



To: General Purposes Committee **Date:** February 3, 2003
From: Alan Clark **File:** 0107-08-01
Manager, Zoning
Re: **Changes to the Liquor Control and Licencing Act.**

Staff Recommendation

That staff prepare the necessary Policy and Bylaw changes to bring into effect Council's preferred option for managing extensions of hours of licenced liquor establishments to 4:00 a.m. (as outlined in the report from Manager of Zoning, dated February 3rd, 2003.)

Alan Clark
Manager, Zoning

Att. 2

FOR ORIGINATING DIVISION USE ONLY
CONCURRENCE OF GENERAL MANAGER

see attached memo

Staff Report

Origin

The BC Government has made regulatory changes to the Liquor Control and Licencing Act, and this report highlights the changes, identifies areas that the City has some control over, areas it does not, and how the changes could affect the City, its resources, and policies.

Analysis

Changes to the Act that have relevance to the City are highlighted.

1. Licencing Classes

Two Licence Classes. The number of Provincial Liquor Licence classes for the sale of liquor by – the – glass is reduced from seven (7) classes to two (2) classes; namely:

- **Food Primary** (i.e. restaurants), and
- **Liquor Primary** (i.e. pubs, bars and lounges).

2. Uniform Licencing Now

There are approximately 80 establishments in Richmond that were under the Provincial Liquor Licence designation of Class “B” Dining Room (beer and wine) and did not require a City Liquor Licence.

Under the new designation there is no distinction, and therefore everyone will be Licenced the same, which could mean an increase in the City licence fee in the amount of \$278, based on the City continuing to follow the practice of assessing a flat rate fee for restaurants.

Approximately \$22,000 in additional revenue, to the City is anticipated. This may cause concern from the existing Class “B” Licence holders, faced with such an increase.

Required Liquor Licence Approval Process

Type	Existing Regulations	Yes/No	New Regulations	Yes/No
Food Primary (Restaurants)	LCLB	Yes	LCLB	Yes
	City (straight restaurant)	No	City (straight restaurant)	No
	Restaurant with audience participation (dancing/karaoke)	Yes	Restaurant with audience participation For extended hours of operation to 4:00 a.m.	Yes Yes
Liquor Primary (Pubs/Lounges)	LCLB	Yes	LCLB	Yes
	City	Yes	City	Yes
			For extended hours of operation to 4:00 a.m.	Yes

3. Fewer Restrictions

Any business primarily in the hospitality, entertainment or food and beverage business will be eligible to apply for a liquor licence. The exceptions are youth – oriented businesses such as video arcades and movie theatres, food courts and take -a- ways. The City's endorsement for an increase of person capacity is now not required for a one time increase for existing establishments. This means that any establishment that was turned down previously for lack of parking and/or noise issues will be entitled to an increase to maximum capacity under Building and Fire Department regulations, without having to meet the City's parking and noise requirements.

Food Primary establishments with a person capacity of at least 50 will be able to apply for a lounge endorsement where liquor may be served without food. The maximum size of the lounge will be the lesser of 40 persons or 20% of the person capacity of the facility. **No local government input is required.** These food primary establishments may advertise that they have a lounge, and minors are permitted if accompanied by an adult.

4. Hours of Operation

Licensees may apply to the LCLB to operate their establishment at any time between 9:00 a.m. and 4:00 a.m., subject to a local government resolution. The LCLB will only approve late night hours (until 4:00 a.m.) if they are supported by local government.

Questions and options related to extended hours of operation.

Q Can the City restrict openings to 4:00 a.m. to Fridays and Saturdays only?

A Yes they can.

Q Can the City select areas of the City, such as the downtown core, as okay for extended hours, and not allow any other areas, e.g. pubs in residential areas?

A Yes, the City can make such determinations.

5. Enforcement

Enforcement issues will be of concern if the City was divided into areas for and against such openings.

The RCMP have expressed concerns related to changing any hours of operation, and a brief report from Superintendent Ward Clapham is attached, with the Richmond Detachment's position that there should be no extension of liquor hours past those already in place. (Attachment #1.)

If Council decides, in its wisdom, to entertain applications for extended hours of operation, each must be dealt with individually, and a Resolution of support, or denial must be obtained and sent to the LCLB. Each application must address the following issues and contain the results in the Resolution:

- (a) The potential for noise if the application is approved (provide comments Applicant and City).
- (b) The impact on the community if application approved (provide comments Applicant and City).
- (c) Whether the amendment may result in the establishment being operated in a manner that is contrary to its primary purpose. (provide comments only if the application is from a food – primary licence for an extension of hours of service past midnight or the addition of patron participation entertainment).
- (d) The views of residents if the licence amendment may affect nearby residents (describe the views of residents, the method used to gather the views and provide comments and recommendations with respect to the views. If the views of residents were not gathered, provide reasons Applicant and City).

6. Regional Considerations

In reviewing the changes to the Act while preparing this report, a constant issue kept coming up, both from the LCLB itself and Municipalities was, “what are your neighbours going to do?” This has resulted in each Municipality looking to the other for guidance. If Richmond were to decide that an extension of hours to 4:00 a.m. was okay, and no other Municipality was in favour, it could result in a dramatic increase in patrons coming into the City between 1:30 a.m. and 4:00 a.m. and the corresponding RCMP problems on an ongoing basis.

There are a series of textural and other changes to the Act, but only those listed above have any significance to the City and its resources

7. Government Liquor Stores

Government Liquor Stores fall under a separate Branch of the Provincial Government, namely The Liquor Distribution Branch, and are not covered by any changes to the LCLB Act. However, the Government is on record as stating that they will be closing the Government Liquor Stores over a three to five year period, e.g. by 2008, starting with locations whose lease has or is expiring. To date there have been no decisions made as to what the options will be to replace the stores once they are closed. Possible options appear to be let the existing beer and wine stores take up the slack, (they are currently limited in size and must be tied to a bar/lounge operation,) or will stand alone private liquor stores be the route to go, or what are the other options, and will there be a community consultation and approval process for each Municipality?

Staff are in constant contact with the appropriate Government agents, and will report further as details are made available.

If the Government Liquor Stores in Richmond are closed, and private stores are allowed to operate, there are strict procedures that would have to be followed. They would have to be situated in properly zoned areas, e.g. the City Centre, obtain a Business Licence to operate, and comply with all Building Code and Fire and Life Safety issues.

The retail outlets currently associated with bars and lounges must close one hour prior to bar and Lounge closing, or 11:00 p.m., whereas Government stores close at 9:00 p.m.

Staff discussed with the R.C.M.P whether there was any data available to check possible crime related issues vis –a-vis government stores and privately run stores, and were advised that they had no data, but that it had not been an issue. Further, a private operation would have to be fairly strict with their business because they would be licenced, and any indiscretions could result in their licence being suspended, or revoked. A Government store is not licenced, and therefore not under the same scrutiny.

Attached to this report is an article from the Financial Post on the privatization of Alberta's liquor retail system, and it's effects. (Attachment #2.)

Summary of Issues.

In summary, the new Liquor regulations allows the City to extend liquor outlet hours to 4:00 a.m.

Council Options.

A. No extensions to 4:00 a.m. permitted.

Pros. The licenced outlets, (Restaurants, Pubs, and Lounges) continue to operate under the standard of operating hours, and there is an established knowledge of closing times, no new community concerns, and police resources would not be taxed any more than current conditions.

Cons. The hospitality industry coming forward with claims that not allowing the extended hours could cause them to lose customers and revenue.

B. Allow some Licenced Liquor establishments to extend hours of operation to 4:00 a.m..

Pros. The City could establish certain areas within the City, e.g. the City Centre, where it might be appropriate, and not allow in certain other areas, such as residential areas with Neighbourhood Pubs.

Cons. Would create an uneven playing field for licenced operators in the City, and would create some degree of difficulty for enforcement with different areas having different hours.

C. Allow all Liquor Licenced establishments to extend hours to 4:00 a.m.

Pros. Everyone would be treated equally, and there would be a uniform closing hour for all.

Cons. Allowing Liquor establishments to remain open until 4:00 a.m. brings with it several identified areas of concern.

Closing at 4:00 a.m., when there is no public transportation running encourages the added potential for drinking and driving.

If Richmond allows extension of hours and the surrounding municipalities do not, the patrons coming into Richmond could increase dramatically between 1:30 a.m. and 4:00 a.m., complete with a different type of clientele, which would add to the RCMP enforcement workload.

Financial Impact

Under option A there is no indication of any financial impact.

Under option B and C there is the potential that current police resources do not exist to deal with late night service of liquor, and, while not identified yet, there could be added policing costs.

Conclusion

The BC Government has made regulatory changes to the Liquor Control and Licencing Act which could affect the City, its resources, and policies.

Staff have presented three options for Council to consider in dealing with the issue of extending hours of operation for Food Primary and Liquor Primary establishments

Option A. No extensions to 4:00 a.m. be permitted.

Option B. Allow some Licenced establishments to extend hours of operation in selected areas of the City, e.g. The City Centre, and not permit in more residential areas.

Option C. Allow all Liquor Licenced establishments to extend hours to 4:00 a.m.

Staff are recommending that Council direct staff to prepare the necessary Policy and Bylaw changes to bring into effect Council's preferred option for managing extension of hours of licenced liquor establishments to 4:00 a.m.



Alan Clark
Manager, Zoning

AJC:ajc



Royal Canadian Mounted Police
Gendarmerie royale du Canada

Security Classification / Designation
Classification / Désignation sécuritaire

Tel: 278-1212
Fax: 207-4717

Unclassified

Your file Votre référence

• January 29, 2003

Our file Notre référence

Mr. Alan Clark
Manager, Zoning
Urban Development Division
Richmond City Hall

Dear Mr. Clark:

Re: Changes to the Liquor Control and Licensing Act and Regulations

Alan, as per your request, I am forwarding this memo to outline Richmond Detachment's position on changes to the British Columbia Liquor Laws that took effect on December 2nd, 2002. This memo is intended to assist you in your submission to City Council so that they might make an informed decision on policy concerning liquor establishments extending service hours up to 4:00 a.m.

At this time, it is Richmond Detachment's position that there should be no extension of hours beyond the 2:00 a.m. maximum that was in place prior to December 2nd.

The main reason for this position is resources. Liquor establishments such as Pubs and Night Clubs can and do dramatically impact on Detachment resources due to the behavioural changes that accompany the consumption of alcohol. Increased calls for service and patrols are inevitable.

Within the City of Richmond are numerous food primary establishments (restaurants), which actually operate like Liquor primary (bars) with the added problem of allowing minors in. Some of these restaurants can and at times have been a bigger draw on resources than the Pubs/Night Clubs.

Under the new laws, some of the City's ability to control the establishments within the community has been lost or watered down. For instance, under the new legislation City approval is no longer required to increase capacity to the building code. This means that some establishments that had been turned down for an increase due to a lack of available parking and/or noise issues will be getting the increase. New food primary licences that end at midnight and do not offer audience participation entertainment do not require City approval. Lounges will be allowed in restaurants and do not require City approval, for the problem

restaurants this will make them more difficult to police. Private liquor stores have started to, and will continue to, increase.

These changes will no doubt create an increased call load and a need for increased patrols. To what extent this is the case remains to be seen, therefore, it would be prudent to determine this before going ahead with the 4:00 a.m. liquor service.

Other problems to carefully consider that will affect police resources are:

Migration into the City. Should it be decided to go with the 4:00 a.m. openings and our neighbouring Municipalities do not, the population of the City could increase dramatically between 1:30 a.m. and 4:00 a.m., many of which will be gang oriented. We currently find that restaurants operating after hours are frequented by these individuals.

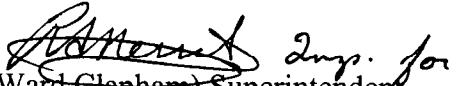
4:00 a.m. would be last service, but patrons could consume until 4:30 a.m. and be leaving with limited taxis, no transit operating and rush hour around the corner.

There is no difference between a Pub licence and a Night Club licence, they are all now Liquor Primary and this means Pubs and Night Clubs will be permitted to begin service as early as 9:00 a.m. just like a food primary. A change in hours to begin service earlier would require City approval but, would likely be approved if reasonable.

To sum up, current police resources do not exist to deal with the late night service of liquor at this time. Should there be a desire on the part of Council to approve the extension of hours, there will be added policing costs. These cannot be estimated at this time due to unknown factors such as, but not limited to, the number of establishments that would apply and be approved for the extension and the direction neighbouring Municipalities choose to take.

Should you require any further assistance in this matter please contact Cpl. Kevin Jones.

Sincerely,


(Ward Clapham) Superintendent
Officer in Charge
Richmond Detachment

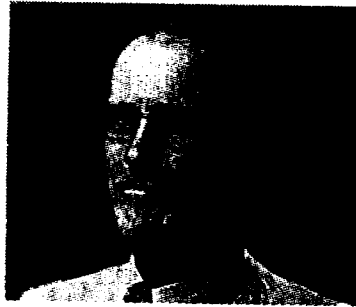
6900 Minoru Boulevard
Richmond, B.C., V6Y 1Y3

B.C. liquor entrepreneurs look to Alberta example

PRIVATIZATION

*Booze sales under Klein
have boosted
government revenues*

It's enough to drive an entrepreneur to drink. Doug West, the University of Alberta economics prof who has studied the privatization of his province's liquor retail system and come away impressed, is back. He's revised his 1997 study, which covered the first three years of Alberta's shift to private liquor retail, and he still likes what he



MAURICE BRIDGE

sees.

He finds that prices on average have tended to fall, while product selection at the warehouse level has increased substantially.

An estimated 25,000 SKUs (stock-keeping units) passed

See **NUMBER OF D2**

Number of stores rockets, average wages plummet

From D1

through the centralized warehouse in St. Albert on the outskirts of Edmonton last year, and while SKUs cover different sizes as well as different products, one liquor wholesaler estimates that figure could translate into as many as 14,000 products.

Any of those products can be ordered by any store in the province.

The number of liquor stores has increased substantially, going from 258 government-owned liquor stores and privately-owned cold beer and wine stores before privatization to 858 privately-owned liquor stores in December 2001. (It's about 945 today.)

While average liquor-store employee wages have dropped substantially, the over-all number of people employed by liquor stores has risen along with the growth in the number of stores.

In B.C., more than seven months after the provincial government announced it would adopt a private model, we're still waiting for the first new store to open.

By comparison, Alberta went from full government monopoly to full privatization in just six months, between September 1993 and March 1994.

Worst of all for Victoria's baby-steps approach, West's report for the Fraser Institute finds Alberta not only failed to lose money on its share of the revenues, it rolled back its taxation rate three times before finally increasing it again last year.

Its profit on liquor sales in 1993 was \$403 million, and although booze numbers have been consolidated with gaming figures since 1996, the province estimates it will receive revenues of \$493 million for 2001-2002.

That's higher than the gross profit of

\$468 million in the year ended March 31, 2001, a difference West suspects is due to the decision in the last provincial budget to increase margins.

This comes as no surprise to Darryl Weinbren, Vancouver-based president of Maxxium Canada, the largest importer of wines into Canada.

In B.C. alone, Maxxium's wines and spirits generate \$126 million in retail activity. Weinbren is familiar with liquor sales across the country, and he knows what the real issue is here.

"The problem the government has, it can't risk losing any money," he says. "They're desperate for all the cash they can get their hands on."

"At the moment, there's a guaranteed cash flow from the liquor board of \$650 million and they daren't take a chance that it won't work. We've seen it work in Alberta and they've proved it can work, but [B.C. is] just not prepared to take that chance."

Like many businesses in B.C., Maxxium Canada is waiting for the day Victoria finally opens the door all the way, and he and other members of the Import Vintners and Spirits Association have made their pitch, so far to no avail.

"We've met met with [Competition, Science and Enterprise Minister] Rick

Thorpe and we've discussed it with him and he's been quite frank.

"He's saying, 'Listen, one step at a time. We can't go as Alberta did, just carte blanche overnight. We can't risk losing the revenue: Alberta had other sources of revenue at the time, and we don't have them.'"

In addition to its oil-and-gas money and massive Heritage Fund, Alberta has an entrepreneurial style that has worked well for suppliers like Maxxium.

"The advantage in Alberta is you're talking to the entrepreneur, the owner-operator. You can offer him something today, he can order it tomorrow, and we can have a merchandiser in the following day for the display."

By comparison, distributors in B.C. need nearly six months' lead time just to arrange in-store displays.

Weinbren doesn't expect any early breakthroughs.

He reckons the transition in B.C. will take about three years, and given Victoria's concerns about money, he doesn't see much likelihood of the timetable being moved ahead.

He sounds resigned to the wait.

"That's why its going to be a slow process," he says.

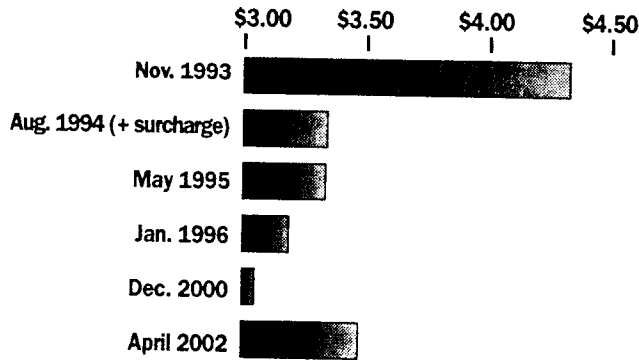
mbridge@png.canwest.com

PUTTING A CORP. IN IT

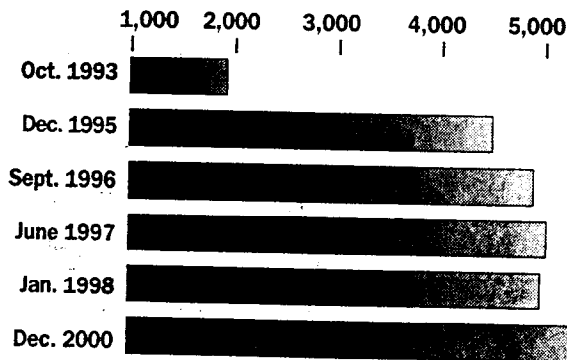
What Alberta did

Figures on amount of margin, number of products listed, number of stores since province privatized its liquor stores in 1993-94:

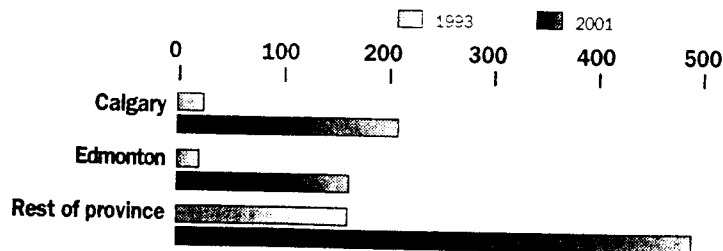
1. Markup on wine, \$/litre



2. Number of product codes listed



3. Number of stores





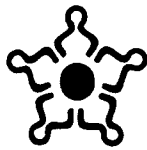
To: General Purposes Committee
From: David McLellan
General Manager, Urban Development
Date: February 10, 2003
File: 0035-20
Re: Changes to the Liquor Control and Licencing Act

The intent of this memo is offer the Committee a particular recommendation in regarding to the above noted matter. Mr. Clark's report offers, in my opinion, sufficient evidence that Council should not invite applications to extend the hours of operation for licenced establishments beyond those currently permitted. I understand that there is little appetite for an extension of hours from the existing operators within the City and such a resolution would clearly outline Council's position.

David McLellan
General Manager, Urban Development

DJM:djm

pc: Alan Clark, Manager, Zoning



BCGEU

B.C. Government and Service Employees' Union

A component of NUPGE (CLC) www.bcgeu.bc.ca

✓	DW	DW
	KY	
	AS	
	DB	
	WB	

February 6, 2003

VIA FACSIMILE (604-278-5139)

0107-08-01

City of Richmond
6911 No. 3 Rd
Richmond, BC
V6Y 2C1

BY MAIL OR FACSIMILE TO THOSE NOTED No. of Pages - 1

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Dear City Clerk

On July 24th the provincial government announced its intentions to dismantle the liquor distribution system. All BC Liquor Stores will be closed within 5 years. There is no process to hear from the people, communities and businesses that will be affected.

As Chair of the BCGEU's Retail and Warehouse Fightback Committee, I am very concerned about the job loss and hardship this will cause for the men and women who work in the LDB Distribution Centres and Liquor Stores. I am also concerned about the social impact that the proliferation of private liquor outlets will have on communities throughout the Province.

A representative of the BCGEU, I would like to appear as a Delegate before you at the General Purposes Committee meeting on February 17th, 2003 to present issues around the privatization of BC Liquor stores.

Sincerely

Jennifer McKenna
Local 503 Fightback Committee Chair

JM/hd
opeiu 378
Richmond Council

