



Liquor Store Regulation Review

**City of Spruce Grove
Planning and Development Department
November 2011
Updated Version: November 16, 2011**

Purpose of this Report

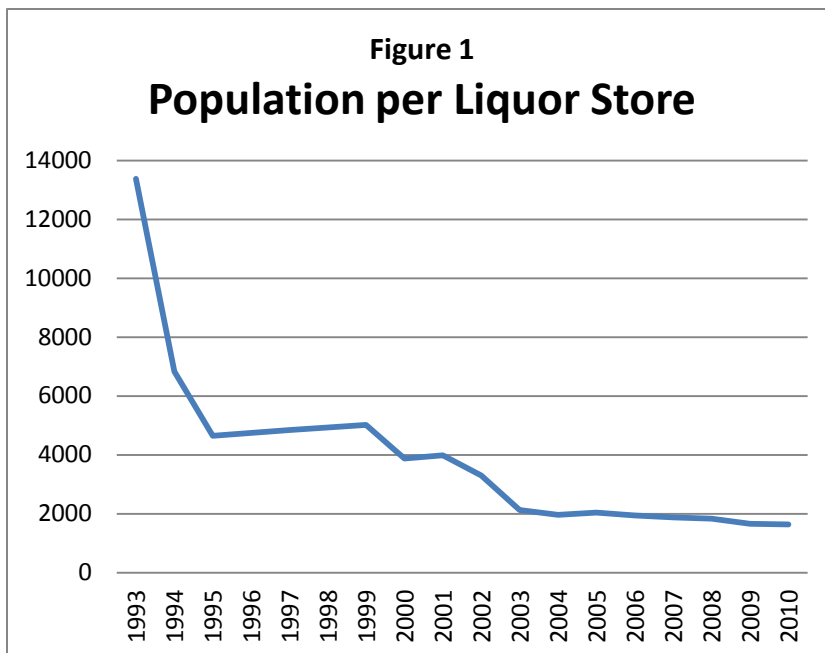
City Council was approached by the owners of two liquor stores, who requested the City amend its regulations to include a 500 meter separation distance between liquor stores. The main reason behind this request is the owners' belief that the number of liquor stores in Spruce Grove has caused crime to increase and has led to greater Gaming and Liquor Act violations due to intense competition. This report addresses crime rates, the regulatory environment, and common practices in the Capital Region. The findings in the report will form the basis for recommendations on the matter, which will be incorporated into the Land Use Bylaw review.

History of Private Liquor Stores in Spruce Grove

In 1993, the province changed the way the liquor industry was regulated by privatizing most alcohol-related business. In addition to retail stores, privatization also affected warehousing and distribution. Upon privatization, the first retail liquor store opened in the city in 1993 at 20 McLeod Avenue. The store has changed names and owners, but the liquor store use is still present. It didn't remain the only liquor store for long, with new stores opening in the next two years. The number of stores remained steady at four for several years, followed by strong growth between 2000 and 2010.

Although the number of liquor stores has increased over the past 10 years, due to high residential growth rates over this period, the number of liquor stores per capita has been relatively steady since 2003. **Figure 1** displays the population per liquor store, relying solely upon the population within the Spruce Grove city limits. The Spruce Grove retailers also serve the surrounding country residential areas, which also grew robustly over the past 10 years.

The Spruce Grove market is competitive due to the number of liquor retailers. In 2010, there were 15 licensed retail liquor stores in the city. At the date of this report the number of liquor stores has been



reduced to 14, as one store closed in Spring 2011. If 2011 was included in Figure 1, the population per liquor store would be higher due to fewer stores and a higher population. The closing of a liquor store shows that business is regulating itself through competition.

One liquor store is under construction at the writing of this report, and one has been approved for construction, with anticipated opening dates in 2012. The addition of the two stores would bring the city to a total of 16 retail liquor stores.

Current Regulatory Environment

Retail liquor stores are regulated both by the Alberta Gaming and Liquor Commission (AGLC), and by local municipalities. The AGLC is responsible for reviewing applications for liquor licenses, ensuring that the proposed business meets the requirements of the Gaming and Liquor Act (the Act), and the associated Gaming and Liquor Regulation (the Regulation). The application process generally consists of four steps:

1. Preliminary Assessment: the applicant must submit proof of ownership/lease of the land, property and site plans, as well as development timelines.
2. Advertising of Application: the AGLC posts the application on their website for a period of 21 days. If any objection is received during this period, the application is scheduled for review by the Board.
3. Submission of Application: if the license receives preliminary approval, the AGLC requires proof of municipal approval (such as a business license), as well as other supporting documentation.
4. Final Inspection and Issue of License: after the development of the retail space is complete, the AGLC inspects the premises to ensure compliance with the Act and the Regulation.

The AGLC also regulates how the business operates by putting conditions on each business, dependent upon the circumstances surrounding each application. The AGLC enforces operation guidelines that limit the hours of operation, establish license fees, and govern advertising, etc. All staff at licensed facilities are also required to complete the AGLC's ProServe training program.

In addition, each municipality has the ability to regulate alcohol sales through its Land Use Bylaw (LUB). Municipal regulations can establish the zoning districts where liquor stores can operate, separation distances between liquor stores and other uses (schools, parks), or regulate maximum size of stores in certain areas, as well as provide more specific direction around safety and security measures to incorporate into liquor store developments.

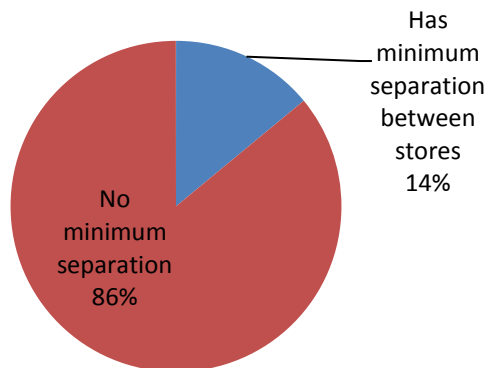
The City of Spruce Grove's existing Land Use Bylaw addresses the following:

- defines 'alcohol sales', and separates the use into minor and major uses depending on floor area;
- regulates where minor and major alcohol sales are permitted or discretionary uses;
- requires a separation of 100 meters from a proposed major alcohol sales business to community or recreation activities or sites, including public parks and public or private education facilities. In the C-4 district, the separation distance also applies to minor alcohol sales establishments; and,
- allows the development officer to require additional lighting, signage or screening, including landscaping, to make the development compatible with adjacent uses.

In addition to these specific regulations, alcohol sales are a discretionary use in some districts, allowing the development officer to impose additional conditions and allows for appeals by affected parties. This additional discretion ensures that proposed liquor stores do not negatively impact adjacent uses through their operations.

Municipal Regulation in the Capital Region

Figure 2
Municipalities with Separation Distances in LUB



Administration reviewed the regulations of urban municipalities in the Capital Region, including: Edmonton, Strathcona County, St. Albert, Leduc, Stony Plain, and Fort Saskatchewan. Of these municipalities, only Edmonton currently has a minimum separation distance between liquor stores. At the time this report was written, Stony Plain is in the process of changing its LUB to include a minimum separation distance of 500 meters, which is the same as Edmonton's. The public hearing on the amending bylaw is scheduled for public hearing on November 14, 2011. Of the remaining municipalities, St. Albert, Fort

Saskatchewan, Strathcona County, and Leduc have no separation criteria between stores. Strathcona County, however, does have provisions stating that the development officer should take into consideration proximity to schools and parks when making a decision.

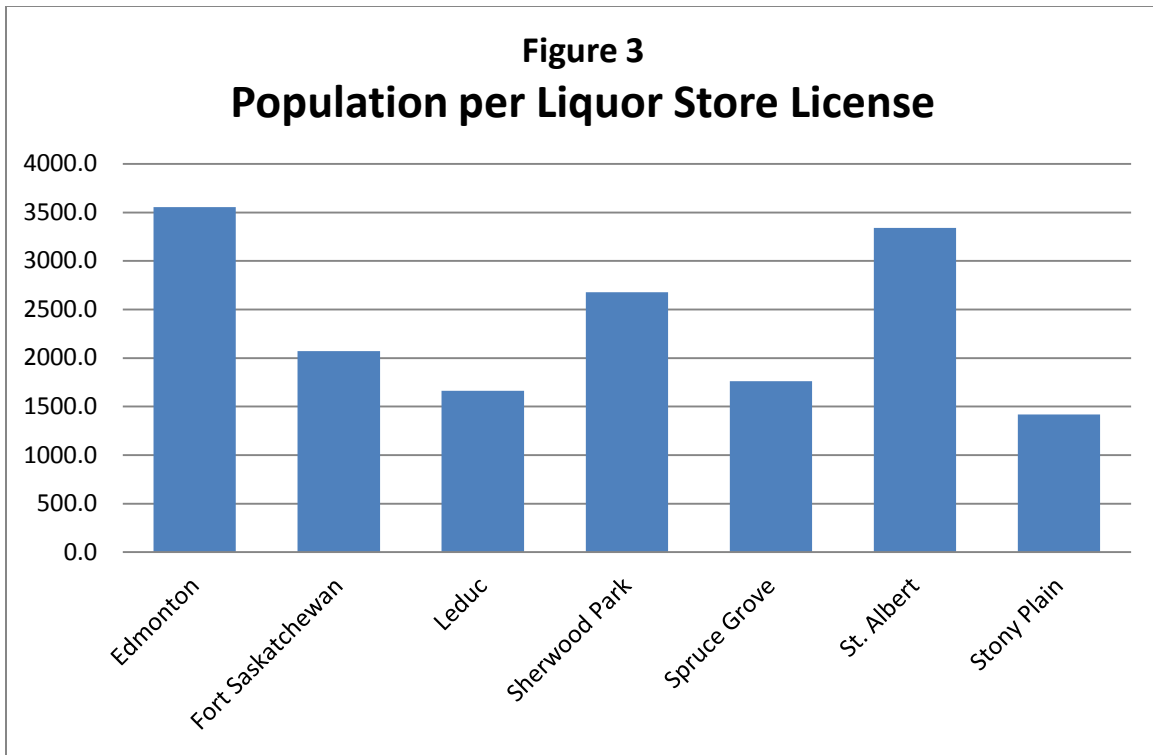
At the far end of the spectrum from Edmonton's policy, the City of Leduc does not differentiate liquor stores from any other retail store. Therefore, liquor stores follow all of the same regulations as a convenience store or other retail establishment.

It should be noted that Stony Plain's proposed LUB amendment would only put a separation distance between stores, as Town Administration have determined that a separation distance between a proposed liquor store and recreation or school facilities is not viable in their community.

Spruce Grove's existing regulations are already more stringent than all of the other municipalities, excluding Edmonton.

Population per Liquor Store in Urban Municipalities

The number of liquor stores per capita varies widely in Capital Region urban municipalities. Generally speaking, the larger the population, the lower the number of liquor stores per capita. There also appears to be more liquor stores per capita in municipalities that also serve areas of country residential outside its borders, such as Leduc and Stony Plain. As of November 2011, Spruce Grove has the third highest number of liquor stores per capita of the seven urban municipalities analyzed, as shown in **Figure 3**.



Separation Distances and Defensibility in Court

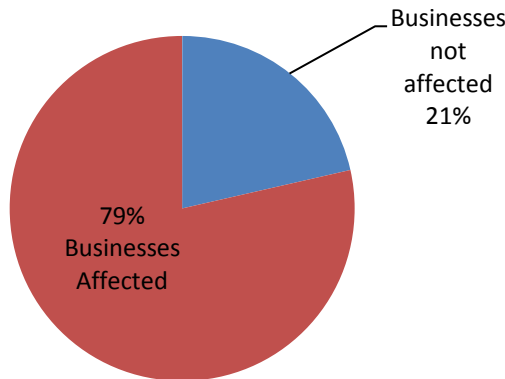
The first question that springs to mind when contemplating a separation distance between liquor stores is, “will the new regulations stand up in a court of law?” The short answer is “yes” with a qualifier. For the separation distance to be defensible in court, the City would need to define the objective that it is going to achieve by instituting the separation distance requirement. The City’s solicitor has stated that if Council has before it at the public hearing information that supports the land use rationale behind the separation distance, which goes beyond the question of competition, that it would likely be defensible.

Separation Distance and the Impact on Existing Businesses

If Council chooses to proceed with a 500 meter separation distance, the majority of liquor stores in Spruce Grove would become non-conforming uses. Because the businesses were established legally before the separation distance is adopted, the liquor stores could continue to operate in their current location. However, as a non-conforming use, the business is put in a precarious position due to regulations in the Municipal Government Act (MGA), including:

- a business cannot re-open if it has been discontinued for six months or more;
- the building that includes a non-conforming use cannot be enlarged or added to, and no structural alterations made to it or in it; and,
- if the non-conforming use is located on a lot with other buildings, none of the other buildings can be enlarged and no new buildings can be built on that lot.

**Figure 4
Businesses Affected by
Separation Distance**



Since many liquor stores in Spruce Grove are located in multi-tenant shopping centres, the regulations can severely hamper structural repair to the buildings, additions to the shopping centre, or can restrict an owner’s ability to market a space vacated by a liquor store, given the owner would need to renovate the space for other use if it is vacant for six months or more. Because of the restrictions noted above, owners may also have difficulty getting insurance for the property or business or may pay higher rates.

Of the 14 liquor stores currently operating in the city, only three are located more than 500 meters from another liquor store. Two of those stores are owned by the proponents of the separation distance amendment.

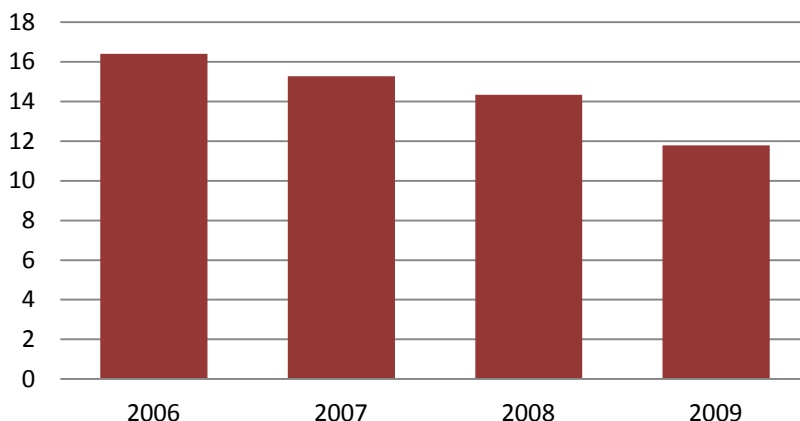
Therefore, an amendment could only benefit

their situation. **Attachment 1** is a map of the existing liquor stores with details around the existing separation distances between them.

Given the impact to their businesses, should Council want to review separation distances further, staff strongly suggests all 16 businesses in operation or under construction, and the landowners, be consulted through the review process. It is likely that these affected businesses and landowners would have a differing opinion than those heard to date.

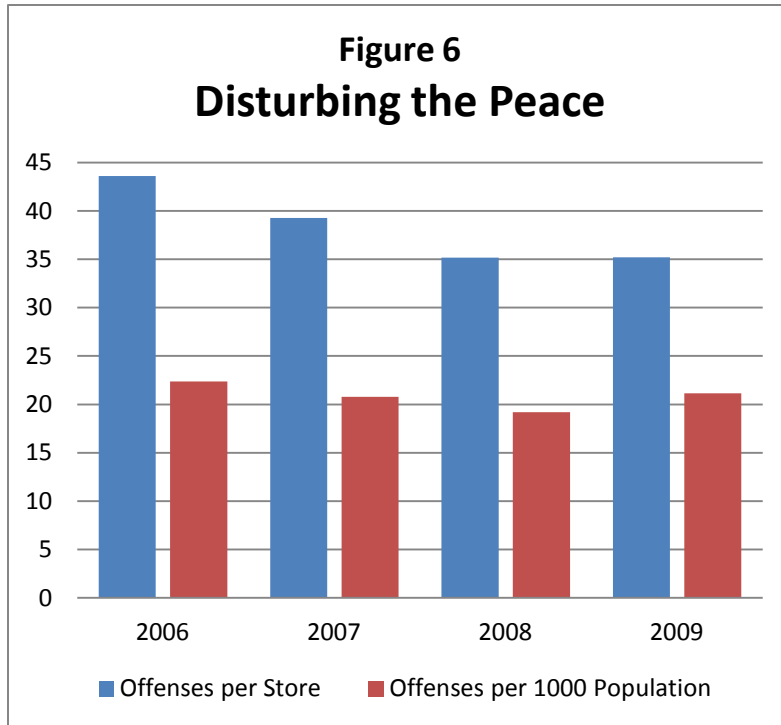
Liquor Stores and Crime in Spruce Grove

**Figure 5
Gaming and Liquor Act Offenses
per Store**



The proponents of the separation distance requirement have stated that their main concern with the current regulations is the impact of liquor stores on crime in the community. Furthermore, they have stated that the increased competition will drive store owners to sell to minors.

The best way to address these statements is to analyze crime data to determine whether it correlates to population growth and/or number of



liquor stores. Unfortunately, the crime database has a short retention period so statistics are not readily available for the years preceding 2006. However, since this is the period with many liquor store openings, one would assume that crime rates would be dramatically increasing during these years if the proponents' statements are correct.

Figure 5 displays the number of Gaming and Liquor Act offenses within the City, which would include selling to minors, selling to intoxicated persons, etc. The number of offenses has stayed largely steady with 164 offenses in 2006 compared to 165 in 2009. Given that four stores opened

during this period, the number of offenses per liquor store dropped during the four year time period from over 16 to per store to under 12. Therefore, the increase in the number of liquor stores has not had an impact on the number of Gaming and Liquor Act offenses.

In addition to looking at Gaming and Liquor Act offenses themselves, Administration also reviewed crime statistics associated with alcohol consumption such as disturbing the peace, impaired driving, and crimes against persons. Of these, offenses that grew the most over the four year period involved motor vehicle accidents and disturbing the peace. **Figure 6** shows the number of offenses for disturbing the peace per store and per 1000 persons in the City. The actual number of offenses increased from 436 in 2006 to 492 in 2009, with two years in between with a lower number of offenses. With a population increase of 19% in this time period and a 40% increase in number of liquor stores, the number of offenses only increased by 13%.

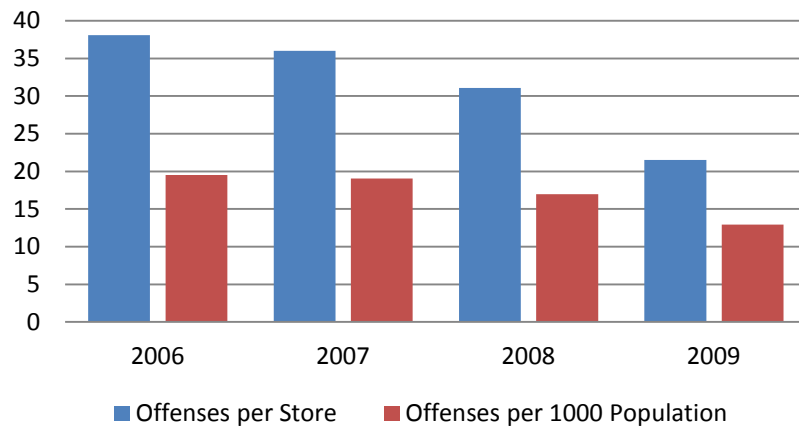
Similarly, the number of vehicle accidents has increased over the four year period. However, impaired driving offenses are lower which is surprising given the high population growth. Traffic accidents went from 779 in 2006 to 929 in 2009, which is a steady increase largely in line with the population increase. Impaired driving went from 257 offenses in 2006, increased for one year, then dropped for two years to reach 246 offenses in 2009. **Figure 7** indicates traffic accidents increased slightly more than the population growth during the period, but much less than the liquor store growth. Impaired driving, which dropped in terms of actual offenses, expectedly decreased significantly on a per capita and per store basis.

Figure 7
Motor Vehicle Offenses



The last set of offenses analyzed by Administration is that of ‘crimes against persons’ which incorporates robbery, extortion, harassment, and non-sexual assaults. Over the period of 2006 to 2009, the number of offenses dropped from 381 to 301. Given the increase in liquor stores and population growth, **Figure 8** predictably shows a decrease in offenses per store and per capita.

Figure 8
Crimes Against Persons



In summary, in reviewing the collected data, Administration does not see a correlation between liquor stores and crime statistics in Spruce Grove.

Summary and Conclusion

Administration conducted a comprehensive review of the liquor license regulatory process as well as analyzed the proponents' assertion that crime is increasing due to the number of liquor stores within the community. Administration could find no evidence correlating the number of liquor stores in Spruce Grove with crime rates. Even Gaming and Liquor Act violations are lower over the review period despite the increase in number of liquor stores.

Looking across the region at municipal regulations, the City of Spruce Grove has more stringent regulations than most of the municipalities with Edmonton being the exception (and possibly Stony Plain if its Council adopts the proposed LUB amendment).

The AGLC liquor license application process gives any person the ability to state their concerns about a proposed application which triggers review by the Board. Furthermore, the AGLC has strict inspection and conditioning requirements for liquor stores, complemented by training requirements for all staff.

Out of the 14 liquor stores operating within the city limits at present, only three would be unaffected by a 500 meter separation distance. Therefore, 11 different businesses would become a non-conforming use, which may impact the viability of the business or that of the landowner.

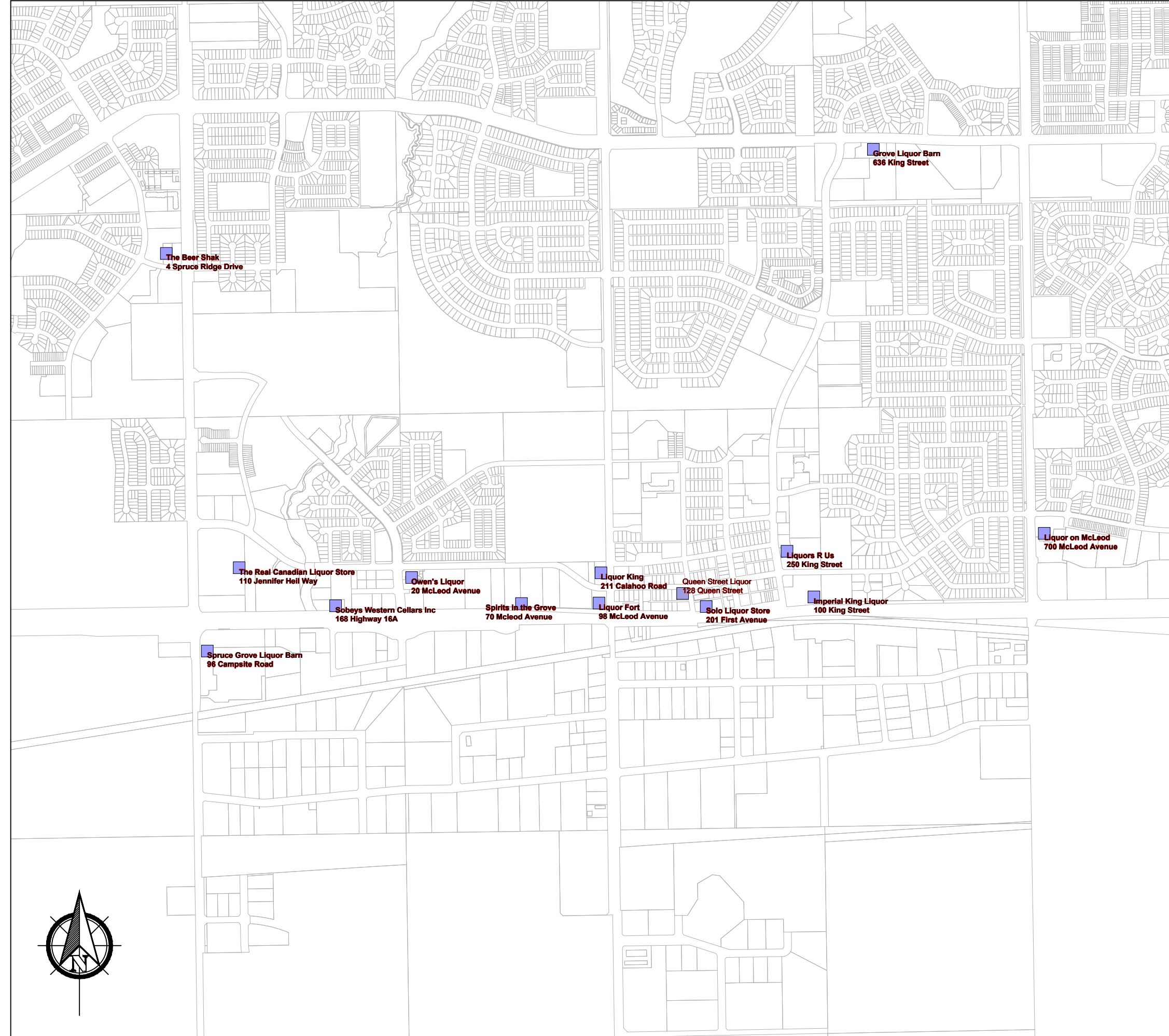
As indicated by the City's solicitor, the City has the authority to place a separation distance between liquor stores. The defensibility of that regulation would be dependent upon the objective and land use rationale in doing so.

Based upon the analysis completed and detailed in this report, Administration does not find data to support the need to further restrict liquor store locations. Should Council wish to pursue separation distances further, Administration recommends soliciting comment from affected businesses and landowners through the review process.

Attachment A

Liquor Store

Competitors within 500m



Beer Shak

None

Real Canadian Liquor

Spruce Grove Liquor Barn (347m)
Sobeys Western Cellars (401m)

Sobeys Western Cellars

Owen's Liquor (318m)
Real Canadian Liquor (401m)

Spruce Grove Liquor Barn

Real Canadian Liquor (347m)

Owen's Liquor

Sobeys Western Cellars (318m)
Spirits in the Grove (437m)

Spirits in the Grove

Liquor Fort (302m)
Liquor King (332m)
Owen's Liquor (437m)

Liquor Fort

Liquor King (119m)
Spirits in the Grove (302m)
Queen Street Liquor (328m)
Solo Liquor Store (418m)

Liquor King

Liquor Fort (119m)
Spirits in the Grove (302m)
Queen Street Liquor (328m)
Solo Liquor Store (430m)

Solo Liquor Store

Queen Street Liquor (105m)
Liquors R Us (381m)
Liquor Fort (418m)
Imperial Liquor (421m)
Liquor King (430m)

Liquors R Us

Imperial Liquor (206m)
Solo Liquor Store (381m)
Queen Street Liquor (437m)

Imperial Liquor

Liquors R Us (206m)
Solo Liquor Store (421m)

Queen Street Liquor

Solo Liquor Store (105m)
Liquor Fort (328m)
Liquor King (328m)
Liquors R Us (437m)

Liquor on McLeod

None

Grove Liquor Barn

None

