

PURCHASING AND LICENSING COMMITTEE

13-0408R

RESOLUTION ISSUING AN ON SALE INTOXICATING AND ON SALE  
SUNDAY LIQUOR LICENSE TO HACIENDA DEL SOL, INC.  
(HACIENDA DEL SOL), 319 E SUPERIOR STREET.

CITY PROPOSAL:

BE IT RESOLVED, that the city council of the city of Duluth hereby issues the following on sale intoxicating liquor license and on sale Sunday license for the period ending August 31, 2013, subject to departmental approvals and the payment of sales and property taxes:

Hacienda Del Sol, Inc. (Hacienda Del Sol), 319 East Superior Street,  
with Kevin Deutsch, 100 percent stockholder.

Approved as to form:

  
Attorney

CLERK JJC:mao 7/25/2013

Alcohol, Gambling and Tobacco discussion: 9/5/12

Kevin Deutsch was present on behalf of the application. Mr. Deutsch explained that his restaurant has been closed but is hoping and planning on reopening by the end of October, but stated he needs to work things out with the City.

Attorney Lutterman reviewed that when considering the application, they can legitimately consider the applicants past financial performance as to whether

they're going to be able to comply with the requirements of the liquor code going forward. She continued saying the City has information to share with the Board with regards to this applicant's prior financial responsibility performance including amounts owed by this license applicant for tourism food and beverage tax, monies owed to Comfort System, monies owed to the steam plant, monies owed unpaid administrative fines, and monies owed on property taxes.

Brian Hansen, City Treasurer, reviewed that outstanding bills with the various departments of the City need to be paid in order for the city to proceed with issuing a liquor license. He went on to say that Mr. Deutsch has a plan to make a formal settlement agreement with the City, but he has not contacted the City as to the details. Mr. Hansen explained that until he hears the plan he cannot say whether the city would issue a liquor license. To the commission's questioning, Mr. Hansen replied that all the outstanding city balances would amount to excess of \$33,000. Mr. Deutsch stated he is aware of the amount and that it must be paid in order to get his restaurant opened quickly.

The Commission questioned if Mr. Deutsch is optimistic about his time frame and should come back in October and update the Commission on the status of the \$33,000. Mr. Deutsch replied that while it might be an optimistic time frame, he is working in good faith with the City and the City has been very cooperative with everything he has been doing. Attorney Lutterman reviewed while the City can't issue the license under our current code, the issue also before the Board is whether, given past performance and the amount owed, does this applicant have the financial ability to operate his business in the future in a manner that won't cause delinquencies to the City. She stated the concern of the City in this regard is how's he going to pay his bills in the future going forward?

Mr. Deutsch replied that the City has legitimate concerns, however there were many contributing factors that happened that got him to the situation that he was in. He continued saying that there is financing available to him that he didn't have before. The commission questioned how the City has been helping him, and if he was concerned he would have to request the same help from the City again. Mr. Deutsch replied that the City has been willing to set up payment programs and other things. He reviewed again that the original causing factor of his financial stress was the great amount of damage that was done to his building during the building of the Sheraton development and an unsatisfactory settlement with that. He explained that after the fire his business went down the tubes.

The Commissioners stated that they don't want to approve this license unless the City can be assured that in the future there aren't any more issues for the City staff. Mr. Deutsch stated he is the one person responsible for all these situations and bear some of the accountability for this situation getting to the point that it did. He stated that he needs better communication with the City. To questioning from the Commission, Mr. Deutsch replied that he has the money to make the payments that are need to pay off his debt in the next month or two.

There being no further discussion, Mr. Birchland moved that THE APPLICATION OF HACIENDA DEL SOL, INC. (HACIENDA DEL SOL), 319-321 EAST SUPERIOR STREET FOR AN ON SALE INTOXICATING LIQUOR LICENSE AND ON SALE SUNDAY LICENSE FOR THE PERIOD ENDING AUGUST 31, 2013, WITH KEVIN DEUTSCH, 100% STOCKHOLDER, BE APPROVED, AND THE SAME BE RECOMMENDED TO THE CITY COUNCIL FOR APPROVAL. Mr. Pekkala seconded the motion, and it was unanimously approved.