



May 8, 2012

Honorable Lorie Zapf
Councilmember, City of San Diego
202 C Street, 10th Floor
San Diego, CA 92101

Dear Councilmember Zapf,

Thank you for the opportunity to present our *Industry's Spotlight and Policy Recommendations* report before the Land Use and Housing Committee on May 9, 2012. The San Diego restaurant industry plays a significant role in our local economy. As one of the largest private employers with over 3,300 restaurants and 51,717 employees, our industry makes up 8% percent of the City's workforce.

However, restaurateurs today continue to find it increasingly difficult to open their doors on time and on budget. Among the top three issues reported by restaurateurs are related to the local regulatory environment, including; confusing approval sequences, unpredictable approval time-lines and regulatory inspection inconsistencies. These issues, while often a product of well-intentioned building, zoning, and safety codes, often lead to increased project costs, delayed employment and a loss of sales tax revenue to the City.

For these reasons, the California Restaurant Association, San Diego County Chapter (SDCRA) is recommending both policy and process recommendations in attempt to revitalize an industry that has been weakened by the current economic climate. These recommendations include the following:

1. Zoning and Development Recommendations: Sidewalk Café's

In the City of San Diego, sidewalk cafes are a critical component of a restaurants operation since it provides opportunities to take advantage of our warm climate while enhance the dining experience. In an effort to promote economic growth and provide an enhanced outdoor dining experience, SDCRA proposes the following policy and process recommendations related to sidewalks cafes:

- Amendments to San Diego Municipal Code Section §141.0621- Sidewalk Cafes (See Attachment 1A.)
- Establish non-discretionary permit requirement for Sidewalk Café permits based on projects that conform to specific development standards including but not limited to:
 - Neighborhood Planning Area and or,
 - Size (Square footage)

2. Process Reform Recommendation: Initiate Council Policy 900-12: Industry Incentive Program

SDCRA understands that there is no precise method to forecast the duration of a permitting application to process as time frames vary dependent upon a large number of unpredictable factors. To better understand the development process as it relates to the restaurant industry, the SDCRA conducted a six-month assessment of three major metropolitan areas (New York, Chicago and Los Angeles) that recently adopted new food facility express permitting programs. SDCRA's research and evaluation of each programs metrics found industry specific enhanced permitting programs increased departmental coordination and process consistency - permitting food facilities to open faster spurring economic growth.

Therefore, in an effort to expand an industry that is vital to the economic growth of the region, SDCRA requests the initiation of Council Policy 900-12 (See Attachment 1B) BUSINESS AND INDUSTRY INCENTIVE PROGRAM to commence the design, development and implementation of a "Food & Beverage (F&B) Permit Acceleration Pilot Program".

In summary, we look forward to a healthy discussion related to the policy and process recommendations above. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Duggan". The signature is fluid and cursive, with the first name "Chris" and last name "Duggan" clearly distinguishable.

Chris Duggan
Director, Local Government Affairs
California Restaurant Association

Attachment 1A: SDMC Proposed Amendments

§141.0621 Sidewalk Cafes

Sidewalk cafes may be permitted with a Neighborhood Use Permit in the zones indicated with an “N” in the Use Regulations Tables in Chapter 13, Article 1 (Base Zones) subject to the provisions of this section.

(e) A clear path, free of all obstructions to the flow of pedestrian traffic, shall be provided in the *public right-of-way* and shall be maintained at all times. Obstructions include traffic signals or *signs*, light standards, parking meters, phone booths, bus stops, trash receptacles, benches, trees, and similar objects. The clear path shall be a paved sidewalk that is at least § 6-feet wide. The clear path shall be measured in the following manner:

- (1) The clear path shall be measured from the outermost point of the sidewalk cafe to the curb or to the nearest **vertical** obstruction within the flow of pedestrian traffic;
- (2) Recesses in the *building facade* shall not be used to satisfy the clear path requirement; and
- (3) The decision maker may grant an exception to the minimum clear path width if pedestrian volumes and existing *street* conditions are such that no congestion would result.

Attachment 1B.
City of San Diego Council Policy – 900-12

BUSINESS AND INDUSTRY INCENTIVE PROGRAM:

Section A. Criteria for Business and Industry Incentives

The City may provide assistance when necessary or appropriate to attract, retain, expand, or assist projects or businesses which meet both following criteria –

1. Either:
 - a. Provide significant revenues and/or jobs that contribute to a sound and healthy Economy;
 - b. Promote the stability and growth of City taxes and other revenues;
 - c. Encourage new business and other appropriate development in older parts of the City; or
 - d. Respond to other jurisdictions' efforts to induce businesses to relocate from San Diego, and
2. Are consistent with the City's current adopted Community and Economic Development Strategy.

Section B. Authorized Business and Industry Incentives

The City may provide one or more of the following incentives, as necessary or appropriate, for projects or businesses that meet the criteria of A. above –

1. The City Manager or his designee may exercise administrative discretion to authorize one or more of the following incentives:
 - a. The provision of assistance in securing required City permits and approvals;
 - b. The provision of due diligence assistance in advance as a potentially valuable project is under consideration, and the provision of preliminary reviews;
 - c. The expediting of required Development Review Department permits;
 - d. Crediting up to 45% of sales or use taxes paid by the business against City business license taxes and/or development related fees, or rebating up to 25% of sales or use taxes paid by the business, if such sales or use taxes constitute previously uncollectable revenue to the City and the business pays its sales or use taxes to the State Board of Equalization properly reporting San Diego as the situs of sale or use, consistent with the provisions of the Business Cooperation Program (Resolution R-288034); and/ore.
 - e. Reducing water and sewer capacity charges by \$1,000 per equivalent dwelling unit (Resolution R-287543).