

Village of Hill Spring
Information on Licensed Restaurants



Timelines:

Information & Background information – Feb 26th, 2024

Survey Starts March 4th and Closes March 16th

Any questions, please email cao@hillspring.ca

Introduction: Growing the Local Economy

In 2023, a local business owner presented to Village Council a request to permit them to apply for a "Class A - Minors Allowed" liquor license. The business owner indicated that in permitted the restaurant the ability to serve and sell liquor with a meal which would provide some much needed revenue. Council then decided in Dec 2023 to open the discussion to local residents to determine what they would want. By doing so, Village residents would not only be able to enjoy a casual or fine dining experience, but also be encouraged to spend more of their disposable income within Hill Spring and support the local economy.

To advance this strategy, Village Council is considering adjusting the Village's land use by-law so that current and future full-service restaurants could become a vibrant part of the Village. More specifically, Council is considering amending Bylaw No. 107-277, the Village's Land Use Bylaw, to permit full-service restaurants to apply for and obtain "Class A - Minors Allowed" liquor licenses (licenses for establishments where "food is the primary source of business").

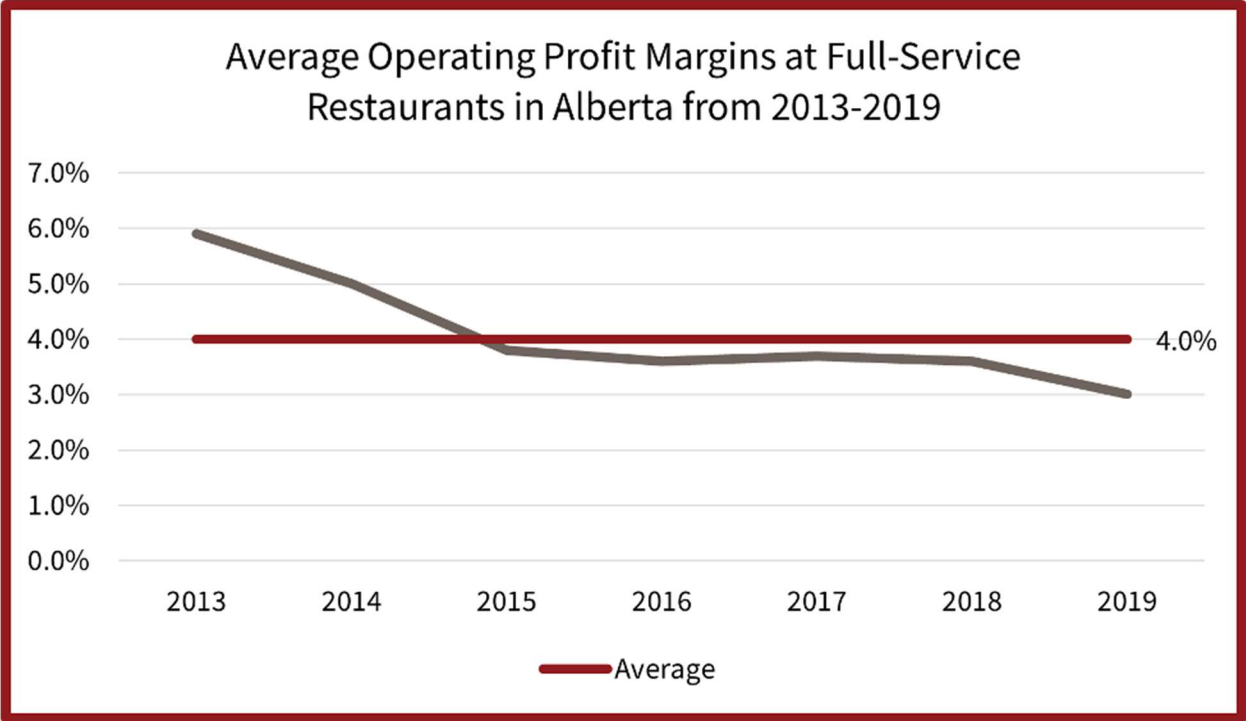
Cardston County & Town of Cardston permits Liquor Licenses

In 2022 & 2023, both Cardston County and the Town of Cardston lifted their historic bans on alcohol sales, and amended their land use by-laws accordingly to permit (with zoning) Restaurants and Recreational facilities with a Class A license. However, both municipalities took a different approach to make the changes to their land use by-laws. The County informed their residents that they would be holding a public hearing on a proposed change to their land-use bylaw to permit class A serviced restaurants with proper zoning (ie commercial). They held their public hearing in 2022 and there was very little public turn out or public push back on the proposed by-law changes. Council passed those changes unanimously.

The Town of Cardston however took a very different approach. They engaged in public discussion in a series of open houses. As well, once consultation was completed they held a non-binding plebiscite in May of 2023 for council to vote on in a future Council meeting. This plebiscite resulted in 53 % of the 925 voters in favor of the changes. In October of 2023, council approved the changes by a 5-2 vote.

The Economic Realities of Full-Service Restaurants in Alberta

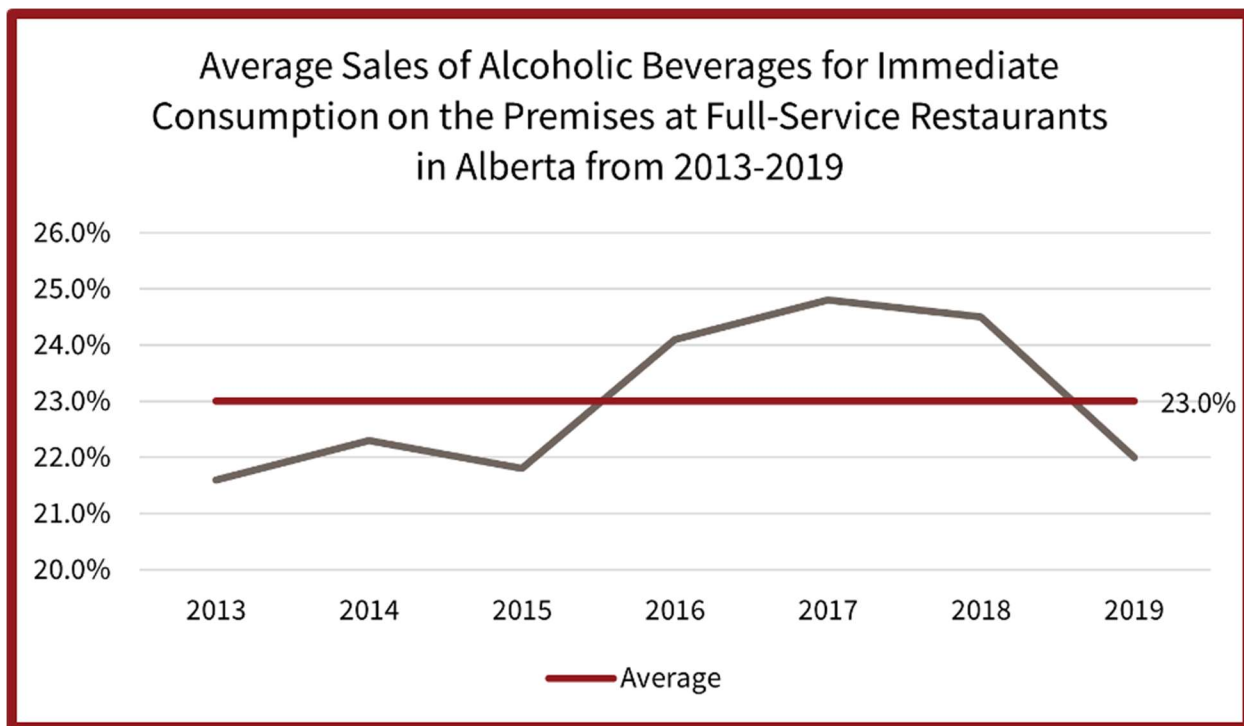
Full-service restaurants in Alberta operate on razor-thin profit margins. As the most recent data available from Statistics Canada shows, from 2013 to 2019 average operating profit margins at full-service restaurants in Alberta hovered around 4 percent:



Source: Statistics Canada. Table 21-10-0171-01 Food services and drinking places, summary statistics.

This means that for every dollar that full-service restaurants spend in Alberta, they on average make 4 cents in profit. [Research has found](#) that roughly 60 percent of full-service restaurants fail in the first three years of operation should therefore come as no surprise.

To maintain these tight profit margins, full-service restaurants in Alberta have therefore come to heavily rely on selling alcoholic beverages to their patrons. Again, as the most recent data available from Statistics Canada shows, from 2013 to 2019 “sales of alcoholic beverages for immediate consumption on the premises” at full-service restaurants in Alberta accounted for, on average, 23 percent of total sales:



Source: Statistics Canada. Table 21-10-0213-01 Food services and drinking places, distribution of total sales

For the vast majority of full-service restaurants in Alberta, therefore, nearly one-quarter (1/4) of their gross revenue comes from the sale of alcohol. This helps to explain why the Government of Alberta amended the Gaming, Liquor and Cannabis Act (GLCA) to permit full-service restaurants to sell alcoholic beverages with take-out and delivery during the pandemic: by implementing health restrictions that prohibited in-person dining, the Government of Alberta in effect implemented a policy that, overnight, eliminated approximately 23 percent of total sales at full-service restaurants across the province.

What do the different classes of licenses mean

For a full description of these licenses, you can visit the AGLC website at: https://aglc.ca/liquor/liquor-licences/apply-liquor-licence?utm_source=google&utm_medium=cpc&utm_campaign=SEM23-24&utm_term=liquor-licence

There are several categories of licenses that the AGLC issues. The first and most common is Class A: There are 2 sub-classes for a Class A license, they are as follows:

Class A: Minors Allowed

Food service is the main source of business for a Class A minors-allowed liquor licence. The premises must contain equipment to support the primary business of food service. Food service must be available during all hours of liquor service.

Class A: Minors Prohibited

Liquor is the main source of business for a Class A minors-prohibited licence. Food service must comprise of a minimum of a snack-type food menu (e.g., potato chips, nuts or other preserved snacks); food service is not required after 11 p.m.

Council would need to amend the land use by-law to ensure that businesses are zoned as commercial to allow or permit this use.

Class B - for the sale and consumption of liquor in locations where people pay an entrance or user fee or buy a ticket (such as a recreational facility, tourist facility, race track, sports stadium, convention centre, theatre, or certain types of transportation) or for a business that offers goods or services to the public where the primary purpose of the business is not the sale of food or liquor.

Class C - for the sale and consumption of liquor within a facility that is not open to the public but is primarily for use of members, such as a clubhouse.

Class D - for the sale of liquor that will be consumed off-site, such as a retail liquor store or off-sales.

Class E - for manufacturers that have a permanent facility, such as distillers, vintners or brewers.

Class F - For production of beer, wine, and cider at a ferment-on-premises facility.

Who enforces the license?

If Council were to amend the bylaw to permit Class A licenses in restaurants on commercially zoned properties, only the AGLC monitors and enforces the rules to licenses they permit. The Village would not be involved or have any extra controls to establishments with licensing. In other words, the municipality cannot add extra controls to the business above and beyond what the AGLC permits.

Businesses that do not operate within the rules of the AGLC are subject to heavy fines and penalties if they do not strictly follow the license rules.

Conclusion: Spurring Commercial Growth in Hill Spring

An important element to expanding and retaining the number of full-service restaurants in Hill Spring, then, is creating a more hospitable environment for them to operate in –

which is precisely why the Government of Alberta amended the GLCA during the pandemic, and why Council is considering amending the Village's Land Use Bylaw in the first place.

Except for special event licenses for private events on parcels of land that have no restrictive covenants, the Village maintains an absolute ban on alcohol sales to the public. Hill Spring therefore remains a predominantly "dry" community. Yet, if Hill Spring remains a "dry" community the likelihood of attracting and retaining family-oriented full-service restaurants (e.g. Boston Pizza, Moxie's, or Smitty's) will remain much lower given the importance of alcohol sales to their bottom lines.

Until the Village's Land Use Bylaw (if required) or policy is amended to permit full-service restaurants to apply for "Class A - Minors Allowed" liquor licenses, future full-service restaurants are likely to remain few and far between. Current full-service restaurants may struggle, and Village residents may likely continue spending a substantial portion of their disposable income in neighboring municipalities rather than in support of the local economy.