

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 02/17/09		Item Number: <u>A-1</u>	
AGENDA ITEM: Approval of a Resolution (1) Revising the Outdoor Dining Standards and Procedures on the Public Right-of-Way to Authorize the Use of a Pay-Over-Time Payment Plan for the Outdoor Dining License Fees; (2) Establishing a Fee for the Use of the Pay-Over-Time Payment Plan; and (3) Rescinding Resolution 2008-R073.			
Contact Person/Dept.: Glenn Heald Redevelopment		Phone Number: (310) 253-5752	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Downtown Business Association (02/04/09); Culver City Chamber of Commerce (02/04/09); Master E-Mail Notification List (02/11/09).			
Department Approval: Sol Blumenfeld/CDD Director (02/11/09) Charles Herbertson/PW Director ()		City Attorney Approval: Carol Schwab (by H. Baker) (02/11/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball)		City Manager Approval: Jerry B. Fulwood (02/11/09)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt a resolution (1) revising the Outdoor Dining Standards and Procedures on the Public Right-of-Way (the "Outdoor Dining Standards") to authorize a pay-over time payment plan for Outdoor Dining License fees; (2) establishing a fee for the use of the pay-over-time payment plan; and (3) rescinding Resolution No.2008-R073. <u>BACKGROUND:</u> On November 3, 2008, City Council approved Resolution No. 2008-R073, which includes a fee schedule for Outdoor Dining License Agreements that requires licenses to be paid in full at the beginning of each year. There are approximately 160 restaurants in Culver City, of which approximately 40 currently have outdoor dining areas subject to these requirements. Many of these licensees have stated that the increase in fees combined with the brief time between enactment and collection has created a significant financial burden upon their business. <u>DISCUSSION:</u> The City Council has recently been approached at Council Meetings by residents and business owners who have voiced their concerns, given the current economic			
A1-1			

City of Culver City, California
City Council Agenda Item Report

situation, over their ability to pay certain City levied fees and taxes. This includes the restaurant owners.

Further, the Council may want to consider the additional financial burden the November 2008 adoption of increased outdoor dining license fees may place upon some licensees. In order to address the concerns of the City's restaurant businesses, staff recommends the City Council authorize a pay-over-time payment plan for the payment of the annual license fee for Outdoor Dining License Agreements. Outdoor Dining Licenses will continue to be issued on a calendar year basis and expire on December 31st of each year. License holders may determine to "opt-into" the pay-over-time payment plan or pay the total annual fee for any calendar year in one payment prior to March 1st.

Staff is recommending the Outdoor Dining Standards be amended to provide for 2009 Outdoor Dining License fees to be paid in full on or before March 1st of 2009, and thereafter in full on or before January 1st of each calendar year; or, alternatively, in accordance with a "Pay-Over-Time Payment Plan" ("Payment Plan") as such Payment Plan may be authorized by the City Council.

Staff further recommends that participation in the Payment Plan be subject to a flat Payment Plan Processing Fee in the amount of \$1.50 per month (i.e. \$18 per year per business participating in the payment plan) to cover administration and processing costs. This Payment Plan Processing Fee will be established by resolution of the City Council and will be reviewed annually. Additionally, a late fee of 20% of the invoiced amount, excluding the Payment Plan Processing Fee, will be incurred if payment is not received by the first of each month.

Potential Application of a Pay-Over-Time Payment Plan to Other City Fees

As mentioned by staff at the February 9, 2009 City Council meeting, it is staff's intention to present a similar Plan for the City Council's consideration that, if adopted, would apply to certain other fees and charges assessed by the City. It is expected this item will be presented to the City Council on March 2, 2009.

FISCAL ANALYSIS:

The City currently has 36 valid Outdoor Dining License Agreements and four applications pending, representing potential annual Outdoor Dining License Agreement fees totaling approximately \$120,000.

By implementing the Payment Plan and associated Payment Plan Processing Fee, it is expected there would be no net fiscal impact to the City. Additionally, by

City of Culver City, California
City Council Agenda Item Report

authorizing the Payment Plan, some businesses which might otherwise not be able to pay the amount due in one lump sum and potentially close their sidewalk dining area, may be able to make the payments if allowed to do so over time. This would result in increased collection of the fees and a higher probability that the outdoor dining areas would remain.

The process of billing monthly will increase the amount of staff time spent preparing invoices and processing payments over that of annual billing, but staff believes the Processing Fee will offset the additional costs that may be incurred. The process and staff time will be reviewed and adjusted annually to ensure that the Payment Plan Processing Fee is sufficient to cover the cost to implement the program.

ATTACHMENTS:

1. Proposed Resolution
2. Resolution R2008-R073

MOTION:

That the City Council:

1. Approve a Resolution (1) revising the Outdoor Dining Standards and Procedures on the Public Right-of-Way to authorize the use of a pay-over-time payment plan; (2) establishing a fee for the use of the pay-over-time payment plan; and (3) rescinding Resolution No. 2008-R073.