

Balancing Commercial Interests with Public Health and Safety

How local municipalities can regulate alcohol businesses through a Deemed Approved Ordinance

Alcohol businesses can be strong assets to a community, providing venues for social gatherings and entertainment and contributing to the local economy. However, in many neighborhoods sales of alcohol are also associated with a host of serious problems ranging from public intoxication to violent crime. Fortunately, a new and innovative approach has been found that allows cities to mitigate alcohol-related problems in a way that is supportive of local business.

Research has shown that nuisance-related activities and other more serious crime tend to cluster around businesses that sell or serve alcohol when appropriate precautions are not taken. This is especially true where a large number of alcohol retailers are located in a given geographical area.¹

Nuisance-related activities reported include loitering, trash, graffiti, public drinking, public urination and aggressive panhandling.¹ Among other types of crime, impaired driving is the most common, with about 50 percent of drivers being cited for driving under the influence having had their last drink at a licensed establishment such as a restaurant, bar or club.²

Clusters of violence near alcohol outlets have also been noted, although such incidents are most often found near stores that sell alcohol for consumption off the premises, e.g. liquor stores, markets and convenience stores. While it is true that other factors contribute to the prevalence of violence, when these factors are accounted for by statistical procedures, researchers find that the number of alcohol businesses in a given neighborhood still has a significant effect on the occurrence of violent events.³

San Diego County has its share of these problems. In 2000, researchers from San Diego State University established a connection between the number of liquor stores in a given zip code and health-related problems occurring in the vicinity. Specifically, it was found that for each additional alcohol business that was added to the community, there was an increase in hospital admissions due to alcohol-related causes.⁴ Furthermore, the City of San Diego was one of nearly a hundred cities across the nation that were found to have a link between youth homicides and the density of alcohol outlets.⁵



As the number of alcohol businesses in a neighborhood goes up, so do the rates of violence, such as youth homicides, and the rates of alcohol-related hospital admissions.



Young people are especially vulnerable to increased alcohol availability. A recent study in California showed that teens who begin drinking at a younger age, drink more often and have higher rates of excessive drinking in zip codes with higher densities of alcohol businesses.⁶

Several communities in San Diego County have heavy concentrations of alcohol outlets. For example, The City of San Diego’s Gaslamp District, a nationally-known tourist attraction, has a total of 268 alcohol-related businesses in an area where only 27 are recommended by the California Department of Alcoholic Beverage Control (ABC).

Such proliferation of alcohol outlets in urban centers is not uncommon. It is often approved by city planners as a way to stimulate the local economy. However, this comes with a price, as over-concentration often results in higher rates of DUI-related incidents and other crime. A disproportionate amount of police resources are then needed in the area, which makes them less available to respond to problems elsewhere.⁷

Financial costs

Another way to assess the impact of alcohol availability is by tracking financial costs. A recent national study reported the bill in California to be \$35 billion annually, a staggering sum. Moreover, the costs have been going up in recent years and can be expected to increase if prevention efforts aren’t expanded.⁸

The cost in San Diego County is estimated to be \$3 billion annually, with the largest portion going to lost wages.⁹

Surprisingly, the costs related to impaired driving, property damage and public services (such as police, fire, child protective services and court costs), which are the ones most often publicized, were found to be the smallest percentage of the total bill. (See chart at above.)

The portion paid by tax dollars in California is about 43 percent, or \$388 for each resident annually.⁸ This far outweighs the benefit of the

income to the state garnered through alcohol sales, according to a study conducted in 2008.

While the cost to society of a single drink is estimated at about \$2.44,⁸ the excise taxes collected on that drink are only 8 cents.¹⁰ As such, the taxpayer is clearly subsidizing the alcohol industry, paying a significant portion of the costs resulting from over-consumption.

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Crime and Economic Decline

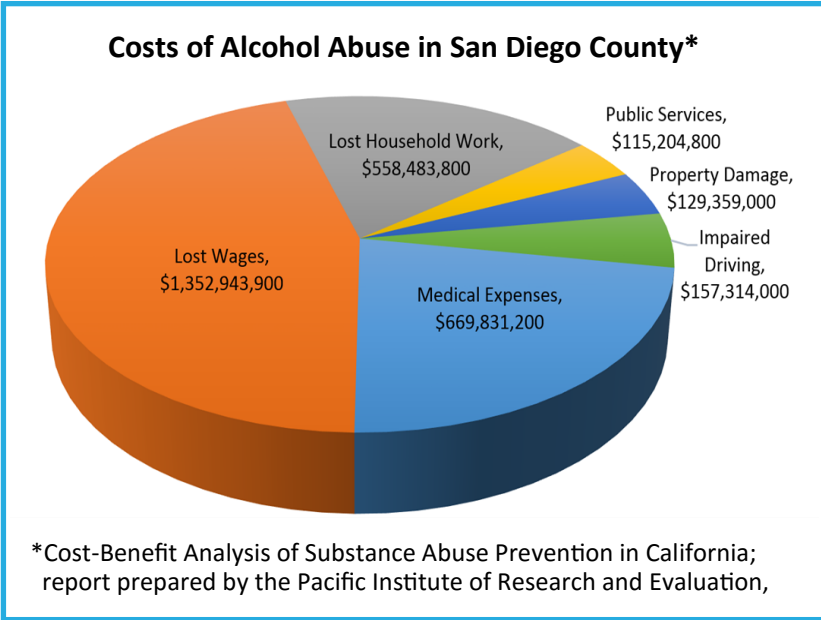
Another concern to be considered is the long-term economic impact. This includes the increase in crime and nuisance-related activity that comes with excessive alcohol availability, which can

have a dramatic effect on the economic viability of the business community.

In a study of 13 cities, it was found that such activity makes a region undesirable for other kinds of businesses, which results in the loss of the diversity of businesses in the community.¹¹

This typically occurs

when customers of these non-alcohol-related businesses —clothing, furniture, healthcare, financial services, etc. — feel unsafe venturing into areas with high concentrations of alcohol outlets. And with a loss of customer support, such retailers are forced to relocate, leading to a proliferation of more alcohol outlets or other problem businesses that have a negative impact on community health and safety.¹¹



The Role of Responsible Retailing

Many of these negative impacts can be traced to the irresponsible operating practices of the alcohol businesses themselves. One prominent study reported that sales to underage or intoxicated individuals are known to occur in one-half to three-quarters of all retail alcohol outlets.¹²

Promotions that encourage over-consumption also have negative impacts. These include sales of beer and wine that have high alcoholic content and come in oversized containers; the fruit-flavored beers and other sweetened alcohol products, and the hard liquor that is sold in the small airplane bottles. Such products are the drinks of choice for underage youth as well as a segment of the homeless population, partly because of their low price or sweet taste, which appeal to youth, and partly because of their high alcohol concentration. When sold cold and ready to consume, as many of them are, they often lead to public intoxication.¹³

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According to one prominent community leader, store owners who sell these products are enabling serial inebriates to continue to fuel their addictions, with resultant problems spilling out into the community, lowering the quality of life.¹³

Increased Local Control

In California, only the ABC has the authority to regulate the sale of alcohol. However, cities and counties have the ability to protect their neighborhoods from the problems a given business might cause through their land-use powers.¹⁴ This includes the authority, through zoning, to determine where a given business is located; and through permitting, to set responsible operating standards. As such, land use regulations become tools for public health and safety that cities can, and have, successfully used to lessen the negative effects of increased alcohol availability.¹⁵



Single-Serves are alcoholic beverages, usually of beer, that come in large containers, often with a high alcohol content. They are sold cold, ready to consume.

A Deemed Approved Ordinance (DAO) is just such a tool. It establishes a set of responsible operating standards that retailers must follow in order to stay in business. This applies to all outlets, even the older, “grandfathered” businesses, which usually are exempt from following new regulations enacted by the city.

To be fully compliant with the law, all employees of an alcohol-related business must attend a training on Responsible Beverage Service (RBS). The focus of such trainings includes how to verify valid forms of identification, how to recognize signs of intoxication and how to refuse service to already-intoxicated customers.

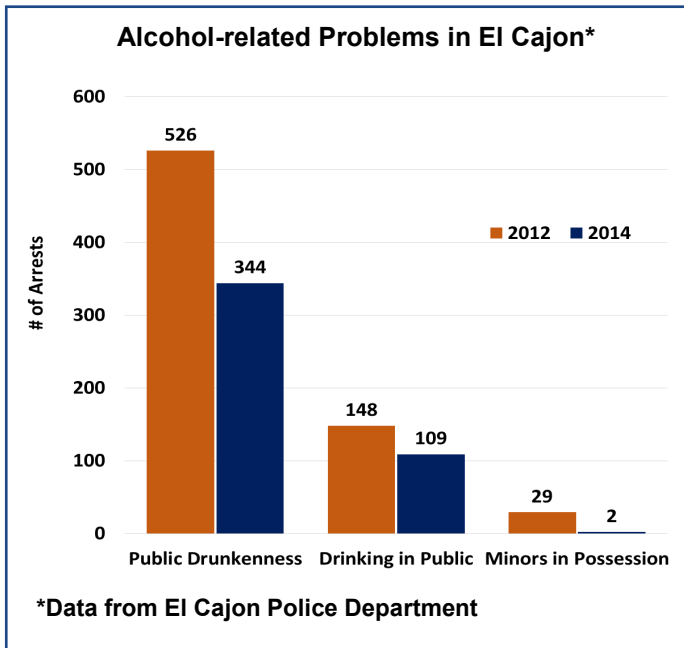
Law enforcement has an important role to play in the implementation of a DAO. In addition to conducting the RBS training, officers establish ongoing relationships with local retailers, visiting their places of businesses on a regular basis and helping them stay in compliance with the law. As a follow-up, they conduct periodic enforcement operations, some with underage youth who attempt to purchase alcohol. To



A compliance officer visits each establishment, helping staff stay in compliance with the law.

support these activities, a fee can be included in the ordinance to pay for a dedicated officer. This approach has been successful in many California cities. Among these are Oakland, Oxnard, San Francisco, Rohnert Park, Vallejo and Ventura.

The City of El Cajon is the first city in San Diego County to adopt a DAO. Its ordinance doesn't include a fee, so the cost of enforcement has come from El Cajon's general fund. Nonetheless, alcohol-related problems have declined substantially since it was passed. These include public drunkenness, drinking in public and minors in possession, which all have been significantly reduced. (See Chart Below.) Moreover, this reduction was accomplished not by shutting down problem retailers, but by bringing them into compliance, benefiting the entire community.



Summary and Conclusion

Taking reasonable steps to regulate alcohol outlets, while working collaboratively with retailers, can reduce alcohol problems, enhance the business environment and contribute to the overall well-being of the community. The DAO has proved to be an effective tool to accomplish these goals.

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