising alcohol in certain sensitive areas. The Bureau's contract with CBS Decaux does not specifically ban all alcohol advertising content on street furniture. The proposed ban recommended by the CLA would therefore apply only to this contract and only upon the execution of a new contract for this purpose. The CLA notes that eight years remain in the current term of this contract. Extensive support for the proposed ban was submitted by members of the public, as well as public health and community advocacy groups.

At the Public Safety Committee meeting held May 24, 2013, the Committee Chair and Member

recommended that Council request the City Attorney to prepare the ordinance necessary to prohibit the advertising of alcohol products on City owned and controlled property, as described above and as recommended by the CLA.

Respectfully Submitted,

PUBLIC SAFETY COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
ENGLANDER:	YES
PERRY:	ABSENT
BUSCAINO:	ABSENT
KREKORIAN:	ABSENT
ZINE:	YES

JAW

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED

JUN 03 2014

LOS ANGELES CITY COUNCIL

MOTION

I HEREBY MOVE that Council INSTRUCT the Chief Legislative Analyst and the Bureau of Street Services to work towards adding cigarettes, tobacco, and e-cigarettes in a similar ordinance and report back when the ordinance prohibiting alcohol advertising on City property is submitted for Council consideration.

PRESENTED BY _____
BERNARD C. PARKS
Councilmember, 8th District

SECONDED BY _____
MITCH O'FARRELL
Councilmember, 13th District

ADOPTED

JUN 03 2014

LOS ANGELES CITY COUNCIL

June 3, 2014

CF 11-1429