

To: **Mayor and City Council**
 Through: **Ryan Schroeder, City Manager**
 From: **Manila Shaver, Chief of Police**
 Date: **May 28, 2019**

Proposed Alcohol License Fees for 2020

BACKGROUND INFORMATION:

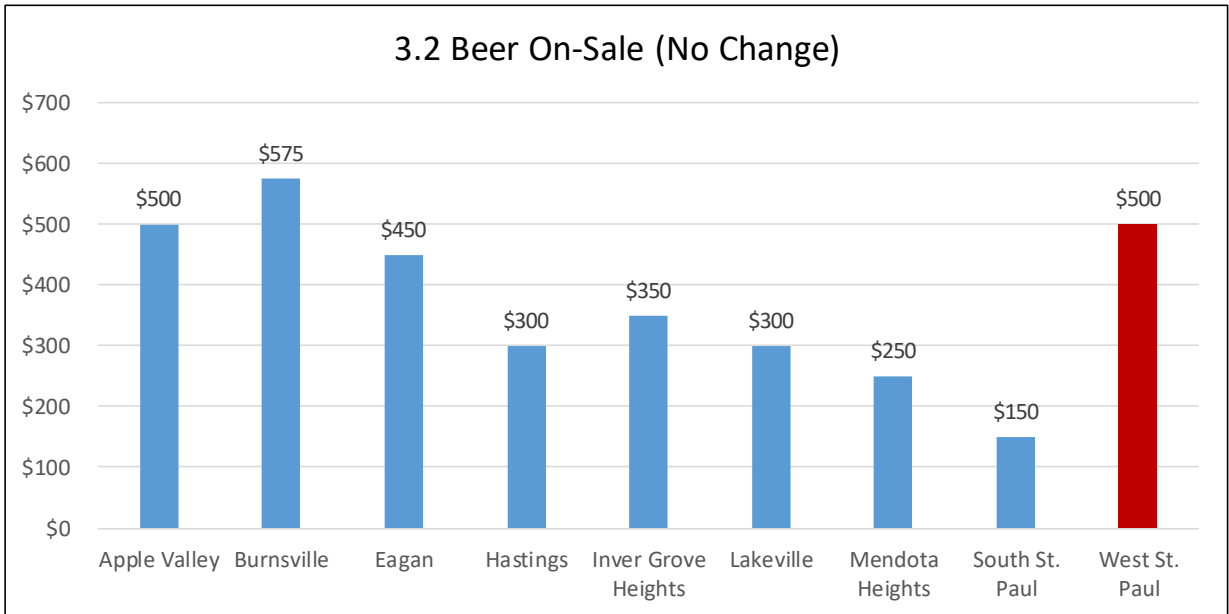
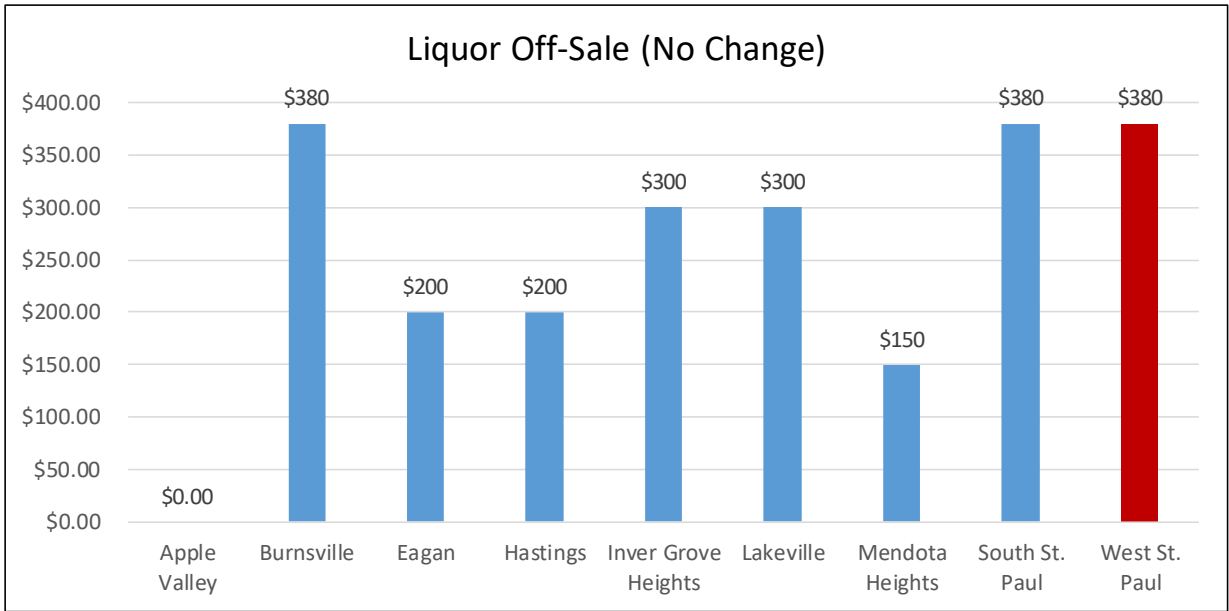
Each year staff reviews city fees to ensure they are appropriate considering the regulated activity and the expense in issuing a license and monitoring for compliance. During the past several months, the Council continued their discussion on alcohol license fees, suggesting a desire to review several alcohol fees, but not the on-sale intoxicating liquor fee. Listed below are the number of issued alcohol licenses for 2018.

<u>Type of Liquor License</u>	<u>Number of licenses issued in 2018</u>
Liquor On-Sale	14
Liquor Off-Sale	7
Wine On-Sale	2
3.2 Beer On-Sale	2
3.2 Beer Off-Sale	5
3.2 Beer On-Sale Temporary	0
Liquor, Temporary	6

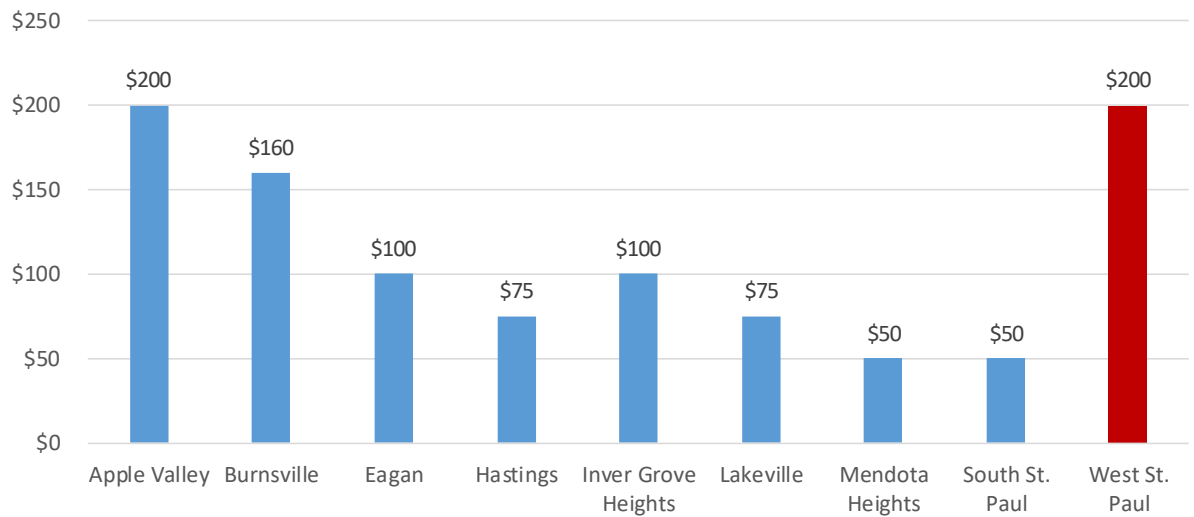
Based on the input stemming for the Council’s discussion during the Open Council Work Session on April 22, 2019, the following fees were suggested. Note: For a couple of cities in the below graphs, their on-sale liquor license fees are based on the volume of alcohol sales. In those cases, the median fee was chosen.

<u>Type of Liquor License</u>	<u>Current Fee</u>	<u>Proposed fee</u>
Liquor On-Sale	\$7,500	\$7,500
Liquor Off-Sale	* \$380	* \$380
Wine On-Sale	*\$1,475	*\$1,750
3.2 Beer On-Sale	\$500	\$500
3.2 Beer Off-Sale	\$128	\$200
3.2 Beer On-Sale Temporary	\$25	\$100
Liquor, Temporary	\$25	\$100

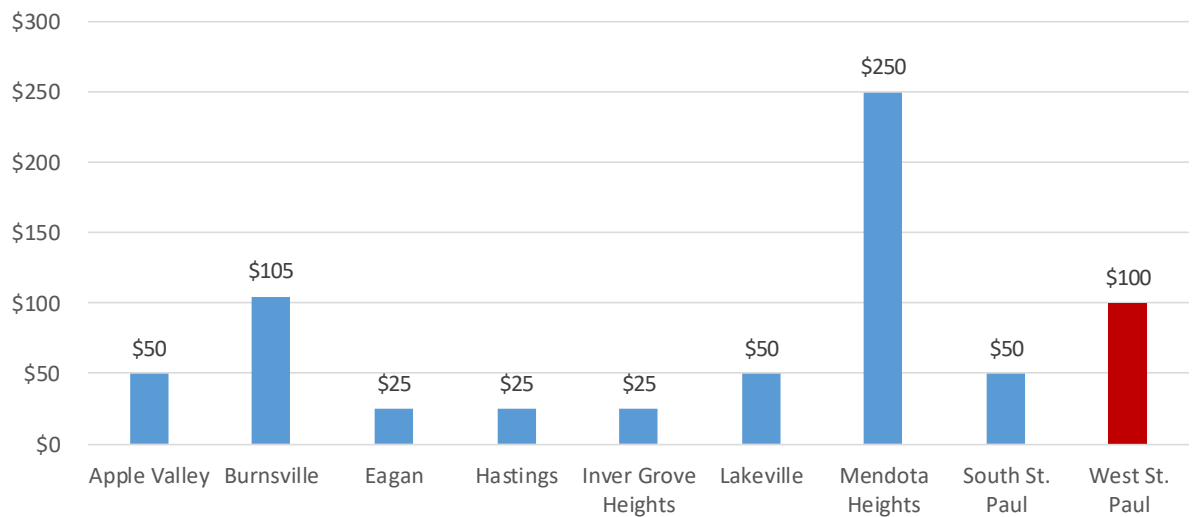
*Liquor off-sale fee capped at \$380 and Wine On-sale fee capped at \$2,000 by Minnesota statute



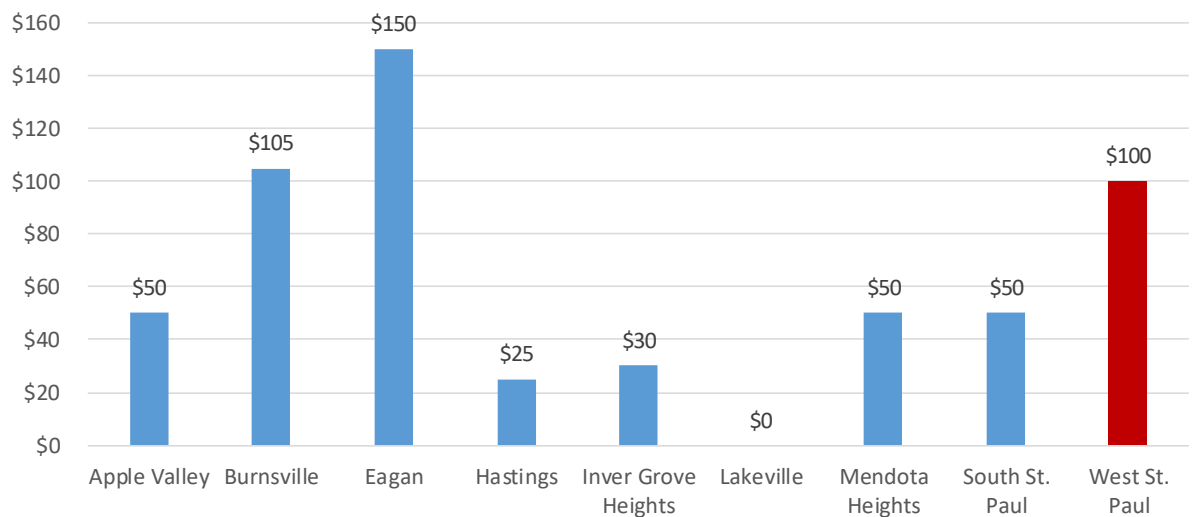
3.2 Beer Off-Sale



3.2 Beer On-Sale Temporary



Liquor Temporary



FISCAL IMPACT:

If all recommended fees are implemented and the number of issued licenses does not change, it is estimated the City will recover \$1,360 in additional license issuance expense.

STAFF RECOMMENDATION:

The above license fees were placed into the below table and an average and median rate was calculated. Based on the fee rates and likely expense neighboring cities incur in issuing alcohol licenses, the Council may use this table to assess the appropriateness of our City fees.

City	Liquor On-Sale	Liquor Off-Sale (Statute Capped at \$380)	Wine On-Sale	3.2 Beer On-Sale	3.2 Beer Off-Sale	3.2 Beer Temporary	Liquor Temporary
Apple Valley	5,300	City Owned	1,500	500	200	50	50
Burnsville	7,875	380	1,680	575	160	105	105
Eagan	5,300	200	2,000	450	100	25	150
Hastings	4,200	200	275	300	75	25	25
Inver Grove Heights	5,500	300	650	350	100	25	30
Lakeville	5,500	300	500	300	75	50	0
Mendota Heights	7,500	150	2,000	250	50	250	50
South St. Paul	3,100	380	500	150	50	50	50
West St. Paul	7,500	380	1,750	500	200	100	100
Average	5,753	286	1,206	375	112	76	62
Median	5,500	300	1,500	350	100	50	50
Recommendation	No Change	No Change	\$1,475 to \$1750	No Change	\$128 to \$200	\$25 to \$100	\$25 to \$100

Because the expense in issuing the Culinary Class license, currently at \$25, this fee is also recommended to be raised to the \$100 level. Lastly, the Council commented on raising the wine on-sale fee in 2021 from \$1,750 to \$2,000, the maximum allowed by statute.

During the Council discussion on fees, the Council will need to gather public comments before making their final decision. The final fee rates will be applied to the City 2020 fee schedule.