



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

A6

Date: October 30, 2007
Author: Superintendent
Warren Lemcke
Phone No.: 604-717-2768
RTS No.: 6951
VanRIMS No.: 05-1000-30
Meeting Date: November 13, 2007

TO: Vancouver City Council

FROM: The Chief Constable, VPD in consultation with the Chief Licence Official
and the General Manager of Engineering Services

SUBJECT: Granville Entertainment District

RECOMMENDATION

THAT Council receive this report for INFORMATION and defer the following recommendations to the 2008 Interim Operating Budget;

- i) *THAT Council approve an increase in funding to the Vancouver Police Department for year round deployment of policing resources ("LIMA Squad") in the Granville Street Entertainment District with an on-going cost of \$210,000 starting in 2008. Source of funding to be an increase to the annual Operating Budget without offset.*
- ii) *THAT Council approve a one-time increase in funding to the Vancouver Police Department for an enhanced summer LIMA squad and street closure in the Granville Street Entertainment District with a one time cost of \$220,000 in 2008. Source of funding to be an increase to the annual Operating Budget without offset.*
- iii) *THAT Council direct the Vancouver Police Department report back in the fall of 2008 of the effectiveness of the deployment described above.*

- iv) THAT Council direct the Chief License Inspector to review the Food Primary and Liquor Primary business license fees for 2009, including industry consultation, and report back to Council on options to increase these fees to offset the Vancouver Police Department costs for enforcement as outlined in this report.*

Approval and funding to be deferred to the 2008 Interim Operating Budget.

CHIEF CONSTABLE'S COMMENTS

The Chief Constable RECOMMENDS approval of the above.

The attached report outlines the proposed police deployment required to restore and maintain order in the downtown "Entertainment District", which has received considerable negative media attention of late. This is not a new problem and the Police Department has been trying to remedy the significant disorder issues in that area for a number of years. As well as disorder, there are significant public safety issues with regard to assaults and other violence involving young males and incidents of victimization of young women. In keeping with the COV's Project Civil City objective to increase the level of public satisfaction with the City's handling of public nuisance and annoyance complaints by 50% by 2010 and our own Strategic Plan, the Police Department has developed a comprehensive plan to provide order in the Entertainment District. The Department has worked extensively with the bar owners to develop strategies to both maintain order and reduce gang violence. The extra policing described in this report is an essential part of the strategy to achieve this goal.

CITY MANAGER'S COMMENTS

Public disorder in the Granville Entertainment District has been a major issue for several years. The work undertaken by the VPD LIMA Squad in co-operation with Barwatch has significantly increased the level of public order. The Project Civil City Report specifically called for action in this area and the Project Civil City Commissioner notes that the work to date supports the goal of reducing public disorder. However, the requests for an ongoing Operating Budget addition of \$210,000 and the one-time request for \$220,000 from the 2008 budget without offset must be considered in the context of other VPD budget requests which will be before Council shortly. Therefore, the City Manager supports the deferral of i, ii, iii and iv for consideration as part of the 2008 Interim Operating Budget.

COUNCIL POLICY

On June 19, 1997, Council established the policy for the Theatre Row Entertainment District which included liquor policy to establish the number of liquor licensed establishments to be considered on the 700, 800 and 900 blocks of Granville Street. Subsequent reports approved individual applications for each of these blocks.

In December 2006, Council adopted the Project Civil City Initiative which includes a goal to reduce public disorder.

PURPOSE

The purpose of this report is to request Council approval of an annual budget increase of \$210,000 that will be required to specifically deal with policing in the Entertainment District on a year round basis.

This funding will provide a greater visible police presence in the area during the hours of operation for the licensed premises in a co-ordinated effort to deal with the significant street disorder issues that negatively impact the area. The funding will also provide sufficient police resources to investigate crime in the area and increase public safety.

The second request of \$220,000 is required as a one time expense to re-stabilize the area and may not be required in subsequent years, depending on other factors and initiatives that are to be implemented through Project Civil City. This funding will allow for the implementation of a vehicular restriction area in the 900 and 1000 Granville Street to create an alcohol free pedestrian "Party Zone" during the summer weekends and other special event weekends. The efficacy of this deployment will be reported back to Council in the fall of 2008.

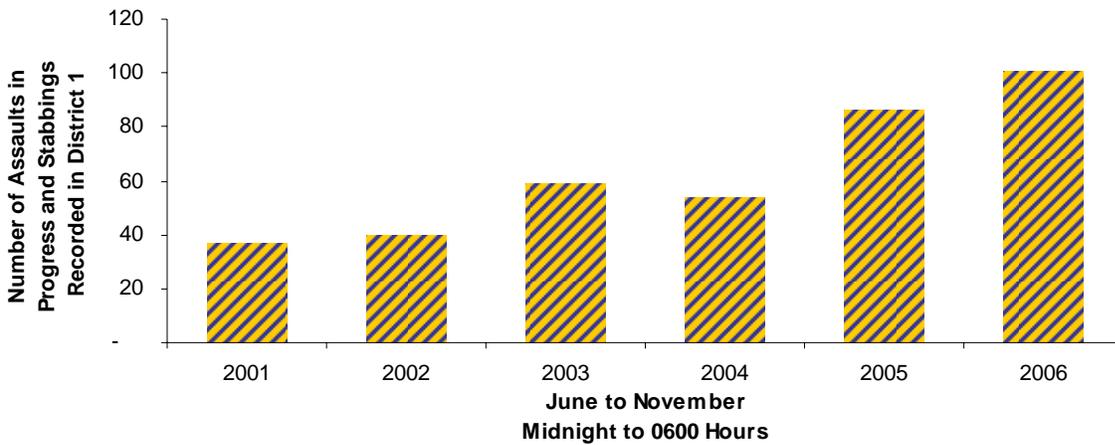
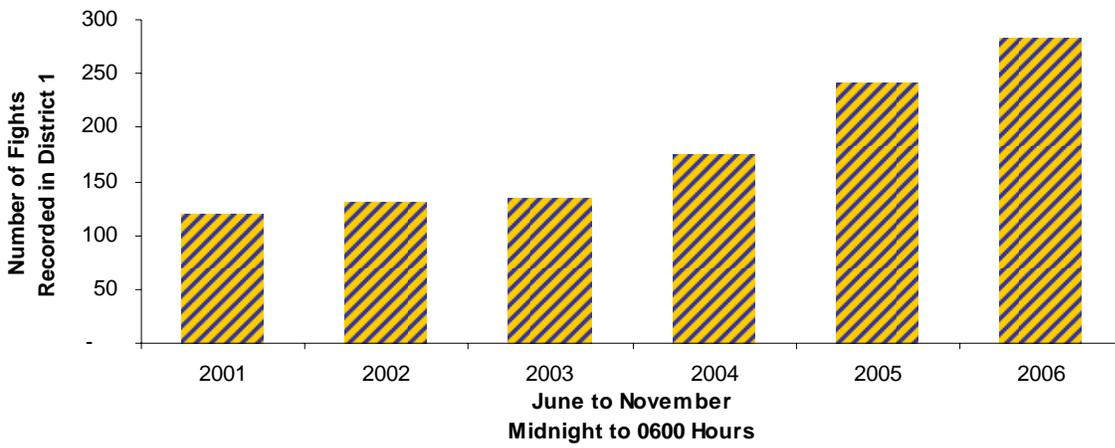
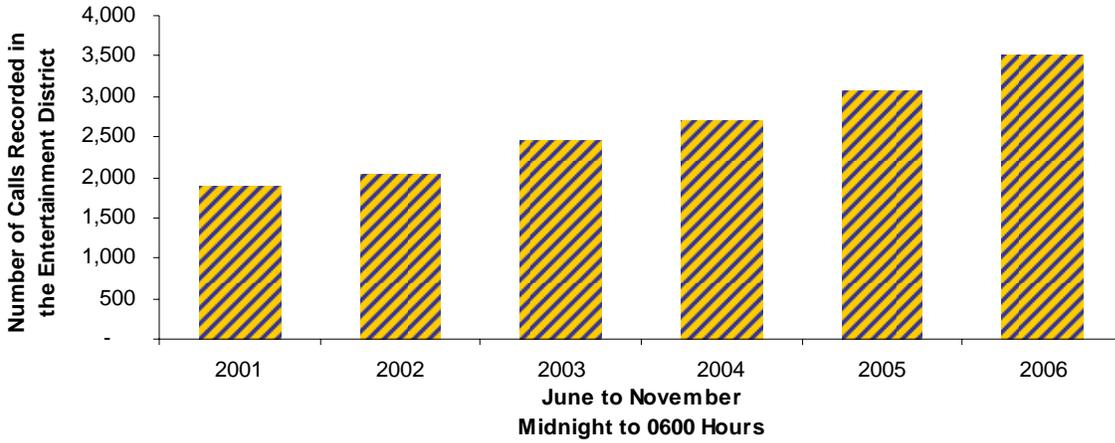
BACKGROUND

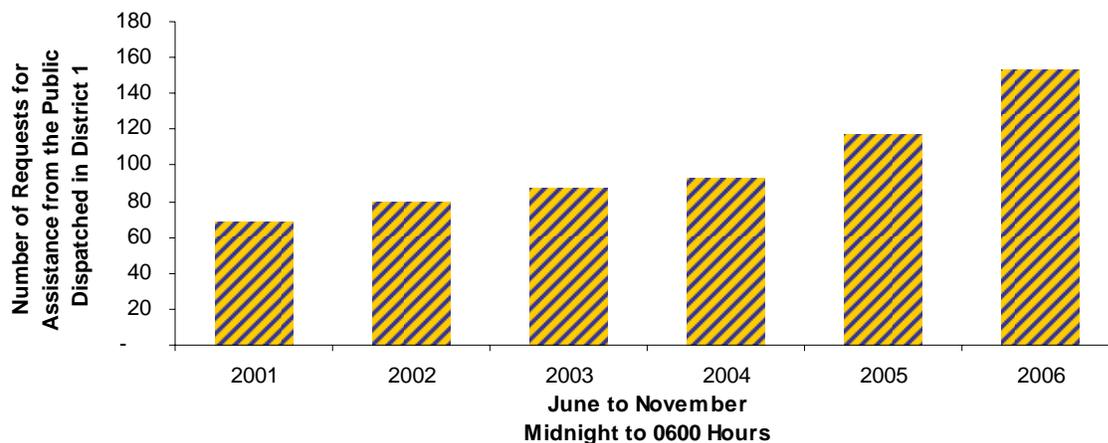
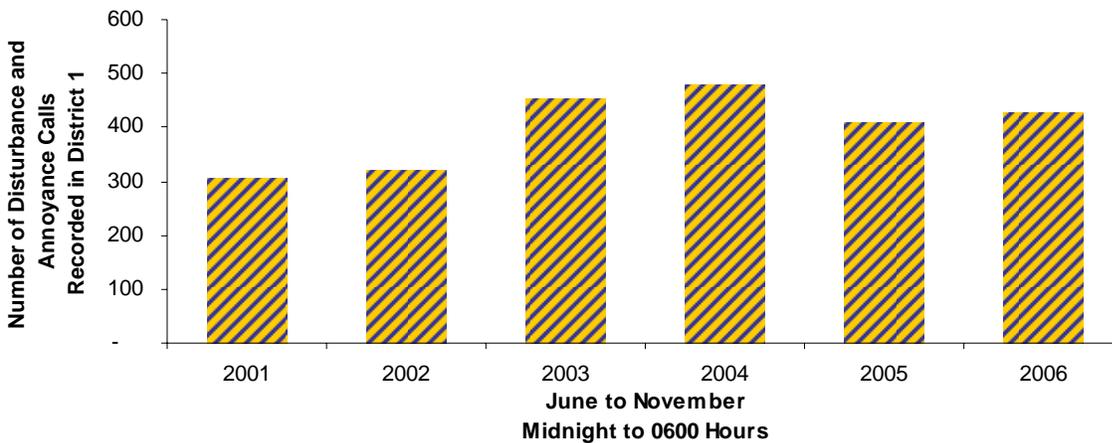
Since the start of late night bar closings in 2003, the Vancouver Police Department has tried a number of different policing models, shift schedules and overtime deployments to deal with the issues in the Granville Entertainment District. The area has been plagued with disorder, violence and other crime and has been the subject of complaints from citizens who live in the area, and from businesses and patrons. Policing resources have been taxed on the weekends in particular, having to deal with this disorder in the Entertainment District which results in a lack of appropriate police service for the rest of the District. The BC Ambulance Service, local hospitals, the Vancouver Jail, and the court system have all been negatively affected by the problems in the area. Those who cause problems in the Entertainment District often find themselves in the hands of these other services, thereby causing a drain on their resources as well.

It should also be noted that policy changes implemented by the Liquor Control and Licensing Branch some years back regarding establishing occupancy limits in bars effectively increased the number of licensed seats by 1000 in the area to a total of 6700 liquor primary seats, compounding the problem.

Extensive background on the issues in the Granville Entertainment District was reported to Council under RTS: 05744 Business Licenses Fees for Extended Hours Liquor Establishments, and is included as reference attached as Appendix "A".

The Vancouver Police Department Patrol Deployment Study report highlighted the following statistics for the Entertainment District (pgs 390-394). They detail changes pre and post implementation of the extended hours in June-November 2003:





It is clear that the statistics show an increase in calls for service and disorder since the implementation of the extended hours for liquor primary businesses in the Entertainment District. While some of this increase may be attributed to extra police officers on LIMA callouts generating "on view" incidents¹, the data presented is for all calls in the Entertainment District, not just what LIMA units deal with. LIMA unit calls for service were 73.5% on view. This is to be expected as Lima units by nature are supposed to be proactive and not call-driven. District 1 calls in general are 21.8% on view. This high number of on view incidents is further evidence of the amount of disorder that is created in this relatively small area. The International Association of Chiefs of Police, International City/County Management Association and Northwestern University all advocate for more proactive time for police officers to be able to deal with things like street disorder and on view incidents. This is a recognized best practice in policing. The police cannot be completely call-driven and reactive if they are to be effective. This was extensively covered in the VPD Patrol Deployment Study.

¹ An on-view incident is one police discover and react to without a report of the incident from witnesses or victims. It is proactive rather than reactive policing.

The 2007 VPD Patrol Deployment Study resulted in a recommendation supported by City staff that 65 new officers be added for patrol operations. This included the addition of a roving "Metro Team" that could have been deployed anywhere in the City as required. Although Council only approved 17 new members, work continues on developing the "Metro Team" initiative and a report to Council, RTS No.: 7008 - *Vancouver Police Department Operational Review - Patrol Deployment Update*, will be coming forward shortly which outlines the proposed deployment strategy for these new officers.

The proposed "Metro Team" may have some effect on the Entertainment District, however, the Entertainment District represents a relatively small portion of District 1 and even a smaller portion of the City as a whole. These additional "Metro Team" officers would have a City wide mandate, not just the Entertainment District, so additional police resources in the form of the LIMA squad will still be required. By itself, the implementation of a permanent "Metro Team" will not meet the exceptional policing needs of the Entertainment District. It is important to note that the Metro Teams will not be operational until November 2008 due to the lag time in hiring/training new officers.

To address these concerns the VPD has met with various stakeholders and has developed a public disorder reduction strategy for the Entertainment District.

PRESENT SITUATION

The continued disorder issues in the Entertainment District have received significant media attention of late. The problems in the Entertainment District are not new and the Department has been pursuing a remedy for a number of years.

A comprehensive strategy has been developed by the VPD, in consultation with the bar owners, Vancouver Taxi Association, Downtown Vancouver Business Improvement Association, City of Vancouver Licenses and Inspections, and the BC Liquor Control and Licensing Branch, to restore order to the downtown "Entertainment District". In keeping with the COV's Project Civil City objective to increase the level of public satisfaction with the City's handling of public nuisance and annoyance complaints by 50% by 2010, and the VPD's own Strategic Plan, the public disorder issue in the Entertainment District must be resolved. It should be noted that Project Civil City notwithstanding, the recommendations and deployment models detailed in this report would still be required to bring order to the Entertainment District.

Disorder Reduction Initiatives

The following disorder reduction initiatives have already been implemented or are under development:

- The VPD and BarWatch have resolved the VPD's concerns over lobbying being done by the bar industry, and are again working well together. The new Vancouver Hospitality Association has been formed to lobby on behalf of the industry and BarWatch has again become a joint police/industry working group.

- Bar owners in the Entertainment District have been asked by the VPD to implement a “No Line-up” policy after 2:00 a.m. Bar owners have voluntarily complied with the request, and anecdotally this seems to help reduce disorder.
- Bar owners have sponsored security patrols utilizing eight private security officers who walk the area on Friday and Saturday nights. These patrols have proved invaluable in the area and greatly assist in controlling crime and disorder.
- Bar owners are further exploring the options for, and feasibility of, a shared patron identification system that would flag problem patrons for all the clubs’ information.
- BarWatch has implemented a “no gang member” policy, authorizing police officers to remove gang members and associates from any BarWatch member premise. This is a ground breaking initiative which will undoubtedly assist in dealing with the “gangs and guns” issues, a major goal of the VPD strategic plan.
- The VPD is working with the City and the taxi industry to remedy the practice of taxi drivers refusing longer distance fares, in order to take more lucrative shorter distance fares, which results in individuals not being able to leave the district after bar closure. The VPD will enforce applicable taxi by-laws, as necessary. Council’s recent approval of 111 new taxi licenses should also help this situation.
- The VPD, in cooperation with the Corus Media group and the Vancouver Canucks, has created a number of Public Service Announcements regarding appropriate Entertainment District behaviour, and these are currently running on local radio stations.
- The VPD has developed internal training instructing police officers how to be more effective and efficient in policing the Entertainment District. This includes a recently prepared video training package on Liquor Licensing enforcement and supervisor monitoring of street activity.
- A dedicated, well publicized, “Taxi Stand” has been established in the 800 block of Granville Street. Mangers from the various taxi companies have been on duty on street closure nights assisting in providing swift taxi service out of the area at bar closing.
- Enhanced LIMA deployment with street closures has occurred on the August and September long weekends and on the last weekend in September with great success. Results include a significant reduction in the number of fights and arrests.

The following additional disorder reduction tools are also being explored and pursued:

- Enhanced transportation options out of the area in the early morning hours, by bus and SkyTrain, which currently operate at reduced service levels, or not at all, at those hours.

- Changes in legislation to increase provincial liquor offence fines. The current fine for being drunk in public is \$58, and is seldom seen as a deterrent. These fines are not always tied to drivers licence or insurance renewal.
- Changes in legislation to facilitate the collection of municipal by-law fines (which are currently more expensive to collect through the court process than the revenue obtained from the fine), possibly by tying payment to the renewal of drivers' licences.

The "LIMA Squad" Entertainment District Disorder Initiative

LIMA Squads (LIMA is the phonetic representation for the letter "L" as in "liquor") were established to address the disorder issues that were anticipated when bar hours in the Entertainment District were extended.

The City raises funds for the LIMA Squad deployment by charging an annual per seat levy of \$12.45 to all the licensed premises that were granted extended hours, \$7.90 of which is the actual fee increase charged to extended hour premises over the \$4.55 for standard hour premises.

From the outset, the number of police officers deployed in LIMA Squads has never been able to adequately address the disorder problems in the Entertainment District throughout the year. As set out earlier, the number of fights recorded in the Entertainment District between midnight and 0600 hours has increased by 138.7% between June-November 2001 (119 fights) and June-November 2006 (284 fights).

The current LIMA Squad deployment levels for the area are sufficient during the months of October to April when the weather is usually not conducive to people in the area remaining out in the elements. On Friday and Saturday evenings the deployment is up to eight assigned officers from the pool of on duty personnel, supplemented by eight additional members called out on an overtime basis, for a total of 16, one of which is the supervisor. While this appears to be a substantial number of officers it is not sufficient to deal with the large crowds and the party environment during the summer months. A single significant fight may require most of the LIMA officers to initially secure the area, maintain a safety perimeter for the responding officers while they break up the fight, and commence the investigation. While this number can be downsized rapidly once the situation is stabilized, two concurrent fights utilize all existing resources.

PROPOSED "LIMA SQUAD" DEPLOYMENT MODELS

There is no doubt that current funding for LIMA deployment only during the months of May to September is not sufficient as the problems that are unique to this area occur on a year round basis. When LIMA is not deployed on weekends the on duty units are consumed quickly by calls for service in the Entertainment District, leaving few police resources available for the remainder of District 1. LIMA deployments occur on the busiest nights of the week meaning there are no on duty resources available to be redeployed. Therefore, police officers on overtime must be utilized.

The first recommendation in this report, for an additional \$210,000 to allow for year-round LIMA deployment, is necessary due to the fact that on-duty resources are not sufficient to control the violence, disorder, and calls for service that occur in the Entertainment District without seriously depleting resources for the rest of the District. The area has become a destination spot for people from throughout the lower mainland. They come year round as it is the only area with extended hours. It must be acknowledged that during the winter months there is usually less disorder in the area as the weather can assist in coaxing partiers to leave the area quickly instead of congregating and causing disorder. But, this reduction due to weather is not to the extent that extra policing is no longer needed.

The second recommendation in this report for an approval of a one-time increase in 2008 to the Vancouver Police Department budget of an additional \$220,000 is to fund an enhanced summer "LIMA Squad" deployment and street closure in the Granville Street Entertainment District for the period of May 15 - September 30, 2008.

This enhanced deployment includes 16 police officers on callout and 7 traffic authority members to staff the street closure points. The request is based on having this deployment on 38 weekend nights from May to September. Consideration would be given to weather conditions as there would be regular LIMA deployment only on rainy weekends where street closures would be inappropriate. Savings realized from not deploying due to weather conditions would result in the ability to deploy similarly on other special event weekends outside of the summer months.

It must also be considered that if Project Civil City is successful in promoting changes to the current bylaw process by way of increased fines, stronger consequences and ability to collect fines, coupled with increased fines under provincial violations, there is the possibility that the culture in the area will change such that the street closures can safely occur with less police resources assigned. Currently it is the lack of consequences that fuel the actions of some of the individuals that attend the area to cause disorder.

The Department would report back to Council on the effectiveness of these street closures in the fall of 2008, including any on-going funding requirements for consideration in the 2009 operating budget.

STREET CLOSURES

As a result of recommendations by VPD members with extensive public order experience, the 900-1000 block of Granville Street was closed to all vehicular traffic on 3 weekends in August and September 2007 as an experiment to determine what result this type of initiative would have with regard to reducing disorder and violence in the area. An increased number of police resources were deployed in the 900 and 1000 blocks of Granville Street. At the same time, barriers were erected by the City at the North end of 900 Granville St and at Helmcken and Nelson Streets to prevent vehicular access. Similar barriers were also erected at the South end of the 1000 block Granville St. These barricades were staffed by members of the VPD Traffic Authority.

This "party zone" area offered the following advantages conducive to better managing, and decreasing, public disorder:

- Police officers within the zone were very active in “meet and greet” and other positive interaction style policing methods. Police officers would assist patrons wherever possible and encourage people to walk to the taxi pick-up area to leave the area quickly at closing time.
- The lack of vehicle traffic made it easier, faster and safer for police officers to stop outbreaks of violence.
- Behavioural issues associated with contagion, invincibility and anonymity are reduced when people know they can be seen by, and cannot readily hide or escape from, police. The open street allowed this to occur. This deterred and reduced violent and crowd mentality behaviour.
- Sidewalks were not crowded, reducing the pushing and shoving by pedestrians that often lead to outbreaks of violence. This also reduced the potential of sexual assaults by way of inappropriate touching of women walking in the area.
- On deployment nights the number of arrests and persons sent to hospital as a result of assaults or over consumption of intoxicants was almost nil, unlike nights without the closure. There were 50% fewer reported fight calls, from 8 to 4, and 81% fewer arrests for intoxicated in public, from 16 to 3 than the same weekends in 2006. Overall incidents in the area were down 12%.
- On duty Sergeants stated that there were only a few calls for service holding at the end of the night as they were better able to respond to areas outside of the Entertainment District. Normally, on duty members are often absorbed by the disorder and violence in the Entertainment District during the late evening hours.
- Bar businesses stated that their revenue was not affected, with some indicating it went up. As well, their door staff reported far fewer problems.
- Citizens continually complimented the police on this initiative. Many, especially young women, stated that for the first time they felt safer in the area.
- Police officers deployed who had considerable LIMA experience, without street closures, stated that there was a significantly reduced level of tension in the area. This created a much better working environment. There were many positive comments from citizens about the attitude of the VPD members.
- It was clear that there was a significant increase in the level of public satisfaction with the handling of public nuisance, annoyance, disorder and violence in this area during the street closures.
- Since the closures the public has continually approached the police and asked why they are not continuing. The public wants the closure and the change of atmosphere and civility it creates.

The street closure initiatives will need to be flexible to accommodate upcoming changes in the Granville Mall area, some of which may commence in 2008. These include physical changes to the roadway and side walks and reintroduction of buses to the street. Further changes such as the addition of bollards or other types of traffic control devices may be considered along with allowing street vendors, bands and other activities. The VPD will work closely with City of Vancouver Engineering and other stakeholders to address any issues and to make this a true Entertainment District.

FINANCIAL IMPLICATIONS

The budget for LIMA squads in 2006 was \$225,000 based on a seasonal deployment from mid-May - September 30th. Due to the increase in public disorder experienced in the Entertainment District, the Department was not able to cease the LIMA Squad deployment at the end of September, resulting in an actual expenditure of \$259,227 for 2006.

In 2007 the LIMA budget is \$267,000 but the VPD is expected to be considerably over budget in this area due to the necessity of deploying LIMA year round and because of the street closure initiatives. Currently LIMA costs are \$449,000 for 2007.

The existing situation in the Entertainment District demands an ongoing deployment of the LIMA Squads year round in order to restore and maintain order, reduce violence and regain public confidence and a sense of security in the area.

In order to implement deployment of the LIMA Squad year round, the Department requires an additional \$210,000 in on going funding starting in 2008, as presented in recommendation 1. The source of funding to be an increase to the annual Operating Budget without offset.

In order to provide a summer LIMA squad and street closure, including Engineering Department costs, in the Granville Entertainment District, one time funding of \$220,000 is required for 2008, as presented in recommendation 2. The source of funding to be an increase to the annual Operating Budget without offset.

As a measure to defray the additional costs, the Department is putting a forward a recommendation that Council direct the Chief License Inspector to review the Food Primary and Liquor Primary business license fees for 2009, including industry consultation, and report back to Council on options to increase these fees to offset the Vancouver Police Department costs for enforcement as outlined in this report.

Business License revenue for liquor primary facilities is as follows:

2006	Standard Hours	\$180,657
	Extended Hours	\$282,800
	Temporary Extensions	\$594,197
	Total	\$1,057,654

2007	Standard Hours	\$216,776
	Extended Hours	\$337,105
	Temporary Extensions	\$23,619
	Total	\$577,500

The bar industry agreed to pay higher fees in 2005 and 2006 to help with policing costs in the Entertainment District. At the time it was thought that if regular shifting, instead of overtime, was later utilized to police the area the costs would drop. Council agreed with this proposition and set lower fees in 2007. But, the current situation in the Entertainment District, along with VPD staffing issues, makes policing without overtime impracticable.

The Department will report back on the effectiveness of the street closure initiative in the fall of 2008, including any on-going funding requirements for consideration of the 2009 Operating budget.

SOCIAL IMPLICATIONS

Citizens of Vancouver have raised concerns over the increasing street disorder and are worried for their safety and well-being on City streets, particularly in the Entertainment District. The survey done in relation to Project Civil City contains statistics and comments from people saying they feel unsafe and that disorder is one of the main reasons. People said they want to feel safe in all parts of the City. As well, this past year there were numerous front page articles in the Sun, Province and other newspapers detailing the problems in the Entertainment District, along with video evidence on television. After the closures the Mayor and Council received numerous emails from citizens complimenting the city and the VPD on the initiative. But the most telling evidence is the number of young women who have approached Vancouver Police officers on closure nights, thanking them for being there. Many young women said they were constantly afraid to come down to the area until the closures.

Successes have been achieved already through initiatives by the VPD involving the street closures and through partnerships with business, the bar industry and City services. These initiatives have not only reduced crime and disorder in the area, but they have also increased public satisfaction and sense of safety. Success in restoring public order in the Entertainment District would ensure that this area again becomes an environment that is conducive to the safe and lawful enjoyment of the public, and it would support the City's Project Civil City initiative to seek a 50% increase in the level of public satisfaction with the City's handling of public nuisance and annoyance complaints by 2010.

CONCLUSION

The Vancouver Police Department is committed to restoring public order in the Entertainment District, and to ensuring that it again becomes an environment conducive to safe and lawful public enjoyment. Through partnerships with business, the City, and especially the bar industry, many productive steps forward have already been taken and more are planned.

There is no one quick fix for the problems plaguing the Entertainment District. Escalated enforcement activity is being pursued to deal with public disorder and criminal issues in a highly visible and publicized manner. By fixing a number of small problems, and working in tandem with the stakeholders and economic beneficiaries of the District, the area can again be made safe and fun for everyone who wants to enjoy themselves responsibly. Increased bylaw fines, improvements in collection processes, and increased provincial fines will also work to change the culture of lawlessness in the area.

Enhanced summer and long weekend LIMA Squad deployments, with the establishment of a traffic controlled "Party Zone" and other initiatives, are essential to achieving the goals of the VPD and Project Civil City and have already been proven to be successful and cost effective. It should be noted that Project Civil City notwithstanding, the recommendations and deployment models detailed in this report would still be required to bring order to the Entertainment District.

This deployment has been supported by business and other stakeholders in the Entertainment District and especially by those who live in the area or frequent it for entertainment.

* * * * *



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Report Date: March 7, 2006
Author: Guy Gusdal
Phone No.: 604.871.6461
RTS No.: 05744
VanRIMS No.: 11-4600-20
Meeting Date: April 6, 2006

TO: Standing Committee on City Services and Budgets

FROM: The Chief License Inspector in consultation with the Director of Legal Services

SUBJECT: Business License Fees for Extended Hours Liquor Establishments

RECOMMENDATION

- A. THAT Council set annual business license fees for extended hours liquor establishments and revise the processing fee for providing comments on the Liquor Control and Licensing Branch Temporary Amendment to Liquor License applications, generally as described in the report and in Appendix A, with increased estimated revenues of \$363,000 in 2006; and
- FURTHER THAT Council authorize the Director of Legal Services to bring forward a License By-law amending by-law, generally as outlined in this report and in Appendix A, to implement such annual business license fees and processing fee.
- B. THAT Council approves an additional \$225,000 for the 2006 Vancouver Police Department Operating Budget and subsequent years' funding to be dealt with as part of the annual budget process.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the forgoing.

CITY MANAGER'S COMMENTS

The City Manager supports Recommendation A and B but thinks a \$25 per seat annual fee (Table 5 Appendix B) for the Extended Hours Liquor Establishment class of business license is supportable and that staff estimate an additional \$149,000 will be collected for general

revenue beyond the staff revenue predictions based on the \$12 per seat fee. City Manager also notes that the funding of the Firearms Interdiction Team should be part of the overall Vancouver Police Department operations budget with no further budget increase.

COUNCIL POLICY

On September 20, 2005, Council approved amendments to the License By-law to incorporate definitions for “extended hours” of liquor service and extended hours liquor establishment Classes 1 through 7. Council also approved License By-law amendments to introduce impact reduction measures to help mitigate the impact of liquor establishments on surrounding communities.

On December 16, 2004 Council postponed consideration of the Administrative Report dated November 30, 2004, entitled "License Fees for Extended Hours for Liquor Primary Establishments" to the first Council meeting in February 2005, pending further information from the Vancouver Police Board on this matter.

On November 18, 2004, Council adopted the Hours of Liquor Service Policy that establishes a new model for regulating hours of liquor service for liquor primary establishments and approved staff pursuit of a Cabinet amendment to the Business Premises Regulation of Hours By-law to add “liquor establishment” as a class of business.

PURPOSE

The purpose of this report is to set the annual business license fee for the Extended Hours Liquor Establishment Class of business license, adjust the processing fee associated with the LCLB Temporary Amendment to Liquor License applications and to present the strategy and costs associated with policing and monitoring the city’s liquor licensed establishments.

This is a companion report to the “Final Approval of the Extended Hours of Liquor Service Policy and the Business Premises Regulation of Hours By-law for Standard Hours Liquor Establishments and Extended Hours Liquor Establishments” report dated March 7, 2006.

BACKGROUND

In 2002 Council changed the annual business license fees for liquor related businesses (bars, pubs, cabarets and restaurants serving liquor) from a specific flat fee structure to a \$4 per seat fee. This change generated an additional \$250,000 in general revenue in 2002 (from projected flat fee revenue of \$350,000 to \$600,000 in per seat revenue).

In 2005, annual business license fee revenue from liquor related businesses had increased to \$802,000 due to inflationary fee increases and additional establishments operating in the city. Since 2004 the city has also collected processing fees on temporary amendments to provincial liquor licenses, which in 2005 totalled approximately \$600,000 in processing fees from liquor establishments participating in the Interim Hours of Liquor Service policy (see Table 1 in Appendix B for more details). Council had approved these temporary amendment fees on a temporary basis.

DISCUSSION

Business License Fees

Extended Hours Liquor Establishment Classes 1 to 7 Business License Fee:

Staff feel the annual fee for the extended hours liquor establishment class of business license should be set at a substantially higher rate than the equivalent standard hours liquor establishment class of business license. A higher fee is warranted to offset the initial processing costs, the cost to review each license on a regular basis, as well as the cost to inspect the businesses and to respond to complaints from area residents and other businesses. The annual business license fee for the standard hours liquor establishment classes 1 through 6 is \$4.40 per liquor license seat with a minimum fee of \$106 and a maximum fee of \$2,218. The standard hours liquor establishment class 7 annual business license fee is \$4.40 per liquor license seat with a minimum fee of \$106 and a maximum fee of \$333 (the lower maximum fee recognizes the non-profit nature of most private clubs).

Staff recommend that the annual business license fee for the extended hours liquor establishment class 1 through 7 be set at \$12.00 per liquor license seat with a minimum fee of \$212 and a maximum fee of \$16,216. For the purposes of extended operating hours class 7 establishments (Private Clubs) should be treated the same as the other class of business licenses because their impacts on surrounding residents and businesses are similar to those of other liquor establishments. Staff anticipate that this fee structure will generate an additional \$167,000 in business license revenue in 2006 based on prorated fees from March. The estimate is based on 50% of the 250 eligible business licenses applying for the extended hours liquor establishment business license or approximately 32,900 of 65,804 total liquor primary liquor license seats in the city. Seat totals do not include the 108,909 seats associated with the five liquor licenses issued for BC Place (2), GM Place (1) and the PNE Coliseum/Grounds (2) excluding Hastings Park Racetrack.

Staff have provided fee revenue projections in Appendix B for a few different fee levels. Unfortunately, a number of factors are beyond staff's ability to predict which will have a direct impact on the actual revenue generated for a specific fee level. As a result, the fee projections in Appendix B are very rough estimates. Staff expect that as the per seat fee increases some businesses will be less inclined to request the extended hours liquor establishment class business license which will in turn reduce revenue.

Processing Fee for Liquor Control and Licensing Branch Temporary Amendments to Liquor Licenses:

Currently the city charges a graduated processing fee for Local Government Comments on LCLB Temporary Amendments to extend closing hours based on the closing time requested. The processing fee is charged on a per seat basis for each night an amendment is requested (i.e. \$.30/seat for up to a 2 AM closing, \$.50/seat for up to a 3 AM closing and \$.75/seat for up to a 4 AM closing). There is no maximum fee, which results in large establishments paying significant fees on a monthly basis. For example, based on this fee schedule projected revenue from temporary amendments processed for January to April, inclusive, from the 33 participating establishments is \$196,000.

The current fees were meant to be a temporary measure to off-set, primarily, the policing costs associated with the later bar closings in the downtown while the long-term Hours of Liquor Service policy was being developed. Staff feel that these processing fees should be adjusted to better reflect the License Office staff processing cost and the cost associated for the Licenses and Inspections Department staff to monitor the businesses and any impacts of the special event extensions.

Staff recommend that the processing fee for change of hours LCLB temporary amendment requests be set at .30/seat per night, with a maximum permit fee of \$500, a minimum permit fee of \$50 and a limit of 30 nights per permit/request. Staff cannot provide an estimate for projected revenue at this time.

Policing and Monitoring Strategy

The Vancouver Police Department (VPD) has provided comments regarding the policing of liquor establishments in the city, particularly the establishments downtown on Granville Street, in Appendix C. The VPD has provided costing for 2005, cost projections for 2006 and a policing strategy.

License & Inspection staff expect to expand their monitoring of liquor serving establishments in 2006 and following years. Staff will be monitoring the impact reduction measures introduced by Council in September 2005.

FINANCIAL IMPLICATIONS

Staff estimate that the proposed amended fee structure (\$12 per seat & adjusted processing fee) will generate an additional \$363,000 in business license revenue for 2006. Projected fee revenue is a very rough estimate and actual revenue may vary significantly over or under the estimate as staff cannot accurately predict how many establishments will request the extended hours liquor establishment class of business license.

When approving the temporary processing fees in 2004, funding was provided for additional police enforcement for the Interim Policy area. This funding (\$611,000) was eliminated in the 2006 Preliminary Budget until such time as Council provided direction on late night opening hours. The Vancouver Police Department has noted that the funding requirement associated with late night bar closure, as proposed in Appendix C, has decreased to \$225,000 due to a new deployment strategy. Recommendation B requests that Council provide the necessary funding for VPD and subsequent years' funding will be dealt with as part of the annual budget process. Further, funding for the Firearms Interdiction Team is to be absorbed within existing police resources.

Staff expect that there will be additional monitoring and enforcement work for Property Use Branch Inspectors and Environmental Health Officers but cannot provide a specific estimate at this time. Staff will report back if additional resources are required due to the Hours of Liquor Service policy and the new License By-law impact reduction measures. If costs increase or if more staff resources are required, Council has the ability to review all liquor related business license fees in the annual business license fee report presented to Council each autumn. Staff can bring forward fee amendment options at that time.

CONCLUSION

Based on the recommendation in this report, Staff estimate additional business license revenues of approximately \$363,000 from liquor establishments operating at extended hours for the 2006 license year. Staff will report back later this year if there is a need to increase Licenses & Inspections staff resources to adequately monitor these businesses and new regulations.

* * * * *

Amendments to Schedule A of License By-Law 4450:

License Type	New License	Fee for Previously Issued License	Term
EXTENDED HOURS LIQUOR ESTABLISHMENT CLASS - 1, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 2, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 3, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 4, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 5, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 6, EXTENDED HOURS LIQUOR ESTABLISHMENT - CLASS 7	\$12.00 per seat + \$50.00	\$12.00	Per annum per seat, based on the number of seats set out on the Provincial liquor license for the establishment, except that despite the number of seats, the minimum fee will be \$106.00 and the maximum fee will be \$16,216.00

Amendments to Schedule B of License By-law 4450 by deleting the first 3 paragraphs in Part 2 and inserting:

	Fee	Term
Application processing fee for comments on a temporary amendment to liquor license requesting later closing hours of operation	\$ 0.30	per night per seat except that, despite the number of seats or the number of nights, the minimum fee will be \$50.00 and the maximum fee will be 500.00

Table 1:

Business License Revenue From Liquor Establishments and Projected Revenue (\$12/seat Extended Hours Liquor Establishment Business License Fee)				
Business Type/Class	2002	2005	2006 (proposed)	2007
Restaurants	\$ 350,000	\$ 633,588	\$ 649,000	\$ 649,000 + annual increase
Bars/Liquor Primary		\$ 168,691	\$ 173,000	\$ 423,000 + annual increase
Additional Revenue from Fee Amendments to Annual Licenses	\$ 250,000	n/a	\$ 167,000 (pro-rated for 8 months of 2006 & based on 50% of eligible seats)	
Temporary Fees	n/a	\$ 600,000	\$ 196,000	Unknown
Total	\$ 600,000	\$ 1,402,279	\$ 1,185,000	\$ 1,072,000

Table 2:

Business License Revenue From Liquor Establishments and Projected Revenue (\$16/seat Extended Hours Liquor Establishment Business License Fee)				
Business Type/Class	2002	2005	2006 (proposed)	2007
Restaurants	\$ 350,000	\$ 633,588	\$ 649,000	\$ 649,000 + annual increase
Bars/Liquor Primary		\$ 168,691	\$ 173,000	\$ 521,000 + annual increase
Additional Revenue from Fee Amendments to Annual Licenses	\$ 250,000	n/a	\$ 232,000 (pro-rated for 8 months of 2006 & based on 48% of eligible seats)	
Temporary Fees	n/a	\$ 600,000	\$ 196,000	Unknown
Total	\$ 600,000	\$ 1,402,279	\$ 1,250,000	\$ 1,170,000

Table 3:

Business License Revenue From Liquor Establishments and Projected Revenue (\$20/seat Extended Hours Liquor Establishment Business License Fee)				
Business Type/Class	2002	2005	2006 (proposed)	2007
Restaurants	\$ 350,000	\$ 633,588	\$ 649,000	\$ 649,000 + annual increase
Bars/Liquor Primary		\$ 168,691	\$ 173,000	\$ 583,000 + annual increase
Additional Revenue from Fee Amendments to Annual Licenses	\$ 250,000	n/a	\$ 273,000 (pro-rated for 8 months of 2006 & based on 40% of eligible seats)	
Temporary Fees	n/a	\$ 600,000	\$ 196,000	Unknown
Total	\$ 600,000	\$ 1,402,279	\$ 1,291,000	\$ 1,232,000

Table 4:

Business License Revenue From Liquor Establishments and Projected Revenue (\$25/seat Extended Hours Liquor Establishment Business License Fee)				
Business Type/Class	2002	2005	2006 (proposed)	2007
Restaurants	\$ 350,000	\$ 633,588	\$ 649,000	\$ 649,000 + annual increase
Bars/Liquor Primary		\$ 168,691	\$ 173,000	\$ 647,000 + annual increase
Additional Revenue from Fee Amendments to Annual Licenses	\$ 250,000	n/a	\$ 316,000 (pro-rated for 8 months of 2006 & based on 35% of eligible seats)	
Temporary Fees	n/a	\$ 600,000	\$ 196,000	Unknown
Total	\$ 600,000	\$ 1,402,279	\$ 1,334,000	\$ 1,296,000

Table 5:

Business License Revenue From Liquor Establishments and Projected Revenue (\$40/seat Extended Hours Liquor Establishment Business License Fee)				
Business Type/Class	2002	2005	2006 (proposed)	2007
Restaurants	\$ 350,000	\$ 633,588	\$ 649,000	\$ 649,000 + annual increase
Bars/Liquor Primary		\$ 168,691	\$ 173,000	\$ 756,000 + annual increase
Additional Revenue from Fee Amendments to Annual Licenses	\$ 250,000	n/a	\$ 389,000 (pro-rated for 8 months of 2006 & based on 25% of eligible seats)	
Temporary Fees	n/a	\$ 600,000	\$ 196,000	Unknown
Total	\$ 600,000	\$1,402,279	\$ 1,407,000	\$ 1,405,000

VANCOUVER POLICE DEPARTMENT COMMENTS

Inspector Steve Schnitzer, VPD Commander District 1, provided the following police comments:

Background

Since the start of late night bar closings in 2003, the Vancouver Police Department (VPD) has primarily used police officers deployed on overtime to police the Entertainment District on weekends. The initial decision to extend bar hours had no provision for funding additional policing. However, in 2004, temporary fees were introduced to fund this additional policing, as well as other city services.

In 2005, policing of the Entertainment District with police officers on overtime was budgeted for \$735,000. Of this amount, \$611,000 from the temporary fees was used to off-set police overtime costs. The VPD also augmented the Entertainment District deployment with a seven member Firearms Interdiction Team that was used exclusively to deal with the gang issues that the Entertainment District attracts. This additional team was also deployed exclusively on overtime, and this additional cost was projected to be \$215,000. As a result, the combined overtime cost was projected to be as high as \$950,000.

By the end of 2005, the actual Entertainment District overtime cost was reduced to approximately \$738,000, as a number of police officers worked in the Entertainment District each weekend night on straight time as part of each police officer's reconciliation time commitment¹. This straight time deployment started in mid-May and ended at the end of September. Approximately 2,500 hours of reconciliation time was devoted to the Entertainment District in 2005. However, these officers were deployed from all policing districts, and their deployment to the Entertainment District was at the expense of not being able to deploy them for special projects in their own districts. For example, approximately 25% of this time was previously scheduled for weekend beach patrols. This beach deployment did not occur in 2005.

Also, as part of the additional 50 police officers approved by Council in 2005, the VPD decided to deploy 33 of the new positions in District One. As these new positions could not be staffed until early 2006, this increase could not be used in 2005 to further reduce overtime expenses.

Policing the Entertainment District in 2006

The VPD anticipates that in 2006 the Entertainment District will require the same level of policing as in 2005. However, some major changes have been implemented to reduce police overtime costs.

¹ These hours arise from the "four on/four off" 11-hour shifting system where an officer accumulates 70 hours a year of paid time owed. Forty hours of this time is currently used for training, with the remainder for special projects such as the Entertainment District deployment.

The majority of the 33 new positions in District One were staffed by January 2006. As a result, effective February 2006, the VPD is dedicating 8 on-duty District One police officers to the Entertainment District on Friday and Saturday nights, as well as the night prior to a statutory holiday. This on-duty policing commitment of approximately 4,800 hours will reduce overtime and replace the officers that were deployed on reconciliation time in 2005. These officers will be dedicated to the Entertainment District and will not be deployed to other police calls, except for emergencies.

In order for these on-duty police officers to be optimally deployed, the VPD has entered into a one year trial period to have all police officers in all four patrol districts work a 12-hour early night shift from 4:00 pm to 4:00 am. This early night shift previously ended at 3:00 am and did not coincide with extended bar closings. This trial period will reduce a police officer's time owed to that required for the annual training and will also increase patrol coverage in the entire City by approximately 14,500 hours. The VPD expects that this additional hour of policing will be sufficient to police bars and nightclubs outside of District One without the need for overtime.

It is anticipated that the on-duty deployment of District One police officers and the extended early night shift will be sufficient to police the Entertainment District from February to mid-May and from October to December. The remaining months from approximately mid-May to the end of September will be supplemented by police officers on overtime. Based on the experience in 2005, it is projected that this overtime cost will be approximately \$225,000. The addition of police officers on overtime to supplement the 8 on-duty police officers will be reviewed on a weekly basis by District One management. The decision on how many officers will be deployed on overtime will be based on the policing situation in the Entertainment District at that time.

In addition to the policing of the Entertainment District, the VPD remains committed to deploying the Firearms Interdiction Team for every weekend during 2006. This 7 officer team is used exclusively to deal with the many gang members that frequent the area in and around the Entertainment District. While it is acknowledged that bars and night clubs do not necessarily want this type of business, it is an unfortunate reality that the extended hours of the bars and nightclubs in Vancouver attract gang members, not just for the extended hours but for the entire evening.

The Firearms Interdiction Team is staffed exclusively on overtime and the VPD recently made attempts to partially staff the Team with on-duty police officers. However, the make-up of the Team consists of Gang Squad officers, Emergency Response Team officers, and experienced and specially selected patrol officers. The Gang Squad and Emergency Response Team do not currently have sufficient staffing levels to allow for an on-duty component of the Firearms Interdiction Team without seriously affecting other priority programs that they are engaged in. As a result, the projected 2006 overtime cost for the Firearms Interdiction Team will be \$340,000.

In summary, the following incremental police resources will be incurred in response to the extended hours of the Entertainment District in 2006:

Police Officers on Overtime - Mid-May to September 30 (as a supplement to on-duty officers)	\$225,000
Firearms Interdiction Team	\$340,000
Total Incremental Cost	<u>\$565,000</u>

VPD Financial Implications

At the time of preparing the 2006 VPD base budget, the cost of policing the Entertainment District had not been determined as shift and scheduling changes had not been finalised with the Vancouver Police Union ("VPU"). It was agreed with the City Budget Office to exclude this cost pending completion of the discussions with VPU and the final costing.

VPD is now in a position to finalise the budget implications and is requesting that the base budget for 2006 be supplemented by the abovementioned \$565,000.