



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 08/17/2021

ITEM NO: 11

DATE: August 10, 2021
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Discuss and Provide Direction on the Following Actions to Continue the Town's Support of Economic Recovery and Community Vitality in Response to the Ongoing COVID-19 Pandemic, Including:

- a. Temporary Krail Parklets:
 - 1. Extend Sunset Date for Dining Establishments until January 31, 2022 and Approve a Budget Adjustment of \$40,000 from American Rescue Plan (ARPA);
 - 2. Provide Direction on Temporary Tents and Other Weather Protection Structures, Including Enforcement;
- b. Semi-Permanent Parklets:
 - 1. Allocate Additional Funding of \$680,000 from the Town's ARPA Allocation to Meet the Response of Businesses to the Subsidized Parklet and Grant Application Process; and
- c. Debrief the Chamber of Commerce's Thursday Night Promenade Events in which the Town Provided Financial Support.

RECOMMENDATION:

Discuss and provide direction on the following actions to continue the Town's support of economic recovery and community vitality in response to the ongoing COVID-19 pandemic, Including:

- a. Temporary Krail Parklets:
 - 1. Extend sunset date for dining establishments until January 31, 2022 and approve a budget adjustment of \$40,000 from ARPA;
 - 2. Provide direction on temporary tents and other weather protection structures, including enforcement;
- b. Semi-Permanent Parklets:

PREPARED BY: Monica Renn
Economic Vitality Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Police Chief, Community Development Director, Parks and Public Works Director, and Finance Director

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RECOMMENDATION (continued):

1. Allocate Additional Funding of \$680,000 from the Town's ARPA Allocation to Meet the Response of Businesses to the Subsidized Parklet and Grant Application Process; and
- c. Debrief the Chamber of Commerce's Thursday Night Promenade Events in which the Town Provided Financial Support.

BACKGROUND:

As the Town continues to move through the dynamic economic recovery environment created by the COVID-19 pandemic, health orders and timelines continue to shift and generate the need for ongoing flexibility. Since March 2020, the Town Council has remained supportive and adaptive to the community's stakeholders, delicately balancing competing interests and continuing to consider how to provide available assistance. In addition to economic and policy support, the health and safety of the community remain a top Council priority. The Town Council has met on several occasions to discuss and direct actions that support the Town's economic and community vitality efforts. A high-level summary of these efforts includes: rent forgiveness for Town-owned properties; expanded support through community grants; and community and economic vitality efforts including funding for subsidized business permits, parklet programs, destination marketing, and a series of road closure events.

Specifically related to economic vitality, the Town Council has adopted an Economic Recovery Resolution that remains in effect until December 31, 2021. The Resolution memorializes the Town's effort to streamline and update business processes and provide modernized provisions with greater flexibility as businesses look to adapt and recover from the pandemic. A large part of the Resolution also includes the ability for businesses to flex outdoor space, both public and private, to offer outdoor dining and services as indoor business activity was drastically reduced or closed as a part of the County and States COVID-19 response mandates. Even as full capacity returned to indoor business activity, the Town Council continued to keep the Resolution in effect allowing for continued flexibility so businesses could navigate the unknown of the pandemic through the end of 2021.

The temporary krail parklet program, adopted in May of 2020, has been a lifeline for many businesses as they were given the opportunity to use public on-street parking spaces for their private business operations at no cost to the business. For many businesses, this was the only seating areas they had during the indoor business shut down mandates from the State of California and County of Santa Clara. Maintaining these spaces past the reopening of indoor dining has afforded the restaurants the ability to serve more patrons and enhance their business recovery efforts while offering the community a more comfortable and lower

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BACKGROUND (continued):

transmission solution to indoor dining. Based on prior Council action this program is currently due to sunset on September 19, 2021.

Alongside the temporary krail parklet program, on January 19, 2021 the Town Council adopted a semi-permanent parklet program to replace the temporary krail parklet program with a longer-term business viability solution. The semi-permanent parklet program maintains the alfresco dining experience in downtown Los Gatos while the Town considers a broader streetscape redesign project for downtown. The semi-permanent parklets are expected to remain in place for approximately seven to ten years. At its April 20, 2021 meeting, the Town Council expanded the subsidized grant amount giving businesses the ability to apply for a pre-approved parklet design at a subsidized rate, and receive a grant for 75% of the construction costs, up to \$40,000 per business. The Town Council also requested that the staff return in late summer to provide an update on the status of the applications and program and reconsider the sunset date of the temporary krail parklets if necessary.

Through discussions of economic recovery and community vitality, the Chamber of Commerce requested funding to provide the Town with an emergency destination marketing campaign and a series of events that include the closure N. Satna Cruz Avenue weekly throughout the summer. Both efforts were proposed to promote the Town of Los Gatos as a premier Silicon Valley destination to shop, dine, stay, and experience the Town. The emergency destination marketing campaign is slated to provide a Visit Los Gatos website and offer opportunities for residents and visitors to engage with the Town's offerings when searching the term "Los Gatos" online, connecting through various social media platforms, and visiting merchants in person. Additionally, the event series leverages the messaging that Los Gatos is open for business and excited to welcome back residents and visitors for safe in-person shopping and dining experiences.

The proposed Thursday Night events called, The Promenade, were intended to create more pedestrian friendly space for shoppers and diners to stroll through downtown comfortably and rediscover the business community. On May 4, 2021, the Town Council allocated \$80,000 to the Chamber of Commerce to support seven Thursday night Promenade event road closers concluding before October 1, 2021. The Chamber of Commerce moved forward with implementing seven consecutive road closure events on Thursday evenings, July 1 through August 12, 2021, from 3 to 8 p.m.

At the following Town Council meeting on May 18, 2021, an additional \$55,000 was allocated to support an emergency destination marketing campaign including the proposed Visit Los Gatos website and social media boosts. The Chamber of Commerce has been creating this content,

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BACKGROUND (continued):

launching an Instagram page in early July 2021, and expecting to fully launch the Visit Los Gatos website by the beginning of September.

DISCUSSION:

Temporary Krail Parklets

Sunset Timeline Extension – As previously noted on May 4, 2021, the Town Council extended the temporary krail parklet program through September 19, 2021 and asked that staff return prior to the sunset date to provide an update and allow for additional public discussion. Staff is recommending that the Town Council extend the sunset date of the temporary krail parklet program until January 31, 2022 for dining establishments.

This extension allows for restaurants to maintain their current seating and staffing levels for the time being and offers some business security through the busy holiday season should health orders return to limiting or prohibiting indoor dining. In recent weeks, the County of Santa Clara has reinstated mask mandates indoors as the number of COVID Delta variant cases were on the rise. While the hope is that further restrictions will not be implemented, staff recommends allowing the krail to stay through the bulk of the winter months to offer a business continuity option should the limitations return.

Additionally, as staff is working with applicants on the semi-permanent parklets, it has become apparent that construction timelines are longer than previously anticipated. Given the workload on contractors and the timeline for material acquisition, it is more realistic to predict construction beginning on the parklets in late fall or early winter. To eliminate the confusion of adding parking spaces back only to remove them again weeks later for parklet construction, and to provide a smoother transition from one parklet program to the next, it would be most efficient to leave the existing krail in place until construction begins on the semi-permanent parklets.

Staff has connected with all businesses to understand where under-utilized, or no longer needed krail exists and recommends removing these areas on or before September 19, 2021. Wherever the krail is removed, staff recommends implementing 30-minute parking spaces to encourage on-street quick turn, to-go, and pick up parking opportunities.

If the Town Council would like to continue the temporary krail parklet program through January 31, 2022, staff is requesting an allocation of \$40,000 from the American Rescue Plan Act funds (ARPA) to cover the additional rental costs of the krail.

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DISCUSSION (continued):

Temporary Tents and Other Weather Protection Structures – During the Town Council's discussion on April 20, 2021, the Town Council voted to require all temporary kral parklets to remove siding and vertical barriers within the parklets by May 1, 2021, and to remove all tent covers and overhead structures, except for umbrellas and moveable sail-type covers, when indoor dining returned to full capacity, expected on or before June 15, 2021. The majority of businesses complied with the siding removal in a timely manner and staff has been continuing to request compliance from the last few businesses. Additionally, staff sent a reminder out to all temporary parklet operators in July, reminding them that the overhead covers were also required to be removed. Compliance with this direction has gained less support. To date, no businesses have been cited for the tent covers remaining in place.

Understanding that the temporary kral parklet sunset date may be extended, staff is looking to confirm the Town Council's prior direction of prohibiting vertical barriers, temporary tents, and other weather protection structures after June 15, 2021. This direction would mean that all parklet covers must comply with those standards that are part of the pre-approved parklet program which allow for umbrellas and sail-type moveable sunshade covers, unless a building permit has been obtained to build a solid, low-profile parklet cover as a part of the semi-permanent parklet program. The solid low-profile cover allowance was an approved carve-out by the Town Council based on business input on April 20, 2021, with no subsidy offered for the cover. For those who may have constructed solid roof structures outside of the semi-permanent parklet program and out of compliance with the April 20, 2021 Town Council direction, staff is asking for confirmation from the Town Council that enforcement of removal of such covers should be pursued.

In an effort to balance the needs of multiple business models, staff recommends that the Town Council provide direction to continue to disallow vertical barriers, banner, or shades of any kind, and temporary tents and other weather protection covers except for umbrellas and movable sail-type shade covers within the temporary kral parklets through the duration of the temporary kral parklet program. Such vertical barriers and temporary tent structures while providing weather protection for diners significantly decrease the visibility of other store fronts and in some cases, pedestrians as they enter crosswalks. Staff has received numerous complaints from retailers that customers are unable to find their location or see their signs due to the obstructions coming from the tent structures. The use of outdoor heaters would still be permitted given that they are in compliance with the provisions set forth by the Santa Clara Fire District.

If this is the direction of the Town Council, staff also seeks confirmation from the Town Council to enforce all of these provisions (removal of sides, temporary tents, out of compliance roofs) using typical Code Compliance tools (fines, removal, etc.). would like staff to move forward with

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DISCUSSION (continued):

enforcement of the removal of non-compliant vertical barriers, tents, canopies, and similar weather protection structures.

Semi-Permanent Parklets

Allocate additional funding for subsidy and grant opportunities - At its April 20, 2021 the Town Council expanded the subsidy and grant amounts that had been previously approved on January 19, 2021 for the semi-permanent parklet program, at the request of several business stakeholders. The subsidy and grant are applicable up to a two-stall sized parklet. The subsidized program includes: full subsidy of Town fees including the parklet permit application, building permit, and encroachment permit fees; partial (about 50%) subsidy of the consulting architect fee for design and engineering; and, a grant for 75% of parklet construction costs, up to \$40,000 per business.

Larger parklets are permitted; however, businesses must fully cover any additional costs accrued due to the larger size. Those applicants that would like to add a solid, low-profile roof structure, as approved by the Town Council on April 20, 2021, must fully cover the cost for the design, engineering, and build-out of the structure as well.

Additionally, on April 20, 2021, the Town Council approved a retroactive construction grant for the five original parklets in the amount of 75% of construction, up to \$40,000. With this approval, all parklets are on a level playing field and new agreements will be executed for the five original parklets that align with the agreements between the Town and the newly implemented semi-permanent parklets thus all provisions will be consistent and managed equitably.

This subsidy and grant expansion facilitated additional businesses to participate in the semi-permanent parklet program by making the costs more broadly feasible. Additionally, as vaccination rates increased and some customers returned to in-person dining, outdoor seating options remained preferable among many patrons. These dynamics have led to a significant increase in interest from businesses to participate in the semi-permanent program. Of those restaurants with temporary kiosk parklets, only three did not apply for the semi-permanent program, and one property owner applied for two semi-permanent parklets in front of their vacant spaces to improve the appeal of the space for prospective tenants. The Town also received parklet applications from four new restaurants, who are backfilling three previously vacant spaces. The parklet programs have been noted as a draw for new businesses in Los Gatos.

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The deadline to apply for a semi-permanent parklet was at the end of July. Staff received 38 applications for new semi-permanent parklets. With the five original parklets, the Town now has 43 businesses eligible for subsidy. If all 38 parklets complete the process, the total estimate of funding is approximately \$1.73M. The funding to provide retroactive grants is expected to be approximately \$200,000, bringing the funding needed to an approximate and not to exceed amount of \$1.93M. The current funding allocation is \$1.26M, divided between ARPA funding and the Economic Recovery Funds (which has limited remaining available funds), thus staff is requesting that the Town Council allocate the additional funds needed to cover program costs from ARPA.

Unless additional unforeseeable costs occur, the requested funding represents the high-end cap of the costs as it calculates each business receiving the full \$40,000 for the grant, and the full \$5,500 for Town fee subsidy. It is likely most parklets will not need the full amount, but the extent needed is unique to each business' circumstances and unknown at this time. Staff has not received any official construction estimates to date thus cannot accurately estimate the amount most businesses will require for their construction grant should it be less than \$40,000.

Staff recommends that the additional funds be allocated from ARPA to cover the full cost of the semi-permanent parklet program, then prior to the end of 2021, staff will return to the Town Council for an update and discussion of the program progress and actual costs to date.

Thursday Night Promenade Event Debrief

As discussed in the background of this report, the Chamber of Commerce was allocated Town funds to support a series of street closure events on N. Santa Cruz Avenue during the summer of 2021. The events, referred to as the Thursday Night Promenades were intended to close N. Santa Cruz Avenue to attract pedestrian traffic and offer more space for pedestrians to experience the merchants located downtown. Attachment 1 contains the original proposal received from the Chamber of Commerce on May 3, 2021, which was previously distributed as a Desk Item for the May 4, 2021 Town Council Meeting.

At its May 4, 2021 meeting, the Town Council unanimously voted to allow up to seven Thursday night downtown street closures over the summer (to be completed by October 1), with \$80,000 of total Town funds to support the closures. The Chamber of Commerce worked to implement the closures consecutively for the duration of the summer. The closures began on Thursday, July 1, with the final event scheduled for Thursday, August 12, which has not yet concluded at the publication time of this report. Attachment 2 provides a summary from the Chamber of Commerce of their observations of the event, and Attachment 3 contains public comment received before 11 a.m. on Thursday, August 12.

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Staff distributed an online survey to businesses both in and outside of downtown to understand the impact the event had on their business, and the Chamber provided additional business outreach to capture a variety of business input. Staff also created a community survey that is available on the Town's website, shared through social media, and advertised at the final Promenade event to collect input from residents and visitors as well. The online surveys will remain active until Sunday, August 15, 2021, and staff will provide an addendum to this report on Monday, August 16, 2021 that contains the results of the surveys.

To assist the Town Council with determining future events, staff has outlined some observations below and provided information for any elements that were required or noted during the event.

- Attendance – The crowd size at each individual event seemed to increase throughout event as the temperature dropped and the sun began to set with the majority of people arriving between 5 and 6 p.m. Most gathered near the bands at each end of the closure, or within the parklets of establishments near the music, while others strolled the street. As the awareness and popularity of Thursday Night Promenade events grew, each week seemed to have a larger crowd in total when compared to the prior weeks' events.
- Entertainment – The Chamber provided two live bands at each event, then as the events progressed added various elements of entertainment spread throughout the closure area including a car show, street art with chalk, lawn games, and jugglers/family entertainers. The bands hired by the Chamber of Commerce stopped by 8 p.m.; however, a couple of businesses hired their own sources of music, or other local bands set up on public right-of-way within the closure area, making it difficult to clear the crowds on some days as these unaffiliated bands continued to play beyond the event ending time.

Moving forward, should these events take place in the future, staff would recommend that only entertainment that is associated with the event be permitted, unless it ceases by the end of the event, or is completely contained within a business' private property to allow for efficient crowd clearance. Additionally, the location of the bands may need to be reconsidered so that as large crowds gather to watch the performance, the bulk of the people are more centrally located within the closure, to minimize crowd spillage outside of the closure into the roadway. It was noted that several event guests arrived early to place chairs in the street near the band performance areas, then returned for the performance similar to how guests enjoy the Music in the Park concert series.

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- Alcohol consumption – Following the first week of the closure, the Chamber requested the ability to allow guests to have open containers of alcohol within the closure area so that guests could purchase to-go beer, wine, or cocktails from restaurants and consume them as they enjoy the event. With approval from the Town, the Chamber obtained approval for this from California Alcohol Beverage Control (ABC). As the events progressed, more restaurants began to have quick to-go sale options for alcoholic beverages, and some guest began bringing ice chests with their own beverages. At the request of the Town, the Chamber responded to these concerns by posting additional signage and working with businesses to ensure they are aware of the type of allowance ABC granted the Chamber for the event so that businesses remain in compliance with their own ABC licenses.
- Police Department support - Staff observed that crowds tended to migrate towards and linger at bars and restaurants with alcohol service after the conclusion of the event. On two consecutive weeks, calls for service were made to the Police Department to assist with residual crowds and rowdy behavior after the event ended. Some were specifically related to a single local business, as well as other alcohol related calls in and around downtown. This concern was addressed with the Chamber and business. The following week two uniformed LGMS Police Officers were added to patrol the event from 6 – 10 p.m., which seemed to provide the additional support needed for crowd control and the Officers assisted with clearing the street so that it could be reopened in a safe and timely manner. Additionally, the business related to the prior concerns adjusted their practices and the issues experienced the two weeks prior seem to be resolved.

Moving forward, any event with a similar crowd size and alcohol consumption should require uniformed Police presence at the expense of the event organizers. Staffing uniformed Officers can be difficult at times when personnel is in short supply and/or unavailable.

- Traffic Closure – Several years ago, the Town hired a traffic engineering firm to provide a road closure plan for events that close N. Santa Cruz Avenue between Main Street and Bachman Avenue. This plan entails using metal signage to indicate to drivers that the roads is closed. Historically, the Town has required additional barricades or barriers to be in place in specific instances that provide more of a physical barrier and added layer of blockage should a car attempt to enter the closure area. The original permit application provided by the Chamber included a flatbed truck parked at each end of the closure, creating an extra physical barrier. When staff arrived at the first event, the flatbed trucks were not on site and the bands and crowds were set up directly adjacent to the metal sign barricades. This created a situation where crowds were naturally

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spilling into the crosswalk and lanes of travel that remained opened. Following this event, the Town reinforced the requirement of either the planned flatbed truck, or a similar barrier. The Chamber worked with their traffic control consultants and the bands to place their own vehicles at the closure ends. For the last two events, the Town piloted the use of the anti-vehicle barriers that the Town owns to understand the investment of resources required to deploy these devices at events.

Staff recommends that the Town Council discuss the debrief points noted Attachments 2 and 3 and the Addendum, and if needed provide staff with any additional direction for future events.

CONCLUSION:

Staff recommends the following actions be taken by the Council as outlined in this staff report:

a. Temporary Krail Parklets

1. Extend the sunset date of the temporary krail parklet program for restaurants to January 31, 2022, and allocate an additional not to exceed amount of \$40,000 from ARPA funds to cover rental costs of the krail through the program sunset date.
2. Continue to disallow vertical barriers, banner, or shades of any kind, and temporary tents and other weather protection covers except for umbrellas and movable sail-type shade covers within the temporary krail parklets through the duration of the temporary krail parklet program and enforce these requirements through typical Code Compliance practices. and provide direction for level of enforcement of the removal of non-compliant vertical barriers, tents, canopies, and similar weather protection structures.

b. Semi-Permanent Parklet Funding

1. Allocate an additional \$680,000 from ARPA to meet the response of businesses to the subsidized parklet and grant application process to cover the full cost of the semi-permanent parklet program, then prior to the end of 2021, staff will return to the Town Council for an update and discussion of the program progress and actual costs to date.

c. Thursday Night Promenade Events

1. Debrief the Chamber of Commerce's Thursday Night Promenade Events in which the Town provided funding and provide additional direction if desired.

COORDINATION:

This report was drafted in collaboration with the Town Manager and Town Attorney's Offices, and the Finance, Police, Community Development, and Parks and Public Works Departments.

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FISCAL IMPACT:

The recommendations have the following fiscal impact:

- Allocate an additional \$40,000 from ARPA funds to support an extension of the temporary kral parklet program through January 21, 2022; and
- Allocate an additional \$680,000 to increase the previously allocated amount of \$1.26M to \$1.93M to cover the full, not to exceed, cost of the semi-permanent parklet subsidy and grant program using funds from ARPA.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Proposal from the Chamber of Commerce related to the original requests for the Thursday Night Promenade events
2. Written debrief from the Chamber of Commerce regarding the Thursday Night Promenade events
3. Public comment received before 11:00 a.m. on Thursday, August 12, 2021