CITY COUNCIL ACTION REPORT

April 30, 2010

TO: Honorable Mayor and City Council

FROM: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance and Administration
Carol K. Anderson, Parks and Recreation Director

SUBJECT**:** Alcohol Sales at the Troy Community Center

Background

- The Troy Community Center currently does not allow alcohol to be sold, served or consumed on the premises.
- There have been numerous requests to have this service and the Community Center has not been selected to host certain events due to the policy prohibiting alcohol.
- Staff would like to amend the prohibition of alcohol policy and allow alcohol at some events.
- Policies at city parks and the golf courses allow alcohol sales and/or consumption if the alcohol content is the same or less than beer.
- It is anticipated that allowing the consumption of alcohol under stringent guidelines will increase revenues for the Community Center.
- Strict adherence to local and state Liquor Control Commission laws and standards would be followed.
- The following local municipal Parks and Recreation facilities in metro Detroit permit alcohol to be sold and consumed on site: Dearborn Performing Arts Center, Canton Summit on the Green, Farmington Hills Longacre House, Huntington Woods and Plymouth
- If approved, the City would terminate the existing catering contract (A and S catering) and rebid with alcohol as a service available by the Contractor.
- The lease with Emerald Food Service would expire on December 31, 2010 but may be terminated early by giving 60 days notice. EFS contracts space in the Community Center for its Meals on Wheels operation and serves a hot meal at lunchtime to seniors. Attendance averages 40 per day. EFS leases the kitchen, storage rooms and offices on Monday – Friday and has exclusive use of the kitchen from 5:00 am to 2:00 pm. Rent of $9,000 annually is received from this contract.

Financial Considerations

- Under this new policy, an RFP for catering services would include several sources of revenue including rent for the use of the kitchen, office space and storage, and commissions from catering (including alcohol sales) within the Community Center.
- Based on estimates made from alcohol sales at other municipal Community Centers in Dearborn and Canton, the sale of alcohol at private events could earn, at minimum, approximately $10,000 in additional catering commissions.

Financial Considerations - Continued

- The opportunity to serve alcohol in the Community Center could earn $7,000 from new banquet room rentals.
- If a more well know caterer is selected from the RFP process, it is anticipated that they would be able to attract additional events to the Community Center through its brand recognition and ability to market the facility to new groups of people. A and S Catering is not known to patrons who are considering their services and provide little, if any, marketing exposure for the Center.

Policy Considerations

- Change of policy to allow the consumption and/or sale of alcohol at the Community Center would allow additional uses of the Community Center resulting in added revenue.
- All Troy Police Department and Michigan Liquor Control Commission recommendations, procedures and guidelines would be followed.
- Prior to implementing, staff will return with a report on policies and procedures.

Legal Considerations

- The caterer would be required to comply with the Michigan Liquor Control Act and the Troy City Ordinance. No license would be held in the City's name but by the user or caterer.
- A contract would also be established with the catering vendor for compliance of all licenses and guidelines.
- Liquor liability insurance with the City named as an additional issured would be required.
- Penalties and termination provisions would be established in the contract for catering services for violations of the Michigan Liquor Control Act or City Ordinance.

Recommendations

- Staff recommends that alcohol be permitted in the Community Center for events and sold by the "preferred" caterer. The contracts with A and S Catering and Emerald Food Service would be cancelled and a "preferred" caterer, with exclusive use of the kitchen and the ability to serve alcohol, would be selected through the RFP process.

Prepared By: Kraig Schmottlach, Community Center Facility Manager