AGN. NO.

MOTION BY SUPERVISORS HILDA L. SOLIS February 6, 2024

AND HOLLY J. MITCHELL

Creation of a Compact Mobile Food Operation Fee Waiver/Subsidy Program

Compact mobile food operations (CMFO), often referred to as sidewalk food vending, represents an integral part of the cultural and civic fabric of Los Angeles County. Moreover, for many low-income residents, especially immigrant workers, it also represents one of the few economic pathways to attain financial independence and stability. After years of a de facto ban due to outdated regulations, the State passed Senate Bills (SB) 946 and 972. SB 946 established parameters for local regulation of sidewalk vendors, and SB 972 modernized the California Retail Food Code (CRFC) by reducing the barriers to obtain a local health permit for CMFOs, supporting food vendors, and thereby creating economic opportunities for low-income entrepreneurs.

There are an estimated 10,000 vendors in the County 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. According to the Economic Roundtable Report, their activities sustain 5,234 jobs in Los Angeles.

MOTION

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Unfortunately, driven in large part by the high associated costs with vending, many of these vendors remain out of compliance with the existing formal regulatory structure.

Prior to applying for a sidewalk vending permit from any city in the County, a food vendor must first secure a county public health permit from the L.A. County Department of Public Health Environmental Health Division (DPH EH), the local health agency that enforces the CRFC (excluding Pasadena, Long Beach, and Vernon). This requires a vendor to pay costs for permitting and inspections associated with DPH EH's cost recovery model, through which the cost of the services provided by DPH EH is supported. Unfortunately, some of these fees can be burdensome for smaller sidewalk food vendors. Additionally, the largest expense vendors face are the costs associated with building or purchasing a food cart compliant with the requirements specified in the CRFC, which states that food equipment must be durable, commercial grade, and meet sanitation and electrical safety standards – all of which are necessary to ensure the health and safety for the public. These carts can cost up to ten thousand dollars. Alongside the numerous costs associated with permit fees, these costs can discourage smaller sidewalk food vendors from coming into compliance. The Department of Economic Opportunity (DEO) also serves street vendors as microbusiness customers of their department, and drafted an ordinance to codify sidewalk vending requirements for the unincorporated areas of the County, which carries its own set of fees associated with regulation of its ordinance.

To better safeguard the public's health while uplifting economic pathways for sidewalk vendors to flourish, vendors must be encouraged to register their business and participate in the formal economy. To address the challenge placed by the fees

associated with both the DPH and DEO ordinances, on October 3, 2023, the Board of Supervisors unanimously approved the motion by Supervisors Hilda L. Solis and Holly J. Mitchell to uplift street vendors by identifying funding that can subsidize some of the permitting and equipment fees associated with the DPH and DEO ordinances. The motion directed the Chief Executive Officer (CEO), in collaboration with DPH and DEO, to provide options for the Board's consideration to subsidize, either partially or fully, the permit and/or costs that street vendors have to pay, and to establish a process to determine eligibility for the subsidies. It further directed DPH and DEO to pursue grant funding at the State and federal level, as well as through philanthropic partners, that would enhance the work of street vendors.

Pursuant to the motion, the departments determined that any subsidy program must incentivize vendors to join the regulated marketplace, help vendors most likely to benefit from subsidized fees, maximize the number of vendors that would join the regulated market in the shortest amount of time, include an educational component that ensures vendors understand their obligations under the Sidewalk Vending Ordinance and connect them to available County resources to support compliance with applicable laws while supporting economic growth and prosperity. For DPH EH's CMFO fees, CEO has recommended the adoption of a program targeted to vendors most in need. To be eligible, sidewalk food vendor applicants must meet the following requirements:

1. The vendor must have an annual revenue less than $50,000 and be new to the regulated marketplace;
2. The vendor must be a resident of an unincorporated County area or a sidewalk vendor in the unincorporated areas of the County (verified by self-attestation and

a witness co-signed by DEO or partner agencies); and

3. The vendor must be a new food vending applicant.

Should the vendor meet the above criteria, the individual would be eligible to have 75 percent of the associated DPH EH fee subsidized, which could result a final fee between $127 and $297, depending on the food risk level. This would help address a significant financial barrier many vendors face when seeking applicable permits from DPH EH.

To receive the subsidy, vendors would also have to take part in DEO-led workshops providing education and technical assistance to vendors to come into compliance. DEO will host bi-monthly, two-hour workshops targeting residents and vendors in unincorporated areas of the County in each Supervisorial District to educate the community on the DEO Sidewalk Vending Ordinance and the DPH-led CMFO permitting process, with DEO providing technical assistance to vendors. Vendors who attend the workshop, complete the registration application, and meet the eligibility requirements will receive a subsidy certificate they can present to DPH to receive the 75% subsidy for the CMFO fee. These certificates will be good for 90 days from the date of issuance.

Additionally, for the fees associated with DEO's Sidewalk Vending Ordinance, DEO is proposing a subsidized fee structure. In the first year of implementation, DEO will not charge vendors to register for the program in order to incentivize vendors' transition to the regulated market. After the first calendar year of the program, DEO anticipates charging a $100 annual fee.

With these decreased and subsidized fees, vendors will face fewer financial

hurdles with entering the formal marketplace. Coupled with DEO's efforts to design a DPH-code complaint cart that will be released at no-cost and support broader commercialization of affordable carts, the County is showing its commitment to lowering barriers to entry to encourage as sidewalk vendors to become compliant with and take part in the formal economy.

WE, THEREFORE, MOVE that the Board of Supervisors:

1. Adopt the Option 1B subsidy program for the Department of Public Health's (DPH) Compact Mobile Food Ordinance Fees as described in the Chief Executive Office's report dated January 19, 2024, report, with the following parameters:
    a. Eligible vendors will receive a subsidy of 75 percent toward their Compact Mobile Food Ordinance Fees through June 30, 2025, up to $500,000 in total subsidies.
    b. Eligibility will be limited to vendors with annual net revenues of less than $50,000 who have never held a permit with DPH to vend food (i.e., vendors who are new to the regulated marketplace), and who are applying for a new food vending permit;
    c. Vendors must be a resident of an unincorporated County area or compact mobile food vendor in the unincorporated County area; and
    d. Vendors must complete an educational workshop offered by the Department of Economic Opportunity (DEO) to qualify for the subsidy.
2. Direct DEO and DPH to collaborate on the design of the subsidy program with the primary purpose of incentivizing vendors to join the regulated marketplace.

The program must take into account the many barriers vendors face when interacting with government and be linguistically and culturally competent.

3. Direct the CEO to amend the Board-approved American Rescue Plan (ARP) Coronavirus Local Fiscal Recovery Funds (CLFRF) Spending Plan to include $300,000 in funding for the subsidy program, which will be funded via ARP CLFRF's revenue loss provisions. This increase will correspond with a $300,000 reduction of funding for the DPH-administered Community Testing program in the Board approved ARP CLFRF Spending Plan. This $300,000 is in addition to $200,000 in ARP Local Assistance and Tribal Consistency Fund (LATCF) appropriation already in DEO’s budget for the subsidy program, for total funding of $500,000.
4. Direct DEO, in collaboration with DPH, to provide a written update within 45 days and quarterly thereafter until the full amount of the funding subsidy is expended or until the subsidy program ends on June 30, 2025.

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