

Recommendation:

That the report Recreation Facilities-2025-02, dated April 15th, 2025 regarding the Liquor License Renewal be received and that Council forfeits the renewal of the Township's Liquor License and proceeds with Option #2 – alternate solutions for alcohol sales.

Overview:

The Township currently holds a liquor license which allows for the sale and distribution of alcoholic beverages at our community centres. While this has generated revenue and served the social needs of the community, the potential legal and financial risks associated with holding this license have become more evident. As public safety concerns increase and the burden of liability grows, it is necessary for the Township to evaluate its position on alcohol sales and consider whether it is prudent to continue holding this license.

The Township currently holds a catering endorsed liquor license under the Liquor Licence Act for the operation of our Community Centres. As part of the renewal process, designated individuals must be listed as a signer on the liquor license. This person is responsible for ensuring that event complies with all relevant regulations and legal obligations under the Liquor Licence Act.

At present, there has been a growing concern among staff about the personal liabilities associated with being a signer on the liquor license, as well as Township liabilities for holding the liquor license. These concerns stem from the potential criminal, financial, and civil liabilities that a signer may incur in the event of non-compliance or violations related to the operation of the establishment.

The role of a signer on a liquor license carries substantial personal risks and liabilities, which include criminal liability, financial penalties, and civil lawsuits in the event of non-compliance. Staff have expressed concerns about the possibility of personal exposure in case of violations, such as serving minors, overserving intoxicated patrons, or other breaches of the regulations. At this time, no staff are willing to act as a singer to renew the Liquor License because of the liability risks associated with the role.

Analysis:

Issues and Risks associated with Retaining Liquor License

1. Increased Liability and Legal Risk:

- **Alcohol-Related Incidents:** The Township assumes legal liability for any alcohol-related incident that occurs on its premises, such as accidents, injuries, or disturbances. This liability could extend to the Township itself, staff, or third-party contractors.

- **Increased Legal Costs:** The risk of lawsuits, claims, or regulatory violations may result in higher legal and insurance costs. In particular, the Township could face lawsuits for incidents related to over-service of alcohol, underage drinking, or accidents caused by intoxicated individuals.
- **Negligence Claims:** Should an alcohol-related incident occur, the Township may be deemed negligent if proper protocols (e.g., responsible alcohol service) are not strictly followed. This could result in significant financial and reputational damage.

2. Financial Impact of Insurance, Staffing, Inventory and Supply Costs:

- **Insurance:** The Township's current insurance policy may face higher premiums due to the increased risk associated with alcohol-related events. This could strain the Township's budget, especially if premiums continue to rise.
- **Staffing:** While holding the liquor license the Township is required to provide the staff to operate the bar. Staffing requirements change event to event depending on projected attendance. This can cause challenges with obtaining sufficient staff who are certified in responsible alcohol service (SMART Serve), which requires ongoing financial investment.
- **Inventory:** The Township is required to purchase and maintain thousands of dollar's worth of inventory for events. Low frequency of events presents spoilage and the potential of shrinkage of stock in between events. The storage of inventory relies on large fridges to keep the product cool.
- **Supplies:** The Township is responsible for adequate bar supplies for each event. This includes glasses, alcohol dispensers, ice and mix.

Events

From 2022 to 2024, the Township had a total of 25 events which included the sale of alcohol. The Township currently has five events booked for 2025 which include alcohol, three of which have already taken place. The chart below breaks down the revenues and expenses each year from 2022 through 2024:

Bar Operating Expenses-2022			
7 - Events	Supplies	\$ 388.40	
	Wages	\$ 1,251.00	
	Alcohol Purchases	\$ 1,604.98	
Total Operating Expenses			\$ 3,244.38

Bar Revenue			\$ 4,106.19
Profit/Loss			\$ 861.82
Bar Operating Expenses - 2023			
7-Events	Supplies	\$ 348.10	
	Wages	\$ 1,877.71	
	Alcohol Purchases	\$ 1,919.63	
Total Operating Expenses			\$ 4,145.44
Bar Revenue			\$ 6,044.25
Profit/Loss			\$ 1,898.81
Bar Operating Expenses - 2024			
11-Events	Supplies	\$ 962.66	
	Wages	\$ 3,039.20	
	Alcohol Purchases	\$ 5,255.60	
Total Operating Expenses			\$ 9,257.46
Bar Revenue			\$ 9,849.56
Profit/Loss			\$ 592.10

In the last three years, the township has provided this service for 7 to 11 different events with a range of annual net profits between \$500 - \$1,900. It should be noted that staff wages calculated for these events represent costs associated specifically on the date of the event and do not include staff coordination or management work. Further, the costs associated with providing these services is expected to increase as there is the potential for increased insurance premiums and rising minimum wage impacts. Finally, with a limited number of events annually, securing appropriately trained staff when required is growing more challenging and exposing the Township to potential risks for under experienced or under qualified staff making us even more vulnerable to liability concerns.

Alternate Solutions for Alcohol Sales

Given the concerns related to the growing liability, it is recommended that the Township explore alternative approaches to alcohol sales through partnerships with licensed third-party vendors, special occasion permits or service/community groups. Below are proposed alternatives:

1. Third-Party Vendor Partnerships:

- **Outsource Liquor License to a Third Party:** Rather than holding the liquor license directly, the Township can allow licensed third-party vendors (e.g., local bars, restaurants, or event companies) to operate under their own liquor licenses at Township facilities. The Township would establish contracts with these vendors to ensure responsible alcohol service and minimize liability.
- **Revenue Sharing Model:** The Township could negotiate a revenue-sharing arrangement with these third-party vendors, allowing the Township to retain some financial benefit from alcohol sales while transferring the responsibility for licensing, service, and liability to the vendor.

2. Special Occasion Permits for Alcohol Sales:

- **Event-Specific Licensing:** For events where alcohol sales are required, the Township could consider allowing users the ability to obtain special occasion permits for alcohol sales. This model allows for greater flexibility and limits the duration of the Township's exposure to liability.
- **SOP Management:** The Township could manage the selection of SOP's, ensuring that only reputable, insured, and experienced vendors are chosen for each event. This provides control over alcohol service while avoiding direct responsibility for the license.

3. Sponsorship and Vendor Collaboration:

- **Collaborate with Local Breweries or Wineries:** The Township could collaborate with local breweries or wineries to host events featuring locally produced alcoholic beverages, while the vendor holds the liquor license. The Township could promote these collaborations as a way to support local businesses while reducing its involvement in alcohol licensing and sales.
- **Co-Hosted Events:** Rather than selling alcohol directly, the Township could co-host events with local businesses where the business retains the

alcohol license, and the Township focuses on organizing and promoting the event itself.

Conclusion:

Considering the growing liability risks, insurance concerns, and no staff willing to be a signer, it is recommended that the Township not renew its liquor license. Instead, the Township should explore alternative solutions for alcohol sales through partnerships with licensed third-party vendors or special occasion permits, ensuring that alcohol sales are conducted responsibly and without the Township assuming liability. These alternatives allow the Township to continue hosting events that include alcohol, while minimizing risks.

Financial Impact:

When the Township averages the profits from 2022 – 2024, if the license is not renewed, there could be loss of revenue of approximately \$1117.58 each year. This would be offset by reducing the Township’s future liability risks.



Service Modernization and Innovation
Modernizing, refining and innovating services for residents is essential to effectively meet the needs of our community, enhance our operational efficiency, and ensure we remain adaptable in a rapidly changing world.



Business Attraction, Expansion, and Retention
Business attraction, expansion, and retention is vital for the economic health and sustainability of our Township, such as job creation, tax revenue, investing in innovation, maintaining our quality of life, and supporting community stability.



Infrastructure Renewal
Infrastructure renewal is a critical investment for our Township as it will ensure our adherence to health and safety, economic development, investment attraction, environmental sustainability, quality of life, public confidence, and regional competitiveness.

Report Approval Details

Document Title:	Liquor License Renewal - Recreation Facilities-2025-02.docx
Attachments:	
Final Approval Date:	Apr 9, 2025

This report and all of its attachments were approved and signed as outlined below:

Martina Chait-Hartwig

Todd Davis