

DECISION/DIRECTION NOTE

Title: Parklet Program Fee Structure

Date Prepared: March 22, 2022

Report To: Regular Meeting of Council

Councillor and Role: Councillor Ron Ellsworth, Finance & Administration

Ward: N/A

Decision/Direction Required: To charge applicable fees for the Parklet Program.

Discussion – Background and Current Status:

Traditionally the use of City land for a parklet would be subject to standard City fees. These fees include a Discretionary Use application fee of \$300, a Building Permit fee including inspection of \$50 and a fee for the rental/lease of City land. For short term use of a City parking stall the fee is \$17.50 per weekday which covers lost meter and ticket revenue. For longer term use of City land where the proponent plans to erect a structure, the City enters into a lease with the proponent. The lease is subject to a \$300 administration fee plus a lease rate per square foot. Historically, such leases are on non-income generating City land and the rate is 10% of the valuation of the land. For example, for land valued at \$25/sf/year the lease rate would be \$2.50/sf/year. For income generating land such as a parking space, the rate would be higher to also account for the lost revenue from removing the parking space. On a typical parking stall, the \$17.50 daily rate equates to \$25/sf/year once weekends and statutory holidays are considered. Combining the two creates a lease rate of \$27.50/sf/year or \$385/mth for a typical parking stall.

Prior to the Covid pandemic there were only a few parklets in the City. During the pandemic the number of parklets increased dramatically. This was primarily driven by the need for restaurants to increase their square footage to account for the reduced capacity in their buildings due to public health requirements to socially distance. Coinciding with this, the City created the Pedestrian Mall on Water Street. The Pedestrian Mall closed Water Street to vehicular traffic therefore opening it up for pedestrians. This also increased the demand for parklets as the Pedestrian Mall was well received by residents. As the expanded Parklet Program and the Pedestrian Mall were both intended to assist businesses expand capacity during the pandemic, the City waived all fees associated with the Parklet Program, whether the parklet was inside or outside the footprint of the Pedestrian Mall.

It is evident that the Parklet Program and the Pedestrian Mall succeeded in helping these businesses during the pandemic. Now that public health measures have been lifted and restaurants/businesses are operating at their pre-pandemic capacities, the City has to re-

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evaluate the waiving of fees as the City lost significant revenue by doing so. This is revenue that is used to fund City programs and services.

Based on 2021, the approximate lost revenue was \$15,000 in Discretionary Use application fees, \$2500 in Building Permit fees and \$15,000 in Lease Agreement Administration fees. Additionally, the bulk of lost revenue was due to not charging a fee for the use of City land, in particular to offset the normal revenue that would have been generated by the lost parking spaces. Lost parking revenue was estimated at \$152,000. This is revenue the City would have relied on in previous years.

Key Considerations/Implications:

1. Budget/Financial Implications:

The waiving of fees in 2021 is estimated to have cost the City approximately \$185,000. Initially this was done to assist businesses during the pandemic to increase their otherwise reduced seating capacity. Now that building capacity restrictions have been lifted, the parklet program expands the original capacity of these businesses and Council should consider charging fees as per pre-pandemic conditions. Council may decide to charge none, some or all of these fees.

To transition back to pre-pandemic conditions, Council may wish to use a phased approach to re-establish the fees. For example, in 2022 Council may wish to waive the \$300 Discretionary Use application fee and the \$300 Lease Agreement Administration fee but charge the \$50 Building Permit fee and the \$27.50/sf/year lease rate to compensate for the loss of parking revenue. Then in 2023, Council may wish to reinstate all applicable fees.

2. Partners or Other Stakeholders:

Stakeholders include the businesses that avail of the Parklet Program, both inside and outside the Pedestrian Mall. Stakeholders also include other users of City parking spaces that are being charged the per weekday fee of \$17.50, including developers, construction companies and film production companies.

3. Alignment with Strategic Directions/Adopted Plans:

The consideration of fees aligns with the strategic direction of being fiscally responsible.

4. Legal or Policy Implications:

Lease agreements are required for longterm use of City land. This practice was maintained during the pandemic but the associated fees were not charged.

5. Privacy Implications:

N/A

6. Engagement and Communications Considerations:

Any approved fees will be communicated as part of the application process and will also be communicated to the downtown and Churchill Square businesses.

7. Human Resource Implications:

N/A

8. Procurement Implications:

N/A

9. Information Technology Implications:

N/A

10. Other Implications:

N/A

Recommendation:

That Council reinstate the applicable fees associated with the parklet program using the following phased approach:

2022

- reinstate the Building Permit fee and the fee to lease City land but continue to waive the Discretionary Use application fee and the Lease Agreement Administration fee

2023

- reinstate the Discretionary Use application fee and the Lease Agreement Administration fee

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Report Approval Details

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Attachments:	
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This report and all of its attachments were approved and signed as outlined below:

Randy Carew - Mar 15, 2022 - 3:43 PM

Jason Sinyard - Mar 17, 2022 - 2:28 PM