

2024-0161 Public Hearing and Request for Conditional Use Recommendation - File No. PCU2024-0002 - for alcoholic beverage sales for onsite consumption at Lifetime Fitness, located at 200 W. Avon Rd., located north of Avon Rd. and west of Rochester Rd., zoned I Industrial and NB Neighborhood Business with the FB Flex Business Overlay, Parcel No. 15-15-476-039, LTF Club Operations Company, Inc., d/b/a Life Time Fitness, Applicant

(Staff report dated 3-11-24, Applicant's Submittal, 2024 Alcohol Standard, Life Cafe Menu, Signage, Sublease Agreement, Public Comment received, City Council minutes from 1-9-17, Planning Commission minutes from 12-20-16, and Public Hearing Notice had been placed on file and by reference became a part of the record hereof.)

Present for the Applicant was Steve Cullen, General Manager of Lifetime-Rochester Hills.

Chairperson Brnabic introduced this item noting it was a request for a conditional use recommendation for alcoholic beverage sales for onsite consumption at Lifetime Fitness, 200 W. Avon Road, north of Avon Road and west of Rochester Road, zoned I-Industrial and NB Neighborhood Business with the Flex Business overlay. She invited the applicant to the presenter's table and asked for the Staff Report.

Mr. McLeod stated that Lifetime has been in that location for a number of years, and he showed an aerial which highlighted the context of the site and its location relative to Rochester University and the Groves multiple-family residential development to the northwest and he reviewed the surrounding area zoning. He explained that the request will include outdoor sales and consumption with the pool deck area and an outdoor bistro being a part of the service area available for patrons to consume alcohol. He noted that there was an indoor component to the request as well, and a food option with the cafe. He noted that the hours of operation are proposed at 10 a.m. to 10 p.m. seven days a week and include the indoor cafe, outdoor bistro, outdoor pool area, and outdoor tennis and pickleball areas. He pointed out that this request was heard by the Planning Commission and City Council a number of years ago and it was not successful; however, this is a new application with new circumstances for the Commission's consideration.

Mr. Cullen noted that the outdoor facility is only open until 8 p.m., so alcohol sales would probably stop around 7 p.m. Monday through Saturday. On Sunday, the outdoor facility closes at 6 p.m., and they would stop selling at 5 p.m. Indoors, the cafe is open until 8 p.m., so they would stop selling at 7 p.m. He mentioned that they reviewed a lot of the comments and concerns from the public, and explained that they play soft music during the day and it is turned off nowhere near 10 p.m.

Chairperson Brnabic noted that this item requires a public hearing. She noted that three emails were received, noting that Ron and Barb Zuke stated that they are residents of the Groves and are not in favor of the requests as they believe that it would result in louder and later noise levels to the surrounding neighbors. Jeff Bass, also a Groves resident, questioned why a health club needs to serve

alcohol. He noted in his email that Lifetime had an adult pool party last year and it was noisy with thumping music. He asked the Commission to reject the request, but if it chose to move forward, there should be a closing time of 9 p.m. She noted that one of the persons who emailed was in attendance, and she would let her speak. She asked if Mr. Cullen has spoken with any of the Groves neighbors.

Mr. Cullen stated that he has not. He commented that he received feedback from his frontline team and emailed one of the commenters just before the meeting. He explained that originally in 2017 something to do with the license was denied. Since 2017 they have tripled their prices, and their membership is down by about 4,000, and they are selective of the type of member they have. He added that the Beach Club membership is extra, which includes the outdoor facility access. Last summer was the first year with the increased prices and additional pricing for outdoor access, and it was a great experience for all of their members and not overcrowded.

Chairperson Brnabic asked what the total occupancy was. She stated that from what was submitted, she computed the occupancy load for the cafe, tennis viewing, both pool decks and the bistro and came up with 2492, but that did not include the exercise areas.

Mr. Cullen responded that in terms of spaces that would allow alcohol, 600 for the pool deck includes the outdoor bistro facility, and no alcohol will be allowed in the indoor swimming facility. The cafe occupancy is 151. He confirmed that the overall club occupancy is around 2,000. He explained that they have a total of 6,000 members having about 2,100 swipes through the front desk each day. He noted that areas that would allow alcohol would be 751.

Chairperson Brnabic noted that their letter submitted stated that it was Lifetime's desire to have the ability to consume alcohol on the entire premises with the specific exclusion of the childcare area. She pointed out that the previous request went to the Planning Commission in December of 2016, and City Council in January of 2017, where there was a motion and no second. She mentioned that there were concerns even at the Planning Commission level about alcohol being carried across the facility or being permitted no matter where it was purchased across the facility.

Mr. Cullen responded that alcohol is allowed in about 99 percent of their new club openings in other regions. He noted that those locations have developed different signage for different spaces; however, he could envision a tennis house mixer or pickleball mixer where alcohol might be served. He stated that his vision is that they would not allow alcohol up on the fitness floor within the main area; however, they have three separate facilities including a tennis house, a pickleball dome, and the main facility.

Laura Athens, 746 Hummingbird Dr., stated that she has been a longtime member of Lifetime Fitness, and enjoys all of the amenities. She stated that she does not feel that the service of alcohol would enhance the experience for her or other members and expressed concerns including noise level, traffic and safety. She stated she resides in the Groves community and can walk from her

front door to the locker room in three minutes, and does not do that anymore as people are racing around the corner and she has almost been hit many times. She expressed concern over the potential of intoxicated individuals coming in and out of the parking lot and onto Avon and Rochester Roads. She added that she has been awakened in the summertime after 10 p.m. by noise from a pool party and hears loud music, loudspeakers, and people hollering to one another. She mentioned that the people that supervise the pool area are young adults, and expressed concern they would not command respect to get compliance if someone was belligerent. She asked the Commission to deny the request, or if approved, to severely limit the hours to stop serving alcohol at 7 p.m.

Mr. Cullen responded that traffic has decreased over the last five or six years since they added an outdoor pool access fee on top of the membership upgrade. He stated that they had one summer mixer last year, and commented that it ended around 9 p.m. on a summer Saturday.

Chairperson Brnabic mentioned the concern regarding the age of the employees monitoring the pool area.

Mr. Cullen responded that lifeguards would be right out of high school to college age. He noted that the average management age is around 40 and they have anyone from 52 down to 26. He stated that maturity within the leadership is intact and there has not been a problem. He commented that he does not have a problem terminating membership based on non-compliance.

Seeing no one else wishing to speak, Chairperson Brnabic closed the public hearing. She expressed concern that Lifetime Fitness was approved as a fitness facility, and they wish to provide a country club atmosphere. She pointed out that their plan is to transfer a Class C liquor license, and even though their menu does not include mixed drinks or hard liquor, they would have the ability to serve those drinks under that license. She asked for confirmation that there are currently no other Lifetimes in Michigan that serve alcohol.

Mr. Cullen responded that was correct.

Chairperson Brnabic asked how old someone has to be to enter the pool area without a parent.

Mr. Cullen responded 12 years of age.

Chairperson Brnabic stated that she knows that selling to minors would never be the goal or intention of the club, however things do happen. She noted that she found an example in Minnesota where alcohol was sold to a minor three times in 18 months at one Lifetime Fitness, with one instance resulting in a one week suspension of the license. She mentioned that having alcohol site-wide could leave unfinished drinks at different locations with kids everywhere that could pick up someone else's container. She stated that in 2016 she was originally a vote to deny it, and after some conditions were set up she did vote to approve it at that time.

Mr. Cullen asked for an explanation of the concerns of alcohol being site-wide,

noting that the cafe, outdoor pool deck, and potentially a tennis or pickleball mixer would be zones of service.

Chairperson Brnabic responded that she took a statement from the letter about Lifetime's desire to have the ability to consume alcohol on the entire premises with the exception of the childcare area.

Mr. Cullen responded that at other clubs that have this license, they have signage from department to department for no alcohol past a certain point. He stated that it would not be permitted on the fitness floor.

Chairperson Brnabic stated that if it could be brought out to the pool area, there are a lot of drinks that could be left at poolside. She asked how many staff members they plan on having monitor alcohol use.

Mr. Cullen stated that for any facility that has an alcohol license there would be concerns, and stressed that his staff training will be diligent and consistent. He noted that staffing would depend on the day, and they would up payroll greatly on the weekend to ensure safety. He noted that they typically have 20 lifeguards on hand every day and it goes up to 35 on the weekends. He stated that they have member counts, pool deck and occupancy counts every hour.

Chairperson Brnabic asked whether Lifetime is applying to serve alcohol at any other Michigan facility.

Mr. Cullen responded not to his knowledge. He noted that Bloomfield Hills does not have an outdoor pool deck. He stressed that this Lifetime has the second highest dues and is considered the high-end facility in Michigan.

Ms. Neubauer stated that she is struggling with a fitness club that wants to serve alcohol. She noted that a motion did not receive a second at City Council last time. She mentioned that she drops her kids off there because they are over the age of 12 and can be there by themselves; and she stated that while her kids are good kids, not everyone's kids are. She expressed concern about carrying alcohol from place to place in the facility, and noted that someone who drinks too much may go and weightlift and injure themselves. She commented that she would concur with Chairperson Brnabic that this is not a country club.

Mr. Cullen responded that this is not LA Fitness or Planet Fitness, and it is a different world. He stated that they are moving in the realm of a country club, noting that they now have eight pickleball courts and eight tennis courts, along with nine or 10 different departments in the club. He stated that he would challenge that what does a country club have that they do not have right now aside from \$20,000 a month dues.

Ms. Neubauer stated that the mission statement of a country club is different than the mission statement of a fitness club. She commented that one is primarily for socialization and the other is for fitness. She stated that they have granted liquor licenses countless times, but it gives her pause as she has been at that facility. She noted that she has chaperoned multiple fifth grade parties there, and it was overwhelming for staff to chaperone those parties with kids

getting into the pool that did not have their bands or have done their test yet. She stated that she cannot imagine having alcohol there at the same time kids are playing. She added that a country club has age limitations in that members are not bringing their kids to the club all of the time.

Mr. Cullen responded that he has been to the Birmingham Country Club on Woodward and there are a lot of kids especially in the pool area.

Ms. Neubauer stated that she does not see how having an alcohol license at Lifetime Fitness promotes the same points, and the same points that were presented in 2017 are the same issues she has here. She listed carrying alcohol throughout the entire facility will be hard to control, there are safety issues aside from just the kids, and it is more liability for the club and more dangerous for the people who are doing it and those around them. She stated that she does not see a purpose in serving, and commented that if there was another model in Michigan that was successful, maybe she would consider it.

Mr. Dettloff commented that this is a shift in the corporate business model.

Mr. Cullen responded that he started at Lifetime in 2020, and has been a member since 1999 in Troy. He noted that since he has been on staff, their goal has been to move in the country club or athletic club direction. He stated that in terms of pricing and amenities that they are currently still adding and will have in the next year-and-a-half, this is what they are trying to do nationwide. He pointed out that looking at the newer clubs in every other state, this model has been very successful.

Mr. Dettloff stated that he saw that there are 200 in the country, with 70 currently having a liquor license. He asked what the closest state to Michigan is that has one.

Mr. Cullen responded that River North in Chicago is downtown, and he believes that Dublin, Ohio has one. One or two in Ohio have been remodeled with this feature. He stated that Minnesota is the founding state for Lifetime and he knows that their home club does among others.

Mr. Dettloff noted that the pool is seasonal and asked if there were any plans to enclose it.

Mr. Cullen responded no. He stated that they open Memorial Day weekend and are probably open until the first week of September, or mid-September depending upon weather.

Mr. Dettloff asked if the State Liquor Control Commission has any additional requirements when it comes to a health facility serving alcohol. He asked if it was an existing license in escrow, and if the Lifetimes are corporate-owned and operated or franchise.

Mr. Cullen stated that he did not know regarding the State or about the license. He noted that all Lifetimes are corporate-owned and operated. He stressed that he is here representing his club.

Mr. Dettloff questioned the subagreement indemnifying the landlord.

Mr. McLeod noted that he believed Lifetime's lease is with itself.

Mr. Struzik asked a number of questions including:

- If alcohol was only for the outdoor pool facility would they in the future wish to expand it to the indoor pool.*
- What kind of parties and events are they looking to host in the outdoor area, and if their previous event mentioned was membership-invited or open.*
- If the age restrictions pertain to just the outdoor pool or to the indoor pool as well, and if they had any statistics as to how many children attend the facility.*

Mr. Cullen responded with the following:

- They do not wish to expand alcohol to the indoor pool as they have hot tubs and a sauna.*
- A summer mixer last year was for members only but 80 to 100 people attended. The other pool decks were closed at that time and the mixer was just in the bistro area. They had a DJ, did line dancing and played Limbo. The party went to 9 or 9:30 p.m., but not 10 p.m.*
- The age restrictions pertain to the entire club. They have 2,400 juniors on a membership. The average swiping juniors each day is around 300, and some exclusively play tennis, some are in the Kids' Academy, and some exclusively come for summer camp.*

Mr. Struzik asked when the Groves was built.

Mr. McLeod responded it was finalized in 2022.

Mr. Struzik stated that he shared many of Council Member Neubauer's concerns. He noted that he visited the site from both approaches and also drove into the Groves and walked the curve noted in public comment. He stated that it is about 110 feet, less than the width of a football field to the residential area. He commented that the nearby neighborhoods have backyards facing Lifetime and that is where the residents will be doing their entertaining. He stated that he noted Ms. Athens' concerns about cars whipping around the corner, and he noted that the pedestrian connectivity is not great. He commented that the pool area is an intense usage with an occupancy of 600 and serving alcohol in the area will only make that usage more intense and will increase noise, adding to his concern. He pointed out that the only difference between now and the last time they applied is that there is a residential development there and that makes him feel even less at ease.

Chairperson Brnabic noted that in answer to the question regarding the liquor license, Lifetime is currently in the process of transferring a Class C liquor license from Whole Foods Market Group Incorporated.

Mr. Hetrick noted that he was a Council member in 2017, and asked Mr. Cullen what is different about today's request. He mentioned that he recalls the same

kind of layout where alcohol would be served from a spot in the tennis area, the bistro and the cafe.

Mr. Cullen responded that pricing, fewer members, and a better experience on the pool deck are differences. He stated that it will still be crowded as it is a seasonal club in Michigan, but he stressed that going from 9,000 members down to 6,000 will do something. With the current pricing structure, they are no longer overwhelmed on the pool deck as when he started in 2020, 2021, even 2022. He stated that the layout has not changed.

Mr. Hetrick asked about the 70 locations currently serving alcohol.

Mr. Cullen responded that it is a higher-end feel. He noted that West Palm Beach Club has a full bar and no restaurant plus a full bar on the pool deck. He added that West Palm Beach is about \$300 a member per month while they are at \$180. He stated that he has not heard of any extenuating circumstances that a normal restaurant would go through.

Mr. Hetrick asked if Mr. Cullen thought the demographic of Rochester Hills was like West Palm Beach or River North and the demographic would want a full bar at the pool.

Mr. Cullen responded that it could approach that level. He commented that he thought that Birmingham or Grosse Pointe could top Rochester Hills. He stated that they get a lot of requests, and commented that parents will drop their kids off at the Kids' Academy and lay out by the pool and have a seltzer and relax for a couple of hours or go for a dip.

Mr. Hetrick stated that along with his fellow Commissioners, the area in the layout that will be the problem is the pool area because the bistro is on the pool deck and is not enclosed. He commented that people will take their drinks out to the pool deck. He questioned what would keep them from taking alcohol inside as the entire facility would be allowed access and asked about the total square footage of the facility.

Mr. Cullen responded that they would be able to order alcohol at the bistro and take it back to their chair to drink it on the pool deck. He stated that there will be staff members at the cutoff point and those with alcohol would not be let back in. He noted that the entire facility is 200,000 square feet and alcohol would be deemed for the tennis house, pickleball dome and cafe. He stated that it will be up to management whether they add those areas or not.

Mr. Hetrick commented that if it is up to him, it would be a condition that they are not going to do that. He questioned how they would be able to monitor people carrying their seltzers from the cafe out to the pickleball court. He stated that the square footage where they can buy and drink would be considerably less than 200,000 square feet, and enforcement in those areas has to be incredibly vigilant. He expressed concern of the allowable hours being up to 10 p.m., and commented that there appears to be a number of variable hours. He noted that someone could have a seltzer on the pool deck at 10 a.m. He asked if other places in Michigan are taking this same tact.

Mr. Cullen responded that since he started with Lifetime, pool deck hours are 10 a.m. when family swim starts to 8 p.m. Monday through Saturday. Sunday hours are 10 a.m. through 6 p.m. on the outdoor pool deck. The indoor cafe is open until 8 p.m. Monday through Saturday and closes at 6 p.m. on Sunday. He commented that he does not think the others have a demographic that suits it, and Bloomfield Hills does not have an outdoor pool area.

Mr. Hetrick commented that when Lifetime was here in 2017, he remembers that they were not too interested in this Lifetime being the first place in Michigan to add alcohol. He noted that they have had five years to find another location to test it and it has not happened. He stated that he appreciated Mr. Cullen's answers, and is very concerned about the ability to enforce 200,000 square feet versus the small number of spaces they currently have along with a pool deck pretty much open to everyone.

Ms. Denstaedt asked why they felt that the summer 2023 experience was better than those in the past and if it was based on customer satisfaction.

Mr. Cullen responded that the overall price has tripled since the last time they applied. He explained that if a family joined in 2017, they would not pay anything to get out to the pool. A family of five pays over \$500 now for the season on top of their membership dues.

Ms. Denstaedt noted that their satisfaction was still good without alcohol, and asked if their satisfied customers are requesting alcohol. She asked if there were concerns that if it is allowed, more people would join for that reason and they would have the same issues everyone is concerned about with too many people, enforcement and staffing.

Mr. Cullen responded that the members are asking for it. He commented that he understands the question but does not know with the price increases if they will be willing to pay that price for a seltzer.

Ms. Denstaedt stated that just because they have a different clientele, it does not mean that they will not overdrink and become better drinkers. She noted their plans for a cart for the pickleball and tennis courts and asked if they would get to the point to want a stationary bar there.

Mr. Cullen responded that the maturity of the clientele makes a difference. He commented that he did not envision more than a cart in those locations, and noted that right now the pickleball and tennis is a theory or vision more than something starting right off the bat.

Ms. Denstaedt stated that she is having a hard time correlating getting healthy, working out, and then eating and drinking.

Mr. Gallina stated that he would echo everything that has been said and he is struggling with this. He noted he respects the idea that it will be more of a country club social gathering but the challenge is that is not what was originally built. He stated that there is leisure, exercise and fitness, but when you start

introducing alcohol it gives him concern. He commented that he would feel more comfortable if there were others in the state that had it. He expressed concern for safety, noise and a negative impact; and stated that the neighbors have expressed concerns now before alcohol is served. He stated that this is not a concept that he feels fits in at this time.

Mr. Hooper stated that he is a member of Lifetime and can attest to the increase in fees. He noted that he has been on the Planning Commission for 25 years and supported it in 2017. He commented that there is nothing wrong with the country club concept and every country club he knows of has a liquor license with outdoor pools. He stated that while issues raised about over imbibing on liquor are valid, that is strictly the responsibility of the liquor license and the liquor control board. He added that the times for serving have changed since 2017 and are now 7 p.m. Monday through Saturday and 5 p.m. on Sunday. He mentioned the signage that will say it is limited or cannot be served or carried past a certain point, and alcohol will be restricted to three areas, the indoor cafe, the outdoor bistro and when there is a cart at the pickleball dome or in the tennis viewing area. He stated that this will have to be a condition in order for this to go forward. He commented that while he supports it, it does not appear that anyone else on the Commission will support it.

Ms. Neubauer moved the motion in the packet to recommend denial of the conditional use with the findings stated in the proposed motion. Mr. Struzik seconded the motion.

After calling for a roll call vote, Chairperson Brnabic noted that the motion recommending denial passed seven to one with Mr. Hooper voting nay. She stated that it will be the applicant's choice whether to move forward to City Council at the April 8 meeting. She commented that Lifetime is an awesome facility, but there are just too many concerns with alcohol at that facility.

A motion was made by Neubauer, seconded by Struzik, that this matter be Recommended for Denial to the City Council Regular Meeting. The motion carried by the following vote:

Aye 7 - Brnabic, Denstaedt, Dettloff, Gallina, Neubauer, Struzik and Hetrick

Nay 1 - Hooper

Excused 1 - Weaver

Resolved, in the matter of File No. PCU2024-0002 (Life Time Fitness), the Planning Commission recommends to City Council Denial of the Conditional Use to allow sales for on premises alcoholic beverage consumption associated with a restaurant use, based on documents received by the Planning Department on February 13, 2024 with the following findings:

Findings

1. The proposed conditional use, particularly the outdoor service area, based on its overall size and intensity are not compatible, harmonious, and appropriate in appearance with the existing and planned character of the general vicinity, adjacent uses of land, and the capacity of public services and facilities affected by the use, particularly given the close proximity of the Groves apartment community.

2. The proposed addition of alcohol sales to the already existing fitness facility could have a negative impact on the surrounding residential properties by creating excessive noise and disturbances.

3. The existing Life Time facility was approved as a fitness facility and was not intended to be a full service indoor /outdoor restaurant facility with alcoholic sales and consumption, particularly of the size and natures of proposed conditional use, for the serving and consumption of alcoholic beverages.