

**LICENSES AND CONSUMER SERVICES
LICENSE INSEPECTOR'S REPORT**

**LICENSE NUMBERS: L180-50205
POLICE FILE NUMBER: 13609**

DATE OF APPLICATION: 11/12/2014

INSPECTOR: Phil Schliesman

APPLICANT/LEGAL ENTITY: Shag Minneapolis, LLC

DBA/TRADE NAME: Shag Sushi

COMPLETE ADDRESS: 730 Washington Avenue North Ste 140

LICENSE REQUESTED: On-Sale Liquor Class B with Sunday Sales

CURRENT LICENSE: None

**RESPONSIBLE PERSON WITHIN 75
MILES OF MINNEAPOLIS CITY HALL:** Michael McDermott

PUBLIC HEARING REQUIREMENTS: None

LICENSE CONDITIONS: None

NEIGHBORHOOD/WARD: North Loop/3

ZONING: B4N/Downtown Parking District

7 ACRE REQUIREMENT: This has been met.

OFF-STREET PARKING: The Minneapolis Zoning Department states the applicant is not required to provide any additional off street parking stalls.

CHURCHES OR SCHOOLS WITHIN 300 FEET OF THE PROPOSED PREMISES: No

SEATING: Inside: 85 Seats Outside: None

FIRE OCCUPANCY: The fire occupancy is 149. Due to remodeling, the Fire Department may alter this number at the final inspection prior to opening.

FOOD SERVICE REQUIREMENT: Minimum Food Service requirement will be met

HOURS OF OPERATION PROPOSED: INSIDE: hours will be seven days a week from 11:00 am to 2:30 am. **OUTSIDE:** None

METROPOLITAN COUNCIL SERVICE AVAILABILITY CHARGES: 9 SAC charges have been paid. The previous tenant, Socialista, paid these charges.

HISTORY OF LOCATION

Socialista was approved on March 28th, 2014 as a restaurant holding an On Sale Liquor Class B with Sunday Sales license. Due to construction delays, the project was cancelled and the license withdrawn in June 2014. Previous to the build out by Socialista, the entire building was converted into a mixed use project called ElseWare. The main level on the South end of the building facing Washington Avenue will house the licensed premises. The lower two levels on the North side of the building house Borough, a restaurant which holds an On Sale Liquor license, Class D with Sunday Sales. The rest of the building will house tenants, meeting spaces, and a fitness center.

APPLICANT

Shag Minneapolis, LLC, DBA: Shag was organized in Delaware and is authorized to conduct business under Minnesota Statute, Charter 322B, File 776662500022, on 8/28/14. The Operating Agreement contains the necessary restriction of the transfer of membership interests. The company lists the following entities as holding ownership interest in the company:

Name	Title	Shares
Madax Investments, LLC.	Manager	40% Class B
Merritt Management, LLC	Member	10% Class B
ESRS Evergreen Holdings, LLC	Member	37.5% Class A
Michael J. McDermott	Member	12.5% Class A

Madax Investments, LLC sole manager and member is McDermott Family Limited Partnership. The sole general partner is The Michael J. McDermott Irrevocable Trust with the sole trustee being Michael J. McDermott.

Merritt Management, LLC sole manager and member is Jason Merritt.

ESRS Evergreen Holdings, LLC is owned by Erik and Ruah Seidel.

All members have passed the required background checks. Michael McDermott and Jason Merritt are also owners of Kona Grill, Rojo Mexican Grill, and Ling & Louie's Asian Bar & Grill in the Twin Cities.

MANAGER

The primary contact person and on site manager will be Peter J. Sebastian. Mr. Sebastian has over 10 years experience in the restaurant industry.

POLICE REVIEW

Police Licensing and this Inspector have reviewed the expenses and source of funds reported in this application. The applicant has provided documentation showing adequate legal and traceable funding for this venture and has passed the criminal background check. On October 29th, 2014, the applicant and Lt. Don Harris from the First Precinct of the Minneapolis Police Department conducted the Police Security Review. Recommendations the applicant will follow will include: the manager on duty will be designated the head of security; a mobile phone number will be provided to the 1st Precinct to ensure prompt communication if needed; and the applicant will meet with representatives of the City of Minneapolis to discuss any safety, security or operational concerns.

PREMISES

The premises consist of approximately 2,800 gross square feet on the main level of the building. The main floor is just above ground level and contains the restaurant area and kitchen. The seating plan calls for up to 85 guests at booths & tables and chairs, and seating for 12 guests at the bar. At this time, there is no outdoor seating area. Restrooms are located on the main floor.

BUSINESS/PLAN/OPERATIONS

This establishment will offer Asian-themed style cuisine with a 1970's twist, as a full service, sit down sushi restaurant with a bar area.

Food service will be available from opening until closing, with a reduced menu starting 10:00 pm to 11:00 pm, based on customer demand. The menu will consist of a wide variety of dishes and will be subject to change based on customer demand and supply of fresh ingredients.

The anticipated hours of operation for Shag Sushi will be daily from 11:00 am until 2:30 am (with all beverage alcohol sales/service ceasing no later than 2:00 a.m.). Hours are also subject to change depending upon special events, game days and similar such events, but in no case will operating hours extend into early morning hours beyond those mentioned in this paragraph without the necessary and required licenses and approvals. No licensed outdoor area is included with this application.

Pre-recorded by radio, and DJ's will provide background music. No dance floor will be provided for patrons. Typical music offerings will consist of pre-recorded music via a radio and on occasion, DJ's will host music services. The music of the 1970's will be featured at background levels or at the loudest, only mid-range so that conversations can still take place. Due to the nature of the restaurant, DJ's will not be a regular offering. TV and/or movie clips and similar type media may also be provided at some future point as well, if it is deemed consistent with the restaurant's concept. Entertainment is geared towards the mid-20 to 40 year old age range and those with an interest in the popular music from the 1970's; such as disco, soul, and classic rock.

The applicant will not offer amusement devices or charitable gambling on the premises. They are not planning on sponsoring any sports teams at this time.

Beverage alcohol service will be by wait-staff who will follow serve-safe practices and who have completed in-house server training. As conditions of their employment, the employees will be required to follow the in-house written policy, undergo alcohol server training by an approved service provider, and complete mandatory orientation. Annual and periodic in-house training will be provided.

Guests who appear to be intoxicated will not be allowed service and asked to leave. Anyone who appears to be under the age of 35 will be asked to show proper identification for any form of alcohol sales/service. On a typical Friday or Saturday, two managers will be responsible for assisting customers, deescalating situations, walking the various areas, communicating with staff and employees on the floor about negative behavior, potentially difficult or escalating situations. During these times, management is present internally until all customers are out of the building. All staff will be trained to handle security related matters. The managers will also keep track of occupancy numbers and will deny entrance as needed to maintain safe occupancy levels.

If staff becomes aware that guests arrived by either a party bus or pedal pub, those guests will be screened prior to service of alcoholic beverages to ensure they are not obviously intoxicated at the time of their arrival at the restaurant. All guests exhibiting signs of obvious intoxication will be denied beverage alcohol sales and service, and be asked to leave the premises.

Security cameras will be located inside and outside with cameras covering all bars, kitchen, exits and entrances. The applicant will ensure that exterior lighting is appropriate for customer security as well as for surveillance of these areas. Staff has direct visual surveillance capabilities of the outside areas from inside via the large windows and front door area. The camera system will be web based, therefore able to be observed on site and remotely.

The applicant has an exit strategy to ensure orderly and peaceable exiting from the building and surrounding sidewalk area. Beverage alcohol service ends no later than 2:00 a.m. with last call generally announced no later than 1:45 a.m. Beginning at 1:50 a.m., or 15 to 30 minutes before if closing early, customers receive verbal notice from staff, and any music being offered ceases by 2:00 a.m. and the lights are brightened. Staff will ask patrons to finish their drinks and begin directing customers to the door by approximately 2:15 a.m. in order to achieve a gradual emptying of the establishment with all patrons out by 2:30 a.m. Staff will encourage patrons to exit the premises quietly so as to reduce the noise impact from their guests. Staff will be trained to report all noise or other types of complaints to management immediately. Management will then handle the complaints as needed following the companies training plan. Management and staff will also patrol the areas surrounding the restaurant after closing to assist in moving guests and others along who might be causing an issue. The ownership and management will be readily available for area residents or guests to provide feedback and/or to register a complaint.

Noise mitigation measures the applicant intends to adopt include training employees to address loud or unruly behavior from any patron following removal procedures for those patrons; and train staff to speak with patrons to help minimize unwanted noise as the patrons depart the premises, with an emphasis on closing time.

The licensee will respond promptly to any concerns with improper or unacceptable noise levels. All noise-related complaints and concerns will be handled by the general manager or assistant manager or in his/her absence, to the shift manager/supervisor on duty. Shag Sushi intends to comply with all noise-related ordinances and to be a good neighbor to the surrounding community.

The licensee will assign one dedicated employee (cleaning crew) to daily patrol the 100' perimeter of the restaurant, to sweep the area especially directly in front of the restaurant where smoking may occur, and to remove any and all litter found thereon. Litter patrol will be concentrated prior to opening of the restaurant and during/after evening meal time. A final patrol will be made prior to employees' leaving the restaurant after closing.

The applicant will work with the Minneapolis Police Department in all security related matters and will assist when requested in turning over video footage. Shag Sushi commits to making reasonable adjustments to their security plan immediately as needed, and to address foreseeable future concerns.

RECOMMENDATIONS

The Licenses and Consumer Services Division recommends approving this application for an On-Sale Liquor license Class B with Sunday Sales.

LICENSE CONDITIONS

There are no license conditions being placed on this license at this time.