

March 12, 2010

THIS MAY AFFECT YOUR BUSINESS LICENCE: IMPORTANT FOR YOUR REVIEW

A need for coordinated efforts related to the night time economy in Edmonton was first identified in 2001. Recommendations were developed through extensive consultation with the hospitality industry, residents, development organizations and regulatory agencies. These recommendations were approved by City Council in December 2006.

Responsible Hospitality Edmonton (RHE) is the name of the formal structure the City of Edmonton established to address these recommendations and how we plan, manage and police vibrant places throughout the city where people can socialize in safety and comfort. (The Public Safety Compliance Team is one area of RHE's responsibility.)

One recommendation was:

Recognize hospitality, dining and entertainment as an integrated economic engine through the development of an industry-driven city-wide association.

It was identified during the consultation that the bar/lounge/nightclub industry does not have a coordinated voice to provide input, communicate their needs and concerns to the City or other regulatory agencies. Nor is there an existing mechanism to allow the City and/or Community to obtain information from the industry. While there are other hospitality industry associations (e.g. Alberta Hotel and Lodging Association, Canadian Restaurant and Foodservices Association), there was acknowledgement that the needs of bars/lounges/nightclubs are unique enough they cannot be served by the mandates of the existing organizations.

To facilitate this recommendation, efforts have been made to continue consulting with the industry in order to frame what an association would look like including:

- Industry representation on the RHE Panel (from March 2007 to Dec 2007)
- Discussions with Executive Members of the Old Strathcona Hospitality Association about the potential to expand the existing organization to a city-wide organization
- Industry forums held in 2009 (invitations to all bar/lounge/nightclub business licensed premises in Edmonton at that time) to discuss what services/programs are needed, whether or not there is support for a hospitality association and options for funding the association
- Discussions with individual industry members

The consultations consistently revealed a common theme that because of the diversity and high demands of bars/lounges/nightclubs, an association with voluntary fees would not be successful or able to meet the objectives desired.

To support the success and sustainability of an association, it was felt that an executive director should be hired to oversee its coordination. However, the requirement of staff necessitates there

be an upfront funding mechanism to support this model. As such, a proposal including a mandatory fee was developed.

Results of these ongoing efforts were reported to City Council's Executive Committee on June 3, 2009. The following motion was passed at that time:

Hospitality Association Partnership Agreement

That a partnership agreement ..., sharing the revenue from the **approved surcharge** with an incorporated not-for-profit city-wide industry association, be developed.

Hospitality Association Plan

That Administration report back to Executive Committee with a proposed Hospitality Association Business Plan at the same time as the partnership agreement.

Since the motion was carried, the use of an approved surcharge (mandatory fees) and who it applies to seems to be the core sticking point of moving forward and threatens to derail the entire initiative.

There has been a great deal of discussion on the potential fee structure. Industry members who have reviewed potential fee structures agree that the fee needs to be minimal so it would not cause a hardship for any operators.

In addition, while the fees would be applied only to bar/lounge and nightclub business licences, many businesses are also licensed for other businesses (e.g. hotel, restaurant) and may not see bar/lounge and/or nightclub needs requiring an independent, coordinated voice.

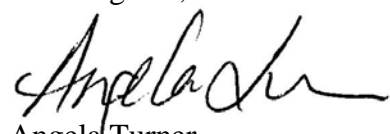
As this proposal could have a direct impact on your business licence fees, we are asking for your input into the recommendations that RHE is providing to City Council's Executive Committee on May 19, 2010.

To assist us in gathering your input, enclosed please find:

- A feedback form for you to provide your responses to the proposal
- A list of potential fee structures for the approved surcharge (mandatory fee)
- Excerpts from a draft business plan describing the organizational goals for the association

Information about RHE and the proposed association can be found on web site at www.responsiblehospitalityedmonton.ca. If you have questions or require more information, please contact Angela Turner at 780 944 0300 or angela.turner@edmonton.ca or Nicole Chapdelaine at 780 887 7553 or nicole.chapdelaine@edmontonpolice.ca.

Best Regards,



Angela Turner
Program Manager



Nicole Chapdelaine, A/Sgt.
Public Safety Compliance Team Coordinator

Please use this form to provide your feedback on the proposed hospitality association and its supporting fee structure (available for download at www.responsiblehospitalityedmonton.ca).

1. How valuable, as a bar/lounge business licensee and/or nightclub business licensee, would a coordinated voice be for the following examples?

Input into...	Not Valuable At All				Very Valuable
	1	2	3	4	5
New regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bylaw changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mandatory programs (e.g. ProServe)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Licensing Standards Reviews	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Patron Responsibility Campaigns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Safety/Security requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. How important, as a bar/lounge business licensee and/or nightclub business licensee, is it to have a sustained coordinated voice on matters that affect your business (similar to above examples)?

Very Unimportant				Very Important
1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Of the proposed fee structures described on the next page, please indicate your preference, if any:

- Option 1: All City Bar/Lounge and Nightclub Business Licences
- Option 2: All City Bar/Lounge and Nightclub Business Licences by Licensed Seat (Occupancy)
- Option 3: City Bar/Lounge and Nightclub Business Licences with AGLC Minors Prohibited Liquor Licences
- Option 4: City Bar/Lounge and Nightclub Business Licences with AGLC Minors Prohibited Liquor Licences by Licensed Seat (Occupancy)

4. Alternate fee structure recommendation, if any

5. How do you describe your establishment? (*check the box that most closely fits your business*)

- Primarily a Bar/Lounge
- Primarily a Nightclub
- Hotel with designated bar/lounge/nightclub area(s)
- Restaurant that allows minors at all times
- Restaurant that has designated minors prohibited area(s)
- Restaurant that has no minors allowed after 9:00 pm

6. Prior to today, were you aware of RHE and/or any of its initiatives (e.g. Public Safety Compliance Team, Street-as-a-Venue Coordinator, "Be a Lover/Not a Fighter")?

- Yes No

There are several ways to submit your input.

1) Please bring this feedback form to a meeting scheduled to review and discuss this information.

DATE: March 30, 2010

TIME: 1:00 pm to 4:00 pm

LOCATION: Boardroom A, Conference Centre, Lower Level, Scotia Place, 10060 Jasper Avenue

Please RSVP by Friday March 26, 2010 to Nanette at 780 944 0307 or nanette.warman@edmonton.ca.

2) EMAIL your completed feedback form by March 30, 2010 to angela.turner@edmonton.ca. An electronic version of the form is available at www.responsiblehospitalityedmonton.ca.

3) FAX your completed feedback form by March 30, 2010 to 780 944 0308

4) MAIL your completed feedback form by March 30, 2010 to:

Responsible Hospitality Edmonton

c/o City of Edmonton

700 Tower One, Scotia Place

10060 Jasper Avenue

Edmonton, AB T5J 3R8

**THIS FEEDBACK FORM IS ALSO AVAILABLE FOR DOWNLOAD AT:
WWW.RESPONSIBLEHOSPITALITYEDMONTON.CA**

Proposed Fee Structures

The proposed association business plan recommends an operating budget of \$250,000 annually. This budget would be to cover personnel, office operations and program expenses.

The simplest way to collect the mandatory fees to meet the budget requirements is a surcharge on City issued bar/lounge and nightclub business licences. The surcharge collected by the City would then be turned over to the association.

The following options are currently under review:

Option 1: All City Bar/Lounge and Nightclub Business Licences

Currently, there are approximately 910 bar/lounge business licences and approximately 70 nightclub business licences.

Proposed annual fee for bar/lounge business licence: \$225

Proposed annual fee for nightclub business licence: \$750

Pros:

- Easy to implement within existing licensing structure
- Treats all licensees equally regardless of size

Cons:

- Many businesses are also licensed for other businesses (e.g. hotel, restaurant) and may not see bar/lounge and/or nightclub needs requiring an independent, coordinated voice

Option 2: All City Bar/Lounge and Nightclub Business Licences by Licensed Seat (Occupancy)

Currently, for bar/lounge business licenses there are approximately 200,000 licensed seats and for nightclub business licences there are approximately 50,000 licensed seats.

Proposed annual fee for bar/lounge business licence: \$0.50/seat

Proposed annual fee for nightclub business licence: \$1.00/seat

Pros:

- Cost aligns with size of business

Cons:

- Some work to implement within existing licensing structure
- Businesses with multiple uses would need separate occupant loads calculated for areas within the premises that are designated as part of their bar/lounge and/or nightclub business licence
- Large businesses may feel they should have a larger voice within the association
- Many businesses are also licensed for other businesses (e.g. hotel, restaurant) and may not see bar/lounge and/or nightclub needs requiring an independent, coordinated voice

Option 3: City Bar/Lounge and Nightclub Business Licences with AGLC Minors Prohibited Liquor Licences

Currently, there are approximately 250 bar/lounge business licences and approximately 70 nightclub business licences with AGLC minors prohibited liquor licences.

Proposed annual fee for bar/lounge business licence: \$550

Proposed annual fee for nightclub business licence: \$1,500

Pros:

- Treats all licensees equally regardless of size
- Reduces the number of businesses who may also be represented by other types of hospitality associations

Cons:

- Difficult to implement within existing licensing structure
- Larger fees may be onerous to businesses
- Limits voice of association (can only represent minors prohibited licensees, but regulations and legislative changes could affect all businesses that serve liquor for consumption on premises – e.g. ProServe requirements)
- Some businesses are also licensed for other businesses (e.g. hotel, restaurant) and may not see bar/lounge and/or nightclub needs requiring an independent, coordinated voice

Option 4: City Bar/Lounge and Nightclub Business Licences with AGLC Minors Prohibited Liquor Licences by Licensed Seat (Occupancy)

Currently, for bar/lounge business licenses with AGLC minors prohibited liquor licences there are approximately 13,000 licensed seats and for nightclub business licences with AGLC minors prohibited liquor licences there are approximately 50,000 licensed seats.

Proposed annual fee for bar/lounge business licence: \$2.50/seat

Proposed annual fee for nightclub business licence: \$4.25/seat

Pros:

- Cost aligns with size of business
- Reduces the number of businesses who may also be represented by other types of hospitality associations

Cons:

- Difficult to implement within existing licensing structure
- Larger fees may be onerous to businesses
- Limits voice of association (can only represent minors prohibited licensees, but regulations and legislative changes could affect all businesses that serve liquor for consumption on premises – e.g. ProServe requirements)
- Some businesses are also licensed for other businesses (e.g. hotel, restaurant) and may not see bar/lounge and/or nightclub needs requiring an independent, coordinated voice

EDMONTON HOSPITALITY ASSOCIATION

Excerpts from the DRAFT Business Plan

Context/Background

The establishment of an independent self-funded Edmonton Hospitality Association has been raised in a number of consultations with the collective community (business; community; regulators; developers) over the past several years. Examples of these recommendations include:

1. Old Strathcona Task Force 2005 – This Task Force was a recommendation arising out of the work done in 2002 identifying both issues and solutions in Old Strathcona. The Task Force recommendations established a significant part of the foundational documents subsequently approved by City Council in 2006.

Recommendation #6: Promote and encourage the development of more restaurants that provide good food and entertainment in a safe environment by:

- *Action 6(d) Nurture and support a strong bar owner association to take more responsibility for their patrons.*

2. The Responsible Hospitality Institute Leadership Summit – July 2006 – Approved by City Council in September 2006:

Recommendation 2: Recognize Hospitality, dining and entertainment as a integrated economic engine

- *a) Expand the concept of Old Strathcona Hospitality Association to include businesses from other areas of the city and consider a more expansive name.*

3. Hospitality Industry Forums – January 2009 – Identified a number of programs and services required to support and grow the industry and identified the development of a self funded organization was the mechanism to pursue this goal.

This draft Business Plan is a composite of the actions identified in these consultations by the participants deemed vital to strengthening the industry.

This document is intended to be interim and used as a starting point to the Association for the first six months to establish itself, and to describe the activities the Association will undertake and be prepared to commit to.

MISSION STATEMENT

“The Edmonton Hospitality Association exists to promote and strengthen the value of its industry and to provide effective representation of the industry perspectives.”

VISION STATEMENT

"The Association is a strong advocate of the Night-time Economy and is recognized as an influential contributor to the success and vibrancy of Edmonton as a Sociable City"

GOALS OR OBJECTIVES (AS PER DRAFT BYLAWS)

- To assist in the advancement of the successful and responsible operations of hospitality related businesses in Edmonton, Alberta ("EDMONTON");
- To co-ordinate and work with other stakeholders in the hospitality industry in EDMONTON to promote a positive image to the community at large
- To liaise with other organizations within EDMONTON so as to proactively address community concerns related to the hospitality businesses located in EDMONTON;
- To advance and promote the hospitality industry located in EDMONTON to the community at large as a vital part of EDMONTON's appeal and culture;
- To co-ordinate and work with other stakeholders in the hospitality industry to promote EDMONTON provincially, nationally and internationally a destination sociable city;
- To co-ordinate with and assist other charitable groups and organizations within EDMONTON who have similar objects in order to forward the efforts and goals of the EDMONTON Hospitality Association;
- To advocate with government agencies with respect to policies and decisions impacting on the industry
- To lobby policy and decision makers with respect to required systemic change and/or new ways of doing business that will support and grow the industry.
- To research best practises and ultimately incorporate those in the day to day operation of our industry and those organizations that work in concert with the industry i.e. municipality, other hospitality associations.
- To coordinate communication and marketing efforts both internally to the Association and externally to the general public.
- To identify and offer/co-ordinate training opportunities to membership
- To acquire facilities, equipment and other items or materials required for and related to the foregoing;
- To raise and manage funds in order to assist in the attainment of the objects of the Company;
- To make donations to other registered charitable organizations;
- To do any other act, or carry on any trade or business whatsoever, provided that, in the opinion of the Board of Directors, the act will be done, or the trade or business will be carried on by the Company in furtherance of any of the aforementioned objects

SITUATIONAL ANALYSIS

STRENGTHS

- The Edmonton Hospitality Association provides a unified, more powerful voice to the City of Edmonton and other relevant agencies than individual businesses.
- Provides City of Edmonton and other relevant agencies a consistent and stable conduit and communication link with the industry as it has with other industries.
- Stable funding allows the development of industry as a strengthened City contributor
- Stable funding allows for budgeted long term planning and acquisition of matching funding
- Recognition by the industry that they have needs/opportunities that they cannot address individually
- Night-time synergy developing internationally; Edmonton happens to be the Canadian forerunner

CHALLENGES

- Currently no city wide connection/linkages between similar stand alone bars, nightclubs or lounges exists
- Currently difficult for any regulator to connect with the industry
- Competitive nature of the business presents unique challenges with respect to unified action
- Skill set of managing an Association not prime skill set of business owner/operators

OPPORTUNITIES

- Recognition of the role Edmonton Hospitality Association s play in business development from City and other authorities (Province, Edmonton Economic Development Corporation, etc)
- Continue to build and formalize partnerships with authorities for Edmonton Hospitality Association-wide initiatives
- Significant number of licensed premises willing and able to fund the Association.
- Precedent exists to use City Licensing mechanism to collect and redirect those resources to the Association with the development and agreement on a performance based agreement.

THREATS

- Communication of misinformation by threatened Associations/Businesses

Proposed Budget	2010	2011	2012
Revenue			
<ul style="list-style-type: none"> • Annual Operating Grant (as per the Agreement) 	Dependant on approved option	Dependant on approved option	Dependant on approved option
<ul style="list-style-type: none"> • Associate Memberships (est 10 first year; 15 second and 20 third) • Program Fees (pay for service) • Other 	2.5	3.7	5
Total Revenue	255.5	256.7	258
Expenditures			
Personal and Benefits			
<ul style="list-style-type: none"> • Executive Director • Administrative Support 	100	100	100
Office Operations			
<ul style="list-style-type: none"> • Space \$30/sq.ft. x 600 sq.ft. • Administration costs (supplies, phone lines, etc.) • Office Equipment (leases) • Furniture (one time only) 	18	18	18
Program	10	10	10
	5	5	5
	10	10	10
	60	70	70
Other 5% of the operating grant will be provided to the Edmonton Hoteliers Association to work on common efforts between the 2 organizations.	Dependant on approved option	Dependant on approved option	Dependant on approved option
Total Expenditures	255.5	256.7	258