



Rochester Hills Agenda Report

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File Number: 2006-0320

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File Type: License

Status: Held in Committee

Version: 2

Reference:

Controlling Body: Administration and Information Services Committee

Requester: Clerk's Office

Cost:

Introduced: 04/20/2006

File Name: Request for a "New from Quota" Class C License - Carrabba's Italian Grill

Final Action:

Title: Request for a "New from Quota" Class C License - Carrabba's Italian Grill located at 1460 N. Rochester Rd.

Notes: Contacts:

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Code Sections:

Agenda Date:

Indexes: Liquor License

Agenda Number:

Sponsors:

Enactment Date:

Attachments: Staff Report.pdf, Application.pdf, Lease Excerpt.pdf, Plans & Menu.pdf, Letters & Receipt.pdf, Dept Reports.pdf, LCC Resolution.pdf, 061306 DRAFT AIS Resolution Ver 1.pdf, 061306 AIS Resolution Ver 1 & DRAFT notes.pdf

Enactment Number:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	AIS DRAFT NOTES	06/13/2006	Postponed				Pass

Notes: *Appearing before the Committee were five (5) Representatives from Carrabba's Italian Grill:*

- * *Paul and Frank Aragona, developers, City Walk at Tienken and Rochester Roads*
- * *Scott Edwards, Attorney, Plunkett & Cooney, PC*
- * *Mark Wyble (phoenic), Carrabba's Italian Grill*
- * *Lynn Brown, Carrabba's Italian Grill joint venture partner*

The Representatives made a presentation which included the following:

* Carrabba's Italian Grill was founded in 1986 by Johnny Carrabba and Damian Mandola in Houston Texas. It is a franchised chain financially backed by Outback. There are 210 locations across the country with four (4) currently in Michigan: Novi, Canton Township, Sterling Heights and Southgate.

* The proposed restaurant will be approximately 6,000 square feet and serve dinner only in a family-friendly setting. Many of the dishes are from family recipes and made from scratch each day. Carrabba's is more casual than Lino's but a step up from Olive Garden. The Italian segment is one of the fastest growing ethnic segments in the country. The City Walk location was chosen because of the smaller community life-style development center on the north side of Rochester Hills. The target date for construction is August 2006, with an opening date sometime in the first quarter of 2007.

The Committee reviewed the floor plans and advised the representatives that the City has only three (3) remaining licenses from quota.

The Representatives informed the Committee that they are very much up against a deadline and the proposed restaurant is contingent upon obtaining a liquor license from the community. They pointed out that Outback brought in a transfer license for their location on Rochester Road and at the time Carrabba's signed the lease with City Walk in April 2005, there seemed to be plenty of licenses available. The also stressed that City Walk has made a huge investment within the City including the road improvements to the intersection of Tienken and Rochester Roads and feel that a liquor license should be granted to reward their investment.

The Committee asked the Representatives to excuse themselves for a brief moment while the Committee briefly discussed the following:

* The comparison between Carrabba's request and City Walk's investment versus Papa Joe's request and their investment in the community. Also, discussed was the history of the request of Papa Joe's to find a transfer license if the City would consider issuing a new license.

* The City has three (3) licenses remaining from quota until 2012 and there is no way to predict how many new licenses will be allotted to the City. The practices of the past may not apply to what should be done now because the City has fewer licenses which should be controlled in a prudent manner.

* Carrabba's is supported by Outback and they may have the financial resources to obtain a transfer license.

The Committee then asked the representatives to return to the meeting and suggested the following:

* The Committee would like to make a recommendation to postpone the request for a new license and request that Carrabba's make an effort to obtain a transfer license. The reason being there are only three (3) licenses remaining in the City's quota, and there is future development slated for the City.

* The three (3) remaining licenses may be more geared toward smaller businesses that may not have the financial resources to purchase a transfer license.

* The Committee would be willing to hold a Special AIS meeting in two (2) weeks to allow Carrabba's some time to investigate the possibility of purchasing a transfer license and report back to the AIS Committee.

The Representatives wanted a clarification regarding if they were to purchase a transfer license for Carrabba's and then submit a request for a new license for another tenant within

the City Walk development, would the City grant a new license. The Committee responded with no guarantees, but stated the request for a new license would be considered. Mr. Edwards, the Attorney for Carrabba's, will contact Ms. Jane Leslie, City Clerk with any new information to provide for a Special AIS Meeting on June 27, 2006 at 6:00 PM regarding Carrabba's request.

Aye: Duistermars, Holder, Kinker, Rosen and Verschueren

2 AIS DRAFT NOTES

06/27/2006 Postponed

Pass

Notes: *Appearing before the Committee were two (2) Representatives regarding Carrabba's Italian Grill:*

- * *Scott Edwards, Attorney, Plunkett & Cooney, PC*
- * *Paul Aragona, Developer of City Walk*

The Representatives informed the Committee of the following:

* *Carrabba's does not intend to purchase a transfer license because they have competing sites all over the country. The quota license may be enough to influence their decision on whether to locate in Rochester Hills or somewhere else.*

* *Mr. Edwards located a license for \$80,000 because he wanted to be prepared in case Carrabba's decided to purchase one. However, Carrabba's did not ask him to locate one, nor do they know that he found one to purchase. The \$80,000 cost of a liquor license is approximately 6% of the construction cost of the restaurant. Outback Restaurants can only transfer their licenses within Oakland County. At this time, they have no restaurants closing in Oakland County.*

* *Mr. Aragona conveyed that he has invested \$20 million dollars that includes removing an old, decreped building, major road intersection improvements and a unique shopping center. His investment involved no public dollars. His committment with Carrabba's is based on obtaining a liquor license from quota. He stressed that Rochester Hills is a very expensive community in which to do business because the permit fees are high and the process is long and tedious. He asked that in the normal course of developing a unique development like City Walk, that he be treated in the same fashion as Tom's Oyster Bar and the Papa Joe's development on the adjacent corner. He also stated that Mr. Staran, the City's Attorney, indicated that while he could not guarantee a license from quota would be granted, Mr. Staran felt that it should not be an issue of obtaining a license when the development was ready.*

The Committee responded with the following comments:

* *Mr. Verscheueren suggested that all voting members of the AIS Committee should be present to make a recommendation to Council, not three that happened to be present at this meeting. He is not in favor of a big corporation obtaining a new license from the City's quota because there are only three (3) remaining. Carrabba's should have the financial resources to be able to purchase one.*

* *Ms. Holder stated that her stance has been to encourage businesses to seek a transfer license first, but after much thought about Mr. Aragona's investment in the community, she would be in favor of recommending an approval to Council. However, she does not like Carrabba's decision of not wanting to purchasing one.*

* *Mr. Rosen commented that Carrabba's is a substantial company with sufficient resources to adequately anticipate and plan for opening stores. They have sufficient financial resources to implement those decisions. If this restaurant hinges on whether they get a license from quota, they are making a poor decision. Mr. Aragona took a very big risk in*

committing to Carrabba's that a liquor license would be obtained from the City's quota because he has no authority to make such a commitment. If \$70,000 or \$80,000 makes the difference whether this restaurant is developed or not, it is doomed to financial failure and he does not think the request should be approved. Mr. Rosen conveyed his appreciation for the comments from Mr. Edwards and Mr. Aragona but he can not second a motion recommending an approval.

Chairperson Holder moved to recommend approval of the request for a license from quota. The MOTION FAILED for a lack of support. The consensus of the Committee and Carrabba's Representatives was to continue the discussion at the July 11th AIS Meeting and encourage all voting members to attend.

Aye: Rosen and Verschueren
Nay: Holder
Absent: Kinker and Duistermars

Text of Legislative File 2006-0320 - AIS RESOLUTION Version 2 dated 06-27-06

..title

Request for a "New from Quota" Class C License - Carrabba's Italian Grill located at 1460 N. Rochester Rd.

..body

Whereas, the Administration & Information Services (AIS) Committee met with the Representatives of Carrabba's Italian Grill on June 13, and June 27, 2006 regarding a request for a New Class C License; and

Whereas, the AIS Committee, at its June 13th meeting, requested that Carrabba's Italian Grill make an attempt to locate a transfer license in lieu of a New Class C License from quota; and

Whereas, at the June 27th Special AIS Meeting, Carrabba's Representative indicated their intent to continue with a request for a New Class C License, and the AIS Committee postponed making their recommendation to the July 11th Regular AIS Meeting;

Resolved that the AIS Committee recommends to the Rochester Hills City Council approve / deny the request from Carrabba's Italian Grill for a New Class C License from quota to be located at 1460 N. Rochester Rd., Rochester Hills, MI 48307.