

MOTION BY SUPERVISOR HILDA L. SOLIS

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COVID-19 Recovery Charge as an Economic Tool for Restaurants, Breweries, and Wineries

On January 30, 2020, the World Health Organization (WHO) declared that the disease caused by the SARS-CoV-2 virus, COVID-19, was now a Public Health Emergency of International Concern.¹ On March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency in California as a result of the novel coronavirus (COVID-19) global pandemic. As of October 23, 2020, COVID-19 has infected over 42 million people across 189 countries and regions and has killed over 1.1 million people.² In Los Angeles County (County) there has been over 278,547 infections and over 6,572 deaths, many of which took place in disadvantaged communities.³

The nature of the virus has caused governments across the globe – including the County- to implement watersafer-at-home orders that have had an astronomical impact

¹ <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/events-as-they-happen>

² <https://coronavirus.jhu.edu/map.html>

³ http://dashboard.publichealth.lacounty.gov/covid19_surveillance_dashboard/

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on every sector of the economy, in particular the independent hospitality industry such as restaurants, breweries, and wineries. On July 1, 2020 the County Health Officer issued a health order to align with Newsom’s order to close specific activities and business sectors, including indoor operations for restaurants. Following this decision, the County offered comprehensive guidelines to utilize outdoor spaces for dining. On October 6, 2020, the Department of Public Health issued updated protocols to allow breweries and wineries, to provide sit-down, dine-in bona fide meals via outdoor dining. The Independent hospitality industry has dealt with profound uncertainty throughout the pandemic and many businesses have struggled to survive with transactions limited to outdoor dining, take-out, and delivery.

The COVID-19 pandemic has affected the independent hospitality industry and its workers throughout the county. As of 2019, 8.8% of all workers in Los Angeles County worked in food service establishments & drinking places, employing 398,800 people.⁴ This industry employs a labor workforce that is dependent on jobs with low barriers to entry for their livelihood - with many from communities of color. Until full indoor dining is once again permitted, the independent hospitality industry is unlikely to generate the revenue they produced before COVID-19, and it is necessary for the Board to support this industry by temporarily allowing them to add a “COVID-19 Recovery Charge” to a customer’s total bill.

⁴ [https://www.labormarketinfo.edd.ca.gov/file/lfmonth/la\\$pd.pdf](https://www.labormarketinfo.edd.ca.gov/file/lfmonth/la$pd.pdf)

I, THEREFORE, MOVE that the Department of Consumer and Business Affairs ("DCBA"), in consultation and collaboration with the County Counsel, and other relevant Departments, and after considering feedback from labor and business representatives, report back prior to the November 24th Board of Supervisors meeting with Draft Ordinance language to allow food establishments, breweries, and wineries to temporarily charge a "COVID-19 Recovery Charge" within the unincorporated areas of the County of Los Angeles. The Draft Ordinance and report back, at a minimum, should investigate the following:

1. A fee, and any cap on the fee, that would only apply to on-premises dining and drinking. It shall not apply to take-out or delivery orders;
2. Disclosures to the customer that clearly identifies surcharge labeled "COVID-19 Recovery Charge" on the bill and clearly note and enumerate the use of such service charge on the menu and in an accessible conspicuous place such as the counter, in English or in the same language used in the document upon which the surcharge is disclosed;
3. The disclosure to the customer must clearly state that the "COVID-19 Recovery Charge" is a surcharge and not a substitute for tax, gratuity, or tip to the employees, and whether such a charge must be imposed on the pre-tax amount of a bill;
4. Include a sunset day of 90 days after full indoor dining is once again permitted; and
5. Food establishments, breweries, and wineries allowed under County Ordinance to impose the COVID-19 Recovery Charge must neither be a part

of a chain nor franchise with more than 5 locations doing business under that name, regardless of the type of ownership of the locations.

6. Considerations for compliance and enforcement including but not limited to outreach and technical assistance, record keeping, and the imposition of any penalties for violations of the Ordinance.

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