

# Agenda Report

**TO:** City Council

**DATE:** May 17, 2004

**FROM:** City Manager

**SUBJECT: ABANDONED SHOPPING CART PROGRAM UPDATE**

## **RECOMMENDATION:**

This is an information item only.

## **BACKGROUND**

This report is an update of activities in the City's effort to eliminate abandoned shopping carts.

At the regularly scheduled City Council meeting held on April 8, 2002, the Council amended the Pasadena Municipal Code (PMC) and adopted the "Abandoned Shopping Carts" ordinance (PMC Chapter 9.62). This ordinance was approved in response to the proliferation of shopping carts abandoned on parkways, sidewalks, alleys, streets and landscaped areas across the city. Of concern was the attendant blighting conditions, in addition to the safety matters posed to passing pedestrians, bicyclists and motorists caused by such abandonment. This regulatory ordinance requires that local retailers take an active role in the reduction of abandoned shopping carts. A portion of this newly assumed role is the requirement that those retailers that use shopping carts submit an "Abandoned Cart Prevention Plan" (ACPP) or request an exemption from the program (available only to those retailers who meet various stringent conditions.) Similarly, the ACPP requires retailers pay the fees associated with processing the prevention plan or exemption.

In an effort to ensure the timely removal of abandoned shopping carts from the City's neighborhoods, beginning in April 2002 the City contracted with the California Shopping Cart Retrieval Corporation (CSCRC) to assist in the citywide removal of abandoned carts. The City's intent in this contract with CSCRC is not to serve as a primary service contractor for local retailers, but for CSCRC to serve at the City's behest as a secondary line of defense to help guarantee "cart-free" neighborhoods. In calendar 2002, (beginning in April '02) CSCRC retrieved

4,674 shopping carts on the City's behalf. In 2003 a total of 6,072 carts were retrieved, and for the first two reporting months of 2004, 1,679 carts were retrieved yielding a program total of 12,425 carts removed. For the full reporting year of 2003, the City's activities resulted in an average retrieval rate of approximately 117 carts per week, with an average of 506 cart retrievals monthly.

In April 2004, the retailer responsible for the highest rate of cart abandonment (Farm Fresh Market) contracted for cart retrieval services from CSCRC (the City's current contract service provider). As noted in Attachment "C" (Top Six Violators), Farm Fresh Market has historically been responsible for approximately 52% of all shopping carts abandoned citywide (approximately 331 carts per month at a monthly expense to the City of \$662.00). While previously CSCRC could bill the City for such retrievals, now as a service provider to both entities, CSCRC is precluded from billing the City for Farm Fresh retrievals.

Additionally, pursuant to the continued cooperative contact between City staff and Farm Fresh Market management that emphasized both the implementation of on-site prevention measures and continued citation issuance, Farm Fresh Market has added additional staff to actively monitor on-site cart usage. Initial reports reveal that whereas historically approximately 20 carts per day were abandoned off-site, recently that rate has been reduced to approximately six carts daily and we anticipate this downward trend in the number of abandoned carts from this location to continue. These factors reflect favorably both in terms of reduced costs to the City and a reduction in adverse public safety and blighting conditions caused by abandoned carts.

## **ACTIONS TAKEN TO DATE**

### Program Implementation and Public Awareness of the Abandoned Shopping Cart Ordinance

Shortly after passage of this ordinance staff took various steps to help educate the public and retailers of this new ordinance. Public awareness methods included issuing press releases and publishing informational articles that appeared in several editions of the City's *In-Focus* newsletter.

More recently however, staff has implemented several new strategies to focus on delivering this message directly to the most affected residents. This included developing an informational brochure (See Attachment "A") containing an explanation in both English and Spanish to alert shoppers of the ordinance and discourage off-premises cart removal and abandonment. In developing this strategy, staff worked cooperatively with the six retailers responsible for the highest rate of cart-abandonment and sought their input in final development of this informational brochure. Retailers have been receptive to the brochure and its goal of reducing cart theft and abandonment. Staff will provide the brochure

at no cost to local retailers for direct distribution at the time of customer check-out. Retailer's distribution of such a handout helps them fulfill a portion of the requirements of the Abandoned Cart Prevention Program. Additionally, staff is working to include this brochure as an insert along with the City's utility bill. Further, staff will bulk-mail the brochure in post card format to areas that have historically suffered from the highest rate of cart loss and abandonment. This process will allow staff to geographically select distribution areas and coverage based on statistical retrieval trends. In a further effort to disseminate this informational handout, staff has distributed it to points in various public places including community centers, libraries, senior facilities, churches, parks, and other public buildings.

#### Implementation and Retailer Awareness

In an effort to educate retailers of the continuing issue of cart abandonment, City staff has proactively met with staff of businesses most responsible for high incidence of cart abandonment in order to identify methods which will curtail such activity. During such meetings staff have presented abandonment reduction measures (including the installation of improved parking lot signage regarding unauthorized cart removal and abandonment, improved cart management practices (to reduce the incidence of unauthorized cart removal from inventory/storage areas), and emphasizing to retailers the importance of having cart retrieval service providers make regular and frequent sweeps throughout the City (with a pronounced emphasis on the "Hot Spot" locations). (See Attachment "B").

#### Implementation and Retailer "Abandoned Cart Prevention Program (ACPP)" Registration

During the first quarter of 2004, staff contacted 57 retailers by mail, each of which had been identified as utilizing shopping carts as part of their operations. As previously noted, such retailers are required by ordinance to either file an Abandoned Cart Prevention Plan or seek an exemption to the plan based upon a proven lack of cart abandonment (having no more than two (2) carts abandoned off-site as confirmed/recorded by the City.)

To date, 27 retailers have submitted an Abandoned Cart Prevention Plan. Seven of the 27 responses were approved (three of these via the exemption protocol.) 20 of the responses were submitted without adequate required information and returned to the respective retailers for inclusion of needed information.

While Section 9.62.100(A) of this ordinance requires affected retailers to comply with all aspects of this chapter by December 31, 2002 regardless of receipt of written notice from the Director, in an effort to educate local retailers regarding this ordinance, seek their program submittal, and document their reduction measures, staff has recently re-contacted 29 retailers who heretofore have failed to submit an Abandoned Cart Prevention Program plan. Subject to a continued lack of response by the affected retailers, Code Compliance staff will utilize

available code compliance remedies, including the issuance of civil citations (with attendant fines ranging between \$100.00 and \$500.00) to compel compliance. To date only two of the six retailers that account for the highest rate of cart abandonment have filed and received approval for their Abandoned Cart Prevention Plan (Farm Fresh Market and Target). The remaining four retailers (Pic & Save/Big Lots, Ross Dress for Less, Office Max, and two of the city's three Sav-On stores) have not filed prevention plans, while the remaining Sav-On store has filed an incomplete plan, which has been returned for completion. To date the City's many affected retailers have had sufficient opportunities to file a completed Abandoned Cart Prevention Program plan with the City's Building and Neighborhood Revitalization Division. On May 10, 2004 Code Compliance Officers began visiting all retailers that have failed to submit the required Abandoned Cart Prevention Program documentation and issued administrative citations to compel code compliance. Administrative citations and all other lawful means available to the City will continue to be used to gain compliance with the City's Abandoned Shopping Carts ordinance.

#### Implementation and Increased Contract Service Provider Accountability

On May 1, 2003 the City entered into "Services Contract No. 18,345" with California Shopping Cart Retrieval Corporation for cart retrieval services on a citywide basis seven days-a-week, eight hours daily. Since the last update to the City Council, staff has implemented a "checks and balance system" requiring increased documentation and verification from both the City's contract service provider and the retailers accepting return of abandoned carts. Through a recently established receipt system, staff can more accurately confirm cart retrieval activities and costs associated therewith. Additionally, this process will allow staff to independently verify retrieval statistics, which is a necessary component prior to taking enforcement actions.

#### Implementation of Proactive Reporting by Code Compliance Staff

In an effort to assist in the timely reporting and removal of abandoned shopping carts, Building and Neighborhood Revitalization's twelve (12) Code Compliance Officer's have begun a program of proactively seeking out the location and reporting abandoned shopping carts. The Code Compliance Officers are tasked citywide and therefore can log abandoned carts in a wide geographic area. More importantly however, many of the officers are concentrated in the geographic areas most heavily impacted by shopping cart abandonment and therefore are able to more effectively focus their energies in assisting in the documentation and removal process. Staff anticipates that proactive monitoring of abandoned shopping carts will generate daily between 60 and 75 pickup notifications to the City's contract service provider. Staff will fax such notifications to the contract service provider mid-afternoons each business day.

## **NEW ADMINISTRATIVE POLICY**


The new administrative policy provides that retailers who within a one-month reporting period have 25% or more of their reported shopping cart inventory retrieved by the City's contract service provider be subject to a citation for each cart in excess of the 25% limit. For example, a retailer with an inventory of 100 shopping carts who had 30 carts retrieved by the City contractor within the month will have exceeded the 25% limit by five carts and be subject to a \$100.00 citation containing five code violation counts, e.g.: five citations, each with a fine amount of \$100.00. The existing civil citation protocol allows for second, and third violations to be fined at a rate of \$200.00 and \$500.00 respectively, and \$500.00 per violation thereafter. Other compliance enhancement options given consideration include permanent removal of shopping carts from retailers that exceed 25% retrieval rates for a fourth consecutive reporting period, and cart usage thereafter subject to a performance bond filing with the city.

## **FISCAL IMPACT**

To date, \$7,800 in administrative penalties have been levied in relation to the City's abandoned shopping cart ordinance. Additionally, staff has collected \$2,401 in fees for reviews associated with the Abandoned Cart Prevent Plan program. It is anticipated that approximately \$8,400 in fees will be generated in conjunction with implementation of this program. These fees have been specifically generated from the review process associated with either the Abandoned Cart Prevention Program or exemption.

Currently, the City has a contract with California Shopping Cart Retrieval Service for the proactive patrol of the City seven days a week, eight hours a day to retrieve abandoned shopping carts. The contract was entered into on September 2, 2003, and expires on June 30, 2004. The existing contract price for cart retrieval is \$20,863. Staff is currently assembling a proposal to be mailed to interested contractors seeking competitive bids for this service. Staff anticipates that the winning contract amount will be approximately \$20,000. Given the approximate \$20,000 contract cost and the anticipated yearly collection of approximately \$8,400 in fees for filing an Abandoned Cart Prevention Plan or exemption, and the collection of an estimated \$2,000 to \$3,000 yearly in administrative citation fines associated with this program, staff anticipates a net yearly cost of approximately \$8,600 to \$9,600.

Respectfully submitted,

  
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Approved by:



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LIST OF ATTACHMENTS:

ATTACHMENT A – ABANDONED SHOPPING CART INFORMATIONAL FLYER

ATTACHMENT B – ABANDONED SHOPPING CART RETRIEVAL MAP

ATTACHMENT C – GRAPH – CART RETRIEVAL – TOP SIX VIOLATORS

ATTACHMENT D – GRAPH – SHOPPING CART RETRIEVAL 09/03 – 02/04