

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
FEBRUARY 2, 2016 AGENDA**

| Subject: | Action Required: | Approved By: |
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| <p>An ordinance to set terms and conditions and grant franchise for Raduno Pizza Oven at 1318 South Main Street</p> | <p>√ Ordinance Resolution Approval Information Report</p> | <p>Bruce T. Moore City Manager</p> |
| SYNOPSIS | <p>Consideration of ordinance to permit a franchise at 1318 South Main Street which blocks the passageway, creates an alternative ADA-compliant passageway, and takes parking spaces to accommodate a business.</p> | |
| FISCAL IMPACT | <p>It should be positive for the City. The annual franchise fee is \$1,200 for the space, and an additional \$800 for the two lost parking spaces.</p> | |
| RECOMMENDATION | <p>Approval of the resolution.</p> | |
| CITIZEN PARTICIPATION | <p>The request came from the lessors of Raduno Pizza Oven, and from the property owner of the adjoining owner.</p> | |
| BACKGROUND | <p>The exclusive use of public right-of-way, or virtual exclusive use of a particular part of the right-of-way, requires a franchise from the City. Many of these franchises involve little or no compensation. For example, while a church must obtain a franchise to post directional signage to the church, the cost is minimal. On the other hand, franchises that impose significant requirements on the right-of-way, are calculated in a manner to provide a fair rental to the City for the use of its property. For example, utilities pay varying amounts, but for many the franchise fee is 5% of the gross revenues of the utility for the year.</p> | |

**BACKGROUND
CONTINUED**

This particular franchise wishes to use virtually all of the current sidewalk in front of the property at 1318 South Main Street for use by a pizza restaurant. The area to be used will be blocked off so no use is available to other than restaurant customers, a situation due in part to the desire to sell alcoholic beverages in this addition to the restaurant. Because this exclusive use eliminates an ADA-compliant passageway, a new one will have to be constructed to assure compliance with State and Federal Law. In order to build a new passageway, two (2) parking places will be eliminated. This combination of factors makes this request unique.

The actual franchise fee will be one (1) annual amount that is based upon ½ of the rental value of the rest of the restaurant. In this case, the owner of the property is renting the space at \$10 per square-foot, so the City will make an annual assessment at the same amount. For the 240 square-feet, this will be a \$1,200 a year franchise fee.

The parking spaces create problems because the City has an outstanding revenue bond issue that is secured by parking fees and fines. After consideration of various alternatives, it was concluded that it is fair to simply charge the amount the City charges for a loading zone to other businesses. The amount is \$400 for an area the size of a parking space; since there are two parking spaces, the amount would be \$800.

Restoration of the property at the end of the franchise is at the expense of the franchisee or the property owner. Relocation costs for utilities will be paid by the franchisee or the property owner. While this term is in the franchise, at this point it is not foreseeable that any such location will be required.

The City reserves the right to approve the design and materials to be used for the alternative passageway created by the franchisee. This reservation is merely to assure compliance with the ADA. The City, of course, was placed under a court order for ADA compliance in earlier litigation, so this provision is to assure continued compliance with that order.

**BACKGROUND
CONTINUED**

The initial term of the franchise will run until December 31, 2018, to allow the franchisee to recoup the costs of the creation of the alternative ADA compliant passageway. After this initial period, the franchise is automatically renewed on an annual basis unless the City, the property owner, or the franchisee, requests in writing forty-five (45) days before the end of the year that the franchise not be renewed.