

NB-68

December 8, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file a report on the Restaurant Retention Strategy and provide input and policy direction to staff on economic relief strategies for independent, full-service restaurants, with an emphasis on equity, designed to improve the economic survival of restaurants impacted by the COVID-19 pandemic across Long Beach. (Citywide)

DISCUSSION

On August 18, 2020, the City Council directed the City Manager to work with the Financial Management Department to waive user fees and charges for the most vulnerable Long Beach, independent, full-service restaurants, with an emphasis on equity, from March 1, 2020 through March 31, 2021; and, requested the Director of Economic Development and other appropriate departments to develop a Long Beach Restaurant Retention Plan, designed to improve the economic survival of restaurants across Long Beach impacted by the COVID-19 pandemic.

Since that time, the City Council approved a series of individual recommendations from the City Manager to assist small businesses impacted by the COVID-19 pandemic including the extension of the eviction moratorium, implementation of an outdoor dining program, and a series small business grant programs funded by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Specifically related to the above action, on November 17, 2020, the City Council approved a recommendation to allow payment deferral of business license taxes and fees until March 31, 2021; and, approved a recommendation to provide grants to businesses to offset business license taxes and fees for those businesses closed or materially restricted and impacted for an extended period of time due to Health Orders restrictions with an estimated and maximum cost of \$1.3 million plus administrative costs of \$75,000.

Economic Development and Finance Committee

The purpose of the Economic Development and Finance Committee (Committee) is to review and recommend policies to the City Council for the growth of the local economy. On December 1, 2020, the Committee met to receive and file a report from staff regarding the restaurant and bar retention program requested by the City Council, and to refer to the City Council a recommendation for the City Manager to work with staff from the Economic Development Department to prepare a restaurant resiliency strategy to help locally-owned, full-service, sit-down restaurant owners survive the economic hardship caused by COVID-19.

In addition to the background information presented to the Committee at the meeting, the Committee approved the recommendation to refer this item to the City Council on December 8th agenda, with the following priorities included for City Council consideration:

1. Develop a comprehensive Restaurant Retention Strategy addressing immediate and urgent items, including key performance measures to promote retention and limit job losses.
2. Make the application and approval process for outdoor dining and permanent parklets less than 45 days.
3. Approve an Urgency Ordinance for the cap on online, app-based, delivery fees charged to restaurants at 15 percent.
4. Adopt a Resolution to prioritize restaurants in the next round of federal stimulus as part of the City legislative agenda.
5. Provide regular public reporting on the distribution of CARES Act funds including the original budgeted amount, funds committed, distributed, and remaining; and, identify available funding to reallocate to restaurants experiencing the greatest impacts of COVID-19.

Since August 18, 2020, staff conducted outreach to restaurant industry experts, business associations, restaurant owners, and nonprofit community-based organizations impacted by the COVID-19 pandemic, to review best practices and recommended strategies for consideration by the City Council. In addition to the five priorities identified by the Committee on December 1, 2020, staff provided a presentation (Attachment) that summarizes these strategies for City Council consideration.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on December 3, 2020 and by Budget Management Officer Rhutu Amin Gharib on December 4, 2020.

TIMING CONSIDERATIONS

City Council action is requested on December 8, 2020.

STATEMENT OF URGENCY

Immediate City Council action is requested to provide staff with further input and policy direction on the next steps to provide immediate economic relief to restaurant owners impacted by the COVID-19 emergency.

EQUITY

The City has incorporated the Equity Toolkit in this recommendation, as requested by the City Council on April 21, 2020. For many, the pandemic has the potential to exacerbate existing racial, economic, health, education, and gender inequities. In response, the City will consider

racial and economic equity and examine how the most vulnerable businesses to the impacts of COVID-19 will be affected. As much as possible, any spending allocations will be made equitably to address the greatest COVID vulnerability in priority areas.

FISCAL IMPACT

This recommendation is to review a report on the Restaurant Retention Strategy and to receive direction from City Council on economic relief and recovery strategies for restaurant owners. The actual fiscal impacts of the specific options in the Restaurant Retention Strategy are unknown at this time. Depending on City Council's input and policy direction on potential economic relief and recovery strategies, staff will return with the fiscal impact and cost estimates of any proposed strategy along with the staffing impact, which could range from low to significant depending on the item. 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,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

ATTACHMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER



Update on Restaurant and Bar Retention Program

Prepared for the City of Long Beach Economic Development & Finance Committee
December 1, 2020

Background

Background

- On August 18, 2020, City Council requested staff to explore solutions designed to improve the survival of Long Beach restaurants impacted by the COVID-19 pandemic
- The City Council has taken several steps to provide immediate financial relief to restaurants and other businesses including, but not limited to:
 - Small business grants (e.g., SBTT Grant Program)
 - Small business loans (e.g., Emergency Microloan)
 - Business license tax and fee deferrals
 - Business License Tax and Fee Grant Program (set to launch in January 2020)
 - Open Streets Program
 - CARES Act BID Grant Program
- The state of the COVID-19 pandemic and Health Orders continue to create an uncertain future for many restaurants and bars

State of the Restaurant Industry

California Restaurant Association Survey (Aug. 2020)

- 60% of respondents who had received help from the federal government's Paycheck Protection Program said they will run out of funds at the end of August.
- 63% of respondents have not received any rent relief and a staggering 76% say they need rent relief now
- 30% of restaurants say they will either close their restaurant permanently, or they will downsize by closing some locations.
- Capacity Limits: Restaurants struggle to pay their bills and hang onto their employees when they are forced to operate under strict capacity limits

L.A. County Statistics on Food and Drinking Places and Hospitality

- **Consumer spending** at L.A. County restaurants and hotels is down **47.6%** as of week ending November 1, 2020
- **Food and drinking places** in L.A. County lost **185,000 jobs** during shutdown
- Total employment for food and drinking places is about **74%** of what it was in February 2020 (81,300 jobs gained since shutdown)
- **25,671** of new Long Beach unemployment insurance claims come from the Accommodation & Food Services Industry (largest share of claims)

**Source: [Long Beach Quarterly Economic Forum – Economic Update Presentation](#)*

Restaurant Support Programs

Examples from Other Cities

Examples from other Cities

The following table summarizes some research conducted by staff of different models of responding to restaurants impacted by the COVID-19 pandemic.

| Program Name City and State | Program Components | Funding |
|--|---|--|
| Santa Ana Cares Santa Ana, CA | Restaurant and Bar Relief Grant covers costs for deep cleaning services, rent, supplies/equipment to operate outdoors. | Grants of \$10,000 for small businesses with 10 or less employees. |
| Food Advocacy Seattle, WA | Technical assistance, legal advice, call center, open streets, loans, and grants. \$30 million will focus on small businesses owned or led by minorities and women. | CARES Act funding of \$55 million. Grants of \$5,000 to \$20,000 for small businesses. |
| St. Paul Bridge Fund ST. Paul, MN | Assist small businesses impacted by COVID 19 pandemic with funds to pay for utilities, payroll, personal protective equipment, marketing and other administrative expenses. | Grants of \$7,500 to 2,000 small businesses |
| Outside Dining Grant Orange County, CA | Assists restaurants with purchasing tents/canopies, lighting, heaters/warmers to assist with outside dining. | Up to \$1,000 to 1,000 restaurants |
| James Beard Foundation Good Food for Good New York, NY | Food and Beverage Industry Relief Fund to financially support under or unemployed staff. | Onetime \$15,000 payment to qualifying restaurant employees. |

Recommendations for Helping Restaurants

Blueprint for Restaurant Revival

- In July 2020, the National Restaurant Association created a Blueprint for Restaurant Revival
- The Blueprint provides a plan for short-term restaurant survival and long-term industry recovery
- Recommendations include a combination of the following:
 - Grants
 - Forgivable loans and long-term loan options
 - Suspension of federal income and payroll taxes for wages earned by food workers
 - Creative partnerships with restaurants that prioritizes food access
- Most of these solutions will require action at the Federal level

Initial Recommendations for Restaurant and Bar Retention Strategy


Core Components

- Restaurant and Bar Industry Research and Retention Plan
- Continue to find ways to provide additional financial assistance through grants and affordable loans (City, County, State, CDFIs, etc.)
- Targeted Restaurant and Bar Outreach Strategy and Concierge Service
- Regulatory reforms (extending outdoor dining, 3rd party delivery fees, outdoor dining guide and specifications)
- Online Restaurant Resource Hub
- Restaurant and Bar Technical Assistance Program

Monitoring Progress

Key performance indicators should be developed to account for the following:

1. Restaurant and Bar Retention
2. Limiting Losses and Closures
3. Preserving Jobs and Workforce
4. Promoting Equity
5. Improving Resilience
6. Assessing Strength or Business Health
7. Improving Outreach (community partners)



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THANK YOU!

REQUEST TO ADD AGENDA ITEM

Date: December 4, 2020

To: Monique De La Garza, City Clerk

From: Thomas B. Modica, City Manager 

Subject: Request to Add Agenda Item to Council Agenda of December 8, 2020

Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Receive and file a report on the Restaurant Retention Strategy and provide input and policy direction to staff on economic relief strategies for independent, full-service restaurants, with an emphasis on equity, designed to improve the economic survival of restaurants impacted by the COVID-19 pandemic across Long Beach. (Citywide)

| Council District | Authorizing Councilmember | Signed by |
|-------------------------|----------------------------------|----------------------------|
| 5 | Stacy Mungo | (Digital – attached email) |
| 7 | Roberto Uranga | (Digital – attached email) |
| 9 | Rex Richardson | (Digital – attached email) |

Attachment: Staff Report dated December 8, 2020