

# Agenda Report

**TO:** CITY COUNCIL **DATE:** JULY 28, 2008

**THROUGH:** LEGISLATIVE COMMITTEE (July 22, 2008)

**FROM:** CITY MANAGER

**SUBJECT:** **SUPPORT OF SB 1420 (PADILLA) FOOD FACILITIES:  
NUTRITIONAL INFORMATION, STANDARD MENUS AND MENU  
BOARDS**

**RECOMMENDATION:**

It is recommended that the City Council:

- 1) Support SB 1420, which would require restaurants chains with 15 or more outlets in the State of California to post nutritional information next to items on menus and menu boards; and
- 2) Authorize the Mayor to send letters of support to the appropriate State officials stating Pasadena's support for the bill.

**BACKGROUND:**

SB 1420, Food Facilities: Nutrition Information was introduced by Senator Alex Padilla on February 21, 2008 and would add Section 114094 to the Health and Safety Code, relating to food facilities. Passage of this legislation would require each food facility in California that operates under common ownership or control with at least 14 other food facilities with the same name (regardless of ownership), or operates as a franchised outlet of a parent company with at least 14 other franchise with the same name, and which sell substantially the same menu items, to disclose to consumers specified nutritional information for all standard menus. Specifically this bill will require each food facility to:

1. Provide information on total calories, grams of saturated fat, grams of trans fat, carbohydrates, and milligrams of sodium.
2. Display the information next to each item on the menu and requires the menu to state total recommended daily limits.

Restaurants that use menu boards will be required to list only the total number of calories per item on the board. The legislation does not apply to alcoholic

beverages, items that have been on the menu for less than six months, and condiments. Certain food facilities, such as certified Farmer's markets, grocery stores, schools, licensed health care facilities are excluded from the requirements of the bill. Violation of this law would be an infraction punishable by a fine of up to \$500.

This bill is a step forward and an important strategy for reducing obesity and protecting the public's health. The current system of voluntary menu labeling is inadequate given that residents of California are increasingly relying on restaurants for their meals. Posting nutritional information on restaurant menus and menu boards at the point of purchase can help combat the obesity epidemic, even with modest changes in consumer behavior. SB 1420 is an important step in giving consumers information they need to make healthier food choices.

This bill is sponsored by the American Heart Association, California Center for Public Health Advocacy (CCPHA), California Optometric Society, and the American Cancer Society, and is supported by over 30 organizations State-wide. Assessments of this bill by the Los Angeles County Department of Public Health concluded that menu labeling would be an effective way to reduce the number of overweight and obese Californians even with modest changes in consumer behavior.

New York City, San Francisco and Santa Clara County passed similar regulations regarding the posting of nutritional information on menus and menu boards. Additionally, the County of San Mateo and the City of Berkeley, which is one of the three city operated health jurisdictions in California, are also moving forward with enacting similar nutritional disclosure ordinances.

A competing bill sponsored by the restaurant industry has been submitted as AB 2572. Should AB 2572 pass, it would not require the restaurants to post the information on menus and menu boards. Instead, it would allow fast-food chains to post nutritional information anywhere its owners see fit: on tray liners, brochures, food case stickers or posters that are not in plain view.

The restaurant industry claims that certain restaurant establishments, especially fine dining facilities, would not be able to adequately comply with SB 1420 mandates. The California Restaurant Association contends that the bill does not take into account portion size or how the food is cooked. In addition, creativity in the kitchen may be jeopardized because nutritional information may be too difficult to want quantify. SB 1420 exemptions include special orders and items on a menu for 6 months or less. Therefore, high end, fine dining restaurants with less than 15 restaurants with the same name, would be exempt and would not incur the cost of implementation of this bill.

### **Local Impact**

A study conducted by the California Center for Public Health Advocacy (CCPHA) on overweight and obese children and diabetes by Assembly District indicates that 27.9% of children in Assembly District 44, which includes Pasadena and surrounding areas, are overweight or obese. According to the study, nearly 39% of children were physically unfit. Hispanics and African Americans living in Assembly District 44 had higher percentages of overweight and obese children when compared to Whites and Asians. Moreover, in another study conducted by the CCPHA, the death rate associated to diabetes was 74.0 deaths per 100,000 population in Assembly District 44. Across all legislative districts, there is a correlation between being overweight and unfit and diabetes death rates: The higher the percentage of both overweight and unfit children, the higher diabetes death rate. Results of a Health Assessment conducted by the Los Angeles County Department of Public Health on menu labeling as a potential strategy for combating the obesity epidemic suggested that mandated menu labeling at fast food and other large chain restaurants could reduce population weight gain, even with only modest changes in consumer behavior.

Passage of SB 1420 would begin to curb the obesity epidemic among all age groups, especially among the most vulnerable population, children. Parents would be better able to select healthier food choices and overtime these choices may equate to lower obesity rates among Pasadena residents. This would lead to reduced costs associated with medical care for conditions related to diabetes, obesity, overweight, and physical inactivity. Costs associated with workers' compensation and lost productivity resulting from the aforementioned conditions would also be reduced.

Enforcement of SB 1420 in local restaurants would be incorporated into routine food facility inspections for establishments that meet the bill's criteria. All local health jurisdictions are expected to monitor their own compliance and report to the State. Fines for violations will be enforced by local jurisdictions and fees collected by local jurisdictions will be available for local jurisdiction use.

### **Implementation Issues**

A one-time cost in excess of \$100,000 is estimated for the California Department of Public Health (CDPH) to develop regulations to clarify implementation and enforcement and to develop a list of restaurants State-wide that meet the threshold and criteria of this bill. Additional costs include the following:

#### **State of California**

1. Ongoing annual CDPH cost of approximately \$100,000 to maintain and update the list of applicable restaurant and to monitor local enforcement activities;
2. Each local health jurisdiction has the right to request reimbursement in excess of \$100,000 from the State for costs associated with implementation of SB1420 including increased workload associated with health inspectors verifying the existence of the required nutritional information;

3. Potential decreases in health care costs associated with overweight and obesity among Californians. This epidemic costs the State \$2.8 billion per year. The bill would provide restaurant patrons with menu options and selections that may reduce their calorie intake. Therefore, if the change in eating patterns resulted in a 1% reduction in the cost associated with obesity (e.g., health care costs associated with diabetes, cancer, heart disease, and workers' compensation costs and lost work productivity), it would save the State almost \$30 million per year.


**City of Pasadena**

1. PPHD would include bill requirements into its inspection activities. Costs may include an increase in staff and inspection time, follow up to monitor compliance and enforcing fines, reporting to the State, and restaurant owner/management education;
2. If SB 1420 is approved, the following costs may be avoided. On average, half of the total cost of obesity related health care is paid through government programs (e.g., Medi-Care, Medi-Cal). This costs taxpayers an average of \$180 per person. Additionally, the cost of missed work related to obesity is \$800 per person annually. Cumulatively, the cost of paying for obesity-related health care and worker sick days totals \$285,000 per year per 1,000 persons.

**FISCAL IMPACT:**

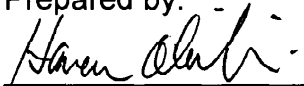
Primary monitoring and enforcement of this legislation is the responsibility of the California Department of Public Health. Local costs for implementing and enforcing this legislation are projected to be minimal and are reimbursable through state funds. Fines related to noncompliance will also be used to offset any local costs.

Respectfully submitted,



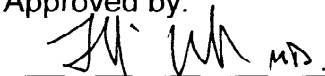
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