


City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 6, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM:  BRUCE JOHNSON, ACTING CITY MANAGER

SUBJECT: STATUS REPORT ON PILOT VENDOR CART PROGRAM ON MARKET SQUARE AND PROPOSED EXTENSION OF THE PROGRAM FOR THE 2012 SEASON

ISSUE: Evaluation of pilot program for vendor carts on Market Square and proposed extension of the program for the 2012 season.

RECOMMENDATION: That City Council:

- (1) Receive the report; and
- (2) Approve the extension of the program for the 2012 season.

DISCUSSION: On October 26, 2010, City Council authorized the establishment of a pilot program for vendor carts on Market Square. Designed to enliven King Street and support local businesses, the Vendor Cart program sought to enhance the King Street business environment, further the City's economic sustainability goals, create a lively and distinctive environment on King Street, and provide a general benefit to businesses in the Old Town area. The City also sought to develop a vendor cart program model that could be replicated in other areas of the City, such as the Waterfront and Carlyle.

Evaluation of the 2011 Program

When measured against the goal of activating King Street in the Market Square area, staff considers the 2011 vendor cart program a success. The program drew people to the plaza over the summer who would not otherwise have been there and created a visible presence at this important location. The addition of tables, chairs, umbrellas and vendors on Market Square made the space attractive and created a more enticing atmosphere for visitors, office workers and residents. The Square area was well maintained despite the increase in people and food products. Staff received many favorable comments about the appearance of the plaza including favorable comments from those who had previously been skeptical of the program.

It is significant that the vendor cart program did not interfere with the use of Market Square for special events, the farmers market, or pedestrian access or enjoyment. Meetings among

Recreation Parks and Cultural Activities, General Services and Planning and Zoning staff ensured activities on Market Square were coordinated. In fact, in a few cases, the vendors were asked to participate in planned events, providing additional vendor food opportunities. As to the pilot program's economic impacts, it is difficult to quantify the increased level of economic activity at local businesses directly resulting from the program. However, based on information received from local merchants and restaurants, it certainly did not harm local businesses or diminish the business environment.

The pilot program was designed to provide space for up to eight vendors on Market Square. Five vendors applied for the program and all were selected to participate. There were some initial challenges, including processing the selected vendors and carts through the Health Department and meeting City licensing requirements. Each agency worked diligently to make the permitting process as painless as possible. We expect lessons learned by both staff and vendors will allow for an improved process in the future.

Although there were as many as four vendors operating on Market Square at one point, only two vendors stayed open and operated consistently throughout. Staff has discussed the program with the two vendors who participated consistently through the summer, as well as the two others who left in the middle of the summer, to determine their assessment from a business perspective. All vendors cited the program's delayed start and very hot weather as problems which negatively affected their operations. With regard to the economic success of the program, Vendors expressed differing opinions. One of the vendors left midsummer because of difficulty staffing the cart. Another cited insufficient foot traffic to reap a profit on the investment. The two who remained through October were able to achieve a "break even" financial point. Neither lost money but neither could claim to have recorded a profit. However, direct revenues and costs are only part of the equation to be considered. One vendor claims to have experienced a definite correlation between their presence on the plaza and increased business at their restaurant location. Of the two vendors who operated consistently through the program period one is eager to return another year. The other is not willing to commit at this point.

Although the number of participating vendors fell short of the program's goals, the tables, chairs and umbrellas purchased for this program and placed on Market Square were frequently used by both vendor cart patrons, as well as the general public. This new furniture for Market Square created a more welcoming and vibrant public environment and should be expanded.

The final important element of evaluation is the ability of the program to remain cost neutral to the City in the future. Attachment 1 shows 2011 actual expenditures for the program and compares estimated costs to actual costs. At the beginning of the program, staff estimated a total program cost of approximately \$42,483, with vendor fees offsetting slightly more than half of the expense. Council allocated \$18,483 from contingent reserves to cover net costs. Both actual costs and vendor fees were less than estimated. The total cost of the program was \$20,095 (including \$6,455 for furniture). Vendor fee revenue provided \$6,200, for a net City expense of \$13,895, or \$4,588 less than the amount allocated.

Proposal for 2012 Program

Staff recommends that the City continue the vendor cart program in 2012, with some modifications. Instead of limiting vendors to Old Town restaurants, staff recommends that the

program be open to applicants from anywhere who can meet our Health Department requirements and regardless of whether they now operate a restaurant. Expanding the eligible applicants should allow for an increased number of vendors and increased vendor fees. While there may be challenges with permitting the participation of non-Old Town restaurants, notably Health Department requirements and logistical concerns, staff thinks a more flexible approach by the City will create a better program for the future. Given the success of the addition of tables, chairs and umbrellas to Market Square this past year, Staff also recommends that the City purchase additional furniture. The 2011 cost for furniture was \$6,455 and an equivalent amount would be necessary to double the number of tables, chairs and umbrellas for 2012.

FISCAL IMPACT: Attachment 1 includes an estimated budget for extending the program through 2012, based on actual 2011 costs. With an overall cost of \$21,175 (without purchasing furniture) and projected revenue from vendor fees of approximately \$24,000, the program should pay for itself. If there is a deficit, it should be small, and staff will work with the City's Chief Financial Officer for an appropriate offset.

ATTACHMENTS:

- Attachment 1: 2011 Expenditures and 2012 Proposed Budget
- Attachment 2: Docket memo, October 26, 2010 (#18)
- Attachment 3: Docket memo, February 8, 2011. (#17)

STAFF:

Tom Gates, Assistant City Manager
Jeremy McPike, Director, General Services
Barbara Ross, Deputy Director, Planning and Zoning

MARKET SQUARE VENDOR CART PILOT PROGRAM

2011 EXPENDITURES

Description	Total Budget	FY 2011 Actuals	FY 2012 YTD	Total Expend to Date	Total Remainder
Contract: Classic Building Serv	\$20,483	\$4,240	\$6,160	\$10,400	\$10,083
Contract: Power Wash & Spec Cng	\$6,000	\$1,080	\$2,160	\$3,240	\$2,760
Administrative & Management	\$6,000			\$0	\$6,000
Tables, Chairs, & Umbrellas	\$7,500	\$6,455		\$6,455	\$1,045
Maintenance & Replacements	\$2,500			\$0	\$2,500
Sub Totals	\$42,483	\$11,775	\$8,320	\$20,095	\$22,388
Rental Fee Revenue		\$2,100	\$4,100	\$6,200	\$12,400
Total Remaining funds based on budget/1					\$32,495

/1 Remaining funds include Rental Fee Revenues collected to date.

Revenue less Expenditures	(\$9,675)	(\$4,220)	(\$13,895)
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2012 PROPOSED BUDGET

Description	Monthly/2	Annual
Contract: Classic Building Serv.	\$1,586	\$11,102
Contract: Power Wash & Spec. Cng.	\$556	\$3,892
Administrative & Management	\$883	\$6,181
Sub total		\$21,175
Tables, Chairs, & Umbrellas/1		\$10,000
Total Annual Cost		\$31,175

/1 This would double the amount of furniture and cover cost for maintenance and replacements of any damaged furniture. Furniture came through the pilot program in good condition. No replacement or repair was needed.

/2 This figure includes the experienced/budgeted cost plus 3% increase.

Attachment 2

EXHIBIT NO. 1

18
10-26-10

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 19, 2010
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER *J*
SUBJECT: VENDING CARTS PILOT PROGRAM

ISSUE: Establishing a vending carts pilot program on City Hall's Market Square.

RECOMMENDATION: That City Council:

- (1) receive this report and outline of the proposed pilot program; and
- (2) consider allocating \$18,483 from the Contingent Reserves account to fund the program.

DISCUSSION: In 2009, City staff was approached by a local business owner who wished to offer food and drink services on City streets. The services would primarily be directed at visitors to the City during peak times for City tourism. Simultaneous to the request of the business owner, City Planning staff was considering ways to bring more visitors and greater vibrancy to the Old Town/King Street area in support of economic sustainability. The confluence of business owner interest in street vending and staff interest in enhancement of our commercial and retail sectors resulted in the development of this proposed pilot project for vendor carts. Staff proposes to establish a pilot program allowing vending carts with food on Market Square for the spring, summer, and early fall 2011 to create a lively and distinctive downtown, enhance the King Street business environment, and provide more food choices for residents, workers and visitors. A healthy business climate on King Street benefits local businesses, the Old Town community in general, and the City as a whole. This recommendation is consistent with:

- City Council's Strategic Plan Goal 1, which sets increasing the appeal of King Street and the Waterfront to shoppers and diners as a priority ;
- The King Street Retail Strategy (2005), which emphasizes the need for an active street life to foster an environment of economic health for the businesses on King Street.; and
- The King Street Retail Analysis (Bob Gibbs, 2009), which reemphasized the need for additional vitality and activity on King Street.

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Many cities have embarked on robust vending cart programs. Examples include New York, San Francisco, Los Angeles and Chicago, as well as Baltimore, Washington, D.C., Austin, Charleston, SC; New Orleans, Portland, OR; and Philadelphia. Cities have found that managed vending programs support local economic development goals by activating the public space and providing small food operators with a business opportunity. A fully developed food vending program can be a source of revenue, in the form of fees paid by the vendors to participate in the program.

Staff held a well attended meeting of restaurants in Old Town last winter to discuss a possible vending cart program. Staff has worked to streamline the program and the budget for it since it was first discussed, and has continued its communication with potential participants.

Staff met with the Economic Sustainability Implementation Monitoring Group last spring and the group endorsed the pilot program concept and encouraged staff to continue with its development. Additionally, staff met with representatives of the Old Town Civic Association who expressed a series of concerns, including the importance of maintaining Market Square as a passive, focal point for historic Old Town.

Proposed Elements of Vending Cart Program:

Staff proposes to begin with a limited and closely monitored pilot program. A larger Citywide program may be proposed in the future, depending on our experience with and the information gained from the pilot effort. The design of the pilot program has been a coordinated effort among several agencies, including Planning and Zoning, General Services, Code Administration, the Health Department, the Alexandria Economic Development Partnership and the Chamber of Commerce. The program includes the following elements:

Duration: The pilot program is temporary. It is expected to begin in early April and run through October of 2011, a period of approximately 30 weeks. The City will assess the program's viability using the criteria referenced below in the *Program Assessment* section.

Location: The pilot program will take place only on Market Square. Existing regulatory prohibitions on selling goods from streets, sidewalks and most public places throughout the City preclude additional or alternative sites without revising City ordinances. Activities on Market Square, however, are subject to rules established by the City Manager who may permit the type of temporary vending program proposed by this pilot effort. The City has the ongoing responsibility for oversight and maintenance of the Market Square plaza, which will allow staff to manage vendor operations and ensure all program requirements are observed.

Sales Items: Products for vending will be limited to food and non-alcoholic drinks. No retail items will be permitted. Food types will not be overlapping.

Participating Vendors: For the pilot program, vendors will be limited to existing Old Town restaurants whose operations meet Health Department licensing requirements. Staff has met with restaurant representatives to determine their interest. While some have expressed concern about potential competition and/or initial cost requirements, most are very supportive and several are eager to participate as a vendor. Vendors will be required to purchase, at their expense, carts that satisfy City design standards as described below (see *Design of Carts*).

Number of Carts: A maximum of eight carts will be permitted, depending on the number of applicants who qualify. Staff has estimated that there is room on Market Square for a maximum of eight carts, leaving room for pedestrians and other functions that take place on the plaza.

Hours: Staff is proposing that vendors be permitted on Market Square from 11:00 a.m. to 5:00 p.m. on weekdays and Sundays, and from 1:00 p.m. to 5:00 p.m. on Saturdays. Originally, staff sought to limit the program to weekday lunch time, from 11 a.m.-2:00 p.m., but experienced restaurants and other local business operators expressed a strong concern that limiting operations to weekday lunchtimes only would not allow a vendors to recoup investment in the program.

Design of Carts: For the pilot program, staff has selected a specific cart fabricator and cart design for vendor participants. The carts will be small, stainless steel, with umbrellas. No signs other than a small, discreet plaque on the cart with the name and address of the restaurant with which the cart is associated will be permitted. The consistent, simple style with matching umbrellas and restricted signage is purposeful; staff seeks to ensure that the program is visually attractive and consistent with its location within the historic district.

Selection Process: The application process will be open to all Old Town restaurants. The criteria for selection will include the proposed food offerings; a business plan; cart specifications and detail; commitment to the program; and willingness to agree to City terms. If the number of qualifying vendors desiring a location exceeds the available number of carts allowed, a lottery system or similar objective method for selecting vendors will be used.

Tables and Chairs: Staff proposes that the City purchase a limited number of small tables and chairs for the plaza while vending takes place. Providing tables and chairs will give the public additional seating and make the vending program more inviting and successful.

Vendor Fees: Staff is recommending a weekly \$100 fee for participating vendors, and has discussed the fee with restaurant operators who expressed serious interest in participating. They find the fee to be reasonable and acceptable.

Program Assessment: Since the vendor program is a pilot project, assessing the relative success of the effort is important in determining whether the program should continue beyond its initial 2011 phase, be further developed and expanded, or be eliminated. Staff will develop reasonable measures for the pilot which, at its conclusion, will allow a reasonable assessment of the following:

- The economic benefit of the program to the participating restaurant businesses;
- The ability of the program to facilitate an active, vibrant environment in the King Street and Waterfront areas of the City;
- The ability of the program to foster an economic benefit to King Street businesses or, at a minimum, to not diminish the King Street/Waterfront business environment;
- The ability of the future program to be, at a minimum, cost neutral to the City government;
- The ability to successfully ensure the maintenance of a clean, attractive, public place for use by program participants and all other users of Market Square; and
- The ability of the program to maintain Market Square's attractive, pedestrian-friendly ambiance and to observe the dignity of the space in context of Old Town's history and historical significance.

In order to ensure the ability to assess the program, vendors will be required to report to the City regarding their sales. Staff will also report to Council after the pilot regarding its assessment of the program.

FISCAL IMPACT: The pilot program will be managed and maintained by Department of General Services staff. The staff estimates that its costs will include contracted cleaning services, weekly special cleaning (power washing), and administrative costs to manage the program. The total estimated cost for a 30 week program is \$42,483. The vendor fees will produce \$24,000, leaving a necessary City contribution of \$18,483. Staff is recommending that \$18,483 be allocated from the Contingent Reserves account in order to implement the pilot project.

In an effort to minimize the City's expense for the pilot program, staff has considered numerous variations of the proposed effort. Reducing the hours and/or days of available service, seeking full cost recovery from vendors, or reducing investment in items such as chairs and tables are a few examples of alternatives considered that yield a lower investment cost for the City. Each of these alternative approaches to the program however was rejected based on vendor concerns that the proposals would not permit the program to be economically successful.

ATTACHMENT: Market Square Vendor Cart Program Cost Estimate

STAFF:

Tom Gates, Assistant City Manager
 Faroll Hamer, Director, Planning and Zoning
 Barbara Ross, Deputy Director, Planning and Zoning
 Jeremy McPike, Deputy Director, General Services
 Timothy E. Wanamaker, Deputy Director, General Services

ATTACHMENT

Market Square Vendor Cart Program Cost Estimate

October 5, 2010

Program Description: The proposed pilot vendor cart program at Market Square would provide space on the City Hall plaza to support vendor carts. The necessary support will require staffing for the management of vendors, cleaning services as well as setup and breakdown of table and chairs and storage space for those items. Repair and replacement of damaged tables, chairs, trash receptacles or other items will need to be provided. The vendor cart program under the proposal will operate daily (7 days a week) from 11:00 am to 5:00 pm except Saturdays when the carts will operate from 1:00 pm to 5:00 pm. Vendors will be provided a half hour before and after the scheduled hours of operation for setup and breakdown of carts. The program is scheduled to operate from April through October, 2011.

Operations: Daily maintenance operations of this program include trash removal before, during and after cart operating hours; cart setup/delivery coordination; tables, chairs and umbrella cleaning and setup; storing of tables, chairs, and umbrellas; and regular washing (power washing) of Market Square bricks and sitting areas. On-going management efforts would include vendor relations, fee collection, vendor replacements or additions, and coordination of the Farmer's Market and other special events as necessary.

Estimated costs:

Contracted cleaning support - \$20,483 (52 hours/week, 30 weeks, \$13.13/hour).

Power washing and special cleaning - \$6,000 (1x/week)

Administrative and Management - \$6,000

Tables, chairs, and umbrellas - \$7,500

Maintenance and replacements - \$2,500

Total estimated annual costs - \$42,483

EXHIBIT NO. 1

17
2-8-11

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 31, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: UPDATE ON VENDING CARTS PILOT PROGRAM IN MARKET SQUARE

ISSUE: Update and status of vending carts pilot program on City Hall's Market Square.

RECOMMENDATION: That City Council receive this report. Unless Council determines otherwise, we will proceed with the pilot program as outlined in this memorandum.

DISCUSSION: On October 26, 2010, City Council approved a pilot program for Market Square for the 2011 spring and summer season to include eight food vendors selected from Old Town restaurants. Designed to enliven King Street and support local businesses, the program seeks to enhance the King Street business environment and furthers the City's economic sustainability goals. Staff's October 26, 2010, docket memorandum (Attachment 1) outlines the elements of the pilot program, including its budget.

STATUS: In November 2010, notice was hand delivered to each Old Town restaurant, inviting each restaurant to apply to participate in the program. Staff created and posted website information outlining the application process, the Market Square rules for the program, and a time schedule for applications. See attached Vendor Information Package (Attachment 2) and Alexandriava.gov/vendingcarts. Staff held an informational meeting on December 6 for potential applicants.

Five applications have been received and reviewed, and the following five Old Town restaurants have been selected to participate:

- Union Street Public House
- Fontaine Café and Creperie
- Bread and Chocolate
- Columbia Firehouse
- Grape and Bean

Each of these restaurant's applications is well executed and demonstrates an understanding of the program and strong concepts for food selections. Together the group will offer a variety of lunch and afternoon offerings, including sandwiches, crepes, coffees and ice cream. Staff has contacted each applicant and confirmed its selection. The vending cart program is scheduled to begin on Friday, April 1, 2011.

FISCAL IMPACT: The budget originally presented and approved by Council in October was based on having a total of eight vendors on Market Square. The 30 week program was estimated to cost \$42,483, and relied on vendor fees for \$24,000 of that amount. As approved, the City was responsible for the \$18,483 difference, with the money to be allocated from Contingent Reserves.

With only five vendors in the program instead of eight, staff now anticipates a potential \$9,000 deficit in the pilot program's estimated budget. Staff will attempt to offset the deficit, at least in part, by continuing to market to the Old Town Restaurant community the availability of the three open vendor cart spots. Staff expects the available cart spots will be filled, although the additional vendors may not be present until after the program opens in April. If the open cart spots are not filled and the deficit remains, staff will work with the City's Chief Financial Officer to provide an appropriate fiscal offset.

ATTACHMENTS:

1. Docket memo, October 26, 2010 (item #18)
2. Vendor Information Package

STAFF:

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