



## Request for City Council Committee Action from the Licenses and Consumer Services Division

**Date:** July 19, 2010

**To:** Elizabeth Glidden  
Chair, Regulatory, Energy and Environment Committee

**Subject:** Amend Minneapolis Code of Ordinances, Chapters 360.30 and 362.38 relating to Liquor and Beer

**Recommendation:** Amend MCO 360.30 and 362.38 authorizing the sale and/or service of alcohol at catered events and amend the Licenses Fee Schedule and Appendix J to include a Liquor Catering fee of \$60 per day.

**Prepared by:** Michele Olds, Lead Inspector, Licenses and Consumer Services and  
Ricardo Cervantes, Deputy Director, Licenses and Consumer Services

**Approved by:**

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Ricardo Cervantes, Deputy Director of Licenses

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Burt Osborne, Director of Licenses

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Rocco Forte, Assistant City Coordinator

**Policy Review Group (PRG) – No**

**Presenters in Committee** Michele Olds

**Financial Impact** X No financial impact/Action is within current department budget

**Background/Supporting Information**

The Public Safety and Regulatory Services Committee directed staff to investigate an amendment to Title 14, Chapter 362 related to the state caterer's permit. Staff from Business Licenses, Zoning, City Attorney's Office and State of Minnesota Alcohol, Gambling and Enforcement Division analyzed the request and developed the following recommendations.

Chapter 362.38 of the Minneapolis of Ordinances currently limits catering an event with both food and alcohol service to individuals with a State of Minnesota liquor caterer's permit under contract with the

Minneapolis Park Board, Municipal Building Commission, or Minneapolis Library Board at their respective locations. The proposed amendments are intended recognize all state catering liquor licensees and establish reasonable standards that address community impact and licensee accountability.

The State of Minnesota Statute issues a liquor caterer's permit to qualified applicants with an on-sale liquor license and a restaurant license.

Minnesota Statute 340A.404

Subd. 12. Caterer's permit. The commissioner may issue a caterer's permit to a restaurant that holds an on-sale intoxicating liquor license issued by any municipality. The holder of a caterer's permit may sell intoxicating liquor as an incidental part of a food service that serves prepared meals at a place other than the premises for which the holder's on-sale intoxicating liquor license is issued.

(a) A caterer's permit is auxiliary to the primary on-sale license held by the licensee.

(b) The restrictions and regulations which apply to the sale of intoxicating liquor on the licensed premises also apply to the sale under the authority of a caterer's permit, and any act that is prohibited on the licensed premises is also prohibited when the licensee is operating other than on the licensed premises under a caterer's permit.

(c) Any act, which if done on the licensed premises would be grounds for cancellation or suspension of the on-sale licensee, is grounds for cancellation of both the on-sale license and the caterer's permit if done when the permittee is operating away from the licensed premises under the authority of the caterer's permit.

(d) The permittee shall notify prior to any catered event:

(1) the police chief of the city where the event will take place, if the event will take place within the corporate limits of a city; or

(2) the county sheriff of the county where the event will take place, if the event will be outside the corporate limits of any city.

(e) If the primary license ceases to be valid for any reason, the caterer's permit ceases to be valid.

(f) Permits issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except those laws and ordinances which by their nature are not applicable.

(g) The annual state fee for a caterer's permit is \$300.

### **Community/Industry Impact**

The state of Minnesota has 419 liquor catering licenses.

The following is a list of Minneapolis licenses related to this proposal:

19	State of Minnesota liquor catering licenses
38	Food catering licenses with an on-sale liquor license
107	Food catering licenses without an alcohol license
14	Rental Hall licenses

Additionally, locations that do not qualify for an on-sale alcohol license can legally hold catered events with alcohol.

Items of concern could be potential abuse of the license, disruption to neighborhoods, and more competition for licensed food caterers in Minneapolis.

Meetings were held August 6, 2008, February 2, 2010, and July 6, 2010 with several different industry representatives to gather input and recommendations on the proposed ordinance amendment.

Recommendations from these meetings were drafted into the ordinance proposal.

Applicants for a Minneapolis liquor catering license must have a valid State of Minnesota liquor catering permit and a local food catering license under this proposal. The fee for a Minneapolis liquor catering license is recommended to be \$60 per day.

### **Staffing Impact**

Business License Inspectors will be required to review applications and respond to complaints. Applicants who currently possess the state of Minnesota liquor caterer's permit or a Minneapolis on-sale liquor license have completed the financial and background investigation prerequisites, thereby simplifying the verification requirements. Inspections would be conducted on a complaint basis and be managed by the division's weekend and after hours inspection initiative without the need for additional staff. Additional enforcement costs are expected for police calls, administrative citations, and adverse license action, if necessary.

### **Charter/Zoning Code Requirements**

The proposed liquor catering ordinance resembles the city's temporary on-sale liquor (MCO 362.35) and wine (MCO 363.41) licenses. These licenses are issued for up to four days to clubs or charitable, religious or other nonprofit organizations. Alcohol service at these events is provided by a Minneapolis on-sale liquor establishment.

Minneapolis City Charter, Chapter 4, Section 5 (b)

If such liquor is to be consumed on the premises, then only if said area or district, together with such other areas or districts contiguous thereto wherein such consumption would be permitted by ordinance and by law, contains seven (7) or more acres, and then only if a substantial portion of the income to be derived from business conducted at such location is derived from the sale of food to be consumed on the premises and adequate facilities are provided therefor.

There is no reference in this Charter paragraph that the rules were meant to apply to temporary licenses. The 7 acre rule was enacted in 1974; temporary beverage alcohol licenses were authorized in 1983. Finally, the 7 acre rule is not cited in either Minneapolis Ordinance 362.35 or 363.41 or the current liquor catering chapter 362.38.

The Zoning Division would allow liquor catering in all zoning districts in deference to Business License's enforcement responsibilities defined in Title 14 of the code of ordinances.

### **Recommendations**

Repeal MCO 362.38 and adopt a new ordinance 360.30 authorizing food and alcohol service at catered events in Minneapolis.

Amend the Licenses Fee Schedule and Appendix J to include a Liquor Catering fee of \$60 per day.

## Liquor Catering Cost Analysis

<u>Service Provided</u>	<u>Minimum Cost per application</u>
Intake and application processing	\$40.00
Complaint and violation investigation	<u>\$20.00</u>
Total costs	\$60.00

The minimum average cost of performing any one piece of work related to a business license has been established at \$40.00. This included distributing an application, application review, data entry, record management, and processing one payment.

The minimum average cost of investigating a complaint or violation is \$200.00. With random inspections at events, an estimate of \$20 per application for investigation costs has been established.

The projected number of applications and resulting revenue is expected to be within the range depicted on this chart:

# of Applications	License Fees (\$60 per day)
300	\$18,000
400	\$24,000
500	\$30,000

No concern was voiced from the catering industry when they were advised about the daily fee proposal.

### Comparable Cities Practices – Liquor Catering

City	Liquor Catering License	Requirements	# Days	City On-Sale License Required?	Fee
Buffalo, NY – Regulated by the New York State Division of Alcohol Control	2 Year Permit	General public not admitted	No limit, but they monitor	No, they are separate licenses.	\$2048
Cincinnati, Ohio and Toledo Ohio, Regulated by State of Ohio	Not Allowed	N/A	N/A	N/A	N/A
Kansas City, MO	Temporary and Annual Permit	5 days notification prior to event, not to exceed 120 hours.	No limit, but they monitor	Yes	\$15 per day \$1500
Omaha, NE, Regulated by Nebraska Liquor Control Commission	Annual License	21 days notification prior to event. Only caterer may dispense the alcohol.	No limit, but they monitor	Yes	\$100
Pittsburgh, PA, Regulated by State of Pennsylvania.	Annual Permit	15 days notification prior to event. Limited to private functions only.	No limit	Yes	\$200-\$250
St. Louis, MO	Temporary Permit	State permit needs to applied for in advance	No limit, but they monitor	Yes	\$15/er day
St. Paul, MN	Temporary and Annual Permit	Annual special event license if hosting more than three events. For private events, only State catering permit is needed.	No limit	No	\$46 - \$975
Bloomington, MN	No City Liquor Catering Permit Needed, Only State Permit	7 days notification prior to event. Alcohol sales must occur with larger food sales.	48	No	No Fee
Madison, WI	No extra permit needed	15 days notification prior to event. Full food service. Caterer cannot serve alcohol.	No limit	Any on-sale licensee can provide liquor for a catered event.	N/A
Tulsa, OK	Not Allowed	N/A	N/A	N/A	N/A