



Request for City Council Committee Action from Licenses and Consumer Services

Date: August 19, 2014

To: Council Member Lisa Goodman, Chair
Community Development and Regulatory Services Committee

Subject: Cocktail Rooms Ordinance Amendment

Recommendation: That the Community Development and Regulatory Services Committee approve amending Chapter 360 of the Minneapolis Code of Ordinances, adding Chapter 362.47 related to the licensing and regulation of Cocktail Rooms, and adding an annual license fee to the license fee schedule.

Previous Directives: This issue was introduced to the Minneapolis City Council on June 27, 2014.

Department Information

Prepared by: Grant Wilson, Manager of Business Licenses, 673-3902

Approved by:

Cathy Polasky, Director of Economic Policy and Development

Grant Wilson, Manager of Business Licenses

Presenters in Committee: Grant Wilson

Financial Impact

- Other financial impact – Revenue based on cost recovery formula.

Community Impact

- Neighborhood Notification - The public hearing notice was posted on the Business Licenses website and sent to all license holders, neighborhood groups and business associations.
- City Goals - Jobs & Economic Vitality: Businesses — big and small — start here, stay here, thrive here.

Supporting Information

In the 2013 legislative session the Minnesota legislature added Micro distilleries to MN Statute 340A.301(6)(c).

A micro distillery may provide on its premises samples of distilled spirits manufactured on its premises, in an amount not to exceed 15 milliliters per variety per person. No more than 45 milliliters may be sampled under this paragraph by any person on any day.

In 2014, the legislature added Cocktail Rooms to this statute which allows micro distilleries to obtain on sale liquor licenses to sell and serve distilled spirits on the licensed premises;

Definition: A cocktail room is a facility on or adjacent to premises owned by a micro distillery (licensed under Minn. Stat. Section 340A.301 subdivision 6 (c) which produces premium, distilled spirits in total quantity not to exceed 40,000 proof gallons in a calendar year) for the sale and consumption of distilled spirits produced by the micro distillery). Sunday sales are not permitted.

Staff is requesting to add the definition of cocktail room and to waive the requirement for food to be served in Chapter 360 and adding Section 362.47 to establish a license for the cocktail room based on requirements of Minnesota State Statutes governing cocktail rooms in micro distilleries. This proposed language in this section also allows the sale of soft drinks and water without an additional license. The annual license fee, equivalent to the Liquor On Sale Taproom fee, is recommended based on the comparable licensing and enforcement duties of these two license types.

License Fee Schedule

License Type	2014 Fee
Liquor, On Sale Cocktail Room, Class A	\$5,384
Liquor, On Sale Cocktail Room, Class B	\$3,703
Liquor, On Sale Cocktail Room, Class C-1	\$3,249
Liquor, On Sale Cocktail Room, Class C-2	\$2,435
Liquor, On Sale Cocktail Room, Class D	\$1,591
Liquor, On Sale Cocktail Room, Class E	\$1,179

2014-Or-____

**AN ORDINANCE
of the
CITY OF
MINNEAPOLIS**

By Reich

**Amending Title 14, Chapter 360 of the Minneapolis Code of Ordinances relating to
Liquor and Beer: In General.**

The City Council of the City of Minneapolis do ordain as follows:

Section 1. That Section 360.10 of the above-entitled Ordinance be amended by adding thereto the following definition in alphabetical sequence to read as follows:

360.10. Definitions. Whenever used in this title, unless some other meaning is clearly required by the context, the following words and phrases shall mean:

Banquet facility: An establishment which is under the control of a single proprietor or manager which has suitable facilities for serving meals on premises where the meal service consists of no less than one entree, complete with vegetable, salad, bread or rolls, and beverage, either catered or prepared on-site; which has facilities for seating not fewer than fifty (50) guests at one time at tables; which is not open to the general public but which is available for rental by individuals or groups for meetings, parties, weddings, or similar occasions; and in which the equipment and premises meet the provisions of all the food and health codes.

Beer: Malt liquor containing not more than three and two-tenths (3.2) percent of ethyl alcohol by weight.

Bona fide club: An organization for social or business purposes, or for intellectual improvement, or for the promotion of sports, where the serving of beer is incidental to and not the major purpose of the club, which organization has been an established incorporated club authorized to do business in the State of Minnesota for more than one year prior to the granting of any license to sell beer, and which, for said period, has maintained and operated a café, dining room or place for serving food or meals for its membership.

Bowling center: An establishment which is under the control of a single proprietor or manager which has no fewer than eight (8) fully functioning bowling lanes.

Brewer taproom: A brewer taproom is a facility on or adjacent to premises owned by a brewer licensed under Minn. Statute Section 340A.301, Subd. 6(c), (i) or (j) and produces less than two hundred fifty thousand (250,000) barrels of malt liquor annually, and where the on-sale and consumption of malt liquor produced by the brewer is permitted pursuant to Minn. Statute Section 340A.301, Subd. 6(b).

Central Commercial District: Commencing at a point on the southwesterly bank of the Mississippi River where said riverbank is intersected by the centerline of Third Avenue north, extended; thence southwesterly along the centerline of Third Avenue north to the centerline of Holden Street; thence westerly along the centerline of Holden Street to the centerline of Twelfth Street north; thence southerly and southeasterly along the centerline of Twelfth Street north to the centerline of Hennepin Avenue; thence southwesterly along the centerline of Hennepin Avenue to the centerline of Thirteenth Street south; thence southeasterly along the centerline of Thirteenth Street south to the centerline of Lasalle Avenue; thence southwesterly along the centerline of Lasalle Avenue to the centerline of East Grant Street; thence easterly along the centerline of East Grant Street to the centerline of Portland Avenue; thence northeasterly along the centerline of Portland Avenue to the centerline of Seventh Street south; thence south and southeasterly along the centerline of Seventh Street south to the centerline of Seventh Street south to the centerline of Thirteenth Avenue; thence northeasterly along the centerline of Thirteenth Avenue extended to the southwesterly bank of the Mississippi River; thence northwesterly along said riverbank to the point of beginning; or the East Bank Commercial District described as follows: commencing at a point on the northeasterly bank of the Mississippi River where said riverbank is intersected by the centerline of the Burlington Northern Railway right-of-way where it crosses from Nicollet Island; thence northeasterly along the centerline of the railway right-of-way to the centerline of Fifth Street Northeast; thence southeasterly along Fifth Street Northeast to the centerline of Central Avenue; thence south along the centerline of Central Avenue to the centerline of Second Street southeast; thence easterly along the centerline of Second Street southeast to the centerline of Third Avenue Southeast to the northeasterly bank of the Mississippi River; thence northwesterly along said river bank to the point of beginning.

Club: A corporation organized under the laws of the State of Minnesota for civic, fraternal, social or business purposes, or for intellectual improvement or promotion of sports, which has more than fifty (50) members and for more than a year has owned, hired or leased a building or space in a building of such extent and character as may be suitable and adequate for the reasonable and comfortable accommodation of its members, and whose affairs are conducted by a board of directors, executive committee or other similar body chosen by the members at a meeting held for that purpose, none of whose members, officers, agents or employees are paid directly or indirectly any compensation by way of profit from the distribution or sale of beverages to the members of the club or to its guests beyond the amount of such reasonable salary or wages as may be fixed and voted each year by the directors or other governing body.

Cocktail room: A cocktail room is a facility on or adjacent to premises owned by a micro distillery licensed under Minn. Stat. Section 340A.301 subdivision 6(c) which produces premium, distilled spirits in total quantity not to exceed 40,000 proof gallons in a calendar year, and where the on-sale and consumption of distilled spirits produced by the microdistillery is permitted pursuant to Minn. Statute Section 340A.301, Subd. 6(c).

Exclusive liquor store: An establishment used exclusively for the sale of liquor, beer, cigars, cigarettes, other forms of tobacco and soft drinks, at retail "off-sale."

General food store: Any place of business carrying a stock of food supplies and primarily engaged in selling food and grocery supplies to the public.

Hotel: An establishment with resident proprietor or manager, where, for payment, food and lodging are regularly furnished to transients, and which maintains for use of its guests not less than fifty (50) guest rooms, with bedding and other suitable and necessary furnishings in each room, and which has a main entrance with suitable lobby, desk and office for the registration of guests, on the ground floor, and which employs an adequate staff to provide suitable and usual service, and which maintains under the same management and control as the rest of the establishment and has, as an integral part thereof, a dining room with appropriate facilities for seating not less than thirty (30) guests at one time where the general public is, in consideration of payment, served with meals at tables.

Intoxicating liquor: See "liquor."

Liquor: Ethyl alcohol, and any distilled, fermented, spirituous, vinous or malt beverage containing in excess of three and two-tenths (3.2) per cent of ethyl alcohol by weight.

Nonintoxicating malt liquor: See "beer."

"Off sale": Sale of liquor or beer in original packages in drugstores, general food stores and exclusive liquor stores, for consumption off or away from the premises where sold. The package shall contain not less than seven (7) ounces for malt beverages; not less than eight (8) ounces for nonmalt beverages, except that wines with an alcoholic content of less than fourteen (14) percent by volume may also be sold in six and two-fifths (62/5) ounce packages; or the metric equivalent of any of the above.

"On sale": Sale of liquor or beer by the glass (or by the bottle or can in the case of malt beverages) or by the drink for consumption on the premises where sold, only pursuant to such regulations as the state liquor control commissioner may prescribe.

Original package: Any container or receptacle holding liquor or beer which receptacle is sealed shut and has not been opened since being first filled.

Resident: A person who maintains his or her principal place of abode in the State of Minnesota and who actually lives therein with the intent that it be permanent.

Restaurant: An establishment other than a hotel, under the control of a single proprietor or manager, having appropriate facilities for the serving of meals for not less than fifty (50) guests at one time, and where, in consideration of payment therefor, meals are regularly furnished at tables to the general public, and which employs an adequate staff to provide the usual and suitable service to its guests, and the principal part of which business is the serving of foods.

Sell: All barter and manners or means of furnishing liquor or beer, including the selling, exchange, barter, disposition of, or keeping for sale of such liquor or beer.

Section 2. That Section 360.65 of the above-entitled Ordinance be amended to read as follows:

360.65. Minimum food service requirement. All on-sale liquor and beer licenses issued for new premises shall meet a minimum food service requirements as follows:

(a) The establishment shall:

- (1) Be under the control of a single proprietor or manager.
- (2) Have suitable kitchen facilities including a stove or rethermalizing equipment, refrigerator, work table, dishwashing and utensil-washing sink. The equipment and premises shall meet the provisions of all food and health codes.
- (3) Provide food service consisting of no less than four (4) entrees or sandwiches or other principal food items as approved by the director, and a choice of non-alcoholic beverages. Prepackaged foods shall not be included in the enumerated required food items.
- (4) Provide food service during a substantial portion of the operating hours of the establishment.

The section does not apply to currently licensed on-sale liquor and beer establishments with a validly issued license, or renewals thereof, operating and in existence on the date of passage of this ordinance, nor to establishments operating as a banquet facility, or brewer taproom or cocktail room as defined in section 360.10, nor to temporary licenses issued under Chapters 362, 363 and 366 of the Minneapolis Code of Ordinances.

2014-Or-___

**AN ORDINANCE
of the
CITY OF
MINNEAPOLIS**

By Reich

**Amending Title 14, Chapter 362 of the Minneapolis Code of Ordinances relating to
Liquor and Beer: Liquor Licenses.**

The City Council of the City of Minneapolis do ordain as follows:

Section 1. That Chapter 362 of the above-entitled Ordinance be amended by adding thereto a new Section 362.47 to read as follows:

362.47 Cocktail rooms. (a) A micro distillery licensed under Minn. Statute Section 340A.301(6)(c) may be issued an on-sale liquor license for the “on sale” of distilled spirits produced on the licensed premises subject to the requirements and rules contained in Minn. Statutes Chapter 340A and Minnesota Rules, Chapter 7515 and the following conditions:

- (1) All other provisions of this chapter, and Chapters 259, 360 and 364 shall be applicable to such licenses and license holders unless inconsistent with the provisions of this section.
- (2) The annual license fee shall be as established in the license fee schedule for on-sale beer licenses.
- (3) Licensed cocktail rooms may operate a restaurant on the premises without additional licensure.
- (4) Soft drinks and water may be provided without an additional license requirement.