



TO: Charlotte City Council

FROM: Bryan Myrkle, Community Development Director

SUBJECT: Social Districts

DATE: July 6, 2021

The Charlotte City Council recently directed staff to compile information regarding Social Districts, a recent initiative of the Michigan Legislature and the Michigan Liquor Control Commission.

Social District legislation was enacted last year as a Covid-19 mitigation effort at a time when Michigan bars and restaurants were operating at reduced capacity. Bars were especially hard-hit, because regulations on drinking and driving, open containers, and public consumption of alcohol made it difficult or impossible for many of them to serve carry-out orders.

Social Districts were intended to help eliminate this problem by allowing alcohol from local establishments to be consumed in specified public areas, thus expanding outdoor dining opportunities while promoting social distancing.

There are a significant number of rules and regulations regarding how these Social Districts are established and managed. There are responsibilities that must be handled by the local municipality and others by the individual licensees.

Some of the local government responsibilities include:

- Designating a single, contiguous district to serve as a Commons Area. This Commons Area must be home to at least two existing MLCC licensees that are eligible to apply for a Social District license.
- Submitting a comprehensive maintenance and management plan for the district, including days/hours of operation and a plan to enforce applicable liquor laws.



- Erecting clear signage at the boundaries of the Commons Area so the public can know whether they are in it.
- Creating a unique, local Social District logo that would be used on signage and drink containers.
- Arranging for the purchase of official drink containers that have both the logo of the district and the logo of the individual licensees (i.e. there will be a different official drink container for each business that the City must supply).
- Working with local license holders to apply for, and manage, their participation in the Social District.
- Enforcing the rules.
 - People consuming alcohol in the Social District must purchase it from a Social District licensee only, and must do so from the designated containers only. *This means, for example, that if there are 6 bars or restaurants in a Social District, but only two of them buy the special license, only alcohol from those two establishments can be consumed in the Commons Area.* Similarly, it would be illegal to purchase a designated container from a licensee and then refill it with alcohol from home or any other source.
 - Other regulations regarding alcohol, such as public intoxication and under age consumption must also be actively enforced.

Since the establishment of these new social district rules in Michigan, there have been several dozen cities that have created them. Some of the cities that bear a reasonable relationship to Charlotte due to their size or proximity include Hastings, Marshall, Coldwater, Lowell, Howell, Owosso, and Greenville.

In most cases these districts were created this past winter, and were specifically designed to help businesses struggling with Covid restrictions and to help encourage outside dining and social distancing. Some of these communities were also creating centrally-located, public outdoor dining areas that were not associated with any particular bar or restaurant. Creating



the Social District allowed diners to take and consume their carry-out orders and alcoholic beverages at these central locations.

Of the cities listed above, two of them (Howell and Coldwater) created their respective social districts very recently and there are no participating bars or restaurants as of yet. It is also important to note that the state's Social District legislation will expire at the end of 2024. Unless it is extended, all local social districts will cease to exist at that time.

Once created, Social Districts can be revoked by their local governments at any time following a public hearing.

In terms of the Social Districts legislation and how it might be implemented in Charlotte, I would offer the following:

I am assuming that a Social District for Charlotte would be located downtown, because most of our local bars and restaurants are concentrated in the downtown area. It would not be possible to create a Social District that also included Applebee's, for example, without also including all of the area between downtown and Applebee's. Even if Charlotte wanted to create such a wide-ranging district, it is unlikely that MLCC would approve it.

Unlike some other communities, there is no lack of opportunity for outdoor dining in downtown Charlotte. Many of our bars and restaurants had well-established outdoor dining areas prior to the pandemic. They could already serve food and alcohol at these locations, so a Social District was not necessary to solve this problem.

While it is possible that indoor dining restrictions could return if Covid-19 makes a comeback, there are no such restrictions currently. Therefore, if Charlotte were to pursue the creation of a Social District, it would likely be for reasons other than Covid relief – perhaps as a downtown promotion or special event enhancement. However, it is not clear to me that a local Social District, used in this way, would be a significant improvement.



People already come to Downtown Charlotte to dine and drink indoors at the bars and restaurants, and outdoors on the patios. Given that those opportunities already exist, creating a Social District as a general promotion might not increase alcohol sales enough to warrant the additional investment of time and resources from both the City and the individual licensees that are necessary to create and manage it.

If, on the other hand, Charlotte were to create a new Social District intended to enhance special events, the Council might want to communicate with the organizers of those events beforehand. This could be done with outreach to the Charlotte Chamber, CharlotteRising, and the Charlotte Festival Alliance; as well as the leadership of individual events, such as Frontier Days. Based on initial feedback, it appears that not all event organizers think the creation of a downtown social district would be a benefit to their event. Allowing open consumption of alcohol at activities such as car shows, concerts or parades may create complications the organizers do not want, whereas having something like a beer tent gives the organizer more control over how alcohol at their event is presented and consumed.

I would ask that the City Council carefully consider its goals and objectives for any new Social District so that we can provide more specific information and feedback. If the creation of such a district is desired, we can provide a more detailed proposal for implementation.

MICHIGAN LIQUOR CONTROL CODE OF 1998 (EXCERPT)
Act 58 of 1998

436.1551 Social district permit; local management and maintenance plans; revocation; notice; liquor sale requirements within district; special license; removal of container requirements; annual permit; fee; inapplicable after December 31, 2024; definitions.

Sec. 551. (1) The governing body of a local governmental unit may designate a social district that contains a commons area that may be used by qualified licensees that obtain a social district permit. A governing body of a local governmental unit shall not designate a social district that would close a road unless the governing body receives prior approval from the road authority with jurisdiction over the road. If the governing body of a local governmental unit designates a social district that contains a commons area under this section, the governing body must define and clearly mark the commons area with signs. The governing body shall establish local management and maintenance plans, including, but not limited to, hours of operation, for a commons area and submit those plans to the commission. The governing body shall maintain the commons area in a manner that protects the health and safety of the community. Subject to this subsection, the governing body may revoke the designation if it determines that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. Before revoking the designation, the governing body must hold at least 1 public hearing on the proposed revocation. The governing body shall give notice as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the time and place of the public hearing before the public hearing. The governing body shall file the designation or the revocation of the designation with the commission. As used in this subsection:

(a) "Local road agency" means a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within this state.

(b) "Road authority" means a local road agency or the state transportation department.

(2) Subject to subsection (3), the holder of a social district permit may sell alcoholic liquor for consumption within the confines of a commons area if both of the following requirements are met:

(a) The holder of the social district permit only sells and serves alcoholic liquor on the holder's licensed premises.

(b) The holder of the social district permit only serves alcoholic liquor to be consumed in the commons area in a container to which all of the following apply:

(i) The container prominently displays the social district permittee's trade name or logo or some other mark that is unique to the social district permittee under the social district permittee's on-premises license.

(ii) The container prominently displays a logo or some other mark that is unique to the commons area.

(iii) The container is not glass.

(iv) The container has a liquid capacity that does not exceed 16 ounces.

(3) If the commission issues a special license to a special licensee located in a social district, the holder of a social district permit shall not sell and serve alcoholic liquor under subsection (2) during the effective period of the special license.

(4) A purchaser may remove a container of alcoholic liquor sold by a holder of a social district permit under subsection (2) from the social district permittee's licensed premises if both of the following conditions are met:

(a) Except as otherwise provided in subdivision (b), the purchaser does not remove the container from the commons area.

(b) While possessing the container, the purchaser does not enter the licensed premises of a social district permittee other than the social district permittee from which the purchaser purchased the container.

(5) The consumption of alcoholic liquor from a container described in subsection (2)(b) in the commons area as allowed under this section may only occur during the legal hours for the sale of alcoholic liquor by the social district permittee.

(6) A qualified licensee whose licensed premises is shared by and contiguous to a commons area in a social district designated by the governing body of a local governmental unit under this section may obtain from the commission an annual social district permit as provided in this section. The social district permit must be issued for the same period and may be renewed in the same manner as the license held by the applicant. The commission shall develop an application for a social district permit and shall charge a fee of \$250.00 for a social district permit. An application for a social district permit must be approved by the governing body of the local governmental unit in which the applicant's place of business is located before the application is submitted to the commission and before the permit is granted by the commission. The \$250.00 permit fee under this subsection must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(7) This section does not apply after December 31, 2024.

(8) As used in this section:

(a) "Commons area" means an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least 2 other qualified licensees. Commons area does not include the licensed premises of any qualified licensee.

(b) "Local governmental unit" means a city, township, village, or charter authority.

(c) "Qualified licensee" means any of the following:

(i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(ii) A manufacturer with an on-premises tasting room permit issued under section 536.

(iii) A manufacturer that holds an off-premises tasting room license issued under section 536.

(iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

History: Add. 2020, Act 124, Imd. Eff. July 1, 2020.



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Local Governmental Units That Have Established Social Districts

The following is an ongoing list of local governmental units (city, village, township, county) that have established a Social District under [MCL 436.1551](http://mcl.michigan.gov/436.1551).

Allegan County

- Allegan City
- Douglas City
- Saugatuck City

Alpena County

- Alpena City

Barry County

- Hastings City

Bay County

- Bay City

Berrien County

- Bridgman City
- Niles City
- St. Joseph City

Calhoun County

- Battle Creek City
- Marshall City

Charlevoix County

- East Jordan City
- St. James Township

Emmet County

- Petoskey City

Ingham County

- Lansing City

Jackson County

- Jackson City

Kalamazoo County

- Kalamazoo City
- Vicksburg Village

Kent County

- Grand Rapids City
- Lowell City
- Rockford City

Lapeer County

- Lapeer City

Lenawee County

- Adrian City
- Clinton Village
- Tecumseh City

Macomb County

- Mt. Clemens City

Manistee County

- Manistee City

Mason County

- Ludington City

Midland County

- Midland City

Monroe County

- Dundee Village

Montcalm County

- Greenville City

Muskegon County

- Muskegon City

Newaygo County

- Newaygo City

Oakland County

- Clarkston City
- Farmington City
- Ferndale City
- Holly Village
- Lake Orion Village
- Oxford Village
- Pontiac City
- Royal Oak

Ottawa County

- Holland City
- Zeeland City

Shiawassee County

- Owosso City

St. Clair County

- Port Huron City

St. Joseph County

- Sturgis City
- Three Rivers City

Washtenaw County

- Chelsea City
- Dexter City
- Milan City

Wayne County

- Belleville City
- Dearborn City
- Grosse Pointe Park City
- Northville City
- Trenton City
- Wyandotte City

Wexford County

- Cadillac City