



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

Date: December 24, 2003
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CC File No.: 2610/1758
Meeting Date: January 15, 2004

TO: Standing Committee on City Services and Budgets

FROM: Chief License Inspector

SUBJECT: Liquor Licensing Fee Schedule Amendments & Work Program for
Development of Comprehensive Hours of Service Policy

RECOMMENDATION

- A. THAT Council approve an amendment to Schedule B "Miscellaneous Service Fees" Part 2 of the License By-Law to revise the fee schedule for municipal comments on temporary amendments to Provincial liquor licenses, based on the type of amendment requested as generally outlined in Appendix A, to recover costs totalling \$793,000, associated with policy development and monitoring by Police and License Department staff, as outlined in this report; and,
- B. THAT Council authorize the Director of Legal Services to bring forward the appropriate by-law amendments generally as set out in this report and in Appendix A; and,
- C. THAT Council endorse the Comprehensive Hours of Service policy development work program and budget as described in this report and the Terms of Reference attached as Appendix B.

GENERAL MANAGER'S COMMENTS

The General Manager of Community Services RECOMMENDS approval of the above recommendations.

COUNCIL POLICY

On November 20, 2003, Council adopted an interim hours of service policy, not to exceed a period of 12 months, permitting Liquor Primary establishments within the downtown to extend their hours of liquor service on Friday and Saturday nights up to 4 am, and establishments city-wide to extend their hours of service on Sunday nights to match their permanent hours of service on Friday and Saturday nights.

On April 8, 2003, Council directed staff to consider, on a trial basis, extensions to hours of operation of the following applications: Liquor Primary applications, to the same hours of operation as on Friday and Saturday nights, on Sunday nights; and applications beyond 2:00 am within defined geographic areas and to accommodate special events.

Council has adopted area policies for the West end, Central Business District, Granville Street Theatre Row Entertainment District, Downtown Eastside, Gastown and Downtown Granville South (the latter three are "moratorium" areas).

Liquor related applications for the rest of the City are reviewed on a case-by-case basis, based on neighbourhood opinion expressed through various forms of neighbourhood consultation.

Council, by way of License By-Law No. 4450, regulates the payment of fees for all types of business licenses, including liquor licensed establishments, in the City of Vancouver. On May 27, 2003, Council approved an amendment to the License By-Law to include an application processing fee of \$50.00 for comments on temporary amendments to provincial liquor licenses.

SUMMARY

On November 20, 2003 Council adopted an interim policy for extended hours of service for Liquor Primary establishments in the downtown and directed staff to report back with a fee schedule to recover costs associated with the extended hours, including continued monitoring and development of a Comprehensive Hours of Service policy. The fee schedule, calculated through a graduated fee structure, on a per seat and per night basis, is presented in this report for Council approval.

In addition, a Terms of Reference for the development of a Comprehensive Hours of Service policy, including a work plan and budget, is provided for Council's approval. The estimated time frame required for the policy development is nine months, beginning with a public consultation process in February.

PURPOSE

This report presents the costs associated with the temporary approvals for extended Liquor Primary hours and provides a recommended fee schedule to recover these costs. In addition, this report recommends that Council approve the proposed work program and budget to develop a city-wide Comprehensive Hours of Service policy for Liquor Primary liquor licenses.

BACKGROUND

As part of the City's Liquor Licensing review process, initiated in response to Provincial liquor licensing reforms, a trial period for extended Sunday hours for Liquor Primary establishments city-wide was implemented in May 2003, followed in July 2003 by the implementation of a trial period for extended hours beyond 2 am in the downtown. Both trial periods were subsequently extended to the end of November 2003.

On November 20, staff reported back to Council with the results of the trial periods and with recommendations for developing a Comprehensive Hours of Service policy for the City. Council supported an approach based on geographical areas of the city, endorsed policy directions and principles to guide the process, and requested that staff report back with a work plan, schedule and budget prior to February 2004.

In addition, interim policy recommendations for extended hours were presented. Council supported continued temporary extended hours as follows: establishments in the downtown trial period boundaries up to 4 am; and establishments city-wide, to match their permanent Friday and Saturday night hours of service, on Sunday night.

The interim policy was approved for a period of time not to exceed 12 months, with an initial temporary approval being limited to such a period of time that allowed for the review of a revised fee structure to provide for cost recovery of the policy development and monitoring during the interim period.

During the trial period, establishments and street conditions were monitored by Property Use Inspectors. Additional Policing resources were also required, resulting in the creation of a 'Liquor Squad' consisting of one sergeant and eight constables. However, the size of the squad was insufficient to maintain order on most nights. In order to police 4 am closings, the Vancouver Police Department (VPD) responded by diverting existing policing resources from other parts of the City to police the Downtown area.

DISCUSSION

REVISED FEE SCHEDULE

Costs

On November 20, 2003, Council directed staff to report back with a fee schedule to recover costs associated with the hours of service policy development and continued monitoring of extended operating hours as part of the interim policy.

Monitoring Costs

The trial period for extended hours in the downtown demonstrated that effective monitoring is required during the policy development process. Continued monitoring of establishments using the extended hours by Property Use Inspectors is necessary. Staff estimate that an additional twelve nights of inspections, to supplement other monitoring in place, will cost approximately \$12,000. However, while the Property Use Inspectors are effective in documenting general observations and behaviour, they are not equipped to deal with life safety issues that may arise during an inspection. In such cases, a Police presence is required.

The VPD has indicated that the size of the 'Liquor Squad' during the trial period (one sergeant and eight constables) was insufficient to maintain order and properly monitor participating establishments on most nights. For 2004, the VPD proposes that the 'Liquor Squad' be increased to one sergeant and ten constables, and that during the summer months (mid-June to the end of September) this number will be increased to two sergeants and sixteen constables. Based on a twelve month timeframe and continued staffing with overtime personnel, the total projected cost of Police monitoring during the interim policy period is approximately \$735,000. Given the continuing policy and public discussions that will take place over the next nine months, it would not be appropriate to request a permanent staffing increase at this time. Therefore, policing late bar closing will continue to be managed by VPD with redeployment and overtime. A Police report detailing the issues and costs is attached as Appendix C.

Policy Development Costs

The costs associated with the policy development process, including public consultation and outreach, advertising, meeting venues and staff time are estimated at approximately \$46,000.

In summary, the costs associated with the extended hours are as follows:

Policy Development	46,000
Property Use Inspector Monitoring	12,000
Policing Monitoring	<u>735,000</u>
TOTAL	793,000

Fee Calculations

The interim hours of service policy applies to extended hours of liquor service on Friday and Saturday nights up to 4:00 am, and on Sunday nights, to match regular hours of operation on weekend nights. To determine an equitable distribution of the above costs, a graduated fee schedule is proposed based on an analysis of the following information:

1. The number of establishments that have been using extended hours during the trial period, between June 2003 and January 2004.
2. Reported closing times for these establishments, i.e. 2 am and earlier, between 2 and 3 am, or between 3 am and 4 am.
3. Number of seats per establishment.

Fees have been calculated on a closing hour, per night, per seat basis and are summarized below. A more detailed analysis of how the fee structure was derived is included in Appendix D.

Requested Closing Time	Temporary Fee Cost/Night/Seat
3:00:01 to 4:00 am	\$0.75 / seat
2:00:01 to 3:00 am	\$0.50 / seat
2:00 am and earlier	\$0.30 / seat

Table 1: Summary of Fee Analysis for Extended Hours

Minimum Processing Fee

Staff recommend that a \$50 minimum temporary permit fee be set for temporary hours of operation amendments to ensure cost recovery for processing "one-off" single-night applications. Staff also recommend that all other applications for temporary liquor license amendments be set at \$50 (i.e. capacity increases, extensions of licensed area, patios, etc.).

Graduated Fees

Businesses that operate with later hours typically have a greater impact in terms of street activity, with patrons entering and exiting the establishment over a longer period of time. As such, a graduated fee structure is recommended to reflect these impacts.

Per Seat Fee & Minimum/Maximum Fee Caps

Per seat per night fees are the most equitable and simple method of cost recovery by the City for businesses making similar application requests. Although minimum and maximum per night fees were considered, staff are concerned that they would result in an inequitable fee system. Small establishments (typically 120 seats or less) generally have less impact on the surrounding community and city resources than larger establishments. However, the use of fee minimums or caps tends to result either in a higher fee burden on small establishments or provides a lighter fee burden for large establishments. For example, a minimum per night fee could result in greater hardship for smaller establishments by requiring a higher per seat rate than that paid by larger businesses. A maximum fee cap would result in a situation where larger establishments, when per seat fees exceed the maximum fee cap, end up paying less per seat than smaller businesses making the same request.

Overall Business Fees

The proposed per seat nightly fee will be significant relative to the city's current temporary and annual business license fee structures and when viewed on an annual basis will appear to be significant. Based on the recommended fee structure, Table 2 demonstrates the potential fees for April 2004 for a range of establishments.

Business Name	No. of Seats	Requested Closing Time (number of nights in brackets)			Temporary Fee per Seat (cost/closing time/night) (7P, 50P, 30)			Total Cost for Month
		Fri & Sat	Sunday	Pre-Stat	Fri & Sat	Sunday	Pre-Stat	
Roxy Cabaret	275	4 AM (9)	2AM (3)	4 AM (2)	\$206.25	\$82.50	\$206.25	\$2516
Sonar Cabaret	520	4 AM (9)	2AM (3)	4 AM (2)	\$390.00	\$156.00	\$390.00	\$4758
Pump Jack Pub	100	4 AM (9)	1AM (3)	4 AM (2)	\$75.00	\$30.00	\$75.00	\$915
Cambie Hotel	191	1 AM (11) & Midnight (15)			\$57.30			\$1,490

Note: April has 5 Fridays, 4 Saturdays, 2 Nights preceding a Stat Holiday, and 3 Sundays (1 Sunday proceeds a Stat).

Table 2: Sample of Possible Fees based on Per Seat Fee Structure for Month of April 2004

Staff have concerns that fees of this magnitude may be perceived or act as a barrier to businesses desiring later closing hours. However, when the proposed per seat, per night application fee is viewed in terms of patron costs, it represents less than a dollar per night per person, subject to the business attaining capacity once in the night. Based on reports from establishments during the preceding trial period, businesses typically did reach capacity

nightly and some operators indicated that they were seeing two waves of patrons over the course of the night. Businesses that currently impose a cover charge are better able to pass this cost on to the consumer; however, those without cover charges may have a more difficult time doing so.

Method of Cost Recovery

Although there are various options related to liquor licensing fees that can be pursued in the long-term, in the short-term, staff recommend that a temporary fee be implemented for the recovery of costs associated with the extended Liquor Primary hours of service. Authority for the City to charge fees to recover costs incurred in assessing applications is provided in Section 11.4(1) of the Liquor Control and Licensing Act. Staff further recommend that Council adopt the revised fee structure for temporary approvals as outlined in Appendix A.

The purpose of this fee schedule is to allow the management of costs through 2004 while the interim policy is in effect. Review of the schedule will take place as quickly as possible to take into consideration any new policies developed and possible reductions to Police staffing costs that may occur as a result.

COMPREHENSIVE HOURS OF SERVICE POLICY DEVELOPMENT

New Provincial regulations permit all Liquor Primary establishments to open between 9 am and 4 am, with any extensions (permanent or temporary) beyond the business's existing permitted hours to be subject to comments of the host municipality. Any extensions beyond 2 am additionally require public consultation to the satisfaction of the Province. A Comprehensive Hours of Service policy will provide guidelines for the public, staff and Council when considering later hours of liquor service and will fulfil Provincial requirements. The Terms of Reference are attached as Appendix B and are summarized below.

Policy Product

The objective of the work program is to develop a Comprehensive Hours of Service policy that will provide direction for opening and closing hours of liquor service and operation for Liquor Primary establishments city-wide, which will be reviewed on a geographical basis. The policy will include details on mitigation of impacts, regulatory tools to allow monitoring of issues and provisions for the City to respond effectively and enforcement resources. These components of the policy will either be detailed in an overall policy or will be unique to specific area policies. Existing policies will be refined to reflect new hours of operation and other related changes.

Schedule Overview & Process Components

It is estimated that the timeframe required for the policy development will be approximately 9 months, beginning with public consultation in February and reporting back to Council in October. The main components of the process include:

- **Policy Development:** research and data gathering, preliminary analysis of policy directions, generation of policy options, revision and refinement of policy options.
- **Public Consultation:** initial public outreach, preparation of information and materials, public meetings, and public review.

- **Internal Review:** monitoring by Property Use Inspectors and Police, review by staff advisory group.

Staff also anticipate holding a Council workshop to review policy directions once the public consultation phase of the process is complete.

Details about the process and a summary schedule are included with the Terms of Reference attached as Appendix B.

Budget

The total projected budget required for the policy development process is approximately \$46,000 and would be allocated as follows:

Public Consultation Process	
Advertising	14,700
Rental of Venues & Meetings	12,800
Communications/Graphics	1,700
Staff Costs	<u>16,800</u>
TOTAL	46,000

FINANCIAL IMPLICATIONS

Fee Schedule for Temporary Amendments

The proposed fee schedule is intended to provide full cost recovery for costs associated with extended hours during the interim policy period. These costs, totalling \$793,000, will include the following:

Policy Development	46,000	
Property Use Inspector Monitoring	12,000	
Policing Monitoring	<u>735,000</u>	(see Appendix C)
TOTAL	793,000	

However, the information used to project the fee structure was based on approximate information received by establishments during the trial period and assumes conditions similar to those experienced during the trial period. As such, there are a significant number of variables that could impact the estimated revenues either positively or negatively:

- The high fee may result in some establishments not applying for extensions to their hours of service or may reduce the extent to which they request extended hours (revenues negatively impacted).
- Additional existing businesses may want later hours (revenues positively impacted).
- New businesses may apply to extend hours (revenues positively impacted).
- Additional nights may be considered for later closing times (revenues positively impacted).

The above variables may also result in increased or decreased Policing monitoring costs.

Comprehensive Hours of Service Policy Development

The policy development costs, including public consultation and information, are to be recovered through the temporary fee amendment for extended hours and are included above.

PERSONNEL IMPLICATIONS

The two temporary staff, a Policy Analyst and a Planning Research Assistant, involved with Liquor Licensing review work are funded to the end of August 2004 through Business License fees. It is anticipated that staff will report back to Council in May 2004, to request extensions to these positions.

IMPLEMENTATION PLAN**Fee Schedule for Temporary Amendments**

The temporary permits for extended hours expire at the end of January. The new fee schedule will be implemented beginning on February 1, 2004.

Comprehensive Hours of Service Policy Development

Public consultation for the Comprehensive Hours of Service policy will begin in February, starting with open house meetings on the West and East sides of Vancouver. Depending on the outcome of this process, this may allow Council to consider temporary extensions for some establishments located outside of the downtown area.

Staff will report to Council in May regarding extended hours on summer festival dates as well as staffing requirements.

CONCLUSION

Council instructed staff to develop a fee schedule to recover costs associated with the extended hours of liquor service during the interim policy period. Costs have been detailed in this report and staff have developed a fee structure for temporary amendments to liquor licenses based on graduated fees on a per seat per night basis. Staff request that Council approve this amendment to the License Bylaw, generally as outlined in Appendix A.

Council also instructed staff to develop a Comprehensive Hours of Service policy which will provide guidance with regard to hours of service for Liquor Primary establishments city-wide, seven days a week, for earlier opening and later closing times. In addition, the policy will address concerns such as mitigation of impacts, regulatory tools to allow monitoring of issues, and enforcement resources. Public consultation is scheduled to begin in February 2004. Staff request Council approve the Terms of Reference and budget for the process, as outlined in this report and attached as Appendix B.

**PROPOSED AMENDMENTS TO SCHEDULE B
"MISCELLANEOUS SERVICE FEES" PART 2**

Council will repeal the existing provisions of Schedule B, Part 2, and substitute the following:

	Fee	Term
Application processing fee for comments on a temporary amendment to liquor license requesting an hours of operation closing time between the hours of 3:00:01 AM and 4:00:00 AM	\$ 0.75	per night per seat except that, despite the number of seats or the number of nights, the minimum fee will be \$50.00
Application processing fee for comments on a temporary amendment to liquor license requesting an hours of operation closing time between the hours of 2:00:01 AM and 3:00:00 AM	\$ 0.50	per night per seat except that, despite the number of seats or the number of nights, the minimum fee will be \$50.00
Application processing fee for comments on a temporary amendment to liquor license requesting an hours of operation closing time no later than 2:00 AM	\$ 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
Application processing fee for comments on a temporary amendment to liquor license requesting earlier opening hours of operation	\$ 50.00	
Application processing fee for comments on a temporary amendment to liquor license requesting any other change to a liquor license	\$ 50.00	

DEVELOPMENT OF A COMPREHENSIVE HOURS OF SERVICE POLICY FOR LIQUOR PRIMARY ESTABLISHMENTS

TERMS OF REFERENCE

1. Introduction

As part of the new Provincial liquor reforms, implemented in December 2002, hours of liquor service were expanded, allowing Liquor Primary establishments to provide liquor service between 9 am and 4 am, subject to municipal comment. Any extensions beyond 2 am additionally require public consultation to the satisfaction of the Province.

In response to these liquor reforms, Council directed staff to report back with a work program to develop a Comprehensive Hours of Service policy, and implemented the following extensions to hours of service on a trial basis: Liquor Primary establishments in the downtown up to 4 am, and establishments city-wide, to match their permanent Friday and Saturday night-hours of service, on Sunday night.

On November 20, 2003, Council endorsed principles, approach and general policy directions for the development of an Hours of Service policy. These Terms of Reference further detail the work plan, schedule and budget for the process.

2. Principles

The following principles (endorsed by Council on November 20, 2003) will guide the process and content of the comprehensive hours of service policy:

- Take into account relevant existing City policy pertaining to land use and liquor licensing while considering new directions.
- Confirm or define the City's entertainment zones as well as commercial areas appropriate for later-night entertainment uses. In doing so, consider neighbourhood character and residential tolerances for noise associated with liquor licensed establishments.
- Ensure residential liveability is maintained in areas that are primarily residential.
- Ensure negative impacts of liquor licensed establishments on local residents and businesses are reduced.
- Support increased opportunities for entertainment in liquor licensed establishments.
- Maximize the operational flexibility for Liquor Primary businesses.
- Maximize economic returns to the City from tourism and increased industry vitality.

- Consider the economic health of neighbourhoods.
- Provide a safe environment for citizens and visitors to enjoy the City's nightlife.
- Ensure the City maintains the ability to be responsive to future issues and concerns of area residents and businesses.
- Provide a variety of ways for a range of stakeholders to participate in the process and ensure that the opinions of both those directly affected and those in a wider community are sought.
- Consider the financial and social costs to the City, both direct costs (additional Policing and other staff costs) and where possible, indirect costs (such as effects of alcoholism and vehicular accidents).

3. Policy Scope

The review process will include all parts of the City, with policy development based roughly on the following geographical areas (endorsed November 20, 2003):

- Vancouver West
- Vancouver East
- Central Business District
- Granville Street Entertainment District
- Yaletown and Downtown South
- West End (west of Burrard including Davie, Denman and Robson Streets)
- Gastown
- Downtown Eastside

This approach was chosen as it represented the most responsive approach to neighbourhood and business operations.

4. Product

The Comprehensive Hours of Service policy process will result in policy for hours of service for Liquor Primary establishments city-wide, seven days a week, and will include policy recommendations for earlier opening hours and later closing hours. Key components of the Comprehensive Hours of Service policy will include:

- Mitigation of impacts;
- Regulatory tools to allow monitoring of issues and provision for the City to respond effectively; and,
- Enforcement resources.

As the policy process will be based on a geographical approach, the resulting policy may further result in:

- New Area Liquor License Policies
- Revised Area Liquor License Policies (Central Business District, Granville Street Entertainment District, West End
- Policy for current moratorium areas (Downtown South, Gastown and Downtown Eastside).

5. Roles & Responsibilities

Overview

This section describes the roles of the various participants in the policy development process. The summary table is followed by more detailed description on participants and their roles.

Functions:	Community	Industry	Other Interests	City Staff Team	Internal Advisory Group	LCLB	Council
Manage process				X			
Organize/facilitate public outreach, meetings, etc.				X			
Conduct research				X			
Provide feedback	X	X	X	X	X	X	
Generate ideas, concepts and options	X	X	X	X	X		
Develop policy options				X			
Evaluate policy directions				X	X	X	
Express preferences on policy directions	X	X	X	X	X		
Refine/revise policy directions				X			
Make recommendations to Council				X			
Approvals							X

Participants

Community

This group includes residents, property owners and businesses within the various City neighbourhoods, as well as local community groups and business associations. This group may also include patrons of specific establishments. Community members will have three key roles: to provide feedback and express opinions regarding hours of liquor service in specific areas of the city, to suggest ideas on ways to mitigate issues, and to express their preferences to City Council when recommendations of staff are being considered.

Industry

Industry members include Liquor Primary establishment owners and managers, as well as associations representing these establishments. Industry members will have three key roles:

to provide feedback and express opinions regarding hours of liquor service in specific areas of the city, to suggest ideas on ways to mitigate issues, and to express their preferences to City Council when recommendations of staff are being considered.

Other Interests

A number of other groups will have an interest in the outcome of this policy process. Although they may play similar roles to those groups listed above (provide feedback and express opinions, suggest ways to mitigate issues, and express preferences to City Council), some of these interests, such as advocacy groups with broader social concerns, may fall outside the parameters of this process.

City Staff Team

The Liquor Licensing staff team will manage the process and make recommendations to City Council, including providing Council with information on community opinion. Staff will also be responsible for research, providing information, and generating, documenting and evaluating directions in consultation with other staff.

Internal Advisory Group

The Internal Advisory Group includes staff from other City Departments including representation from Planning, Social Planning, Housing, Police, and Environmental Health. The role of these staff may include providing information when particular expertise or knowledge is required, helping generate ideas or policy directions, and evaluating and commenting on proposed new policy directions. Liquor Licensing staff will be responsible for making recommendations to Council that reflect the opinion or advice of involved staff and City Departments; if a City Department has a divergent view, these may also be expressed to Council.

Liquor Control Licensing Board (LCLB)

LCLB staff may be involved by City staff when reviewing Provincial and municipal regulatory functions. In addition, policy directions generated through this process will be required to satisfy Provincial regulations.

6. Program Components & Schedule

After City Council approves these Terms of Reference, the process is expected to take approximately nine months. The program schedule is anticipated to proceed generally as follows:

Month 1

- ***Preliminary Research & Preparation for Public Meetings***
This 'data-gathering' phase will include analysis of directions other cities have taken and issues they have encountered as well as compilation of land use data for the various City neighbourhoods. In addition, materials and graphics for public meetings will be prepared.
- ***Initial Public Outreach***
Information will be provided to the public about the policy development process through the City website, media sources and other communications.

Months 2 - 5

- ***Public Consultation***

Public consultation will take place with residents, property owners, community groups, local businesses and the broader community through a series of open house meetings to solicit feedback and advice. Consultation will begin outside the trial period area, with Vancouver West and Vancouver East, followed by Downtown sub-areas: Central Business District and Granville Street Entertainment District, west of Burrard including Davie, Robson and Denman, Yaletown and Downtown South, the Downtown Eastside, and Gastown. Additional stakeholder and focus group meetings will be set up as required.

- **Preparation for On-Going Public Meetings**
 - **Preliminary Analysis of Public Consultation Results**
- Initial review of meeting results will take place concurrently with public consultation.

Months 6 - 7

- **Generate Policy Options**
- This will include review of public and industry feedback and internal consultation with other City departments such as Planning, Social Planning, Engineering, Housing, and Police.

- **Review of Policy Options**
- Once policy options have been identified, follow-up public meetings will be held for review of policy options. Staff also hope to hold a Council workshop.

Month 8

- **Refine and Revise Policy**
- Revisions based on feedback received from Council, the public and City departments.
- **Finalize policy recommendations**

Month 9

- **Report to Council**

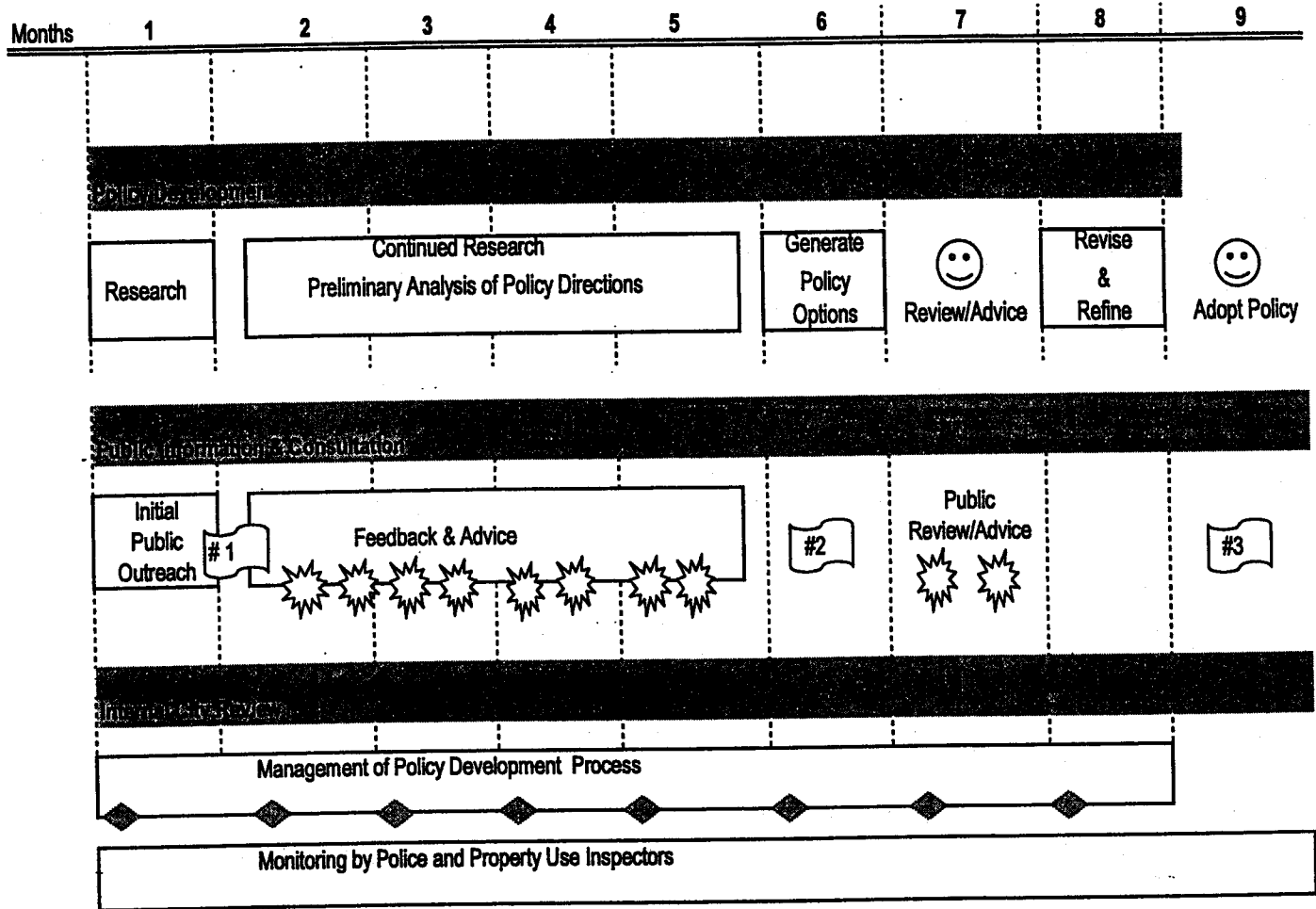
The program is illustrated diagrammatically on the following page.

Budget





The total projected budget required for the policy development process is approximately \$46,000 and would be allocated as follows:

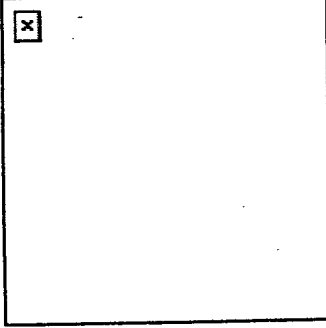
Public Consultation Process		
Advertising		14,700
Rental of Venues & Meetings		12,800
Communications/Graphics		1,700
Staff Costs		<u>16,800</u>
	TOTAL	<u>46,000</u>

SCHEDULE FOR DEVELOPMENT OF COMPREHENSIVE HOURS OF SERVICE POLICY



KEY:

	Council Meetings		Public Information Update
	Open House		Advisory Group Meetings



VANCOUVER POLICE DEPARTMENT
OPERATIONS DIVISION
District One

Date: December 14, 2003

To: R. Rich, Deputy Chief Constable
Operations Division

From: V.L. Harrison, Inspector
District One

Subject: Budget Projections for 4:00 AM Bar Closings for 2004

At the beginning of July the City initiated an experiment with late bar closings on Friday and Saturday nights and the night before a statutory holiday. Designated bars were permitted to stay open until 4:00 AM regardless of their previous closing time, although most had had a closing time of 2:00 AM. The majority of the participating bars and clubs are in the "Entertainment District". The Department created a liquor squad of 1 sergeant and 8 constables to police the area, on an overtime basis, for the duration of the experiment.

The effect of the late closings on the area has been significant. The 800 - 1100 Granville has become a popular "place to be" and large numbers of people migrate to the area from other drinking establishments beginning at around midnight. The bars cannot accommodate many of these extra patrons so there are excessive numbers of people loitering in the area. There are large line-ups in front of the clubs so the extra pedestrians walk on the street. With the increased vehicular traffic, including taxis and limousines, the roads become very congested with traffic backing up on the side and cross streets. As the night wears on, the level of drunkenness increases and numerous individuals use the street as a public urinal. Vomiting on the sidewalks is also common. At closing time the number of people on the street increases dramatically. The late-night pizza places are popular and the debris is left all over the street. Fights break out routinely and there has been an increase in assaults on police officers.

Over the past several years there have been many changes in District One. The population has increased, tourism has increased, there are more commercial premises and more sporting and entertainment venues. The one thing that has not increased is the level of policing. Each of these changes has stretched police resources to the point where this latest change, with all its attendant problems, cannot be managed with existing staff levels.

On November 20, 2003, City Council extended the 4:00 AM bar closings experiment for another year. We will have to continue to staff this "experiment" with overtime personnel. We are working with the City on a number of initiatives (Anti-Fighting by-law, by-law staff and prosecution, reengineering of 900 Granville, sanitation) which may eventually alleviate

the need for as many officers as are currently required. Unfortunately the time line for these initiatives is unknown. In the new year I will also be proposing that the Labour-Management Shifting Committee consider an alternative to the current shifting patterns that may lessen the need for overtime, once our staffing levels return to normal. However, it is unlikely to affect this year's projections as we do not expect that to occur until mid 2005.

Our experience through the past five months has shown that the size of the squad is insufficient to maintain order on most nights. During the peak season officers from other parts of the City were routinely redeployed to assist, leaving those areas under-policed. I propose that the Liquor Squad be increased to 1 sergeant and 10 constables. During the summer months (mid June to the end of September) this number should increase to 2 sergeants and 16 constables.

It is essential that the officers work an 8-hour shift, from 2200 to 0600. This establishes an appropriate police presence on the street early in the night (2200). As stated earlier the street activity starts to increase around midnight and peaks at bar closing time (0400). The ensuing disorder does not dissipate until approximately 0500 and then the officers have to complete their paper work and reports.

The budget for this is as follows:

There are 105 Friday/Saturday nights and 8 statutory holidays in 2004 for a total of 113 shifts. Each member works an 8-hour shift, which is 16 hours of overtime. Eleven members per team results in 176 hours per shift. 113 shifts with 176 hours each results in 19,888 hours of overtime for the year. Based on a 1st class constable's wage (2004) of \$31.16 per hour, the annual cost is \$619,710.08.

1	sergeant	53	Fridays	
<u>+10</u>	constables	+ 52	Saturdays	
11	Members	<u>+ 8</u>	statutory holidays	
<u>x 16</u>	hours per shift			
176	total hours per shift x	113	total shifts	= 19,888 annual hours

19,888 x \$31.16 = \$619,710.08

The additional cost during the summer months is as follows:

From June 18 to September 30 there are 30 Friday/Saturdays and 3 statutory holidays for a total of 33 shifts. Seven members (1 sergeant and 6 constables) working 16 hours of overtime results in 112 hours per shift for a total of 3676 hours. Based on a 1st class constable's wage the summer cost is an additional \$115, 167.36

1	sergeant	30	Fridays	
<u>+ 6</u>	constables	+ 30	Saturdays	
7	Members	<u>+ 3</u>	statutory holidays	
<u>x 16</u>	hours per shift			
112	total hours per shift x	33	total shifts	= 3,696 summer hours

$$3,696 \times \$31.16 = \$115,167.36$$

The total annual cost is: $\$619,710.08$
 $+ \underline{\$115,167.36}$
 $\$734,877.44$

The per/night (not summer) cost is:

The summer per/night cost is

$\begin{array}{r} 1 \text{ sergeant} \\ +10 \text{ constables} \\ \hline \times 16 \text{ hours per shift} \\ \hline 176 \text{ total hours per shift} \\ \times 31.16 \\ \hline \$5484.16 \end{array}$	each night	+	$\begin{array}{r} 2 \text{ sergeants} \\ + 16 \text{ constables} \\ \hline \times 16 \text{ hours per shift} \\ \hline 288 \text{ total hours per shift} \\ \times 31.16 \\ \hline \$8974.08 \end{array}$	each night	=	$\begin{array}{r} \times 80 \\ \hline \$438,732.80 \end{array}$		$\begin{array}{r} \times 33 \\ \hline \$296,144.64 \end{array}$		=	$\$734,877.44$
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This is a conservative estimate of the cost of policing 4:00 am bar closings. The figure does not include the significant administrative costs of organizing such a program. There are also numerous special events throughout the year, such as concerts, sporting events (of particular concern is the Stanley Cup playoffs), fireworks, protests etc. that bring people to the city who then gravitate to the bars and clubs after the event is over. Our experience during the previous five months has demonstrated that there is heightened disorder during bar closings on the nights of certain special events. These nights would require more than the requested 11 officers to safely deal with the issues.

For your information.

V.L. Harrison, Inspector
District One

**ESTIMATED NEW FEE STRUCTURE
FOR TEMPORARY AMENDMENTS TO LIQUOR LICENSES**

Total City Costs to be Recovered	\$735,000
Police Monitoring	
Licenses (Advertising, Open Houses, License Inspections, etc.)	58,000
Total	\$ 793,000

Proposed Distribution of Costs based on Establishment Closing Hour

City Hour Range	Proposed Cost Sharing Ratio	Total City Costs to be Recovered	Total Share of City Costs
3:00:01 AM to 4 AM	60 %	\$ 793,000	\$475,800
2:00:01 AM to 3 AM	25 %	\$ 793,000	\$198,250
2 AM and earlier	15 %	\$ 793,000	\$118,950
		Total	\$793,000

Note: This ratio is based loosely on the distribution of the number of establishments operating past 2 AM during the trial period and has been adjusted to reflect the expected on costs.

Cost per Night per Establishment per Requested Closing Time

Requested Closing Time	Required Share of City Costs	Nights Available for this Establishment	City Cost per Night to be Recovered from Temp. Revenue	Temp. Fee cost per Night per Establishment	Average Monthly Cost per Establishment	
34	3:00:01 to 4 AM	\$ 475,800	114	\$ 4174	\$123/night	\$ 1168.50
9	2:00:01 to 3 AM	\$ 198,250	114	\$ 1739	\$ 193/night	\$ 1833.50
14	2 AM and earlier	\$ 118,950	160	\$ 743	\$ 53/night	\$ 706.67

Note: Establishment distribution is based on the results of the Trial period of July to September and assumes all operators will request similar hours of operation.

Cost per Night per Seat Based on the Requested Closing Time

Requested Closing Time	City Cost per Night to be Recovered from Temp. Revenue	Estimated Total Capacity of Establishments	Temp. Fee cost per Night per Seat
3:00:01 AM to 4 AM	\$ 4174	5522 seats	\$0.76/seat (Round to \$.75)
2:00:01 AM to 3 AM	\$ 1739	3597 seats	\$0.48/seat (Round to \$.50)
2 AM and earlier	\$ 743	2377 seats	\$0.31/seat (Round to \$.30)

Note: Seat distribution is based on the results of the Trial period of July to September and assumes all operators will request similar hours of operation.