

Background:

City staff presented a high-level overview of social districts at the June 6, 2022, Strategy Session that described the legislative ability for local governments to opt in and allow Social Districts. Social Districts are defined as an outdoor area where a person may consume an alcoholic beverage sold by a permittee. A handful of local businesses and associations expressed interest in establishing social districts to increase patronage, become a destination location, and improve economic vitality. These businesses are in many locations around Charlotte and not in one concentrated area.

On July 11, Mayor Lyles referred social districts to the Safe Communities Committee to answer the policy question: *Determine if Social Districts should be implemented in Charlotte*. The information included in this pre-read document includes current requirements for social districts in North Carolina, other cities researched, and draft ordinance proposals.

Requirements for Social Districts in North Carolina:

This is an electronic link to [Session Law 2022-49, House Bill 211](#)

The new North Carolina law has requirements on establishing and operating a social district. City requirements include:

- Council adopted ordinance designating a social district which includes days and hours of operation, the boundaries map and written description, and Management and Maintenance Plan
- Publish Council-approved management and maintenance plan on website
- Register the social district with the NC Alcoholic Beverage Control Commission (ABC Commission)

Whereas, social district requirements include:

- Boundaries defined with signs, including days and hours allowed to consume alcohol, Alcohol Law Enforcement phone number, and statement that beverage must be consumed in social district and disposed of before exiting the district
- ABC Permittees can only sell on their premises (for example, no beverage carts on the sidewalk)
- Container requirements must identify ABC Permittee where beverage was purchased, a city or social district logo, the statement “Drink Responsibly – Be 21.” in at least 12-point font, no glass, and a maximum of 16 fluid ounces
- Uniform signage provided to businesses that do not sell alcohol that want to opt-in to allow consumption of alcoholic beverages by customers on their premise during social district hours
- Businesses that do not sell alcohol that want to opt-in to allow consumption of alcoholic beverages by customers on their premise must clearly post signage at any exits that do not open to the social district that alcoholic beverages are not allowed beyond that point. In addition, allow law enforcement access to customer areas during social district hours.

Social Districts in North Carolina:

Several North Carolina cities have established social districts. The cities that have currently “opted in” have one district and are located in a downtown, “main street,” or sport venue environment. These districts are not adjacent to residential land uses. For comparison, days and hours of operation are noted in the table below.

	NC Alcohol Sales	Greensboro	Kannapolis	Monroe	Newton	Norwood	Raleigh
Sun.	10 a.m. – 2 a.m.	12 p.m. – 9 p.m.	12 p.m. – 12 a.m.	10 a.m. - 12 a.m.		10 a.m. - 12 a.m.	11 a.m. – 10 p.m.
Mon.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.		10 a.m. - 12 a.m.	11 a.m. – 10 p.m.
Tue.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.		10 a.m. - 12 a.m.	11 a.m.– 10 p.m.
Wed.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.		10 a.m. - 12 a.m.	11 a.m. – 10 p.m.
Thur.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.	5 p.m. - 11 p.m.	10 a.m. - 12 a.m.	11 a.m. – 10 p.m.
Fri.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.	5 p.m. - 11 p.m.	10 a.m. - 12 a.m.	11 a.m. – 10 p.m.
Sat.	7 a.m. – 2 a.m.	12 p.m. – 9 p.m.	10 a.m. – 12 a.m.	8 a.m. - 12 a.m.	12 p.m. - 11 p.m.	10 a.m. - 12 a.m.	11 a.m. – 10 p.m.

Social Districts outside North Carolina:

City staff evaluated social districts in cities outside of North Carolina. A summary of those cities is noted below.

Cincinnati, OH: Multiple Districts

Ohio passed legislation allowing for the designation of up to six Designated Outdoor Refreshment Areas (DORA) within a municipal corporation or township in 2015. Cincinnati currently has four established DORAs that were approved on a first come, first serve basis. The DORAs have varying days/hours of operation; the first district included areas surrounding major sports venues and the remaining three DORAs are adjacent to residential land uses. The local neighborhood or merchant association manages the DORA which includes expenses such as additional solid waste services.

Columbus, OH: Stadium Event Based District

Columbus currently has one established DORA centered in their downtown around the Nationwide Arena (includes NHL games). Unlike others, this DORA is only activated three hours before a special event until midnight. Additionally, all to-go cups must be made of 100 percent compostable plastic.

Denver, CO: Application Based

Denver began accepting applications for Common Consumption Areas (CCA) in June of 2021. Interested applicants must first go through the process of becoming an Entertainment District, which requires council approval and a defined geography, prior to submitting for a CCA. The application has a one-time fee of \$250 and an annual fee of \$250. As of March 2022, no applications have been received.

Grand Rapids, MI: State Law Most Similar to NC

Grand Rapids has one Outdoor Refreshment Area (ORA) that includes their entire downtown and several adjacent commercial districts and neighborhoods. Grand Rapids began with three separate areas but later combined them when management of the separate ORAs was too difficult. North Carolina based their Social District legislation off Michigan's making this the district most analogous to anything that could be implemented in Charlotte.

Huntsville, AL: Incremental Approach

Huntsville adopted their first Arts & Entertainment District (A&ED) in 2017. Since the original adoption, the city has incrementally expanded the geography and hours of operation within the district. There are additional allowances for the geography and hours of operation during certain special events. The district requires all to-go beverages to be served in a purple cup that has become iconic, visitors of the district can find the purple cup on shirts and even local art.

Proposed New and Modifications to Existing Ordinances:

Article XV Social Districts (New)

Sec. 15-314. Purpose and Application

Pursuant to the provisions of G.S. § 160A-205.4 and Article 3 of G.S. Ch 18B, one or more social districts may be created within the City.

- (1) Social districts shall be created, designated, and managed in accordance with the requirements contained in G.S. Ch. 18B and Sec. 15-3 of the Charlotte Code of Ordinances.
- (2) The provisions and terms contained in this Article shall be applicable to each established social district in Sec. 15-322. Under no circumstances shall any social district operate outside of the hours of 10:00 a.m. and 10:00 p.m. daily. At all other times, the provisions and terms contained in this Article are not in effect and all provisions of State and local laws concerning the possession and consumption of alcoholic beverages shall be in full force and effect.
- (3) Any alcoholic beverage purchased for consumption in a social district shall (i) only be consumed in that social district and (ii) be disposed of before the person in possession of the alcoholic beverage exits the social district.
- (4) The City shall publish standards and provisions governing the process and rules for establishing and maintaining social districts. Any permittee that wishes to petition the City for the creation of a social district shall apply in accordance with the process prescribed in the standards and provisions pursuant to Sec. 15-320. The permittee shall be responsible for operating its business in accordance with all City and State ordinances, laws, rules, and regulations governing social districts generally and the social district management and maintenance plan in Sec. 15-322.

Sec. 15-315. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Customer means a person who purchases an alcoholic beverage from a permittee that is in a social district.

Mixed-use development means an integrated development containing both residential and nonresidential uses and adhering to a comprehensive plan and located on a single tract of land, or on two or more tracts of land which may be separated only by a privately maintained street or other right-of-way, or which may be contained in a single building.

Multi-tenant establishment means a building or structure, or multiple buildings and structures on the same property, or within the same planned development project, that may be subject to a common declaration of restrictive covenants administered by a common property owners' association, and under common ownership, control, or property owners' association governance, that contains or contain multiple businesses that sell food, goods, services, or a combination of food, goods, and services, and that include or are connected by common areas. The term multi-tenant establishment includes a mixed-use development.

Non-permittee business means a business that is located in a social district and does not hold any North Carolina Alcoholic Beverage Control Commission (ABC) permit.

Open container means a container that has a broken seal or a container other than the manufacturer's unopened original container.

Permittee means a person holding any of the following ABC permits:

- i. An on-premises malt beverage permit issued pursuant to G.S. § 18B-1001(1).
- ii. An on-premises unfortified wine permit issued pursuant to G.S. §18B-1001(3).
- iii. An on-premises fortified wine permit issued pursuant to G.S. § 18B-1001(5).
- iv. A mixed beverages permit issued pursuant to G.S. § 18B-1001(10).
- v. A wine shop permit issued pursuant to G.S. § 18B-1001(16).
- vi. A distillery permit issued pursuant to G.S. § 18B-1100(5).

Public street means any highway, road, street, avenue, boulevard, or other way within and under the control of the City or State and open to public use, including the sidewalks of any such street.

Person means an individual, firm, partnership, association, corporation, limited liability company, other organization or group, or other combination of individuals acting as a unit.

Premises means a fixed permanent establishment, including all areas inside or outside the licensed establishment, where the permittee has control through a lease, deed, or other legal process.

Social District means a defined area in which a person may consume alcoholic beverages sold by a permittee. A social district may include both indoor and outdoor areas of businesses within or contiguous to the defined area during the days and hours established for the social district pursuant to Sec. 15-314. A social district may include privately owned property, including permittees and non-permittee businesses, and multi-tenant establishments, and public streets, crosswalks, or parking areas whether or not the streets or parking areas are closed to vehicle traffic.

Sec. 15-316. Sale of Open Containers of Alcoholic Beverages in Social Districts.

It shall be unlawful for a permittee located in a social district to sell open containers of alcoholic beverages and allow customers to exit its licensed premises to the social district unless the permittee meets the following requirements:

- (1) Permittee is located in an ABC approved and City of Charlotte adopted social district.
- (2) The permittee shall only sell an open container of an alcoholic beverage for consumption in the social district and off the premises of the permittee in a container that meets all of the following requirements:
 - a) The container clearly identifies the permittee from which the alcoholic beverage was purchased.
 - b) The container clearly displays a logo or some other mark that is unique to the social district in which it will be consumed.

- c) The container is not comprised of glass.
 - d) The container displays, in no less than 12-point font, the statement, "Drink Responsibly - Be 21."
 - e) The container shall not hold more than 16 fluid ounces.
- (3) Nothing in this section shall be construed to authorize the sale and delivery of alcoholic beverage drinks in excess of the limitation set forth in G.S. § 18B-1010.

Sec. 15-317. Responsibilities of Non-Permittee Businesses in Social Districts.

Any non-permittee business that is part of a social district and allows customers to bring alcoholic beverages onto its premises is not responsible for enforcement of G.S. Ch. 18B but must comply with the following requirements:

- (1) Clearly post signage at any exits that do not open to the social district indicating that alcoholic beverages may not be taken past that point.
- (2) Post the uniform signage provided to the non-permittee business indicating that customers may bring alcoholic beverages onto the premises of the non-permittee business during the days and hours that the social district is active.
- (3) Allow law enforcement officers access to the areas of the premises accessible by customers during the days and hours that the social district is active.

Sec. 15-318. Requirements for Possession and Consumption of Open Containers of Alcoholic Beverages in Social Districts

Except where otherwise allowed by local ordinance, it shall be unlawful to possess or consume an open container of an alcoholic beverage in a social district during the hours established for the social district pursuant to Sec. 15-314 unless:

- (1) The alcoholic beverage is purchased from a permittee located in the social district;
- (2) The customer-purchased open container of alcoholic beverage is in a container meeting the requirements set forth in Sec. 15-316 of this Article, except for open containers sold by a permittee for consumption on the permittee's premises.
- (3) The person does not possess at one time open containers of alcoholic beverages in the social district in excess of the number of alcoholic beverages that may be sold and delivered by a retail permittee as set forth in G.S. § 18B-1010.
- (4) The person does not enter the premises of a non-permittee business in the social district with an open container of an alcoholic beverage unless the non-permittee business has the uniform sign for the social district as set forth in Sec. 317 displayed.
- (5) The person disposes of any open container of an alcoholic beverage purchased from a permittee in the person's possession prior to exiting the social district unless the person is reentering the licensed premises of the permittee where the alcoholic beverage was purchased.

Notwithstanding G.S. §18B-300 and G.S. §18B-301, a permittee or non-permittee business may allow a customer to possess and consume on the business's premises alcoholic beverages purchased from a permittee in the social district.

Sec. 15-319. Multi-Tenant Establishments.

Permittees and non-permittee businesses in a multi-tenant establishment located within a social district may participate in the social district regardless of whether the multi-tenant establishment has a common area entertainment ABC permit.

Sec. 15-320. Standards and Provisions

The City Manager or designee is authorized to adopt, amend, and repeal standards and provisions governing the application process and requirements for the establishment, management, and maintenance of social districts. Before beginning to operate, each social district's management and maintenance plan shall be approved by City Council. It shall be unlawful to operate a social district in violation of the standards and provisions adopted pursuant to this section.

Sec. 15-321. Exceptions

For the health and safety of the general public, the City Manager or designee shall have the authority to temporarily suspend the days and hours of operation of a social district.

Sec. 15-322. Established Social Districts

Reserved.

Existing Ordinance (modifications in red)**Sec. 15-3. Beer and wine consumption; possession of open container; disposal of containers.**

(a) Definitions. The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Beer means the same as the term "malt beverage," as defined by G.S. Ch. 18B.

Open container means a container that has a broken seal or a container other than the manufacturer's unopened original container.

Public street means any highway, road, street, avenue, boulevard, or other way within and under the control of the city and open to public use, including the sidewalks of any such street.

Rapid transit rail platform has the meaning set forth in section 15-270.

Wine means the same as the term "unfortified wine" as defined by G.S. Ch. 18B.

(b) Consumption in public. Except as permitted in chapter 19 article IX, chapter 15 article XV, and subsection (f) of this section, no person shall consume any beer or wine upon or within the limits of any public street or sidewalk in the city or upon any rapid transit rail platform.

(c) Consumption on private premises. It shall be unlawful for any person to consume any beer or wine upon the private business premises of another without permission of the owner or person in control of such premises.

(d) Possession of open container in public. Except as permitted in chapter 19 article IX, chapter 15 article XV, and subsection (f) of this section, it shall be unlawful for any person to possess an open container of beer or wine upon or within the limits of any public street or sidewalk in the city or upon any rapid transit rail platform.

(e) Container disposal. It shall be unlawful for any person to drop, throw, cast or deposit any used beer or wine container upon any public street or sidewalk or upon the private business premises of another without permission of the owner or person in control of such premises.

(f) Exception; permit required. Consumption of alcoholic beverages is permitted during any community-sponsored public function, festival or celebration being conducted within a public street, sidewalk or other publicly owned area pursuant to a written permit issued by the city manager or his duly authorized designee. This permit, when issued, will also allow the sale, service and distribution of beer and wine on designated streets, sidewalks and areas reserved for the event, subject to all applicable ABC regulations. However, before such permit is issued under this section, the city manager or his duly authorized designee shall designate the boundaries of the event and temporarily close those streets within the boundaries for general public use.

(g) Application for permit. Application forms for the permit referred to in subsection (f) of this section are available from the department of transportation or the risk management division and must be filed at least 21 days prior to the opening day of the event.

(Code 1985, § 15-3; Ord. No. 3655, § 5, 7-23-2007)