

TRANSMITTAL

To: **THE COUNCIL**

Date: **11/16/23**

From: **THE MAYOR**

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in black ink, appearing to read "Chris Thompson", with a long horizontal flourish extending to the right.

(Chris Thompson) for

KAREN BASS
Mayor

CITY OF LOS ANGELES

CALIFORNIA

CAROLYN M. HULL
GENERAL MANAGER



KAREN BASS
MAYOR

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

October 25, 2023

Council File: 18-1007

Council District: 6, 7, 8, 9, 15

Contact Persons & Phone Numbers:

Daysi Hernandez, (213) 744-9340

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Heleen Ramirez, Legislative Coordinator

TRANSMITTAL: AMENDED REPORT BACK ON THE FEASIBILITY OF IMPLEMENTING THE GOOD FOOD ZONE PILOT PROGRAM

The General Manager of the Economic and Workforce Development Department (EWDD) respectfully requests that your Office review and approve this transmittal and forward it to the City Council for further consideration.

SUMMARY

On March 3, 2020, City Council approved the City Legislative Analyst report, dated February 10, 2020, which recommended the adoption of the Good Food Zone Policy as presented by the Los Angeles Food Policy Council. The City Council directed EWDD, with assistance from the City Administrative Officer to (1) report on the feasibility of implementing the adopted Good Food Zone Pilot using existing resources in EWDD's Business Response Unit, (2) provide an estimate of the funding necessary for the implementation and duration of the pilot program, including the hiring of a Food Business Liaison, (3) identify a permanent funding source, and (4) identify an additional Good Food Zone in the Northeast San Fernando Valley.

City Council approved funding for the Good Food Zone Pilot using \$1,000,000 of American Rescue Plan Act (ARPA) funds (C.F. 21-0691). An additional \$250,000 in ARPA funds is requested to implement the pilot program in Northeast San Fernando Valley over a two-year period (C.F. 22-0600). EWDD must encumber the ARPA funds no later than December 31, 2024, with full pay-out on encumbrances by December 31, 2026.

City Council also authorized a one-time allocation of \$250,000 of General Funds through the approved Fiscal Year 2022-2023 budget, to engage a Food Liaison for the Good Food Zone in the Northeast San Fernando Valley (C.F. 22-0600). However, in order to properly obligate ARPA funds prior to the imminent deadline to encumber funds, EWDD

recommends using ARPA funding for the Northeast San Fernando Valley Food Liaison and appropriating the \$250,000 in General Funds to cover EWDD administrative and program costs. Under a separate report to the Mayor and City Council, EWDD is seeking authorization to reprogram ARPA funds originally allocated to the Small Business Rental Assistance Program. The request to reprogram ARPA funds includes a \$250,000 allocation for the Good Food Zone Pilot that would be utilized to cover costs for the Northeast San Fernando Valley Food Liaison. ARPA reprogramming of funds is subject to Mayor and City Council approval. Once approved, the total of ARPA funding available for the Good Food Zone Pilot will be \$1,250,000.

RECOMMENDATIONS

The General Manager of EWDD respectfully requests that the City Council, subject to the approval of the Mayor as required:

1. AUTHORIZE EWDD to establish an additional Good Food Zone in the Northeast San Fernando Valley with the boundaries of the Foothill Freeway (210 Freeway), the City of San Fernando, Woodman Avenue, and Branford Street.
2. APPROVE EWDD's implementation strategy for the Good Food Zone Pilot in qualifying areas of South Los Angeles and Northeast San Fernando Valley for a term of two years.
3. AUTHORIZE the use of up to \$1.25 million of ARPA funds for implementation of the Good Food Zone Pilot as follows:

Good Food Zone Program Grants	\$750,000
Food Business Liaison for South Los Angeles Good Food Zone	\$250,000
Food Business Liaison for Northeast San Fernando Valley Good Food Zone	\$250,000
TOTAL	\$1,250,000

4. AUTHORIZE the use of \$250,000, previously approved in the 2022-23 budget for the Good Food Zone Pilot, to be used for EWDD administrative and staffing costs.
5. AUTHORIZE the General Manager of EWDD or designee to negotiate and execute subrecipient agreements with third-party service providers for up to \$500,000 in ARPA funds, to serve as the Food Business Liaisons for South Los Angeles and Northeast San Fernando Valley Good Food Zones, subject to City Attorney review and approval as to form.
6. AUTHORIZE the Controller to:
 - a. Transfer appropriations within Fund 100/22 as follows:

	Acct. No.	Title	Amount
From:	003040	Contractual Services	235,569
To:	001010	Salaries General	205,934
	001070	Salaries As Needed	1,147
	001090	Overtime General	3,836
	002120	Printing and Binding	16
	002130	Travel	34
	003310	Transportation	3
	006010	Office and Administrative	2,612
	006020	Operating Supplies	3
	006030	Leasing	21,983
		Total	235,569

b. Transfer appropriations within the following Fund 100 accounts:

	Fund/Account No.	Title	Amount
From:	100/22/003040	Contractual Services	11,121
To:	100/12/001010	Salaries General	6,561
	100/66/001010	Salaries General	4,560
		Total	11,121

7. Disburse funds from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22V834, Good Food Zones Business Assistance Program, and electronically transfer up to \$750,000 to US Bank for disbursement to eligible and approved grantees of the Good Food Zone Pilot, upon presentation of proper documentation by EWDD.
8. Disburse funds from the ARPA Business Assistance Programs Fund No. 64N, Account No. 22V839, Business Assistance Program Costs, and electronically transfer up to \$1,000 to US Bank for bank fees, upon presentation of proper documentation by EWDD.

9. AUTHORIZE the General Manager of EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and authorize the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Funding for the Good Food Zone Pilot was approved using \$1,000,000 of ARPA funds (C.F. 21-0691), General Funds that were appropriated in the approved budget for Fiscal Year 2022-2023 (C.F. 22-0600), and the potential use of an additional \$250,000 in ARPA funds, which is pending Mayor and City Council approval.

BACKGROUND

On December 11, 2018, the Los Angeles Food Policy Council presented the Good Food Zone Policy for City Council consideration. City Council adopted a motion (C.F. 18-1007) instructing the City Legislative Analyst (CLA), with the assistance of EWDD, to report on strategies for including food-centered community economic development initiatives and assess the feasibility of piloting a Good Food Zone in South LA.

On March 3, 2020, City Council approved the CLA's report, dated February 10, 2020, which recommended the adoption of the Good Food Zone Policy as presented by the Los Angeles Food Policy Council. In addition, the Council directed EWDD, with the assistance of the City Administrative Officer (CAO), to (1) report on the feasibility of implementing the adopted Good Food Zone Pilot using existing resources in EWDD's Business Response Unit, (2) provide an estimate of the funding necessary for the implementation and duration of the pilot program, including the hiring of a Food Business Liaison, (3) identify a permanent funding source, and (4) identify an additional Good Food Zone in the Northeast San Fernando Valley.

On August 22, 2023, City Council amended the Good Food Zone Pilot to adjust the west boundary of the South Los Angeles Good Food Zone. City Council approved the implementation in South Los Angeles with the boundaries of 1-10 (North), City Boundaries (East), I-105 (South), and La Brea Avenue (West).

The Good Food Zone Policy seeks to expand access to healthy foods in food desert neighborhoods in the City of Los Angeles while increasing economic opportunity and jobs for low-income residents and promoting a strong and equitable economic recovery from the COVID-19 pandemic. The pandemic greatly affected healthy food access in food desert communities. Lockdowns, supply chain issues, and economic challenges created even bigger barriers for low-income residents to obtain healthy food, worsening food access in vulnerable neighborhoods.

Throughout the pandemic, food prices in the U.S. increased, and as a result, many people have been unable to afford fresh and healthy fruits and vegetables, leading them to opt for inexpensive and less healthy processed foods. Additionally, grocery store closures have disrupted food availability, particularly impacting those residing in food deserts.

The United States Department of Agriculture defines food deserts as areas that lack adequate access to affordable and healthy food. Food access is consistently lower among low-income communities, which are often predominantly people of color, due to factors such as racial discrimination and economic disinvestment.

The Good Food Zone Policy is an essential step towards building a more resilient and equitable food system in Los Angeles, especially in the wake of the challenges imposed by the COVID-19 pandemic. The benefits of having access to “good food,” which is defined by the Los Angeles Food Policy Council as food that is healthy, sustainable, affordable, and fair, can make a significant impact on the physical and socio-economic well-being of individuals. Numerous studies have linked access to healthy food to improved health outcomes and decreased risk of cancer, diabetes, and heart-related conditions. Improved health lowers healthcare costs, whereas poor food access can result in higher health costs. Improved health outcomes also contribute to productivity and may result in an improvement in economic circumstances. Furthermore, a successful food business ecosystem can result in local jobs, job training programs, increased wages, increased tax revenue, and economic activity in the food delivery supply chain, which may support a stronger and sustainable pandemic recovery in these food desert neighborhoods.

Funding for the Good Food Zone Pilot was approved using ARPA funds, and EWDD must encumber ARPA funds no later than December 31, 2024, with full pay-out on such encumbrances by December 31, 2026. It is imperative that the Good Food Zone grants are appropriately allocated and committed to businesses within the specified timeline to ensure compliance with ARPA requirements.

DISCUSSION

Feasibility of Implementing Adopted Good Food Zone Pilot Using Existing Resources in EWDD’s Business Response Unit

EWDD is not able to implement the Good Food Zone Program efficiently and effectively at its current staffing levels. The considerable workload of the Business Response Unit and other EWDD staff does not allow for activities under this new program to be absorbed by the existing team. Currently, one-half of a full-time Senior Project Coordinator is on loan to assist in the planning, launch, and partial administration of the Good Food Zone Pilot including payment processing, program compliance monitoring, evaluation, and pilot close-out.

Estimate of Funding for Implementation and Duration of Pilot

City Council instructed EWDD to provide an estimate of the funding needed to implement the Good Food Zone Pilot Program and to identify a funding source. Due to limited funding and the specified timeline to ensure compliance with ARPA requirements, EWDD recommends shortening the pilot program from 3 years to 2 years. By reducing the program timeframe, the City can save on operational expenses and focus on achieving the Good Food Zone objectives within a timely manner, while ensuring funds are deployed by the deadline.

The Mayor and City Council approved \$1 million of ARPA funding for the Good Food Zone Pilot as part of the economic recovery strategy to support small businesses adversely impacted by the pandemic. An additional \$250,000 in ARPA funds is requested to implement the pilot program in Northeast San Fernando Valley over a two-year period. The additional ARPA funds would become available upon approval of the ARPA reprogramming that EWDD is requesting from City Council under a separate transmittal report. Once approved, the budget for the Good Food Zone Pilot would be \$1,250,000 in ARPA funds.

To ensure that EWDD can effectively deliver needed services and meet programmatic requirements and expectations, EWDD is seeking subrecipients to serve as Food Business Liaisons for both South Los Angeles and the Northeast San Fernando Valley, respectively.

Eligible Expense	Amount	Funding Source
Good Food Zone Grants	\$750,000	ARPA funds
Food Business Liaison South Los Angeles	\$250,000	ARPA funds
Food Business Liaison Northeast San Fernando Valley	\$250,000	ARPA funds
EWDD Administrative and Staff Costs	\$250,000	General Fund 2022-2023 budget allocation
TOTAL	\$1,500,000	

Permanent Funding Source

Appropriations for funding a permanent Good Food Zone Program should be considered through the annual budget process. Potential funding sources include cost-sharing with the County, grants, private financing, and the City's General Fund.

Additional Good Food Zone in the Northeast San Fernando Valley

Council instructed EWDD to identify an additional Good Food Zone in the Northeast San Fernando Valley. EWDD conducted an analysis of the Northeast San Fernando Valley to better understand the intersection of multiple health factors and health outcomes. EWDD utilized the 2013 Community Health and Equity Index which was developed to examine the spatial relationship between vulnerable populations, social and economic factors, mortality, morbidity, the physical environment, pollution, and crime, and to identify the areas of the City burdened with the most adverse conditions. The Index ranks and scores these variables for neighborhoods across Los Angeles. The composite map can be used to understand the areas of the City with the highest vulnerabilities and cumulative burdens compared to other areas of the City. Figure 1 in Attachment A shows census tracts in the Northeast San Fernando Valley that are among the top-scoring quintiles in the Community Health and Equity Index.

EWDD overlaid the Community Health and Equity Index with Opportunity Zones which identify economically distressed geographic areas based on census data. Based on the poor health outcomes indicated by the 2013 Community Equity and Health Index and opportunities for leveraged investment indicated by the Opportunity Zones, EWDD determined an additional Good Food Zone in the Northeast San Fernando Valley is most needed within the boundaries of the Foothill Freeway (210 Freeway), the City of San Fernando, Woodman Avenue, and Branford Street. See Figure 2 in Attachment A.

IMPLEMENTATION STRATEGY FOR PILOT

The Good Food Zone Pilot serves the dual purpose of expanding access to healthy food in food desert neighborhoods and offering economic opportunity and jobs for low-income residents in areas of the City disproportionately impacted by the COVID-19 pandemic. The following is EWDD's implementation strategy for the Good Food Zone Pilot in the qualifying areas of South Los Angeles and Northeast San Fernando Valley for a term of two years.

Timeframe

The Pilot will run for a duration of two years.

Geographic Boundaries

The boundary for the Northeast San Fernando Valley Good Food Zone is currently awaiting approval as per the recommendations in this report. If approved, the Good Food Zone boundaries will be Foothill Freeway (210 Freeway), the City of San Fernando, Woodman Avenue, and Branford Street. See Figure 2 in Attachment A.

The South Los Angeles boundaries of the Good Food Zone are 1-10 (North boundary), City Boundaries (East boundary), I-105 (South boundary), and La Brea Avenue (West boundary). See Figure 3 in Attachment A.

Food Business Liaison Selection Process

Before the Pilot begins, EWDD will seek proposals from qualified and experienced subrecipients to serve as the Food Business Liaison for the Northeast San Fernando Valley Good Food Zone. EWDD will select a qualified and experienced sub-recipient to serve as the Food Business Liaison for the South Los Angeles Good Food Zone. The Food Business Liaisons will manage all aspects of the Pilot implementation from cohort selection to wrap-up and reporting.

Businesses selected to be part of the Pilot cohort will receive dedicated technical assistance and support from the Food Business Liaisons to ensure they meet the Good Food Zone Standard within two years.

The Food Business Liaisons will be responsible for various program tasks, including but not limited to:

- Implementing a marketing and outreach campaign to recruit food businesses to apply to the Pilot and cohort selection

- Supporting food businesses to meet the Good Food Zone Standard through training and technical assistance
- Providing case management services to food businesses, including individual meetings and goal-setting
- Collecting and analyzing data to measure the impact of the Good Food Zone Pilot on food businesses

Food Business Liaison Scope of Work

Marketing and Outreach

- Develop messaging and creative assets for a campaign that effectively communicate the benefits of the Pilot, including access to training, technical assistance, and grants
- Implement a marketing campaign to recruit food businesses to apply to the Pilot
- Develop an application to assess business eligibility and evaluate their suitability for the Pilot
- Secure a cohort of 30 food businesses participating in both Good Food Zones, with 15 participating businesses in each Zone.
- Identify target audiences based on the geographic location of Good Food Zones, business type, and other relevant criteria
- Engage with key community stakeholders to help promote the Pilot and encourage participation
- Develop an engagement plan to ensure businesses continue participating in the Pilot for the full two years or until they reach the Good Food Zone standard

Technical Assistance

- Work with businesses to develop mission statements and detailed project plans for achieving both required and discretionary guidelines
- Develop a training curriculum, conduct training sessions, and provide ongoing support to achieve the guidelines
- Help food businesses understand and meet the deliverables required of the Good Food Zone standard

Case Management

- Serve as the primary point of contact for Good Food Zone grantees, checking progress, facilitating connections, and troubleshooting issues
- Conduct individual meetings to assess needs, identify goals, and develop project plans
- Regularly review businesses' progress toward the Good Food Zone Standard
- Assess client needs and provide appropriate resources, referrals, and networking opportunities.
- Maintain accurate records of client meetings, goals, and progress.

Monitoring and Evaluation

- Track the timeframe it takes for food businesses to meet the Good Food Zone requirements
- Collect sales data and other relevant metrics from food businesses to measure the Pilot's overall impact

- Analyze the data collected and make recommendations for program refinement and improvement
- Submit a report outlining the services provided, the outcomes achieved, the Pilot's overall achievements, and the Proposer's recommendations for future implementation

Reporting

As part of the program requirements, businesses will be required to report to EWDD on key aspects including but not limited to:

- financial reports detailing how the grant funds were allocated and spent in accordance with the Pilot's guidelines
- progress in implementing the required and discretionary guidelines, including updates on the actions taken, milestones achieved, and any challenges encountered during the implementation process
- impact of the Pilot on their business

The Food Business Liaison will be required to report to EWDD on key aspects including but not limited to:

- Timeframe for food businesses to meet Good Food Zone requirements
- Sales data and relevant metrics from food businesses to measure the overall impact
- Metrics aligned with the primary goal of expanding access to healthy foods in food desert neighborhoods, such as food availability, distance to healthy food, food affordability, community engagement, community feedback, health outcomes
- Services provided, outcomes achieved, overall achievements of the Pilot, and the recommendations for a permanent program

Application Process

The Food Business Liaison, with support from EWDD staff, will develop an application process to assess business eligibility and evaluate their suitability for the Pilot. This evaluation will focus on the businesses' commitment to increasing access to healthy foods and generating job opportunities in their community. The Food Business Liaison will conduct outreach activities before the application opens to ensure that interested businesses understand the requirements and commitments associated with participating in the Pilot.

EWDD will work with the Food Business Liaisons to create a well-crafted application and interview process, determine the application duration, and develop a scoring system to assess each applicant's qualifications and responses objectively. Preference may be given to specific applicants, such as businesses that have not previously benefited from grants or those actively engaged in local hiring.

For applicants who are not selected, EWDD will provide alternative options, such as a centralized website with opportunities and resources specifically tailored for food businesses. EWDD will maintain a record of the number of applicants and, if there is significant demand, this information will be included in the evaluation report to inform the development of a permanent program.

The Good Food Zone Standard

During the two years, businesses participating in the Pilot will strive to meet the Good Food Zone Standard. The Pilot encompasses two types of guidelines to meet the standard: required and discretionary.

Required Guidelines: These guidelines are mandatory for all participants and form the core of the Good Food Zone Standard, ensuring the program's overall effectiveness. These guidelines are subject to change based on guidance from the Food Business Liaisons.

Discretionary Guidelines: While not obligatory, these guidelines offer additional recommendations and flexibility to participants. Each participating business is required to choose two discretionary guidelines to focus on. This allows for customization and continuous improvement, empowering businesses to enhance their operations throughout the Pilot. These guidelines are subject to change based on guidance from the Food Business Liaisons.

Required Guidelines

- Develop a written Mission Statement expressing commitment to community health
- Increase floor space dedicated to healthy foods, that may include dry goods, grains, breads, dairy, fresh produce, fresh meats, poultry, fish, and frozen foods, demonstrating that healthy food is core to the business
- Accept CalFresh/WIC or be in the process of applying if eligible
- Implement healthy checkout practices by prominently featuring healthy food at the front of the business
- Use in-store signage to mark healthy food products and healthy food messaging
- Keep soda in the designated soda aisle and place tobacco products behind the checkout counter
- Show a portion of food spending sourced from verified local, sustainable, fair trade, or organic products
- Show a portion of food spending sourced from verified minority and women-owned businesses
- Commit to local hire for new employees or replacements
- Commit to hiring individuals with barriers to employment (e.g., transitional-age youth, formerly homeless, formerly incarcerated)
- Demonstrate sustainable buildings and facilities management through a DWP energy efficiency audit or LEED Certification

Guidelines required by city or state law and thus required for the Good Food Zone Pilot:

- Satisfactory Food Official Inspection Report (FOIR)
- Compliance with the California Retail Food Code
- Prominent display of the Department of Public Health Letter Grade
- Payment of minimum wages to employees (as of July 1, 2023, the minimum wage rate is \$16.78)
- Implementation of waste source separation and enrollment in organic waste recycling, as mandated by state law (AB 1826 Mandatory Commercial Organics Recycling)

Discretionary Guidelines

- Perform annual energy efficiency and food waste audits and establish goals
- Implement an education/outreach program, including activities like cooking demonstrations, workshops, produce sampling, etc.).
- Increase floor space or product portfolio to 50% following LA County Department of Public Health standards for consumer packaged goods (CPG) or Choose Health LA restaurants.
- Ensure adequate lighting within the business premises, throughout the parking lot, and at all entrances and exits
- Commitment to employee retention through full-time benefits including a minimum of 35 hours per week and health insurance coverage.
- Have a collective bargaining agreement or Labor Peace Agreement in place, as relevant to the industry.
- Establish a proactive zero-waste program
- Contribute to the community through annual or bi-annual give-back initiatives. Community benefits can be in the form of in-kind contributions.
- Engage meaningfully with the community by providing programs and opportunities for career development.

Grant Program

EWDD will offer grant funds to up to 30 businesses in the Pilot to support the implementation of both required and discretionary guidelines. These funds are specifically designated to assist businesses in meeting the Good Food Zone standard set forth in the Pilot. Each business in the Pilot is eligible for a \$25,000 grant.

To be eligible to receive the grant, businesses must submit a mission statement and a project plan. The mission statement will convey the business's purpose and goals in becoming a healthy food provider. The Food Business Liaison will work closely with each business to assess its unique needs, resources, and capabilities. Together, they will develop a project plan to achieve all of the guidelines within the two-year pilot period. The project plan will outline specific actions, strategies, milestones, and timelines, serving as a roadmap for implementation and progress monitoring.

Businesses will be required to submit their mission statement and project plan to EWDD within two months of joining the Pilot. EWDD will review these documents and determine the release of grant funds.

Business Eligibility

The Good Food Zone Program grant component will aim to fund 15 participating businesses in each Zone, with a total of 30 food businesses assisted.

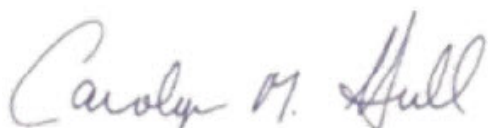
To achieve the intended impact of fresh food access and economic opportunity, interested businesses must meet specific eligibility criteria. These eligibility criteria are subject to change based on guidance from the Food Business Liaisons.

To be eligible for the grant, a business:

- Must be a food-centered business such as corner stores, neighborhood markets, and grocery stores
- Must be a for-profit business
- Must be located within a Good Food Zone designated area
- Must have actively been in business on or before March 1, 2020
- Annual revenue cannot exceed \$1 million
- Must have an active Business Tax Registration Certificate (BTRC) with the City of Los Angeles that is current and in good standing
- Must have a State of California seller's permit
- Must have an LA County Department of Public Health Food Handlers Permit
- Must be operating from a commercial location and have a valid commercial lease (home-based businesses are not eligible)
- Must identify the negative economic impact resulting from COVID-19 and must be able to demonstrate that the grant funds will be used for recovery from the pandemic
- Must be in good standing with the Secretary of State, if applicable

CONCLUSION

The Good Food Zone Policy recognizes the historic divestment in certain neighborhoods and provides strategies for targeted investment. By supporting small and community-serving businesses that expand access to fresh food and create economic opportunities for current residents in low-income neighborhoods, the City of Los Angeles is taking meaningful steps toward food equity and a strong and equitable economic pandemic recovery in areas of high need.

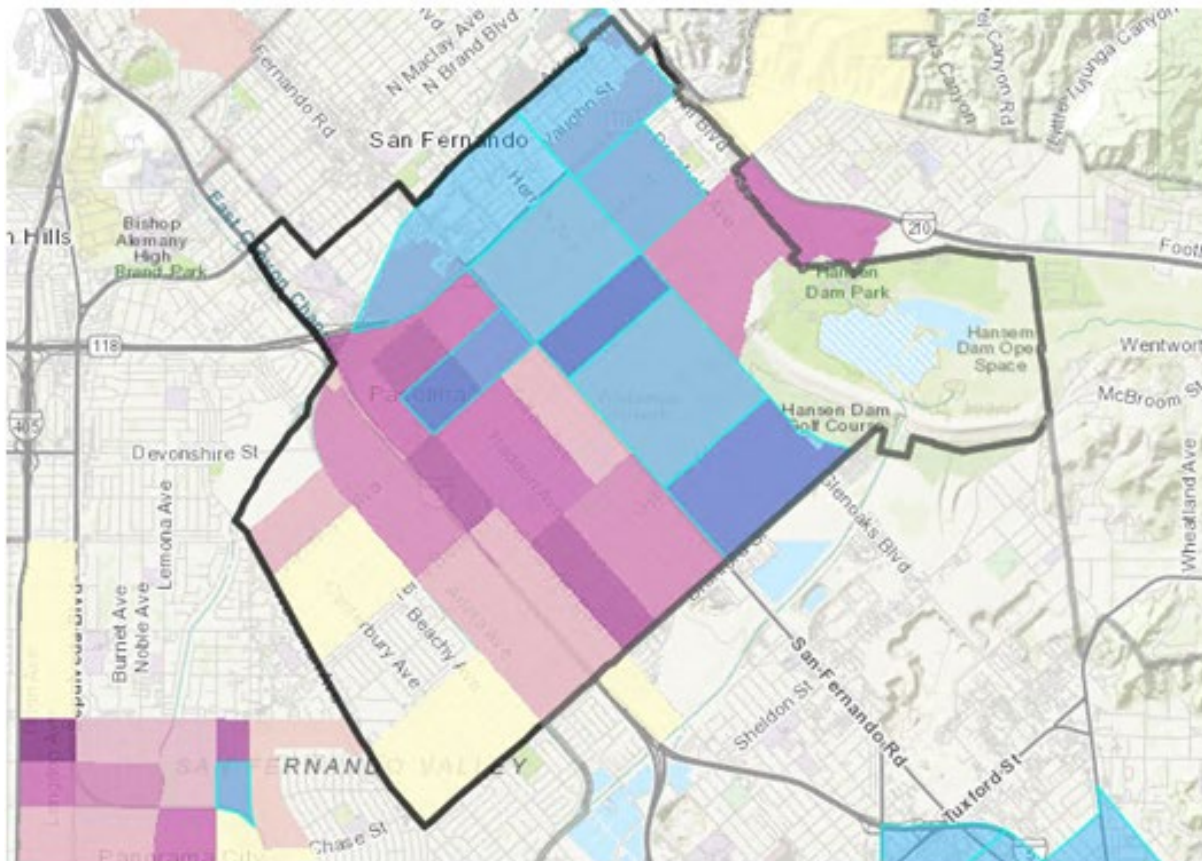
A handwritten signature in blue ink that reads "Carolyn M. Hull". The signature is written in a cursive, flowing style.

CAROLYN M. HULL
General Manager

FJ:DH

ATTACHMENT A

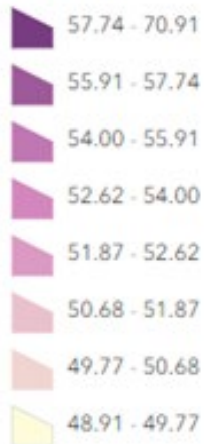
Figure 1. Analysis of Northeast San Fernando Valley



LEGEND:

Community Equity and Health Index (Top Quintile) (2013) - 48 and above

HD_IND_W



Opportunity Zones - US Dept of Treasury
Opportunity Zones



Community Plan Areas (CPA)



Arleta - Pacoima

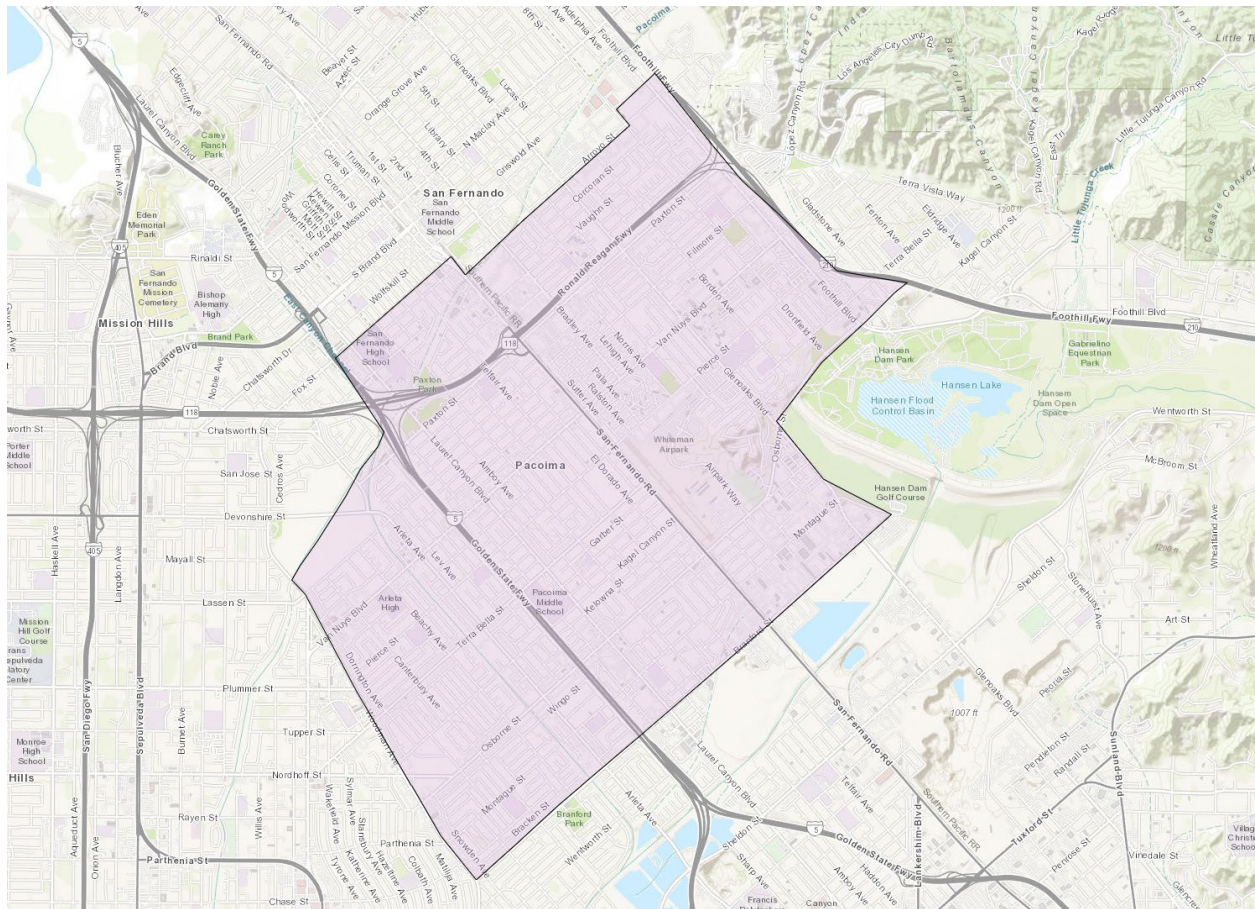
Figure 2. Proposed Good Food Zone in Northeast San Fernando Valley

Figure 3. Approved Good Food Zone in South Los Angeles