



Legislation Text

File #: 20-0799, **Version:** 1

Recommendation to request City Manager to work with Financial Management to waive, from March 1st, 2020 through March 31st, 2021, user fees and charges for the most vulnerable Long Beach, independent, full-service restaurants, with an emphasis on equity; and

Request Director of Economic Development and other appropriate departments to develop a Long Beach Restaurant Retention Plan, designed to improve the economic survival of restaurants impacted by the COVID-19 pandemic across Long Beach.

On March 4th, 2020, the City of Long Beach declared a state of emergency in response to the COVID-19 Pandemic. Soon after, the State of California issued its first statewide Stay at Home Orders on March 19th. Over the past five months, there have been several iterations of this order offering different levels of discretions to local governments to take local action to ensure that public health is prioritized.

These orders have impacted many businesses, but few as detrimentally as restaurants. It is estimated that approximately 30% of California restaurants are estimated to go out of business due to the pandemic. Local independent restaurants employ thousands of Long Beach residences and contribute millions in sales tax revenue annually but are even more at risk due to limited resources to withstand sustained shutdowns, or to finance alternative methods of food delivery. In addition, these impacts are felt disproportionately on those owned by minorities. A study conducted by the University of California Santa

Cruz found that as of April the number of African American business owners dropped by 41%, while the number of Latinx business owners fell by 32%. The success of the restaurant sector is critical to increasing local economic vitality.

Most restaurants pay user fees and charges. These include health, fire, alarm, and in some cases, entertainment and public occupancy permits. Although the cost varies, the average amount each restaurant pays is often between \$2500 to \$4500 for the necessary permits. It is important to note that many of these user fees and charges are "full cost recovery" meaning that they offset maintenance costs for the city that occur when restaurants are open. With many restaurants significantly limited or completely closed due to the pandemic, the true cost for maintenance for Long Beach may be lower than in previous years.

It is critical that we provide solutions for this impacted industry in the short, medium, and long terms to mitigate the impact of our current economic downturn. By waiving fees to reflect the extended time of the pandemic through March, Long Beach is providing local restaurants with stability, allowing them to adjust their balance sheets to survive the pandemic. Over the long term, there is a need for a comprehensive strategy that more broadly addresses the unique needs of the restaurant sector, recognizing their role as embodiments the culture of

our diverse communities.

No Financial Management review was able to be conducted due to the urgency and time-sensitivity of this item.

Approve recommendation.

Rex Richardson
Councilmember, Ninth District