

## Sidewalk Café Permits

**Sidewalk Café Permits:** The fee structure for sidewalk café permits is created by formula in the Municipal Code.

### Background

Businesses with a valid retail food establishment license may apply for a sidewalk café permit to serve food outside their restaurant on city sidewalks. Applicants intending to serve liquor at a sidewalk café must have a valid liquor license. Sidewalk café permits must be applied for annually, and authorize operation of the sidewalk café for the nine-month period from March 1<sup>st</sup> to December 1<sup>st</sup>. The application process can take anywhere from 30 to 45 days to complete, and all applications must be approved by City Council.

The current fees for sidewalk café permits are set by the Municipal Code and are based on a formula that reflects the value of the land in the surrounding area, with a minimum fee of \$600. The formula for determining application fees was created in 1976, and the land values on which they are based are from 1996. There are eight categories of permit fee rates, ranging from \$1.10 to \$7.20 per square foot.

Categories	Fee per square foot	Number of locations, 2013
1	\$1.10	670
2	\$1.50	56
3	\$1.80	121
4	\$2.30	219
5	\$2.50	2
6	\$4.30	1
7	\$4.50	89
8	\$7.20	1
<b>Total</b>		<b>1,159</b>

Although the most prevalent permit fee is \$1.10 per square foot, a majority of community areas in Chicago now have land values that exceed that.

### Revenue Impact

Total revenue from sidewalk café permits was \$909,169 in 2013. Adjusting the permit fee formula to match current land values, changing the tier structure, and eliminating the minimum fee while implementing a \$50 application fee could increase revenue from sidewalk café permit fees by \$1.3 million.

The following table outlines one possible fee structure:

Tier	Assessed Value Range	Number of Locations (2013)	Alternative Fee
1	\$0.30-\$1.07	6	\$0.69

2	\$1.08-\$2.03	63	\$1.92
3	\$2.04-\$4.11	396	\$3.08
4	\$4.12-\$6.46	534	\$5.29
5	\$6.47-\$17.37	160	\$11.92

### Legal Authority

The City has the authority to update land values and the associated fees without an ordinance amendment. Any change to the framework that governs how sidewalk café permit fees are determined is within the City’s authority, but would require amending the municipal code.

### Other Cities

The table below compares permit fee rates in other cities, using the average café size of 295 square feet.

City	Permit Fee
Manhattan (Below 96 <sup>th</sup> Street)	\$10,589
Manhattan (Above 96 <sup>th</sup> Street)	\$6,502
San Francisco	\$2,030
Washington, D.C.	\$1,735
Seattle	\$1,086
Chicago	\$600*

\*The average permit in Chicago is \$600