

ECONOMIC DEVELOPMENT and PUBLIC WORKS AND GANG REDUCTION COMMITTEES' REPORT relative to the Proposed City Sidewalk Vending Program.

Recommendations for Council action:

1. APPROVE the Proposed Design as detailed in Attachment 2 of the November 3, 2017 Chief Legislative Analyst (CLA) report, attached to the Council file.
2. INSTRUCT the CLA, with the assistance of the City Attorney and Bureau of Engineering, to work with each Council Office to determine expansion, restriction or prohibition of sidewalk vending in each respective Council District, and report to Council with the final maps for approval.
3. AMEND Attachment 2 of the November 3, 2017 CLA report to add to the list of opt-out criteria: A location requested by the Los Angeles Police Department (LAPD) or Los Angeles Fire Department.
4. INSTRUCT the City Administrative Officer (CAO), with the assistance of the CLA, Economic and Workforce Development Department (EWDD) and Bureau of Street Services (BSS), to report with a fee study and budget plan for implementation and enforcement of the Proposed Sidewalk Vending Program to include full cost recovery options with enforcement funding at the level described in Table 3, Page 4 of Attachment 2 of the November 3, 2017 CLA report, attached to the Council file, with uniforms and vehicles for street services investigators and factoring in additional gross receipts and tax revenue that will be generated by the Program when setting fees for full cost recovery. including full cost recovery options.
5. INSTRUCT the EWDD to:
 - a. Prepare and issue a Request for Proposals (RFP) to solicit service providers to operate the Proposed Sidewalk Vending Program as described in the November 3, 2017 CLA report, attached to the Council file with said RFQ to include a budget package and details of any related costs..
 - b. Report with options to provide incentives for the sale of healthy food.
 - c. Prioritize hiring from WorkSource and YouthSource Centers, explore the concept of sidewalk vending business cooperatives as a future business model, and establish a recycling component to safely dispose of unwanted carts.
 - d. Report on the feasibility of partnering with a manufacturer to produce carts that have already been approved by the Los Angeles County Public Health Department. ▸
 - e. Create a small-business or micro-loan program for vendors and actively seek grant opportunities to support this economic activity.
 - f. Provide Council with a budget to utilize its current service providers (i.e., Business

Source Centers for comparison purposes).

6. INSTRUCT the EWDD, BSS, and CLA, in consultation with the Information Technology Agency and the Office of Finance, to develop an online system for vendor registration, issuance of certificates of operation and mobile site for enforcement officers that shows registered locations and permit holders and with the program interface or application to be available in multiple languages including English and Spanish.
7. REQUEST the City Attorney to prepare and present an Ordinance to:
 - a. Establish a Sidewalk Vending Program as approved by Council
 - b. Create a special fund for the deposit and expenditure of permit fees and collected fines.
8. REQUEST the City Attorney, in conjunction with the CLA, CAO, and EWDD, to establish a process by which property owners can affirmatively opt out or disallow street vending on sidewalks fronting on their property.
9. INSTRUCT the City Clerk to report with options to facilitate the collection of fees by Business Improvement Districts from permitted sidewalk vendors.
10. INSTRUCT the Housing and Community Investment Department and the EWDD, with the assistance of the CLA, to report on the feasibility of using Community Development Block Grant funds for the proposed the Sidewalk Vending Program; and if eligible, REQUEST the Mayor to allocate Community Development Block Grant funds for street vending in the 2018-19 Program Year budget if eligible.
11. INSTRUCT the Office of Finance (OOF) to assess sidewalk vending under the existing Business Tax Classification at the rate of \$1.27 per thousand for sidewalk vending, similar to the rate for restaurants and other retail businesses, and to create a mechanism to track sidewalk vending businesses.
12. INSTRUCT the BSS, with the assistance of the CAO and with the understanding that the mapping would have to be completed to fully understand enforcement needs, to report with a staffing plan to include necessary equipment, uniforms, and related costs.
13. AFFIRM that the intent of the Proposed Sidewalk Vending Program is to assist low income individuals; and, INSTRUCT the EWDD to take into account the most vulnerable populations including seniors and the unemployed.
14. REQUEST the City Attorney, in conjunction with the CLA, to report on a process whereby vendors previously convicted under Los Angeles Municipal Code Section 42.00 can have convictions related to vending expunged from their record.
15. INSTRUCT the CLA and CAO, with the assistance of the City Attorney, to examine license pricing and allocation that incentivizes vending in certain areas (i.e. food deserts) but prices to fully recover costs in high enforcement areas.

Fiscal Impact Statement: The CLA reports that approval of the recommendations contained in the November 3, 2017 CLA report, attached to the Council file, will not result in a fiscal impact. However, should Council wish to proceed with implementation of a proposed program, the CAO should be instructed to report with a fee study and program budget. The Proposed Sidewalk Vending Program is envisioned to be a fee-supported program.

Community Impact Statement: None submitted.

Summary:

In a joint meeting held on November 8, 2017, the Economic Development and Public Works and Gang Reduction Committees considered a November 3, 2017 CLA report relative to the Proposed City Sidewalk Vending Program. According to the CLA, on November 22, 2016, Councilmember Price, Chair of the Economic Development Committee and Councilmember Buscaino, then Chair of the Public Works and Gang Reduction Committee, issued a joint letter (Joint Letter) addressed to Council proposing a general framework for the establishment of a Citywide Sidewalk Vending Program (Proposed Program). This letter was considered by the Public Works and Gang Reduction Committee and recommendations were forwarded to the Council for consideration. On January 31, 2017, Council considered this matter and took several actions with respect to the establishment of a Proposed Program (Council File No. 13-1493). These actions included:

- a. Approval in concept of a Proposed Sidewalk Vending Program.
- b. Requests for the City Attorney to present and prepare ordinances relative to decriminalization of sidewalk vending and the issuance of permits, and to report on a potential amnesty program for vending misdemeanors
- c. Instructions for City staff to report relative to rules and regulations for a potential sidewalk vending program, a staffing plan and budget, including cost recovery options.

This report addresses Council requests relative to potential rules and regulations that consist of a possible program framework; application process; operational and location requirements; how other cities account for brick and mortar businesses adjacent to proposed vending locations; a two-tiered penalty system; a process to create special vending districts; and incentives to promote the sale of healthy food.

The CLA worked closely in the preparation of the report with the City Attorney, CAO, BSS, Board of Public Works (BPW), LAPD, OOF, BOE, EWDD and the Los Angeles County Public Health Department (Public Health Department). Attachment 1 (Council Request Update) provides a status of the items requested on January 31, 2017. The sections labeled Program Design (Attachment 2) and Proposed Sidewalk Vending Regulations (Attachment 3) are intended to provide the City Council with a model that can then be used by the CAO to develop a fee study and to guide the City Attorney in the preparation of a City Ordinance.

The Program Design Section describes key components of a potential sidewalk vending program, including Program Description, Sidewalk Vending Districts, Potential Enforcement Models, and Preliminary Budget Implications. The Proposed Sidewalk Vending Regulations

provide general program provisions, duties and responsibilities of program participants, application, operating and placement requirements, compliance and a penalty structure. The Proposed Program addresses Council's instruction "to issue permits for stationary vending in commercial and industrial zones, with a maximum of two vendors per block face, and limited mobile vending in residential areas, subject to restrictions on zoning, placement and operations." Council direction is needed with respect to where vending may occur or not occur and the type and level of enforcement to more accurately determine the potential staffing plan, budget, and cost recovery.

Notwithstanding data limitations, this report includes, for discussion purposes, a preliminary staffing plan and budget that includes possible permit fees that are aimed at recovering the cost of enforcement which is the largest component of the costs of any sidewalk vending program. As requested by Council, the preliminary staffing plan includes actions to enable investigators to work nights and weekends, provide same day response for complaints, and options for proactive enforcement based on data collection, at the discretion of BSS. Upon direction from Council with respect to vending locations, the number of potential permits that may be issued will be determined in order to more accurately project the necessary staffing plan, budget and methods to achieve full cost recovery. In addition, direction was provided for the CAO to conduct a fee study and the City Attorney to prepare a draft ordinance for the issuance of sidewalk vending permits in the Council action of January 31, 2017. This report includes a recommendation for the City Attorney to draft an ordinance for the creation of a special fund for the deposit of permit fees and collected fines. Lastly, a recommendation is included instructing the City Clerk to report with options to facilitate the collection of fees by Business Improvement Districts from permitted sidewalk vendors.

Subsequently, on January 31, 2017, Council adopted the following actions:

- a. Approval in concept of a Proposed Sidewalk Vending Program.
- b. Requests for the City Attorney to:
 - i. Prepare and present an ordinance to decriminalize sidewalk vending and provide authority for the Board of Public Works to issue sidewalk vending permits for stationary vending in commercial and industrial areas, with a maximum of two vendors per block face, and limited vending in residential areas.
 - ii. Report on the feasibility of establishing an amnesty provision for existing sidewalk vendor misdemeanors.
 - iii. Instructions for City staff to report with recommendations on how other cities consider nearby businesses when issuing sidewalk vending permits, a two-tiered penalty system, a staffing plan and budget, a process to create special vending districts, permit requirements that would mitigate the risk to the City, an electronic notification system, incentives to promote the sale of healthy food, the creation of a special fund for the deposit of permit fees and collected fines, a comprehensive outreach and education campaign, annual status reports, recommendations for operational requirements, location restrictions and options to facilitate the collection of

fees by Business Improvement Districts from permitted sidewalk vendors.

On the same date, Council also adopted an amending Motion (Wesson-Bonin-Martinez-Koretz) to:

- a. Ensure that violations for sidewalk vending would only be subject to Administrative Citation Enforcement (ACE) Program citations.
- b. Establish permit fees that will achieve full cost recovery and require minimal assistance from the General Fund.
- c. Provide investigators with the ability to work nights and weekends, same-day response for complaints, and options for proactive enforcement based on data collection.
- d. Include "economic" as additional criteria by which to create special vending (including no-vending areas).
- e. Report with options to maintain a list of "no-vending" areas including alleys, City-owned property, the ability to opt out of certain streets by Council action with an accompanying petition of a majority of business/property owners and/or area residents; and, providing the City Council the ability to opt out of certain streets by Council action.

Subsequent to Council action, several Council Offices expressed that the intent of the Proposed Program should be to provide economic opportunity for disadvantaged individuals including those who fall under the categories of low- and extremely low-income, as described by the federal poverty guidelines, unemployed, homeless, and near-homeless. Therefore, the CLA has included this concept in the Proposed Sidewalk Vending Regulations section for consideration.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the November 3, 2017 CLA report, as amended and detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

PRICE: YES
BUSCAINO: YES
HUZAR: ABSENT

PUBLIC WORKS AND GANG REDUCTION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
BUSCAINO:	YES
MARTINEZ:	YES
RYU:	YES
RODRIGUEZ:	YES

ARL
11/8/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-