



STAFF REPORT

To the Honorable Mayor and City Council
From the City Manager

DATE: June 27, 2022

SUBJECT

Outdoor Business Activity Program Guidelines for parklets and sidewalk cafes, including ordinance amendments and program adoption, fees, phasing out of all existing outdoor dining and business activity programs, and extension of the temporary street closure along the 2000 block of Broadway

RECOMMENDATION

1. Waive the first reading and introduce an ordinance amending Municipal Code Chapter 29 to add the Outdoor Business Activity Program for parklets and sidewalk cafes and miscellaneous clean up changes, and amending Chapter 33A, Article II to remove the Downtown Sidewalk Café Program;
2. Adopt a resolution approving and adopting amendments to 2019 Engineering Standards adding to Volume III (Design Criteria) the Outdoor Business Activity Program Guidelines;
3. Adopt a resolution adopting Outdoor Business Activity permit fees for parklets and sidewalk cafes; and
4. Adopt a resolution authorizing the extension of the temporary closure of city streets for the COVID-19 emergency.

STRATEGIC PLAN GUIDING PRINCIPLE

Economic Vitality

BACKGROUND

On May 23, 2022, staff brought forth the Outdoor Business Activity Program Guidelines and the Parklet Program Fee Analysis to a City Council Study Session for feedback and input. At that meeting, staff provided an overview of all previous outdoor dining and business activity programs (Sidewalk Café Program, Sidewalk Café Pilot Program, and the Temporary Outdoor Business Activity Program), a summary of the program guidelines and templates, key features of the proposed Outdoor Business Activity Program, fees and costs, application timing, fee waivers, program duration, ordinance

amendments, required permits and agreements, parking supply constraints, business and community outreach efforts, and fiscal impacts. For full details, please refer to the May 23, 2022 [staff report](#).

ANALYSIS

City Council Study Session

As part of the Study Session, staff sought feedback from Council on the following questions:

1. Are the proposed fees, costs, and initial first year Program Use Fee Waiver appropriate?
2. Is the application intake window, time allowed for temporary parklet removal, and length of the Outdoor Business Activity Program adequate?
3. Is it appropriate to continue the temporary closure of the 2000 block of Broadway (between Jefferson and Main)?
4. Are the proposed Outdoor Businesses Activity Program Guidelines appropriate?

City Council Feedback

City Council feedback was mostly positive and in support of the Outdoor Business Activity Program, with discussions centered around temporary barriers, safety and circulation concerns, permitting and process, small business engagement, the design of the templates and the openness of the parklets, and fee approach and waiver. There was support for the fee waiver, conducting outreach regarding the application window, keeping the 2000 block of Broadway between Jefferson Ave. and Main St. closed, and broad approval of the proposed guidelines.

Specific comments included exploration of other mechanisms for financial assistance for our small businesses which may not have the resources available to them to construct a parklet, and adding a maintenance clause within the program guidelines.

Staff has reached out to the Small Business Development Center (SBDC) hosted by the Renaissance Entrepreneurship Center in San Mateo to discuss possible financing options and availability of resources. San Mateo SBDC will be hosting a Summer Capital Summit on August 16, 2022 to discuss how businesses can raise capital for expanding their business. The summit will feature expert small business lenders and help from local bankers, alternative lenders, and business financing experts. San Mateo SBDC will be working closely with Redwood City to discuss means and methods to support businesses, including assistance related to the Outdoor Business Activity Program.

Based on City Council feedback, City staff will include a maintenance clause in the license agreement between the business operator and the City.

Outdoor Business Activity Program Guidelines and Incorporation

Based on City Council's feedback, there are no proposed changes to Outdoor Business Activity Program Guidelines, and so the program guidelines presented to City Council on May 23, 2022 remains unchanged (Attachment A). Staff is proposing to incorporate the Outdoor Business Activity Program Guidelines within the Engineering Standards, Volume III: Design Criteria, Part XII, titled "Attachment V" (Attachment B).

Ordinance Amendments

To establish the Outdoor Business Activity Program, two ordinance amendments are proposed: one within Chapter 29 - Streets, Sidewalks and Work in or Use of City Right-Of-Way, and the other in Chapter 33A – Uses of Rights of Way, Article II – Use of The Downtown Sidewalk Café Area (Attachment C).

Chapter 29 amendments include:

- New definitions
- Information related to insurance requirements
- Clarifying the appeal process
- Additional language related to abandonment of outdoor business activities
- Additional detail on permit revocation process
- Other administrative changes

Chapter 33A, Article II amendments include:

- Deletion of most of the "Use of the Downtown Sidewalk Café Area" code section (replaced by revisions to Chapter 29 above)
- Preservation of the code section related to portable signs

Establish Fees

Fees will be set at \$2,226 for staff processing fee, and \$10.16 per square foot of area for the annual use fee, for either a parklet or a sidewalk café. Annual renewal fees would be set at \$583. Permits issued by October 31, 2022 will receive a fee waiver for the use fee in the first full year. For the second full year, the use fee will begin to be collected. For subsequent years beginning in 2024, the rate of increase will be based on the Consumer Price Index (CPI) (Attachment D).

Application Timing, Fee Waivers, Temporary Parklets, and Program Duration

All temporary outdoor business activity permits are valid until the Emergency Proclamation order is lifted, or within 30 days after written notice from the City Engineer, whichever is sooner. However, a written notice of termination will be sent to all businesses which have held any permit for any previous outdoor dining and business activity program by July 1, 2022 to provide businesses enough notice time that these existing programs will expire on October 31, 2022.

It is anticipated that businesses which have not been issued an Outdoor Business Activity permit by October 31, 2022 will be required to remove their existing outdoor dining setup by November 4, 2022.

City staff intends to remove all City-issued temporary barriers for businesses which decide not to opt into the City's Outdoor Business Activity Program by this date as well.

Businesses that receive an Outdoor Business Activity permit by October 31, 2022 will receive a waiver of Use Fees for the first full year of operation of the parklet and/or sidewalk café. Furthermore, businesses that receive an Outdoor Business Activity permit by October 31, 2022 may be allowed to temporarily retain their current setups while constructing their authorized parklet and/or sidewalk café. Further details will be included in the license agreement regarding this transitional period.

Phasing Out Permits (including the Temporary Outdoor Business Activity Program)

On September 1, 2020, the City Council empowered the City Manager, acting as the Director of Emergency Services, signed a proclamation to allow (temporary) outdoor business activities, until repealed. With the adoption of the Outdoor Business Activity Program, the Temporary Outdoor Business Program will no longer be needed and that program will slowly phase out (Attachment E).

The City will be sending notices to businesses who hold permits from various other outdoor dining and business activity programs, including the Sidewalk Café Program, Sidewalk Café Pilot Program, and the Temporary Outdoor Business Activity Program. The proposed Outdoor Business Activity Program will supersede all of the previously referenced outdoor dining and business activity programs.

Based on the anticipated current schedule, staff expects that the following sequence of events will unfold:

- Notice of program termination sent to permit holders under the Sidewalk Café Program, Sidewalk Café Pilot Program, and the Temporary Outdoor Business Activity Program*: July 1, 2022
- Application window opens for Outdoor Business Activity Program: August 25, 2022 (after ordinance amendments goes into effect). Businesses will be encouraged to apply as soon as possible to take advantage of the two-month application window.
- Latest permit issuance date for completed applications under the Outdoor Business Activity Program (businesses receive use fee waiver and extension of time for temporary outdoor business setups)*: October 31, 2022
- Program termination date for the existing Sidewalk Café Program: October 31, 2022
- Barrier removal by City for businesses with a Temporary Outdoor Business Activity Permit that **have not** received a permit under the Outdoor Business Activity Program: November 4, 2022
- All outdoor dining and business activity setups must be removed by businesses who **have not** received a permit under the Outdoor Business Activity Program: November 4, 2022
- Barrier removal by City for **remaining** businesses with a Temporary Outdoor Business Activity Permit that **have** received a permit under the Outdoor Business Activity Program*: March 24, 2023
- All **remaining** outdoor dining and business activity setups must be removed by businesses who **have** received a permit under the Outdoor Business Activity Program: March 24, 2023

**Businesses that receive a permit under the proposed Outdoor Business Activity Program by this date will be able to continue to use their temporary outdoor business setup under this new program, if*

desired, by March 24, 2023. Further details will be included in the license agreement regarding this transitional period.

More specific information regarding the notice of program termination will be included in communication to businesses so they understand the timing and details of the transitional period. Businesses wishing to keep any structures, platforms, or any other built fixtures as part of their current outdoor dining and business activity setup must reapply for all related permits under the Outdoor Business Activity Program.

The City will begin enforcement if businesses do not comply with removal of their outdoor dining and business activity setups under the Sidewalk Café Program, Sidewalk Café Pilot Program, and/or Temporary Outdoor Business Activity Program by the above dates if an application into the Outdoor Business Activity Program has not been filed.

Extension of The Temporary Street Closure-2000 Block of Broadway

During the Study Session Councilmembers inquired what business feedback had been regarding the temporary street closure. Staff responded that most businesses have been in favor of keeping both half blocks consisting of the entire 2000 block of Broadway closed. Individual City Councilmember feedback regarding the closure varied, with some Councilmembers expressed the importance of consistency in road treatments and pedestrian safety. City Councilmember feedback favored extending the temporary street closure along the entirety of the 2000 block of Broadway between Jefferson Ave and Main St., instead of staff's recommendation to only closing the portion of Broadway between Redwood Creek crossing and Main St. The proposed closure duration will last one year, or until the emergency proclamation is lifted, whichever is later (Attachment E). Furthermore, Community Development and Transportation staff are in the midst of the Downtown Precise Plan update, which explore a permanent street closure along the entire 2000 block of Broadway for future City Council consideration.

Public Comment

At the City Council meeting, two members of the public spoke, both in support of the Outdoor Business Activity Program, with one expressing support for the continued temporary closure of both blocks of the 2000 block of Broadway.

EQUITY IMPACT STATEMENT

Equity and/or inclusion was considered in development or implementation of item through the following:

Engagement with relevant Redwood City communities through public meetings, surveys, or other means:

- Extensive outreach was conducted throughout the in-person outreach phase conducted in September and October 2021 to almost 40 businesses. Two surveys were conducted between October to November 2021: a parklet survey for interested businesses and a community parklet survey. The City most recently held a Parklet Q&A Session for interested businesses who still had outstanding questions on March 31, 2022 with about 40 in attendance. Additionally, two Small

Business Roundtable Meetings were held on April 6 and 7, 2022, with about 30 total in attendance across both meetings, where Parklets were one of two primary topics of discussion. The City also presented the Outdoor Business Activity Program to the DBG's first in-person membership meeting on March 1, 2022, and to the Redwood City Improvement Association (RCIA) Board on April 13, 2022. All of the existing temporary parklets are within the Downtown vicinity and parklet interest is concentrated here, so the City's outreach efforts were in alignment geographically. However, any business within the City may apply for the Outdoor Business Activity Program.

Learnings related to equity consideration include:

In developing the Outdoor Business Activity program, staff sought to ensure a low barrier for entry for all businesses who may be interested in a parklet or sidewalk café. Recommendations to waive use fees in the first year will encourage all businesses to apply to the program.

FISCAL IMPACT

City parking revenue will continue to be forfeited where temporary parklets are installed, with about \$927,200 - \$1,506,700 expected to be lost between June 2020 and September 2023 (based on 2019 pre-pandemic parking revenue figures).

The average annual loss, however, is \$292,000 - \$474,500 of meter revenue (based on 2019 parking revenue figures, average of \$8-\$13 revenue per meter per day, 100 stalls total). The City will begin collecting use fees in the second year of the program for businesses that receive an Outdoor Business Activity Permit on or before October 31, 2022, and will range from \$232,800 - \$257,880, with an ongoing loss of about \$59,000 - \$215,000 per year. Please refer to the May 23, 2022 Study Session [staff report](#) for a more detailed explanation regarding the fiscal impact.

ENVIRONMENTAL REVIEW

This project is categorically exempt under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, Section 15304 (e) (Class 4. Minor Alterations to Land) because the project entails only minor public alterations in the condition of land and having no negligible or no permanent effect on the environment. Similarly, CEQA Guidelines, Section 15301 (Existing Facilities) would apply, as it would involve the operation, permitting, or minor alteration of existing public facilities or topographical features, involving negligible or no expansion of existing or former use.

In addition, the proposed activity falls within the scope of CEQA Guidelines Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the activity in question, namely installation (in some instances) of platform structures over existing paved areas to facilitate outdoor business activity, will have a significant effect on the environment.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. A Notice of Public Hearing was also mailed at least 14 days prior to the meeting date, posted on the City's website, emailed to interested parties, and mailed to interested parties. A newspaper notice was published at least 10 days prior to the meeting.

ALTERNATIVES

City Council may elect not to adopt the Outdoor Business Activity Program and related resolutions and ordinances, or may direct staff to make changes and return to City Council at a later date.

ATTACHMENTS

Attachment A – Outdoor Business Activity Program Guidelines

Attachment B – Resolution Approving and Adopting Amendments to 2019 Engineering Standards Adding to Volume III (Design Criteria) the Outdoor Business Activity Program Guidelines

Attachment C – Ordinance Amending Municipal Code Chapter 29 to Add the Outdoor Business Activity Program for Parklets and Sidewalk Cafes and Miscellaneous Clean Up Changes, and Amending Chapter 33A, Article II to Remove the Downtown Sidewalk Café Program Attachment D – Resolution adopting Outdoor Business Activity Permit Fees for Parklets and Sidewalk Cafes

Attachment E – Resolution authorizing the extension of the temporary street closure of City Streets for the COVID-19 Emergency

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