



CITY OF SANTA BARBARA

ORDINANCE COMMITTEE AGENDA REPORT

AGENDA DATE: June 11, 2019
TO: Ordinance Committee
FROM: Engineering Division, Public Works Department
SUBJECT: Ordinance For Outdoor Dining License Annual Fee

RECOMMENDATION:

That Ordinance Committee forward to Council for introduction an Ordinance of the Council of the City of Santa Barbara Amending the Municipal Code by Amending Section 9.95.080 Relating to Outdoor Dining Licenses.

DISCUSSION:

Santa Barbara Municipal Code (SBMC) Section 9.95.080 requires payment of application fees for the processing and issuance of a license agreement and annual "fair market rent" for use of the sidewalks under the Outdoor Dining License Agreement (ODLA) Program. To more accurately reflect the nature of the relationship of the ODLA Program (license instead of lease) and to provide flexibility in the establishment of the annual fee for use of the sidewalk, staff are recommending an amendment to SBMC Section 9.95.080.

The current fees approved by resolution for Fiscal Year 2019 are shown below:

Application Fees	Unit	Permit Fee
Application fee, minimum (2 hours, 4 chairs or less)	up to 2 hours	\$259
Application fee, maximum (4 hours)	3 to 4 hours	\$520
Amendment to ODLA (change to furniture etc. 2-hour min.)	each	\$256
ODLA Assignment/Ownership change	each	\$256
Plus additional hourly charge if needed	plus each additional hour	\$128
Annual License Fees	Unit	Permit Fee
Chair (tables are required for ODLA)	each	\$299
Landscaping pots	per frontage	\$55
Street furniture	per frontage	\$55
Outdoor heaters	per frontage	\$55
Barrier footings Inspection	per site	\$248

As part of the Land Development Team (LDT) Fee Study, staff have reviewed the user/application fees and made recommendations to the Finance Committee on appropriate fees to recover a portion of the costs of the program. Staff are recommending an increase to application fees, with a 50 percent subsidy from the General Fund, to minimize impact to the businesses. Staff understand, based upon input received from the business community, that there may be some interest in not charging or modifying the annual license fees. Below are the recommended fees for Fiscal Year 2020.

Application Fees	Unit	Permit Fee
Application fee, 1-4 Chairs	each	\$500
Application fee, 5+ Chairs	each	\$1,000
Amendment to ODLA	each	25% of application fee
ODLA Assignment/Ownership change	each	50% of application fee
ODLA Barrier Footing Inspection	per permit	\$250
Annual License Fee	Unit	License Fee
ODLA Annual Renewal Fee	per year	\$250

City staff estimate that the above fees would result in \$15,000 in revenue from the program per year. Of that revenue, approximately \$5,000 is anticipated to be from application fees with the remaining \$10,000 from annual renewal fees.

Staff also recommend that an annual license fee of \$250 continue to be charged to keep the license holders current and help pay for staff costs necessary to perform an annual review, respond to complaints, and administer the program. This fee is referred to as an “annual renewal fee” and is for staff cost recovery only. The application fees and annual renewal fee are fees for administration of the regulatory program imposed under SBMC Section 9.95.080(I). Staff also recommends that Municipal Code Chapter 9.95.080 be modified to give leeway to Council to charge an annual license fee as determined appropriate as part of the annual fee resolution process. This determination may include consideration of the public benefit that the ODLA Program has on tourism and the Downtown experience.

This revised fee structure was discussed with Council during the Fiscal Year 2020 Public Works Budget presentation in May 2019. Council appeared to be supportive of the change.

BUDGET/FINANCIAL INFORMATION:

Staff estimate that the elimination of rent and replacement with a nominal annual renewal fee, would result in a loss of \$76,000 in estimated revenues to the Public Works Land Development Program (Land Development) in the General Fund. Land Development, of which the ODLA is a part, has continued to have strong revenue activity over the last three years and should be able to absorb this loss in revenue. The economics of this decision could change in the future, and as such, staff are recommending Ordinance language so that the rent could be charged again if necessary.

PREPARED BY: Adam Hendel, Principal Engineer/kts

SUBMITTED BY: Rebecca J. Bjork, Public Works Director

APPROVED BY: City Administrator's Office