



Madison's Central Business Improvement District (BID)

MINUTES BOARD OF DIRECTORS MEETING Thursday, August 6, 2015, Noon-1:30pm Hovde Conference Room, 122 W. Washington Ave.

PRESENT: Rick Brahmer, Greg Frank, Ryan Huber, John Hutchinson, Richard Kilmer, Larry Lichte, Patrick McGowan, Emily Mehl, Matthew Mikolajewski*, Maria Milsted, Paul Norman, Rick Petri, Jeanette Riechers, Sue Springman, Krys Wachowiak, Teresa Werhane

STAFF: Mary Carbine (Executive Director), Tim Jenquin (Programming Coordinator), Susan Schmitz (DMI)

ABSENT: Steve Amundson, Stacy Nemeth, Zach Pagel, Mike Verveer*

**Non-voting*

1) Call to Order

BID Board Chair, Greg Frank, called the BID Board Meeting to order at 12:00pm

It is noted that city staff member Rebecca Cnare, City Planning, is in attendance and available to answer questions when we get to agenda item 5.

2) Approval of Minutes

Larry Lichte moves to approve the minutes from the July 2, 2015 BID Board meeting, Rick Brahmer seconds the motion. The motion passes unanimously.

3) Disclosures and Recusals

Greg Frank and Rick Brahmer recuse themselves from the discussion of Agenda Item 5 Sidewalk Café Fees Proposed Ordinance Amendments, as they own businesses with sidewalk cafes.

Sue Springman, Paul Norman, Emily Mehl, Pat McGowan, and Larry Lichte, disclose that they represent clients or have tenants (or could potentially have tenants) who may be affected by the discussion of Agenda Item 5, Sidewalk Café Fees Proposed Ordinance Amendments. Krys Wachowiak notes that while he is a restaurateur, his businesses do not have sidewalk cafes. Rick Petri notes that he does not currently represent clients who would be affected by Agenda Item 5.

4) Public Comment

Jennifer DeBolt - The Old Fashioned

The Old Fashioned has a relatively small outdoor café. After running the numbers, the profit for the café is approximately 2.8% or \$700 annually. If the fees are increased at all, the Old Fashioned will have to close the outdoor café, which currently supports 3.5 full time staff. We spoke with our Neighbor Harvest, who would also need to eliminate their café if fees were to increase.

Rick Brahmer - Mezze

We have tried to change the environment on Gilman St. around Mezze, our sidewalk café being a large part of that. With the proposal, there is no way Mezze could continue to support an outdoor café, which is our most prominent form of advertising to those walking by on State St. The proposed fee is too high. We have never profited that much from the outdoor cafes.

Greg Frank - Food Fight

I have two restaurants with outdoor cafes in downtown Madison that would be impacted. I ran the numbers as well. After looking at the Mayor's proposal, there are two major points:

- i. This is not a retail strategy and should not be views as such. It is a mechanism for generating more funds for the downtown area.
- ii. The actual average rents downtown are more like \$25 psf. After running the numbers, based on an average \$25 per square foot rent cost, the actual café fee should be more along the lines of \$6 per square foot.

Furthermore, the question must be raised, what will the funds actually be used for? If it is to go into the City's general fund, then restaurants shouldn't be the only businesses affected. If it goes towards downtown programming, it is an opportunity to be part of making downtown a better place.

Angie Ziehme – The Rigby Pub

After the reconstruction of E. Main St. last year, we finally have an atmosphere on E. Main St. that is a good area for outdoor cafes. If fees are to increase, having an outdoor café monetarily no longer makes sense to us. The idea of this is to improve the downtown, which we are already doing by improving our area and adding vitality. This is taxable income that will be lost. The issue is not changing to charging per square foot, but the fee increase.

Vanessa Shipley – Maduro Cigar Bar

I agree that we don't mind a small increase if the fees go towards improving downtown, but \$13 per square foot is too much, especially since our outdoor café does not bring any extra revenue. On summer weekends the café might increase our capacity, but on weekdays it does not, as most people just sit outside instead of inside.

5) Sidewalk Café Fees Proposed Ordinance Amendments

[Legislative File 39140](#)

Amending Sections 9.13(5)(c) and 9.13(6)(h)3.a.iv. of the Madison General Ordinances to create a per-square-foot license fee for all sidewalk cafés and increasing the license fees for Mall/Concourse sidewalk cafes in the State Street Mall/Capitol Concourse Vending Area.

- a) Having recused himself from the topic, Greg Frank turns the meeting over to Sue Springman, BID Board Vice Chair.
- b) Public Comments (See item 3, Public Comments)
- c) Ryan Huber – As a King Street retailer, these outdoor cafes bring our customers into the area and thus help support retail like us [Context Clothing] and The Kitchen Gallery. In addition, the Main St. businesses just lost parking as the design of the E. Main reconstruction widened the sidewalk in order to accommodate the outdoor cafes. They have invested a lot of time and money into creating their outdoor cafes. Our neighbor Madison's has also expressed that they will no longer be able to afford a café if fees increase.

ACTION ITEM – Paul Norman proposes the BID Board go on record in opposition to the Sidewalk Café Fee ordinance as presently drafted. Rick Petri seconds the motion.

- d) Paul Norman – I disagree with Greg in that I feel this is a retail strategy, although a short sighted one. One factor to consider in this is that limiting outdoor cafes would reduce the desire for restaurant-type businesses to open downtown, thus rents would go down, which would make rents for a retail establishment more affordable. However, there are other methods of assessment to increase funds for downtown. One class of business should not be singled out.
- e) Maria Milsted – This is another affront to property owners. If rents go down because of this, that is income that we lose. In addition, the cafes are a big part of the attractiveness to the city, meaning bringing in new tenants will be more difficult.
- f) Rick Petri – The presence of people on the street in the cafes contributes vitally to the public safety downtown. More eyes on the street reduces disorder. People moderate their behavior if there are more people in the area, which reduces the number of police calls for service.
- g) Jeanette Riechers – Madison Sole is right next door to a coffee shop and across the street from Hawk's. As a retailer, I welcome more sidewalk cafes. Their presence calms and dilutes negative behaviors on the street, and adds vitality. We benefit directly from sidewalk cafes. We see customers frequently come in after viewing our window displays from the sidewalk café next door.
- h) Teresa Werhane – As a downtown resident, part of what makes living downtown so attractive is the outdoor cafes. I live in a small condo with only a small balcony, so sidewalk cafes are one of the only ways for some downtown residents to enjoy sitting outdoors.
- i) John Hutchinson – I do not see moving to a per square foot fee schedule as a problem, and in fact seems more fair. The \$13 per square foot is, however, ludicrous. These may be New York

prices but Madison is not comparable. We love sidewalk cafes and don't want them to go away. If there is an increase it needs to be slow and gradual. Any additional fees that are collected should go towards reducing the other fees that downtown business owners already must pay. Also, being a retailer, an increase of café fees won't mean anything for supporting retail.

ACTION ITEM – On the motion that the BID Board go on record in opposition to the Sidewalk Café Fee ordinance as presently drafted:

Recusals: Rick Brahmer, Greg Frank

Voting Yes:

Ryan Huber, John Hutchinson, Richard Kilmer, Patrick McGowan, Emily Mehl, Maria Milsted, Paul Norman, Rick Petri, Jeanette Riechers, Sue Springman, Krys Wachowiak, Teresa Werhane

Voting No: None

Abstaining: Larry Lichte

Motion is approved unanimously.

Followup Questions to staff:

Sue Springman – Is there any guarantee that the fees from this that are intended to go to improving the downtown couldn't be re-appropriated for other things in future years if the city sees fit?

Rebecca Cnare – That is correct, there is no way to guarantee where the funds will be used.

Emily Mehl – Are there any plans to have the sidewalk café fees changes in other areas of the city?

Rebecca Cnare – All cafés currently pays the same per chair fee. The proposed ordinance amendment is to change all city sidewalk café fees to a square foot basis, but outside the downtown the rate would remain at the \$3 per square foot fee.