



Joint Meeting of the Committee on Finance, Committee on Community Resources and the Northampton City Council

Community Resources Committee Members

*Councilor Garrick Perry, Chair
Councilor Marissa Elkins, Vice Chair
Councilor Rachel Maiore
Councilor Alex Jarrett*

Finance Committee Members

*Councilor Rachel Maiore, Chair
Councilor Marianne LaBarge, Vice Chair
Councilor Stanley W. Moulton, III
Councilor Jim Nash*

Virtual Meeting

Meeting Date: February 8, 2023

Time: 4 p.m.

1. **Meeting Called To Order:** At 4:02 p.m. Finance Committee Chair Rachel Maiore convened the joint meeting of the City Council Committees on Finance and Community Resources.
2. **Roll Call:** Present were Finance Committee members Councilor Rachel Maiore, Chair; Councilor Marianne L. LaBarge, Vice Chair, Councilor Stanley W. Moulton, III and Councilor Jim Nash. Also present were Community Resources Committee members Councilor Garrick Perry, Chair; Councilor Marissa Elkins, Vice Chair, Councilor Alex Jarrett and Councilor Rachel Maiore. Mayor Gina-Louise Sciarra, Department of Health and Human Services (DHHS) Commission Merridith O'Leary, Police Chief Jody Kasper and Administrative Assistant Laura Krutzler were also present.

Councilor Maiore announced that the meeting was being audio/video recorded.

3. **Items Referred To Committee**
 - A. **23.241 An Order To Approve A Certified Project And TIF For Property Within The Conz Street Economic Opportunity Area, referred to Finance Committee And Community Resources - 2/2/2023**

Process note: At the sponsor's request, this order has been withdrawn. [See Request for Withdrawal of 23.241, attached]

Councilor Maiore announced that the order requesting approval of the TIF was withdrawn. She noted that this was the only item referred to the Finance Committee so she would entertain a motion to adjourn.

Councilor LaBarge moved to adjourn Finance. Councilor Moulton seconded. The motion passed unanimously 4:0 by roll call vote.

The Finance Committee was adjourned at 4:03 p.m.

4. **Public Comment**

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Councilor Perry opened the floor to public comment.

Claudia Lefko asked why the order related to the TIF had been withdrawn.

Councilor Nash referred to the statement from the Mayor that the order was withdrawn at the request of the applicant.

Claudia Lefko said she tuned in because her concern is that they continue to have development and don't seem to be asking developers to give back anything to the city. She referred to the now famous daycare center that's she's often mentioned as having been sited at the bus garage. It seemed that the city at one point had a requirement for development that if developers were going to receive a benefit from the city they had to give something back for the common good. Her concern with what is happening now is that they just gave \$500,000 for St. John Cantius and now the hotel is asking for a tax break; what is the city asking them to give back?

What can the people who are coming here to do business offer us? They have vast needs in the city and it seems to her that one way they could help meet them is by asking people who are going to make money off of them to contribute to the common good.

She said she doesn't know what happened to the idea that this should be part of a development package. If it's not on the table anymore, she thinks they should consider it.

A participant identified as Diedre's iPhone said she's often on these meetings and is a blind participant. If there is any visual material presented during a meeting, she encouraged them to try to give those with visual impairments a visual description.

B. 23.242 An Order for Special Legislation Relative To Requesting Seven Licenses For The Sale Of All Alcoholic Beverages To Be Drunk On The Premises, Referred To Community Resources - 2/2/2023

Mayor Sciarra thanked councilors for the opportunity to talk about this in a bit more depth. The goal of this legislation is to support Northampton's role in the valley as a hub for restaurants and businesses; both to support long-running businesses and to increase the city's ability to attract new restaurants. They know how critical it is to be able to attract new businesses and to fill some of the empty storefronts. Now more than ever, they are hearing from existing and hopeful restaurateurs that in order to make it successfully, an all alcohol pouring license is necessary. A healthy and thriving restaurant scene is critical to all businesses. People are drawn to restaurants. A consumer behavior study done toward the beginning of the pandemic asked people what they were most looking forward to coming back to and the majority of people responded that they were looking forward to eating in a restaurant. Restaurants create jobs and support the local economy in many ways. As they saw during the pandemic, many stepped up and helped feed first responders and, as they all know, restaurants are important social gathering places.

One of the reasons there is such a critical need at this moment to have more all alcohol licenses is that the economics of food have changed. Food prices have jumped considerably in the last 12 months and other costs have risen so there has been a change in the balance for restaurants in terms of how they make revenue. Perhaps the easiest way for this to be seen is to look at the four restaurants that put their names forward to be part of a recent lottery. They were all long-standing Northampton eateries. Paul and Elizabeth's has been in business in the same spot in Thornes Marketplace since 1978, almost as long as she's been alive. The other three were the Teapot, Dirty Truth and Jake's. Teapot has been around forever;

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Dirty Truth has been around for 15 years; these are all long-standing, successful restaurants who clearly felt this was a critical component for them.

In response to the request from the City Council to invite public safety and public health officials to speak on behalf of the city, Mayor Sciarra recognized the presence of Police Chief Jody Kasper and Department of Health and Human Services (DHHS) Commissioner Merridith O'Leary.

Chief Kasper commented that, from a public safety standpoint, she doesn't see any significant public safety issues related to this. She thinks they have a pretty good track record in their community of keeping things in order around alcohol and licensing.

"I don't have any concerns about this from a public safety perspective," she attested.

Commissioner O'Leary said she too does not oppose having extra licenses for restaurants for on-site consumption. The city has been licensing alcohol establishments for many years and knows how to do it. They have studies that show differential impacts for on premise vs. off-premise outlets, and off-premise consumption tends to be tied more to increased use than on premise. They can measure the impact of alcohol and have studies and public health strategies to help combat the overconsumption of alcohol. It's been around long enough that they do a good job of being able to support a community to have onsite consumption in a restaurant setting while providing public health education to those who might need it due to overuse.

Councilor Jarrett said he appreciates the sections of legislation that basically remove these licenses from the market by preventing them from being transferred and instead requiring unused licenses to be returned to the licensing authority. He asked if this would devalue a business since only a portion of it could be sold unless it gives up the license.

The legislation has a provision that if more than 49% of the business is sold, the license holder must return the license, he elaborated. Essentially, business owners can only sell half of their business before losing their license. Does that devalue a business? He asked.

In the discussion of cannabis licenses, there was some concern that if owners couldn't sell a business, it would devalue it. He wanted to make sure that was thought about in this process

They certainly haven't heard any concerns or complaints about it, Mayor Sciarra responded.

The goal is to prevent additional licenses from having value on the secondary market, Chief of Staff Alan Wolf clarified. The truth is, the liquor license should not contribute to the value of any restaurant, he suggested. They are trying not to further compound the problem by creating more licenses that accrue value on the private market and are depreciable as a financial asset. None of them should be, he proposed.

Councilor Jarrett asked about the issue of bars vs. restaurants. He expressed his understanding that the licenses will be available to either a restaurant or a bar without distinction. Is there any data specific to bars as opposed to restaurants regarding density or the number of bars? He asked. He saw one study that associated a potential increase in domestic violence [with bars].

She couldn't find any research on the differential between a bar setting and a restaurant setting; the only research she could find was on the differential between onsite and off-premises consumption in relation to
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an increase in youth use, Commissioner O'Leary responded. She could look into it more but has nothing to cite today.

In response to a question from Councilor LaBarge, the mayor said three of the seven new all alcohol licenses will go to restaurants which already have wine & malt pouring licenses, so they will just be converting from one type of license to another. The other four will be new licenses.

The license fee for an all alcohol license is \$2,259 and for a wine & malt is \$1,550.

Councilor Maiore asked about the delivery of alcoholic drinks with food from restaurants. Was that just a pandemic-era provision?

That was a pandemic provision from the state, Mayor Sciarra confirmed.

Chief of Staff Wolf read a testimonial from Northampton resident Polly Normand, who wasn't able to be present.

Among other things, the letter said Ms. Normand explored opening a restaurant in downtown Northampton this fall and decided against it because she could not obtain an all alcohol license. She created three different budget models, one conservative one moderate, and one ambitious based on the number of covers and interviewed several area restaurant owners. The owners validated her theory that a certain number of customers prefer to visit restaurants that serve liquor so that, without a liquor license, a restaurant loses potential diners. They also confirmed that liquor has by far the greatest profit margin of any good sold in a restaurant. It also has the least waste and longest shelf life and is the least labor intensive aspect of the food business. The only two models that were not in the red were the moderate model with liquor and the ambitious model with liquor. It was evident that it would be irresponsible to lease the space without a liquor license.

She asked councilors to please strongly consider pursuing additional licenses for existing restaurants who want them and new businesses hoping to open.

Mr. Wolf said he did a lot of research to back up the numerical points made in the letter and would be happy to share them.

Mayor Sciarra acknowledged the presence of Kyle from Dirty Truth and Vince Jackson and Amy Cahillane from the Greater Northampton Chamber of Commerce and Downtown Northampton Association (DNA).

DNA Executive Director Amy Cahillane spoke in favor of the city pursuing the seven additional all alcohol liquor licenses. To be fully transparent, the restaurant community is not uniform in its thinking around this, she disclosed. Two restaurant owners she has tremendous respect for reached out to her upset that she is speaking in support of the licenses. One feels her position is a slap in the face to the hard work and hard-earned dollars he has invested in his license. She takes their words to heart and values their experience and expertise.

She is saying this to let them know that she is not speaking out publicly in favor of over-quota liquor licenses on a whim. She truly believes this moment in time in downtown Northampton is different from the past. They have existing restaurants for whom obtaining an all alcohol liquor license may make the difference between staying in Northampton or not, and they've lost restaurants who've looked for space in

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town (of which they have plenty, she pointed out) but have only been able to make their financial numbers work with an all alcohol license. She referred to the lottery as a 'hunger games' type of system that, while objectively fair, leaves the financial future of participating restaurants up to the whim of whatever ball is pulled out of the basket. It's a system that prohibits productive future planning on the part of restaurants seeking a license, creates a divide between restaurants based on the type of license held and does nothing to attract new restaurants and boost economic development. Of course, obtaining these additional licenses is not a silver bullet that will fill all of these empty storefronts but it's a partial fix to a system that's been problematic in the past and is prohibiting economic growth in the present. She spoke to one long-time commercial landlord who believes additional licenses will make it easier to lease his vacant restaurant space. She also talked to an existing restaurant owner who purchased a license on the open market and is supportive of requesting additional over-quota licenses. She has also heard from existing restaurants who have been unable to attain all alcohol licenses despite their best efforts. The city is not seeking 50 over-quota licenses or opting out of the license situation altogether; it's just seeking to create a little additional economic opportunity

While she doesn't think this will magically fix empty storefronts or diminished foot traffic downtown, leaving this economic development tool on the table now when there is momentum, legislative enthusiasm, existing restaurants that could benefit and a wealth of empty restaurant spaces, would be irresponsible and short-sighted, she suggested. She said she really hopes they support this measure.

Heather Warner said she is no longer working for the SPIFFY coalition although she partners with them and is on their steering committee so she is speaking on behalf of herself as a resident. With regard to information about outlet density discussed in detail around cannabis caps, they have much more research on the connection between the outlet density of alcohol retailers and increased alcohol consumption, she reminded. Massachusetts actually has pretty good regulations in place, she noted, citing the three-tiered system and taxation among other things. Other countries that try to decrease population-level use look toward tactics used in the United States, she pointed out.

She really appreciates that everyone cares about downtown and just wishes they could get more creative about ways to increase downtown vibrancy that don't involve substances. She also noted that, as opposed to increasing a cap, they are allowing over-quota licenses, which has been allowed for a long time and which Northampton has done in the past. What is new is the wording about having these licenses recycle. She can understand that restaurants would be upset about having their licenses devalued as she knows mom and pop package stores really count on the value of that license as part of their retirement plan.

She appreciated Commissioner O'Leary mentioning the difference in impact of retail vs. on premise licenses and so is glad this is restricted to on premise. She thinks off-premise licenses would have more impact on young people so she wouldn't want to increase those. However, in her experience working with Chief Kasper and people in other towns, she knows that young people access alcohol from restaurants too.

There is a social cost to increasing these licenses. If they were to have seven more bars in town she thinks they could see an increase in domestic violence or other social costs that come with increased alcohol use. If they want to be responsible about how they regulate alcohol in Northampton, licensing boards in a lot of communities exercise separate licensing authority such as requiring TIPS training. Other best practices can happen within restaurant and bar settings to mitigate the health impacts to the community.

They have to be thinking in terms of health and safety and not just the economic bottom line around both alcohol and cannabis, she observed. Alcohol laws in Massachusetts are beneficial and serve a purpose; by

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having a three-tiered system and automatic taxation, automatic quality control is built in, she suggested. In the three-tiered system, the manufacturer is separated from the retailer. As a deterrent to tainted products, an entity can't own a manufacturer, a distributor and a retailer. That's not the case with cannabis and it's problematic. Regulators undermined the three-tiered system to make it easier for the cannabis industry.

She thinks they have to think more deeply about why regulations are in place, she concluded.

Dirty Truth Manager Kyle Anderson said he sees Northampton as being the strongest when businesses come together as a community rather than seeing each other as competition which hurts their bottom line. He is a proponent for this extension of more licenses because he feels they are at a place where the restaurant and cultural side of their community as well as workers could really benefit from that attraction. Hiring people has been one of the biggest struggles since the pandemic. Dirty Truth started as a beer-focused bar and is now starting to add a bigger wine component. They got a cordial extension and have started a cocktail program and it has garnered a lot of attention. There is so much interest in the spirits industry that it is something very valuable for any restaurant or bar to be serving. He pointed out the irony of the fact that he can pour a 55% chartreuse because of its sugar content but can't pour a 40% bourbon. At the end of the day, they shouldn't be focused on competing with each other but on continuing to grow the community by promoting restaurants to operate at their fullest.

Vince Jackson, executive director of the **Greater Northampton Chamber of Commerce** and Hampshire County Regional Tourism Council spoke in support. Last year, they tracked 1.6 million visitors to Hampshire County, 43% of which were visitors to Northampton, he reported. Visitors spent \$131 million dollars, a 40% increase over 2021. They were very pleased that Northampton saw 43% of that business, putting them at about 70% of pre-pandemic visitation. Part of his role as executive director of the tourism council is to promote visitation and tourism. Cities of origin for most of their visitors are New York and Boston. He has to believe people from those progressive environments are coming for their restaurants. They have invested in signage on I-91 that says that Northampton is the proud site of over 100 food and beverage establishments.

Another big part of the chamber's work is making sure they are creating economic opportunity and vitality for any business willing to take a chance on their city. The chamber's economic development committee, a group of 40-strong stakeholders, has a shared vision and mission to create a thriving economy and community. From that perspective, he strongly supports this proposal.

Councilors asked questions and offered comments. In response to a question from Councilor LaBarge, Commissioner O'Leary confirmed that the health department inspects all restaurants twice a year looking particularly for the proper handling and serving of food to prevent cross-contamination.

In response to Heather Warner's comment about the importance of local regulation, Mayor Sciarra clarified that Northampton's License Commission has required TIPS and other mandatory trainings for liquor license holders since 1994.

Councilor Maiore said she found Heather Warner's distinction between on premise and off-premise licenses very valuable. That's an important distinction for her.

Claudia Lefko echoed what Heather Warner said about thinking in terms of what the city looks like. Maybe we'll get more restaurants but do we need more restaurants? She asked. There are honestly other things to fill up empty storefronts with other than pot shops and restaurants. She is feeling like a lot of emphasis in

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the city is on visitors, business and developers and not on people in the neighborhoods. She wants people to think more broadly about economic development beyond liquor and restaurants.

Councilor Elkins said she is fully in support of this measure and considers it to be the single most important thing they can do to benefit restaurants and reverse some of the negative trends downtown. If they could get rid of the secondary market for liquor licenses entirely, she would do it in a heartbeat.

She moved to forward the order to the full City Council with a positive recommendation. Councilor Maire seconded.

Councilor Jarrett said he also feels comfortable voting for a positive recommendation. He does have some more questions but said he would reach out directly to Commissioner O'Leary.

The motion passed unanimously 4:0 by roll call vote.

Councilor Perry thanked everyone who joined for this robust discussion.

5. **New Business**

-Reserved for topics that the Chair did not reasonably anticipate would be discussed.

None.

6. **Adjourn:** There being no further business, **Councilor Elkins moved to adjourn. Councilor Jarrett seconded. The motion carried on a roll call vote of 4 Yes, 0 No. Community Resources adjourned at 4:57 p.m.**

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