

Memo

To: City Council
From: Bryan Myrkle, Community Development Director
Date: November 21, 2016
Re: Average restaurant expenses for comparison

I was asked to provide comparative data to the Council for the purposes of discussing appropriate permit fees for food truck permits.

I have calculated **the average monthly cost** for operating a restaurant here in the city using the following methodology:

- I have included only property taxes and water and sewer payments for this research. I did not include gas or electric utility expenses, because I do not have access to that information, and that revenue does not stay in this community.
- I did not include large chain restaurants such as McDonald's or Applebee's and instead focused on locally owned and operated establishments. That seemed to be a much closer comparison. *(As an example of the difference, the average locally owned restaurant in Charlotte may have an annual tax bill of \$4,000-\$5,000, whereas McDonald's property taxes last year were approximately \$40,000.)* Therefore, this survey covers the following restaurants:

- The Gavel – 112 South Cochran
- Mike's Sports Page – 107 South Cochran
- Fay's Evelyn Bay – 134 South Cochran
- Eaton Pub – 214 South Cochran
- Eaton Place – 218 South Cochran

- The Rubber Biscuit – 208 South Cochran
 - Riedy's Pizza & White Rose Café – 219 South Cochran
 - Don Tequila's Mexican Grill – 430 North Cochran
 - Willies Family Restaurant – 365 State
 - Good Flavor Chinese – 504 West Lawrence
 - Side Streets Deli – 108 Washington
 - CB's – 200 State Street
- The calculations included the most recent year's tax bill (winter and summer), as well as the most recent year's water and sewer payments. I used this information to calculate a total monthly average expense for each restaurant. Then I averaged those together for an overall average monthly expense. I chose to provide a monthly figure to you, because most of the permitting options we have considered were based on a specific number of months.
 - Only one local restaurant is still paying a personal property tax bill, and I did not include that in these calculations, as that is no longer an average circumstance.
 - Similarly, if a restaurant has apartments above it, I removed the value of the apartments from these calculations.

Using this methodology, I calculate that the combined average monthly property tax and water/sewer expense for a locally-owned restaurant to be **\$525.01**.