



## Legislation Text

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**File #:** 17-752, **Version:** 1

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**City Council Meeting Date:** April 4, 2017

**To:** Mayor and City Council

**From:** City Administrator

Discussion of Ordinance Amendment to Chapter 6 Alcoholic Beverages related to State addition to Sunday liquor sales.

**Action Requested:**

Discussion only.

**Summary Report:**

The State of Minnesota approved changes to Sunday liquor sales. Specifically, the bill (HF 30/SF 1086) was signed into law as Chapter 6 on March 7<sup>th</sup> (see attached). Under the new law, off-sale of intoxicating liquor may occur on Sundays between the hours of 11 a.m. and 6 p.m., as of July 1, 2017.

In the case, *A/AL, Inc. v. City of Faribault*, the Minnesota Court of Appeals held cities may not prohibit sales of liquor on a day when state law allows it. In other words, cities may not be more restrictive than state law on days of sale. At the same time, the court acknowledged cities can be more restrictive than state law in the hours of sale, according to *Minnesota Statutes, section 340A.504, subdivision 6*. This issue isn't particularly relevant in Northfield as the law is only applicable to our municipal liquor store, so ultimately the hours and days of operations may be limited by the City and can be done outside of our ordinance. Staff is recommending changing the ordinance to clarify that it is in conformance with State law and to clarify any other restrictions of municipal Sunday liquor sales through a resolution, if interested, by Council as presented later in this memo.

The current city ordinance explicitly bans Sunday off-sale of intoxicating liquor. This ban will become invalid on July 1 and so staff is recommending repealing prior to that time as an administrative clarification. If a city's ordinance simply references Minnesota Statutes, section 340A.504 for hours and days of operation, then cities need not change their ordinance to address the addition of Sundays. The City Attorney has drafted the initial ordinance language to simply refer to state statutes.

City Operational Considerations on Sunday

As a City that has exercised its authority to operate an exclusive off-sale municipal liquor store, the City does have complete control on whether to be open on Sunday at all in addition to being able to limit hours.

The current store hours are Monday through Saturday from 9 a.m. to 10 p.m. (despite being allowed under State and local ordinance to open as early as 8 a.m.). Steve DeLong, Liquor Store Manager has been evaluating consideration of expanded hours on Sunday. The following summarizes a few points from his analysis:

A. Once the law goes into effect, there will be potentially 27 Sundays to be open for business for the

remainder of 2017. To staff those 27 Sundays with two part-time employees would add approximately 418 man hours which would equal an additional \$7,500 in labor expense. Assuming we could “borrow” some of these additional man hours from the rest of the week by trimming the schedule, we would still expect to see an increase of at least \$4,000 in labor expense. At this time, significant sales are not projected but likely to at least be enough to cover expenses.

- B. To staff 52 Sundays in 2018 with two part-time employees as described above would incur between \$8,550 and \$15,530 in additional labor expense. At this time, significant sales are not projected but likely to at least be enough to cover expenses.
- C. We are informally seeking input from our customers as it relates to their interest in providing Sunday sales. We are sensitive to providing ongoing positive customer service and maintain loyalty.

Staff is still contemplating a formal recommendation as it relates to considering Sunday sales from a customer service delivery and City financial perspective. Some options for Sunday operations being evaluated would be to wait and observe other peer activity in the private or municipal markets or alternatively to open permanently or on a trial basis.

The City Council may want to take other considerations into account when deciding to operate a municipal liquor store on Sunday, such as community morals, public health, or public safety. Staff has attached a hyperlink to the Minnesota Municipal Beverage Association position statement and additional background as it relates to the policy question of Sunday sales.

There are no formal requirements of City laws or policies that would require Council approval setting the hours of the Northfield Liquor Store. According to Manager DeLong, staff has changed the liquor store hours in the fairly recent past when the opening time was changed from 8 a.m. to 9 a.m. Therefore, staff is intending to evaluate and decide on the Sunday store hours on an administrative level. However, if the Council would like ultimate authority on the decision we have provided an alternative option to direct staff to prepare a resolution to react to and approve. We welcome either approach to considering the process to ultimately decide the issue of Sunday sales or not.

City Administrator Martig will introduce the topic and Liquor Store Manager DeLong will be in attendance to present and answer any questions.

#### **Alternative Options:**

- A. The City Council may consider a motion to request staff to prepare a resolution for Council consideration of establishing the hours of operation of the municipal liquor store on Sundays.

#### **Financial Impacts:**

The ordinance change would not specifically have any financial impact as proposed.

Staff anticipates that to operate on Sundays would likely produce an overall loss in net profits. While we would at least cover our expenses on that particular day, we expect to see decreased profitability due to an increase in operating costs with no significant increase overall in total sales. In effect, we anticipate little or no increase in overall sales, just the equivalent of six days of revenue spread out over seven. However, this is speculative and we are weighing all considerations in making a decision.

#### **Tentative Timelines:**

- April 18<sup>th</sup> Regular Council Meeting - Introduction of Ordinance
- May 2<sup>nd</sup> Regular Council Meeting - Second Reading of Ordinance

- Effective Date of New Ordinance - 30 days after publication June 10, 2017. Sunday hours are not effective until July 2<sup>nd</sup>.
- Staff will be evaluating and likely to decide on the issue prior to July 2<sup>nd</sup>. Alternatively, if Council chooses to request the alternative action staff would evaluate a new schedule including Council review and action.