

CITY OF BURNSVILLE
Governance Meeting
June 23, 2009

The City Council of the City of Burnsville met in a governance session at the Burnsville City Hall, 100 Civic Center Parkway, Burnsville, Minnesota the 23rd day of June, 2009.

The meeting was called to order by Mayor Kautz at 6:30 p.m.

The Pledge of Allegiance was preceded by a moment of silence.

Present: Crichton, Gustafson, Kautz, and Sherry

Absent: Kealey

1. Additions to the Final Agenda.

There were no additions to the final agenda.

2. Off Sale Liquor Store Ordinance – Environmental Scan/Professional Testimony.

Councilmember Kealey will be abstaining from this Governance item due to a conflict of interest.

Bridget Dalrymple, Special Projects Coordinator, presented the Whitepaper on the Off-Sale Liquor Store Ordinance:

WHITEPAPER

Overview

- State History and State Law
- City Regulations
 - Market review of surrounding cities
- Potential Considerations
 - Option Continuum and Corresponding Maps
- Meeting Minutes and Background
 - Previous Council decisions
- Focus Group Meetings
 - Chamber of Commerce
 - Liquor Store Owners/Managers
 - Economic Development Commission
 - Public Input

History of Ordinance

- July 1972 - Free Standing Building Requirement
- October 1982 - One Mile Separation, MGM given free standing building exemption
- 1996 - Reviewed but no changes made
- 2002 - Governance process review – no changes made
- 2006 - Reviewed the one mile separation (actual or driving distance)

Council discussed MGM exemption from the free standing building requirement. The business was originally in a free standing building and allowed to develop into a strip center for economic development purposes.

The one mile separation exemptions (4) were grandfathered in at their current locations but requires continuous function as a liquor store to retain the exemption.

2. Off Sale Liquor Store Ordinance (continued)

The Chamber of Commerce Board questioned market protection of specific businesses but did not take an official position.

Market cities analysis:

- Apple Valley, Edina, Lakeville [and Savage] have municipal liquor stores
- Blaine – one mile radius separation and per capita restrictions
- Bloomington – no restrictions
- Brooklyn Park – per capita maximum of 17 stores
- Coon Rapids – one mile separation and maximum of 8
- Eagan – no restrictions
- Minnetonka – no restrictions
- Plymouth – 500' from schools restriction
- Rosemount – recently changed to no limit on number of stores
- St. Louis Park – no restrictions increased from 6 to 12 since 2002.

Law Enforcement/Public Safety:

- Free standing building requirement – originally thought this requirement would make it easier for police surveillance and less likely to have underage loitering.
- Burnsville Police did not feel an increase in liquor stores would correlate with an increase in crime
- Eagan Police did not report an increase in crime due to the number of liquor stores

EXPERT TESTIMONY

Frank Ball, Executive Director, Minnesota Licensed Beverage Association

- State of Minnesota has a three-tiered system including liquor manufacturers, wholesale distributors, and on/off sale retailers.
- State has granted municipalities authority to set regulations that are more restrictive
- Liquor industry has strong self-regulation to ensure livelihood.
- Recommends Burnsville keep current regulations
- Increased number of liquor stores or liquor in grocery stores gives more youth access
- City of Minneapolis has 2,000 ft liquor zones and extensive control measures
- Increased liquor retailers would provide more access but hopefully would still operate within the current laws and ordinances.

Dave Brennan, Professor and Co-director of the Institute for Retailing Excellence, University of St. Thomas

- Changes in consumer behavior
 - Increasingly convenience oriented
 - Supercenters, internet shopping, etc.
- Changes in retail
 - Category oriented – Best buy, home depot, office max
 - Discount stores - warehouse clubs
 - Extreme value stores
 - Generics and store brands
 - Dollar stores – no alcohol
- Market Demand
 - Consumer Expenditure Survey
 - Market potential – approx \$10.25M
 - Average \$1.7M sales per store based on potential

2. Off Sale Liquor Store Ordinance (continued)

- Competition
 - Owners want less competition.
 - Consumers have fewer options
- Liquor Sale Ordinance Issues
 - Spatial monopoly exists with one mile separation requirement
 - Protects existing stores from new competitors
- Economic Development
 - Restricts future retail developments that include liquor
 - Consumers have fewer options
 - Less economic development and less tax base for the city
 - Limit the new types of retailing in the city
- Discount stores wish to expand to alcohol to increase sales
- Current liquor stores are not allowed to expand to other non-alcohol related products

Marcia Honold, Management Assistant and Nancy Stroth, City Clerk, City of St. Louis Park (SLP) presented the review of off-sale liquor ordinance by the SLP City Council.

- SLP Council concerns regarding number of off-sale liquor licenses:
 - increase in crime
 - youth access – SLP is a Children Youth Community
 - aesthetics and number of stores
 - changes in the market – specialty establishments
 - proximity to daycares, churches.
- SLP 2006 off-sale liquor survey of 22 suburbs – 7 municipal stores – only 4 had limitations
 - Survey responses – reasons not to have limitations:
 - Promotes free market activities
 - Meets demands and provides opportunities for specialty stores
 - Promotes competitive pricing
 - Promotes need to maintain the business properties
- SLP Police Captain – “Off-sale liquor establishments are no different than any other business as it relates to increased crime or disorder. If the owner, the managers, and other employees follow the established laws and the good business practices, the negative impacts on the Police Department and the community are minimal.”
- Council reviewed distance setbacks, signage, and administrative fines and penalties
 - Held an open house and worked with licensees
 - Sign area of windows limited to not over 50% - no signs on doors.
 - No exterior metal bars
 - Not located within 300 feet of school or place of worship
 - Administrative penalties adjusted
 - Did not limit the number of licenses
- SLP did not notice an increase in crime or youth access associated with the increased number of off-sale licensees.
- All existing off-sale licensees are still operating.
 - Some new specialty or attached stores no longer operating
 - Current licensees did not voice concern with new competition

Public Testimony/Council Policy Discussion for this topic is scheduled for Tuesday, July 28, 2009 at 6:30 p.m.

3. Adjournment.

Motion by Sherry, seconded by Crichton, to adjourn the meeting at 7:54 p.m. Ayes – Crichton, Gustafson, Kautz, and Sherry. Nays - None. Absent – Kealey. Motion carried.

Macheal Brooks, Deputy City Clerk

Approved by the City Council of the City of Burnsville this 7th day of July, 2009.

Elizabeth B. Kautz, Mayor