

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 25, 2023

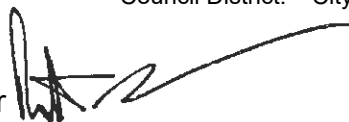
CAO File No. 0220-03126-0016

Council File No. 13-1493-S15

Council District: Citywide

To: City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Request for report from the City Council for a fee study to recalculate the annual Sidewalk and Park Vending Fee

Subject: **UPDATED SIDEWALK AND PARK VENDING FEE STUDY**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, request the City Attorney to prepare and present the necessary ordinances to establish a \$27.51 annual Permit Fee for the Sidewalk and Park Vending Program.

SUMMARY

On June 28, 2023 the City Council approved a motion (C.F. 13-1493-S15) instructing the City Administrative Officer (CAO) to recalculate the annual Sidewalk and Park Vending Permit Fee ("Fee") without the cost of enforcement and in a manner that takes into account the average annual income of street vendors. As a result, the new Fee will remove the cost of 22 enforcement staff within the Bureau of Street Services (Bureau) and will only represent the actual administrative cost required to issue the permit. This Office has recalculated the Fee and proposes a new Fee of \$27.51 per year.

The new proposed annual Fee is consistent with the requirements of the California Constitution (Proposition 26). The Bureau reports that the work requirement is the same whether an applicant will sell merchandise or food and whether the permit is issued for the first time or is a renewal. Therefore, the annual fee is recommended to cover all applicants. It is recommended that permits be valid for one year from the date of issuance and that vendors are required to renew permits and pay the permit fee on an annual basis.

The updated fee calculation is as follows:

Costs of Processing/Issuing Street Vending Permit

Classification	W&C Salary	Hourly Cost	CAP Rate (including CTO)	Hourly Cost - Fully Burdened	Avg. Minutes Required to Process/Issue Permit	Salary Cost Per Permit	Cost of Permit	Cost of Payment Processing	Total Cost
Senior Admin Clerk	\$ 71,325.00	\$ 34.16	153.81	\$ 52.54	20	\$ 17.51	\$ 10.00	\$ -	\$ 27.51
TOTAL Cost of Permit									\$ 27.51

FEE ANALYSIS

According to the provisions outlined in the Sidewalk Vending Ordinance, any form of vending without a valid permit is illegal on or after January 1, 2020. As such, sidewalk and park vendors are required to obtain a permit in order to vend on sidewalks and in City parks.

In compliance with Proposition 26, this Permit Fee must be based upon actual City costs. This Office reviewed the actual process required to issue a vending permit with the Bureau and calculated the associated costs. The Bureau reports that the average time required to issue a vending permit is approximately 20 minutes for a Senior Administrative Clerk. This time does not cover additional time spent answering questions from vendors regarding the application process and providing general information on program requirements. Additionally, the Bureau reports that the cost of printing is \$10 per permit. It is assumed that bank fees for the use of credit cards will also be absorbed within the proposed Fee. At the inception of the program, the Bureau spent \$7,507 on permit issuance equipment and software and recently had a \$360 service upgrade. The Bureau does not have an ongoing maintenance contract for the software and does not report any maintenance issues in the prior years.

The prior Fee was \$541 per year and took into account the estimated Bureau and Department of Recreation and Parks enforcement costs and Economic and Workforce Department staff and operating costs, as well as estimated costs for outreach, education, and professional support services provided by contractors. The updated fee does not reflect cost recovery for these costs.

2023-24 Sidewalk and Park Vending Revenues

In the prior four years, The Sidewalk and Park Vending Trust Fund had a total revenue of \$859,031 as follows:

Fiscal Year	Total Program Cost	Positions	Fee	Est. Receipts	Actual Receipts
2019-20*	\$3,685,559	24	\$ 291	\$ 0	\$ 144,587
2020-21	\$3,132,419	20	\$ 291	\$ 2,117,451	\$ 223,058
2021-22	\$2,879,741	18	\$ 291	\$ 1,259,736	\$ 269,810
2022-23	\$3,061,560	18	\$ 541	\$ 200,000	\$ 221,577
2023-24**	\$3,833,211	24	\$ 27.51	\$ 150,000	\$ 25,969

*Ordinance No. 186478 became effective on 12/18/2019.

**Fiscal Year 2023-24 receipts are estimates.

When the fee was first established, the City estimated there were 50,000 vendors in the City and anticipated issuance of 16,000 permits for \$541 per permit for a total revenue of \$8,656,000. Average actual receipts have been closer to \$238,000 from an average of 944 permits (78 permits per month).

Should the City continue to issue 944 permits annually, the annual revenue will be \$25,969.44 which will only recover the cost of the permit processing. The 2023-24 Adopted Budget assumes \$150,000 in revenue.

2023-24 Bureau of Street Services Resources

In the 2023-24 Adopted Budget, a total of \$3,833,211 (\$2,613,881 of direct costs plus \$1,219,330 of indirect costs) and 24 positions were approved to support the Bureau of Street Services (BSS) Citywide Sidewalk Vending Program. The positions consist of:

- One Chief Street Services Investigator I;
- Two Senior Street Services Investigator IIs;
- One Senior Street Services Investigator I;
- 17 Street Services Investigators;
- One Management Analyst; and,
- Two Senior Administrative Clerks.

The Bureau was also provided one time funding for Overtime General (\$80,000), Printing and Binding (\$1,400), Contractual Services (\$50,000), Transportation (\$34,000), and Office and Administrative (\$18,000) for outreach and education services related to the Citywide Sidewalk Vending Program.

FISCAL IMPACT STATEMENT

Approval of the recommendations will recover the administrative costs of issuing Sidewalk and Park Vending Permits. Should the City continue to issue 944 annual permits at \$27.51 per permit, the resulting revenue will be \$25,969.44. However, the General Fund will be required to pay for the costs of enforcement for sidewalk and park vending. In 2023-24, enforcement and outreach costs are estimated to be \$3.8 million.

FINANCIAL POLICIES STATEMENT

The recommendations in this report are not in compliance with the City's Financial Policies as the proposed fees do not recover the City costs required to provide the associated services and enforcement activities.