

Staff Report to Council

Title: Patio support for Downtown Businesses

Report Number: Economic Development-2025-02

Director: Chief Administrative Officer

Manager: Strategic Initiatives

Meeting Date:
Monday, January 27, 2025

Date to be considered by Council:
Monday, January 27, 2025

Recommendation:

That Council support the cost recovery in the existing fees in the 2025 Rates and Fees By-law for On Street Patios.

OR

That Council waive the fees for On Street Patios for 2025 and amend the draft Operating Budget to remove \$6,500 in revenue, resulting in a tax rate impact of + 0.03%.

Executive Summary:

This report provides follow-up information based on Council's request at the January 13, 2025, budget meeting specific to the costs and return on investment associated with downtown patios.

Strategic Priorities:

A.3-Support business expansion and retention to support a diversified economy

Financial Considerations:

The 2025 operating budget currently includes \$6,500 in revenues for on-street patios, with \$1,550 estimated specifically for jersey barrier rental fees (based on historical applications of 2 businesses with outdoor patios). Should Council decide to support the BIA's proposal, then the budget would be amended to \$6,500 to support downtown businesses to install patios.

Policy:

By-law 2021-069

Context and Background Information:

During the COVID pandemic, local businesses embraced seasonal patios to provide safe service to the public and increase seating capacity.

In a delegation provided to Council on January 8, 2025, a member of the Lakeside Downtown BIA Executive Darrel Perry, noted that the BIA observed there were fewer seasonal patios on Queen Street during the summer of 2024. The BIA interviewed eight Queen Street restaurants, pubs and cafes in December 2024.

Through these interviews it was discovered that businesses found the overall expenses to be prohibitive and the approvals process to be lengthy and difficult. In addition to municipal process and fees businesses also have the expense to design and build the patio, insurance costs, signage, right of way traffic control etc.

The installation of jersey barriers for seasonal patios are also a requirement of the Municipality of Kincardine in [By-law 2021-069](#).

The BIA indicated that some businesses may consider having a seasonal patio again if some of the financial barriers could be removed by the Municipality and processes expedited.

The BIA believes that patios have a significant impact on Lakeside Downtown Kincardine and the broader business community and therefore requested that Council consider the following:

- An expedited approval for patio permits to allow businesses to plan for the upcoming patio season.
- Reduce or remove the cost of renting jersey barriers.
- Address the cost and process of acquiring a seasonal space on the road.
- Reduce the cost of the application process and shift to a simplified renewal format.

Cost

Following the delegation to Council from the BIA, staff were directed to provide information with respect to the 2025 financial impact, which is noted below:

- The original cost outlay for the Municipality to purchase 41 jersey barriers amounted to \$9,405, at an average cost of \$230/unit.
- 2024 was the first year that the Municipality did not waive fees for jersey barrier rentals (fees were waived for 2020 – 2023).
- The approved 2025 Rates & Fees by-law includes jersey barrier rental fees of \$13.23/barrier/month.
- Additional fees (2025) applicable to Outdoor Patios include:
 - Set up fees to install the barriers of \$235.38
 - Patio application fees of \$241.30 to process the applications
 - Patio lease of \$0.30/sq. ft. per month

These fees are subject to HST.

- In 2024, the first year of recovering municipal costs, two businesses rented jersey barriers - rental revenue of \$1,550
- The remaining amount intended to be recovered is \$7,850 of the \$9,405

- The jersey barrier set-up fees help to offset some of the direct operational costs. The Municipality’s 2025 fee is \$235.38. The current fee reflects relief to businesses for the set-up, as actual costs of the installation amount to approximately \$1,160, resulting in a net loss on full cost recovery.

The 2025 operating budget currently includes \$6,500 in revenues for on-street patios, with \$1,550 estimated specifically for jersey barrier rental fees (based on historical applications of 2 businesses with outdoor patios). The remaining \$4,950 represents application fees, leases, and the set-up/installation fees.

Revenue implications

The maximum revenue loss resulting from waiving the fees associated with the installation of downtown business patios, would be a maximum of \$19,000. The budget includes \$6,500 in estimated revenue based on historical results.

This maximum revenue is based on 10 Kincardine and 2 Tiverton businesses. Calculations were based on the following:

Item	Estimated Revenues
Jersey barrier rental fees for 12 businesses	\$750 x 12 businesses = \$9,000
Set up fees to install the barriers	\$235.38 / business x 12 businesses = \$2,824.56
Patio application fees to process the applications	\$241.30 x 12 businesses = \$2,895.60
Patio lease of \$0.30/sq. ft. per month for approximately 10 x 20 (200 sq feet patio) @ \$60/month x 6 months	\$360.00 for season x 12 businesses = \$4320.00
Maximum total	\$19,039.56

Council provided direction to staff in 2024 to complete a review of our sidewalk and patio policies with a requested return by Q2 of 2025. The Operations team is currently reviewing these considerations and will be before Council within Q1 of 2025.

Consultation Overview:

Staff from across the Departments were consulted regarding this report.

Origin:

Delegation from the Lakeside Downtown BIA on January 8, 2025.

Implementation Considerations:

Staff will provide an update on the number of businesses and costs associated with the patios in July 2025 should Council decide to proceed with the BIA recommendations.

Risk Analysis:

N/A

Attachments: None

Prepared by: Lorie Fioze, Manager of Strategic Initiatives

Submitted by: Lorie Fioze, Manager of Strategic Initiatives