

REPORT TO THE CITY COUNCIL

City of Salinas, California

DATE: October 4, 2016

FROM: Gary Petersen, Director Public Works
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BY: Lisa Brinton, Senior Planner

SUBJECT: **CONSIDERATION OF SALINAS CITY CENTER COMMUNITY BENEFIT
DISTRICT SIDEWALK CAFÉ INCENTIVE PROGRAM**

RECOMMENDATION:

It is recommended that the City Council approve a resolution establishing a Sidewalk Café Incentive Program (the “Program”) for the Salinas City Center Community Benefit District. The Program would waive the Sidewalk Café Encroachment Permit fee of \$300 for up to ten (10) downtown businesses over a one-year period.

DISCUSSION:

Background

Over the years, local restaurants and other food and beverage businesses have expressed a desire to expand their seating to the public sidewalks in front of their businesses, allowing customers to enjoy the outdoors while dining. Historically, the placement of private seating on sidewalks was done informally with a few businesses providing tables and chairs for “take-out” food and beverages. In fact, the City’s encroachment regulations did not specifically address nor allow for sidewalk cafés. In response, staff proposed a more formalized process for this encroachment in the public right-of-way to meet the needs of the City, the businesses, and their customers. In August 2007, the City Council approved Ordinance 2475 amending Chapters 2, 3, 21, and 30 of the Salinas City Code regarding encroachments and the consumption of alcohol in the public right-of-way in order to allow for sidewalk cafés. At the same meeting, Resolution 19298 (N.C.S.) was adopted setting the Sidewalk Café Encroachment Permit application fee at \$300 with an annual renewal inspection fee of \$100. Since the Ordinance was adopted, there has been minimal outdoor dining in the Downtown with only a few eateries providing outdoor seating areas in the public right-of-way without a Sidewalk Café Encroachment Permit. One eatery is currently in permit application review.

Request from Salinas City Center Improvement Association

The Salinas City Center Improvement Association (SCCIA) has identified the promotion and activation of outdoor dining as one of ten (10) priority Downtown Vibrancy Plan (DVP) implementation action items for this year. The DVP recommends that design techniques including aesthetics, sidewalk cafés, plazas, seating areas, public facilities and amenities be used to create a great pedestrian experience, and specifically calls for the promotion of Sidewalk Café Encroachment Permits in Downtown. (DVP, page 54, Recommendations: Organizational and Operational Changes #11.)

In August 2016, the SCCIA District Manager submitted a letter to the City Manager requesting that the outdoor dining encroachment permit process be streamlined to address hurdles, actual and/or perceived, and that there be a two-year moratorium or funding of associated fees to permit no less than ten (10) qualified restaurants to provide outdoor seating areas. In the letter, the SCCIA Board acknowledged that the permit and renewal fees are nominal, but is looking to the City Council to show business support through this incentive. After the two-year trial period, businesses could choose to pay the renewal fee for the continued benefit of outdoor dining, and new businesses would be required to pay the fees for the encroachment permit. The goal of the SCCIA Board is to increase the economic vitality and safety in Downtown by encouraging eateries to offer outdoor dining experiences that will add to foot traffic and vibrancy.

Analysis

In response to SCCIA's request, Community Development and Engineering staff reviewed the Sidewalk Café Ordinance, and identified steps to streamline the permit application review and approval process. This included collapsing a two-step application process into one by incorporating the required Hold Harmless Agreement and General Liability Insurance as a condition of the permit, instead of as a separate application and secondary step.

In addition, staff and the SCCIA District Manager met with eight (8) Main Street businesses to discuss the Sidewalk Café Ordinance, the SCCIA's fee waiver request, and their interest and concerns regarding offering outdoor dining. Based on the feedback received, staff further refined and clarified the encroachment permitting process. Eateries contacted included:

1. Farm Fresh Deli
2. XL Public House
3. Monterey Coast Brewing Company
4. First Awakenings
5. Dubber's
6. Patria
7. Cherry Bean
8. Oldtown Deli

Proposed Sidewalk Café Incentive Program

Having analyzed SCCIA's request, staff recommends a one-year Sidewalk Café Incentive Program (the "Program") be implemented to encourage eateries in Downtown and to obtain the required permits to offer outdoor dining. The primary Program incentive would be the waiver of the \$300 Sidewalk Café Encroachment Permit Fee for up to ten (10) businesses on a first come, first served basis. Staff is recommending a one-year versus the SCCIA requested two-year waiver based on the interest expressed by the eight (8) businesses listed above. The shorter time period will encourage interested businesses to take action to implement outdoor seating or obtain permits for existing seating sooner rather than later. A one-year trial period is sufficient time for a business to determine the viability of offering outdoor dining and their interest in renewing the permit. For this reason, the Program does not include the SCCIA requested \$100 annual renewal fee.

Staff will continue to work closely with SCCIA and interested eateries to encourage and facilitate permit application submittal. Community Development and Engineering staff will also work closely to ensure that the one step permit application and approval process remains simple and expedient.

ISSUE:

Shall the City Council approve a resolution establishing a Sidewalk Café Incentive Program for the Salinas City Center Community Benefit District?

FISCAL IMPACT:

The maximum fiscal impact of waiving the Sidewalk Café Encroachment Permit Fee of \$300 for up to ten (10) businesses is Three Thousand (\$3,000.00) dollars. This reduction of fee revenue is a nominal investment in the implementation of the DVP that will result in business expansion and Downtown vitality. It is anticipated that increases in sales tax revenue from business expansion would more than offset the reduction in fee revenue.

TIME CONSIDERATIONS:

In its August 2016 letter, SCCIA requested that the City take action to encourage multiple eateries to expand and offer outdoor dining opportunities within the next 60-90 days. In addition, time is of the essence for local eateries to take advantage of warmer autumn weather.

ALTERNATIVES/IMPLICATIONS:

As an alternative, the City Council could request staff to modify the proposed Sidewalk Café Incentive Program, take no action regarding the Program and SCCIA's request, or other actions the City Council deems appropriate in this matter.

CITY COUNCIL GOALS:

The Sidewalk Café Incentive Program will facilitate the implementation of the 2015 Downtown Vibrancy Plan (DVP). The DVP, as a strategy document, as well as its implementation, aligns closely with the City Council's goals (2016-2019) of Economic Diversity and Prosperity, Safe, Livable Community, Effective, Sustainable Government, Well Planned City and Excellent Infrastructure, and Quality of Life. The Sidewalk Café Incentive Program specifically promotes the goals of Economic Diversity and Prosperity and Safe, Livable Community.

CONCLUSIONS:

The Sidewalk Café Encroachment fee waiver under the proposed Sidewalk Café Incentive Program is a nominal cost for the City to demonstrate its commitment to the implementation of the DVP through support and encouragement of outdoor dining in Downtown. The activation of outdoor dining not only provides additional opportunities for businesses to expand, it also enhances the public space, promotes vitality and activity on the street and establishes Downtown as a dining destination for both locals and tourists.

Attachments: Resolution, Salinas City Center Improvement Association
Outdoor Dining Request Letter dated August 2, 2016
Summary of Sidewalk Café Ordinance 2475