

**MOTION BY SUPERVISORS HILDA L. SOLIS
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Funding to Address DPH Health Permit Fees

Senate Bill No. ("SB") 972, signed into law by the Governor in September 2022, amended the California Retail Food Code (CRFC). The CRFC establishes health and safety standards for retail food facilities and requires local health agencies to enforce its provisions. In Los Angeles County, the Department of Public Health Environmental Health (EH) Division is the local health agency that enforces the CRFC (excluding Pasadena and Long Beach, which have their own public health departments). The Code authorizes Public Health EH to perform mandated public health services that are primarily offset by fees from the permits and services provided.

Public Health EH is a regulatory agency and staffed with Registered Environmental Health Specialists (REHS) that perform mandated services, including inspections and investigations related to food, housing, drinking water, water pollution, land use, solid waste, and vector management. State law authorizes Public Health EH to collect fees to offset "reasonable expenses" that arise from its inspection activities. EH is financed through a cost recovery model, through which the cost of its services is supported by the fees that are collected. Unfortunately, some of these fees can be quite high for smaller sidewalk vendors, reaching as high as \$746 for a food cart plan check. These fees can present a significant financial burden for smaller sidewalk vendors, many of which operate

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on budgets with small margins and work long hours on evenings and weekends to make ends meet.

Across Los Angeles County, there are an estimated 10,000 sidewalk vendors who sell food, like fresh fruit, bacon-wrapped hot dogs, tamales, and ice cream. These vendors overwhelmingly come from communities of color, especially Latino communities, and their services and the goods they sell are interwoven into the cultural fabric of Los Angeles County. Beyond that they are also deeply interconnected and interdependent with the County's formal economy: they purchase supplies from other businesses and spend their income elsewhere, providing revenues for local, state, and federal government. Street vending, and its related small purchases, sustain 5,234 jobs in Los Angeles, according to that Economic Roundtable report.

It is important to note that prior to applying for a sidewalk vending permit from any city in the County (excluding the jurisdictions previously mentioned), a food vendor must first secure a "county health permit" from the L.A. County Department of Public Health. This requires the vendor to pay costs for permitting and inspections. Notably, the largest expense for vendors are the costs associated with building a food cart that complies with the requirements specified in the CRFC. Per the CRFC, food equipment must be durable, commercial grade, and meet sanitation and electrical safety standards, which is necessary to ensure safety for the public. Building a cart that meets these stringent state requirements can add up to tens of thousands of dollars. The combined costs for permits, inspection fees, commissary leases, and code-compliant equipment is a significant financial burden for vendors. The Department of Public Health has introduced an ordinance to the Board to implement a new public health permit fee schedule to codify SB 972 for consideration in December 2023, which in many cases lowers fees previously established.

Additionally, the Department of Economic Opportunity (DEO) serves street vendors as microbusiness customers of their department. DEO will bring an ordinance to the Board to codify sidewalk vending requirements for the unincorporated areas of the County later this year. DEO is also actively engaged in outreach to major vending

corridors to support compliance with DPH permits and other departmental rules and regulations and in preparation for the official LA County sidewalk vending registration process as well as designing a DPH-code compliant cart with local manufacturers. DEO will release these carts at no-cost and support broader commercialization of affordable carts. It is important to note DEO received over \$156 million of American Recovery Program (ARP) funds to support job seekers, small businesses, and microbusinesses. A total of \$5 million was allocated for the street vending to support vendors. DEO will be leveraging street vending dollars to amplify outreach, offer no-cost carts, and off-set new fees associated with DEO's ordinance and registration. Another \$25 million was set aside for the economic mobility initiative to assist small businesses and micro-businesses with education, technical assistance, and capital access. Newly launched programs under this initiative include a worker ownership service and a commercial acquisition fund, ready for public launch in October of 2023, with other initiatives actively underway prior to ARPA sunset in 2024.

To better safeguard the public's health while also uplifting economic pathways for sidewalk vendors to flourish in, it is important that they are encouraged to register their business and participate in the formal economy. However, the associated costs and fees can discourage many of the smaller vendors from doing so. The County is in a unique position to uplift street vendors by identifying funding that can subsidize some of the permitting and equipment fees while the Departments of Public Health and Economic and Opportunity implement their ordinances.

WE, THEREFORE, MOVE THAT the Board of Supervisors:

1. Direct Chief Executive Officer in collaboration with the Director of the Department of Public Health (DPH) and with the Director of the Department of Economic Opportunity (DEO) to report back to the Board in writing 60 days before the Board approves the new ordinances to implement SB 972 and to codify sidewalk vending in unincorporated LA County with options for the Board's consideration to subsidize, either partially or fully, the permit and/or other costs that street vendors have to pay and a process to determine eligibility for the subsidies.

2. Direct the Directors of DPH and DEO to pursue grant funding at the State and federal level and through philanthropic partners to seek funds to enhance the work of street vendors.

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