

October 3, 2013

## **Madison's Central Business Improvement District (BID) Board Report and Recommendations on Alcohol License Management and Business Development**

**30603** *Directing city staff to further explore the recommendations set forth in the attached documents and draft ordinance changes as appropriate according to the report on Alcohol License Management and Business Development.*

### **I. Executive Summary:**

The BID Board thanks city staff for their thorough, thoughtful work and many good recommendations on downtown alcohol license management and business development. We support the holistic approach to downtown business mix which combines alcohol licensing, business development and safety initiatives.

In particular, the BID Board is pleased to see emphasis on the concepts of:

- Enforcement for problem licensed establishments.
- Support for the City of Madison Safety Initiative.
- Allowing/encouraging more diversity of entertainment businesses.
- Simplifying and streamlining licensing procedures.
- Business development recommendations grounded in the foundations of retail district success: Clean, Safe, Convenient, with a strong customer base of downtown residents and workers.
- Business development recommendations (façade improvement grant expansion, guide for businesses) which provide tangible, practical support for businesses and retail in particular.

The BID Board has the following main concerns:

- **State Street Overlay District (SSOD):** The Board opposes strongly. Freezing a district and its uses in time is counter to a vibrant, dynamic downtown that evolves as users and uses evolve. If any district is implemented, it should: not be in the zoning code; be smaller (lower State St. and 600 block University); have a sunset; and allow "grandfathering" of licenses.
- **Retail retention and recruitment will not result from restricting alcohol licenses.** Retail follows the market. If the city wants more retail downtown, it needs to: foster increased residential and workforce density; ensure a clean, safe, convenient and accessible environment; and ensure a positive and efficient business experience with the city. See the [BID Retail Strategy](#).
- **Alcohol Licensing Definitions:** The Board recommends simplifying, collapsing and modifying some categories. Flexibility and an appeal process are essential, with the ability to modify or change categories.
- **Improve efficiency and quality of licensing and enforcement without adding staff or processes.** While improvement is needed, the licensing workflow should be assessed from the executive level so that work is accomplished. There should be consistent and coordinated enforcement and progressive discipline of establishments using current tools and system.

## II. Specific comments on city staff recommendations

### Section I: Ordinances and Budgetary Items

#### **Adopt new, revised definitions of types of alcohol licenses city-wide.....3-4**

Board consensus: NEEDS SOME REWORKING

While revised definitions could be a good idea and better understood by applicants and the public than the current system, the categories probably need to be simplified/collapsed. The large number of categories could be intimidating to a small business applicant and complex to administer. Also, the categories only represent current entertainment forms, and could quickly become outdated and unable to accommodate desired innovative business concepts.

Recommended:

- Flexibility and an appeal process are essential, with the ability to modify or change categories.
- To maintain flexibility, license categories should be defined in the alcohol code not the zoning code.
- Look at simplifying/collapsing some categories.
- Specific recommended changes:
  - “Convenience w/o gas” should be allowed downtown. With increased population density, such as large residential apartments, people who live downtown will want/need nearby convenience stores where they can get prepared foods, other essentials, and a bottle of wine or beer.
  - Gift Shop. The category needs to be reviewed – if a shop has 70% alcohol sales, is it a gift shop? Most true gift shops would have less than 50% alcohol and could go under exceptional circumstances. This category could easily be misunderstood and interpreted as discouraging retail gift shops.

#### **Improve and simplify the liquor license point system.....5**

Board consensus: NOT NEEDED.

There needs to be consistent and coordinated enforcement and progressive discipline. It’s not clear the point system is used effectively in its current format. It should be used consistently rather than be revised.

#### **Create a “State Street Overlay District” to restrict certain types of alcohol beverage licenses.....6-7**

Board consensus: OPPOSE.

The proposed zoning district is counter to the Downtown Plan vision for the State Street area as “Madison’s premier shopping, dining, entertainment and cultural destination, with . . . a vibrant, diverse and dynamic mix of uses,” and is counter to character of State Street as dynamic and evolving as uses and users evolve. Freezing the area and its entertainment uses in time does not contribute to vibrancy, change, or improvement. It would be especially unwise given the large number of central downtown residential units about to come online in the next 2-4 years, whose occupants will want vibrant, innovative entertainment, dining and retail options. Downtowns should be able to evolve along with the users and community, and this includes new and different licensed establishments. If the city wants the downtown alcohol culture to change, the city should be looking at flexible policies that encourage innovation and change. In addition, the proposed district would only drive “non-allowed” uses into adjacent neighborhoods, and make the entertainment district more diffuse and harder to manage.

Safety and good management of establishments comes from consistent and coordinated enforcement and progressive discipline of establishments using current tools and system. The city always has the ability to deny a liquor license if it would be detrimental to the health, safety and welfare of the city.

If there is some sort of district of special control, BID recommends:

- The district not be defined in the zoning code, which would add layers of process, approvals, need to appear before committees, etc..
- Grandfathering of licenses be allowed, so that people who have built a business over a lifetime can sell that business and the new owners can apply for the same kind of alcohol license.
- The district have a sunset.
- If safety is the rationale, the district should exclude the upper blocks of State St., and focus instead only on the 500 and 600 blocks of State and the 600 block of University Ave.

If the rationale for the district was to encourage retention, expansion and recruitment of retail, that will not result from restricting alcohol licenses. Retail follows the market. The market dictates where retail wants to be. The customers will tell you where retail wants to go, and what type of retail wants to be where. If the city wants more retail downtown, it needs to:

- Foster increased customer density (residents, workers) downtown.
- Ensure a clean, safe, convenient and accessible environment.
- Ensure a positive and efficient business experience with the city (permitting, licensing, etc.).

**Expand the façade improvement grant program.....8**

Board Consensus: APPROVE

**Increase funding of the City of Madison Safety Initiative.....9**

Board Consensus: APPROVE

**Improve quality assurance, responsiveness, and enforcement agility for alcohol beverage licensing.....10**

Board consensus: NOT NEEDED.

The quality and efficiency of licensing and enforcement does indeed need to be improved. Instead of adding staff, the situation must be assessed from the executive level and changes made if needed so that work is accomplished by the people responsible, resources are deployed efficiently, and departments coordinate with each other efficiently so the work gets done to a high standard.

**Create a city-funded wayfinding program.....11**

Board consensus: RECOMMENDS BUT WITH CHANGE OF FOCUS

While BID supports ensuring visitors can find businesses, BID instead recommends:

- Prioritize wayfinding signage *on major routes into and through downtown*, including better “trailblazing” signage to lead visitors to major attractions and parking.
- Reform the sign ordinances. Shift focus from reducing signage to allowing more options for creative, attractive, affordable and effective signage that helps people find businesses in a pedestrian or mixed vehicle/bike/pedestrian environment (i.e., State St. and Capitol Square).
- Consult on wayfinding signage with the Greater Madison Convention and Visitors Bureau and with the business signage working group (from summer 2012).

**Increase funding for mall maintenance.....11**

Board consensus: FUNDING INCREASE SHOULD NOT BE FIRST OPTION

First priority in times of tight funding - Look at increasing quality and efficiency of current service, and implementing service benchmarks. With increased density of population and more downtown users, there will be need for more services. However, it would be a hard sell to property owners to increase Mall Maintenance charges without increase in quality of current services.

**Section II: Policies and programs**

**Improve enforcement process and reporting of violations to ALRC..... 12**

Board consensus: NOT NEEDED.

There needs to be consistent and coordinated enforcement and progressive discipline using current tools and system, it just needs to get done rather than changing the system. Also, given the quasi-judicial role of the ALRC, how much information should they have in advance of potential hearing?

**Change current licensing fees and policy..... 13**

Board consensus: THIS IS NOT BID'S AREA OF EXPERTISE, WE DO NOT HAVE ENOUGH INFORMATION TO WEIGH IN save for a couple of points:

- Agree in principle to establishing criteria for grandfathered licenses to use the flexibility of the regular licenses to promote certain types of establishments to further the municipal agenda
- In any request for business plan, rather than require a full business plan which by definition includes proprietary information, request a standardized-format business plan outlining the operations of the business in areas relevant to the ALRC, e.g., business concept, hours of operation, offerings including food, drink, entertainment, and security plan. Any required financial reporting should be limited to percentages of revenues, rather than dollar amount of revenues (which is confidential business information).

**Support the creation of a city taskforce devoted to improving our music scene and diversity of entertainment venues.....14**

Board Consensus: APPROVE with recommendation below:

- It is essential that entertainment business owners/operators be involved in any task force or committee, so that work is grounded in business and market realities.

**Simplify entertainment licensing.....14**

Board Consensus: ENDORSE simplification in principles BUT businesses should not be required to offer entertainment Sun-Wed. There needs to be recognition of the market forces. There is only demand for entertainment on Thurs-Fri.-Sat. nights on a regular basis; it may not be economically viable on other nights.

**City-sponsored late night retail event during summer nights.....15**

Board Consensus: SHOULD BE A DIFFERENT FOCUS to encourage retail

The market will drive store hours. If there are enough customers, businesses will respond and extend their hours. Most independent businesses do not have consistent hours (if they wanted that, they would be in a mall). It should be recognized that crowds have different behaviors. Just because there is a crowd, it does not mean they are shopping. Many people want to window shop at night while going

out to dinner or to a show, but they don't buy. If a small business does not have sales after a certain hour, the business can't afford to stay open.

Better expenditures of funds to support retail would be:

- **Downtown Pedestrian Count Study:** A pedestrian count project will generate data on foot traffic at key days and times of the year. This data is very much needed by property owners, brokers, and businesses. A Ped Count study could be done soon to establish a baseline, and with a followup after a number of key residential developments have come on line, to help downtown businesses understand changing foot traffic patterns.
- **Programming:** Ongoing, consistent programming in downtown public spaces could enhance nighttime safety (if in the evening) and increase nighttime activity on the street.

***p. 16: Create new incentives for entertainment venues.***

Board consensus: NOT SURE WHY NEEDED. Demand is determined by the market, and entrepreneurs will respond. If this is pursued:

- Entertainment business owners/operators must be involved in any creation of incentives, task force or committee, so that incentives are grounded in business and market realities.
- Perhaps incentives can be created for desired business types, such as for 18+ entertainment options, if financial feasibility is cited as a barrier for these options.

***p. 16: Proactively encourage the location of a [first-run] downtown movie theater.***

Board consensus: APPROVE with additional comments, below.

The lack of a movie theater is clearly a gap in downtown/near east side entertainment offerings, and would be an exciting addition to downtown. Market realities should be understood and theater and real estate professionals consulted about needs and potential incentives. The typical first run theater is a very large floorplate multiplex with lots of parking, i.e., 170,000 SF, 14 screens, 1,000+ parking spaces. In some larger urban centers there are newer theaters of about 40,000 SF/8 screens, some of which show a mix of first-run and specialty films. To be a viable business, any downtown movie theater would need to draw from a far larger area than downtown, and would thus need a significant parking especially on weekends and evenings, i.e., at the same times special events often fill up city parking garages.

What might be a more viable concept for downtown is the combination movie theater-restaurant-bar-event space (e.g., Studio Movie Grille), however, even the smaller of these need 20,000-40,000 SF plus parking (20,000 SF floorplate may be possible if multiple floors are-utilized), or possibly a smaller-scale (8,000-10,000 SF) combined screening room-bar-café as seen in some larger urban centers (e.g., Williamsburg, <http://nyti.ms/16Ah9Cg>).

***p. 16: Continue to promote the city's music scene.***

Board consensus: NOT SURE WHAT THE CITY ROLE WOULD BE. The following questions need to be explored prior to any legislative proposals:

- What forms of promotion would the city undertake that is not already being done by private venues and businesses? How would this be funded? How would it lead to business development?

***p. 16: Allow “pop-up” retail in vacant storefronts.***

Board consensus: SUPPORT IN CONCEPT. Recommend:

- Change “allow” to “facilitate/expedite” to emphasize that the goal is to avoid unnecessary barriers or onerous permitting process for short-term “pop up” uses/leases.
- Review the zoning code and permitting process to identify and remove unnecessary barriers to “pop up” temporary changes of use.
- Do not limit to retail – pop up restaurants or sidewalk cafes or movie nights or other uses have been successful in other cities.

Also note: While pop-ups sound exciting, if the goal is to generate long-term retail tenants or marketing benefits for downtown, there needs to be a managed pop-up program with staff, funding, marketing, merchandising, etc. It should be evaluated whether a pop-up program is the best use of resources to support downtown retail, or if “infrastructure” initiatives (funding for retail build-outs, creating a handbook for small businesses, improving wayfinding signage into and through downtown, pedestrian count study) are better priorities.

***P. 17: Update web-based downtown business guide*** (i.e., a “Guide to Opening and Doing Business in Madison.”) Board consensus: APPROVE

- BID has advocated/offered to collaborate on a handbook for businesses with information about city policies, permitting, regulations, and services. NOTE: Must be updated regularly. Should have printed product available as well as online; many small businesses/owners are not computer-based like office workers.

***P. 17: Various parking recommendations***

Board consensus: APPROVE (all)

- Convenient, good-value public parking focused on customer experience is essential for business development, especially retail. Also essential is for the special event parking system to provide short-term parking options for non-event parkers (in combination with improved wayfinding signage to help people find the parking).

***P. 17: Continue to improve development review and permitting downtown.***

Board consensus: APPROVE

- BID continues to advocate for process and customer service improvement for small business permitting and licensing. If the city wants more retail downtown, it needs to make permitting for small businesses easy and efficient. See [BID Recommendations for City of Madison Development Approval Process Review](#).

***p. 17: Increase permanent downtown residents by increasing residential units.***

Board consensus: APPROVE

- If the city wants more retail downtown, we need more customers. BID has advocated for land use policies which can increase the residential customer base, key to sustaining downtown retail businesses. This involves implementing recommendations of the Downtown Plan and Zoning Code rewrite.

***p. 17: Support a proactive downtown business retention effort.***

Board consensus: APPROVE. See the [BID Retail Strategy](#).

**ADD to city staff recommendations – Review ways to improve Late Night Transportation** downtown, and between downtown and other areas of the city, with an eye towards safety. In particular, work with UW-Madison to see how late night bus service, which serves primarily UW-Madison students, could be restored and expanded.

### **III. Vision**

The city staff recommendations would benefit from an explicit vision or set of goals for central downtown, drawing upon existing approved community visions such as the Downtown Plan, State Street Strategic Plan, and BID Board Retail Strategy/vision for central downtown.

#### **State Street Strategic Plan (1999)**

- The vitality of the Street depends upon it providing a broad and expanded array of retail goods, services, entertainment, and cultural activities.

#### **Downtown Plan (2012)**

- Downtown Core Recommendations  
Objective 4.1: . . . A mix of office, employment, retail, government, residential, cultural, entertainment, and other uses should be pursued to retain the area’s vibrancy, including beyond normal business hours.
- State Street Recommendations  
Objective 4.2: Maintain and enhance the State Street district as Madison’s premier shopping, dining, entertainment and cultural destination, with . . . a vibrant, diverse and dynamic mix of uses.

#### **BID Board Retail Strategy/vision for central downtown (2013)**

- Dynamic and evolving as retail, uses and users evolve.
- A distinctive “experience” destination, offering a unique mix of shopping, dining, entertainment, hospitality, arts and culture.
- Offers a standard of excellence for customer experience in:
  - Safety
  - Cleanliness and maintenance of public spaces
  - Convenience
  - Access (parking, transportation)
- Offers a standard of excellence for the business experience in:
  - Permitting and licensing (city)
  - Information/communication on policies, regulations and services (city)
  - Marketing (BID)
  - Downtown environment (city and BID)