

Date: 12/2/14
Submitted in Econ. Dev. Committee
Council File No: 13-1493
Item No.: 1



Hollywood Property Owners Alliance
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~~File No:~~ Communication from the Public

- Hollywood Property Owners Alliance

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President
CIM Group
- John Tronson
Vice President
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- Jan Martin
Secretary
AMDA
- Leslie Blumberg
The Fonda
- Joseph D'Amore
CRC Entertainment
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Robertson Properties Group
- Mark Echeverria
Musso & Frank Grill
- Michael Gargano
Argent Ventures, LLC
- David Green
Nederlander West Coast
- Brian D. Johnson
Loews Hollywood Hotel
- Evan Kaizer
The Sieroty Company
- Chad Lewis
Klein Financial
- John Lyons
Avalon Hollywood
- Frank Stephan
Clarett West Development
- Mark Stephenson
Hollywood United Methodist Church
- ***
- Kerry Morrison
Executive Director

December 2, 2014

Councilmember Mitch O'Farrell
Los Angeles City Hall
200 N. Spring Street, Room 450
Los Angeles, CA 90012

Subject: Proposed City of Los Angeles Sidewalk Vending Ordinance

Dear Councilmember O'Farrell,

On behalf of the Hollywood Property Owners Alliance, I would like to express our concern for the city's "work in progress" plan to create a vending ordinance for food and non-food items for the sidewalks and parks of the city. As is the case with many city policies, we would hope the city council would consider options for a community to **opt-out of such a program**. A "one-size fits all approach" for street vending just does not make sense for a city as diverse as Los Angeles.

As you well know, we have ongoing issues with respect to keeping the sidewalks in Hollywood safe, and civil and pleasant for the millions of pedestrians who visit, live and work here annually. Already the city is struggling to enforce existing ordinances – we have problems with illegal hot dog vendors; aggressive tour operators; oppressive street characters and CD vendors who generate numerous complaints. Presumably there are ordinances and laws in place to govern behaviors, but the various enforcement agencies – LAPD, LA County Health, Bureau of Street Services – are hard pressed to carry out meaningful enforcement.

The November 26, 2014 CLA report raises numerous questions that must be taken into consideration. For example, how will taxes and permits be enforced, especially given that this is a cash-only business? We already hear that the County Health Department struggles to regulate food trucks, and has limited enforcement now over hot dog carts; how can the county rise to the occasion to enforce food safety laws? What are the hot water and rest-room requirements for food carts and why should these be different from those imposed upon restaurant operations? Currently BID stakeholders in Hollywood pay for trash receptacles and personnel to remove tons of trash from the sidewalks each year? What protections will be built into this ordinance to ensure food and retail vendors are not utilizing BID-provided receptacles for their trash?

If there are parts of the city clamoring for this amenity in their neighborhood, then we encourage the city to resurrect the original vending district ordinance that was created in 1994. This is not something we are requesting in Hollywood.

Sincerely,

Kerry Morrison
Executive Director

cc: City Council Economic Development Committee
HPOA Board of Directors



Date: 12/2/14
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~~Deputy~~ Communication from
the Public

December 1, 2014

Councilmember Curren Price, Jr.
Chair, Economic Development Committee
Los Angeles City Council
200 N. Spring Street, Room 420
Los Angeles, CA 90012

RE: Hollywood Chamber concerns with proposal to legalize sidewalk vending in Los Angeles

Dear Council Member Price:

On behalf of the Hollywood Chamber of Commerce and its nearly 900 members in the greater Hollywood area, I am writing to share our concerns with the proposal for city-wide legalization of sidewalk vending in Los Angeles. ***Specifically, the Chamber asks that the Council stay away from "a one-size fits all policy" for street vending in the City, and that at a minimum the City allow for an opt-out clause for Business Improvement Districts within the City- where property owners pay an additional assessment to keep their streets clean and safe.***

The Hollywood Chamber is disappointed that once again, a report to your Committee has been released to the public with little time for the business community to digest the report and make any sort of thoughtful and deliberative comments before the Committee is scheduled to consider the item. This is a regrettable way to establish policy on a matter of such great importance to many businesses and residents throughout Los Angeles.

As you know, Hollywood Boulevard is the most famous street in the world and is home to some of LA's most crowded sidewalks. With tens-of-thousands of visitors each day, Hollywood is a unique area of the City with very specific public safety concerns surrounding the use of its sidewalks and protection of the Walk of Fame. Hollywood Boulevard is already struggling with an overabundance of CD-vendors, street characters, and tour bus solicitors and cannot afford the increase in the number of street vendors that legalization of sidewalk vending would undoubtedly bring.

The Hollywood Chamber, along with CD-13, LAPD, the Hollywood BID and local stakeholders have been working tirelessly to regain control of Hollywood's public sidewalks. For years, the business community has complained about the proliferation of "characters" and CD vendors in the area around the Chinese Theatre and Hollywood & Highland. At the Chamber, we receive complaints from tourists and other visitors who have been harassed. The situation has deteriorated to the point where it creates public safety issues and reflects very poorly on Hollywood and this City. We are all aware of the importance of the tourism industry in Hollywood and want to be sure that each and every individual leaves our City having had a pleasant and entertaining experience. It has become very apparent that aggressive solicitation on Hollywood Boulevard leaves a bad impression on the tourists that we are trying to attract.

Since 1921,
Promoting and enhancing the business, cultural and
tourism vitality of the greater Hollywood community.

Currently, the CD vendors, characters and tour bus hawkers are only allowed on the sidewalk due to First Amendment issues and cannot legally sell. If the City passes this ordinance, it will inevitably open a "can of worms", allowing CD vendors and characters to "charge" rather than to ask for "donations." Additionally legalization of street-vending would reopen the issue of Hollywood Blvd. tour operators selling on the public sidewalks - taking payment and setting up curbside sales operations from the public parking spaces that they commandeer. The City, LAPD, and County departments that oversee vending do not have enough staff resources as is, to properly enforce existing vendors. Legalization of street vending will only serve to exacerbate an already out of hand problem in Hollywood and on the Walk of Fame.

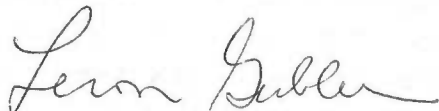
In addition to the public safety concerns with the legalization of street vending, the Chamber is also concerned about the impacts of a city wide ordinance on Hollywood's brick and mortar establishments. Nearly all of Hollywood and East Hollywood lie within City approved Business Improvement Districts (BIDs). Similar to the existing problems that many Hollywood restaurants have with food trucks parking adjacent to their buildings and pilfering restaurant clientele, the Chamber is extremely concerned that established Hollywood businesses will now be faced with trying to remain competitive in the face of a slew of retail and food carts.

Despite the arguments of good-intentioned proponents that a regulated system of registration and taxation, would bring vendors out of the shadows and allow them to contribute to the local economy- these carts are a serious threat to the Hollywood community. These carts take cash only, are hard to inspect for the health department because they are mobile, don't contribute to the City's tax base, don't pay rent, don't pay BID assessments, all while using our maintained streets and sidewalks, trash cans, parking spots, restrooms, and more. Because they do not have the same overhead costs, these mobile carts can under-cut the city's existing restaurants and retail establishments. They literally roll in, take the business (and tax dollars) and leave. Meanwhile, many of the tenants who are already struggling to stay in Hollywood will see their revenue decline, from yet another City policy that overlooks what is in the best interest of Los Angeles's small business community.

Given the many potential consequences for Hollywood if street vending is legalized, the Chamber asks that this council stay away from "a one-size fits all policy" for street vending in the city. At a minimum the City should allow for an opt-out clause for Business Improvement Districts within the City- where property owners pay an additional assessment to keep their streets clean and safe.

Thank you for taking into consideration the concerns of the Hollywood Business Community as you consider the effects of legalized sidewalk vending in Los Angeles. Please feel free to call on the Chamber if we can be of any assistance on this issue.

Sincerely,



Leron Gubler
President & CEO

CC: Members of the LA City Council



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December 1, 2014

Councilmember Curren Price, Jr.
Chair, Economic Development Committee
Los Angeles City Council
200 N. Spring Street, Room 420
Los Angeles, CA 90012

RE: East Hollywood Business Improvement District concerns with proposal to legalize sidewalk vending in Los Angeles

Dear Council Member Price:

On behalf of the East Hollywood Business Improvement District (EHBD) Board of Directors, I am writing to share our concerns with the proposal for city-wide legalization of sidewalk vending in Los Angeles.

The East Hollywood BID is disappointed that once again, a report to your Committee has been released to the public with little time for the business community to digest the report and make any sort of thoughtful and deliberative comments before the Committee is scheduled to consider the item. This is a regrettable way to establish policy on a matter of such great importance to many businesses and residents throughout Los Angeles.

The East Hollywood BID is extremely concerned about what the effects of any program to legalize street vending city-wide would mean to the East Hollywood Community. The EHBD, along with CD-13, LAPD, the Hollywood Chamber of Commerce and local stakeholders have been working tirelessly to curb illegal vending in the community and regain control of our public sidewalks. The BID commonly receives complaints from businesses and residents alike about the proliferation of illegal vendors along Vermont Ave. This has led to the creation of a BID program to place "No Vending Signs throughout our Improvement District Boundaries in hopes of deterring some of the illegal vending activities. The City, LAPD, and County departments that oversee vending do not have enough staff resources as is, to properly enforce existing vendors. Legalization of street vending will only serve to exacerbate an already out of hand problem in East Hollywood.

In addition to the enforcement concerns with the legalization of street vending, the EHBD is also concerned about the impacts of a city wide ordinance on East Hollywood's brick and mortar establishments. As part of a City-approved Business Improvement District, we are tasked with the improvement of the East Hollywood commercial area through various programs and services designed to increase the commercial activity of the District. ***As the Council moves forward with consideration of this motion the EHBD asks that you stay away from "a one-size fits all policy" for street vending in the City and that at a minimum the City allow for an opt-out clause for Business Improvement Districts within the City- where property owners pay an additional assessment to keep their streets clean and safe.***

EHBD.ORG

Similar to the existing problems that many LA restaurants have with food trucks parking adjacent to their buildings and pilfering restaurant clientele, the EHBID is extremely concerned that established East Hollywood businesses will now be faced with trying to remain competitive in the face of a slew of retail and food carts.

Despite the arguments of good-intentioned proponents that a regulated system of registration and taxation, would bring vendors out of the shadows and allow them to contribute to the local economy- these carts are a serious threat to the East Hollywood community. These carts take cash only, are hard to inspect for the health department because they are mobile, don't contribute to the City's tax base, don't pay rent, don't pay BID assessments, all while using our maintained streets and sidewalks, trash cans, parking spots, restrooms, and more. Because they do not have the same overhead costs, these mobile carts can under-cut the city's existing restaurants and retail establishments. They literally roll in, take the business (and tax dollars) and leave. Meanwhile, many of the tenants who are already struggling to stay in East Hollywood will see their revenue decline, from yet another City policy that overlooks what is in the best interest of Los Angeles's small business community.

Given the many potential consequences for East Hollywood if street vending is legalized, the EHBID is adamant that this council avoid at all costs "a one-size fits all policy" for street vending in the city. At a minimum the City should allow for an opt-out clause for Business Improvement Districts within the City- where property owners pay an additional assessment to keep their streets clean and safe.

The East Hollywood BID encourages the Economic Development Committee and the City Council to learn from its past mistakes of hastily pushing through ordinances and programs that have a direct impact on our small business community, without considering, let alone planning for, the effects of those programs. A clear set of regulations and a sufficiently budgeted enforcement program are the cornerstones of any good program. We have yet to see this in the reports that have been issued from the City to date.

The BID additionally asks that the following questions be answered before moving further with any sort of proposal:

- Has the City done an analysis of why the original street vending ordinance failed or is it just supposition and word of mouth? If a study has not been done, should not one be done before embarking on a new program?
- Has an economic analysis been done on this proposed program?
 - Can we tell for sure that the benefits of allowing food and products to be sold on sidewalks outweigh the costs (and potential costs) to existing, permanent businesses and restaurants?
 - Will this program cost the City money through lower sales tax revenue as existing brick and mortar businesses lose sales (as well as enforcement and management costs)?
 - Will vendors be allowed to sell only items they apply for or for any type of food or product?
- How will the City determine how many permits to issue across the City and within a specific area?
- How will the program be paid for?
 - Will it come from vendor fees? If so, what will the permit fee be set at?
 - If it does not come from fees, will the program have dedicated funding to make sure that enforcement does not get cut in the future?
 - The CLA report notes that there could be as many as 40,000 non-food vendors and 10,000 food vendors - how many inspectors will be needed to enforce this program and how will they be paid for?

- How will this program be enforced?
 - o Street Services currently has two inspectors for the entire City. How many will it need to add to monitor and inspect 50,000 potential vendors?
 - o What is LAPD's role in this program?
 - o The County already cannot inspect all of the food trucks it needs to. How can we expect them to add hundreds or thousands of food carts to their compliance lists?
 - o Will the City need to reimburse the County for these inspections?
 - o Will the City need to pay overtime to staff for evening and weekend inspections?
 - o What will be the penalties be for vendors who do not have a permit? For vendors who sell out of their area or location? For vendors who are in non-compliance? For food vendors who make people sick? For vendors who sell counterfeit goods?
 - o How will vendors deal with restrooms? Are restaurants and stores required to make restrooms available to vendor customers?
 - o How does this program comply with Americans with Disabilities Act requirements? Will there be minimum space requirements that vendors must give to passersby?
 - o How will this program affect the various civil cases against the City over sleeping on sidewalks, storing property on sidewalks and other cases about how the City is dealing with its homelessness crisis?
 - o Who will be responsible for trash? For damage to City property? Damage to private property?
 - o How will we collect sales tax revenue from vendors?

Clearly more information is needed before the Council can proceed on a policy change this magnitude. We again ask that you to refrain from taking any action until these and other questions are answered. Moving forward in any way will only cause the current chaotic situation with illegal vending in the City considerably worse. Thank you for taking into consideration the concerns of the East Hollywood Business Community as you consider the effects of legalized sidewalk vending in Los Angeles. Please feel free to call on the EHBID if we can be of any assistance on this issue.

Sincerely,



Nicole Shahenian
Executive Director

Cc: Members of the LA City Council

December 2, 2014

Dear City Council Economic Development Committee,

This letter is in response to your proposal to legalize sidewalk vending throughout the city (of Downtown, Los Angeles). My parents have owned and operated JJ's Sandwich Shop for almost 25 years and have witnessed the transformation of Downtown, LA over the years – all the while undergoing all the inspections and rent increases and other licensing regulations as a food handler. It would be absolutely unfair and unjust to allow sidewalk vendors to be legal without having to be under the same rules and regulatory guidelines as a food handler.

As it is, the streets and sidewalks of Downtown, LA are in need of better cleaning and safety; and now with the increasing crowds (from both those who now live in the area and those who come for recreational purposes), it will only make it worse. Currently, the business owners have been held responsible for even the small sidewalk spaces in front of their properties; it would be unfair to have them also be liable for the unlicensed and non-regulated sidewalk vendors, who will add to the uncleanliness of Downtown LA. Through the payment of property taxes, CAM charges and other fees, my parents have contributed to keeping the streets and sidewalks of Downtown LA clean – these sidewalk vendors have not and continuously DO NOT contribute to any of these fees.

Over time with inflation, increase in wages, and the overall rejuvenation of Downtown, LA creates an overall increase in rent, which makes it a tough competition between businesses throughout Downtown, LA, but also allows business owners to operate in the prime locations. These sidewalk vendors do not compete in this tough market and without paying for such a right, as the business owners do, creates an unfair balance in competition. Business owners, such as my parents, have invested in the location, which has in turn increased the value of the areas that were once unwalkable and undesirable in the evening hours. Street vendors should not benefit by the renaissance created by the business owners invested in the area without paying towards that investment.

I hope the Council hears our voice and takes to heart the hard work and commitment business owners have put in over the years to revive and make Downtown, LA a thriving community.

Thank you for hearing us.

Sincerely,

The Chu family
JJ's Sandwich Shop

Date: 12/2/14

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~~Public~~ Communication from
the public

blair@historicbid.com



ECONOMIC IMPACT OF LOS ANGELES STREET VENDORS DECEMBER 2, 2014

Los Angeles has 50,000 street vendors, according to new estimates by the Bureau of Street Services.¹ They generate over \$504 million in annual sales of food and merchandise. One-fifth of the street vendors, 20 percent, prepare and sell food-related products, sales of which total over \$100 million a year. The majority, 40,000 vendors, sell non-food items, such as clothing and electronics, generating over \$403 million in annual revenue.

Economic Roundtable analyzed the economic impacts that sales by street vendors have on the local economy.² We looked at three areas of impact: output, job creation, and public revenue generation.

FINDINGS

Our findings are that street carts selling food and merchandise in Los Angeles are an economic stimulus to the economy, particularly those selling food.

- The total economic output generated by street vendors amounts to \$434 million a year. For every two dollars earned by a street vendor, an additional \$1.72 in economic activity was generated due to multiplier effects.
- Food vendors have the greatest impact, likely because overhead costs in food preparation and service are lower than frontend costs in nonfood sales. For every dollar earned by food vendors, \$1.58 in economic activity is realized.
- Vendors create and support jobs. The spending by 50,000 vendors and their families sustains 5,234 full-time employees. Food vendors alone create 1,896 jobs.
- Public revenues will increase when vending is legalized and incorporated into the formal economy. Federal taxes will increase by \$40 million; state and local taxes by \$43 million.

HOW ECONOMIC IMPACTS WORK

As street vendors in the Los Angeles sell food and drinks to passersby, the multiplier effects from their sales accumulate and reverberate through the local economy, adding to the demand for goods and services from local suppliers. This translates into added sales and jobs for local grocery stores, as well as other suppliers who help street vendors keep their carts in operation. These small sales add to the household spending power of employees in the upstream supplier chain, supporting still more sales and jobs when those households spend their money, as well as more tax revenue for local, state and federal government.

¹ Tso, Sharon M. Nov. 26, 2014. *City of Los Angeles Sidewalk Vending Status Report*. Report of the Chief Legislative Analyst to the Economic Development Committee.

² Economic Roundtable analysis based on data collected by Street Vendor Project, UCLA Urban Planning graduate students taught by Gaspar Rivera-Salgado, using IMPLAN system 2012 data and 2014 software.



LA Street Vendors create 5,234 full-time jobs in the region.

For every two dollars earned by a LA street vendor, an additional \$1.72 in economic activity is generated.



LA Street Vendors could add an additional \$43 million to state and local tax revenues.

