

**STATEMENT FROM COMMISSIONER ROSA ESCARENO**

**2018 BUDGET PROPOSAL TO THE CITY COUNCIL COMMITTEE ON BUDGET AND  
GOVERNMENT OPERATIONS**

**Friday, October 27, 2017**

Good afternoon Chairman Austin, Vice Chairman Ervin and members of the City Council. My name is Rosa Escareno, Commissioner of the Department of Business Affairs and Consumer Protection (BACP). Thank you for your time and for the opportunity to highlight the hard work and dedication of my team.

I would first like to thank the Mayor for his dedicated and thoughtful leadership on this budget and for recommending me to serve as Commissioner of this department. I would also like to thank all of you for confirming me just a little over four months ago.

BACP has an overriding mission: support businesses, stop bad actors, and protect consumers. Our department has wide ranging responsibilities, including:

- Licensing over 60,000 businesses such as general retail and restaurants;
- Licensing thousands of public passenger vehicles, and chauffeurs;
- Issuing over 18,000 public way use permits like sidewalk cafes;
- Inspecting thousands of businesses to ensure compliance with city laws;
- Managing and supporting over 70 neighborhood chambers and business agencies;
- Licensing 119 food trucks and holding 40 food truck fests;

- Hosting free community events for Small Businesses such as:
  - Five On the Road Expos attracting over 1,000 attendees citywide
- And offering nearly 100 free business workshops which attract more than 2,000 people annually right here at city hall
  - These free workshops offer everything from business planning, how to pass inspections and more
  - Many are offered in both English and Spanish

As the City's one stop-shop for businesses we provide the support they need to open and/or grow their businesses. Our Small Business Center at City Hall provides "concierge service" to make getting a business license easy and customer friendly.

The Center offers free one-on-one business counseling for entrepreneurs, including advice about business plans, legal issues, loans and even tax matters. Getting advice from experts can make all the difference especially for anyone starting or growing a small business.

Over the past year, our department has focused on removing obstacles so that good businesses can operate and serve in the communities. We are continuing to cut red tape, lower wait times, and reduce license categories. Through Mayor Emanuel's efforts we have reduced the number of licenses from 117 down to 40.

We also help businesses in every neighborhood through our robust Neighborhood Business Development Center Program, (NBDC), which

supports our Chambers of Commerce and other business-inspired organizations so that they can help small businesses.

This year, we have worked hard to simplify our reporting process for the Chambers. As part of our pro-business focus we are working with every community to better connect with them and to make a bigger impact. By supporting business growth, we will help create jobs and spur economic vibrancy in every community.

In today's rapidly changing economy, BACP was charged with licensing and regulating emerging consumer sharing technologies. We have not only risen to the challenge, we have also created business processes that have set the standard for cities across the country.

First, we have worked hard to implement the city's Shared Housing Ordinance. As a result, earlier this year, we issued the first house share license to Airbnb and we are currently working with other house sharing platforms to bring them into compliance.

As a part of this process, we have developed a first-of-its-kind registration system. It captures units that are located in prohibited buildings or restricted residential zones, and ensures compliance with safety regulations.

Thus far, we have processed over 7,000 registrations of which more than 4,500 hosts have been approved to list on the licensed platform. This process helps preserve neighborhood quality of life while

generating revenue for local homeowners and providing many options to Chicago visitors.

BACP is charged with licensing diverse transportation options to meet customer demand. Since 2012 Chicago has led efforts to license rideshare companies such as Uber, Lyft and Via; and just last year we worked diligently to also license rideshare drivers. To date, we have licensed more than 110,000 TNP rideshare drivers.

As Chicago changes we must change with it. We at BACP must adapt and modernize to create policies and procedures to regulate with innovation in mind. The city has taken many steps to bring innovation to our taxicab industry.

Some of the ways the city has adapted and evolved include the creation of online apps like Arro and CURB that make it easier for Chicagoans and visitors to hail a nearby taxi and pay for their ride. Over the past year, we have seen a tremendous increase in app usage as CHICAB trips have more than doubled.

We are also working to ensure these new modes of transportation are accessible to everyone and environmentally friendly. There are now over 300 Wheelchair Accessible taxicabs, and more than 80 percent of our taxicab fleet is made up of fuel-efficient vehicles. These improvements are a direct result of the Mayor's commitment to accessibility.

Our goal is to continue to work and provide additional reforms which will help to modernize the taxi industry in Chicago.

BACP also leverages smart regulations to help address some of the City's biggest challenges. This includes the city's growing opioid epidemic, which has taken a toll on people and families across the country.

Under the Mayor's leadership and in conjunction with the Chicago Department of Public Health (CDPH), we implemented the Pharmaceutical Representative license designed to regulate how Pharma Reps conduct business in the City. As a result, any person who markets or promotes pharmaceuticals in Chicago for more than 15 calendar days a year is required to obtain the license.

They must also complete an online educational course on the city's ethical standards and disclosure requirements. I am happy to report that as of today, more than 12-hundred pharmaceutical representatives have been licensed. This license is part of the city's efforts to help this city fight deceptive pharmaceutical marketing, and help curb addiction to opioids and other prescription drugs. A portion of the revenues generated from the license fee will provide funding for opioid addiction treatment to tens of thousands of Chicagoans.

Also, as announced today, Mayor Emanuel, BACP and CDPH have proposed investments as part of the 2018 budget in order to strengthen food safety and restaurant inspections.

As part of the Mayor's proposed 2018 budget, CDPH will hire 11 additional food inspectors. In order to fund this investment, BACP proposes adjusting its restaurant licensing fee structure for food establishments.

The proposed tiered payment structure provides relief for small businesses. Establishments that are less than 1,000 square feet in size will see no increase in licensing fees. Fees for larger establishments will increase in proportion to their size with top tier establishments, over 10,000 square feet, increasing by \$225 a year. Even after implementation, Chicago's fee structure will still be less than those of nearby suburbs like Evanston and Oak Park and other large cities, like Los Angeles and Houston.

In addition to licensing and regulating businesses, one of our basic responsibilities is to protect consumers and enforce against businesses that are not in compliance. BACP handles more than 12-thousand consumer complaints per year, including complaints regarding retailers, public passenger vehicles and various types of fraud and deceptive practices.

BACP is also responsible for the enforcement of two groundbreaking protections for workers that were recently enacted by this city council: the Minimum Wage and Paid Sick Leave Ordinance.

The minimum wage ordinance went into effect July 2015 and has raised the minimum wage to the current \$11 dollars per hour, putting more money in the pockets of 29-thousand minimum wage workers in Chicago.

Starting July 1, 2017, employees working in Chicago began to earn one hour of paid sick leave for every 40 hours of work. Employers must begin to grant paid leave to their employees no later than December 28, 2017. Any person employed in Chicago who believes their employer is not providing paid sick leave may report the business to BACP by calling 311. And through a series of outreach events, we will continue to provide information to employers about their obligations and to workers about their rights.

Another priority for my department is public safety and cracking down on problem businesses. Under the Mayor's leadership, BACP has cracked down on illegal party buses and increased safety requirements for licensed bus operators. This toughened ordinance affects all trips involving 15 or more passengers, serving alcohol or making multiple stops where alcohol is consumed. Also, a cease and desist order now applies across the entire fleet, and not just the cited vehicle. Thus far, we have investigated 68 buses, issued 112 Notices of Violations, and issued 27 Cease and Desist orders.

Moreover, I heard your concerns about problem brick and mortar businesses that operate after hours. This is also a great priority for the Mayor and for me. This is why I am creating night and weekend

enforcement teams that go out when businesses are operating to better regulate their operations. Our enforcement will be strategically deployed to places where they are most needed and they will partner with the Police Department, CDPH and the Department of Buildings when required for maximum efficiency and safety.

As part of modernizing and pursuing greater efficiencies in our enforcement, we have restructured our personnel and reclassified specific positions. The 2018 Budget will look different than in previous years because of this important and needed reclassification effort. This modernization merged three job titles and that allows us to operate far more efficiently and with far higher morale across the department.

By modernizing our enforcement teams, we will now be more cohesive and better cross-trained across multiple enforcement disciplines. To maximize our operational efficiency, we are supporting our field personnel with enhanced technology – creating a virtual office dramatically reducing the time they are spending in the office.

Our investigators were upgraded from a simple flip phones to fully-featured smartphones. While in the field, they can now conduct research, take photos and videos to use as supportive evidence that can instantly be sent to the cloud, and ultimately used for tickets and prosecution.

In addition, investigators now have the ability to send and receive emails and make calls from the same device, which has significantly increased efficiency in field operations.



We have begun issuing our investigators new updated tough books so they can more easily work in the field as they are constantly on the move. They often work in environments that may be excessively hot, cold, wet or dirty and they require a device that can handle these challenging environments.

I am extremely proud of the work BACPs enforcement team is doing and we will continue to strengthen our partnerships with the Chicago Police Department, Buildings, Fire, Health and others to protect the public and address problem businesses.

Finally, I want you to know we continue to enhance public services and resources through our municipal television programming. Our Municipal Television unit produces informational videos on business and consumer issues. Also we promote City services, produce the Mayor's weekly podcast, and livestream press conferences and important civic and community events.

We are also working closely with the City Clerk to produce and share City Council meetings on video, livestream and social media.

In conclusion, BACP looks forward to continuing to work with you, the City Council, and the Mayor, to promote small business growth, simplify our regulatory environment, increase access to data and resources, and, of course, to continue making Chicago a truly business and consumer-friendly world class city.

Thank you for your time. My staff and I would be happy to answer any questions.

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