

Report to the Future Melbourne Committee

Agenda item 6.9

Proposal to defer busking, outdoor dining fees and infrastructure costs involving parklets and laneway closures until 1 April 2022

5 October 2021

Presenter: Dean Robertson, Director On-Street Support and Compliance**Purpose and background**

1. The purpose of this report is to inform Future Melbourne Committee of management's intention seek Council endorsement in October of the proposal to defer busking, outdoor dining permit fees and outdoor dining infrastructure costs to 31 March 2022.
2. Implemented in October 2020, the Extended Outdoor Dining program has supported Melbourne's hospitality industry to trade safely during the continuing impacts of the COVID-19 pandemic. Following the success of the program, in May 2021 the Future Melbourne Committee requested management develop a new fee structure for outdoor dining as part of the annual budget process. A new fee structure was subsequently endorsed as part of the Council Budget 2021-22, with a further extension of fee waivers and infrastructure costs support until 31 October. Busking fees to be applied from 1 November 2021 were also approved at that time.
3. Given the severe impact of lockdowns on hospitality and future restrictions outlined in Victoria's Roadmap: Delivering the National Plan (the Roadmap) announced on 19 September, management now recommends a further deferral of busking, outdoor dining permit fees and costs initially intended to be re-introduced on 1 November 2021.

Key issues

4. Under the new outdoor dining fee structure, businesses are responsible for all ongoing parklet infrastructure costs with CoM providing a 75 per cent discount on permit fees. The fee waiver amount is currently accommodated in the Melbourne City Revitalisation Fund (MCRF) Package 1.
5. Of 192 original parklet permit holders, 84 traders have made an application to renew their permits, including payment of the \$600 application fee, 38 have had their parklets removed, 25 have indicated they wish to keep the parklet (but have not yet paid the application fee) and 45 are yet to respond. There are currently 154 remaining parklets operating in the municipality within 300 parking bays.
6. Approximately 1250 outdoor café permit holders are also due to have fees reintroduced on 1 November 2021.
7. Foregone parking meter revenue is estimated to be around \$1,283,000 for approximately 300 on-street car parking spaces converted to outdoor dining parklet spaces. Parking fines revenue will also be foregone as a result of on-street parklets occupying these bays.
8. Key sentiments collected through the Business Concierge Team indicates that:
 - 8.1. businesses have indicated that they are unable to pay the proposed fees as they have been closed for a significant period of time
 - 8.2. businesses have expressed concern about their ability to absorb the cost of parklet infrastructure
 - 8.3. the reintroduction of density limits will impact consumer confidence, discourage consumers from returning to the city and significantly limit customer numbers
 - 8.4. assistance has been requested in the form of permit fee relief or waivers.
9. Other inner Melbourne councils have indicated that most are delaying the introduction of fees and continuing to subsidise their outdoor dining programs in some way.
10. There are two viable options for Council to provide ongoing support to the extended outdoor dining parklet program:
 - 10.1. To continue to hire infrastructure through the current provider, Greenevent. This would include parklet infrastructure, maintenance, block/jersey hire and traffic safety (TS) change over when required. The estimated cost from 1 November 2021 to 31 March 2022 for this option is \$2,171,000.

- 10.2. To purchase the parklet infrastructure and provide it to permit holders. This would include one off repairs and painting if required, manufacture and changeover of TS elements, including traffic management and incidentals. This option will then transfer all responsibility for ongoing maintenance, repair and cleaning of parklets to the permit holder (except graffiti removal). The estimated cost for this option is \$1,132,000.
11. Outdoor dining permit fee relief between 1 November 2021 and 31 March 2022 results in \$405,000 in revenue foregone. This amount can be included in the MCRF2.
12. Closure of 16 laneways with sleeve and bollard systems and the closure of up to four laneways with traffic management/archer barriers is estimated to cost a further \$878,000 for the same period.
13. In recognition of the economic impact caused by continuous COVID-19 lockdowns and restrictions, management recommends extending current busking permits until 31 March 2022 and offer free permits until this time at no cost. This is a key recommendation to encourage buskers to return to the city.
14. The impact of extending busking permits at no cost for five months is less than \$14,000.

Recommendation from management

15. That the Future Melbourne Committee notes management's intention to seek Council endorsement at its 26 October 2021 meeting to:
 - 15.1. Defer the proposed outdoor dining permit fee introduction until 1 April 2022 to allow for more regular trading conditions to return as vaccination rates increase. The income foregone being \$405,000 could be included in Melbourne City Revitalisation Fund 2 (MCRF2).
 - 15.2. Defer outdoor applications fees until 1 April 2022. Any business that has already paid the application fee will be notified that they will be given a credit for next year's renewal.
 - 15.3. Purchase existing on-street parklet infrastructure and provide to parklet permit holders who have previously engaged in the program and transfer all ongoing cleaning, maintenance and repair costs to parklet permit holders. The cost of this being \$1,132,000.
 - 15.4. Re-instate some of the removed parklets strictly on request by businesses who had previously made a decision to remove parklets in July based on costs. These will only be reinstated on request and considered on a case-by-case basis. Each parklet reinstatement would cost approximately \$3,500 per bay (plus traffic management costs). It is estimated that up to 15 parklets may be reinstated to assist businesses at a cost of approximately \$50,000 to \$70,000.
 - 15.5. Continue to support the laneway closure program at a cost of approximately \$878,000 for the provision of security infrastructure until 1 April 2022.
 - 15.6. Engage with the Department of Jobs, Precincts and Regions on further support for outdoor dining through MCRF2.
 - 15.7. Defer the introduction of busking permit fees until 1 April 2022 to encourage buskers to return to the city and introduce promotional activities and initiatives such as 'Tip My Hat' competition.

Attachments:

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Supporting Attachment

Legal

1. The process for issuing permits is managed under the Activities Local Law 2019. Legal advice has and will continue to be provide on all aspects of the project.

Finance

2. Extending outdoor dining permit fee waivers until the 31 March 2022 accounts for \$405,000 revenue foregone. This can be included in the Melbourne City Revitalisation Fund (MCRF2) package.
3. The most cost-effective option for supporting traders with parklets is for Council to purchase parklet infrastructure outright and provide it to businesses at a cost of \$1,132,000. The option of continuing the current arrangement of leasing infrastructure and paying all costs to maintain parklets comes at a cost of \$2,171,000 over five months.
4. This cost does not include reinstating any Parklets that have already been removed. These will only be reinstated on request and considered on a case-by-case basis. Each parklet reinstatement would cost approximately \$3500 per bay (plus traffic management costs). It is estimated that up to 15 parklets may be reinstated. Approximate cost is \$50,000 to \$70,000.
5. Infrastructure costs involving the closure of laneways with sleeve and bollard system and closure of laneways with traffic management and 'Archer' barriers involves a cost of \$175,600 per month or \$878,000 over the five month period. Investigation to reduce these costs on a selection of laneways is underway for converting four lanes to sleeve and bollard system.
6. The total cost of Council purchasing parklet infrastructure and leasing security infrastructure for laneway closures to extend the Outdoor Dining Program until 31 March 2022 would be approximately \$2,010,000.
7. Fee waivers of \$405,000 can be accommodated in the existing Melbourne City Revitalisation Fund budget (MCRF 2) for the program. At this stage there is no scope to accommodate the infrastructure costs of \$2,010,000 through MCRF 2.
8. The cost for removing any disused or abandoned infrastructure at the end of the program has not been factored into budget estimates.
9. It is expected that the additional loss of car parking revenue in order to extend the outdoor dining program for five months would be approximately \$1,283,000 for the period 1 November 2021 to 31 March 2022. This estimate does not include potential revenue from parking fines.
10. Busking permit fee waivers to continue supporting buskers until the 1 April 2022 account for approximately \$14,000.

Conflict of interest

11. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

Health and Safety

12. The Extended Outdoor Dining initiative responded directly to the COVID-19 public health measures regarding social distancing requirements for indoor dining by providing an outdoor spaces as an alternative. The proposed extension of the program and deferral of fees would continue to support COVID-safe measures that are in place across Victoria.
13. Throughout the course of the program, road safety assessment and audits have been undertaken to ensure all outdoor dining spaces created in the parking spaces and other temporarily closed roads are designed and constructed to meet safety standards.

14. The City Activation Program has benefitted from an overarching risk assessment, and appropriate measures have been established.

Stakeholder consultation

15. An audit of 83 parklet permit holders that have not responded and those that have had their parklets removed, has revealed that the majority are closed due to lockdown. Fifteen who have been contactable have indicated a desire to have their parklets reinstalled, one is permanently closed and officers will continue to attempt to make contact with the remaining 67 to determine if they would like their parklet reinstalled.
16. Proactive engagement with existing outdoor dining permit holders will be undertaken immediately following the determination of Council.
17. Targeted stakeholder engagement will be undertaken where matters of concern are known, and will be managed on a case-by-case basis.
18. As part of the Extended Outdoor Dining Program engagement with resident groups is ongoing and will continue through any extension period.

Relation to Council policy

16. The proposal supports key priorities in the Council Plan 2021-2025 to ensure the city economy is stronger, resilient and fully recovered from the impacts of COVID-19. The Extended Outdoor Dining Program as an initiative identified in the COVID-19 City Reactivation and Recovery Plan.

Environmental sustainability

19. An extension to the Extended Outdoor Dining Program demonstrates better use of resources by continuing to utilise the infrastructure provided. This makes better use of the inputs required to establish and dismantle the parklets in particular.