

Agenda Report

February 26, 2024

TO: Honorable Mayor and City Council

FROM: City Manager Department – Economic Development Division

THROUGH: Economic Development Technology Committee (September 19, 2023)

SUBJECT: **APPROPRIATE CONGRESSIONAL EARMARK INITIATIVE FUNDING FOR DINE OUT PASADENA PROGRAM IN THE AMOUNT OF \$1.5M. AUTHORIZE THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE PASADENA COMMUNITY FOUNDATION FOR DINE OUT PASADENA PROGRAM CO-ADMINISTRATION ACTIVITIES NOT-TO-EXCEED \$1.325M; AND AN AGREEMENT WITH THE PLAYHOUSE VILLAGE ASSOCIATION FOR DINING PAVILION REMOVAL NOT-TO-EXCEED \$150,000.**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Amend the City Manager's Fiscal Year 2024 Operating Budget by recognizing and appropriating \$1.5M in Congressional earmark initiative funding to administer the Dine Out Pasadena program;
3. Authorize the City Manager to enter into an agreement with the Pasadena Community Foundation ("PCF") to co-administer the Dine Out Pasadena program not-to-exceed \$1,325,000; and
4. Authorize the City Manager to enter into an agreement with the Playhouse Village Association ("PVA") for outdoor dining pavilion scope of work not-to-exceed \$150,000.

BACKGROUND

In 2020, when restaurants began to close due to the COVID-19 pandemic, the City created a temporary emergency on-street dining initiative and rented the necessary

equipment using City funds. The City's emergency initiative ended in July 2022 and while the on-street dining program continued, there were no additional City funds available to support it. In April 2022, in anticipation of the closing of the emergency initiative funding support, the City submitted a funding request to Congressman Judy Chu to continue its support of outdoor dining and the small business community. The Economic Development Division received notification the request for \$1.5 million was approved in June 2023 and received final approval in August 2023.

At the September 19, 2023, Economic Development and Technology Committee (EdTech) meeting, staff presented preliminary plans for the design and structure of an outdoor dining program funded by the \$1.5 million grant. The Committee encouraged staff to refine the preliminary program direction and bring the resulting proposed actions to City Council for consideration.

The design and the structure of the proposed program was informed by lessons learned and best practices from other cities in an effort to provide a first-class program. Cities interviewed include Santa Ana, Glendale, San Mateo, Beverly Hills and Boulder, CO. Additionally, staff incorporated the suggestions and recommendations from other City departments that regulate outdoor dining including Public Works, Transportation, Fire, and Planning.

PROGRAM SUMMARY

Dine Out Pasadena invests in Pasadena's restaurants, improves the local business environment, and enhances quality of life in the City's commercial areas. Through vibrant outdoor dining experiences, Dine Out Pasadena cultivates connectivity, celebration, and economic vitality. Economic Development Division staff, in partnership with the Pasadena Community Foundation, proposes launching a pilot round of the program in late Spring 2024. Eligible restaurants can apply for an amount up to \$45,000 to install new outdoor dining structures or upgrade existing ones.

Eligibility requirements:

1. Have an active Pasadena business license and be located within Pasadena City boundaries.
2. Operate in a location approved for on-street dining, parklets, parking lot and/or private property dining.
3. Be independently owned, street level, storefront businesses (not part of a national chain or franchise).
4. Be legally allowed to serve food in a sit-down format (not drive-through establishments).
5. Be legally operating under all local, state, and federal laws and current on any and all taxes/fees/license owed to the City of Pasadena; do not have any pending lawsuits; do not have any open code violations.
6. Secure written approval from the respective property owner(s).
7. Meet all City insurance requirements.
8. Churches, schools, colleges, universities, government buildings and nonprofit offices are not eligible.

In the pilot round of the program, eligible businesses can apply for funds to complete the following types of projects:

- New outdoor dining structures. Including costs for demolition, design, manufacturing, and installation.
- Upgrades and retrofits to existing outdoor dining structures. Including costs for design, manufacturing, installation.

Ineligible expenses:

- Reimbursement for previously installed on street dining, demolition, maintenance, or permit fees.
- Furniture, fixtures, or equipment, e.g., freestanding tables, chairs, heaters.
- Structures or improvements that do not comply with design and materials standards building code requirements.

A complete list of eligible and ineligible expenses will be made available upon program launch along with thorough program guidelines which will be made available in English, Spanish and other languages commonly spoken by the local business community. Following the pilot round, the program will be made available on a rolling basis to eligible businesses, utilizing remaining grant funds to provide additional outdoor dining structures as well as small-scale façade improvements (up to \$20,000).

To ensure all eligible businesses have access to program information and application support, staff will conduct the following outreach activities during the open application period:

- One launch event (in-person)
- Two program webinars/information sessions (virtual)
- Up to four open office hours for application support (virtual)
- Economic Development Newsletter (over 6,600 subscribers)
- Councilmember newsletters
- Promotion via City social media channels
- Cross-promotion with community partners
- Ongoing one-on-one support

PASADENA COMMUNITY FOUNDATION PROGRAM CO-ADMINISTRATION

Established in 1953, PCF is a tax-exempt public charity created by and for the people of Pasadena, with six areas of interest including: arts and culture, education, environment, health, human services, and youth. PCF establishes charitable endowments, invests and manages charitable assets, provides grants to charitable organizations, and partners with donors. PCF has a longstanding track record delivering on community projects and a strong partnership history with the Economic Development Division to co-administer over \$1.6M in COVID relief grants to small businesses and nonprofits.

The City is seeking to partner with PCF for the implementation of Dine Out Pasadena. In this collaborative effort, PCF will play a vital role in the disbursement of program funds to local eligible businesses. Economic Development staff will maintain responsibility for carrying out the program, leading outreach activities, business and community partner engagement, program design, application evaluation and selection, and direction and achievement of program goals. This co-administrator partnership will leverage PCF's expertise and streamline the application process. PCF's scope of work will include:

- Application Process: Provide and implement grant management software, ensuring a user-friendly and efficient application process for eligible businesses and community partners.
- Financial Management: Facilitate transparent and accountable financial processes, including paying and track grant disbursements, administering purchases, processing payments for community partners, generating financial reports for evaluation.
- Training: Conduct workshops for applicants, guiding them through the application process, clarifying eligibility criteria, and providing resources for successful submissions. Train evaluation committee participants on how to access, review, and score grant applications.
- Evaluation Committee Convening: In partnership with the City, facilitate and support meetings for evaluation, and help ensure a diverse and knowledgeable group that can assess applications objectively.
- Evaluation and Reporting: Provide updates on the application process, financial transactions, and engagement efforts to ensure transparency and accountability. In collaboration with the City, report on outcomes of the application process and partner engagement strategies for the pilot round.

It is proposed that a signed Fund Agreement will be executed between the City and PCF. The agreement will include PCF's \$60,000 service fee and \$475,000 to fund businesses and community partners in the pilot round. The agreement will include the option to extend up to an additional four years and to an amount not to exceed \$1.325M for additional services from PCF to support the program on a rolling basis as well as funds to businesses and community partners for program participation.

PLAYHOUSE VILLAGE ASSOCIATION DINING PAVILION SCOPE

The Playhouse Village Association (PVA) pools private dollars to fund activities and services in the 32-block Playhouse Village. PVA is governed by an 11-member board of directors representing the district's property owners, businesses, and institutions.

With placemaking at the core of PVA's strategy, the organization has invested significant time, effort, and funding to support outdoor dining in the Playhouse Village district. PVA created its Village Al Fresco Pavilions program through which eight specially designed dining platforms enhance the open-air dining experience at local

restaurants. PVA has been an advocate and supporter of outdoor dining for nearly fifteen years and was instrumental in providing support letters as part of the City's application for funding. PVA is the owner of the district's eight pavilions and has invested over \$350,000 in outdoor dining to date.

As part of PVA's Village Al Fresco Pavilions work, PVA assists local businesses in leasing pavilion space and navigating permitting and associated City processes to ensure attractive and compliant dining structures. In addition to this business support, PVA incurs the costs to remove and reinstall every pavilion annually to accommodate the Rose Parade. To support the ongoing viability the Al Fresco Pavilions and work required for Rose Parade removal and reinstallation, it is proposed that the City will execute a Fund Agreement with PVA not to exceed \$150,000 over a period of five years.

COUNCIL POLICY CONSIDERATION:

The proposed action is consistent with the City Council's Strategic Plan Goal to maintain fiscal responsibility and stability and support and promote the quality of life and local economy.

ENVIRONMENTAL ANALYSIS:

The action proposed herein is not subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(3) and 15378. CEQA Guidelines Section 15060(c)(3) excludes from environmental review those activities that are not a "project" as defined in Section 15378. Section 15378's definition of "project" includes only those actions that have the potential for resulting in either a direct or reasonably foreseeable indirect physical change or reasonably foreseeable indirect physical change in the environment. The proposed action consists of a contract and appropriation of funds for strategic planning services. No direct or reasonably foreseeable indirect physical change in the environment would result.

FISCAL IMPACT:


The cost of this action will be an amount not-to-exceed \$1,500,000 for the five-year term. To support the contracts costs, the City Manager's FY 2024 Operating Budget will be amended by recognizing and appropriating \$1.5 million in Federal Earmark funding in the General Fund (fund 101) and there is no additional fiscal impact to the General Fund as a result of this action. All expenses will be charged to the Dine Out Pasadena program.

Respectfully submitted,

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Approved by:



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Attachment A – Dine Out Pasadena Evaluation Criteria
Attachment B – Preliminary Eligibility Map
Attachment C – Village Al Fresco Pavilion Map