LICENSE HEARING MINUTES
The Nook, 492 Hamline Avenue South
Thursday, November 1, 2012, 2:00 p.m.
330 City Hall, 15 Kellogg Boulevard West
Nhia Vang, Deputy Legislative Hearing Officer

The hearing was called to order at 2:00 p.m.

Staff Present: Margaret Fuller, Department of Safety and Inspections (DSI)

Applicant: Michael Runyon, applicant

Others Present: Joe Letourneau, Gambling Manager, St. Paul Midway Lions Foundation

Pallet Removal: Application for a for a Gambling Location to be added to the following existing licenses: Wine On Sale, Malt On Sale (Strong), Liquor On Sale – 2AM Closing, Malt Off Sale, Restaurant (4) – 51-150 seats, Restaurant (D) – Add-on (Bar Only), Bowling Center license

Ms. Vang stated that this was an informal legislative hearing for a license application. This particular license required a Class N notification which means the neighborhood was notified and people had the chance to voice their concerns. The City received two (2) letters of concern which triggered the hearing. There were three possible results from this hearing: 1) recommend the City Council issue this license without any conditions; 2) recommend the City Council issue this license with agreed upon conditions; or 3) recommend the City Council not issue this license but refer it to the city attorney to take an adverse action on the application, which could involve review by an administrative law judge. The applicant will be required to sign a Conditions Affidavit demonstrating the understanding of the conditions.

DSI staff will explain their review of the application and state their recommendation. Ms. Vang said she will then ask the applicant to discuss their business plan. At the end of the hearing, she will make a recommendation for the City Council to consider. Her recommendation will be on the Consent Agenda; the City Council is the final authority on whether the license is approved or denied.

Ms. Fuller stated that the existing license conditions were as follows:

1. Per City of Saint Paul Legislative Code 409.15(a)(2), On-sale wine license shall mean a license authorizing the sale of wine not exceeding fourteen (14) percent alcohol by volume, for consumption on the licensed premises only in conjunction with the sale and service of food (menu item only). The sale of Malt (Strong) will also take place only in conjunction with the sale and service of food.
2. Per City of Saint Paul Legislative Code 409.15(d), licensee must be able to show that gross receipts are at least sixty (60) percent attributable to the sale of food.
3. Licensee will submit to the Department of Safety and Inspections (DSI) annual gross receipts for food and liquor for each year the license is renewed.

The department was not recommending any additional license conditions for this application.

Ms. Fuller explained that this type of license allows the establishment to have bingo, a paddlewheel, and/or sell pull tabs; they may also have meat raffles. It was her understanding that the charity in this case, Midway Lions, was installing a pull tab dispensing machine in the establishment, The Nook, which space would be leased. The Nook would not make any profit for the sale of the pull tabs but would be required to pay out on any winnings to customers with reimbursement by the Midway Lions. In some cases, the charity provides a bank to the establishment and if there are insufficient monies to cover the winnings, the establishment would be required to reimburse the charity. This type of gambling was primarily for entertainment purposes and did not necessarily draw in new customers; it was basically to keep customers in the establishment playing games, in this case, pull tabs. The only complaints she had experienced with this type of gambling were with posting of winnings so that customers would know how many wins had already been paid out and how many were remaining; this function was generally the responsibility of the bartender.

Ms. Vang asked whether this type of gambling would potentially increase traffic at the establishment and whether additional parking would be required. Ms. Fuller responded that the pull tabs were $1 or $2 games with the highest payout being $599. This type of gambling generally did not draw in new customers because the payouts were not large; thus, additional parking would not be required.

Mr. Runyon stated that they had a pull tab machine sponsored by the Midway Lions at their other restaurant, Shamrocks, for the past six years which had been very successful and had raised a lot of money for charities. The pull tab machine was approximately the size of an ATM machine and emphasized that his business did not make any profit from pull tab sales.

Ms. Vang read a letter and email of concern received from Daniel and Hannah Barcus, 1301 Randolph Avenue, and from Mary and Kevin Karalus, 1321 Juno Avenue. A copy of said letter and email are made a part of this record. Ms. Vang stated that Mr. and Ms. Barcus did not indicate a reason for their objection to the license. According to Mr. and Ms. Karalus, the main concerns were with parking, traffic, litter, and noise. They did not support the license application and requested it be denied.

Mr. Runyon acknowledged that parking in the neighborhood was an issue and it was not their desire to cause problems for the neighborhood. They had sought to purchase a lot, which at one time had been a gas station, and turn it into a parking lot for the neighborhood; however, a purchase price could not be agreed upon and the owner then sold the property to an entity that opened another gas station. He explained that they did not own the building and were limited in their ability to provide additional amenities to the property. As far as litter, the landlord/owner required the property be kept free of trash and litter. There were trash and recycling bins located behind the building in the alley with pick-up service three times per week.

Mr. Letourneau stated that they currently had four gambling locations located in St. Paul, two booths and two machines, and had been in operation as a charitable gambling organization since 1995. They had made a lot of monetary donations to charities throughout St. Paul, the Twin Cities, and to their main organization the Lions Club, which was countrywide and whose main focus was on eyesight.

After reviewing all of the documents of record, Ms. Vang said she will recommend to the City Council that they approve the license without additional conditions to this license.

The hearing adjourned at 2:30 p.m.

Submitted by: Vicki Sheffer