

Q & A - Arena Beer and Wine Licensure

- **Q: What do we stand to gain?**
- **A:** Two things:
 - *Offering Beer and Wine (B&W) service will allow us to remain financially viable in a very competitive market. Dry floor shows regularly inquire if we offer this service. Competing commercial ice rinks also offer alcohol sales. Based on peer data we believe we could sell up to 400 cases of beer annually, grossing nearly \$50K. Wine numbers are more difficult to discern, but should show some profit.*
 - *There is the potential for a good profit margin. Preliminary indications lead us to believe we could see net profits in the \$10K - \$15K range in the 2nd year. Please see the attached pro-forma. We need to bear in mind that these are only estimates; no other municipality offers this service. However, we have been conservative in our estimates based on recently derived peer data.*

- **Q: What are the potential pitfalls?**
- **A:** *Potential issues include the potential for objectionable behavior, which could drive customers away or garner bad press. However, we feel that with proper policies in place, detailed training, and oversight, we can mitigate these risks.*

- **Q: Were there discussions regarding using an Off-Site Vendor to license and run the Beer and Wine concession?**
- **A:** *Yes, this was discussed. We feel that the upside to managing this concession in-house overtakes the potential to shift the risk away from the Arena.*
 - *Recent experience with off-site vendors indicates that when patrons face substandard service at the Arena they are unable to easily discern that a third party is involved, and not Arena Management. This has the potential to damage our brand and works against our competitiveness in a tight market.*
 - *The license we intend to pursue is conditional upon the service of food. The Arena fund sees nearly \$50,000 annually in sales from food and soft drink sales alone and this would be a considerable hit to the fund if we had to surrender the Snack Bar sales to an outside vendor.*
 - *This is a novel approach for a Municipal Arena and the potential for profit is uncertain. A potential vendor would price this into its agreement. Also, if sales are better than estimated, we risk missing out on the additional revenue.*
 - *We would surrender a certain element of control over the process. If we find that we needed to alter the terms of alcohol service, for any reason, we could face contractual issues.*

- **Q: To which events do we offer this service?**
- *A: City policy would dictate the terms under which B&W would be offered. However, consideration of the wishes, terms, or internal policies of the ice and dry floor renters would be taken into full consideration. In the event of a conflict, the decision to offer B&W would be at the discretion of the Arena Manager in consultation with City Administration.*

- **Q: How will this impact our insurance coverage?**
- *A: Our current insurance carrier, Primex, will cover potential liability.*

- **Q: Will we be subject to “Rooms and Meals” tax?**
- *A: Yes, while we are currently exempt from the 9% Meals and Rent (M&R) tax, as soon as we start selling alcohol we will be subject to this tax. We would be responsible for the payment of the tax on not only the alcohol sales, but on certain prepared foods that are currently served at the snack bar tax-free. We estimate this to be approximately \$3,500 of additional expense against Snack Bar food sales, beyond taxes due for the alcohol sales. This additional expense has been illustrated in the included pro forma.*

- **Q: What sort of license would we look to obtain?**
- *A: At this time the Arena would pursue an “On-Premises” beverage and wine license, similar to a restaurant, through the New Hampshire State Liquor Commission (NHSLC). This means that a dedicated service area would need to be established and B&W would only be served when the Snack Bar is open.*

- **Q: What would be the Server Certification?**
- *A: NHSLC Training for Intervention Procedures (TIPS) would be required of all servers.*

- **Q: How do we select a vendor and procure inventory?**
- *A: Beer would be obtained through local distributors in accordance with City purchasing ordinances. Wine would be purchased directly through the NHSLC.*

- **Q: What are the conditions imposed by the City’s Code Enforcement Division?**
- *A: The Arena would be licensed by the State and follow their RSAs. Code Enforcement would monitor compliance with City ordinances as they do now.*

- **Q: Are there any special staffing requirements?**
- *A: Yes, there are several staffing obligations:*
 - *Staffing would be appropriate to the anticipated customer demand. Staffing will always be at least “two-deep” when alcohol is served.*
 - *All staff will be TIPS trained. We are required to train only the alcohol service staff. However, we will require training for all staff so we might mitigate the risk of improperly served customers.*

- **Q: Are there any building upgrades required such as segregation of the service area or inventory storage and security concerns?**
- *A: Yes, there are several changes required:*
 - *Sales would take place in the Snack Bar. B&W cans or bottles would be drawn from a dedicated display cooler by Staff, and poured into clear plastic cups for the customer.*
 - *In order to meet the food service requirements to obtain an “on premises” license, a designated food service seating area will need to be established. The exact details would be confirmed during the licensing process but this will likely entail the construction of a table area above the current storage area behind the handicapped seating area. The potential to designate a separate bleacher seating area in which the B&W could be consumed will be discussed. This would be segregated from the general or “Family” seating in the attached floor plan.*
 - *Security of stored inventory would be ensured by the use of a locked cabinet inside the regular secured food service storage area.*

- **Q: Have we considered feedback from our existing customers?**
- *A: Yes, conversations with Arena users indicate that this would be favorably received. Some customers are not interested in this service and it is our intention to honor their wishes. Our primary motive is in meeting the needs of our market while building sound relationships with our customers, not necessarily maximizing profits. A customer-by-customer summary of interest is attached to this document.*

- **Q: Beyond our existing customers, who has been part of this discussion?**
- *A: The Arena Advisory Committee directed the formation of a B&W Working Group with a charge to discuss the potential for this service. Composition of the Working Group includes members of the Arena Advisory Committee and City Staff. City Administration, the NHSLC Enforcement Division, City Law and Code Enforcement, insurance professionals, and potential new customers have been part of this conversation.*

- **Q: Are there any new customers who would come to the Arena if this service was offered?**
- *A: Possibly. Promoters for Mixed Martial Arts, Boxing, Professional Wrestling, and the Federal Hockey League (FHL) have been in contact and indicate interest if B&W was offered. However, FHL has additional requirements beyond B&W service. Other potential opportunities include: Adult Hockey Tournaments, Chamber of Commerce events such as “Business After Hours” and the “Concord Young Professionals Network”, “Adult Night” roller skating, and rental for fundraising or celebratory galas.*

- **Q: May we command higher floor and/or ice rents by offering this service?**
- *A: Potentially, but we need not consider higher rates at this time. We are already near the top of the ice rental fees in a market where some venues currently offer this service; please see the attached summary sheet. It is also unlikely that the additional interest this service would generate for the “Dry-Floor” events would warrant a large increase in gate sales for the promoters. However, the focus of this initiative is to remain competitive with our peers and draw additional customers during the Dry-Floor season. We would also see revenue from the sales at events where this service was offered.*

- **Q: Isn't the focus of the Arena “Youth Centric”? Does offering B&W conflict with this?**
- *A: No, we do not believe so:

 - *About 40% of Arena visits are directly related to ice-related scholastic activities, such as High School hockey games and tournaments. However, New Hampshire Interscholastic Athletic Association (NHIAA) rules prohibit sale of alcoholic beverages at NHIAA events, specifically High School athletic play. The Arena would honor this prohibition.*
 - *Concord Youth Hockey events comprise approximately 15% of Arena visits and draw many adult spectators. B&W service may be appreciated as an amenity for these events.*
 - *Other events are more adult oriented, such as the Dry-Floor shows, and performance entertainment. A chart showing Arena head-count by type of event is attached to this document.*
 - *State law prohibits sale of alcoholic beverages to those under 21 years of age. This law would be strictly enforced by Arena Staff.**

- **Q: Would B&W service trigger additional law enforcement presence at the Arena?**
- *A: The Chief of Police has the discretion to require additional law enforcement as needed. Currently, a number of paid details are either required by the Police Department, such as the Gun Show, or are requested by the renters. If there is the potential that B&W service may warrant an additional law enforcement presence, then it would be discussed with the event organizers in advance.*

- **Q: Would we consider offering this service outside the Arena building?**
- *A: Potentially, but not at this time.*

- **Q: How would this impact the entry foyer addition proposed in the Arena CIP?**
- *A: This is unknown, but it is believed that offering this service would increase the likelihood that we would attract a more favorable interest in the operation of retail concessions if this is to be considered as part of the addition.*