

STAFF REPORT NO. 123-10

TO: Mayor and City Council

DATE: 10/11/10

FROM: Pat McDonnell, City Manager

Subject: Council resolution in opposition to Initiatives I-1100 and I-1105.

Objective: Express Council position regarding Initiatives I-1100 and I-1105.

Present Situation: There are two initiatives on the November 2, 2010, ballot relating to liquor sales and state-run liquor stores, namely Initiative 1100 and Initiative 1105. Both would close state liquor stores and allow hard liquor to be sold by businesses that currently sell wine and beer. Each of the two measures has different effective dates and impacts, which are summarized in the attached September 2010 Fact Sheet prepared by the Association of Washington Cities. If both were to pass, there would be significant legal uncertainty as to their impacts.

At a September 27, 2010, Council Workshop on the Manager's proposed budget for 2011-2012 budget staff provided a brief overview of the two liquor initiatives. Staff confirmed that the Recommended Budget is relying on approximately \$2 million per year in liquor tax revenues and in locally shared Liquor Board profits. The City is dealing with a \$10 million budget reduction in 2011, with deficits projected for future years. The proposed budget does not take into account the potential impact of the initiatives.

In addition, while alcoholic beverages are a legal commodity, there are also significant negative impacts to law enforcement and the community as a whole that result from misuse and excess use of alcohol, including chronic inebriation in public places. The City and local businesses have spent significant time and effort in successfully establishing an Alcohol Impact Area by obtaining voluntary compliance from vendors in prohibiting the sale of certain types of low-cost, high alcohol content beverages. With the passage of either or both of these two initiatives, businesses that currently sell wine and beer could also sell hard liquor. This would not only adversely affect the City's Alcohol Impact Area program, but may also contribute to increased risk of underage and problem drinking.

Advantage(s):

1. Resolution informs voters of potential impacts on the City of Vancouver of Initiative 1100 and/or Initiative 1105.
2. Resolution expresses the position of Council in opposition to Initiatives 1100 and 1105 in manner consistent with state law.

Disadvantage(s): None.

Budget Impact: None from adoption of resolution. Estimated \$2 million annual negative City budget impact from passage of I-1100 and/or I-1105, after their full implementation.

Action Requested: Subject to giving members of the Council and the public an approximately equal opportunity for the expression of an opposing view in accordance with RCW 42.17.130(1), adopt a resolution expressing Council's opposition as a body to Initiatives 1100 and 1105.

Attachments:

- Resolution
- Association of Washington Cities Fact Sheet

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10/11/10

RESOLUTION NO. _____

A RESOLUTION of the City Council of the City of Vancouver, Washington, expressing its collective position, opposing Initiatives 1100 and 1105.

WHEREAS, Initiatives 1100 and 1105, which will be presented to the voters in November, seek to close state liquor stores and privatize the sale and distribution of liquor; and

WHEREAS, each of the measures has different effective dates and different impacts to state and local government revenue; and

WHEREAS, passage of both measures would create significant legal uncertainty and may require legislative action and/or resolution by the courts; and

WHEREAS, the City of Vancouver currently receives approximately \$2 million per year from liquor taxes and Liquor Board profits; and

WHEREAS, the City is facing a \$10 million budget reduction in 2011 with deficits projected for future years;

WHEREAS, the additional loss of \$2 million per year will further exacerbate the City's financial situation and further constrain the provision of services by the City to its citizens; and

WHEREAS, although alcoholic beverages are a legal commodity for certain members of the population, there are significant impacts to law enforcement and the community as a whole

that result from misuse and excess use of alcohol which will likely increase with the greater availability of alcohol should these Initiatives be approved by the voters; and

WHEREAS, in attempting to deal with chronic inebriation in it's downtown, the City has spent significant time and effort in successfully establishing an Alcohol Impact Area by obtaining voluntary compliance from vendors in prohibiting the sale of certain types of low cost, high alcohol content beverages; and

WHEREAS, the passage of either or both of these Initiatives will allow every business, whether it is a grocery store, convenience store or mini-mart that currently sells wine and beer, to sell hard liquor, which will not only adversely affect the City's Alcohol Impact Area, but may also contribute to increased risk of underage and problem drinking.

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VANCOUVER:

Section 1. The City Council expresses its collective position and opposes Initiatives 1100 and 1105 for the reasons set forth above.

Section 2. This Resolution shall take effect and be in full force upon passage.

ADOPTED at a special session of the Council of the City of Vancouver this _____ day of October, 2010.

Timothy D. Leavitt, Mayor

Attest:

R. Lloyd Tyler, City Clerk
By: Carrie Lewellen, Deputy City Clerk

Approved as to form:

Ted H. Gathe, City Attorney