

# Memo



To: EDC

From: Michelle Ciccolo

Date: November 12, 2013

Re: Benderson / Highland Common's Request

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Attached please find a letter from Benderson Development pertaining to its request to have you support a home rule petition seeking additional alcohol pouring licenses for its anticipated restaurants. For those who have been following the Highland Commons Development, you may recall that the site is currently permitted for 4-5 pads expressly for restaurants.

Hudson presently has one available alcohol pouring license, for which there were two applicants (Brothers Creamery Dessert Bar & Bonefish Grill at Highland Commons). The Selectmen have voted 3-2 for the Dessert Bar to proceed with its formal application. Unfortunately, the state caps the amount any one community can have based upon its total residential population. However, communities seeking economic development opportunities routinely have asked the Legislature to support increases in licenses above and beyond that cap. Any such request to the State Legislature must first be approved by Town Meeting to start the process.

I have had several conversations with Peter Tamm, attorney for Benderson Development, about this request. Mr. Tamm has successfully prepared a number of home rule petitions and has suggested several things for us to think about when embarking on this process. In addition, he and I have discussed what the potential impacts might be on both the Highland Commons site, and the business climate in general in Hudson. Some areas for the Commission to consider include the following:

1. **Impact to Tax Revenue** – The 4 permitted pads are expected to be in the vicinity of 25,000 square feet. Mr. Tamm believes that with the addition of restaurants, more of the remaining non-restaurant space is likely to be built out as the foot traffic and activity driven by the restaurants also helps to support the adjacent retail space. He has also said that if Hudson is unwilling to pursue the alcohol licenses, for which 2-3 leases are already in the works, Benderson is not likely to be able to keep those prospective tenants unless they transfer them to the Berlin side of the development. Conservatively, at a minimum, counting only the 25,000 square feet of restaurants, and using FY14 tax rates, the annual tax revenue from the 4 restaurants will be around \$69,000. If the 5<sup>th</sup>

is built, this figure will be larger and of course increases annually as assessed values go up.

2. **Number of Licenses Sought** – Highland Commons has need of 4 all alcohol pouring licenses, and one beer & wine pouring license all for restaurant use only. It is not seeking an alcohol package license nor any club licenses. New license expansion requests, because they are done through home rule petitions, can be restricted to certain areas of Town or made available to the Town at large. The process is complex and can be time consuming. Therefore, the Commission should consider whether or not it has an opinion on how many total licenses to pursue. Does the Town want to ask for 2 or more additional at-large licenses or none? Does the EDC foresee a need for any additional licenses within the Main Street or Washington Street retail corridors or elsewhere in Town? Keeping in mind that any request ultimately has to go before Town Meeting for approval to seek the home rule petition, what is the best approach: asking for only those that are needed now for Highland Commons; asking for none at all; or asking for some slightly large number? If the EDC wants to recommend pursuing an expansion of the number of licenses, does the Commission want to hold a public hearing or recommend that the Board of Selectmen conduct such a hearing to seek feedback on the appropriate number of alcohol licenses to pursue? Who should be the sponsoring Board for the Town Meeting article? Or should it be jointly sponsored by BOS and EDC?
3. **Regulating of Licenses** – Right now, alcohol licensing is done by the Board of Selectmen, under the management of Fernanda Santos who administers these licenses. The Board has broad discretion on what entities it approves to receive liquor licenses and fees can be established to ensure that any business entity receiving a license is of sound financial condition. In conversations with Fernanda, as well as Mr. Tamm, there is general agreement that our license regulations have not been reviewed in some time and may be out-of-date. Upgrading these regulations could help assist the Board in good decision making and in ensuring that only first rate restaurants locate in Hudson. Mr. Tamm indicated a willingness to assist the Town in updating its alcohol license regulations. This is something the Town should pursue concurrently with any request for an expanded number of licenses.
4. **Impact on Existing Businesses** – Some may be concerned about new restaurants drawing business away from the Downtown or Washington Street. Others have expressed the belief that success breeds success and having a vibrant site there may help bring people to Town who will discover other restaurant options and/or might patronize some of the retail downtown. Mr. Tamm expressed a belief that his client would be willing to assist the Town with cross-marketing to help support local business.

It should be noted, however, that items 3 and 4 were not expressly articulated in Benderson's letter. Therefore, if these offers have any appeal to you, I'd encourage you to formulate a request that is as specific as possible in any vote of approval to move forward with support of seeking additional licenses.