

bae urban economics

## Annapolis Outdoor Dining Pilot Analysis

Prepared for the City of Annapolis

September 23, 2022

# bae urban economics

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Dear Messrs. Leshinsky and Rice:

On behalf of BAE Urban Economics, Inc. I am pleased to submit this draft of the Annapolis Outdoor Dining Pilot Analysis. The analysis, including the research and data gathered, was carried out from June through August 2022, with a focus on four months of the pilot period from May 2022 through August 2022.

Once you review this draft please contact me with any comments or questions. Thank you for the opportunity to prepare this important analysis.

Sincerely,



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# INTRODUCTION

The City of Annapolis engaged BAE Urban Economics to prepare an analysis of a pilot program to study commercial outdoor dining in privately owned parking lots. Under City Council Resolution R-22-22 as amended, the pilot program temporarily extended the rights of restaurants, within the areas formerly known as Recovery Zones, to utilize their parking areas for outdoor dining in accordance with the permit requirements established by the Department of Planning and Zoning. The analysis contained herein is a study of the impact of outdoor dining on the pilot program restaurants, as well as its impact residents and businesses in the communities near the restaurants. The analysis also considers the impact of the loss of restaurant parking in these areas and the fiscal impact on the City.

Five Annapolis restaurants are participating in the pilot program. The restaurants are: Boatyard Bar & Grill, Bread and Butter Kitchen, Forward Brewing, Grump's Café, and Main & Market. Under an agreement with the City of Annapolis, each restaurant is operating an outdoor dining area in an adjacent private parking lot that they either own or are authorized to use by a separate owner. The pilot program's evaluation period started on the date of adoption of R-22-22, April 25 2022 and ends on October 25 2022. Because the analysis of the pilot program is due to City Council in September 2022, the evaluation period for the study runs from May 2022 through August 2022.

# 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.

Using 2019 data as baseline, BAE collected sales data from each of the five participating restaurants for every month between January 2019 through August 2022, broken down by on-premises sales and take-out sales when possible. BAE also collected seat data broken down by indoor seats, parking lot seats, and other outdoor seats, as well as parking space totals beyond the spaces that are being used for outdoor dining seating for the pilot program. These data are analyzed and compared against the qualitative information collected on community impact from residents, business associations and individual businesses to draw conclusions to help guide City policy going forward.

## Definitions

This analysis includes restaurant specific terminology that may be unfamiliar to persons who do not work in the industry, namely “covers” and “guest count.” Definitions of these terms are as follows:

**Cover:** A cover in a restaurant refers to one meal or one customer served. Generally speaking, a cover refers to a guest served in a given time period. Typically covers are reference points in sit-down restaurants with table service. Example: A table with four guests has four covers, whether or not their orders/meals are on the same bill.

**Guest Count:** Guest count is how customers are accounted for in fast-casual restaurants, where customers order at a counter and their orders are individually prepared and served to them at the counter for pick-up or at a table. Guest count is an order taken at the counter or register. Guest counts can actually be more than one guest, as parties of two or three or more can be on one ticket.

## PARTICIPATING RESTAURANTS

Included below are profiles of each of the restaurants participating in the Parking Lot Dining Pilot Program established by the Annapolis City Council with Resolution R-22-22. Each profile includes background information about the restaurants including type of restaurant, year of establishment, if known, number of indoor seats, and number of employees, as provided by each restaurant’s owner. The background sections of each profile also include details about the parking lot dining areas that have been created as part of the pilot program. This includes the number of seats in the parking lots as well as the number of parking spaces taken up by those seats.

After the background portion of the profile is a section entitled ‘Operations During Covid-19 (2020 – Present).’ In this section BAE briefly discusses the impact of Covid-19 on the restaurants and the different stages of recovery for each restaurant from the early days of Covid-19 in March 2020 to the present. Since the beginning of the pandemic, many restaurants nationally have struggled to stay in business. In June 2022 *The Washington Post*, using Business Employment Dynamics data compiled by the Bureau of Labor Statistics, reported that 72,700 restaurants in the United States, about 11 percent of the total number of restaurants, closed in 2020 due to Covid-19.<sup>1</sup> The closure numbers stabilized in 2021 and the

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<sup>1</sup> Carman, T. (2022, June 21). How many restaurants closed from the pandemic? Here's our best estimate. *Washington Post*.

first part of 2022, but some restaurants are still closing, though not just because of Covid-19. Food costs, fuel costs, and staffing challenges are also contributing to restaurant failures. This information provides clues on how and why the five restaurants agreed to participate in the Parking Lot Dining Program and what other challenges they have faced that should be considered in the City's evaluation of the pilot program.

## **Boatyard Bar & Grill**

### **Background**

Established in 2001 at 400 Fourth Street in Eastport, Boatyard Bar & Grill is the largest of the five restaurants participating in the pilot program, with 145 indoor seats. It is a casual restaurant with table service and a full bar. According to the restaurant's owner, Dick Franyo, as of August 2022, Boatyard Bar & Grill has 120-130 employees.

Once the City of Annapolis established Recovery Zones in June 2020 that allowed restaurants to provide seating in private parking lots in the early days of the Covid-19 pandemic, Boatyard established a dining area in what was their customer parking lot fronting on Severn Avenue. At that time Boatyard repurposed the parking lot, which had 10 parking spaces, for outdoor dining. Boatyard added a tent to cover the new dining area with tables and 76 seats.

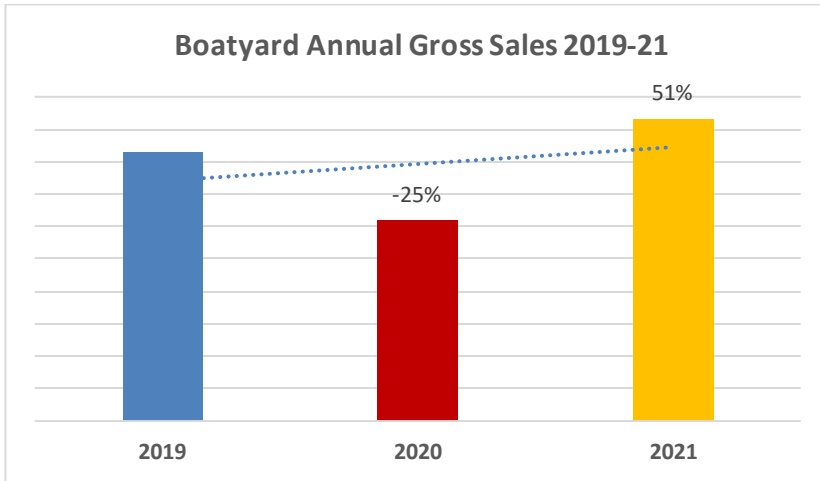
That same parking lot dining area has opened and reopened a few times with the end to and re-establishment of the Recovery Zones over the last two plus years. The first period for the parking lot dining area ran from June 2020 through December 2020, while the second period ran from April 2021 through October 2021. The parking lot dining area reopened in May of this year, just after City Council Resolution R-22-22 for the Pilot Program to Study Commercial Dining in Privately Owned Parking Lots, was passed. In May through June of this year, the parking lot dining area had 76 seats; in July through August the area had 64 seats. Though the evaluation period for the pilot program study ended August 31 2022, the parking lot dining area at Boatyard Bar & Grill is scheduled to remain open until October 25 2022, six months from the date of passage of R-22-22.

### **Operations During Covid (2020-present)**

While 2019 was a strong year for Boatyard Bar & Grill, Covid-19, which shut down large parts of the U.S. economy in March 2020, was a major blow to the restaurant. From mid-March through the end of May 2020 all restaurants in Anne Arundel County were closed for indoor dining. Though Boatyard still had a limited amount of gross sales in this period, not even 50 percent as the same period in 2019, they stayed open during these months. For the year of 2020 gross sales fell by 25 percent versus 2019 as shown in Figure 1. According to the restaurant manager, sales in this period were mostly to-go sales on premises. They also shipped crab cakes to all 50 states and started producing some hotel pan meals for Catholic Charities to keep the kitchen busy. Boatyard produced large meals for Catholic Charities to

supplement their staff during the Covid shutdown. This allowed the restaurant to retain 100 percent of its back of house staff.

**Figure 1: Boatyard Bar & Grill Year-to-Year Annual Comparison Gross Sales (2019-21)**



Source: Boatyard Bar & Grill, BAE, 2022.

The first period of the Recovery Zones that began in June 2020, which allowed for 76 outdoor parking lot seats, helped with gross sales numbers. But since social distancing was required inside which limited indoor seating, the gross numbers were still significantly less than in the same period in 2019. Then, beginning in the latter part of 2020 and into 2021, employee wages were increased and prices also increased at Boatyard. It became harder to find employees and keep them as employees could be easily enticed away by another restaurant paying more. Many employees left the restaurant industry altogether, which could have been for better opportunities in other industry sectors or for fear of getting Covid-19 in the workplace. Thus, as the gross sales improved this was in part due to increased prices, which only partially offset the increased cost of wages.

A return to full indoor capacity in June 2021 and the re-establishment of the parking lot dining program increased gross sales once again in 2021 until November 2021, when it was discontinued again. In May 2022, Boatyard reopened the parking lot dining area for the pilot program that is evaluated in this analysis.

While having the extra seats in the parking lot has helped improve the gross sales numbers in 2022 over 2021, the gross sales numbers for this year, including the pilot evaluation period numbers presented in the Impact section of this report, do not account for the effects of inflation on operating costs. Boatyard Bar & Grill provided some examples of cost increases between 2019, the baseline year for this analysis, and 2022. These include the following:



- Labor costs are up 37%.
- Food costs are up 38.5%.
- In total, other expenses are up 30.3%
- One example of extreme cost increases in this period is paper supplies: up 84%.

Just in 2022 inflation rates have soared to numbers not seen since 1981. In the seven months reported so far, January to July, monthly inflation rates have ranged from 7.5 percent to 9.1 percent.<sup>2</sup> Boatyard Bar & Grill provided just one example of how steep inflation rates have affected the business just since 2021: as of July 2022, the cost of kitchen labor year to date is up 57 percent.

## **Bread and Butter Kitchen**

### **Background**

Bread and Butter Kitchen is a fast casual restaurant located at 303 Second Street A in the Yacht Haven maritime complex in Eastport. Established in 2017, Bread and Butter Kitchen is open for breakfast and lunch daily. The restaurant's customers order at the counter or register and either sit at one of the six indoor seats or one of the 14 seats just outside the front door. Customers can also order on-line. According to Bread and Butter Kitchen's owner, the restaurant currently has 23 employees, a mix of part-time and full-time.

In June 2020, when the City established the Recovery Zones which allowed restaurants to provide seating for dining in parking lot spaces, Bread and Butter Kitchen placed three commercial picnic tables and three high top tables with 36 seats total to accommodate diners on three parking spaces, directly on the waterfront, which are part of the Yacht Haven complex. Those tables and seats have stayed in place since June 2020 and are now part of the Parking Lot Dining Pilot Program.

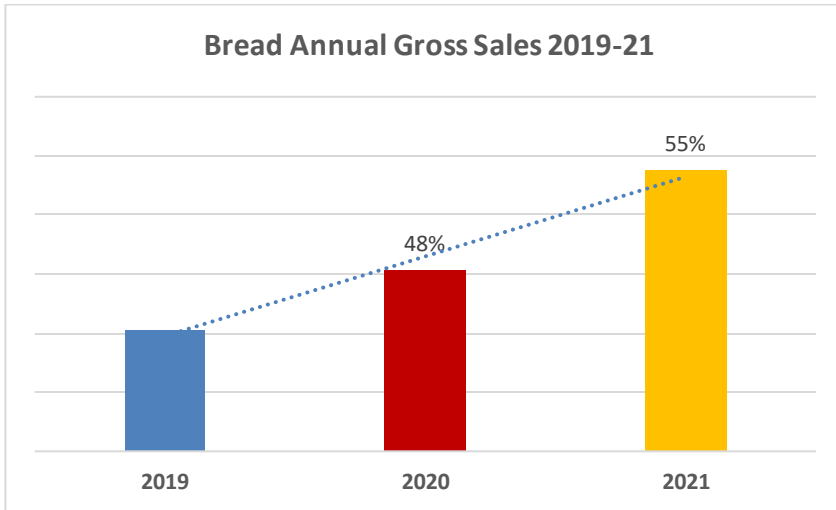
### **Operations During Covid (2020-present)**

Bread and Butter Kitchen was a relatively young business, less than three years old, when Covid-19 shut down indoor dining. The restaurant has always had minimal indoor seating so eliminating indoor seating from mid-March through May 2020 had less of an impact on Bread and Butter Kitchen's business than it did on other restaurants, which have more indoor seats. Take-out has always been a big part of the restaurant's business, currently about 40 percent of sales, and the restaurant was well prepared to continue providing that during the lockdown and beyond. In fact, as shown in Figure 2, gross sales for Bread and Butter Kitchen in 2020 increased by 48 percent from 2019.

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<sup>2</sup> The Bureau of Labor Statistics (BLS) calculates Consumer Price Index (CPI) inflation by taking the average weighted cost of a basket of goods in a given month and dividing it by the same basket from the previous month. Prices that make up CPI inflation calculations come from the BLS' Consumer Expenditure Surveys, which assess what real Americans are buying.

**Figure 2: Bread & Butter Kitchen Year-to-Year Annual Comparison Gross Sales (2019-21)**



Source: Bread & Butter Kitchen, BAE, 2022.

When the City shut down indoor dining and many restaurants struggled or failed, Bread and Butter Kitchen had two months where gross sales were down from the same months in 2019, April and May 2020. During that time, the owner of Bread and Butter Kitchen, Monica Alvarado was instrumental in starting a non-profit organization called Feed Anne Arundel, which raised money to pay restaurants to cook meals for people in need. Community needs for food were great, especially in 2020 and 2021. Feed Anne Arundel worked directly with Anne Arundel County Partnership for Children, Youth, and Families and provided meals to over 600 people at their weekly mobile food pantry. This initiative also helped keep staff from the 30 participating restaurants working when Covid-19 reduced restaurant sales so much.

According to the data submitted by the restaurant, Bread and Butter has been able to continue using three parking spaces that are part of the Yacht Haven complex since June 2020. The gross sales numbers have been on an upward swing for the most part, though the restaurant's business clearly does better in the prime boating season months. Being located directly on the waterfront, and having their own boat slip next to the restaurant, it is easily accessible to patrons who arrive by boat.

As is the case with all the participating restaurants, Bread and Butter has felt the effects of inflation and rising costs, particularly in 2022. Among the restaurant's two largest expenses are wages, which have increased 22 percent since 2019 and food, which has increased 34 percent. Like Boatyard Bar & Grill and the other restaurants, Bread and Butter Kitchen has both raised wages and prices. And even with a recent price increase that resulted in notably higher gross sales, the owner of the restaurant stresses that the outdoor seats make a

difference and help her sustain the business and be able to make it through the colder months when business slows considerably.

## **Forward Brewing**

### **Background**

Forward Brewing, located at 418 Fourth Street in Eastport, is the newest of the restaurants participating in the Parking Lot Dining Pilot Program, opening in May 2020. Forward Brewing is both a fast casual restaurant and a small craft brewery. Its customers order food and beer at the counter and their orders are delivered to their seats by servers or packaged up to go. Customers can also order on-line.

There are 28 indoor seats and 8 outdoor seats on the front porch. According to Forward Brewing's owner, the restaurant has 20-30 employees as of August 2022, a mix of part-time and full-time. Only two of the employees are salaried: one of the two owners who acts as manager, and the head brewer. The restaurant is open daily, from 4:00 p.m. to 9:00 p.m. Monday to Thursday, 12:00 p.m. to 10:00 p.m. on Fridays, 11:00 a.m. to 10:00 p.m. on Saturdays, and 11:00 a.m. to 9:00 p.m. on Sundays.

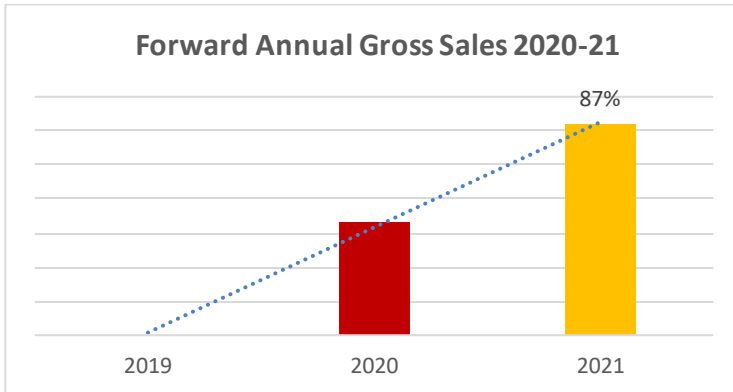
In June 2020, when the City established the Recovery Zones which allowed restaurants to provide seating for dining in their parking lots, Forward Brewing was able to add 50 outdoor seats in their approved parking lot. The restaurant has set up tables and chairs in the five-space parking lot area. These tables and seats are now part of the Parking Lot Dining Pilot Program.

### **Operations During Covid (2020-present)**

Forward Brewing opened for business in May 2020, about two months after the Covid-19 pandemic began. They were, however, able to take advantage of the Recovery Zones and establish 50 seats in their parking lot, the majority of their seats, from June 2020 through October 2021. The restaurant was able to reopen that seating area from January 2022 through August 2022, with the last four months as part of the Parking Lot Dining Pilot Program.

While Forward Brewing seems to have a good formula with craft brew and less meat-focused cuisine, both popular with younger customers especially, having 50 extra seats in the parking lot has helped to build the business since it was founded. As shown in Figure 3 annual gross sales between 2020 and 2021 increased by 88 percent. And the only month in 2021 where sales dropped from the same month in 2020 was November 2021 when the City stopped parking lot dining for two months, November and December. Even so, the December 2021 gross sales were slightly higher than December 2020 gross sales, when Forward Brewing had the 50 extra seats in the parking lot.

**Figure 3: Forward Brewing Year-to-Year Annual Comparison Gross Sales (2020-21)**



Source: Forward Brewing, BAE, 2022.

As is the case with the other restaurants, Forward Brewing has had to increase prices to help offset increased costs. The restaurant’s owners indicate that food costs have increased the most. To illustrate this, the restaurant provided a food cost comparison example between second quarter 2021 versus second quarter 2022. Forward Brewing spent \$22,026 on food in the second quarter of 2021 and \$47,952 in the second quarter of 2022. While increased volume (i.e., more business) accounts for some of the increased costs, the restaurant estimates that the average cost per item rose from \$2.26 in the second quarter of 2021 to \$3.87 in the same quarter of 2022, an increase of more than 50 percent. Labor costs have also risen significantly, especially for back of the house kitchen labor.

## Grump’s Café

### Background

Grump’s Café, located at 117 Hillsmere Drive in the Bay Ridge Market Place Shopping Center, opened in 2002. It is a fast casual restaurant where customers can order food and drink, including alcohol, at the counter, and are called to a pick-up area when their orders are ready. Customers also can order on-line. Grump’s has 55 indoor seats. According to the owner, Deena Bradbury, there are 21 employees as of August 2022.

Grump’s Café in Annapolis—there is a second location in the Crofton area—is open seven days a week for breakfast, lunch and dinner. The restaurant’s hours are 8:00 a.m. to 3:00 p.m. Monday, 7:00 a.m. to 3:00 p.m. Tuesday through Friday, and 8:00 a.m. to 4:00 p.m. Saturday and Sunday.

In June 2020, when the City established the Recovery Zones which allowed restaurants to provide seating for dining in their parking lots, Grump’s Café was able to add 24 outdoor seats at tables on three parking spaces in the shopping center parking lot. This added outdoor

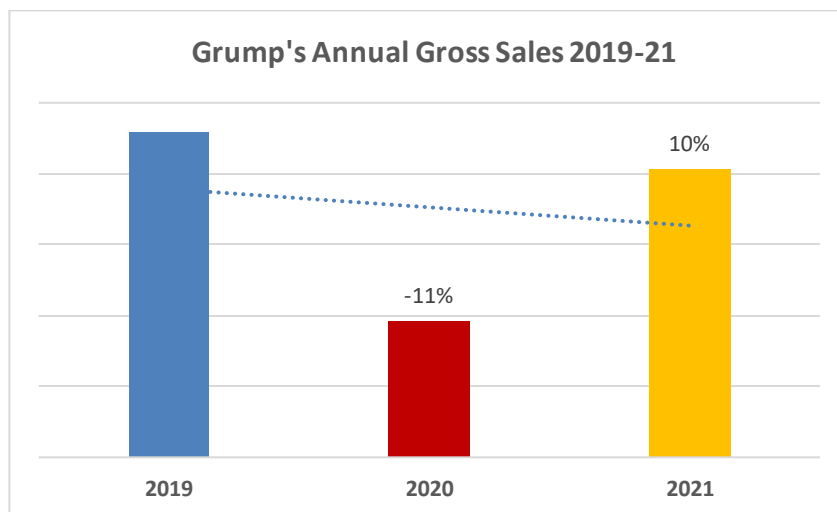
seating is directly adjacent to the restaurant. This seating is now part of the Parking Lot Dining Pilot Program.

### Operations During Covid (2020-present)

Grump's Café was a well-established restaurant when the Covid-19 pandemic began in March 2020. It had operated successfully for many years prior with 55 indoor seats and 12 outdoor seats on the sidewalk immediately adjacent to the restaurant. Like all the other restaurants participating in the pilot program, in the early days of the pandemic, Grump's focused on take-out business. Like Bread and Butter Kitchen, Grump's also participated in Feed Anne Arundel, having staff cook meals for people in need in Anne Arundel County. Feed Anne Arundel allowed Grump's Café to continue to employ some of the kitchen staff, though employment numbers overall were reduced in 2020.

Beginning in 2020 with the establishment of the Recovery Zones the additional 24 parking lot seats helped to stabilize the restaurant through 2021. As shown in Figure 4, Grump's mostly recovered in 2021 from an 11 percent drop in year to year sales that occurred between 2019 to 2020, with a 10% increase in gross sales from 2020 to 2021. Grump's then decided to participate in the Parking Lot Dining Pilot Program that began in May 2022 because the extra seats made a real difference for the restaurant's bottom line. The restaurant owner, Deena Bradbury also noted that she wanted to continue to provide the additional outdoor seating because some of Grump's regular customers were still reluctant to eat inside due to fear of Covid-19.

**Figure 4: Grump's Café Year-to-Year Annual Comparison Gross Sales (2019-21)**



Source: Grump's Cafe, BAE, 2022.

The biggest challenge for Grump's is labor. It is difficult to find good employees. Labor costs are also increasing. To be able to help recruit and keep employees, Grump's has raised hourly

wages. Grump's Cafe's owner reports that she now pays \$20 to \$28 per hour to cooks. Still, in August 2022, Grump's owner reported that the restaurant is sometimes short-handed on a given day.

Another challenge is cost increases, especially for food and supplies. Grump's Café reports that crab cost is up over 100 percent at times. Eggs are up 43 percent and chicken up 60 percent. Also, the cost of paper and plastic supplies is up 40 to 50 percent. These increased costs led Grump's to make the decision to raise prices, though not significantly.

## **Main & Market**

### **Background**

Main & Market, first established as Main Ingredient nearly thirty years ago, is located at 914 Bay Ridge Road in Georgetowne Plaza, an office-retail commercial center. With 99 indoor seats it is the second largest of the restaurants participating in the pilot program. It is a sit-down restaurant with table service and a full bar. Main & Market also has a substantial catering operation. According to owner Tom Hogan, as of August 2022, there are 70 full-time employees (FTEs) at the restaurant.

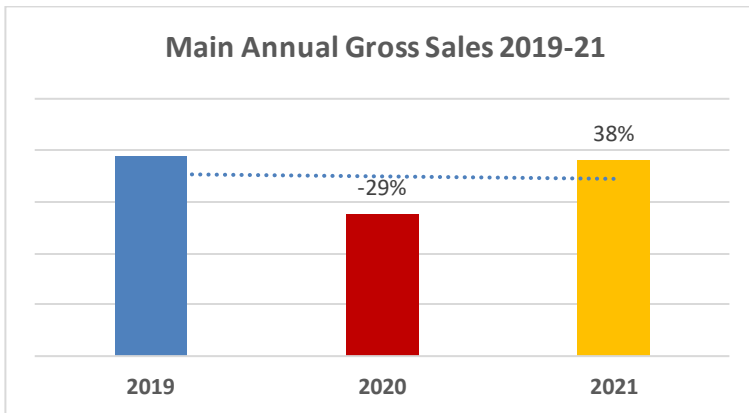
After the City established the Recovery Zones, which allowed restaurants to provide seating for dining in their parking lots, Main & Market was able to add 35 additional seats outdoors under a tent in Georgetowne Plaza's parking lot across six parking spaces. According to data provided by the restaurant, the parking lot seats were added in November 2020, though the restaurant closed for three months in December 2020 through February 2021. This seating area is directly adjacent to the restaurant and is now part of the Parking Lot Dining Pilot Program.

### **Operations During Covid (2020-present)**

Because a large part of Main & Market's business is catering weddings, meetings and other events, the restaurant was severely affected by the Covid-19 lockdown and assembly limitations. Take-out orders became a bigger part of the business in 2020 and 2021, even when some socially distanced indoor seating was permitted.

Main & Market's annual gross sales dropped by 29 percent between 2019 and 2020 as shown in Figure 5. The gross sales were able to mostly recover by year end 2021, increasing by 38 percent from 2020 levels.

**Figure 5: Main & Market Year-to-Year Annual Comparison Gross Sales (2019-21)**



Source: Main & Market, BAE, 2022.

Adding the 35 parking lot seats late in 2020 helped to stabilize the restaurant business though as noted above, the restaurant closed for three months from December 2020 through February 2021, in addition to closing for six weeks from mid-March through April 2020 at the onset of the pandemic.

The biggest challenges for Main & Market now are cost increases, especially for labor and the cost of goods. Tom Hogan, Main & Market’s owner, estimates that labor costs have increased by 18 percent since 2019. Also, food costs have increased considerably. The owner provided one example of the cost of goods to make a cheeseburger. In 2019 it cost \$3.87 for the components of a cheeseburger, today that cost is \$4.34, a 20 percent increase.

Main & Market also cited the availability of labor as a challenge. Because the restaurant is unable to hire all the staff that it needs, they have had to limit breakfast service to Saturday and Sunday when it used to be seven days a week. Additionally, the restaurant has had to section off parts of the restaurant because they did not have enough staff to cover it. Also, the owner indicates that later in Fall 2022, Main & Market plans to reduce the size of parking lot dining area by 50 percent, using only three parking spaces. The restaurant cannot handle the full space of the tented dining area at current staff levels.

## PILOT IMPACT

This section of the report provides details about the impact of the Parking Lot Dining Pilot Program on the restaurants themselves, the residential community, primarily in Eastport, and businesses that are located near the participating restaurants, as well as fiscal impact on the City of Annapolis. The information collected and analyzed for this part of the report was derived

from gross sales, covers/guest counts, and seating information provided by the restaurants, as well as information conveyed in short interviews with restaurant owners, a resident association representative, business association representatives, and area businesses.

## Restaurants

Each of the five restaurants was asked to provide data for this analysis for every month they operated from January 2019 through August 2022. Some of the restaurants were not able to provide particular data points back to 2019 due to changing accounting systems or in the case of Forward Brewing, because they did not open their doors until May 2020. Though BAE collected data back to 2019, the baseline year for this analysis, reporting on the impact of the pilot focuses primarily on comparisons of four months across the five years: May, June, July and August. As noted previously in this report, though R-22-22 called for a six month analysis of the pilot, since the deadline for the draft analysis report is September 2022, the evaluation period cannot go past the end of August 2022, hence the four-month evaluation period.

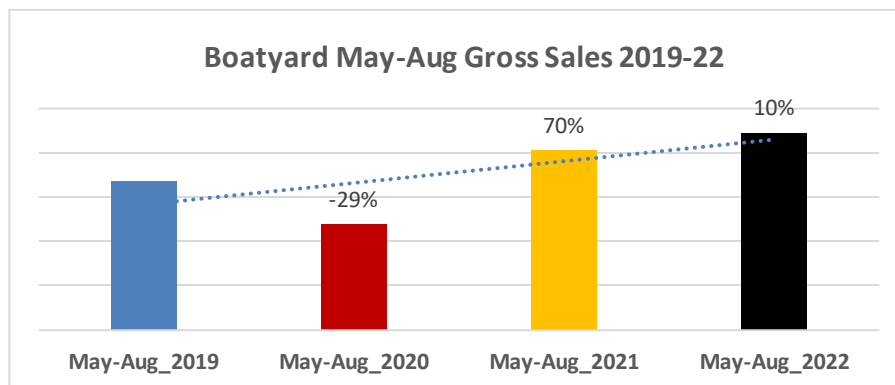
Each restaurant also provided costs to participate in the pilot program. In addition to the pilot participation fee, this includes outdoor furniture costs as well as tent rental and other items.

### Boatyard Bar & Grill

#### Sales

Focusing on the Parking Lot Dining Pilot Program evaluation period from May to August 2022 and comparing it to the same May-August periods in 2019, 2020 and 2021, Boatyard Bar & Grill's annual gross sales first dropped by 29 percent between 2019 and 2020, increased by 70 percent in 2021 (when the restaurant had parking lot dining for seven of 12 months and more indoor seats), and increased an additional 10 percent between 2021 and 2022. These percentage changes are gross sales only and do not include increased costs that likely offset the resulting rate of profit, particularly in the past year.

**Figure 6: Boatyard Bar & Grill May-Aug Period Gross Sales 2019-22 Comparison**

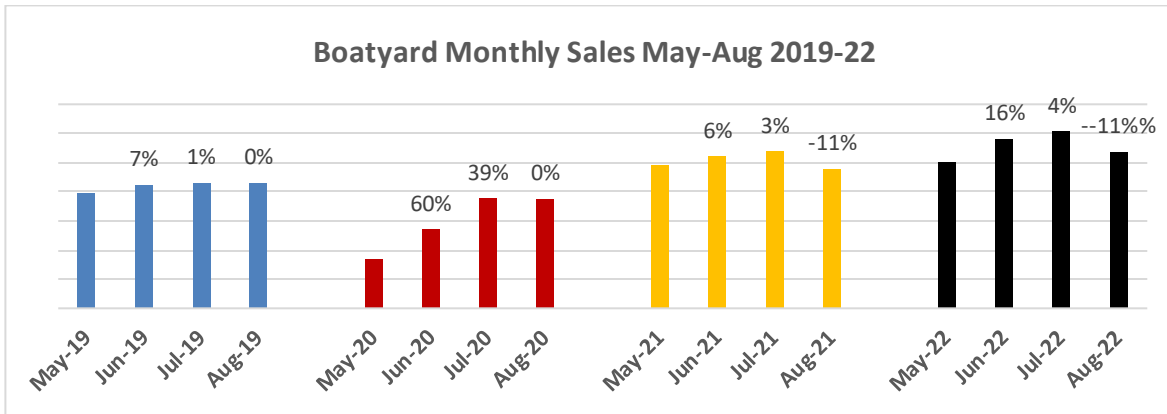


Source: Boatyard Bar & Grill, BAE, 2022.



Looking at monthly May to August gross sales at Boatyard Bar & Grill from 2019 to 2022 as shown in Figure 7, one can see that sales significantly dropped each month of the May to August period from 2019 to 2020. The numbers improved in 2021 month by month from May to July but dropped by 11 percent between July and August. In 2022, sales numbers for each month in the May to August period were all above the 2021 numbers in the same period. However, from July to August 2022, the monthly gross sales again declined by 11 percent.

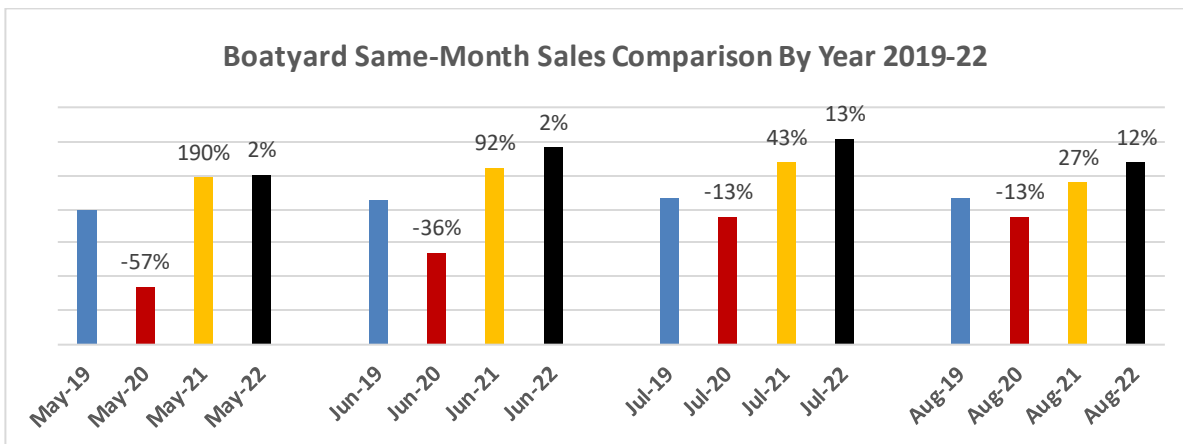
**Figure 7: Boatyard Bar & Grill May-Aug Monthly Sales 2019-22**



Source: Boatyard Bar & Grill, BAE, 2022.

The same month gross sales comparison as shown in Figure 8 shows the depth of the decline in 2020 as well as the significant increase in business each month in 2021 and 2022. Again, parking lot dining allowed for increased seating in both 2021 and 2022 at Boatyard Bar & Grill, which expanded sales. Note that increased costs are not factored in here, which likely offset the rate of profit each month.

**Figure 8: Boatyard Bar & Grill Same-Month Sales Comparison 2019-22**



Source: Boatyard Bar & Grill, BAE, 2022.

Boatyard Bar & Grill provided information about covers compared to seat count in the May to August period across the four years from 2019 to 2022. Interestingly, the number of covers in each of the months in 2021 and 2022 is quite similar to the number of covers in 2019, though there were significantly more seats (50 plus more) for most of the period in 2021 and 2022.

### Costs

In addition to the \$4,228 fee paid to participate in the Parking Lot Dining Pilot Program, Boatyard Bar & Grill bore the following costs for their parking lot dining area since 2020:

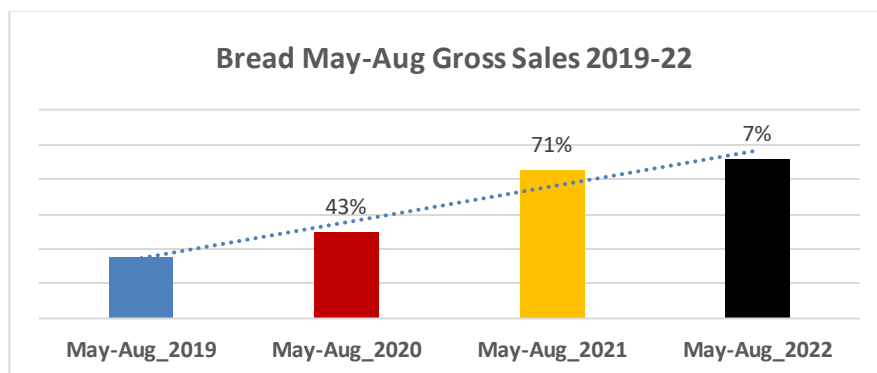
- Furniture purchase 2020: \$9019
- Interiors – planters 2020: \$5550
- Tent rentals:
  - May 1- September 1, 2022 = \$24,097
  - March – November 2021 = \$34,337
  - June – December 2020 = \$24,536

### Bread and Butter Kitchen

#### Sales

Focusing on the Parking Lot Dining Pilot Program evaluation period from May to August 2022 and comparing it to the same May-August periods in 2019, 2020 and 2021 as shown in Figure 9, Bread & Butter Kitchen’s annual gross sales first increased by 29 percent between 2019 and 2020, increased by 71 percent in 2021 (when the restaurant had parking lot dining for all of this period), and increased an additional 7 percent between 2021 and 2022. These percentage changes are gross sales only and do not include increased costs that likely offset the resulting rate of profit, particularly in the past year.

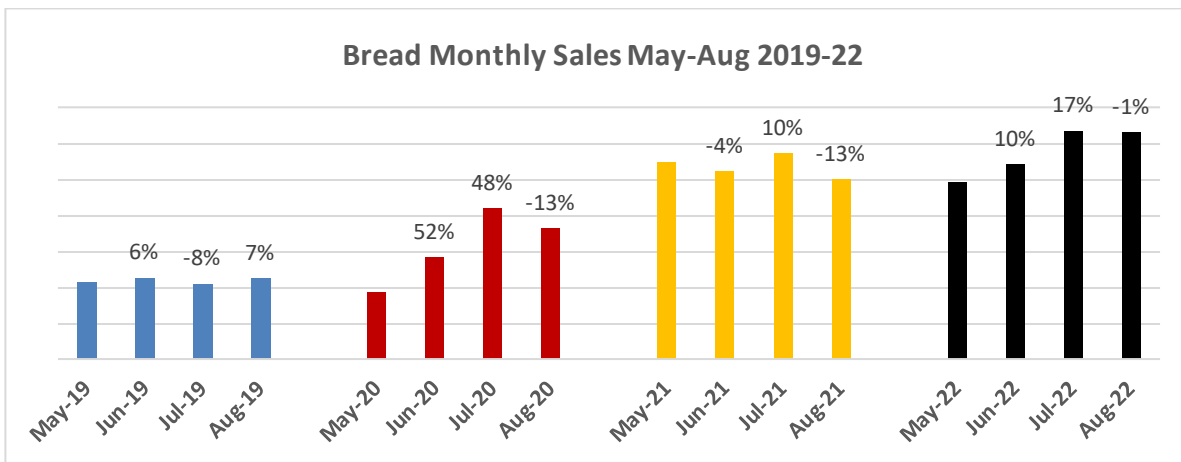
**Figure 9: Bread & Butter Kitchen May-Aug Period Gross Sales 2019-22 Comparison**



Source: Bread & Butter Kitchen, BAE, 2022.

Looking at monthly May to August gross sales at Bread and Butter Kitchen from 2019 to 2022 as shown in Figure 10, one can see a mix of increases and decreases on a month to month basis each year. It is hard to see any patterns across the years though the gross sales numbers significantly increased overall in 2021 and 2022. It should be noted that Bread and Butter had parking lot dining seats all the way back to June 2020 through and beyond August 2022.

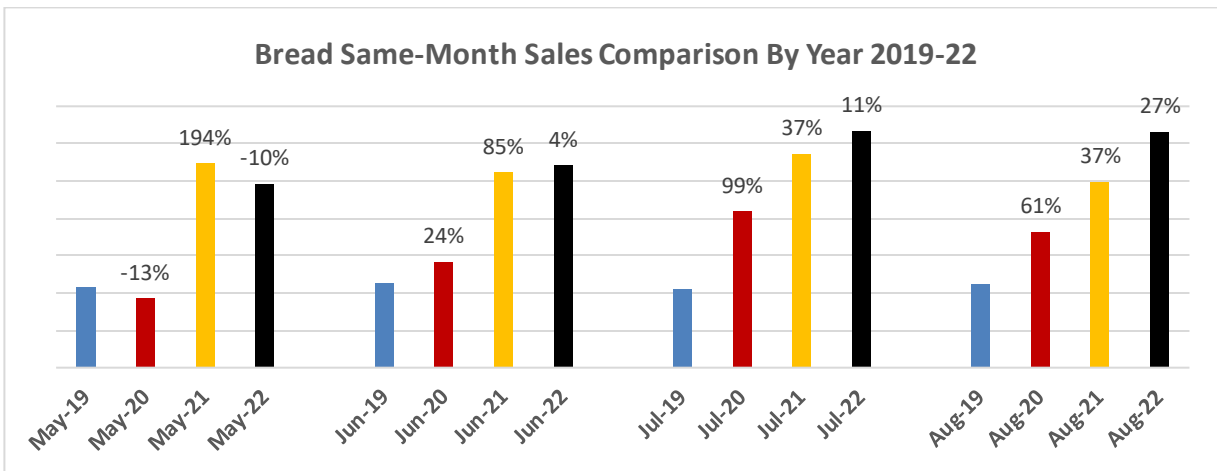
**Figure 10: Bread & Butter Kitchen May-Aug Monthly Sales 2019-22**



Source: Bread & Butter Kitchen, BAE, 2022.

A same month gross sales comparison as shown in Figure 11 again shows the significant increase in business for Bread and Butter Kitchen each month between May and August in 2021 and 2022. By this time in the progression of the pandemic, people are getting out more for meals and recreational pursuits. With a location directly on the waterfront, Bread and Butter Kitchen is in a good position to take advantage of that. As with previous examples, note that increased costs are not factored in here which likely offset the rate of profit each month.

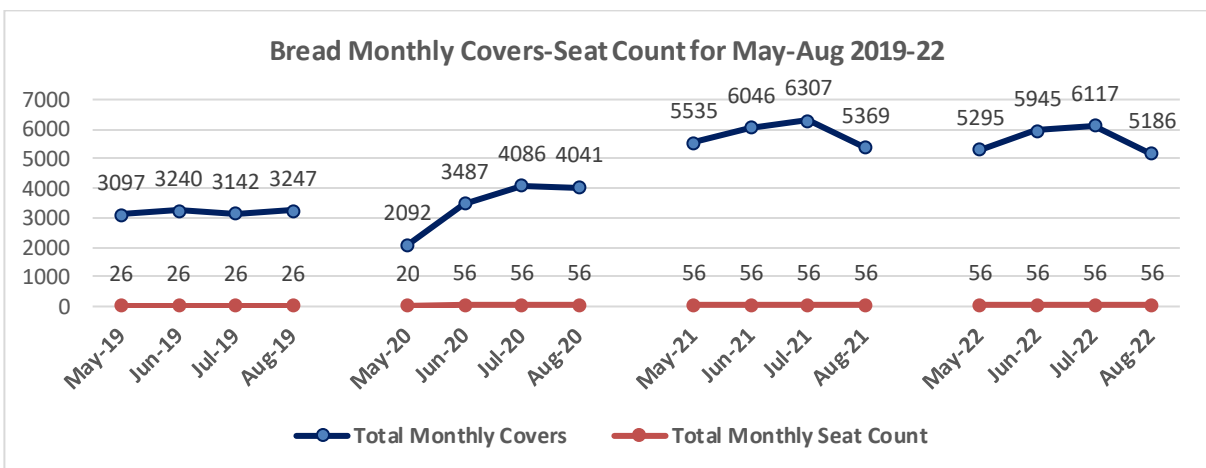
**Figure 11: Bread & Butter Kitchen Same-Month Sales Comparison 2019-22**



Source: Bread & Butter Kitchen, BAE, 2022.

In a similar vein, as shown in Figure 12, the number of covers or guest count at Bread and Butter Kitchen increased fairly dramatically in the May and August periods of 2021 and 2022. Since the seat count for this restaurant was static back to June 2020, in this case the increase in these years may be less about additional seats and more about people venturing out after Covid-19 vaccines became available to the broader population in the first months of 2021.

**Figure 12: Bread & Butter Kitchen Monthly Covers & Seat Count 2019-22**



Source: Bread & Butter Kitchen, BAE, 2022.

### Costs

In addition to the \$4,228 fee paid to participate in the Parking Lot Dining Pilot Program, Bread and Butter Kitchen bore the following costs for their parking lot dining area. The estimated cost of \$8,340 includes the following:

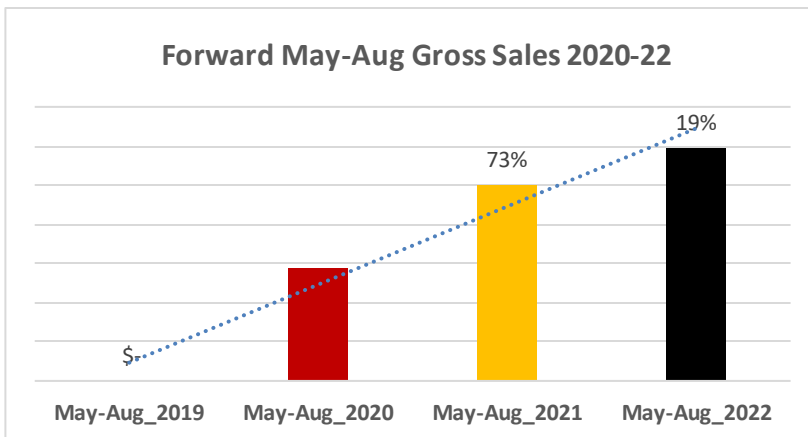
- 3 Commercial Picnic Tables: \$1200 each
- 3 high top tables: \$200 Each
- 12 stools: \$50 each
- 6 umbrellas: \$135 each
- 6 replacement umbrellas (they were stolen) \$135 each
- 8 propane heaters: \$135 each
- 8 propane tanks: \$45 each (plus fuel)
- 8 planters & plants: \$60 each

## Forward Brewing

### Sales

Focusing on the Parking Lot Dining Pilot Program evaluation period from May to August 2022 and comparing it to the same May-August periods in 2020, when Forward Brewing opened, and 2021 one can see steady sales growth across time. As shown in Figure 13, Forward Brewing’s annual gross sales first increased by 73 percent between 2020 and 2021, and then increased an additional 19 percent between 2021 and 2022. These percentage changes are gross sales only and do not include increased costs that likely offset the resulting rate of profit, particularly in the past year.

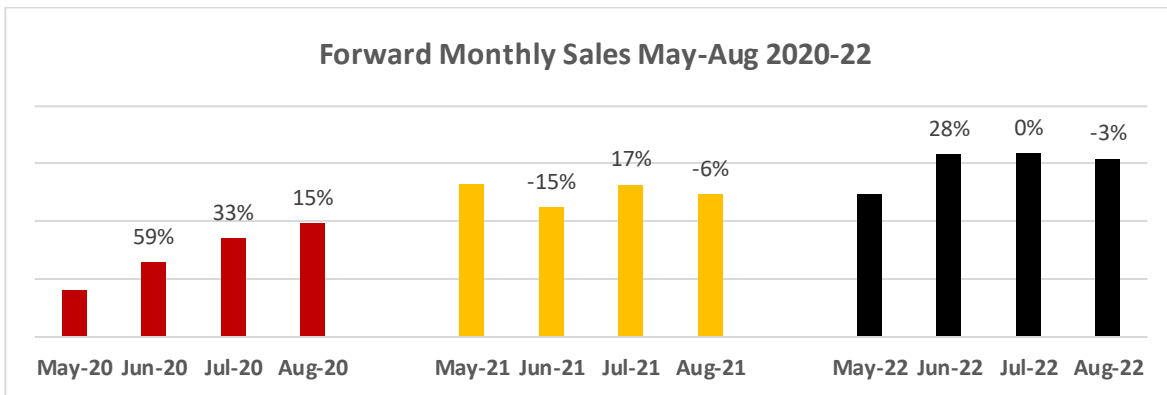
**Figure 13: Forward Brewing May-Aug Period Gross Sales 2020-2022 Comparison**



Source: ForwardBrewing, BAE, 2022.

Forward’s Brewing monthly sales from 2020-2022, as shown in Figure 14, illustrate a good trajectory for a new business. Since most of Forward Brewing’s seats (50 of 86) are located in the parking lot, there is a clear link between the expanded seating that is now part of the Parking Lot Dining Pilot Program and the success of the restaurant.

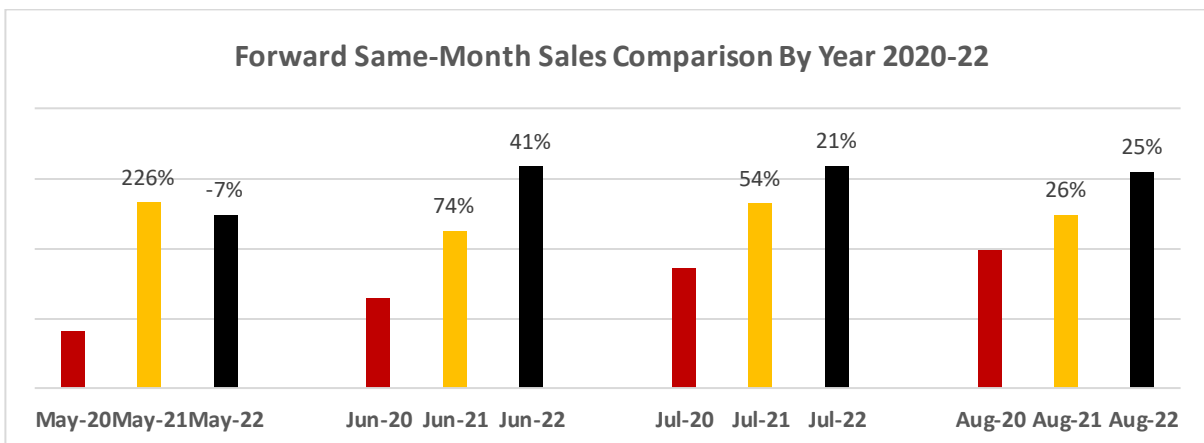
**Figure 14: Forward Brewing May-Aug Monthly Sales 2020-22**



Source: Forward Brewing, BAE, 2022

A same month gross sales comparison as shown in Figure 15 again shows the significant increase in business for Forward Brewing nearly every month between May and August in 2021 and 2022.

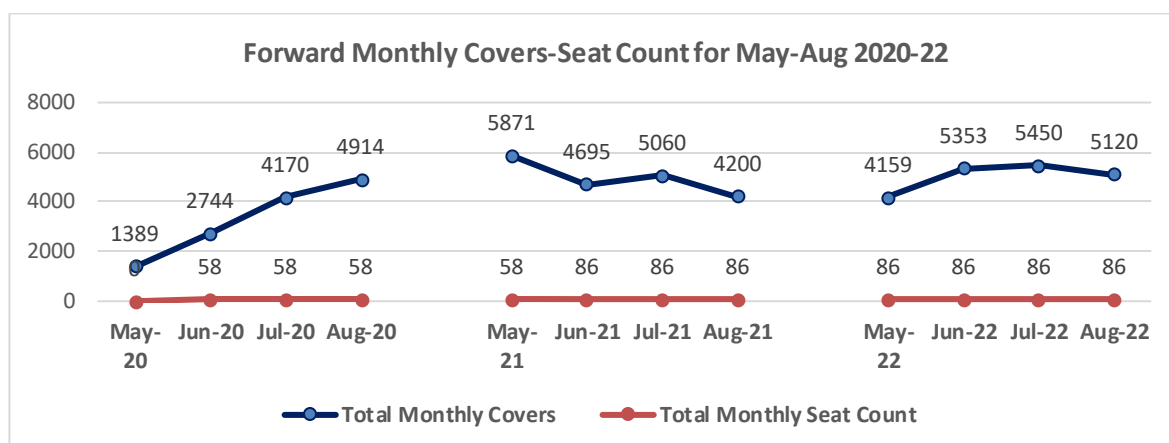
**Figure 15: Forward Brewing Same-Month Sales Comparison 2020-22**



Source: Forward Brewing, BAE, 2022.

As shown in Figure 16, the number of covers and seat count for Forward Brewing was building momentum in the restaurant’s first year of operation in 2020. Though May 2021 had an unusually high number of covers, the June to August 2021 and the May to August 2022 figures are roughly in a similar range. In this period Forward Brewing had a total of 86 seats each month including 50 parking lot seats.

**Figure 16: Forward Brewing Monthly Covers & Seat Count 2020-22**



Source: Forward Brewing, BAE, 2022.

### Costs

In addition to the \$4,228 fee paid to participate in the Parking Lot Dining Pilot Program bore the following costs, totaling \$14,588.56, to set up the parking lot dining area.

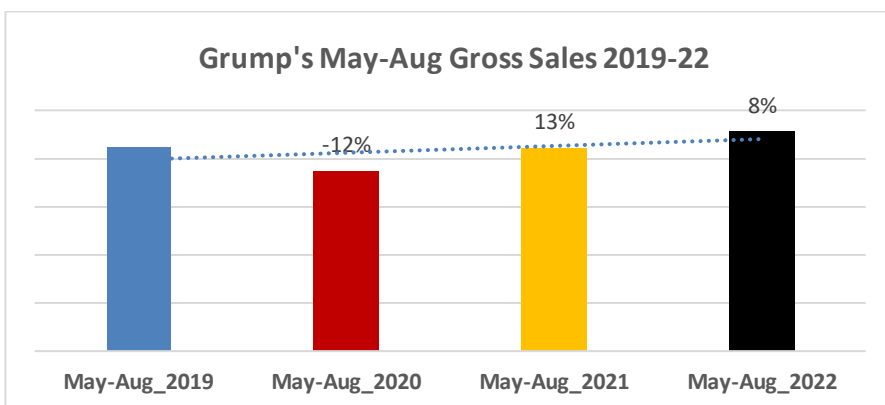
- Barrel Tables: \$450
- Stools: \$2,385.81
- Replacement Tables: \$560.83
- White Tables: \$392.31
- Front Porch Chairs: \$720.73
- Propane Heaters: \$1,290.38
- Propane: \$1,588
- Awning: \$6,000
- Umbrellas/Bases: \$1,200

### Grump's Café

#### Sales

Focusing on the Parking Lot Dining Pilot Program evaluation period from May to August 2022 and comparing it to the same May-August periods in 2019, 2020 and 2021, Grump's Café's annual gross sales first dropped by 12 percent between 2019 and 2020, increased by 13 percent in 2021, and increased an additional 8 percent between 2021 and 2022, as shown in Figure 17. These percentage changes are gross sales only and do not include increased costs that likely offset the resulting rate of profit, particularly in the past year.

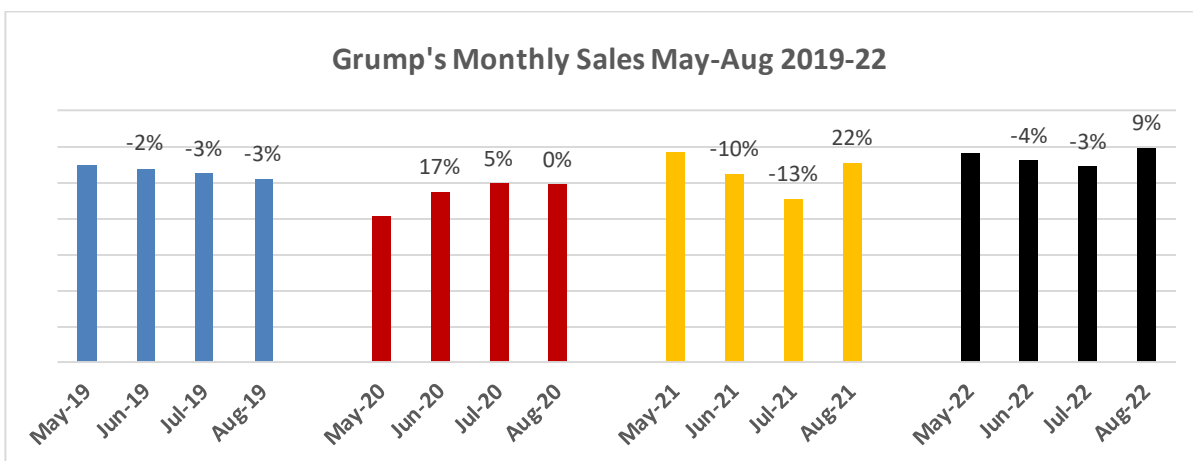
**Figure 17: Grump's Cafe May-Aug Period Gross Sales 2019-22 Comparison**



Source: Grump's Cafe, BAE, 2022.

Looking at monthly May to August gross sales at Grump's Cafe from 2019 to 2022 as shown in Figure 18, one can see that sales were lower each month of the May to August 2020 period compared to each of the four months in the May to August 2019 period. The numbers were mixed in 2021 month by month from May to July, notably dropping by 13 percent between June and July of that year. In 2022 sales number for each month in the May to August period were all above the 2021 numbers in the same period. Between May and August in both 2021 and 2022 Grump's Café had 24 parking lot seats which likely helped accommodate more customers in those periods than might otherwise patronize the restaurant.

**Figure 18: Grump's Cafe May-Aug Monthly Sales 2019-22**

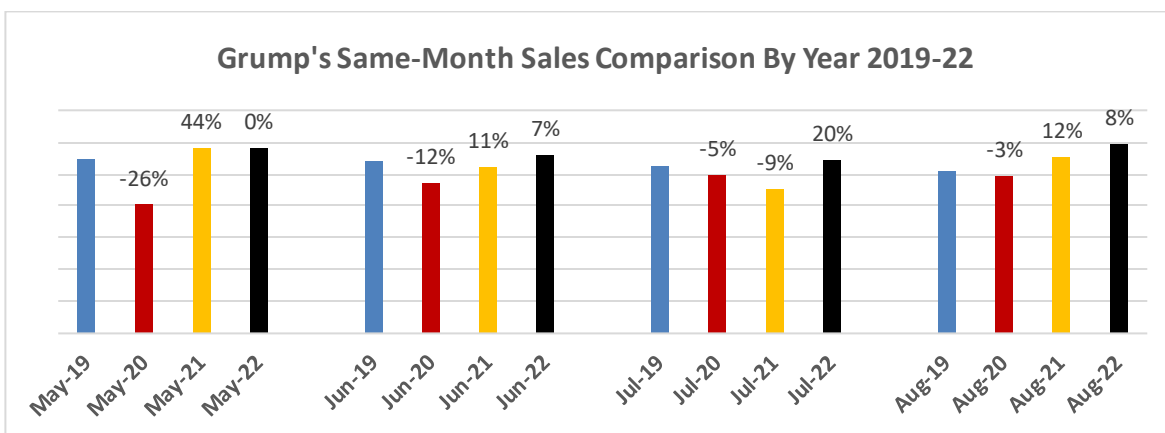


Source: Grump's Cafe, BAE, 2022.

The same month sales comparison for Grump's Café shown in Figure 19 also shows a mix of up and down months across the four years. On the whole though, May to August 2020 was the worst period for the restaurant across the four year May to August blocks.



**Figure 19: Grump's Cafe Same-Month Sales Comparison 2019-22**



Source: Grump's Cafe, BAE, 2022.

Grump's did not report either cover or complete historical seat count information across the 2019 – August 2022 period. The owner indicated their cover or guest count information was not available due to a system change and she did not provide records of the seat count, which fluctuated in 2020 and 2021 due to social distancing requirements. As noted above, the restaurant had 24 parking lot seats in 2021 and 2022.

### Costs

In addition to the \$4,228 fee paid to participate in the Parking Lot Dining Pilot Program Grump's Café bore the cost of tables, seats, etc. for the parking lot dining area.

The estimated cost for the furniture in this area was \$10,024 including the following:

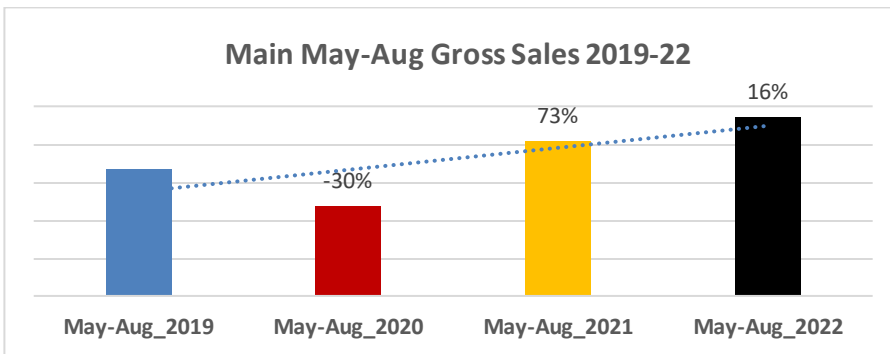
- Booth seats & indoor tables- replacement cost was \$3,800
- Outdoor tables & chairs- \$4,400
- Replacement outdoor seating- \$1,824

## Main & Market

### Sales

Focusing on the Parking Lot Dining Pilot Program evaluation period from May to August 2022 and comparing it to the same May-August periods in 2019, 2020 and 2021, Main & Market's annual gross sales first dropped by 30 percent between 2019 and 2020, increased by 73 percent in 2021 (when the restaurant had parking lot dining for the 10 months it was open), and increased an additional 16 percent between 2021 and 2022 as shown in Figure 20. These percentage changes are gross sales only and do not include increased costs that likely offset the resulting rate of profit, particularly in the past year.

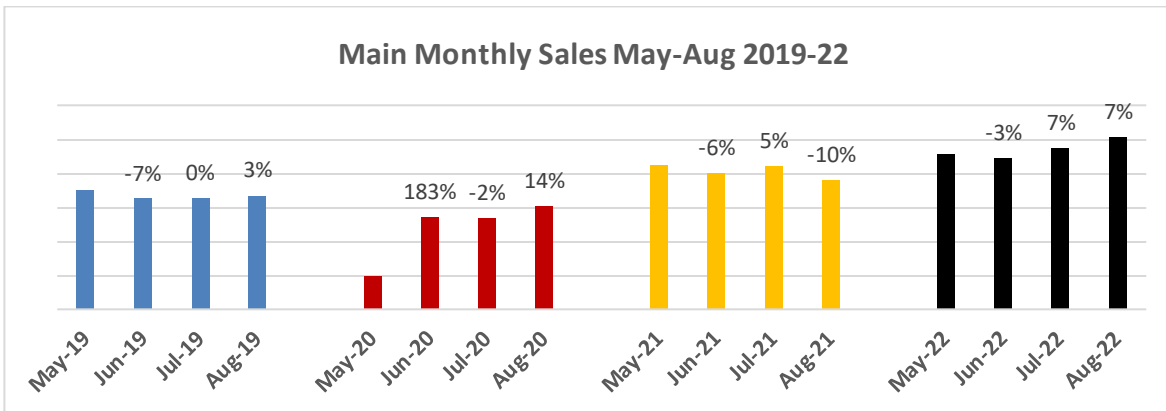
**Figure 20: Main & Market May-Aug Period Gross Sales 2019-22 Comparison**



Source: Main & Market, BAE, 2022.

Looking at monthly May to August gross sales at Main & Market from 2019 to 2022 as shown in Figure 21, one can see that sales were lower each month of the May to August 2020 period as compared to each of those months in the same period in 2019. While in 2020 one can see a 183 percent increase in sales for June 2020 from May 2020, that is only because Main & Market was closed for most of May 2020. The numbers are mixed in 2021 month by month from May to August, but are mostly up in 2022. The 35 parking lot seats were in place May to August in 2021 and 2022.

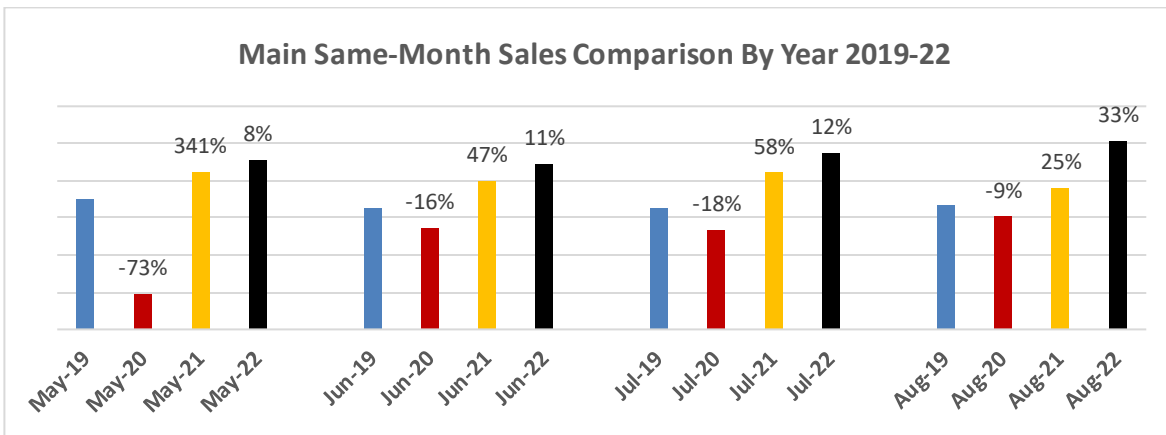
**Figure 21: Main & Market May-Aug Monthly Sales 2019-22**



Source: Main & Market, BAE 2022.

The same month gross sales comparison as shown in Figure 22 shows the depth of the decline in 2020 as well as the significant increase in business each month in 2021 and 2022. Again, parking lot dining allowed for increased seating in both 2021 and 2022 at Main & Market, which expanded sales. Note that increased costs are not factored in here which likely offset the rate of profit each month.

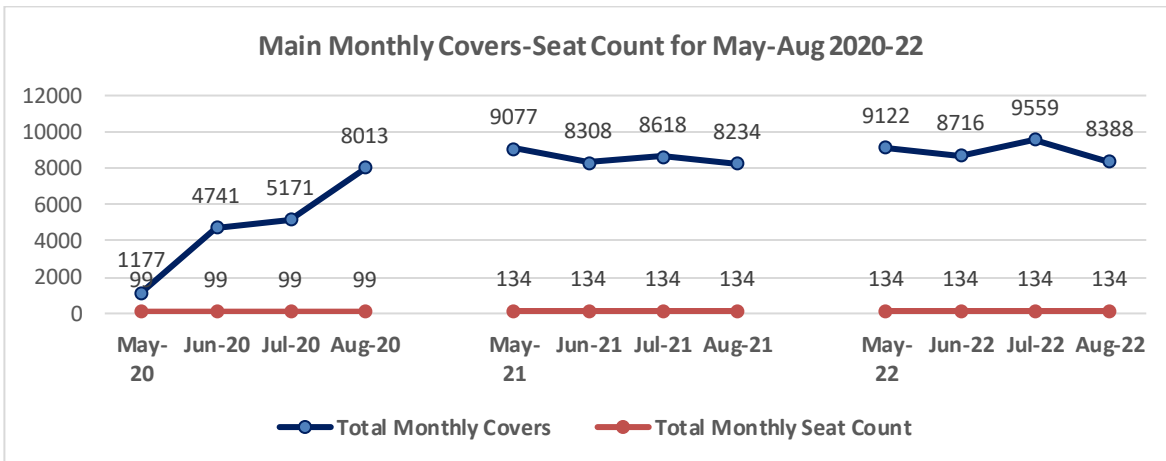
**Figure 22: Main & Market Same-Month Sales Comparison 2019-22**



Source: Main & Market, BAE, 2022.

As shown in Figure 23, Main & Market’s monthly covers and seat counts are remarkably consistent in the May to August periods in 2021 and 2022. During these periods, the total seat count for the restaurant was 134, including 35 parking lot seats.

**Figure 23: Main & Market Monthly Covers & Seat Count 2020-22**



Note: 2019 data not available.

Source: Main & Market, BAE, 2022.

### Costs

In addition to the \$4,228 fee paid to participate in the Parking Lot Dining Pilot Program, Main & Market estimated that the tent set-up and furniture cost between \$25,000 and \$30,000.

## **Residential Community**

At the suggestion of the City of Annapolis, BAE staff met with the President of the Eastport Civic Association, Bill Reichhardt to get a sense of how residents assess the impact of the three Eastport restaurants that are participants in the pilot program, on the Eastport community. The three restaurants located in Eastport are Boatyard Bar & Grill, Bread and Butter Kitchen, and Forward Brewing.

Mr. Reichhardt reported that while he believes most Eastport residents like outdoor dining in the area, there is a concern about the impact of restaurants on street parking. He noted that while most of Eastport did not have a parking issue, there is a problem area on 4<sup>th</sup> Street between Severn Avenue and Chesapeake Avenue. This is the area in the vicinity of Boatyard Bar & Grill and Forward Brewing.

Some of the specific issues around parking that are reported by residents of this area include:

- Driveways/curb cuts blocked by cars or trucks.
- Vehicles, primarily trucks, which are unable to negotiate 4<sup>th</sup> Street without damaging cars parked on the street (e.g., damaging or removing rear view mirrors).
- Insufficient amount of street parking for Eastport residents.

Mr. Reichhardt has been part of an Eastport Parking – Mobility Work Group along with Mike Tomasini, President of the Eastport Business Association and others. This Work Group recently responded to Mayor Buckley’s Ten-Point Parking Plan for Eastport and is developing other recommendations to help alleviate parking problems. Some of the ideas being put forward include no parking on one side of Chesapeake Avenue between 4<sup>th</sup> and 5<sup>th</sup> Streets and resident only parking on the other side, enhanced parking enforcement on 4<sup>th</sup> Street, and better employee parking management by restaurants.

Mr. Reichhardt suggests creating a more permanent work group with members from the Eastport Civic Association and the Eastport Business Association that would be an “ongoing mechanism involved in direct problem-solving” around parking and mobility. This group could work to solve problems together.

The only other concern that Mr. Reichhardt conveyed by some Eastport residents is noise emanating from Forward Brewing’s outside seating area. He believes that Forward Brewing needs to manage their crowd better in their parking lot dining area.

## **Area Businesses**

The City also requested that BAE informally survey non-restaurant businesses that are located near the five pilot program restaurants to inquire about the impact, whether positive or negative, of parking lot dining on their businesses. City staff also suggested reaching out to the Eastport Business Association and the South Forest Business Association, the two business

associations that serve Eastport and the South Forest Drive area, where Grump's Café and Main & Market are located.

BAE met in person or by telephone with the owners or managers of the following businesses and business associations:

- Blue Lotus Yoga Studio 119 Hillsmere Drive (Julie Nogueira, Owner)
- Chesapeake Underwater Sports 416 4<sup>th</sup> Street (Mike Nieman, Owner)
- Details & Design 413 4<sup>th</sup> Street (Sigrid McGauley, Manager)
- K&B True Value Hardware 912 Forest Drive (Jared Littman, Owner)
- One Physical Therapy & Fitness 914 Bay Ridge Avenue Suite 212 (Jennifer Balducci, Owner and President, SOFO Business Association)
- Pirate Adventures on the Chesapeake 311 3<sup>rd</sup> Street (Mike Tomasini, Owner, and President, Eastport Business Association)
- Quirk-n-Bach Pottery 414 4<sup>th</sup> Street (Kristin Quirk, Owner)
- Spin Sheet Magazine, 612 3<sup>rd</sup> Street #3C (Mary Evenson, Publisher)

All the businesses contacted for this study seemed favorably inclined toward outdoor dining and generally supportive of the restaurants that are participating in the pilot. Notable findings from the discussions with these businesses include:

- All three businesses located on 4<sup>th</sup> Street in Eastport—Chesapeake Underwater Sports, Details & Design and Quirk-n-Bach Pottery—were supportive of the expanded outdoor seating at restaurants. Each of the businesses noted that the outdoor dining areas at Boatyard and Forward Brewing attract more walk by traffic which results in more visibility for their businesses.
- Blue Lotus Yoga Studio, located next door to Grump's Café, considers Grump's Café a good neighbor but does prefer the open seating to the tent-covered area, which blocked the Blue Lotus Yoga Studio sign when it was up.
- One Physical Therapy thinks outdoor dining in parking lots is a good concept but notes that parking at Georgetowne Plaza is tight for tenants. Main & Market's outside dining area takes up six parking spaces, which adds to the parking challenge.
- Pirate Adventures on the Chesapeake note that additional outdoor dining is positive for the image of Eastport and the extra activity in the area is generally good for business.
- Eastport businesses indicated that restaurant employee parking on and around 4<sup>th</sup> street, which limits parking options for their customers, was more of a problem in past years than it is today.

## City of Annapolis Fiscal Impact

The direct fiscal impact of parking lot dining on the City of Annapolis is limited largely to the cost of inspections of the outdoor dining spaces provided by City personnel. Because the

space is currently temporary, either open seating or tented areas adjacent to the restaurant, the parking lot dining areas do not generally require building permits which would call for a full inspection by multiple City agencies, i.e., Public Works, Fire Department, etc. However, should the outdoor dining become a permanent fixture, code inspections for building, fire, and health related codes, as well as ADA compliance, will be necessary. Additionally, many of the restaurants will require amended use permits as their existing permits do not include the same amount of outdoor dining.

As a temporary program, however, the City is not capturing the capital facilities fees from the restaurants that are expanding seating in the parking lot dining areas. According to the City's Code Enforcement officer, for every 10 seats added at a restaurant the City will apply a charge of one Equivalent Dwelling Unit (EDU) or \$6,500 for capital facilities (i.e., water and sewer). This is normally added to a building permit, which would likely not be necessary for parking lot dining areas.

If the City determines that the parking lot dining program will continue after the expiration of the pilot program, it might consider other ways to assess some level of capital facilities fees for the extra water and sewer facility use. Other restaurants that would not have the option of expanding seating in parking lots, would be required to pay additional capital facilities fees if they expanded seating in their buildings.

## PARKING

### Restaurant Patron Parking Survey

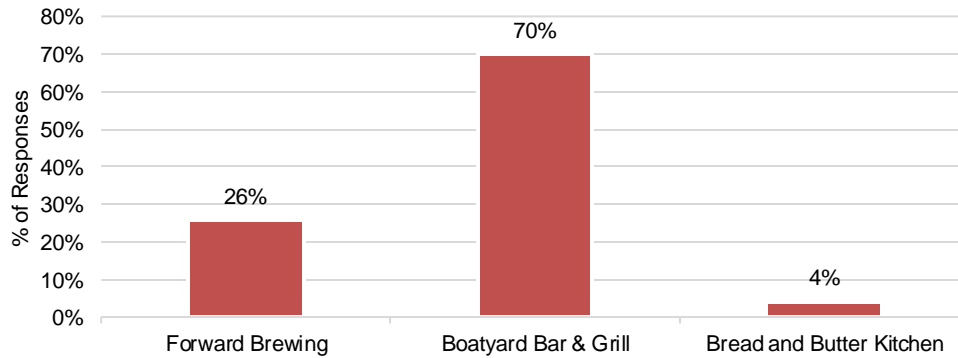
At the request of the City, BAE developed and administered a parking survey for the pilot program restaurants located in Eastport, where parking is largely limited to public streets and is shared with area residents. The City asked BAE, a neutral party, to administer this survey, rather than resident groups or the businesses themselves to limit selection bias on the controversial parking issue. The survey opened on June 30, 2022, and closed September 1, 2022. The survey was available online at SurveyMonkey.com and distributed using a weblink and QR code. Each of the restaurants posted the QR code for the survey. Boatyard Bar & Grill included the QR code on its menus while Forward Brewing and Bread & Butter Kitchen posted the QR code at their counters. The survey includes five questions and took approximately one minute to complete. In total, there were 359 responses to the survey, which are reviewed and analyzed below. This section of the report summarizes the responses to each question.

#### Question 1: Which of these restaurants did you visit today?

The first question of the survey asked respondents which restaurant they attended. As shown in Figure 24, most of the respondents, 70 percent, were visiting Boatyard Bar & Grill. Forward

Brewing was visited by 26 percent of respondents, and Bread and Butter Kitchen by 4 percent of respondents.

**Figure 24: Q1. Which of these restaurants did you visit today?**

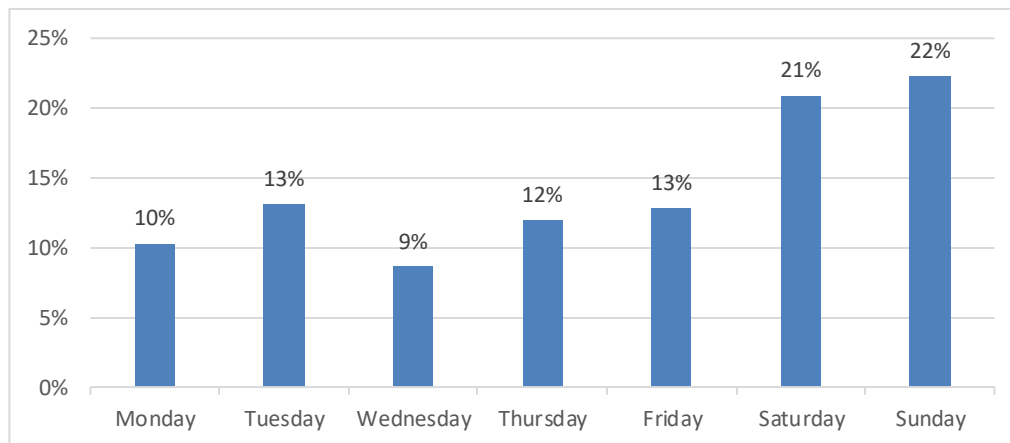


Source: BAE, 2022.

**Question 2: On what day did you visit the restaurant?**

The second question of the survey asked respondents what day they visited the restaurant. Shown in Figure 25, most respondents visited the restaurant on a weekend, with 43 percent having visited on a Saturday, or Sunday. Additionally, about 32% more people responded to the survey in August than in July.

**Figure 25: Q2. On what day did you visit the restaurant?**



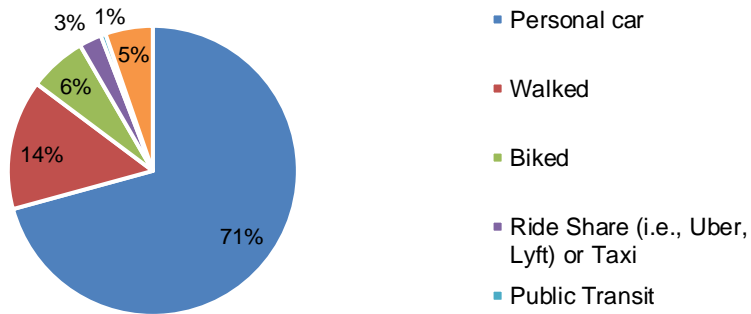
Source: BAE, 2022.

**Question 3: How did you travel to this restaurant today?**

The third question asked respondents what mode of transportation they used to travel to the restaurant. As shown in Figure 26, over 70 percent of respondents traveled by personal car, 14 percent walked, and 15 percent used various other modes. These results illustrate how

many patrons rely on cars and emphasize the demand for parking availability at these restaurants.

**Figure 26: Q3. How did you travel to this restaurant today?**

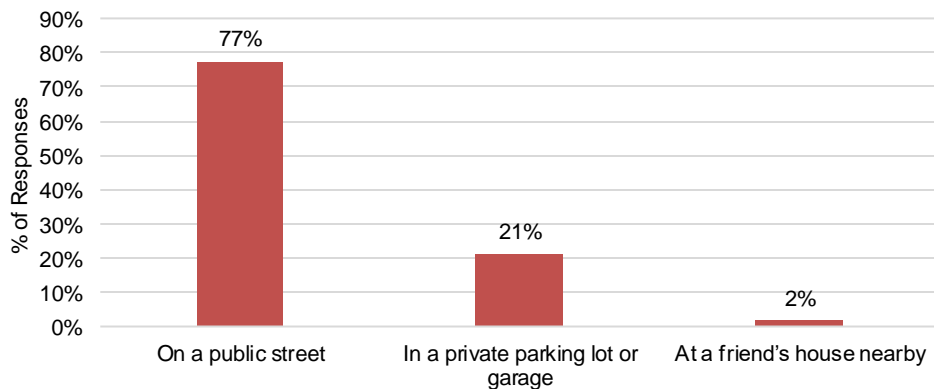


Source: BAE, 2022.

**Question 4: If you traveled by car, where did you park the vehicle?**

The fourth question asked respondents who traveled to the restaurant by car where they parked. As shown in Figure 27, of the 238 respondents who answered this question, 77 percent parked on a public street, 21 percent parked in a private parking lot or garage, and only two percent parked their vehicles at a house nearby.

**Figure 27: Q4. If you traveled by car, where did you park the vehicle?**



Source: BAE, 2022.



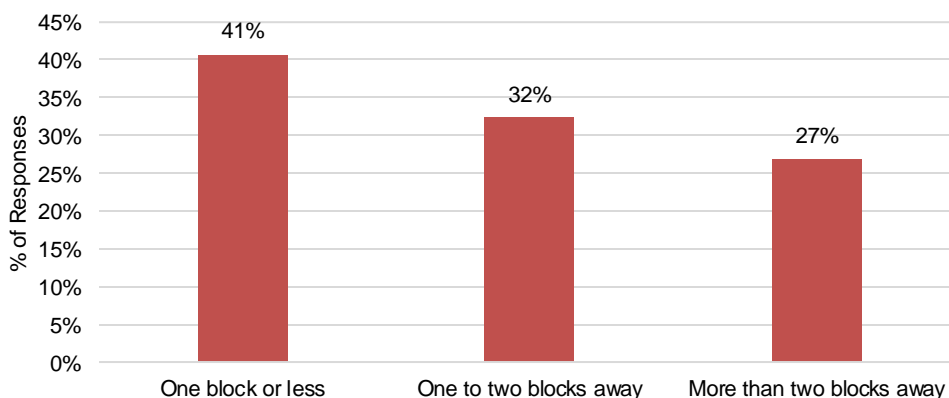
**Question 5: If you parked on a public street, a approximately how far from the restaurant did you park?**

The final question asked respondents who traveled by personal car how far from the restaurant they parked their vehicle. As shown in Figure 28, 41 percent of respondents parked one block or less away and 32 percent parked one to two blocks away, while 27 percent parked over two blocks away. Taking these results with the results from question four, most patrons, 73 percent, parked on a public street less than two blocks away from the restaurant.

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**Figure 28: Q5. If you parked on a public street, approximately how far from the restaurant did you park?**

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Source: BAE, 2022.

## **Restaurant Employee Parking**

At the suggestion of the City, BAE asked the restaurant owners whether they had made special parking arrangements for their employees. Three of the restaurants, all in Eastport, responded with the following information:

### **Boatyard Bar & Grill**

Boatyard Bar & Grill reports that the majority of their approximately 120 employees drive to work, though some walk, bike or use a ride-share service. The restaurant leased 50 spaces at the Annapolis City Marina for employee parking beginning in Spring 2020. In May 2022, the Annapolis City Marina had to reduce that number to 25 spaces when some of the vacant offices at the maritime complex were filled, but Boatyard Bar & Grill was able to rent 13 spaces in another lot nearby for employee parking. It is also important to note that Boatyard has longer hours than any of the other participating restaurants, with multiple shifts, so there is no time in a given day when all of the restaurant's employees are working.

### **Bread and Butter Kitchen**

According to Bread and Butter Kitchen's owner, the majority of the restaurant's 23 employees use public transportation, walk or use car services to get to work. She estimates only eight

employees drive to the restaurant for work. She indicates that Bread and Butter Kitchen has parking passes for employees for the Yacht Haven parking lot, but some will park in the Chart House lot behind their building (it is not used by Chart House until after Bread and Butter Kitchen closes) or on Second Street in front of the restaurant. The owner indicates that Bread and Butter has an excellent relationship with W&P Nautical, which owns the Chart House lot. Though the restaurant makes no other special parking arrangements for employees, she notes that the parking passes the restaurant has for the Yacht Haven lot are especially important during the boat shows in October and the Blue Angels show in May each year.

### **Forward Brewing**

Forward Brewing reports that while the majority of their 20 plus employees drive to work, some of them carpool or get dropped off for work and picked up at the end of their shifts. The co-owner of Forward Brewing notes that one of the restaurant's employees is always dropped off and picked up from work. The restaurant rents three parking spaces at the Annapolis City Marina for employee parking. They also are able to use a few spaces in a nearby parking lot during particular times, and some of the employees park there as well.

### **Eastport Issues**

As discussed in the Pilot Impact section above, some residents of Eastport, particularly those residing on or near the block of 4<sup>th</sup> Street where Boatyard Bar & Grill and Forward Brewing are located, have concerns about parking availability on 4<sup>th</sup> Street, and the blocks of Chesapeake Avenue and Severn Avenue between 4<sup>th</sup> and 5<sup>th</sup> Streets. They are also generally concerned about the congestion and traffic levels in the area at certain times. The restaurant patron parking survey conducted as part of this study clearly shows that most 4<sup>th</sup> Street restaurant patrons travel to Eastport by personal car and park up to two blocks away which adds to congestion in the small area. The parking and congestion issues are likely exacerbated by the additional customers that the 4<sup>th</sup> Street restaurants attract to the expanded outdoor seating areas.

While the City's Ombudsman reports there have been some complaints about parking availability and related issues from a few residents of this part of Eastport, it is significant enough to warrant taking some measure to resolve the issue. Moreover, with the potential for additional restaurants to open in Eastport in the near future, conflicts with residents will likely exacerbate without any additional parking policy change. Parking concerns in Eastport are not new and in recent years there have been a number of worthwhile strategies proposed to address the issue. The 2016 Eastport Transportation Study included several recommendations aimed at improved management of street parking to balance the needs of both residents and businesses. A similar program has proven to be successful for many years in downtown Annapolis, and could be tailored to meet the needs of Eastport. Such a program would provide revenue for improved parking enforcement as well as investments into transit and/or bike and pedestrian infrastructure. The same study proposed the conversion of various streets from two-way to one-way which would reduce congestion and incidents of damage to

parked vehicles. Another particularly promising strategy proposed by the 2018 Eastport Parking Task Force Report that should provide some parking relief in the very near future, is the expanded parking availability in the Annapolis City Marina parking garage located directly opposite from Boatyard Bar & Grill on Severn Avenue. As part of the recent City zoning code update for the Waterfront Maritime Zones, the Annapolis City Marina will be able to lease an additional 10 percent of its gross floor area to non-maritime tenants in exchange for providing at least 150 parking spaces for general public use. Annapolis City Marina is currently formalizing the details of the arrangement with staff from the Department of Planning and Zoning. For this strategy to be successful, additional signage and promotion will be critical. Finally, the recent formation of an ad hoc parking work group, led by the Eastport Civic Association and the Eastport Business Association, should continue to build consensus for both sensible parking management improvements as well as substantive city policy changes.

## CONCLUSIONS

From the research and analysis conducted for this study and outlined above, BAE offers these conclusions for the City's consideration:

1. The establishment of the Recovery Zones which first allowed restaurants to expand seating in their parking lots, helped to stabilize restaurants under challenging circumstances that might otherwise have resulted in business failure.
2. Restaurants with substantial take-out business prior to the onset of the pandemic adapted more easily to limited indoor seating, than did other restaurants. Gross sales at some of these restaurants actually increased from 2019 to 2020 in the same month.
3. With the second round of Recovery Zones allowing parking lot dining and again during the Parking Lot Dining Pilot Program, in 2021 and 2022, gross sales overall increased for all the restaurants. During this time full indoor seating could also be restored.
4. Bread and Butter Kitchen, which had been operating for less than three years, was able to continue a growth trajectory for the business through to the present because the restaurant had a strong take-out business prior to the start of the pandemic and also with expanded seating that began with the establishment of the Recovery Zones.
5. Forward Brewing, which opened in May 2020 after the start of the Covid-19 pandemic, has also had a steady growth trajectory which can likely be attributed to a popular product type in the marketplace, but also to operating with expanded seating in its parking lot almost from the start.

6. While gross sales for the five restaurants generally improved in the May to August 2022 period of the pilot program over the same period in 2021, the restaurants' number of covers or guest counts, when reported, remained roughly the same between 2021 and 2022. This points to other reasons for increased gross sales including cost of goods increases, wage cost increases, and price increases.
7. All of the participating restaurants reported substantial cost of goods increases, and labor cost increases, especially in 2021 to 2022. These are so significant that there is little doubt that they affected the rate of profit for each restaurant, even after raising prices.
8. Considering the increased costs, the effect of adding extra seating during the Parking Lot Dining Pilot Program in 2022 had a range of positive impact on the participating restaurants' bottom lines from slight/stabilizing to moderate improvement. For those restaurants in the first category, the extra outdoor seating may be essential to their long-term survival.
9. The primary impact of the Parking Lot Dining Pilot Program on the Eastport community is on street parking on 4<sup>th</sup> Street, Chesapeake Avenue and Severn Avenue. There are clearly times, especially on weekends, when restaurant patrons who might otherwise have parked in the restaurants' lots, park on these streets in competition with residents.
10. Another impact related to increased traffic and congestion from the 4<sup>th</sup> Street restaurants is incidence of vehicles, especially trucks, unable to negotiate narrow streets, damaging cars parked on the street, including hitting parked vehicles and damaging or removing rear view mirrors.
11. Recent studies adopted by the City Council have identified implementable solutions to the issues voiced by residents of parking scarcity, management, and traffic congestion, but have yet to be implemented.
12. Outdoor dining provides broader economic value to the City and neighborhood as non-restaurant businesses contacted for the study voiced support for more outdoor dining. Not only does it help to stimulate other businesses but these business owners enjoy being patrons of the restaurants as well.
13. In its temporary format, there is little fiscal impact of parking lot dining on the City of Annapolis, either positive or negative. Should the program become formalized, direct fiscal impact would be the cost of additional inspections, adjustments to use permits, and an increase in capital facilities fees related to the additional restaurant occupancy.

