

September 12, 2022

BERNARD A. PISHKO City Attorney ADAM D. MELITA HEATHER A. MULLEN JACK E. CLOUD DEREK A. MUNGO TAMELE Y. HOBSON NADA N. KAWWASS ANDREW R. FOX MICHELLE G. FOY MATTHEW P. MORKEN HEATHER L. KELLEY ERIKKA M. MASSIE ZACHARY A. SIMMONS ALEX H. PINCUS MICHAEL A. BEVERLY MARGARET A. KELLY KATHERINE A. TAYLOR KRISTOPHER R. MCCLELLAN BONNIE P. LANE

HAND-DELIVERY

Scotty Quixx 436 Granby Street Norfolk, VA 23510

HAND-DELIVERY

Lawson Scott Oates 3105 Blair Circle Virginia Beach, VA 23452

VIA EMAIL:

Christopher Johnson (Christopherm (C

VIA CERTIFIED MAIL RETURN RECEIPT

Oates Enterprises II, LLC 4148 Roundhill Road Arlington, VA 22207

Conditional Use Permit for Scotty Quixx @ 434 Granby Street

Dear Owner:

Please be advised that the Zoning Administrator has initiated action to revoke the Conditional Use Permit granted to Legacy by Ordinance No. 45,078. The public hearing will be held on September 27, 2022 at 7:00 pm. in the Norfolk City Council Chambers.

A copy of the information provided by the Zoning Administrator to the City Manager requesting that the matter be placed on the City Council Docket is enclosed.

I will be handling the matter. Please let me know if you have any questions.

Thank you.

Very truly yours,

Katherine A. Taylor

Assistant City Attorney

KT:sb Enclosure

cc: Bernard A. Pishko, City Attorney
Adam Melita, Deputy City Attorney
George Homewood, Director of Planning
Jeremy Sharp, Zoning Administrator



Inter Department Correspondence Sheet

TO:	Dr. Larry H. Filer II, City Manager
FROM:	Jeremy Sharp, Zoning Administrator
	Bernard A. Pishko, City Attorney, Allan Bull, City Clerk,
COPIES TO:_	George Homewood, Director of Planning
SUBJECT:	Request for City Council Public Hearing of Scotty Quixx
	Conditional Use Permit (Ordinance No. 45,078)

September 12, 2022

The City has evaluated the operations of Scotty Quixx, an establishment located at 434 Granby Street, operated by the owner, Oates Enterprises II, LLC. A copy of that conditional use permit (Ordinance No. 45,078) is attached (Attachment 1).

The purpose of this memo is to request that a public hearing be set on City Council's Agenda on September 27, 2022 in order for it to determine whether the conditional use permit should be revoked.

On May 13, 1997, City Council adopted Ordinance No. 38,746 (Attachment 2) setting forth specific procedures to be followed in all proceedings in which the City Council considers the revocation of any permit or certificate previously granted by City Council. This procedure requires that a Statement of Proposed Revocation be prepared and submitted to City Council 14 days prior to the hearing.

I will prepare for your review a draft "Statement of Proposed Revocation," a draft City Council transmittal letter, and a draft ordinance to be adopted in the event revocation is approved by the City Council.

Jeremy Sharp

Zoning Administrator

Attachments

<u>City of Norfolk's</u> <u>Statement of Proposed Special Exception</u> <u>Revocation for Scotty Quixx, 434 Granby Street</u>

Scotty Quixx is a nightclub located at 434 Granby Street, Norfolk, Virginia. Oates Enterprises II, LLC is the owner and operator of Scotty Quixx and the holder of a Special Exception adopted April 23, 2013 under Ordinance No. 45,078 (Exhibit 1). The Special Exception requires adherence to specific conditions contained therein and also requires compliance with all other applicable laws and ordinances. The Special Exception permit is now known as a Conditional Use Permit (CUP).

Exhibit A of the Special Exception lists Alfred J. Rayas Jr., Christopher M. Johnson, and Oates Food Services II, LLC as the business owners, managers, and operators. It lists Scott Oates and Oates Enterprises II, LLC as the property owners. The members of Oates Enterprises II, LLC are listed as Hugh F. Oates, Jr., Scott Oates, Johnnie Mallory, Ashley Tomaseski, and Jamie Cossell. The names cited here are handwritten and not entirely legible in Exhibit 1 of the Special Exception.

The Special Exception, at Section 2(l), states that "the facility shall remain current on all food and beverage taxes and business personal property taxes which many become due while it is in operation."

The Special Exception, at Section 2(s), states that:

"Any requirements, limitations, or restrictions imposed by the Virginia ABC Commission or by any provision of Virginia law upon this establishment which are more stringent than the requirements of this Special Exception shall be effective and binding. Any violation of such requirement, limitation, or restriction imposed by the ABC Commission shall be deemed a violation of this Special Exception. This Special Exception may be revoked

for any violation of a general or specific condition, including a condition incorporated by reference and including a condition arising from requirements, limitations, or restrictions imposed by the ABC Commission or by Virginia law."

Oates Food Services II, LLC holds an active Mixed Beverage ABC license for Scotty Quixx at 436 Granby Street. A requirement for this license is the submission of a Mixed Beverage Annual Review (MBAR). This report documents the food and beverage sales of mixed-beverage licensees. These licensees are required by law to submit an MBAR to Virginia ABC once a year on the anniversary of the issuance of their license. Per the ABC website, "[w]hen it comes to operating your mixed beverage business in compliance with the Commonwealth's alcohol regulations, the food and beverage ratio is paramount." (Exhibit 2). Under Virginia Code § 4.1-206.3, 45% of a mixed-beverage licensee's total gross sales (excluding beer and wine sales) must be from food and nonalcoholic beverages. Putting it another way, mixed beverage alcohol sales cannot comprise more than 55 percent of the total gross sales.

The Commissioner of the Revenue for the City of Norfolk assesses a Food and Beverage tax, also referred to as a Meal Tax, at 6.5% on all food and beverages, including alcoholic beverages, purchased in or from any food establishment. These businesses must register with the Commissioner of the Revenue, post a meal tax bond, collect the tax, and report and remit the tax on or before the 20th day of the month following the month of collection.

Upon comparing the MBAR submitted by Scotty Quixx to Virginia ABC and the Meals Tax reports to the Commissioner of the Revenue, the City finds that the

MBAR complies with the 45 percent food and non-alcoholic beverage sales, but the Meals Tax reports to the City are significantly lower than the amount reported to the ABC.

Therefore, Scotty Quixx is in violation of its Special Exception, regardless of whether the Meals Tax reports or the MBAR (if either) is accurate. If the amount reported to ABC is true and correct, then the operator has failed to correctly and completely collect and report Meals Tax to the City of Norfolk. If the amount reported to the Commissioner of the Revenue is true and correct, then it has failed to correctly report its food sales to comply with the statutory 45% requirement. If neither the sales reported in the Meals Tax reports nor in the MBAR are accurate, then the operator has committed multiple violations of the conditions required by the Special Exception. Under no set of circumstance can the operator be in compliance with both Sections 2(1) and (s) of the Special Exception.

In all possible cases, Scotty Quixx is in violation of the conditions of its Special Exception and the City proposes that the Special Exception be revoked.

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Form and Correctness Approva

Office of the City Attorney

NORFOLK, VIRGINIA

Form CCO-003

Contents Coproved:

ORDINANCE No. 45,078

R-8

AN ORDINANCE GRANTING A SPECIAL EXCEPTION TO PERMIT THE OPERATION OF AN ENTERTAINMENT ESTABLISHMENT ON PROPERTY LOCATED AT 434 GRANBY STREET.

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That a Special Exception is hereby granted to Oates Enterprises II, LLC, authorizing the operation of an Entertainment Establishment named "Scotty Quixx" on property located at 434 Granby Street. The property which is the subject of this Special Exception is more fully described as follows:

Property fronting 41 feet, more or less, along the eastern line of Granby Street, beginning 130 feet, more or less, from the southern line of E. Charlotte Street and running southwardly; premises numbered 434 Granby Street.

Section 2:- That the Special Exception granted hereby shall be subject to the following conditions:

- (a) The hours of operation for the facility shall be from 7:00 a.m. until 2:00 a.m. the following morning, seven days per week. No use of the facility outside of the hours of operation listed herein shall be permitted.
- (b) The hours of operation for the sale of alcoholic beverages and for entertainment shall be from 11:00 a.m. until 2:00 a.m. the following morning, seven days per week.
- (c) The seating for the facility shall not exceed 162 seats indoors, 18 seats outdoors, and the total occupant capacity, including employees, shall not exceed 260 people.

- (d) This special exception shall terminate in the event of a change in ownership of the facility and may be revoked in the event of a change in the operation or management of the facility as described in the Description of Operations set forth in "Exhibit A," attached hereto, provided that termination in the event of a change in ownership of the facility shall be effective until 120 days after the change or until a new special exception is granted showing the owner, whichever is earlier. Notwithstanding the above, no violation of this condition shall be deemed to have occurred if the only change in management is a result of one or more of the members of the management team identified in Description of Operations ceasing to work at the establishment.
- (e) Entertainment shall only be provided indoors and shall be limited live bands having no more than five (5) members and Cultural Dance, defined for the purposes of this ordinance alone as a form of dance unique in style and appearance to a specific cultural group. Examples include, but are not limited to, belly dance, flamenco dance, hula, and geisha dance. No form of dance which does not meet all of the following characteristics shall be considered cultural dance for purposes of this ordinance:
 - i. Cultural dancers shall not perform nude or semi-nude, but shall perform in a state of dress more modest than seminude, as those terms are defined herein.
 - ii. For the purposes of this ordinance, the term "nude" means to be undressed completely, and the term "semi-nude" means to be in any state of dress in which opaque clothing covers no more than the genitals, pubic region, buttocks, areola and nipple of the breast, as well as portions of the body

covered by supporting straps or devices. Examples of "semi-nude" dress include but are not limited to a state of dress consisting of a bikini or equivalent clothing.

- iii. Cultural dancers shall not physically touch or be physically touched by spectators while performing.
- (f) In addition to the above, the following restrictions shall apply to all cultural dance performances:
 - Cultural dancers shall not use the i. following items and accessories when performing, for safety reasons: swords, weapons of any kind, lit candles, or lit torches. Notwithstanding this provision, at the discretion of the grantee of this Special Exception, dancers may use prop swords and prop weapons. For purposes of ordinance, the adjective "prop" means a fake sword or weapon, similar to those used by actors on the stage, not designed for or capable of causing injury. Such "prop" swords or weapons shall be either made of wood, or if made of metal, shall be blunt with no cutting edge.
 - ii. At the discretion of the grantee of this Special Exception, customers may tip dancers at the conclusion of a performance. Spectators shall not physically touch a dancer when tipping.
- (g) The provisions of this ordinance concerning cultural dance are not intended, nor shall they be applied, to impose any limitation or restriction on the content of cultural dance performances at the subject property. Cultural dance performances, should they degenerate to the point of involving obscenity or nude or semi-nude dance performances, shall be subject to all the

usual prohibitions upon such performances in bars and restaurants selling alcohol under the laws and regulations of the Commonwealth Virginia and the ordinances regulations of the City of Norfolk. These restrictions include but are not limited to such prohibitions upon obscene performances as are found in Chapter 28 of the Code of the City of Norfolk (1979), as amended, or Chapter 8, Article 5 of Title 18.2 of the Code of Virginia, (1950), as amended (both concerning obscenity). These restrictions also include all prohibitions upon nude and semi-nude dancing, designed to alleviate the negative secondary effects thereof, authorized in such cases as Barnes v. Glen Theatre, Inc., 501 US 560 (1991) and City of Erie v. Pap's A.M., 529 US 277 (2000), as may be found in the statutes, regulations, or ordinances of the Commonwealth Virginia and the City of Norfolk, including but not limited to Sections 28-11 and 28-12 of the Code of the City of Norfolk (1979), as amended, concerning public nudity and indecent exposure, and the regulations of the Alcoholic Beverage Control Board of the Commonwealth of Virginia, as amended.

- (h) There shall be no dancing and no dance floor provided.
- (i) The layout of the establishment shall adhere to the specifications of any of the floor plans attached hereto at "Exhibit B".
- (j) No door to the facility which opens onto or faces a public right-of-way shall be propped open during any time that entertainment is being provided.
- (k) The facility shall maintain a current, active business license at all times while in operation.
- (1) The facility shall remain current on all food and beverage taxes and business personal property taxes which may become due

while it is in operation.

- (m) No public telephone(s) shall be permitted on the exterior of the property. Any public phone(s) on the interior of the building shall be located in an area within full view of the facility's staff and shall not be permitted within any restroom.
- (n) During all hours of operation, the facility operator shall be responsible for maintaining those portions of public rightsof-way improved by sidewalk and portions of any parking lot adjacent to the premises regulated by the Special Exception so at to keep such areas free of litter, refuse, solid waste, and any bodily discharge.
- (o) The facility shall maintain a designated driver program which shall provide, at minimum, that designated drivers may be served non-alcoholic beverages at no charge. The facility shall describe the program in writing and its availability shall be made known to patrons via either a printed card placed on each table and on the bar or a description printed on the menu.
- (p) A menu shall be provided containing an assortment of foods which shall be made available at all times the restaurant is open. A food menu and full dining service shall be available at the bar.
- (q) This special exception shall automatically expire upon a change in possession of the property or a change in the operation or management of the facility.
- (r) The business authorized by this Special Exception shall be conducted in accordance with the Description of Operations set forth in "Exhibit A," attached hereto. The representations made in "Exhibit A" shall be binding upon all owners, operators and managers who operate and/or manage the premises covered by this Special Exception.

Should any owner, operator or manager desire to operate the business in a manner different than as represented in "Exhibit A," a new Special Exception must be obtained prior to implementing such change. Where any limitation or representation contained in "Exhibit A" is inconsistent with any condition of this ordinance, the conditions of this ordinance shall govern.

- requirements, limitations, restrictions imposed by the Virginia ABC Commission or by any provision of Virginia law upon this establishment which are more stringent than the requirements of this Special Exception shall be effective and binding. Any violation of such requirement, limitation, or restriction imposed by the ABC Commission shall be deemed a violation of this Special Exception. This Special Exception may be revoked for any violation a general or specific condition, including a condition incorporated reference and including a condition arising requirements, limitations, restrictions imposed by the ABC Commission or by Virginia law.
- (t) An ABC manager, employed and compensated by the applicant, shall be present at all events held on the premises. This manager shall supervise the event at all times. The ABC manager shall be present on the premises at least one hour prior to the beginning of the event and shall remain on the premises until the event is concluded and the facility is secured and locked. If alcohol is not served or consumed, a responsible supervisor, employed and compensated by the applicant, shall perform this function.
- (u) In addition to the ABC manager or supervisor the applicant shall provide such additional paid staff as may be necessary to coordinate, supervise, and manage any event held on the premises.

- (v) Neither the facility nor any portion of it shall be leased, let, or used by any third party to stage an event for profit. No outside promoter shall be permitted to use, operate, rent, or host any event at the facility.
- (w) The facility manager shall notify the Commissioner of the Revenue no less than 72 hours prior to the commencement of any event at which a cover charge is to be collected.
- (x) A binder or folder containing documentation relating to the operation of the facility shall be kept on the premises at all times and shall be produced upon request made by any person. For purposes of this section, the documentation relating to the operation of the facility shall include copies of the following:
 - (1) This Special Exception;
 - (2) Any ABC license(s);
 - (3) Any occupancy permit(s);
 - (4) Certifications of all persons who work on the premises as a security guard;
 - (5) All fire code certifications, including alarm and sprinkler inspection records;
 - (6) Any health department permits;
 - (7) The emergency action plan required under the Fire Prevention Code;
 - (8) The names, addresses, and phone numbers of all persons who manage or supervise the facility at any time;
 - (9) The facility's designated driver program; and
 - (10) The facility's Security Plan.

- or retain the services of a licensed security firm to provide one security guard per 50 guest occupants on the property whenever occupancy exceeds 193 people or when otherwise required by at least 36 hours prior written notice of the Fire Marshal, Chief of Police, or any designee of either. After 8:00 p. m. each Friday and Saturday as well as during special events, a security supervisor certified in accordance with the requirements of the Virginia Department of Criminal Justice Services shall be present on the property.
- (z) The written security plan submitted to the City as part of the application for this Special Exception and on file with the Department of Planning shall remain in full force and effect at all times while the facility is in operation.

Section 3:- That the City Council hereby determines that the Special Exception granted herein complies with each of the requirements of § 25-7 of the Zoning Ordinance of the City of Norfolk, 1992 (as amended), namely that:

- (a) The proposed use and development will be in harmony with the objectives and policies of the adopted General Plan of Norfolk and with the general and specific purposes for which this ordinance was enacted and for which the regulations of the district in question were established;
- (b) The proposed use and development will not substantially diminish or impair the value of the property within the neighborhood in which it is located;
- (c) The proposed use and development will not have an adverse effect upon the character of the area or the public health, safety and general welfare. Conditions may be applied to the proposed use and development, as specified in section 25-8 below, to mitigate

potential adverse impacts;

- (d) The proposed use and development will be constructed, arranged and operated so as not to interfere with the use and development of neighboring property in accordance with the applicable district regulations;
- (e) The proposed use and development will be served adequately by essential public facilities and services such as streets, public utilities, drainage structures, police and fire protection, refuse disposal, parks, libraries, and schools;
- (f) The proposed use and development will not cause undue traffic congestion nor draw significant amounts of traffic through residential streets;
- (g) The proposed use and development will not result in the destruction, loss or damage of natural, scenic or historic features of significant importance;
- (h) The proposed use and development will not cause substantial air, water, soil or noise pollution or other types of pollution which cannot be mitigated;
- (i) The proposed use and development will not cause a negative cumulative effect, when its effect is considered in conjunction with the cumulative effect of various special exception uses of all types on the immediate neighborhood and the effect of the proposed type of special exception use on the city as a whole;
- (j) The proposed use and development complies with all additional standards imposed on it by the particular provisions of the ordinance authorizing such use; and
- (k) No application for a special exception shall be recommended or granted until any and all delinquent real estate taxes owed to the

City of Norfolk on the subject property have been paid.

Section 4:- That the Special Exception granted hereby amends the previously granted special exception permitting operation of an Entertainment Establishment on this property, adopted on December 9, 20088, (Ordinance No. 43,310) and all provisions and conditions previously approved are entirely superseded by the terms of this Special Exception.

Section 5:- That this ordinance shall be in effect from the date of its adoption.

ATTACHMENTS: Exhibit A (6 pages) Exhibit B (3 pages)

> Adopted by Council April 23, 2013 Effective April 23, 2013

TRUE COPY TESTE:

R.	BRECKENRIDGE	DAUGHTREY,	CITY	CLERK
BY:				
	DE	PUTY CITY (CLERK	

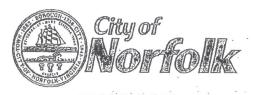


EXHIBIT "A" Description of Operations Entertainment Establishment

1028-2013

Date	of Application –	1028000
Trade name of business: OALS Food	& Service	e ILLE Scotty QUIXX
Address of business: -436 Granby	Street	
Name(s) of business owner(s)* Almad 5. Name(s) of property owner(s):*	Ruges Jr. 8	Christopher M. Johnson Oaks File
Name(s) of property owner(s):* Scatt C	Vales O	ates Enterprises I, L'EC High
Name(s) of business manager(s)/operator(s):	Chris Joh	ASOA : 11 Royas Siscoll octos
Daytime telephone number: (755) 6/7	- 3086	- 374-1602 Johnie Millozz
* If business or property owner is an LLC or C	∜ Corporation, al	I partners must be listed. Jamie Carell
Proposed Hours of Operation:		
Facility Weekday From 77 00 RATO 2:00 Am	Alcoholic Be Weekday	everage Sales FromToZ'60 M/2
Friday From HO 2:00 AM	Friday	From 1/16/17 To 2100 MM
Saturday From #1:00 Art To 2100 AM	Saturday	From 11:00 Mil To 2:00 ANI
Sunday From The wo Ave To The Disco Than	Sunday	From //: 00 AM To 2:00 AM
2. Type of alcoholic beverage applied for: ☑ Beer ☑ Wine ☑ Mixed Bev	erage .	

810 Union Street, Room 508 Norfolk, Virginia 23510 Telephone (757) 664-4752 Fax (757) 441-1569

Exhibit A Entertainment Establishment Page 2

3.	Will vide ☑ Ye	o games, pool tables, game boards or other types of entertainment be provided? □ No
	3a /	If yes, please describe type and number of each game to be provided: pool tuble but top touch screens , 1" golden T"- on flee
4.	Will patro √ Ye	ons ever be charged to enter the establishment?
	4a.	If yes, why:
	4b.	Which days of the week will there be a cover charge (circle all applicable days):
		Monday Tuesday Wednesday Thursday Friday Saturday Sunday
5.	Will the f	acility or a portion of the facility be available for private parties? S □No
	· 5a.	If yes, explain: Boly Showers, Buchelof Bachehold Berties Corporate Parties

Exhibit A **Entertainment Establishment** Page 3

6. Will a third ☐ Yes	l party (promoter) be permitted to lease, let or use the establishment No
6a.	If yes, explain:
	·
	C license applied for (check all applicable boxes): Premises Off-Premises (second application required)
8. Will there e	ever be a minimum age limit? No Carrestant
9. Will there be	e smoking in the establishment?
10. Additional	comments/description/operational characteristics:
pfiel	Signature of Applicant

Plan A

Exhibit A Entertainment Establishment Floor Plan(s)

	901 1 10	anto)
1.	Seati	ng (Approved floor plan must be attached)
	a.	Indoor Number of seats 122 Number of bar seats 40. (not including bar seats) Number of tables
	b.	Outdoor Number of seats 8 Number of tables 0
	c.	Number of employees 2
	То	tal Occupancy (Indoor and Outdoor and employees) 1684 71 5 tunding
2.	Descri	ibe type tables and booth (i.e., rounds of 4, booth seats 6, etc.) 2-Tops 4-Tops 3 7 Tops
4-0	Oth Forecat	Booths 1-10 top 2-8 top 1-Booth 5 seat, 2-letop
3. \	Will in	door or outdoor entertainment be provided? tainment consists of anything more than one, unamplified musician)
	4a.	If yes, describe in detail:
4. V	ПΥ	lance floor be provided? es ☑ No If yes, square footage of establishment square footage of dance floor

Plan B.

Exhibit-A Entertainment Establishment Floor Plan(s)

Seating (Approved floor plan must be attached)
a. Indoor Number of seats 110 (not including bar seats) Number of tables 19
b. Outdoor Number of seats 18 Number of tables 6
c. Number of employees 2/
Total Occupancy (Indoor and Outdoor and employees) 168+7/5+cmding
2. Describe type tables and booth (i.e., rounds of 4, booth seats 6, etc.) 2. Describe type tables and booth (i.e., rounds of 4, booth seats 6, etc.)
Other: 3-Booth 9 sect 1-10 top 2-8 top, 3-5 top, 1-Booth Sseut
 Will indoor or outdoor entertainment be provided? (Entertainment consists of anything more than one, unamplified musician) □ Yes □ No
4a. If yes, describe in detail:
4. Will a dance floor be provided? ☐ Yes ☐ No
4a. If yes, square footage of establishmentsquare footage of dance floor

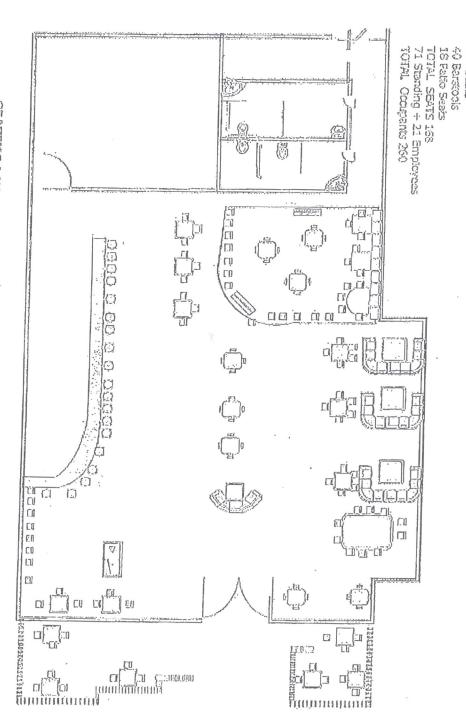
PIAN C

Exhibit A Entertainment Establishment Floor Plan(s)

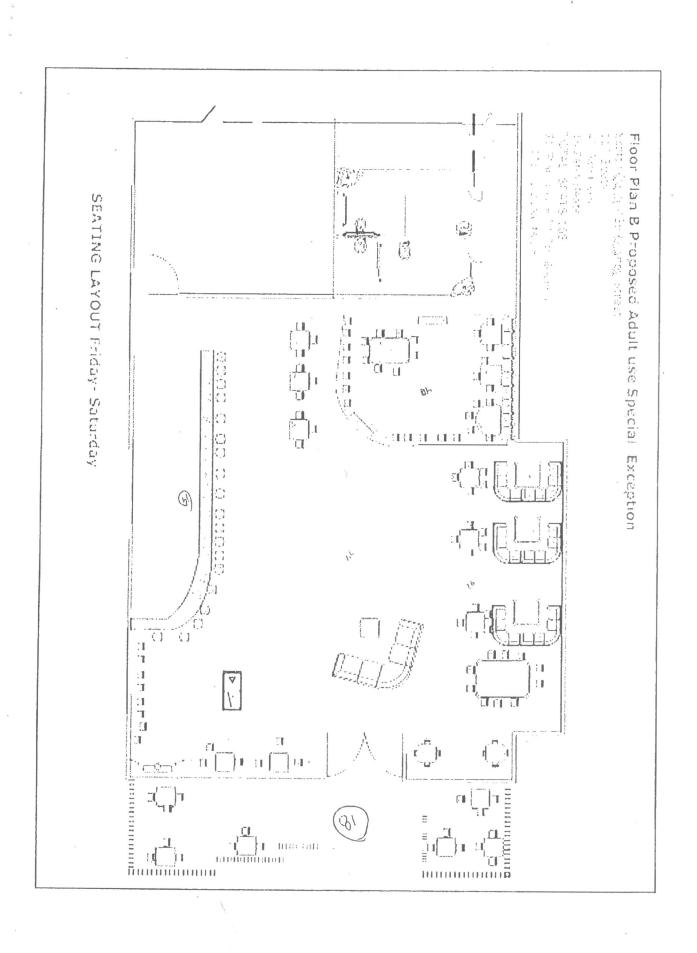
Seating (Approved floor plan must be attached)
a. Indoor Number of seats 102 (not including bar seats) Number of bar seats 28 Number of tables 15
b. Outdoor Number of seats /8 Number of tables _6
c. Number of employees 2/
Total Occupancy (Indoor and Outdoor and employees) 169 + 71 Stending = 240
2. Describe type tables and booth (i.e., rounds of 4, booth seats 6, etc.)
2-Tops6 Tops
Other: 3 booths 19 Tobles; uside 9 tubles outside
 Will indoor or outdoor entertainment be provided? (Entertainment consists of anything more than one, unamplified musician)
4a. If yes, describe in detail:
& Piece band
4. Will a dance floor be provided? ☐ Yes ☑ No
4a. If yes, square footage of establishmentsquare footage of dance floor

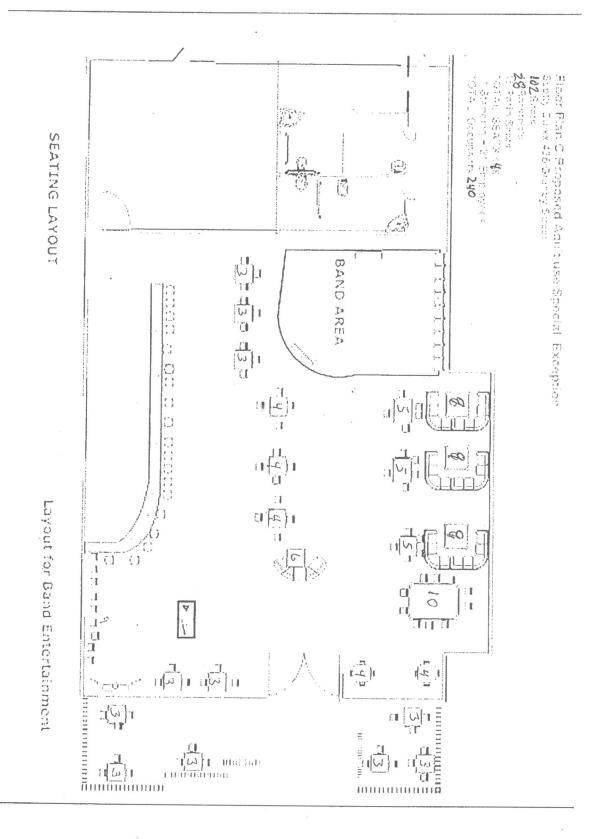
Fior Plan A. Proposed Adulf use:Special Exception Scrity Quix 436 Grandy Street

121SEEE



SEATING LAYOUT Monday - Thursday





Virginia gov (https://www.virginia.gov) Find an Agency (https://www.virginia.gov/agencies)

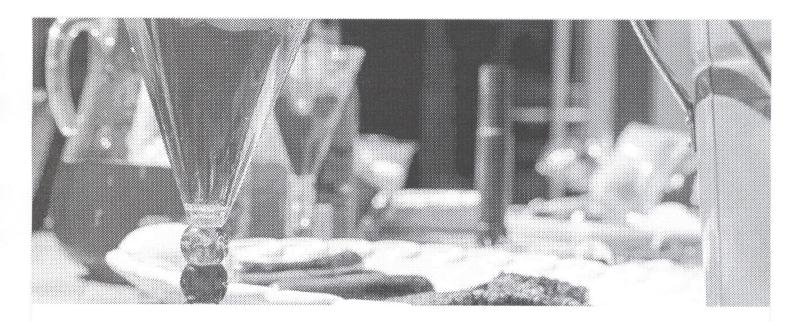
PLAN AHEAD: Virginia ABC will conduct a system update beginning Friday, Sept. 16 at 10 p.m. The 48-hour event will impact several online functions including MIPS, VAL and ordering. Thank you for your patience.

×

Virginia ABC (/) > **Licenses** (/licenses) > **Retail Resources** (/licenses/retail-resources) > Food-Beverage Ratio

Food-Beverage Ratio

() 匠 Share 🕶



When it comes to operating your mixed beverage business in compliance with the commonwealth's alcohol regulations, the food and beverage ratio is paramount.

For the mixed beverage licensee, current Virginia ABC regulations stipulate that a minimum 45 percent of the total gross sales must be from food and nonalcoholic beverages. Conversely, alcohol sales should comprise no more than 55 percent of these sales.

In addition, monthly sales of food prepared and consumed on your premises must be at least \$4,000, of which no less than \$2,000 shall be in the form of meals with substantial entrees.

It sounds simple enough. But sometimes restaurants do not meet these minimum requirements. Your special agent is ready to help you avoid the costly consequences of not meeting the food-beverage ratio. In addition to ABC's standard inspections, special agents visit mixed beverage licensees during nontraditional meal times to advise you on ways you can follow the "45-percent rule."

Agents should be able to order a menu item anytime during your operating hours to ensure food sales are being conducted in the proper way. (Prepackaged snacks aren't the intent of the regulation regarding the 45 percent rule.) Agents also want to see food in your freezer and other food storage facilities.

Although buffets are convenient, they can be danger zones for the mixed beverage licensee trying to stay in compliance. It is incumbent upon the licensee, if using food from a buffet to meet the food beverage ratio, that the buffet fare is actually consumed by a customer. You must be able to document this.

When your special agent arrives for his or her visit, be prepared to discuss various points of your business. Keep regular, accurate records on site, that are immediately available for review. Meeting the food-beverage ratio requirement is important if you wish to avoid fines and suspension or revocation of your license.

When your business is operating correctly it's good for you, and it's good for Virginia's business.

Mixed Beverage Annual Reviews

M-B-A-R. For the mixed beverage licensee, these four letters are very important.

The MBAR, or Mixed Beverage Annual Review, is the name of a report that documents the food and beverage sales of mixed beverage licensees. These licensees, who include restaurants, caterers and clubs, are required by law to submit an MBAR to Virginia ABC once a year on the anniversary of the issuance of their license.

The one-page form, provided by Virginia ABC, requires the sales totals for each month of the reporting year in four categories:

- food and nonalcoholic beverages
- mixed beverages
- · wine and beer
- miscellaneous

In addition to this form, mixed beverage licensees must attach a list of all alcoholic beverages in their inventory on the last day of their reporting year. Virginia ABC also supplies forms for this purpose.

The information provided in the MBAR report is used to verify that a mixed beverage licensee is in compliance with the 45-percent rule that states food and nonalcoholic beverages must account for at least 45 percent of the total gross sales of mixed beverages and food.

For more information about MBARs, please contact Virginia ABC License Records Management at (804) 213-4576 or lrmhlp@virginiaabc.com (mailto:lrmhlp@virginiaabc.com).

Revised February 26, 2015

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M-B-A-R. For the mixed beverage licensee, these four letters are very important.

The MBAR, or Mixed Beverage Annual Review, is the name of a report that documents the food and beverage sales of mixed beverage licensees. These licensees, who include restaurants, caterers and clubs, are required by law to submit an MBAR to Virginia ABC once a year on the anniversary of the issuance of their license.

The one-page form, provided by Virginia ABC, requires the sales totals for each month of the reporting year in four categories:

- food and nonalcoholic beverages
- mixed beverages
- · wine and beer
- miscellaneous

In addition to this form, mixed beverage licensees must attach a list of all alcoholic beverages in their inventory on the last day of their reporting year. Virginia ABC also supplies forms for this purpose.

The information provided in the MBAR report is used to verify that a mixed beverage licensee is in compliance with the 45-percent rule that states food and nonalcoholic beverages must account for at least 45 percent of the total gross sales of mixed beverages and food.

For more information about MBARs, please contact Virginia ABC License Records Management at (804) 213-4576 or lrmhlp@virginiaabc.com (mailto:lrmhlp@virginiaabc.com).

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