

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 reponse 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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