



# STAFF REPORT

AGENDA NO: 11c

MEETING DATE: June 3, 2024

**To: Honorable Mayor and City Council**

**Date: June 3, 2024**

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**Subject: Discussion of Parklet Fee Structure and Term of Agreement for the Parklet Program Beginning July 1, 2024**

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## **RECOMMENDATION**

Staff recommends that the City Council discuss its preferred alternative for the annual use fee for parklet program participants and the preferred term-length for parklet agreements for the parklet program beginning July 1, 2024. The Council should then provide direction on adopting the parklet program fees into the Master Fee Schedule.

## **BACKGROUND**

At their December 4, 2023, meeting, the City Council indicated support for establishing a semi-permanent parklet program, beyond the current temporary program's expiration on June 30, 2024. The matter was then brought to the Economic Development Subcommittee for discussion on March 13, 2024.

Staff subsequently developed requirements for parklet owners under the new program that will begin July 1, 2024. The City Council adopted these requirements at their May 6, 2024, meeting (see attached "On-Street Parklet Outdoor Dining Policy"). However, the fee structure for the new program has yet to be determined. The staff report below describes examples of fee structures used in similar jurisdictions, as well as a proposed set of fees.

The Economic Development Subcommittee discussed the fee structure and term agreement information presented below at their May 22, 2024, meeting. Based on their feedback, the analysis has been refined to reflect the most current recommendations.

## **DISCUSSION**

In Burlingame, the use fee for the current pilot program is \$1,590 per year (based on \$6/sf for a model 250 square foot parklet and CPI adjustment). This flat fee was calculated in 2022 based on market rents discounted to reflect the unimproved parking space. In addition, current parklet operators pay a flat monthly cleaning fee of \$265.

Staff reviewed several long-term parklet programs in evaluating possible fees for the new program, including those in Belmont, Campbell, Los Gatos, Mountain View, and Walnut Creek. The fees for their parklet programs are as follows:

**Belmont**

- Permit Application Fee – \$1,000
- Annual Renewal Fee – \$400
- Annual Right-of-Way Use Fee – \$10.00/square foot

**Campbell**

- Construction grants between \$25,000 and \$40,000 from American Rescue Plan Act (ARPA) funds
- Application Fee – \$1,500
- Annual Compliance/Inspection Fee - \$602 (waived first year)

**Los Gatos**

- Los Gatos previously had a grant program to subsidize construction of parklets using ARPA funds
- Grant program ended with the end of ARPA funding; any new parklets would require direction from the Town Council
- No rent charged for existing parklets

**Mountain View**

- New License Application Fee – One-time fee for each business in an existing location: \$608
- Outdoor Patio License Annual Rent Fee – \$10.00/square foot of licensed area. Maximum size of any licensed area is 750 square feet.

**Walnut Creek**

- Application Fee – \$1,000 (no roof)
- Space Use Fee – \$48.00/square foot
- Operator Permit (for new outdoor dining uses not currently governed by an existing Conditional Use Permit, Administrative Use Permit) – \$1000, renewed annually

**Proposed Parklet Fees**

Staff proposes one of two options for the annual use fee going forward:

- 1) maintain the current flat fee of \$1,590, or
- 2) switch to a revenue-recovery model based on lost parking revenues, charged at a dollar per square foot value.

Parking rates differ between the Downtown Burlingame and Broadway Commercial Districts. Assuming each space is fully utilized and accommodates a new vehicle every hour, the calculations on the following page provide an approximate value of the square footage rate of a 250 square foot parklet space.

**Parking Meter Revenue**

	<b>Hourly Rate</b>	<b>Daily Rate (8 am – 6 pm)</b>	<b>Weekly Rate (Mon – Sat)</b>	<b>Annual Rate (52 weeks)</b>	<b>Square Footage Rate (assumes 250 SF/space)</b>
<b>Downtown Burlingame</b>					
Burlingame Avenue					
1st Hour	\$1.00	\$15.00	\$90.00	\$4,680.00	\$18.72
2nd Hour	\$2.00				
All Other Streets	\$1.00	\$10.00	\$60.00	\$3,120.00	\$12.48
<b>Broadway</b>	\$0.50	\$5.00	\$30.00	\$1,560.00	\$6.24

Based on their review and discussion of the annual use fee structure on May 22nd, the Economic Development Subcommittee recommends the following fees for Council consideration (parklet owners would be subject to all fees listed below):

- **Application Fee:** One-time \$1,801 (equivalent to current Special Encroachment Permit rate)
- **Space Use Fee:** Blended rate of \$15/sf for all Downtown Burlingame streets (Burlingame Avenue and side streets), and \$6/sf for Broadway. The current temporary program charges a \$1,590 flat fee annually. In a dollar per square foot model, this is equivalent to \$6/sq ft (rounded to the nearest dollar) for a model 250 sf parklet.

For comparison, on an average basis, a parallel parking space in Downtown Burlingame measures approximately 176 SF (8' x 22'). Based on the blended rate, use of one and two parking spaces would cost \$2,640/year and \$5,280/year, respectively. On Broadway, a diagonal parking space measures approximately 162 SF (9' x 18'). Based on the blended rate, a typical use of three parking spaces would cost \$2,916/year. Actual cost will vary depending on the overall square footage of the parklet.

- **Cleaning Fee:** \$265/month charged annually = \$3,180
- **Inspection Fee:** \$1,800 (approximate) charged annually

The Building, Fire, and Public Works Divisions have been performing quarterly inspections charged at approximately \$1,800 per quarter (based on staff time), or \$7,200 annually. Moving to annual inspections with the lower recommended fee would reduce operating costs for parklet owners (from approximately \$7,200 to \$1,800 annually) while still covering staff time for inspections.

**Proposed Term of Agreement**

In addition to the new fee structure, parklet owners would now sign a multi-year agreement. The Economic Development Subcommittee suggested a minimum of a three-year term. As part of the agreement, they suggested that parklet owners not be required to rebuild their parklet for the 2027-

2030 agreements. The agreement would also acknowledge that the annual use fee will not change for the 2024-2027 agreement period, but that the cleaning and inspection fees may be escalated to account for inflation and changes in staff costs.

### ***Legal Considerations***

By allowing a parklet in the public right-of-way, the City is allowing only a temporary use of the right-of-way and is not granting an ownership interest. If the program is amended to allow longer-term parklet placement, applicants should be required to obtain a permit or license from the City to temporarily encroach upon the right-of-way. The terms of the permit or license should specify that the applicant will only have a temporary right to occupy the parklet space. The permit or license should further specify that by granting the application, the City is not granting any permanent rights to or ownership of the parklet area to the applicant. The permit or license should expire after a set period of time, and the applicant should be required to re-apply for a new permit or license.

### **FISCAL IMPACT**

As of October 2023, there are total of 30 parklets both in the Burlingame Avenue Downtown Area (27 parklets) and in the Broadway Commercial District (3 parklets), occupying a total of 63 parking spaces combined.

If all 30 parklet users pay their annual use fee and monthly cleaning fees based on the current flat feet of \$1,590 per year, approximately \$48,000 would be accrued in use fees, and \$95,000 would be accrued in cleaning fees, the latter of which would help offset City costs to maintain the current level of service per year.

The total yearly accrued use fees based on the blended rate per square foot option is unknown at this time since those fees would be dependent on the size of the parklets. Parklets will now be limited to a business's frontage under the new program, which may decrease/increase parklet sizes and correspond to occupying fewer or more parking spaces. Staff anticipates a modest change in use fees accrued if the annual use fee changes to a revenue recovery model rounded to the nearest dollar in each district.

Exhibits:

- Parklet Program Policy Guidelines (May 15, 2024)