

2015 Budget Hearing Statement
Maria Guerra Lapacek, Commissioner
Department of Business Affairs and Consumer Protection

Good Morning, Chairman Austin and members of the City Council. My name is Maria Guerra Lapacek, Commissioner of the Department of Business Affairs and Consumer Protection. First, thank you for your time. I appreciate this opportunity to highlight the hard work and dedication of our team. I have with me Jeff Lewelling, First Deputy Commissioner, and Gregory Steadman, the Local Liquor Control Commissioner. Now, my senior staff will introduce themselves by name and title.

Last year was full of growth in all six divisions of the department, and now BACP is ready to tackle 2015.

Today, BACP:

- Licenses nearly 55,000 businesses with over 49 different license types, including liquor licenses;
- Prepares more than 5,000 Public Way Use ordinances and permits, including more than 1,200 sidewalk café permits and almost 4,000 permits for other commercial uses of the public way;
- Licenses approximately 10,000 public passenger vehicles, including taxis, liveries, rideshares, pedicabs and horse drawn carriages;
- Licenses more than 15,000 public chauffeurs;
- Processes more than 16,000 consumer complaints per year, including complaints regarding retailers, public passenger vehicles, and various types of fraud and deceptive practices;
- Ensures payment and collection of over \$26,000,000 in revenue for the City from cable and video service companies doing business within the City (a four percent increase over 2013);
- Has processed and ensured 100 percent resolution of approximately 800 incoming cable customer complaints (a two and a half percent increase over 2013).

BACP also regulates the marketplace with a focus on consumer protection and businesses that are substantially non-compliant and increasing compliance. To educate businesses, we provide free educational opportunities via live streamed workshops and expos for entrepreneurs, including one-on-one counseling for small businesses in the areas of business planning, legal advice, and access to capital and tax-related matters.

Protecting consumers against fraud and deceptive practices is another department priority. We distribute dozens of consumer protection campaigns via email and our seven social media accounts. The tips and information are meant to inform residents and visitors in the City on how to be smart consumers by detecting scams on a wide array of topics such as home repair fraud, credit repair, tax preparation, tow trucks, high interest rate loans, and mortgage fraud.

Small Business Center (SBC)

Helping to relieve the regulatory burden on the small-business owner is one of our top priorities. This is why the Mayor has tasked us with going “paperless” by 2016. We have already started the conversations on how to tackle this enormous task, and will be working all year to meet our deadline of 2016. We believe the project to be as useful to the business owner as it is exciting.

Also, as the Mayor mentioned in his budget address, BACP will be front and center as all City permits, business licenses, and inspections go paperless and are available online by 2016. Recently, we issued the City’s first-ever emerging business permit, which was created during the 2012 license reform efforts to support new and innovative businesses, allowing a business that doesn’t fall into an existing business license category to open, and we look forward to working with many more of these in the coming year.

To further the City’s mission to provide a one-stop-shop for businesses operating in the City of Chicago, this year we launched the Permit Intake Center at the Small Business Center (SBC) to better support business owners with specific city permitting needs. At the Permit Intake Center, in addition to explaining permit requirements and the application process, the center will accept applications for most business-related permits and a business consultant will serve as a concierge service for business owners, coordinating internally with City departments to ensure timely permit issuance.

BACP has also successfully implemented a streamlined licensing process for mobile food trucks by offering free vehicle assessments with inspectors from the Health and Fire Departments. To date, BACP has licensed 45 new cook-on-board food trucks and 45 mobile food dispensers that provide residents and visitors with more varied and upscale food options.

In our efforts to make sure that entrepreneurs spend more time running their businesses and not waiting in line at City Hall, the SBC introduced an “express lane” which offers business operators the option to process minor transactions within 15 minutes, instead of waiting in queue to meet with a business consultant. This has dramatically reduced the wait time for our SBC. In fact, 50% of our customers are served within 15 min.

This past year, to further improve the “one-stop-shop” experience that small business owners deserve, we recently soft launched the Permit Intake Center. Through this program, the Business Consultants in our SBC will provide the small business owner with the information, and permit application for most business-related permits and will explain requirements and the permit application process. The Business Consultant will then accept the permit application, thereby saving the small business owner the time from trying to track down the department responsible for that particular permit. We are currently taking applications for Occupancy Placards for the Department of Buildings and Fire Safety Permits for the Fire Department. To date, we are proud to say we have accepted close to

100 permit applications are working closely with the Departments of Buildings and Fire to monitor the approvals. I would like to thank both departments for working closely with us to bring this necessary reform about. In 2015, we hope to work with the Departments of Transportation and Public Health to provide this same “concierge” service for the driveway and environmental permits.

Our efforts to bring resources to the small business owners will continue in 2015. In addition to our Solution Station, which hosts representatives from The Law Project, IRS, SCORE, and WBDC, we have also partnered with the Center for Economic Progress, so we are now not only providing, legal, and business coaching, we are also providing tax assistance resources at the SBC. Additionally, every Wednesday and Friday, we host workshops of varying topics helpful to small businesses. In 2014, we started live streaming them so that entrepreneurs and budding entrepreneurs can benefit from the workshops from anywhere they have an internet connection.

We have taken our Small Business Center “On the Road” with our Small Business Expos where we invite other government, non-profit and for-profit agencies that provide resources to small business. This year, we introduced key note speakers to the expos with Desiree Rogers keynoting our south side expo and Bill Kurtis keynoting our north side expo. We are also adding innovative ideas such as providing Business Consultants that stand ready to start new or renew business license applications, a photographer who will provide free head shots on a first come first serve basis and the Center for Economic Progress will provide free one-on-one 20 minute consultation, and we have invited the food truck community to participate in the expos as well.

We have also introduced a series of business coaching workshops we call “Step-up.” Earlier in the year, we partnered with Sam Adams to provide one-on-one business coaching from experts in different fields to local businesses that. In fact, today at Kennedy King College, we are starting a three part series of business coaching that we hope will lead to the Whole Foods stocking in their shelves in their Englewood store, a host of locally made items supplied by neighborhood businesses. The next two events will be held on November 7th and January 23rd.

We have also worked to bridge the Capital gap for small businesses. We partnered with the City Treasurer’s office to provide over \$2M worth of small business loans. Of those dollars, we have issued approximately \$1.4M in loans that have gone to approximately 157 neighborhood businesses and have created or retained over 698 jobs. In 2015, the balance of those dollars will be invested into small businesses, and the repayments will also continue to get re-invested in small business loans going forward. Additionally, we have also partnered with World Business Chicago to create SEED Chicago, which is a way for small businesses to raise capital using their own appeal direct to investors who then commit to financially backing the ideas presented. To date 24 local businesses have taken advantage of this program to raise capital.

We continue to work with our Neighborhood Business Development Centers on building their capacity to help the small businesses in our local communities. We strive to empower

them to be tentacles of the City out in the neighborhoods. We also partner with them on innovative programs that benefit the business community. For example, with the Mayor's Challenge grants, we funded agencies in three different areas- to increase the technology capacity of their businesses, assist them with the attraction of tourists to their businesses and to help with the marketing and merchandising of their businesses. These are in addition to the other innovative programs we already fund such as Roger's Park Business Alliance GROW food incubator, and the Chatham Business Association's IT Ambassador program. The idea is to provide the businesses in their membership the tools they need to be successful in today's business environment.

In 2014, we issued the City's first emerging business permit to E.A.T. Spots and stand at the ready to review proposals from other new and emerging businesses that don't fall under the current regulatory structure for licensing.

The **business compliance is the enforcement division** that investigates and regulates businesses. BACP investigators inspect business to ensure compliance with City laws, and issues enforcement for violations. Investigators conduct targeted investigations of unscrupulous and fraudulent businesses practices throughout the City and investigate consumer complaints. A couple examples: In January and February of this year was the second annual tax preparer consumer protection project that focused on investigations of commercial tax preparers for compliance with the ordinance, which resulted in 419 businesses investigated and 58-percent found non-compliant. Another successful investigation was in April and focused on immigration assistance providers, which revealed out of 66 businesses investigated 97-percent weren't in compliance. In May an investigation revealed 30 immigration service providers were operating fraudulently. To make sure our kids were safe we conducted a back to school investigation in July and August focusing on protecting consumers from being overcharged on 15 common school supply items. There were 117 businesses a part of the investigation and 44-percent weren't in compliance. In October following the launch of the City's "Check the Stamps" campaign, the City of Chicago Department of Business Affairs and Consumer Protection (BACP) issued 620 tickets to 165 businesses in a 60-day investigation on unstamped and loose cigarettes in businesses throughout Chicago. In 2013, this division confiscated 4,788 packs of unstamped cigarettes and in 2014, there were 12,233 packs confiscated, which is a 155% increase.

To ensure business compliance, BACP works closely with the departments of Fire, Police, Streets and Sanitation, Public Health and Buildings to produce the monthly "Flagged Businesses List." By triaging data from various City departments, BACP identifies businesses that violate City ordinances and create nuisance conditions in neighborhoods. Businesses on the flagged list are subject to frequent City inspections until the businesses are brought into compliance, or they risk disciplinary action. To date this year, 110 businesses have been placed on notice, 39 have reformed and come off the list and 35 have been subject to license discipline, including 13 revoked licenses, consistent with 2013.

Our public passenger vehicles division has experienced tremendous reform and growth in the past year. BACP regulates and licenses the public vehicle industry in Chicago,

including all public chauffeurs, taxicabs, livery vehicles, ambulances, medicars and other charter sight-seeing vehicles.

BACP is responsible for ensuring the safety and consumer protection of passengers traveling in and drivers of public passenger vehicles. The main functions of this division include vetting and disciplinary actions for public chauffeurs, performing safety inspections and overseeing public vehicle industry compliance with City ordinances. For the first time ever, rideshares and pedicabs will be licensed and regulated business operators in Chicago. This was accomplished by working closely with stakeholders and bringing everyone to the table. We are working closely to get all licensees and drivers in compliance and many are now licensed.

We have also implemented a data portal for public vehicles to help track and measure our efforts. In addition, an accessibility task force committee was formed with stakeholders with the goal of increasing wheelchair accessible taxicabs and other ground transportation options for Chicago residents and visitors that use wheelchairs. The most recent project this group worked on is the proposed Taxi Driver Fairness Reforms of 2014 to ensure that taxi drivers receive a fair deal from the industry. These new reforms will put thousands of dollars back into the pockets of most drivers, reduce fines for violations and improve their experience with the City.

BACP's legal team, the prosecution and adjudication division, works closely with business compliance enforcement and the public vehicle divisions to ensure that businesses comply with the Municipal Code and that violators are appropriately penalized. This legal team also manages community hearings for businesses that create nuisance issues for neighborhoods. The legal team supervises the license discipline cases adjudicated by the Mayor's License Discipline Commission.

This division also compiles Community Meetings statistics, which are also referred to as Deleterious Impact Meetings. In 2013, BACP met with 10 businesses demonstrating deleterious impact on the surrounding community and held 32 meetings to address these issues. The result was that four were terminated unsatisfactorily and referred to Law for license discipline. In 2014 so far, BACP has met with 13 businesses and has held 39 meetings, resulting in two being terminated unsatisfactorily and referred to Law for license discipline.

This year, the department was also asked to enforce the Keep Chicago Renting Ordinance, which to date has received 49 complaints. There have been 10 subpoenas issued for more information and 20 cases we have issued enforcement.

The intergovernmental affairs division streamlines issues at the aldermanic level by acting as the liaison to Aldermen. This critical arm of the department receives 2,500 requests a year from aldermanic offices, attends about 250 aldermanic meetings a year and participates in approximately 10 tours of various wards per year.

In 2013 Mayor Emanuel appointed the City's first-ever **Chief Small Business Officer**, who continues to work directly with the small business community to ensure their concerns and suggestions are being heard by City Hall, as well as work with the Chambers of Commerce and Business Development Centers who serve these businesses locally in their neighborhoods across the city. This division works closely with the Mayor's Innovation Delivery Team to engage businesses, addressing challenges and implementing process and policy improvements and solutions to ensure they can thrive and be successful. 2014 initiatives include the launch of the Roger's Park Business Alliance's GROW food incubator; Chatham Business Association's IT Ambassador program, which trained 15 youth and 20 businesses in that community and are now training Quad Cities Development Corporation and West Humboldt Park. Our 75 Neighborhood Development Centers (local chambers) are also being trained on how to conduct Special Events and implement Buy Local events in their neighborhoods.

BACP has shown the most growth in our outreach and education efforts. In the beginning of the year, we hired a new Director of Public Information and have already seen our expanse of consumer awareness campaigns and overall media coverage increase dramatically. BACP outreach and education continues through twice-weekly workshops and a small business Solution Station through on-site partners, ACCION, the Women's Business Development Center, The Law Project, SCORE, and the IRS, offering free financial, legal, business and tax advice. BACP also partners with local external partners, such as the Better Business Bureau for consumer protection events such as Shredder Days and Holiday Shopping tips. This past March, we launched the "Know Before You" campaign, and have successfully produced about 20 campaigns, including "Know Before You Rideshare" and "Know Before You Send Your Kids to School." These are continuously promoted on all of our social media accounts.

City of Chicago TV produces numerous videos to increase awareness of the work the City is doing to improve Chicago, to inform residents about resources available to them and of special events sponsored by the City and civic organizations.

This year, BACP redesigned its web presence to make it easier to find information, documents, rules and FAQs at www.cityofchicago.org/bacp and on the SBC website by adding buttons that directly like the user to relevant information.

Conclusion

In closing, BACP is looking forward to continuing to work with the City Council to foster and promote continued small business growth, continue to simplify Chicago's regulatory environment, open access to data and resources, and provide education for both businesses and consumers. Thank you for your time.

Department of Business Affairs and Consumer Protection

