



# Rochester Hills Agenda Report

1000 Rochester Hills  
Drive  
Rochester Hills, MI 48309  
(248) 656-4660  
Home Page:  
www.rochesterhills.org

**File Number: 2006-0320**

<b>File Number:</b> 2006-0320	<b>File Type:</b> License	<b>Status:</b> In Council
<b>Version:</b> 5	<b>Reference:</b>	<b>Controlling Body:</b> Administration and Information Services Committee
<b>Requester:</b> Clerk's Office	<b>Cost:</b>	<b>Introduced:</b> 04/20/2006
<b>File Name:</b> Request for a "New from Quota" Class C License - Carrabba's Italian Grill		<b>Final Action:</b> 07/11/2006

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

**Notes:** Contacts:

Scott Edwards  
Plunkett & Cooney  
38505 Woodward, Ste 2000  
Bloomfield Hills, MI 48304  
  
248.901.4045

**Code Sections:**

**Indexes:** Liquor License

**Sponsors:**

**Attachments:** Agenda Summary.pdf, Staff Report.pdf, Application.pdf, Lease Excerpt.pdf, Plans & Menu.pdf, Letters & Receipt.pdf, Dept Reports.pdf, LCC Resolution.pdf, 061306 DRAFT AIS Resol Ver 1.pdf, 061306 AIS Resol Ver 1 & DRAFT notes.pdf, 062706 AIS Resol Ver 2 & DRAFT notes.pdf, Fact sheet.pdf, Newspaper reviews.pdf

**Agenda Date:**

**Agenda Number:**

**Enactment Date:**

**Enactment Number:**

## History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Administration and Information Services Committee	06/13/2006	Postponed				Pass
	<b>Notes:</b> <i>Appearing before the Committee were five (5) Representatives from Carrabba's Italian Grill:</i>						
	* <i>Paul and Frank Aragona, developers, City Walk at Tienken and Rochester Roads</i>						
	* <i>Scott Edwards, Attorney, Plunkett &amp; Cooney, PC</i>						
	* <i>Mark Wyble (phoenic), Carrabba's Italian Grill</i>						
	* <i>Lynn Brown, Carrabba's Italian Grill joint venture partner</i>						

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. They 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 Administration and Information Services Committee      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, decrepit building, major road intersection improvements and a unique shopping center. His investment involved no public dollars. His commitment 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. Verschueren 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

3 Administration and Information Services Committee 07/11/2006 Recommended for Approval City Council Regular Meeting Fail

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

Mr. Aragona noted the following regarding Carrabba's Italian Grill:

- \* Will provide new jobs
- \* Serves as an anchor Tenant for City Walk
- \* Is financially stable
- \* Is not new to the City, noting Carrabba's/Outback Group has another business in the area.

Mr. Aragona further noted the following regarding City Walk:

- \* Made significant improvements to the area
- \* Eliminated an eyesore for the community

The Committee reviewed locations of other Class C Licenses in the area noting the following:

- \* Northwest corner of Rochester Road and Tienken have three licenses
- \* Southwest corner of Rochester Road and Tienken has one license
- \* Village of Rochester has six licences
- \* Hampton Development has several licenses

Mr. Edwards indicated that Carrabba's will not buy a license because it is their intention to put money into different markets, specifically in the southwest and southeast states. He further noted that the cost for a liquor license in Oakland County is \$80,000. Mr. Scott concluded by stating that it is in the best interest of Rochester Hills to grant Carrabba's Italian Grill the request.

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

4 Administration and Information Services Committee 07/11/2006 Adopted Pass

Notes: Aye: Duistermars, Holder, Rosen and Verschueren

Absent: Kinker

---

**Text of Legislative File 2006-0320**

..title

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

..body

Resolved that the request from Carrabba's/Mid East, Limited Partnership (A Florida Limited Partnership), request for a new full year Class C License & SDM license with Sunday Sales, Official Permit (food), and Outdoor Service area to be located at SE Corner of Rochester & Tienken, Rochester Hills, MI, 48307, Oakland County, Michigan be considered for **approval/disapproval** "Above All Others" by Michigan Liquor Control Commission.

It is the consensus of this legislative body that the application be **Recommended or not Recommended** for issuance.