

New liquor store sites running dry

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Minneapolis loves its liquor, but don't expect to see many new spots to buy a bottle of booze.

The landscape of available locations to open a liquor store outside downtown is nearly barren, due to the city's effort to keep them apart from each other and away from schools, churches and homes. The last major locations in sought-after south Minneapolis are so prized that business owners must duke it out at City Hall for the rights.

"You have to be lucky to find a spot, and the minute you do there will be too many sharks fighting for it," said Ahmad Al-Hawari, who tried unsuccessfully to open a liquor store on 28th Street and Lyndale Avenue two years ago.

The latest scramble surrounds 26th and Hennepin, where entrepreneur Dan Kerkinni is jockeying against Kowalski's Markets for the last available liquor store location in Uptown. Kowalski's is poised to win that fight.

The city's efforts to control the sale of liquor have a tumultuous history that dates to the 19th century and at times has spawned corruption and organized crime. For 90 years, liquor establishments were kept

within defined "liquor patrol limits," originally named for the foot patrol routes of police officers. The patrol limits disappeared with a city referendum in 1974.

What remains, however, is a series of smaller restrictions coloring a giant map at the city's licensing department -- a document some local entrepreneurs have nearly memorized.

Rules are much looser downtown, but elsewhere, liquor stores must be surrounded by 5 acres of appropriate commercial zoning. They must also be at least 2,000 feet apart, as the crow flies, and 300 feet from schools and churches.

"If you take a look at the map ... there's virtually no spaces left in the city," said Kerkinni, who hopes to open a south Minneapolis store specializing in craft beers and microbrews. The city has told him to start looking in the suburbs.

Grant Wilson, the city's manager of businesses licenses, says the system "is working well" because "stores are located in all parts of the city and we do not see areas with an overabundance of them."

'A horse race'

When business owners do identify a spot, the fighting can be fierce. Al-Hawari sought a court injunction in 2009 when a competing proposal nearby, Lake Wine & Spirits, edged closer to obtaining a liquor license. Only one project could prevail because of the 2,000-foot rule.

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"There was kind of a horse race," said Marian Biehn, executive director of Whittier Alliance neighborhood group. Whittier supported the Lake project, which got the license. The neighborhood is pleased with the result, which is replete with an adjacent cheese shop, Biehn said.

Andy Urness, a real estate broker with Java Properties, has clients with liquor stores in other cities who are looking for spots in Minneapolis. State law prevents an individual from owning more than one liquor store in a municipality.

"I'm always looking out for properties I can put a liquor store in, absolutely," Urness said. "Every broker is."

There are slivers of opportunity left on the city's map, but the properties may not be vacant or located in the best neighborhood for opening a new business. A street-level survey of several south Minneapolis sites listed as eligible on the city's map turned up unexpected obstacles, such as a church.

Kerkinni has been trying since January to open his store. He originally applied for a space one block north, across from Jefferson Elementary School, but the City Council blocked him by expanding the required distance from schools after Council Member Meg Tuthill received complaints about the proposal. Liquor stores must now be 300 feet from the property line, rather than the main entrance.

He found another vacant spot nearby, but Kowalski's has since thrown its hat in the ring for a

wine shop and advanced further in the regulatory process. Mike Oase, Kowalski's vice president of operations, called the circumstances "unfortunate," because the proposed stores are different and would likely complement each other. He sees the reason for the restrictions, however.

A common tactic

Minneapolis is one of many municipalities that use zoning and spacing restrictions to control liquor stores. St. Paul requires liquor stores be 2,640 feet -- half a mile -- apart; Burnsville extends that to three-quarters of a mile.

David Morley, a research associate with the American Planning Association in Chicago, said local governments try to space out liquor stores based on the perception they bring higher crime rates or have a bad influence on young people.

"In some ways [spacing and other requirements are] crude tools, but they may be the best tools that a local government has at its disposal to limit the over-concentration of liquor stores," Morley said.

Biehn, with the Whittier Alliance, said the neighborhood weighs liquor store proposals carefully because they sometimes attract customers who take their purchases to a park and get drunk.

"It can kind of tip the scale one way or another for livability issues and things like that," Biehn said.

Minneapolis now has 48 licensed liquor stores, only

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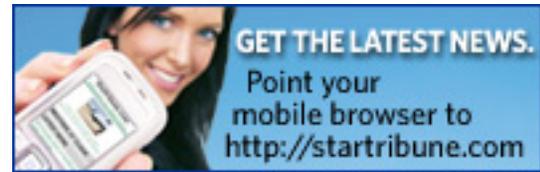
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four more than it had a decade ago. But times have changed in the past 30 years. In 1974, when patrol limits were repealed, the city had 87.

For some, like Hennepin-Lake Liquors owner Phil Colich, even 48 is too many. "It should be a mile between stores," Colich said. "We've got too many liquor stores in the city of Minneapolis."

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