

2017 Budget Hearing Statement, Committee on Budget and Government Operations

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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, also known as B-A-C-P. Thank you for your time. First, I would like to thank the Mayor for the thoughtful budget recommendation. Now, I would like to take this opportunity to highlight what BACP has accomplished and championed over the past year.

OVERVIEW

BACP has 178 employees across six divisions and is responsible for the following:

- Licensing nearly 54,000 businesses with more than 50 different license types, including liquor licenses;
- Preparing more than 4,448 Public Way Use ordinances and permits, including more than 1,259 sidewalk café permits
- Licensing approximately 10,000 public passenger vehicles, including taxis, liveries, rideshares, pedicabs and horse drawn carriages;
- Licensing more than 15,000 public chauffeurs;
- Licensing 99 mobile food trucks (57 cook on board trucks & 42 food dispensers)
- Processing more than 12,000 consumer complaints per year, including complaints regarding retailers, public passenger vehicles, and various types of fraud and deceptive practices;
- Processing and monitoring resolution of approximately 600 cable and video service customer complaints;
- Enforcing truck weight to protect City bridges, streets, and infrastructure; and
- Enforcing Public Vehicle License and Operating requirements to ensure Public Safety.

Our team also continues to keep the line of communication open with our government partners, industry leaders, stakeholders and consumers to make sure we are doing all we can to make starting, running and maintaining successful businesses as easy as possible. BACP has worked hard to maintain strong relationships with community organizations and Aldermanic offices to keep the trajectory of ideas moving forward at City Hall.

Mayor Emanuel is laser focused on helping small businesses to open, expand and thrive in every neighborhood. To ensure we are helping and not hindering them, my team is consistently implementing civic and non-profit partnerships and other City services at the Small Business Center. We designed the center to offer a one-stop shop to help business owners seamlessly navigate the licensing process.

LICENSING REFORM

One of the major successes was establishing the Mayor's license reform which reduced the overall number of business licenses by 60 percent, from 117 to just 49 licenses. And to help bring our licensing system into the 21st century, we launched the Mayor's Paperless Project in June, putting all business license applications online. As part of this modernization push, we implemented an automatic email notification system at the

beginning of this year for new and existing business license applicants. Customized emails are sent to license applicants at every stage of the process, from Zoning status, notices and reminders of upcoming onsite inspections as well as if an inspection is denied, how to reschedule another inspection. To date, this system has sent more than 6,000 emails.

We are also working to support and reflect the rapidly changing economy. BACP will be working to establish a regulatory scheme for the new House Share industry which will establish new licensing for this new industry while generating new revenue to invest \$2 million dollars in supportive services and housing for Chicago's homeless.

The Emerging Business Permit is another example of how innovative entrepreneurs can operate on a trial basis to validate a viable business model in Chicago. So far this year, we have issued eight of these innovative permits. Six were issued to mobile boutique operators and other permits were issued to Luxe Valet, an on-demand vehicle valet service and Mobile ala Cart, a motorized food cart selling prepackaged food within O'Hare Airport.

Mobile boutique operators also participated for the second year in a row, in our Food Truck Fests. BACP organized and hosted the fests weekly from March through October at Daley Plaza and Willis Tower.

We amended the MCC for public way use permits removing the publication requirement, which reduces the time to issue a permit by 30 days. In addition to this amendment, in coordination with Chairmen Beale and Mitts, we streamlined the City Council process to assist businesses that miss a Council deadline by introducing sign ordinances directly to Committee. This eliminates the need and time associated with waiting for the next Council meeting – in fact, this process eliminates approximately 25 days.

Another example of growth is the implementation of the pilot program with Procurement Services geared to increase customer service and support for disadvantaged, minority- and women-owned businesses at the Small Business Center. The new initiative added one M/WBE certification expert in the SBC for neighborhood businesses looking to compete for city work.

REACHING NEIGHBORHOOD BUSINESSES

BACP continues to fund our Neighborhood Business Development Centers, and through training we continue to increase their capacity to assist small businesses right in their neighborhoods. Our education efforts continued through free weekly informative business education workshops. To date, we have hosted and scheduled more than 85 workshops that included roughly 2400 entrepreneurs.

For the second year in a row, the 'Small Business Center on the road series', has proven to be our most powerful outreach effort where we take all of our City Hall resources INTO five neighborhoods each year. Some of our on-site partners include ACCION, the Center for Economic Progress, The Law Project, SCORE, and the IRS, offering free financial, legal, business and tax advice. This year's influential keynote speakers were Jarrett Payton, Arthur Velasquez and Renee Togher, Michelle Williams, Chris Kennedy and Julie Smolyansky. The outreach team packs these all day events with several free workshops, tax and legal clinics and free makeovers for the perfect headshot. As of our last expo in September, there have been

about 1200 attendees to date. BACP also attended roughly 90 outreach events for alderman, NBDCs and community organizations since January.

We frequently hear access to capital has been a challenge for small entrepreneurs. So the Mayor has asked us to address all obstacles of this financial crisis with three initiatives; the Chicago Microlending Institute and the Small Business Opportunity Centers.

The Chicago Microlending Institute houses the three following micro-lenders; Accion, Chicago Neighborhood Initiatives, and Women's Business Development Center. The program was funded by an initial investment by the City of \$2 million has provided 266 micro loans to small businesses representing more than \$2.7 million in affordable capital. With the average size of these micro loans being \$10,000, these are small, but meaningful loans which have added or maintained 1,038 jobs help start new businesses and keep small businesses running and growing.

Last year we added a handful of Small Business Opportunity Centers to our toolbox to provide one-on-one financial coaching, help prepare business owners for borrowing, and connect business owners to the right capital resource. I am proud to report now we have 11 throughout the city that have provided loan counseling to nearly 400 businesses and has connected 76 businesses to \$5.9 million in loans for small business in Chicago.

CONSUMER PROTECTION

BACP is not only the licensing department, but we also regulate and enforce the municipal code. The business compliance and enforcement division has been busy with several new ordinances and targeted investigations of unscrupulous and fraudulent business practices throughout the City, in addition to investigating thousands of consumer complaints. By triaging data from various City departments, BACP identifies businesses that repeatedly violate City ordinances and create nuisance conditions in neighborhoods to develop the Flagged Business List, available on the department's website. Businesses on the flagged list are subject to frequent City inspections until the businesses are brought into compliance, or they risk disciplinary action. Since the project's inception in May 2012, 90 businesses have been placed on the list, 17 have reformed and are now in compliance and off the list, and 31 have been removed due to license revocation or closure. In September 2016, 6 businesses on the Flagged List had their licenses revoked.

We maintain quarterly meetings with the Chicago Consumer Fraud Task Force, which is comprised of representatives from the Attorney General's office, FBI, Federal Trade Commission, Better Business Bureau. The business compliance division frequently collaborates with the Financial Crimes Unit of the Chicago Police Department to more effectively investigate and prosecute egregious home repair frauds and other consumer frauds.

COMMUNITY ENGAGEMENT

One of BACP's several successes was when the business compliance tobacco enforcement units went after delinquent businesses to stop unlawful tobacco sales by conducting raids across the city. Since February, City tobacco enforcement units have confiscated more than

16,000 packs of unstamped cigarettes from delinquent businesses, which resulted in almost 3,000 tickets issued and 8 of those were felony quantity violations. The 136 investigations and subsequent actions are a direct result of the expansion of the Mayor's tobacco enforcement units. The aggressive enforcement is also used for loose and single cigarettes and tobacco sales to minors. Prior to enforcement, we educated all licensed retailers to ensure their compliance with the new tobacco 21 law, which requires purchasers of tobacco products to be at least 21 years of age.

Some of the other investigations this year targeted valet parking stings, commercial tax preparers and fraudulent immigration service providers, minimum wage and vacation rental complaints, as well as transportation network providers illegally street hailing. It is our practice, to rely heavily on using plans of operation to more closely monitor businesses that are presenting problems in our communities. This year we have conducted 30 remediation conferences and 34 community meetings. Our efforts continued with public nuisance meetings and license discipline proceedings, which have resulted in 52 license suspensions, 92 revocations and 50 licenses suspended. We also work closely with the Chicago Police Department on the summary closure ordinance, which allows us to close down a business that is considered a public safety threat.

BACP has a handful of new ordinances to enforce; they are paid sick leave, minimum wage, keep Chicago renting, house sharing and the plastic bag ban. So in order to help educate ward staff on the new initiatives and programs available to the constituents, we scheduled and hosted three quarterly training sessions called "Wednesday Ward Wrap Up with BACP." We know that all 50 ward offices are on the front line for questions and BACP wants to ensure each is armed with the knowledge to produce the best answers.

Our public passenger vehicles division is the regulating and licensing arm for the public vehicle industry in Chicago, including all public chauffeurs, taxicabs, transportation network providers, livery vehicles, ambulances, mediacars 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.

Over the past year, the Department has worked diligently to establish new regulatory requirements for the Transportation Network Providers including establishing the wheel chair accessible fund which has increased the number of accessible vehicles on the road today increasing our ability to provide services to people with disabilities.

We rolled out a marketing campaign to educate the public about Arro and Curb, Chicago's official taxi app providers. This app allows Chicago residents and visitors to hail and pay for a licensed taxi from their smartphone. Arro and Curb, were selected through a competitive bidding process launched in May 2015. The selected companies demonstrated their ability to provide an app that will include key features such as a secure payment option, estimated wait time, and fare quote estimate. The city's entire fleet of taxicabs is required to use either the Arro or Curb app while on duty.

This is after implementing taxi driver fairness reforms to put thousands of dollars back into the pockets of most drivers, reducing fines for violations and improving their experience with the City.

The Taxicab Driver Fairness Taskforce was tasked with reviewing the City's current laws that regulate taxicab drivers and other pertinent issues to create and implement change and encourage growth in the transportation industry. The result of these meetings were amended taxi medallion and public chauffeur laws, as well as new Rules and Regulations to level the playing field and add more wheelchair accessible vehicles to the fleet. As well as work proactively to promote taxi driver programs like the recent Chicago Top Cabbie which awarded one taxi medallion to the cab driver with the most votes by the public.

GETTING THE WORD OUT

BACP offers a multitude of programs designed to help consumers and businesses across Chicago, and part of the challenge we face is getting the word out about these programs in every community. We work with each of you, produce videos with MU-TV, host webinars, presenting workshops with our partners like the CHA and YWCA Metropolitan of Chicago to ensure our message seeps as deep in the communities as possible and continue to host relevant and topical workshops, such as our month long social media series.

My staff is working diligently to update, redesign and simplify our website to make it easier to find all of the information, documents, rules, marketing one pagers "Know Before You" campaigns that I have been talking about. We continue to utilize social media to get the word out via BACP and SBC accounts on Facebook, twitter, Instagram and Pinterest. Every month we share all of our new department literature with your offices and all of our partners.

CONCLUSION

In closing, I want to emphasize that BACP is looking forward to continuing to work with the City Council to foster and promote continued small business growth, to simplify of Chicago's regulatory environment, increase access to data and resources, all while educating both businesses and consumers. Thank you for your time.