

## CITY COUNCIL STUDY SESSION

Briefing on the expansion of outdoor and on-street dining areas in Old Bellevue.

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## DIRECTION NEEDED FROM COUNCIL

### INFORMATION ONLY

Staff will brief the Council on the recent temporary expansion of outdoor and on-street dining areas on Main Street in Old Bellevue.

## RECOMMENDATION

N/A

## BACKGROUND & ANALYSIS

Governor Inslee issued the “Stay Home, Stay Healthy” order on March 23, leading to a rapid shuttering of retail, restaurants, and hospitality businesses. Restaurants which remained open were required to serve customers through to-go, delivery, and pick-up orders only. The decline in activity had a negative impact on the vibrancy and activity level in the commercial areas and mixed-use neighborhoods the City has worked to cultivate. It also had a negative impact on residents’ quality of life and sense of community.

On June 19, King County entered Phase 2 of the Safe Start plan, which currently allows in-person dining at 50 percent of capacity indoors and outdoors. These capacity restrictions present a significant challenge for restaurants, which, according to the National Restaurant Association, earn an average profit margin of just 3-7 percent. Each lost table has a significant impact on a restaurant’s ability to stay in business. Combined with the added costs of maintaining adequate social distancing, providing personal protective equipment for staff and customers, and fulfilling takeout and delivery orders, restaurants are on a thinner margin than ever.

In response to these challenges, communities and business owners around the globe and throughout the Puget Sound region began to explore ways to allow businesses to welcome more patrons and recover as much of their ordinary revenue potential as possible, while giving residents more safe options within walking distance. During this period, the Cultural and Economic Development division took several actions to assist restaurants, retailers, and small businesses Citywide, including:

- **Developing one-pagers and advising assistance** to guide business owners through the process of applying for right-of-way or land use permits for patio dining, noise permits for socially distant drive-in events, and/or park permits for use of park space for fitness classes.

- Partnering with neighboring cities to develop What's Open Eastside, **an interactive map highlighting businesses and nonprofits that are operating**, as well as special hours, pickup and delivery options, and online services.
- **Launching (re)STARTUP425**, a collaborative effort of the five largest Eastside cities to provide free, one-on-one financial support and technical assistance to small businesses.

At the same time, major cities around the world began allowing the use of public space for patio dining, closing streets to through-traffic, and other temporary measures to support new socially distant community activity. In late June, members of the Old Bellevue business community approached City staff to request support to expanded outdoor dining by closing Main Street to vehicles and transforming the curbside parking space into patio dining.

### **Community Engagement and Program Development**

In order to better understand the needs of the diverse stakeholders on Main Street—including restaurants, retailers, personal services businesses, property owners, and residents—the Economic Development team facilitated three virtual community engagement meetings with Main Street representatives. Co-led by representatives from the City, the Old Bellevue Merchants' Association (OBMA), and the Bellevue Downtown Association (BDA), these conversations created a critical feedback loop where City staff were able to develop, present, and improve upon activation concepts based on feedback from local stakeholders.

While there was broad enthusiasm for some type of assistance for the restaurants, and a recognition that expanding outdoor dining space may have spillover benefits, retailers expressed concern with the prospect of losing visibility and sales with a full closure of the street. As a result, Right of Way developed a win-win solution whereby select on-street parking areas could be re-allocated to patio dining space, but the street would remain open to drivers and for emergency access.

### **Implementation**

Following the development of the on-street dining solution, the BDA stepped in to play an essential role in supporting the City and Main Street business owners to coordinate and accelerate implementation of the activation throughout Old Bellevue. Their efforts included: direct on-the-ground outreach to restaurants regarding the new permit option; technical assistance with permit applications; and coordination, delivery and removal of required traffic barriers, ramps, tables and chairs; and sustained marketing and promotion of Old Bellevue's "Al Fresco" dining experience through the "Heart of Bellevue" program.

In total, various partners invested a significant amount of time and money into the project, including 390 hours of staff support and more than \$40,000 for program costs. Funding was partially offset by a sponsorship from Microsoft.

Internally, this effort was a major undertaking and successful implementation required a true, "One City" approach. Economic Development staff coordinated the overall effort, which included staff from Transportation, the City Attorney's Office, Bellevue Police, Fire, FAM, as well as engaging with the Old Bellevue community to help understand needs, develop an adequate response, and coordinate messaging and communications.

Transportation waived use fees for both on-street dining and sidewalk café areas and further placed a priority in their permitting process. Support and guidance for business including actively walking through applications, staff developing site plans and working with businesses to secure approvals for Hold Harmless/Indemnification Agreements. Transportation staff further collaborated with the Washington State Liquor Cannabis Board to address interagency coordination, conditions of approval and confirming the status of issuance.

## **Outcomes**

Several extended on-street dining areas were deployed adjacent to restaurants on Main Street, adding dozens of additional seats during the eight-week program from early August through October 4.

Combined with additional permitted dining space on the sidewalk and patios on private property, these areas helped restaurants recover a significant portion of their typical summer revenue. Further, restaurant and resident feedback was overwhelmingly positive; residents praised the increased vibrancy along Main Street, noted that they felt safer dining outside, and expressed a strong desire to see the patio areas return as a permanent summertime experience in downtown Bellevue.

### *Restaurant Feedback*

Restaurants were overwhelmingly positive in their feedback on the extended on-street patio dining areas, and reported that they were critical to allowing them to safely offer in-person dining and recoup some of the losses incurred during the period of shutdowns in March, April, and May. Restaurants also reported that their customers generally requested the outdoor areas as a safer and more enjoyable option, and rarely reported problems with parking or access complaints from customers.

The additional tables returned dividends; while most restaurants reported that revenues were still down year-over-year, their declines were significantly lower in the summer than the 70-80 percent year-over-year decline from April and May, more on the order of 10-15 percent. Some restaurants reported that they actually had higher revenues and more visitors than they had in summer 2019, indicating that they took advantage of the on-street dining areas to promote a unique experience to their customers. This also indicates that the extended dining areas succeeded in improving restaurants' revenue potential and ability to safely remain open through the pandemic.

In spite of these successes, restaurateurs expressed frustration with the on-street dining and sidewalk café permit process. Many felt the process was significantly more time-consuming and arduous than it had been in the past. Others with multiple restaurants in their portfolio claimed frustration with the process compared with their experience in nearby cities, such as Seattle or Issaquah. Based on feedback, staff is developing future improvements to enhance businesses' experience.

### *Retailer Feedback*

Retailers are an important stakeholder to consider in making significant changes to the street. In the City's post-activation conversations with retailers, owners and operators reported that while they did not experience a significant revenue boost directly attributable to the extended on-street dining areas, they did notice significantly more foot traffic over the summer months than during the spring. Their revenue declines versus 2019 were also less significant over the summer than during the spring. Retailers consulted generally felt that the unique experience along the street was, on net, beneficial to them.

Among six retailers consulted in post-activation interviews, none voiced concerns about the loss of parking, and several proactively mentioned that they felt the loss of parking spaces was a worthwhile tradeoff for the additional foot traffic and liveliness along the street.

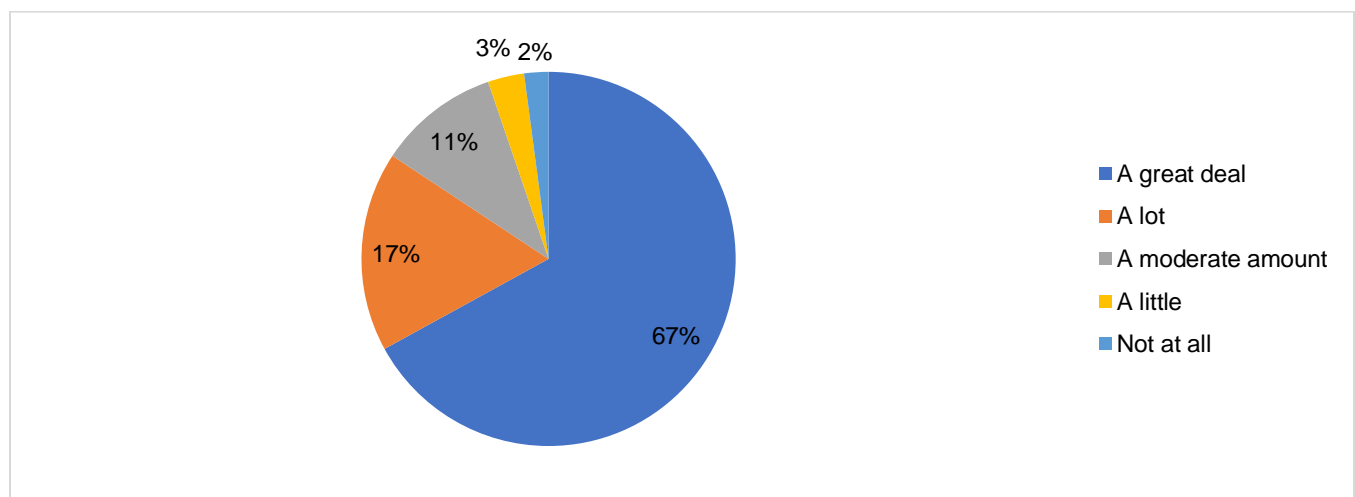
### Resident and User Feedback

In addition to more than ten one-on-one conversations with restaurants and retailers along the street, Economic Development staff conducted an online survey of users of the extended patio areas. The survey was live from mid-September through early October, and was promoted via Citywide, BDA, restaurant and retailer lists, and various other channels.

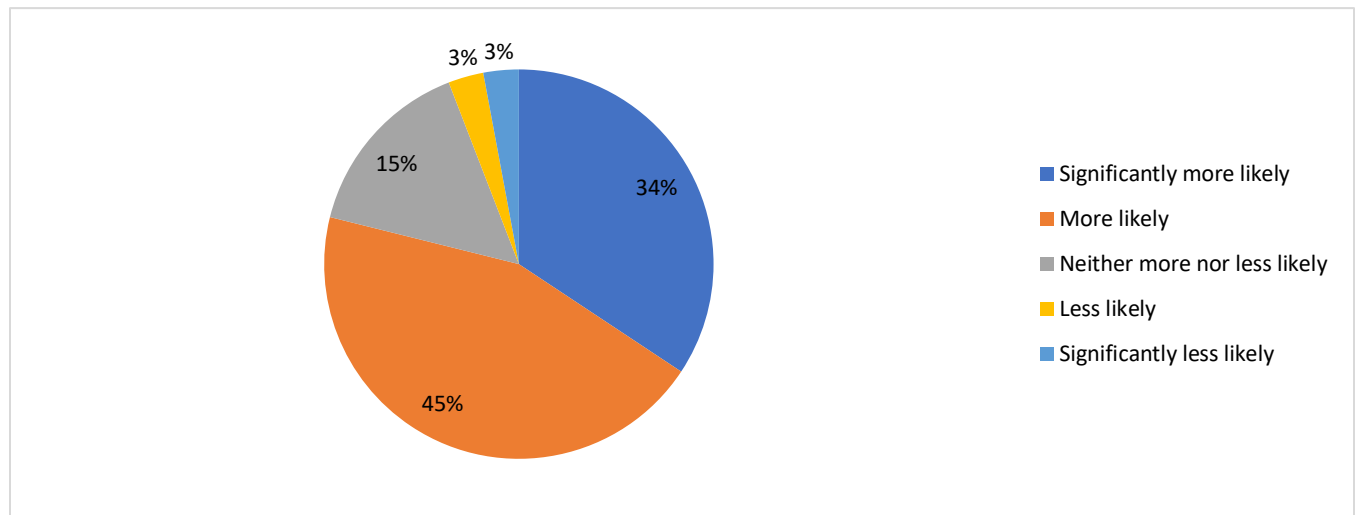
Key findings from nearly 400 responses include:

- The overwhelming majority of respondents were **supportive of the on-street dining areas**, and many proactively suggested that they want to see them stay longer or return in the future.
- There were a few concerns about the **design of the spaces** from a social-distancing perspective, though nearly all visitors to the spaces—more than 91 percent—said they felt comfortable using the on-street dining areas from a public health perspective.
- Among respondents who drove to Main Street—about 80 percent—more than 55 percent felt that **parking was either “easy” or about what they expected**. Even those who rated the parking experience negatively still rated the on-street dining spaces favorably.
- Almost one-third of those who used the on-street dining areas **made a purchase at a retailer** during the same visit.
- Respondents generally spend between \$50 and \$150 per visit to Main Street, indicating that increasing the frequency of visits to Main Street through unique experiences and activations can increase business revenue (and ultimately City tax revenue).

**Figure 1.** To what degree did on-street dining influence your decision to dine out on Main Street?



**Figure 2.** Disregarding COVID-19, do the extended dining areas make you more or less likely to visit Main Street in the future?



### Key Findings and Next Steps

Overall, the Main Street Activation effort was a broad, comprehensive effort from across the City organization and its partners and illustrated many of the challenges and opportunities associated with future work along these lines. The following findings should be considered for future activations.

- 1. Collaboration is critical.** The Economic Development team led coordination of multiple departments and organizations, including Transportation, Development Services, Fire, Police, and the City Attorney's Office at various stages of this project, and it would not have been possible without coordination between these subject-matter experts. Equally important was the support of partners like the BDA and OBMA. Their involvement enabled the City to reach more businesses, gather important feedback, and support implementation on the ground.
- 2. Businesses need wraparound services.** Especially in the midst of the COVID-19 pandemic, businesses did not have the time or resources to navigate a complicated application process, table and chair rentals, barricade rentals, and managing their ordinary business. Working with the BDA allowed the City to work with a trusted partner, experienced in the permitting process and eased the burden on the restaurant owners. The City will need to develop new partnerships to support similar activities in other neighborhoods.
- 3. Existing policy isn't a major barrier, but implementation requires improvement.** In general, activations like additional patio dining and innovative use of street space are well-supported in City plans and policy documents, but application and review processes are not intuitive to small business owners, which leads to low adoption of available tools. Businesses would rather risk a fine or pass on applying altogether, than deal with cumbersome permit applications and associated requirements. Where possible, the process could be streamlined and simplified within the scope of existing policy to ease the burden. Based on feedback, staff is developing future improvements to enhance businesses' experience.

## POLICY & FISCAL IMPACTS

### Policy Impact

On-street dining and streetscape activation are well-supported within City planning and policy documents, including the *Comprehensive Plan*, the *Downtown Livability Initiative*, the *Grand Connection Framework Plan*, and various planning efforts focused on the visitor experience, the creative economy, and the development of Old Bellevue itself. For example:

The “Economic Development” element of the *Comprehensive Plan* includes the following policies:

- **ED-6:** Strive to provide an efficient, streamlined, timely, predictable and customer-focused permit processes, conducted in a manner that integrates multiple City departments into a coordinated entity, recognizing the role of development in creating places for economic activity.
- **ED-14:** Recognize the economic development benefits of City and private sector investments in urban amenities like arts and culture, open space and recreational facilities, and high-quality urban design. Strengthen the City’s assets in these areas as an explicit component of the City’s economic development strategy.

The “Urban Design & The Arts” element of the *Comprehensive Plan* includes the following policies:

- **UD-4:** Create a safe, engaging and attractive pedestrian environment throughout the City using appropriate urban design features.
- **UD-58:** Provide a system of public places of various sizes and types throughout the community with a variety of experiences and accommodations.
- **UD-70:** Enhance neighborhood shopping streets to act as the local “main street” with exceptional landscaping, increased pedestrian and bicycle facilities and neighborhood specific character elements. (See Map UD-2)

The “Transportation” element of the *Comprehensive Plan* includes the following policies:

- **TR-61:** Allow for repurposing of travel lanes for other uses such as parking, transit or pedestrian and bicycle facilities where excess vehicular capacity exists and/or to optimize person throughput along a corridor.

The *Downtown Subarea Plan* (adopted in 2015) includes the following policies:

- **S-DT-91:** Reinforce the unique character of the Old Bellevue area by encouraging residential development, specialty retail, and other development with an emphasis on pedestrian activity.

Additionally, this program is supported by strategies identified in the *Economic Development Plan* adopted in 2020:

- **Capacity-Building and Partnerships 2:** Apply a partnership approach to strategies throughout economic development efforts to expand and improve service delivery.
- **Retail 2:** Encourage the preservation of existing spaces and the creation of new spaces that are suitable for independent retail, neighborhood services, restaurant, and beverage establishments.

Based on the success of this program and residents' support for on-street dining and other activations, the City may consider policy improvements to better facilitate these programs.

### **Fiscal Impact**

This program was funded through the City's approved budget.

Additional on-street dining may have increased the City's sales tax receipts from retailers and restaurants on Main Street, compared to pre-installation, though it is difficult to determine what may have occurred without the spaces. Based on survey data and interviews with restaurant-owners, additional tax revenue likely was significantly more than the sidewalk café lease fees, which were waived this year.

### **OPTIONS**

N/A

### **ATTACHMENTS & AVAILABLE DOCUMENTS**

A. Main Street Activation – User Survey Results

### **AVAILABLE IN COUNCIL LIBRARY**

N/A