



Request for City Council Committee Action from the Department of Regulatory Services

Date: November 4, 2009
To: Council Member Don Samuels
Referral to: Public Safety and Regulatory Services Committee
Subject: Amending Chapters of the Minneapolis Code of Ordinances Relating to
Renewal of Licenses.

Recommendation: That the Public Safety and Regulatory Services Committee approve the amendments to Titles 10, 11, 13, and 14 -- Chapters 188, 190, 198, 200, 201, 202, 225, 231, 232, 259, 261, 265, 266, 267, 269, 271, 272, 277, 278, 279, 281, 283, 285, 287, 289, 291, 295, 296, 297, 299, 301, 303, 304, 305, 307, 311, 313, 315, 317, 319, 320, 321, 322, 324, 325, 331, 333, 335, 339, 341, 343, 347, 348, 349, 350, 362, 363, 366 related to renewal processes, paperwork and deadlines and requiring licensees to adhere to conditions.

Previous Directives: None.

Department Information

Prepared by: Ricardo Cervantes, Deputy Director _____
Licenses and Consumer Services

Approved by: Rocco Forte _____
Assistant City Coordinator

Presenters in Committee: Ricardo Cervantes and Linda Roberts

Financial Impact No financial impact

Community Impact

Neighborhood Notification: Notice of this proposed amendment was sent to all Licensees, City of Minneapolis official neighborhood groups and business groups of record using the email addresses they provided.

Supporting Information

Staff Report:

The amendment accomplishes the following four major points:

1. One renewal ordinance for all license categories that requires all businesses to renew licenses 30 days prior to expiration with reduced paperwork.
2. A streamlined and consistent late penalty that will be imposed the first day after the due date and charged at 20% of the license fee.
3. A policy of inspection that requires an inspection 30 to 60 days prior to expiration and places renewals for businesses with violations on hold until violations are abated.
4. Requires businesses to comply with conditions that have been mutually agreed upon by the licensee and the Director of Licensing. The ordinance amendment will allow Licensing to issue citations for violations of license conditions.

One renewal ordinance for all license categories that requires all businesses to renew licenses 30 days prior to expiration with reduced paperwork.

Minneapolis Ordinance 259.30 allows licensing to administratively issue certain licenses. The standard operating procedure for issuing licenses in this manner is to ensure that the business has been inspected and that it is in compliance with all requirements. A license is then issued to the new business and the agenda is marked administrative issue or "AI."

Currently we exercise this authority with new licenses; however, the proposed ordinance would allow for Licensing to also exercise this authority with renewal licenses. The process we propose would be similar to the new license process. No renewal would be administratively issued if there were violations or citations issued during the renewal inspection.

In 2004 Licensing reviewed the renewal process for liquor establishments and implemented the following improvements: modified the due date to 30 days prior to expiration, reduced the required paperwork, implemented renewal inspection, removed the requirement of the licensee to come in person to licensing to renew. The proposed ordinance amendment would streamline other renewals in a similar fashion.

A streamlined and consistent late penalty that will be imposed the first day after the due date and charged at 20% of the license fee.

The current ordinance allows for licensing to charge up to a 50% late license penalty. This penalty is not imposed on many businesses; however, when it is imposed, it is very difficult for our customers to make the payment. In addition, the current ordinance and policy allows for licensees to be late 15 days before any penalty is imposed. The change would allow us to impose the penalty the first day the renewal is late.

A policy of inspection that requires an inspection 30 to 60 days prior to expiration and places renewals for businesses with violations on hold until violations are abated.

All licensed businesses are inspected approximately 60 days prior to the expiration of the license. Inspectors use checklists to ensure that the businesses are operating according to

regulations. Businesses with violations will be issued orders and their renewal will be placed on hold until those orders are complied with.

Licensing enforces many codes and regulations on businesses. Licensing does not wait until the renewal period to resolve compliance issues. We typically educate the licensees the first time they violate a code and then issue an administrative citation on the second violation. If the violation jeopardizes the public's safety or health, we may issue a citation without a warning.

If compliance is not gained by education or citations, we recommend adverse license action to Council, which could include suspension, revocation or denial.

If a business does not remedy the violations found during a renewal inspection, Licensing will send a letter of intent to deny the renewal license. These denial recommendations will be presented to Council.

Requires businesses to comply with conditions that have been mutually agreed upon by the licensee and the Director of Licensing. The ordinance amendment will allow Licensing to issue citations for condition violations.

Hundreds of licensees in Minneapolis have signed agreements with the Director of Licenses and Consumer Services spelling out conditions of operation. They include items like the following:

- Hiring extra security staff on weekends and for events
- Ban on sale of items commonly used by drug dealers and drug users, such as blunts, small glass pipes/vases, Brillo pads, small ziplock bags
- All customers must produce identification before entering
- Limits on nude or seminude performances
- No all-ages events
- Collect litter within 100 feet
- Director of Licenses must approve change in management
- Employees must attend alcohol server training program approved by the City
- Dress codes and rules of conduct
- No pay phones inside or out
- Owner or manager must be on site during all business hours

However, the consequences of noncompliance with conditions requires a license settlement conference. This ordinance amendment would make it clear that noncompliance with conditions will be treated the same as noncompliance with any other ordinance requirements or prohibitions.

RELATED POLICIES

Standard Operating Procedures for:

- Administrative Issue
- Renewal Inspections

- Enforcement
- Denial of Renewal

COMPARATIVE CITIES

We examined 10 other cities on their ordinances and policies related to renewals and enforcement procedures. Most require businesses to renew 30 to 60 days before expiration of licenses. Three require an inspection before renewal of license is approved. Most inspect based on a complaint-based system.

INDUSTRY IMPACT

Focus Groups

As part of the business process improvement project, the team engaged 8 focus groups.

The focus groups were:

- City Council Members
- City Inspectors
- Licensing Inspectors
- Licensing Administrative Staff
- Delinquent Businesses
- Businesses whose owners use English as Second Language
- Contractors
- Businesses that had renewed for the first time

They all wanted an abbreviated process. They wanted to know why we asked the same questions year after year. They wanted to know why we held them accountable for renewing by the due date, but that their license certificate would be expired for many months before they received a new certificate. They wanted us to prioritize our work; primarily, if a business has no violations, it should not be reviewed the same way a business with violations.

COMMUNITY IMPACT

The community benefits when each business is inspected annually before its license is renewed. Residents will be able to know that the license is current and the information submitted is reliable. This enables residents to make informed decisions about which businesses to support with their dollars.

STAFFING IMPACT

Inspecting all licensed establishments before renewal of licenses has shifted how we conduct business. Since January of 2009 there have been 1,900 renewal inspections conducted in the City. The shift has prioritized relying on the inspection to document how the business is operating from firsthand experience in the field rather than relying on the paperwork submitted by the licensee.

RECOMMENDATION

Staff is recommending the Council repeal the redundant ordinances related to the renewal process and amend 259.20 with one streamlined renewal that will apply to all license categories.