



The Corporation of the Township of Huron-Kinloss

Staff Report

Report Title: Permanent Liquor Licence Sales Policy

Prepared By: Mike Fair

Department: Community Services

Date: Mar. 7, 2022

Report Number: CS-2022-02-10

File Number:

R05 FEE20

Attachments: Liquor Sales Licence Policy, Alcohol Risk Management Policy, and the Recreation Fees by-law

Recommendation:

That the Township of Huron-Kinloss Committee of the Whole hereby approves Report Number CS-2022-02-10 prepared by Mike Fair, Director of Community Services AND authorizes

1. An increase to the profit share drink price to five-dollars
 2. Occasional renters to receive seventy five percent of net profit share,
 - 3 Community organizations to receive eighty-five percent of net profit share
- AND FURTHER authorizes the appropriate By-laws coming forward

Background:

The Permanent Liquor Sales Licence Policy is reviewed annually by staff which was last updated in 2019 and has the following profit share programs in place.

1. Current profit share for occasional renters is regular profit share price of \$4.00 per drink and profit share of 20% of Gross sales.
2. Current profit share for services clubs and community organizations is regular profit share price of \$4.00 per drink and profit share of 30% of gross sales.
3. Also regular profit share price of \$5.00 per drink and profit share of 30% of gross plus \$0.87 on the additional dollar.

In 2018 cost of beer was \$1.88 per can, and in 2021 the cost of beer varies from \$2.22 to \$2.35. The Townships costs have risen substantially and those cost increase reduces the Townships share and does not reduce the renters share at all since the profit share is based on gross sales.

The Alcohol and Gaming Commission of Ontario (AGCO) has confirmed that a Municipality is now not required to profit share based on Gross alcohol sales.

Discussion:

Staff has reviewed the profit share formulas. Staff have attached a chart to demonstrate the effects of the proposed changes. The proposed changes ensure that the Township does not subsidize alcohol service, while still supporting the fundraising efforts of the community.

Staffs proposed changes are as follows:

Proposed profit share for occasional renters:

Regular profit share price \$5.00 per drink and profit share of 75% of net sales

Proposed profit share for services clubs and community organizations:

Regular profit share price \$5.00 per drink and profit share of 85% of net Sales

- The recommended profit share scenario is very easy to explain and understand.
- The recommended scenario ensures future alcohol price increases effects both the renter and the Township equally.
- The Townships profit share is expected to cover overhead such as licencing costs, inventory, and administration costs

Staff recommends the proposed profit share, to ensure that alcohol service recovers all costs associated with alcohol service, while providing a legal option for alcohol consumption, reducing risk, being responsible, and easing the burden to community organizations.

To implement the changes an amendment to the Liquor Sales Licence Policy and the recreation fees will be required.

Staff also recommends updating the Alcohol Risk Management policy for housekeeping purposes. This policy references a dollar amount fee for profit sharing. The policy will be updated to simply reference the recreation fees by-law and remove the reference to the dollar amount in section 1.4 definitions of Minimum Drink Price.

Financial Impacts:

As indicated in the report.

Strategic Alignment / Link:

We are an accessible community that offers opportunities for everyone.

By having amenities and services nearby

By being open and transparent

Respectfully Submitted By:

Mike Fair, Director of Community Services

Approved By:

Mary Rose Walden, Chief Administrative Officer