

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 16, 2019

CAO File No. 0220-03126-0015

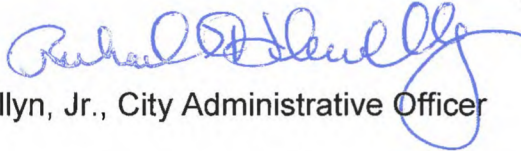
Council File No. 13-1493

13-1493-S5

19-0600-S155

Council District: All

To: City Council



From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Request for report from the Public Works and Gang Reduction, Economic Development, and Arts, Entertainment, Parks and River Committees – related to the establishment of permit fees for the Sidewalk and Park Vending Program

Subject: **SIDEWALK AND PARK VENDING FEE STUDY**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Request the City Attorney to prepare and present the necessary ordinances to effectuate the following annual fee for the Sidewalk and Park Vending Program operating permit:

a. Sidewalk and Park Vending Operating Permit: \$541

2. Authorize resolution authority in the Bureau of Street Services (BSS) for two positions as listed below to support the permit issuance and support function within the Bureau for the term of January 1, 2020 through June 30, 2020, subject to review and approval by the Personnel Department as to Civil Service classification, and allocation by the Civil Service Commission:

<u>Quantity</u>	<u>Class Code</u>	<u>Classification Title</u>
1	1368	Senior Administrative Clerk
1	1358	Administrative Clerk

3. Authorize the interim General Manager of the Economic and Workforce Development Department (EWDD), or designee, to:

a. Negotiate and execute amendments to current contracts with four BusinessSource Center service providers to expand the scope of work to include the provision of services as one-stop resources for the Sidewalk and Park Vending permits and

provide \$386,531 in cumulative additional funding, subject to City Attorney review and approval as to form and legality and in compliance with City contracting requirements. The service providers and their individual allocations are included on page five of this Report; and,

- b. Make technical corrections as necessary to transactions included in this report to implement Mayor and Council intentions, subject to the approval of the City Administrative Officer;
4. Authorize the Controller to process a Reserve Fund loan in the amount of \$386,531 for EWDD to support the City's Sidewalk and Park Vending Program, which will be reimbursed through permit revenue; and transfer a like amount from the Reserve Fund to the Unappropriated Balance and appropriate therefrom to the EWDD Fund 100/22, Account No. 003040, Contractual Services;
5. Instruct BSS to reimburse the Reserve Fund Loan upon receipt of quarterly invoices from the EWDD;
6. Instruct the Office of the City Administrative Officer to conduct a review and reconciliation of actual costs of the Sidewalk and Park Vending Operating Permit fee in six months following the implementation of the Sidewalk and Park Vending Program to ensure the fee is in compliance with Proposition 26;
7. Instruct BSS, with the assistance of the Department of Recreation and Parks, and EWDD to report to Council in six months relative to implementation of the Sidewalk and Park Vending Program, including the total number of permits issued, staffing needs, enforcement challenges, and the overall success of the program.

SUMMARY

On November 3, 2017, the City Legislative Analyst (CLA) released the Proposed City of Los Angeles Sidewalk Vending Program (Sidewalk Vending Program) framework. The framework addressed Council requests, program design, regulations, and enforcement for the program. On April 17, 2018, Council approved the proposed program design and elements of the proposed sidewalk vending regulations for the Sidewalk Vending Program. The Council requested the City Attorney to prepare a draft ordinance and instructed City staff to report with additional information related to a scope of work, an appeals process, and the creation of sidewalk vending districts. The City Attorney transmitted a draft sidewalk vending ordinance on June 2, 2018. On December 4, 2018 the Council adopted the Sidewalk Vending ordinance and instructed the Bureau of Street Services (BSS) and the Department of Recreation and Parks (RAP), with the assistance of the Office of the City Administrative Officer (CAO) and any other necessary departments, to report with a proposed staffing plan and permit structure, including types of permits, fees, and rules and regulations, based upon the April 17, 2018 Council action.

BSS will release a separate report detailing the proposed permit structure, rules and regulations, and staff deployment plan.

This report discusses the sidewalk and park vending permits and proposed corresponding fees.

FEE ANALYSIS

In compliance with Proposition 26, this fee must be based upon actual City costs. Since the program has not yet commenced, actual costs do not exist yet. Therefore, the initial fee is based upon best estimates and will be adjusted in six months from the date of implementation when this Office conducts a review and reconciliation of the fees.

Sidewalk and Park Vending Operating Permit Fee

As stated in the Sidewalk Vending Ordinance, on or after January 1, 2020, vending without a permit shall be unlawful. As such, sidewalk and park vendors will be required to obtain a permit in order to vend on sidewalks and in parks. A fee study (Attachment 1) was conducted by this Office in order to determine an appropriate permit fee for sidewalk and park vending. The methodology used in determining the fee took into account the estimated BSS, RAP, and EWDD staff and operating costs, as well as estimated costs for outreach, education, and professional support services provided by contractors. These costs were then divided by the number of vending permits estimated to be issued annually through this program. According to BSS, there are approximately 50,000 vendors operating in the City of Los Angeles. BSS and RAP estimate that approximately 16,000 vendors will obtain a permit to vend under the Program.

The proposed annual fee of \$541 represents full cost recovery for the operation and enforcement of the Sidewalk and Park Vending Program.

Permits will be valid for one year from the date of issuance and vendors will be required to renew permits and pay the permit fee on an annual basis.

BSS RESOURCES

In the 2019-20 Adopted Budget, a total of 24 positions were approved to support the Citywide Sidewalk Vending Program. Two of the positions are for the development and implementation of the Program, while the remaining 22 are for the enforcement of rules and regulations in regular vending zones as well as enforcement in "no vending" zones. The Bureau was also provided a total of \$350,000 for Contractual Services in the 2019-20 Adopted Budget for outreach and education services related to the Citywide Sidewalk Vending Program.

BSS is now requesting three additional positions which include one Senior Administrative Clerk and two Administrative Clerks, to support the permit issuance function which includes staffing a public counter, reviewing applications, issuing physical permits, and record keeping. In order to provide a one-stop shop for vendors to obtain their Sidewalk and Park Vending permit, this staff would

rotate between the BusinessSource centers to issue permits on location. Currently BSS has three staff to process all other permits issued by BSS at their public counter located in the Public Works Building in downtown Los Angeles. It is estimated that a total of 45,000 non-vending permits were issued by BSS in 2018-19. The anticipated number of permits to be issued through the Sidewalk Vending Program is 16,000; therefore it is recommended that only two (one Senior Administrative Clerk and one Administrative Clerk) of the three requested positions be authorized.

EWDD RESOURCES

EWDD did not receive resources for this Program as part of the 2019-20 Adopted Budget. The Department has indicated that it would use existing staff support to administer the contract for professional support services as well as funding for these contracts, but may request funding and additional staff in their 2020-21 budget request. The function of the staff support, expressed in full-time equivalencies (FTE), is as follows:

- 0.30 FTE Senior Project Coordinator – manage the contracts for professional support services

On May 30, 2019, EWDD released a Request for Information (RFI) seeking information and statements of interest from the current BusinessSource Centers operators to operate as a one-stop resource for sidewalk vendors looking to obtain a City of Los Angeles Sidewalk Vending permit. The BusinessSource centers would provide support services to vendors to assist them through the various processes required to obtain a sidewalk and park vending permit, which includes obtaining various City and County permits, registering through the City's Office of Finance, and assisting vendors in procuring adequate equipment. Based on the responses received, it is estimated that this service would cost approximately \$1.55 million annually or \$775,000 for the period of January 1, 2020 to June 30, 2020.

In order to ensure the professional support services are in place for sidewalk vending permit issuance, which is projected to commence in January 2020, it is recommended that authorization be given to the Controller to process a Reserve Fund loan in the amount of \$386,531 for EWDD to support the City's Sidewalk Vending Program. This amount represents three months funding. The proposed Reserve Fund loan amount would be fully recovered through permit fees, should Council adopt the recommended permit fees listed in this report. Permit fees will be deposited into a BSS revenue account and BSS will reimburse the Reserve Fund Loan upon receipt of quarterly invoices from EWDD. As revenue receipts are received, and it is determined additional funding is needed to support the BusinessSource Centers contracts for the remaining three months of the fiscal year, EWDD may request an appropriation through a Financial Status Report, up to the \$775,000 total for the period of January 1, 2020 to June 30, 2020.

Based on the results of EWDD’s RFI, the recommended service providers and their allocations are as follows:

Contractor	2019-20 Contract Allocation	Area Covered	Number of Locations
Initiating Change in Our Neighborhoods (ICON)	\$ 96,633	South Valley & North Valley	2
Managed Career Solutions (MCS)	\$ 144,949	Hollywood & Vermont & West Valley	3
Pacific Asian Consortium in Employment (PACE)	\$ 96,633	Central West & Mid-City	2
Vermont Slauson Local Development Corporation (VSLDC)	\$ 48,316	South LA	1
Total	\$ 386,531		8

RAP RESOURCES

RAP did not receive resources for this Program as part of the 2019-20 Adopted Budget. According to RAP, two part-time exempt Administrative Clerks would be needed to liaison between the BSS permitting office and RAP administration and to serve as the primary contract for park related mobile vending as it pertains to scheduling and the parking vending rules and regulations. RAP has indicated that they will use existing as-needed authority to hire the two part-time exempt Administrative Clerks for this program.

In addition, RAP has estimated that approximately two full-time equivalent (FTE) Park Rangers would be needed to enforce park vending rules and regulations throughout City. RAP has assumed that approximately 10 percent of a Ranger’s daily duties would be attributed to park vending enforcement. The Department has indicated that it would use existing staff to provide enforcement services, but requests that this program be re-evaluated within six months of implementation to determine if the two Park Ranger FTEs are sufficient to adequately enforce this program in parks.

FISCAL IMPACT STATEMENT

The recommendations in this report are in compliance with the City’s Financial Policies as the proposed fees are estimated to fully recover the \$8.65 million in costs required to provide the associated services, which includes the repayment of a Reserve Fund loan in the amount of \$386,531. Therefore there will be no impact to the General Fund.

RHL:NCT:06200015

Attachment

**CITY OF LOS ANGELES VENDING PERMIT PROGRAM
FY 2019-20 COST ESTIMATE**

STREET SERVICES - Permit Issuance Staff

Classification	Qty	W&C Salary	Related Costs*	Total
Senior Administrative Clerk	1	\$ 67,021	\$ 105,819	\$ 172,840.46
Administrative Clerk	1	\$ 53,168	\$ 83,947	\$ 137,115
Sub-total	2			\$ 309,955

*CAP 41 (157.89%)

STREET SERVICES - Program Administration

Classification	Qty	W&C Salary	Related Costs*	Total
Management Analyst	1	\$ 92,787	\$ 146,501	\$ 239,288.39
Sub-total	1			\$ 239,288

*CAP 41 (157.89%)

Program Equipment

Permit Issuance Equipment & Software				\$ 7,507
Sub-total				\$ 7,507

Program Expenses

Outreach and Education Contract				\$ 350,000
Sub-total				\$ 350,000

ECONOMIC WORKFORCE & DEVELOPMENT DEPARTMENT - Contract Management

Classification	Qty	W&C Salary	Related Costs*	Total
Senior Project Coordinator	0.30	\$ 94,357	\$ 18,091	\$ 46,398
Sub-Total	0.30			\$ 46,398

*CAP 41 (63.91%)

Contractual Services

Business Source Center Service Provider				\$ 1,546,124
Sub-Total				\$ 1,546,124

STREET SERVICES - Field Support

Classification	Qty	W&C Salary	Related Costs*	Total
Senior Admin Clerk	2	\$ 67,021	\$ 211,639	\$ 345,681
Sub-total	2			\$ 345,681

*CAP 41 (157.89%)

STREET SERVICES - Enforcement

Classification	Qty	W&C Salary	Related Costs*	Total
Street Services Investigator	17	\$ 96,448	\$ 2,588,790	\$ 4,228,406
Sr. Street Services Investigator II	3	\$ 115,656	\$ 547,828	\$ 894,796
Chief Street Services Investigator I	1	\$ 123,975	\$ 195,744	\$ 319,719
Sub-total	21			\$ 5,442,921

*CAP 41 (157.89%)

RECREATION AND PARKS - Administrative Support

Classification	Qty	W&C Salary	Related Costs*	Total
Part-time Administrative Clerks (Exempt)	2	\$ 27,468	\$ 32,209	\$ 87,144
Park Ranger*	2	\$ 65,698	\$ 143,261	\$ 274,657
Sub-total	4			\$ 361,801

*CAP 41

(Part-time Staff Fringe Only - 58.63%)

(Park Rangers - 109.03%)

TOTAL ESTIMATED COSTS FOR FY 2019-20 **\$ 8,649,675**

Estimated Annual No. of Vending Permits **16,000**

Annual Permit Fee **\$ 541**