



EAST LANSING DOWNTOWN DEVELOPMENT AUTHORITY PUBLIC POLICY & MARKET DEVELOPMENT AGENDA

Downtown Development Authority Meeting

1:30 PM - Wednesday, July 8, 2020

Zoom

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1. CALL TO ORDER	
1.1. Roll Call	
1.2. Approval of the agenda	
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3. COMMUNICATIONS FROM THE AUDIENCE	
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PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

MEMORANDUM

TO: Brownfield Redevelopment Authority

FROM: Heather Pope, Department Operations Analyst

CC: Tom Fehrenbach, Director, Planning, Building & Development

DATE: June 30, 2020

SUBJECT: Adoption of Time Limit for Public Comments Under Communications From The Audience and Public Hearings for all electronic meetings held by the BRA

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Due to the COVID-19 pandemic, the Brownfield Redevelopment Authority is holding its board meeting via the video conferencing platform Zoom. In correspondence with MCL 15.263(1), it is the recommendation of the City Attorney's Office that all City affiliated boards and commissions holding virtual meetings adopt a rule limiting public comment to 2 minutes per individual for all electronic meetings held by the BRA.

The recommended motion for consideration is "In order to maintain the order of an online public meeting, I move to adopt a rule pursuant to MCL 15.263(1) limiting public comment to two minutes per individual for all electronic meetings held by the BRA".

Lansing State Journal

MAY 21, 2020

Couch: If you want to help local restaurants, don't use delivery services like Grubhub or Uber Eats

This is part of a series highlighting Lansing-area restaurants adapting to the threat of COVID-19 and a new normal.

Ordering dinner from a struggling local restaurant during these pandemic times is a small act that many of us see as a responsibility. It's one way those of us with disposable income can do our part. It's quite the sacrifice, eating a juicy burger or a pizza that tastes like heaven.

It is something, though. And you bet it's appreciated.

But if you're ordering your food through a delivery service — be it Uber Eats, Grubhub or DoorDash — you're not actually doing much good right now. All that your chosen restaurant gets out of the deal is the pleasure of cooking your meal. And all you've done is enable a predatory third-party business.

In these delivery transactions, the restaurant is making about 70 cents on the dollar — after fees and tips — cutting out their entire profit margin, if they're lucky.

"By the time you're done, it's pennies left over," said Scott Rolen, co-owner of Lou & Harry's in East Lansing.

These delivery services are a partner that can be tolerated in good times, when dine-in eating is the norm and having a delivery option is a promotional tool for the restaurant. These, however, aren't the times for long-term marketing. It's about keeping enough cash in hand to keep the lights on.

If you want your dinner choice to have a positive impact on our community and you feel safe on the move and your car still starts ...

Curbside pickup or carryout, please. Then every penny goes to the restaurant you're trying to support.

For restaurants that are down 75 to 90 percent in sales and facing soaring beef costs (about double what they're used to paying), the margins matter more than ever. And these delivery services are no friend to those margins or the restaurants they serve. And by serve, in some cases I mean extort.

"I had a phone call with a Grubhub administrator just last week," Rolen said. "I was like, 'Is there any way we could get some of these hidden costs off, because it's killing us?'"

The answer, of course, was no.



Buy Photo

Gabe Murley, left, and Chris Croft leave Saddleback BBQ with their takeout orders on Monday, March 16, 2020, in Lansing. The two plan to continue to support local food establishments during the coronavirus restrictions that limits restaurants to takeout orders. (Photo: Nick King/Lansing State Journal)

DoorDash has cut its fees in half through May for restaurants with fewer than five locations and, when contacted, explained that every dollar from fees goes to fund the operation and structure restaurants rely on. A Grubhub spokesperson touted Grubhub's [COVID-19 community relief fund](#) and said it's also offered to defer payment of marketing fees to eligible restaurants, though they'll still owe those fees in time. Uber Eats didn't respond to a request for comment.

Some restaurants are making it clear on their websites just [how much Uber Eats and Grubhub take from them](#), so customers understand it — if those customers are on their website at all. Therein lies one of the problems: When we order, either out of habit or carelessness or lack of understanding, we've often already clicked on a Grubhub menu.

Google “Pizza House and delivery.” The top link is from Grubhub. Try “Saddleback BBQ and delivery.” You’ll see Uber Eats first.

“How it works is the delivery platforms come into a market, and they usually start by putting all of the restaurants’ menus on their platforms,” said Travis Stoliker, co-owner of Saddleback BBQ in Lansing and Okemos. “They basically scrape the internet, find our menus and they list us and they create essentially websites that are about our restaurant. And they haven’t gotten permission to do that.

“If somebody ends up placing an order on their platform, what they do is they just call into the restaurant and they place a normal takeout order and they show up with a credit card and they deliver the food.”

No one in the Lansing area has been more visible in challenging the heavy-handedness of the delivery services than Stoliker, who last week [posted a video on Facebook](#) and [published a blog post that went viral](#), digging into these mafia-like practices.

“What happens is, they approach us about actually being partners and we need to sign contracts with them in order to be on their platform as a partner,” Stoliker said. “And in those contracts, there are a few clauses that are interesting. One of them is that, of course they get the delivery fee, the service fee and the tip that they charge to the customer. And that part is really transparent. Everybody can see what the delivery fee is, they can see the service fee and they obviously know what they tipped them. What the customer doesn’t see is on the other side.

“There’s usually a 10 percent fee that is just your fee for being on the platform. Now if you do pickup through something like Grubhub or DoorDash, in some cases the restaurant will only pay the 10 percent fee to be on the platform. But on a delivery, the average is 30 percent. So if somebody places an order for \$10 on any of these platforms and the restaurant is a partner, the restaurant only receives \$7 for that.”

MORE: [COVID-19 stripped Groovy Donuts of its momentum. Then the community stepped in.](#)

The simple solution, it would seem, is to not be a partner. But here’s where it gets underhanded. If you don’t play ball, there are consequences, restaurant owners say.

“The secret here is it’s nearly impossible to be removed from the platforms,” Stoliker said. “It’s not like you can just send a request and say, ‘Hey, remove us from the service.’ That doesn’t happen. They do it regardless.”

If you're not a good partner, Stoliker said, they'll work online to send your customers to those that are.

"We would never do anything of that nature," a Grubhub spokesperson said.

"They're using that money we're paying them to buy ad space," said Mike Krueger, owner of Crunchy's in East Lansing, "to buy Google ads and online ads and to get to the search engines and that's what people see when they go to search for one of our restaurants and they click on a DoorDash or they click on an Uber ad."

These aren't new revelations. Grubhub last year was caught setting up fake websites and using phone numbers that went to them instead of the restaurant you thought you were calling.

The more you dive into this rabbit hole, the less you'll want your food delivered. It's nauseating.

The counter to this, for restaurants, is to brazenly break the rules of their contracts with these services, which require you charge the same price in the restaurant as you do on their menu.

A week ago, Saddleback BBQ began pushing back.

"We just recently increased the fees on all the platforms to cover the 30 percent that we're charged," Stoliker said. "That means that we could get kicked off of these platforms at any time. They could decide to enforce that rule in the contract and boot us off the system."

The consequences of that might include Grubhub and Uber Eats funneling Saddleback's potential customers to competitors. It's a risk Stoliker is willing take now that they've got their own direct delivery plan — using [DoorDash Drive](#), which allows restaurants to control the deliveries through their point of sale systems for a flat fee of \$7.50 per delivery. Eventually, at Saddleback, that'll be shared with the customer.

Crunchy's is starting this week, as well. You pay \$3.75 and they cover the other \$3.75.

"As long as our average ticket is more than \$12, then it's a better deal for us (than standard delivery services)," Krueger said.

This also allows the restaurant to build the customer relationship, rather than the delivery service only having their information.

Not every eatery has a system with in-house delivery capabilities to take advantage of this. And if they do, you still have to call the restaurant directly or go through their actual website for them to use it. That's on all of us, the consumer, too, to pay attention, to make sure that's who we're speaking with and ordering from.

Most of the restaurants in our community aren't built to rely on delivery. They're not structured to be efficient during a pandemic. They didn't see COVID-19 coming when they poured their lives into this business.

"If pick-up sales are 50 percent and our delivery sales are 50 percent, that's a helluva difference from when our dine-in sales were 92 percent and our delivery sales were 5 percent or 8 percent," Krueger said.

Hiring their own drivers right now doesn't work because business mostly happens during a few peak hours. Lou & Harry's tried last year, in normal times, and abandoned the idea after a few months.

"Carryout is tremendous," Rolen said. "When we get people to call the store, place an order and pick it up, that money 100 percent goes to the store. Every cent comes to us, instead of 30, 35 percent going to these companies."

"When the delivery platform takes 30 percent," Stoliker added, "it means almost all restaurants that are using the delivery platforms are running at break-even or actually at a loss for every time you place an order."



PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

MEMORANDUM

TO: DDA Public Policy and Market Development Committee

FROM: Heather Pope, Department Operations Analyst

DATE: July 1, 2020

SUBJECT: House Bill 5781 Social Districts

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Attached find a Q & A document provided by the Michigan Downtown Association (MDA) on House Bill 5781, Social Districts.



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MDA Q & A RE: RECENT LEGISLATION

SOCIAL DISTRICTS/COCKTAILS TO GO

June 26, 2020

For many months various groups including, but certainly not limited to, but the Michigan Municipal League (“MML”), the Michigan Restaurant and Lodging Association (“MRLA”) and the Michigan Licensed Beverage Association (“MLBA”) through their formidable leadership, have worked to achieve relief for bars and restaurants who have suffered enormously as a result of the Covid Crisis.

While an administrative resolution was not forthcoming, as it was in many other states, the legislature and the groups above worked together to write and pass legislation. Three pieces of the legislation, tie-barred to one another, passed the Senate this week and are on the Governor’s desk for signature.

SOCIAL DISTRICTS

House Bill 5781 was introduced by Representative Webber (R – District 45) on 5/19/20. HB 5781 would allow a municipality to establish a “social district”. HB5781 is summarized as follows:

- **Statement of Bill.** Through December 31, 2024, a qualified licensee would be able to obtain a permit to sell and dispense alcohol to customers for consumption in the commons area of a social district.
- **FAQ’s:**
 - **Who obtains the permit?** The qualified licensee.
 - **Who approves the permit?** The MLCC after working with the municipality.
 - **Who designates the social district?** The municipality.
 - **Where is alcohol purchased?** From the qualified licensee.



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- **Where can the alcohol be consumed?** Within the commons area which is designated within the social district.
 - **How many licensees are needed to designate the commons area?** The commons area must be shared by and contiguous to the premises of at least two qualified licensees.
 - **Who is responsible for clearly marking the commons area?** The municipality.
 - **Who is responsible for enforcing the law if enacted?** MLCC and local police.
 - **Can the municipality enact rules and procedures for designating social districts?** Yes, as long as the rules are not less restrictive than those set forth in the bill.
 - **Is it likely that the Governor will sign the bills into law?** Yes.
 - **When?** The belief is that the Governor will sign the bills into law in early July; however, anything in the new laws which contravene any provision of an Executive Order would be subject to enforcement by the Attorney General's office. For example, if a social district is designated, and more than 100 people gather and social distancing is not implemented, the gathering would be deemed in violation of the current Executive Order.
- **Qualified licensee which can obtain a permit in the commons area of a social district includes:**
 - A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises. (i.e. bar, restaurant, brewpub, hotel)
 - A manufacturer that has an on-premises tasting room permit, off-premises tasting room license, or joint off-premises tasting room license issued under the Liquor Code. (i.e. micro brewery, small wine maker, small distiller)
 - **Social District.** The governing body of a local governmental unit (city, village, and township) may designate a social district containing a commons area that could be used by a qualified licensee that obtained a social district permit. The governing body is referred to as the "municipality".



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- **Commons Area.** “Commons area” means an area (one or more) within a social district that is clearly designated and clearly marked by the municipality and that is shared by and contiguous to the premises of at least two qualified licensees. A commons area would not include the licensed premises of any qualified licensee.

Practically speaking, the qualified licensee would sell the alcoholic beverage to the consumer who could then walk to and consume the beverage in the commons area, only. The consumer is not allowed to take the beverage out of the commons area.

- **Municipality’s obligations and restrictions regarding the social district.**
 - The municipality could not designate a social district that closed a road without the prior approval of the road authority with jurisdiction.
 - The municipality must define and clearly mark the commons area with signs.
 - The municipality must submit to the MLCC a local management and maintenance plan for the commons area, including hours of operation.
 - The municipality must maintain the commons area in a way that protected the safety and health of the community.
 - The municipality could revoke the social district designation, after at least one public hearing on the proposed revocation, if it determined that the commons area was a public nuisance or threatened the health, safety, or welfare of the public. A designation or a revocation would have to be filed with the MLCC.
- **Social district permit.** A qualified licensee whose licensed premises were shared by and contiguous to a commons area in a designated social district could obtain an annual social district permit from the MLCC, which would allow:
 - A social district permit would allow the permittee to sell alcohol for consumption within the confines of a commons area as long as the permittee only sold and served alcoholic liquor on its licensed premises



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and only served alcohol to be consumed in the commons area in a container meeting all of the following:

- ✓ It is not glass.
 - ✓ Its liquid capacity does not exceed 16 ounces.
 - ✓ It prominently displays a logo or other mark unique to the commons area.
 - ✓ It prominently displays the permittee's trade name or logo or some other mark unique to the permittee under its on-premises license.
- A person who bought a container of alcoholic liquor from a social district permittee as described above could take the container from the permittee's premises and into the commons area but could not take it out of the commons area or onto the licensed premises of another social district permittee.
 - Alcohol consumption in the commons area as allowed by the bill would be limited to the legal hours for the sale of alcohol by the permittee.
 - A social district permit would have to be issued for the same period and be renewed in the same manner as an applicant's on-premises license.
 - The MLCC will have to develop an application for a social district permit. The permit fee would be \$250, which would be deposited into the Liquor Control Enforcement and License Investigation Revolving Fund.
 - Prior approval of the permit must be obtained from the municipality before an application could be made to, or a permit granted by, the MLCC.
 - If the MLCC issued a special license to a special licensee located in a social district, the special licensee could not sell and serve alcohol under the special district permit while the special license was in effect.
 - The bill's has a sunset date of December 31, 2024 and the provisions would no longer apply after that date.

A discussion of some practical considerations should take place such as:

- municipal oversight and meetings with the stakeholders to gauge success and problems; and
- liability insurance issues.



PLANNING, BUILDING & DEVELOPMENT

Quality Services for a Quality Community

MEMORANDUM

TO: DDA Public Policy and Market Development Committee

FROM: Heather Pope, Department Operations Analyst

DATE: July 1, 2020

SUBJECT: House Bill 5811 Cocktails To Go

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Attached find a Q & A document provided by the Michigan Downtown Association (MDA) on House Bill 5811, Cocktails To Go.



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COCKTAILS TO GO

House Bill 5811 was introduced by Representative Anthony (D – District 68) on 5/28/20. HB 5811 allows qualified on-premises licensees (i.e. bars, restaurants, hotels) to sell alcohol to go, in a qualified container, for consumption off the licensed premises, and to deliver alcohol, until December 31, 2025, and is summarized as follows:

- The licensee or his or her agent or employee may not fill a qualified container in advance of the sale.
- The licensee or his or her agent must seal the qualified container
- The licensee complies with all applicable rules promulgated by the MLCC.
- Qualified container would mean a clean, sealable container that is for the sale of alcoholic liquor for consumption off the premises, which has a liquid capacity that does not exceed one gallon, and that is sealed after filling with a substance or device that fully closes off the container securely with no perforations or straw holes.
- The licensee complies with all laws of the state, including the prohibition on alcohol sales to minors.
- Alcoholic liquor means any spirituous, vinous, malt, or fermented liquor, powder, liquids, and compounds, whether or not medicated, proprietary, or patented, and by whatever name called, containing 1/2 of 1% or more of alcohol by volume that are for use as a food or a beverage as defined and classified by the MLCC according to alcoholic content as belonging to one of the varieties defined in chapter 1 of the code.
- Notwithstanding anything in the code to the contrary, a licensee could deliver alcoholic liquor to a consumer in the state under all of the following conditions:
 - The qualified licensee complies with all laws of the state, including the prohibition on alcohol sales to minors.



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- The qualified licensee stamps, prints, or labels the outside of the qualified container with the words “Contains Alcohol. Must be delivered to a person 21 years of age or older.” (The recipient would have to provide identification to verify his or her age at the time of delivery.)
- The qualified licensee or his or her agent seals the qualified container.
- If the qualified licensee is a retailer, the alcoholic liquor is delivered by an employee of the qualified licensee or by a third party facilitator service.
- If the qualified licensee is a manufacturer, the alcoholic liquor is delivered by an employee of the qualified licensee. A qualified licensee could not sell alcoholic liquor in its original packaging under these provisions, except as otherwise allowed under the code.