

June 11, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to adopt a Resolution authorizing the City Manager, or designee, to execute contracts, and any necessary documents including any necessary subsequent amendments, on an as-needed basis, with Central Commissary, Inc., of Sunland, CA, for furnishing and delivering the following compact mobile food carts: fruit (with cooler) and grilled food (no raw meat); and/or with Revolution Carts, of Culver City, CA, for furnishing and delivering compact mobile food carts for tamales, in a total aggregate amount not to exceed \$429,500, through September 30, 2025. (Citywide)

DISCUSSION

City Council approval is requested to enter into contracts with Central Commissary, Inc., and Revolution Carts for furnishing and delivering pre-approved compact mobile food carts to vend specific food items. Central Commissary, Inc., will furnish and deliver the following compact mobile food carts: fruit (with cooler) and grilled food (no raw meat). Revolution Carts will furnish and deliver compact mobile food carts for vending tamales. The compact mobile food carts will be an integral part of the Sidewalk to Success Program (Program), providing local small businesses the financial assistance to obtain an approved cart to sell food in accordance with the California Health and Safety Code. The Program is funded by the Long Beach Recovery Act.

Background and Funding

On March 16, 2021, the City Council adopted the Long Beach Recovery Act (LB Recovery Act), becoming one of the first major cities to approve COVID-19 recovery programs made possible through the federal American Rescue Plan Act (ARPA) and other federal and state funding sources. Additional funding adjustments to the LB Recovery Act were made as part of the Adopted Fiscal Year 2022 (FY 22) Budget and periodic adjustments have been brought to the City Council as needed. The LB Recovery Act funding and program details were originally outlined in Attachment A to the March 16, 2021, City Council letter and in subsequent updates brought to the City Council. Additional information about the LB Recovery Act is available at <https://longbeach.gov/recovery>.

On September 17, 2018, California passed Senate Bill 946 (SB 946), the Safe Sidewalk Vending Act, decriminalizing sidewalk vending and allowing local authorities to adopt a program that regulates sidewalk vendors so long as any restrictions are directly related to public health, safety, and welfare concerns. In accordance with SB 946, the City of Long Beach (City) adopted a sidewalk vendor ordinance, codified in Long Beach Municipal Code 5.73, and is working to make

sidewalk vending accessible and affordable to current sidewalk vendors residing and working within the City.

As part of that effort, in February 2024, the City launched the Program. The first phase of the Program covers the costs for local sidewalk vendors to obtain the required business license and health permit for one year and provide reimbursements for the first year of insurance costs, not to exceed \$450. The second phase of the Program will award up to 40 free food vending carts to sidewalk vendors to reduce barriers to compliance. Actual carts distributed will depend on demand and Program participation, while funding and supplies last. The Program will provide the opportunity for eligible applicants to receive select pre-approved carts to prepare, store, and vend several popular foods sold by sidewalk vendors.

The details of this phase of the Program, including eligibility and selection criteria, are being finalized and is expected to launch Summer 2024. To be eligible for and awarded a cart, applicants must have submitted a health permit application and be nearly complete in the process, as well as be nearly complete in other requirements such as obtaining a business license and insurance coverage. Ordering carts at this advanced application stage is necessary because certain elements of the permitting process require vendors to have received their cart before the process can be fully complete. Although this method may result in longer wait times for applicants to receive their carts compared to a model where carts are pre-purchased and stored in advance, it reduces the risk of procuring carts for vendors who may not complete the necessary steps and ensures that we order the correct type of cart for each vendor's needs. While there remains some risk that an applicant might not complete the required documents after a cart has been ordered, this approach is designed to minimize that risk. Additional information will be made available to the public and interested vendors over the coming months.

This Program is modeled after previous Small Business and Non-Profit Relief Grants and the Business License Tax and Fee Program (known as Fresh Start Long Beach) made possible by Long Beach Recovery Act funds. This funding and program are a part of the larger effort the City has engaged in over the past few years to support businesses and economic recovery. \$6.2 million in CARES Act funding has supported 719 businesses, including funding to Business Improvement Districts (BIDS) to strengthen small businesses and attract customers, outdoor dining grants, and business support. Over \$19.7 million of Long Beach Recovery Act Funds have been allocated to economic recovery programming, including approximately \$12 million in direct business grants; \$450,000 for customer activation programs such as ShopLB; \$600,000 for inclusive business support; and an additional \$1.2 million to support Business Improvement Districts. Now, in addition to these millions of dollars for low-income, micro-enterprise businesses, \$722,042 has been allocated from Long Beach Recovery Act Funds to support both phases of the Sidewalk to Success Program, with \$548,042 of this amount allocated for the cart distribution portion of the Program. The funding allocations for this program have been outlined most recently in the Long Beach Recovery Act Report dated on [May 1, 2024](#).

Research and the Sidewalk Vending Landscape

While the Health Department reviews and approves sidewalk vending cart specifications, it does not create or develop them, which is normally the responsibility of the cart manufacturer. Health Department staff accordingly conducted substantial research to understand the landscape of the

industry for compact mobile food carts, including conducting interviews with vendors across the City and engaging in conversations with manufacturers and other regional health jurisdictions.

Through this research, staff learned that meeting the requirements of the California Health and Safety Code, Part 7, has been a major hurdle for local food vendors in the City, as many manufacturers and vendors are still learning and understanding the requirements established in the California Retail Food Code for Compact Mobile Food Operations (CMFOs). Food vendors have spent a great deal of their own money and time – sometimes taking six to nine months – attempting to gain health approvals for their sidewalk vending carts to pass a plan check. The process to obtain a Health Permit can become complex and relatively expensive when the business owner is coordinating the effort with a third-party manufacturer, especially if there are revisions required to cart specifications before the Health Department can approve the plans. Only after the Health Department has approved the plans can the manufacturer begin construction of the cart. Once the cart is finished, a final inspection is required.

Fortunately, all jurisdictions in California are held to the same requirements of the California Health and Safety Code, which means that any cart that has been pre-approved by another environmental health jurisdiction in the state can pass Long Beach's requirements as well. To this end, staff consulted with Environmental Health departments in several nearby jurisdictions, including the Los Angeles County Department of Public Health (LAC DPH), to identify carts that have already been pre-approved.

Staff research into cart manufacturers found that the industry is young and there are very limited options for procuring ready-made compact mobile food vending equipment in the formal market that meet the requirements of the California Health and Safety Code. In addition, staff learned there is an extended lead time for cart manufacturers to produce a cart, ranging from one to two months and at times even longer depending on the number of orders the manufacturer is working to fulfill. Staff also found that the available inventory for ready-made carts is limited at this time and other health jurisdictions are planning to purchase pre-approved carts. Such marketplace competition may reduce the already small pool of available carts and lengthen the time it takes to order and receive carts.

Staff research also provided valuable information on sidewalk vending interests, including the potential types of food vendors would like to sell and, as a result, what types of carts they would need. Based on this research and pre-approved carts that are currently available, the City anticipates procuring the following types of pre-approved carts for the Program with this Recommendation: Fruit (with cooler), Grilled foods (no raw meat), and Tamales. By purchasing and distributing carts that have been pre-approved by other jurisdictions in the state to meet the requirements of the California Retail Food Code, the City hopes to ensure more food vendors can become compliant with health permit requirements.

Cart Manufacturers

Request for Information (RFI) No. HE-24-416 was issued to confirm the City's research for the compact mobile food cart landscape, including types of carts, compliance with the California Health and Safety Code, market rate/pricing, and standard order fulfillment timelines. Although RFIs do not result in contract awards, they are useful tools to gain information about a specific

market. The RFI was posted on Long Beach Buys, the City's procurement platform, on March 29, 2024, and 43 potential vendors specializing in compact mobile food carts were notified of the RFI. There were 6 responses received on April 19, 2024.

Based on the RFI responses and City research, it was determined that only three manufacturers are currently going through the process to have their carts pre-approved with the LA County Department of Public Health for plan checks. Of those three manufacturers, two (Central Commissary, Inc., and Revolution Carts) have approved plan checks for various carts and one is still pending approval on their plan. Also, Long Beach Health Department has approved plans for a fruit cart with cooler submitted by Central Commissary. These two vendors (Central Commissary, Inc., and Revolution Carts) demonstrated they could manufacture and deliver carts that have been previously approved by a health jurisdiction in California as meeting the requirements of the California Health and Safety Code. Currently, Central Commissary, Inc., is the only manufacturer who can produce pre-approved carts for sidewalk vending of fruit (with cooler) and grilled food (no raw meat); and Revolution Carts is the only manufacturer who can produce pre-approved carts for sidewalk vending of tamales. The requested contracts with these cart manufacturers position the City to move forward as quickly as possible once the Program is finalized.

City Charter Section 1801 requires that contracts for City purchases be awarded to the lowest responsible bidder after a competitive bid process but allows for awards without a competitive bid process when authorized by a Resolution adopted by the City Council. Here, no useful purpose would be served by advertising for bids and to do so would constitute an idle and useless act and unnecessary expenditure of public funds because Central Commissary, Inc., is the only manufacturer who can produce pre-approved fruit (with cooler) and grilled food (no raw meat) compact mobile food carts, and Revolution Carts is the only manufacturer that can produce pre-approved compact mobile food carts for tamale vending.

In addition to these carts, the City could also procure prepackaged ice cream carts under administrative authority, utilizing Program funds made available through the Long Beach Recovery Act. In total, including the prepackaged ice cream carts that is separate from the contracts in the Recommendation, the City could procure four different types of food carts for eligible vendors as part of the Program.

This matter was reviewed by Deputy City Attorney Marsha Yasuda on May 21, 2024, Administrative Analyst Tommy Ryan on April 19, 2024, and by Recovery Budget Officer Dee Okam on May 16, 2024.

TIMING CONSIDERATIONS

City Council action to adopt a Resolution and award contracts concurrently is requested on June 11, 2024, to ensure the contracts are in place expeditiously and carts can be provided to qualifying vendors to facilitate compliance.

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: 1) disclose the contribution on the record and recuse themselves from this proceeding; OR 2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

FISCAL IMPACT

The LB Recovery Act has identified \$722,042 for the Sidewalk to Success (Street Vendor Support) Program, with \$548,042 of these funds allocated for the cart distribution phase of the Program. The total aggregate amount of the contracts will not exceed \$429,500 and will be funded through the Sidewalk to Success Program of the LB Recovery Act. Sufficient funding for the contracts is currently budgeted in the General Fund Group in the Health and Human Services Department and in the Economic Development Department. \$73,042 is currently appropriated in the General Fund Group in the Health and Human Services Department. A request to move the remaining appropriation of \$475,000 for the Program from the Economic Development Department to the Health and Human Services Department is included in a separate report to City Council and may be approved by the time of this letter. For administration efficiency and for reporting and auditing purposes, the funding source for this program is the General Fund based on funds made available as a result of the City's approach to using the majority of federal APRA funds to maintain existing City services in compliance with the U.S. Department of Treasury's Final Rule, thereby freeing up General Fund monies for the LB Recovery Act programs. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Alison King
Director
Health & Human Services

APPROVED:



THOMAS B. MODICA
CITY MANAGER