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City of Annapolis

DEPARTMENT OF PLANNING AND ZONING

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To: Mayor Gavin Buckley & City Council
From: Stephen Rice, Economic Development Manager
Date: October 20, 2022
Subject: Staff Report for R-30-22
Cc: Michael Mallinoff, City Manager and Michael La Place, Director of Planning & Zoning

Background:

The Annapolis Recovery Zone program was formally kicked-off on July 1, 2020. During the Recovery Zone program restaurants were allowed through a series of Executive Orders to request and utilize City owned parking spaces and adjacent private parking spaces for outside dining operations. These measures were taken to make restaurant patrons feel safe, facilitate social distancing and help the restaurants comply with a myriad of Health Department requirements that effectively reduced indoor seating capacity and revenue. Several Recovery Zone permits were issued and each application was reviewed by various City agencies.

After 16 months of outside dining the Annapolis Recovery Zones came to an end on November 1, 2021. With a rapid rise in Covid-19 cases in December 2021 a new Executive Order was drafted declaring a State of Emergency and the Recovery Zones were relaunched on December 23, 2021. Some applications were received and Recovery Zone permits were again issued to restaurants. The plan was for the Recovery Zone program to sunset on April 10, 2022.

The adoption of R-22-22 by the City Council on April 25, 2022 extended outside dining and created the Parking Lot Usage Pilot Program. Restaurants participating in this program would be able to utilize private parking spaces for outside dining. These restaurants would also have to participate in a study that measured the impact of outside dining and the loss of restaurant parking on the restaurants, the city and parking. The information from the study was to be used to inform future policies related to outside dining in parking lots. The program was formulated by Economic Development in May and formally launched in June. PILOT Parking Lot Dining Permits were issued to five participating restaurants by the Department of Planning & Zoning. Per the legislation, the program and the permits were scheduled to sunset on October 25, 2022. The study was conducted by BAE Urban Economics and their report was submitted to the City Council on September 23, 2022.

PILOT Parking Lot Dining Program Report:

The “Annapolis Outside Dining Pilot Analysis Study” used the following methodology -

This methodology used for this analysis includes collection and analysis of data from each of the five restaurants, interviews with the owners of each restaurant at the onset of the study and in the final month of the evaluation, interviews with the president of the Eastport Civic Association, the Eastport Business Association and the SOFO (South of Forest Drive) Business Association, and interviews and input from non-retail businesses located near each of the restaurants. The study also includes a fiscal assessment of commercial outdoor dining in privately owned parking lots which describes the fiscal impact on the City of Annapolis

According to the study the PILOT Parking Lot Dining program helped to increase gross sales for all of the restaurants that participated. For some of the restaurants the extra outdoor seating may have aided their long term survival. The parking impact of the program was most acute around 4th Street in Eastport but non-restaurant businesses generally supported the program as well. In addition, the fiscal impact of the program on the City in its current iteration is minimal.

Although we are heading into the cold winter months, the legislation reflects the desire on the part of the restaurant owners to continue outside dining operations. From the standpoint of the restaurant owners, their patrons like outside dining and it helps their bottom line. Some restaurant patrons are more comfortable eating outside because it promotes health and safety given the global pandemic has not gone away. Other patrons simply enjoy the experience. Another benefit of continuing the program is that it limits the logistical cost of shuttering down outside dining operations for the winter only to relaunch them when spring arrives. This legislation would likely extend the PILOT Parking Lot Dining Program permits until April 2023.