



City of Culver City

Mike Balkman
Council Chambers
9770 Culver Blvd.
Culver City, CA 90232
(310) 253-5851

Staff Report

File #: 24-575, **Version:** 1

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CC - ACTION ITEM - (1) Discussion and Direction Regarding the Development of a Sidewalk Vending New Application Permit Fee, Renewal Permit Fee, and Insurance Requirements Pursuant to Culver City Municipal Code Chapter 11.18; and (2) Adoption of a Resolution Setting the Permit Fees for Sidewalk Vending.

Meeting Date: January 22, 2024

Contact Person/Dept.: Michael Towler/Finance Department

Phone Number: (310) 253-5842

Fiscal Impact: Yes ☒ No ☐ **General Fund:** Yes ☒ No ☐

Attachments: Yes ☒ No ☐

Public Notification: (E-Mail) Meetings and Agendas - (01/17/2024)

Department Approval: John Nachbar, City Manager (01/16/2024)

RECOMMENDATION

Staff recommends the City Council (1) discuss and provide direction to staff on the proposed sidewalk vending program new permit application fee, renewal permit fee, and insurance requirements for microenterprises engaged in the business of vending food and merchandise on the City's sidewalks and pathways from carts and other non-motorized equipment pursuant to Culver City Municipal Code (CCMC) Chapter 11.18; and (2) adopt a resolution establishing the initial permit fee and annual permit renewal fee for the sidewalk vending program (Attachment 1).

BACKGROUND

On February 13, 2023, City Council introduced Ordinance No. 2023-006 regulating sidewalk vending in the City. The Ordinance was in response to the passage of the State of California 2019 Senate Bill 946 ("SB 946") that decriminalized street vending throughout the State of California. The City Ordinance established definitions for the sidewalk vending program, established permit criteria and operating requirements to protect public health and safety, and aligned the city and state regulations to create a functional sidewalk vending program that provides economic opportunity for microenterprises that seek to lawfully vend in the City.

Following the February 13, 2023 meeting, staff conducted additional outreach to the microenterprise community in both English and Spanish to provide information about the proposed ordinance, as well as updated the information on the City's website. City staff also worked with interdepartmental teams to develop a sidewalk vending application form, operational guidelines, and handouts.

On October 23, 2023, City Council adopted Ordinance No. 2023-006 amending and adding sections to Chapter 11.18 regulating sidewalk vending in the City. Council directed staff to delay the enforcement of the ordinance for 90 days after adoption, as well as return to Council within 90 days with a proposed new application and renewal permit fee in accordance with City Council Policy Statement No. 5002, Financial Policies ("Council Policy 5002") and pursuant to CCMC Section 11.18.030.D. This additional time allowed staff the opportunity to further simplify the application forms and guidelines, work with interdepartmental City team to develop a streamlined permit application review workflow process, conduct an internal cost of services fee study, and survey neighboring jurisdictions on their permitting programs and associated fees that informs the recommended permit fees included the staff report.

DISCUSSION

Council Policy 5002 states the City shall establish appropriate cost recovery targets for its fee structure. This Policy allows Council to adopt fees up to 100% cost recovery, as well as allows for subsidized fees to encourage desired behavior and/or for services that provide a significant community benefit. Finance staff engaged various City departments to understand the level of effort to administer a streamlined application review process that facilitates timely permit issuance and creates an efficient pathway to compliance. The permit application review workflow process will include the following departments:

- Finance for application intake, payment processing, and application routing
- Public Works for public right of way and ADA obstruction review
- Fire for Community Risk Reduction ("CRR") review
- Housing - Code Enforcement for application review and site visit
- Human Resources - Risk Management for insurance conformance review
- Finance for final completeness review, business license and permit issuance

Based on the internal cost of services fee study, staff anticipates that the various reviews for each new and renewal permit will take about nine hours of combined staff time totaling approximately \$697 for full cost recovery. The fee would be the same for the initial permit application and the annual permit renewal process as the review processes for (and thereby the staff time spent on) the initial permit application and the annual permit renewal would be the same.

As part of the fee analysis, staff also surveyed 12 neighboring jurisdictions permitting programs and associated fees in December 2023. The fees range from \$0 to \$359. The cities surveyed are included in the table below:

City	Permit Fee	City	Permit Fee
Beverly Hills	\$175.00	Manhattan Beach	\$172.00
El Segundo	\$115.23	Pasadena	\$143.37
Hawthorne	\$175.00	Redondo Beach	\$25.00
Hermosa Beach	\$359.00	Santa Monica	\$72.68
Inglewood	\$26.00	Torrance*	* \$0.00
Los Angeles	\$291.00	West Hollywood	\$300.00

* The City of Torrance does not currently charge a sidewalk vending permit fee. However, they do charge an annual \$285 business license flax tax plus the \$4 state mandated fee.

Therefore, as part of the cost of services fee analysis, staff recommends that City Council consider subsidizing the fee to align the City's permitting program with state regulations that require cities to reduce barriers to obtaining regulatory compliance. Staff included three options for Council consideration:

Proposal Options	Proposed Permit Fee (\$)	% Cost Recovery	% Subsidy
Option A	\$150.00	21.5%	78.5%
Option B	\$25.00	3.6%	96.4%
Option C	\$360.00	51.6%	48.4%

Staff recommends Option A proposed permit fee of \$150.00 as it effectively represents the average permit fee of the 12 sidewalk vending permitting programs included in the December 2023 survey. Staff believes that Option A strikes the appropriate balance of aligning with Council's prior adoption of the local sidewalk vending regulations, reinforces its commitment to conform to State regulations related to reducing barriers and creating pathways to regulatory compliance (as reflected in the 78.5% subsidy), while also setting a fee that proactively avoids the likelihood of unintended sidewalk vending activity spillover from our neighboring cities to Culver City in the first year of operations due to permit pricing imbalances.

Option B includes a highly subsidized permit fee set at \$25 that sets the permit price to the lowest charging city (Redondo Beach) but above the one city that does not charge a fee for the permit (Torrance). Option C, which includes a higher permit fee set at \$360 that is just slightly higher than the city that charges the highest fee (Hermosa Beach), would still be considered relatively inexpensive and would represent a 48.4% subsidy.

In addition to the new sidewalk vendor permit fees determined by City Council direction, the microenterprises will be required to pay other associated annual business taxes and fees in accordance with the CCMC Chapter 11.01 Business Regulations, including a flat business license tax (\$120.00), an annual business license application fee (\$77 for new applications, \$67 for renewal applications), and \$4 State mandated Certified Access Specialist ("CAsp") fee per SB1186.

Per CCMC Section 11.08.040.13, as part of the permitting requirements, sidewalk vendors are also required to obtain adequate insurance as determined by the City to protect the City from liability associated with the sidewalk vendor's activities. The currently recommended insurance limits for the sidewalk vending program are \$1 million for each occurrence / \$2 million in the aggregate while naming the City as an additional insured. An average insurance policy with the recommended limits could cost the microenterprises in the range of \$660 to \$2,500 annually.

However, as part of the survey of other cities, staff learned that some cities suspended and in other cases eliminated the insurance requirements to further reduce the barriers to compliance. In those cases, the cities replaced the insurance requirements with a condition on the permit that the sidewalk vendors sign a release and indemnification agreement that waives and releases the city and its officers, agents, and employees from and against all claims, costs, liability, expenses, arising out of any sidewalk vending activities. Therefore, due to the relatively low risk activity coupled with staff's effort to make the program as accessible as possible to those who seek to lawfully vend, City Council could consider suspending the insurance requirements like other cities and replace the insurance requirement with a release and indemnification agreement. If Council authorizes this direction, staff would actively monitor the program, revisit the insurance requirements regularly and reinstate the insurance requirement should circumstances change. Given that this will be the first year of the program, staff would return to Council to report on the status of the program and request future direction as needed.

Staff recommends that City Council adopt a permit fee for sidewalk vending to enable permit issuance. Council could consider implementing one of the recommend options put forward by staff, or direct staff to adopt another permit fee not to exceed 100% cost recovery. The final sidewalk vendor fee will be read into the record and added to the proposed Resolution to be signed by the Mayor and would become effective immediately.

FISCAL ANALYSIS

There is no immediate fiscal impact as a result of the recommended action included in this staff report. Staff anticipates that approximately 20-30 sidewalk vendor permits will be issued annually. The anticipated new revenues generated by this new program are contingent on the adoption of the final fee by Council. The new revenues will recover a portion of the anticipated cost of administering the sidewalk vending program and will be accounted for in the General Fund. Staff will include final revenue impacts as part of the Fiscal Year 2023-2024 Midyear Budget process.

ATTACHMENTS

1. 2024-01-22 Proposed Sidewalk Vending Permit Fee Resolution

MOTIONS

That the City Council:

1. Review and provide direction to staff on the proposed sidewalk vending program new permit application fee, renewal permit fee, and insurance requirements for microenterprises engaged in the business of vending food and merchandise on the City's sidewalks and pathways from carts and other non-motorized equipment; and
2. Adopt a resolution establishing the initial permit fee and annual permit renewal fee for the sidewalk vending program.