



## MEMORANDUM

**TO:** Mayor & Aldermen

**FROM:** Michael B. Brown, City Manager *Michael*

**SUBJECT:** Restaurants that transition into entertainment bars

**DATE:** May 1, 2008

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Restaurants and bars are an important part of Savannah's culture and economy, and alcohol sales are normally part of these business operations. Under the direction of the Mayor and Aldermen, we have improved alcohol controls and enforcement to help alcohol-oriented businesses to be both successful and safe.

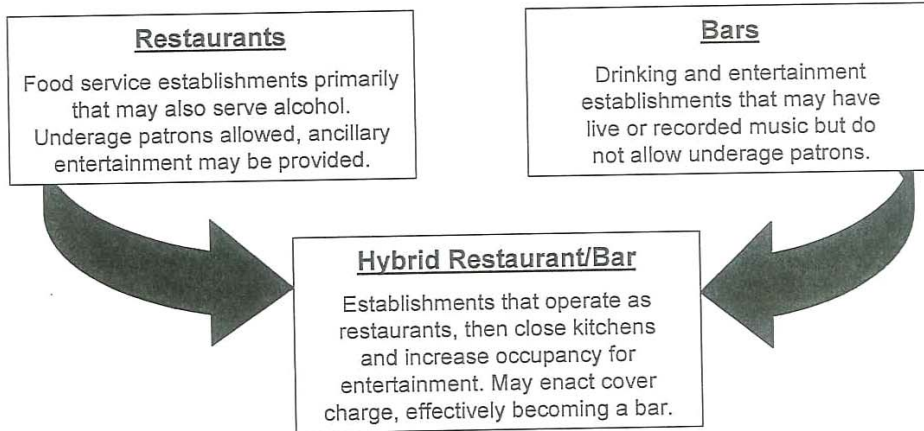
Our current alcoholic beverage ordinance defines and separately regulates "*restaurants*" and "*bars*". In 2006, this ordinance was amended to prohibit underage persons from being in bars.

*Restaurants* are primarily food service establishments that may also serve alcoholic beverages. Underage persons are allowed in the business and ancillary musical or other entertainment may be provided. *Bars* are primarily drinking and entertainment establishments that may have live or recorded music, but do not allow underage persons into the business establishment.

Enforcement and compliance problems have arisen in some restaurant establishments that "cross over" the boundary between restaurants and bars. In effect, these hybrid establishments may operate dominantly as restaurants, but at some point in the evening transition into an operation that resembles an entertainment bar. Restaurants that provide live entertainment, close their kitchens, increase their occupancy, and perhaps charge admission effectively become entertainment bars.

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The core problem with this crossover occurs if underage persons are still allowed in the business. Other problems with the crossover may include more noise, litter, loitering, traffic, and other nuisances sometimes associated with bars.



City action is needed to address this problem with restaurants that morph into entertainment bars. Completely banning the crossover practice could harm legitimate and safe entertainment businesses. Furthermore, some restaurants have bar areas and/or have ancillary entertainment but do not pose enforcement problems. However, additional regulations are needed for “Restaurants that Transition into Entertainment Bars” to exclude underage persons and to combat the nuisances described above.

New regulations are needed for the Restaurants that do the following:

- Close their kitchens, but continue to serve alcohol
- Charge an entrance admission fee (i.e. a cover charge)
- Rearrange tables and chairs or increase occupancy
- Promote entertainment events at the business

Restaurants must be prohibited from engaging in these business practices unless they apply for and are issued an additional alcohol beverage control permit which:

- Requires underage persons to exit the establishment prior to the time when the kitchen closes, admission is charged, occupancy increases, or a promoted entertainment event commences
- Charges an additional regulatory fee to defray additional City inspection and enforcement resources

- Requires additional business controls including checking the ages of patrons, training employees, securing and monitoring operations, and reporting on these controls to the City.

These additional controls are not intended to be obtrusive or onerous to businesses or to patrons, but are intended to prevent underage drinking, noise, loitering, litter, congestion, altercations, and other problems that can occur in or adjacent to bars.

We have communicated with representatives of the Restaurant industry to review these much-needed new rules of operation. Thus far, we have not had major objections. However, I am planning to present the proposed regulations to restaurant representatives on **Tuesday, May 6 at the Civic Center, followed immediately by a meeting for the general public at 5 p.m.. The draft ordinance will be presented on First Reading at the May 8 City Council meeting.**

## Key components of ordinance change

1. Creation of a new alcoholic beverage license category "Restaurants with Entertainment."
2. Business licensed under the category "Restaurants with Entertainment" will be required to pay an additional regulatory fee which equals 25% of the base alcohol licensing fees for which they have applied (the total of liquor, beer, and wine).
3. As currently provided in the alcohol ordinance, persons under age 21 may only be allowed in the restaurant business when the kitchen is open and fully operational and the full dinner menu is prepared. Late night, lite menus will not meet this requirement.
4. No less than 30 minutes prior to commencing live entertainment all persons under age 21, except those persons 18 and over who are employed by the business, must exit the premises.
5. Restaurants who wish to provide live entertainment and operate more like a night club than a restaurant must be evaluated and ensured to be a permitted use under the zoning ordinance. For instance, a *restaurant* may be a permitted use but a *bar* or *entertainment venue* may not be a permitted use.
6. Restaurants classified as a "Restaurant with Entertainment" will be required to submit a Sunday sales affidavit signed by a *Certified Public Accountant* twice annually, in January and July each year.
7. The definitions section of the alcohol ordinance will be amended to provide definitions for *full-service restaurant*, *limited service restaurant*, *bar*, *lounge*, *nightclub*, and *entertainment*.
8. No less than once annually, at the business owner's expense, all bartenders and servers employed by the licensed business will attend responsible server training with such training program approved by the City.
9. Additional life safety requirements will be developed in relevant ordinances to ensure the safety of patrons and occupants of entertainment venues.
10. A schedule of appropriate fines and sanctions will be developed to provide immediate penalties for business owners that violate the alcohol ordinance, particularly with regards to sales to minors and violation of the life safety codes. The alcohol ordinance will be amended to provide civil penalties of a minimum of \$1000 for the first offense with an increase for each additional offense. A schedule of sanctions will be developed which will expedite suspension or revocation in the event of repeated offenses.