



Staff Report

File #: 21-410

Version: 1

Date: 9/27/2021

Item #:

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Creation of a fee to use on-street parking spaces in the Downtown Parking District for outdoor dining platforms

Ward(s): Ward 1

Councilor(s): Stapleton

Neighborhood(s): CANDO

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community.

SUMMARY:

While the proposed fee for the Sidewalk Café/On-Street Platform Program won't go into effect until July 2022, approving the fee structure now will help restaurants determine if investing in a dining platform makes financial sense for their business prior to undertaking the investment.

ISSUE:

Shall City Council approve the proposed fee for the Sidewalk Café/On-Street Platform Program?

RECOMMENDATION:

Approve the proposed fee for the Sidewalk Café/On-Street Platform Program.

FACTS AND FINDINGS:

On May 24, 2021, the City Council approved the Sidewalk Café/On-Street Platform Program to allow ongoing dining in up to 55 on-street parking spaces within the Downtown Parking District. The Sidewalk Café/On-Street Platform Program is replacing the temporary use of on-street parking spaces for expanded seating that was established as a response to Covid-19. Beginning October 2021, the removal of on-street parking spaces will only be approved for platforms. This program was

approved with an undetermined future fee to use the parking spaces that will go into effect July 2022.

On July 26, 2021, the Urban Renewal Agency Board approved the new "Open for Business" grant program within the Riverfront-Downtown Urban Renewal Area which can provide financial assistance to help businesses in the RDURA create new permanent spaces/platforms for outdoor seating at food and beverage establishments. The maximum grant amount per project is \$20,000 with a 50% match.

At the time the Sidewalk Café/On-Street Platform Program was developed, staff had not yet had an opportunity to develop a fee structure. While the fee won't be implemented until July 2022, it would be helpful to businesses contemplating investing in a platform to know now what the future fee will be.

Consequently, staff is presenting the proposed fee structure for Council approval so that businesses can make well-informed decisions regarding their investments in platforms.

Staff explored a number of fee structures and methodologies including:

1. The City's monthly fee for using a parking space for construction;
2. Industry valuations for parking spaces;
3. The current annual minimum parking tax in the Downtown Parking District;
4. The square foot cost of vacant land;
5. An annual lease rate based on square footage (parallel spaces would have a lower lease rate than diagonal spaces)

After examining these different methodologies and associated costs for businesses, staff is recommending the fee for this program be the equivalent of the annual minimum tax within the Downtown Parking District, per space used. This is currently \$442.16. This amount would increase annually corresponding to yearly increases in the parking tax. Under the program, a business could have up to four parking spaces for a dining platform. Using this fee structure, the annual cost for these four spaces would begin at \$1,768.64, with small yearly increases.

BACKGROUND:

As Covid-19 continues to evolve there will be continued demand for open-air dining, and as businesses transition into the recovery phase of the pandemic, certainty about the future fee structure for using parking spaces for platform dining will help them make informed business decisions about making this financial investment. Basing this fee structure on the existing parking tax rate is consistent with what businesses already pay to support the parking system downtown while creating a premium for those businesses having a greater impact on the system due to their exclusive use of a limited number of parking spaces.

Kristin Retherford

Urban Development Director

Attachments:

1. None.