

CITY OF SMYRNA COMMUNITY DEVELOPMENT MEMORANDUM

To: Mayor and Council

From: Russell Martin, AICP, Director of Community Development

Date: November 12, 2020

CC: Joe Bennett – Interim City Administrator
Scott Cochran – City Attorney

RE: Code Amendments – Alcohol Ordinance – Private Clubs & Special Event Facilities

BACKGROUND

The Community Development Department has received requests for alcohol pouring licenses for non-profit private clubs and special event facilities. Under the City's Alcoholic Beverage Ordinance, requires pouring licensees to have at least 50% of sales derived from the sale of food prepared to be consumed on premises. Both the non-profit private club and the special event facility cannot meet that requirement. Staff has reviewed the City's Alcoholic Beverage Ordinance and is proposing code amendments to address the issue.

ANALYSIS

Community Development reviewed the alcoholic beverage ordinances of several local municipalities, such as, Sandy Springs, Dunwoody, Duluth, Alpharetta, Woodstock, Marietta, Kennesaw and Cobb County. Most of these municipalities address pouring licenses for private clubs and special event facilities within their ordinances. All the municipalities that do address pouring licenses for private clubs or special event facilities have similar requirements for each type of facility. Community Development has drafted a code amendment inline with our neighboring jurisdictions for consistency and to maintain competitiveness in attracting these types of facilities to Smyrna.

Community Development and the City Attorney have also reviewed the State's Code with regard to the sales of alcoholic beverages and believe it allows for on-premise consumption of alcohol at private clubs and special event facilities. To accomplish this request, the city would be required to make amendments to several sections in the Alcoholic Beverage Ordinance.

In addition to the text amendments, Community Development is recommending the amendment of the city's fee schedule to provide a reduced pouring license fee for non-profit organizations. The proposed fees are inline with Cobb County's fee schedule for non-profit organizations.

Both Community Development and the City Attorney's office are proposing the following amendments to the City's Alcoholic Beverage Ordinance:

The following are proposed code amendments to several sections of the Chapter 6 of the City Ordinance and are presented in legislative draft format (all changes are highlighted, underlined items should be added and items with strikethroughs should be removed):

Amend Section 6-2 of Chapter 6 – Alcoholic Beverage Ordinance to add the following definitions:

Sec. 6-2. - Definitions.

Non-profit private club means a corporation organized and existing under the laws of the state or veterans' organization associated with and a part of a recognized national veterans' organization which is organized and operated exclusively for pleasure, recreation and other non-profit purposes and which immediately prior to the application for a license hereunder:

- (1) Has at least 100 members regularly paying dues; and
- (2) Has tax exempt status under the provisions of section 501(c)(19) of the U.S. Internal Revenue Code; and
- (3) Owns or leases a building or space for the reasonable use of its members with suitable kitchen and dining room space and equipment and maintaining and using a sufficient number of servers and employees for cooking, preparing and serving meals for its members and guests; and
- (4) Has no members or officers, agent or employees of the club receiving compensation directly or indirectly in the form of commissions or other compensation based on the amount of profits from the sale of malt beverages and wines beyond the amount of such salary as may be fixed by its members at an annual meeting or by its governing body out of the general revenue of the club, tips and gratuities added to the bills under club regulations shall not be considered profits from the sale of alcoholic beverages;
- (5) Has no part of the net earnings inuring to the benefit of any shareholder or member; and
- (6) Has been in continuous operation for at least one year prior to the application for a license hereunder.

Special events facility shall mean any public place kept, used, maintained, advertised and held out to the public as a place where special events including, but not limited to, weddings, wedding receptions, private parties and similar events are held and which provides meals for food services in connection with such events. Any such facility shall be equipped with an adequate and sanitary kitchen and dining room facility, and shall be capable of preparing and cooking meals, or serving catered meals and other food products associated with its special events on site. Any such establishments shall derive at least fifty (50) percent of its total annual gross sales from rental for special events and the service of meal and food products in connection with such special events. The revenues received from alcohol sales shall never exceed fifty (50) percent of the total annual gross sales for any such facility.

Add Section 6-83 to Chapter 6 – Alcoholic Beverage Ordinance to add the pouring license requirements for private clubs:

Sec. 6-83. – Non-profit private clubs.

In order to be eligible for a pouring license, a private club or non-profit private club must meet the definition of non-profit private club as set forth in Sec 6-2 herein. Where an application for a license is submitted for a non-profit private club the application shall be made in the name of the highest elected officer and/or the manager of the club or organization.

(a) No alcoholic beverage license shall be granted to a private club organized or operated primarily for the selling or serving of alcoholic beverages.

Add Section 6-84 to Chapter 6 – Alcoholic Beverage Ordinance to add the pouring license requirements for special event facilities:

Sec. 6-84. - Special event facilities.

In order to be eligible for a pouring license, a special event facility must meet the definition of special event facilities as set forth in Section 6-2 herein as well as the following requirements:

- (1) Attendance is by invitation of the party renting the special events facility only and not open to the public;
- (2) All alcoholic beverages served at the private function shall be supplied to invited guests free of charge;
- (3) The costs of the alcoholic beverage(s) served at a private function are to be paid for by the host renting the special events facility;
- (4) There is no cost for guests to attend the private function by admission fee, donation, or any other means;
- (5) Alcohol may be served only in conjunction with the service of meal and food products; and
- (6) Alcohol must be served by a trained alcohol server, who holds either an alcohol handling permit issued by the City of Smyrna or another local government jurisdiction.

Amend Section 6-124 of Chapter 6 – Alcoholic Beverage Ordinance to add private clubs and special event facilities to the list of exempt licensing types from the pouring requirements:

Sec. 6-124. - Pouring requirements.

No pouring license, except a license for a wine specialty shop, growler specialty shop, cigar specialty shop, brewery, brewpub, winery, non-profit private club, special event facility, hotel sundry shop/hotel reception or educational tasting, shall be issued to, or held by, any applicant unless at least 50 percent of the business by volume, when considering the total of sales from alcoholic beverages and food prepared to be consumed on the premises, shall be from the sale of prepared foods to be consumed on the premises.

- (1) All establishments licensed to pour shall submit a quarterly audit showing the sales of alcoholic beverages and food prepared on the premises and nonalcoholic drinks to the city business license office no later than at the time of renewal for the coming license year.
- (2) Authorized officials of the city may examine the records of applicants at any reasonable time to ascertain that the requirements of this section are met.
- (3) The dining area or serving area of the applicant must have a minimum seating capacity of 40.

Amend the City's Fee Schedule for alcoholic beverage license to provide a reduced license fee for non-profit private clubs:

- Beer Pouring – Non-profit private club - \$500.00
- Wine Pouring – Non-profit private club - \$500.00
- Liquor Pouring – Non-profit private club - \$1,000.00
- Sunday Sales Pouring – Non-profit private club - \$500.00

The pouring licensing fees for the special event facilities will remain the same as the fees for all other pouring establishments. The city's pouring license fees are as follows: \$600 for beer, \$600 for wine and \$5,000 for liquor.

STAFF RECOMMENDATION

Community Development recommends **approval** of the proposed text amendments to the City's Ordinance.