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2	CITY OF MILWAUKEE
3	UTILITIES & LICENSES COMMITTEE
4	* * * * * * * * * * * * * * * * * * * *
5	In the Matter of the Class "B" Tavern Application for:
6	KENNETH SZALLAI "LAKE EXPRESS"
7	2330 South Lincoln Memorial Drive
8	* * * * * * * * * * * * * * * * * * * *
9	COMMITTEE MEMBERS
10	ALD. JAMES WITKOWIAK - Chair
11	ALD. JAMES BOHL, JR., - Vice-Chairman ALD. JOSEPH A. DUDZIK
12	ALD. ROBERT PUENTE ALD. WILLIE WADE
13	LICENSING DIVISION by REBECCA BARRON
14	NEIGHBORHOOD SERVICES by PANDORA BENDER HEALTH DEPARTMENT by KEVIN HULBERT
	POLICE DEPARTMENT by SERGAENT CHESTER ULICKEY OFFICE OF THE CITY ATTORNEY by ATTORNEY BRUCE SCHRIMPF
16 17 18 19 20	Proceedings had and testimony given in the above-entitled matter, before the LICENSES COMMITTEE OF THE CITY OF MILWAUKEE, on the 3rd day of January, 2006.

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1	PROCEEDINGS
2	CHAIRMAN WITKOWIAK: In the 14th
3	District, a Kenneth Szallai, agent for "Lake
4	Express, LLC," Class "B" Tavern application for
5	the "Lake Express" at 2330 South Lincoln Memorial
6	Drive.
7	Good morning.
8	THE APPLICANT: Good morning.
9	CHAIRMAN WITKOWIAK: Could you raise
10	your right hand, we'll swear you in, please?
11	(Whereupon those present were sworn.)
12	CHAIRMAN WITKOWIAK: Name and address
13	for the record, please.
14	THE APPLICANT: Kenneth Szallai. I
15	live at 2469 North 100th Street.
16	CHAIRMAN WITKOWIAK: And state your
17	appearance, please.
18	MR. RANDALL: Brian Randall of
19	Friebert, Finerty and St. John, 330 East Kilbourn
20	Avenue in Milwaukee.
21	CHAIRMAN WITKOWIAK: And let the record
22	show that Alderman Zielinski, representing the
23	14th District, is here. So tell us briefly about
24	the success of the Lake Express and why you're
25	applying for this license.

00003 MR. SCHRIMPF: Mr. Chairman, before we 1 go too far down this road, I think it is appropriate for me to disclose that there was a 4 point in time in a - - in a response to a request 5 from the Port of Milwaukee during the start up of 6 what eventually became the Lake Express. Our 7 office was asked for an opinion as to the process 8 by which the Lake Express could be licensed to 9 serve - - the vessel, we're talking about - -10 licensed to serve alcoholic beverages en route. 11 And that, not surprisingly, that request was 12 routed to me. And I responded to that request, 13 and essentially laid out the process by which the 14 Lake Express could be licensed. 15 I did not, however, represent the Lake 16 Express in that opinion, and to my knowledge, I 17 18 Lake Express and never had an opportunity to 19 20

guess to my frustration, I have never been on the sample anything on the Lake Express, but I guess they are operating and do serve alcoholic beverages in route.

ALDERMAN PUENTE: I can testify to that.

2.4 CHAIRMAN WITKOWIAK: Mr. Schrimpf, and 25 in an nutshell in a 100 words or less, what did

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00004 1 you determine for your investigation? MR. SCHRIMPF: I determined that they could be licensed, and that I laid out the 4 process. I believe there's three licenses under 5 which they have to operate. 6 CHAIRMAN WITKOWIAK: Mr. Szallai? 7 THE APPLICANT: Thank you. Do you want 8 to - -9 MR. RANDALL: Sure, I - - If I could 10 begin, actually. 11 CHAIRMAN WITKOWIAK: Sure. 12 MR. RANDALL: And - - And Mr. 13 Schrimpf's comments are rather timely. I was 14 going to thank him. I read that opinion letter, and it was helpful. It was the guidepost. I was 15 16 retained by Lake Express to actually do the 17 licensing. Lake Express in 2004 did apply for 18 and receive a State of Michigan Watercraft 19 License and a State of Wisconsin Class "B" Vessel 20 Permit to allow the service of beer and wine on 21 board the vessel during its route to Lake - - or 22 to Michigan on Lake Michigan. But in neither of 23 the terminals at this point, the Muskegan 24 Terminal nor the Milwaukee Terminal, does the 25 Lake Express have a liquor license. And the

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purpose of our application, June of 2005, we've been working on it, and I - I know that the paperwork is quite extensive, given some of the regulations that are involved. But we've been at this now since the summer for the future service in the Milwaukee Terminal as a natural extension of - of what they have on board. It's basically driven by customer requests. People waiting for the vessel, or as passengers, or to pick up people that are arriving and as a matter of convenience in the terminal. We wish to only have a beer and wine service inside the terminal. And the hours will be approximately eight a.m. to seven p.m. when the food service is available inside the terminal, as well.

We're not talking about a large scale restaurant or anything of that nature. Mr. Szallai can clarify if you have any questions. But there are some Coast Guard regulations related to the operation of the Lake Express that really prohibit us from turning it into anything more than a waiting area and the snack counter that we do have. But again, the passengers have requested it. And it's a natural extension. So we'd like to do that.

1 And, in fact, we also want to extend our appreciation to Alderman Zielinski, who requested that we host a community meeting, December 19th. That was held at the Lake Express 5 Terminal. I think there were 12 to 15 members of the immediate neighborhood in the Bay View area 7 that did attend. Most of the questions that we 8 received were to get clarification, and we 9 answered those - - we hopefully - - I don't think 10 any of them were really objections, but mainly 11 interested neighbors concerned with what was 12 going to happen in the terminal in the Spring and 13 - - and summer of 2006. So we did do that. And 14 we appreciate the Alderman for sending out the 15 notices and - - and having those people there. 16 And - - And we've been working with Alderman 17 Zielinski on answering any questions he may have. 18 And in that regard we also, on December 22nd, 19 filed a letter with the Chairman and with copies 20 to the License Division, as well as the Alderman, 21 that outline what our intent is. And that is, 22 again, to serve just the bottle beer and bottled 23 wine, the small - - small bottled wine, and do 24 that as the licensed premises. And if we ever 25 were to expand for any reason - - We don't

anticipate serving hard liquor or anything like that, we would come before the committee and - - and make sure that everyone is well aware of that. Again, it's not a formal condition, but we want to make sure it's clear that that is our intent and the Lake Express does intend to abide by that.

I don't have anything further. I know Mr. Szallai can answer answer some of the operational questions you may have, or how we intend to implement this with the - - the procedure. But again, it's a natural extension of what we have on board the vessel. And this will enable us to have service when it's moored in the Port of Milwaukee and inside the - - the terminal. The - - The vessel, itself, though, is - - is governed by the State of Michigan and State of Wisconsin once it's on the waters.

CHAIRMAN WITKOWIAK: Mr. Szallai - -

Thank you. Mr. Szallai, anything to add?

THE APPLICANT: I would just add that what we have in the terminal right now is a limited food service. When we were initiating Lake Express, the city, the former Mayor, and the Port Authority very much wanted food service

within the building. This year we did put that food service in. It's a limited food service, prepack - - not prepacked, but prepared foods and higher end coffees. There's not much in our immediate area if you've been down to the terminal. We're right next to the Coast Guard base. And so, while folks do go up to KK, a lot of them do. There's been some increase in business up there. The folks who are waiting to pick people up or - - or who are waiting to get on the ship would like to have some limited food service, which we provide. They also have made known that they would like to have a limited beverage service.

So our intention is to really just replicate what - - what we have on the ship. And that is, as Brian said, you know, bottles of wine, small bottles of wine, similar to what you get on an airplane. And beer, mostly Miller, which is what folks here drink. So - - So it's not more complicated than - - than that. We're not physically changing the terminal in any way. We're not expecting any big influx of people into the terminal because we're able to do this. It's just a normal adjunct of what we're - - what

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1	we're currently doing.
2	CHAIRMAN WITKOWIAK: Thank you.
3	Alderman Zielinski.
4	ALDERMAN ZIELINSKI: I have really
5	nothing to add. I think they they covered
6	everything pretty thoroughly, and we don't see
7	any problem. Thank you.
8	CHAIRMAN WITKOWIAK: Questions by
9	members of the committee.
10	ALDERMAN BOHL: Mr. Chairman.
11	CHAIRMAN WITKOWIAK: Alderman Bohl.
12	ALDERMAN BOHL: One One brief
13	question. Are you looking at a change in port
14	location here down the line? No?
15	THE APPLICANT: No.
16	ALDERMAN BOHL: I I couldn't recall
17	if if there was a proposal that was going to
18	move you to the Pier Wisconsin site.
19	THE APPLICANT: No. No.
20	CHAIRMAN WITKOWIAK: This matter's in
21	committee.
22	ALDERMAN PUENTE: Oh.
23	CHAIRMAN WITKOWIAK: Oh, Alderman
24	Puente.
25	ALDERMAN PUENTE: Thank you. On the

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Michigan Terminal do you have a Class "B" over there or do you sell alcohol in the terminal there?

THE APPLICANT: No, we - - Michigan does liquor licenses very differently than we do here. My understanding, and maybe Brian could amplify on that, is they only have a certain number for a geographic area. And - - And those around - - Or those in the City of Muskegan have long since been - - been taken up. There also are - - Or the terminal in Muskegan is much closer to, I'll call it, a business district, that has restaurants and - - and bars and stuff like that available right in the immediate vicinity, stone's throw kind of stuff. So while we have a limited food service in the - - in the terminal, it's more snacky kind of things, we're not really planning on putting a more extensive liquor service there. It just wouldn't - wouldn't pay. And the - - And the license, frankly, just isn't available.

ALDERMAN PUENTE: My concern is the people coming from the Michigan side coming over here. They would have access to this, but probably want to use it, because they're coming

00011 1 off the Lake Express and leave, versus people who are waiting to get on the Lake - - Lake Express and then going over there. 4 THE APPLICANT: Yeah, our - - our - -5 ALDERMAN PUENTE: They would be able to 6 get access to it. 7 THE APPLICANT: They would. But our 8 experience in - - in handling passengers off the 9 ship on this side, and actually on the other 10 side, too, is that most of them are - - are 11 obviously auto based, and they're - - they're 12 gone within minutes, literally within minutes. 13 Those who are renting cars or taking public 14 transportation, are - - are gone within minutes as - - as well. They don't hang in the terminal. 15 16 Everybody has a place they want to get to. And 17 so, that's where they're - - they're going. It's 18 only the people who might be in the terminal for 19 a longer period of time, you know, the hour 20 before waiting for the ship, or waiting to pick 21 somebody up off the ship would be the ones who 22 would avail themselves of this. 23 ALDERMAN PUENTE: Thank you. 2.4 ALDERMAN WADE: Mr. Chair.

CHAIRMAN WITKOWIAK: Alderman Wade.

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ALDERMAN WADE: So you would only serve alcohol during the hours while the Lake Express was operating.

THE APPLICANT: The - - Right now Lake Express operates this year, this coming year, 2006. I guess we're in 2006, so in 2006, we'll start operating on April 29th. Our plan is to go through the end of November this year. So that is essentially our -- our season. We take three round trips per day out of Milwaukee. They leave at six a.m., 12:30, and seven p.m. at night. The food service operates on a very limited basis for the six a.m. That's essentially coffee and bakery type of stuff. So we would serve the alcohol essentially around the noontime sailing, and around the seven p.m. sailing.

If a neighborhood person came in and wanted to buy coffee or something like that, we would have service available to - - to sell them what they wanted. But, in fact, not much of that happens at all. We get the occasional walker. And the counter is technically closed. It's not manned. That person is off doing either reservations or - - or some other, you know, kind of function within the terminal.

00013 1 ALDERMAN WADE: So while the Lake 2 Express is not in operation during the winter months, you - - you won't be serving alcohol. 4 And if the Lake Express is halfway across the 5 lake into Lake Michigan, you won't be serving 6 alcohol. 7 THE APPLICANT: The - - Technically 8 people - - Well, not technically. People do come 9 up while the ship is away from - - from the dock 10 to get something to eat. But, again, those are 11 generally people who are waiting, either to pick 12 somebody up or to - - to get on the ship. Will 13 arrive two hours early sometimes, because they're 14 coming from an extended distance, and they don't 15 quite know how to adjust their time to come - -16 to come to the terminal just in time to get on 17 the ship. So what we - - What we do have is 18 people come two - two and a half hours early. 19 Not often, but - - but they do. And generally, 20 they'll sit there and have a cup of coffee, you 21 know, or a soda and - - and something to eat 22

before they - - they get on the ship.

MR. RANDALL: To further - -

ALDERMAN WADE: Okay.

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MR. RANDALL: I'm sorry. To further

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answer your question, Alderman Wade, for the evening sailing, though, when the ship does leave at seven p.m., we do plan to close the food and beverage service. And so at that point of the day, after the seven p.m. ship departs, then there would be no further service after that time. We're not going to stay open be - - Even though the ship returns at midnight to Milwaukee, neither the food nor the beverage, the alcohol service, will be open at that point.

THE APPLICANT: That is correct.

ALDERMAN WADE: Let me - Let me ask the Alderman Zielinski a question. Even though that's their - their agreement, that's a gentleman's agreement. With this licensing they would be able to be open and serve alcohol, and it would be legal during that time. Is that something that you're in agreement with? I mean, how is that going to be handled? Because they could actually, you know, have a party there and serve alcohol and be within - How is that handled or was that discussed, or is that something that I shouldn't have a concern with or what's - what's happening on that front?

ALDERMAN ZIELINSKI: Now, the - We're

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fully cognizant of the fact that this is a gentleman's agreement, and we're obviously going to be working with the city. I don't think they want to come and work with the city, you know, being a, you know, proven individual who doesn't keep their word, so.

 $\mbox{ALDERMAN WADE: Okay. Okay. All right. Thank you.} \label{eq:alphanel}$ 

MR. RANDALL: And we would echo that. That's why we did file the letter on December 22nd. We're asking that it be put in the record, and we certainly have heard the - - the committee this morning look into the record in the past of what's formerly in it and what's not. And the - - And the committee is aware of it, and we are, too. So we - - We intend to abide by it, and if we do wish to change it, we do - -

ALDERMAN WADE: Right. And - - And I'm not - - I'm not saying that you guys shouldn't do that, but I'm saying if you are going to do that, I would appreciate if that was made - - if that was provided up front. But it is in writing that that is not your intentions.

MR. RANDALL: That's correct. ALDERMAN WADE: Okay. Thank you.

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1	CHAIRMAN WITKOWIAK: Alderman
2	Zielinski.
3	ALDERMAN ZIELINSKI: And just to to
4	elaborate on that a little bit more for the
5	record here. If for some reason the intent
6	changes, you would come back to the committee and
7	abide by the recommendation of the committee?
8	MR. RANDALL: As far as the intent for
9	rin. NANDALL. AS Lat as the intent for
10	ALDERMAN ZIELINSKI: For the hours that
11	
	you serve the liquor and the type of liquor that
12	you serve.
13	MR. RANDALL: We would I think it
14	depends what that change specifically would be.
15	But I think we would be making sure both both
16	the alderman of the district, if that's still
17	you, and the committee is well aware of it, and
18	that the committee does not have objections to
19	that.
20	ALDERMAN ZIELINSKI: Okay. So you
21	would abide by the committee's recommendation?
22	MR. RANDALL: If it's something the
23	committee formerly has to approve, yes. But not
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25	ALDERMAN ZIELINSKI: Okay. So

00017 ALDERMAN WADE: I mean, that's - - And 1 2 that's where my concern comes in. Because - -ALDERMAN ZIELINSKI: Right. Right. 4 ALDERMAN WADE: - - once they get the 5 license, legally they can operate however they 6 want to operate. 7 THE APPLICANT: Actually, that's not correct. The State Department of Natural 8 9 Resources has a great deal of say over what we 10 can do and what we cannot do, because that is 11 Public Trust land. So, for instance, they would 12 take great umbrage if we tried to open up a major 13 restaurant there or - - or a major dance hall 14 there. And, I think, Mr. Schrimpf could probably 15 address that a little bit. He's been involved 16 more than once in Public Trust doctrine types of 17 things. 18 We have a lot of restrictions on what 19 we do, whether they be Coast Guard, or city, or 20 lease imposed restrictions. So it's not - - It's 21 not cavalier like we have a piece of private 22 property on West Washington Boulevard or 23 something and can do whatever we - - we want to

24 do. We can't. 25

ALDERMAN WADE: So even if this body

00018 gave you the ability to do it, because of being 1 on the Coast - - on the lake front there are some restrictions with your operation. 4 THE APPLICANT: That is correct. 5 ALDERMAN WADE: And are - - That are 6 legal. 7 THE APPLICANT: That is correct. That 8 is correct. 9 ALDERMAN WADE: Okay. Thank you. 10 CHAIRMAN WITKOWIAK: There are several 11 layers past us. 12 THE APPLICANT: Yes. ALDERMAN ZIELINSKI: Just to elaborate 13 14 further. Obviously, the DNR has - - has control 15 and sway over a number of the activities at the 16 Lake Express facility. However, with respect to 17 the beer and wine license versus, you know, 18 liquor, you know, just overall hard liquor 19 license and the hours and so forth. That's not 20 something that the DNR would - - would 21 necessarily oversee. And, you know, I was under 22 the impression that you were going to, you know, 23 that you're going to serve beer and wine. And at 24 the community meeting that was the impression I 25 believe my constituents were left with. And that

00019 1 if you were going to seek a change, you were 2 going to seek approval of this committee. 3 If you don't give us that commitment 4 now, I - - I may support this when it comes to 5 the council floor or I may send it back to 6 committee. So, you know, if you - - I have to 7 talk to my constituents and some other people. 8 But if you want to stand, you know - -9 THE APPLICANT: Does the Alderman have 10 a specific objection to us operating on extended 11 hours, and if so, where does this objection come 12 from? 13 ALDERMAN ZIELINSKI: Basically - -14 THE APPLICANT: On what basis would 15 there be an objection? 16 ALDERMAN ZIELINSKI: Well, basically, 17 the - - the basis is that it was presented to - -18 to my constituents and to myself that you were 19 going to be operating under certain hours, and 20 that you were only going to be serving beer and 21 wine. That was the premise under which we were 22 operating. Then, you know, upon clarification, 23 you're saying you may very well, indeed, change 2.4 that, even though the - - the committee may not

support that. And so, that's conflicting

00020 1 information I'm getting. So if you're not willing to make a verbal commitment, you know, that you will abide by the committee's decision 4 in terms of any changes down the road, then I may 5 send the matter back to committee from the 6 council floor. I may move - - make that motion. 7 So it's - - it's your choice. 8 CHAIRMAN WITKOWIAK: I have a question, 9 Alderman. Are you concerned that so they're - -10 they said at the meeting, wine and beer. 11 ALDERMAN ZIELINSKI: Right. 12 CHAIRMAN WITKOWIAK: So are you 13 concerned that they would say they want to start 14 serving whiskey and brandy? 15 ALDERMAN ZIELINSKI: Right. I just 16 don't the, you know, the feeling that they're 17 making presentations, we only want beer and wine, 18 and we'll come back to the committee. But when 19 it's all said and done, that doesn't mean 20 anything, and they won't even be given, you know, 21 their word on - - on that fact. And I just don't like, you know, that way of doing business. I'm 22 23 willing to trust them on a gentleman's agreement. 24 But if they're coming forward and saying, "Hey,

it's not really a gentleman's agreement. We're

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going to come back and do what we want anyway," then I can have some problems with that.

THE APPLICANT: In fact, you're not really saying you trust our gentleman's agreement. What you're saying is you want a commitment to this group, which is not a gentleman's agreement. You're - - You're going beyond what you had said you would do when we finished that meeting the other night. You said that you would support this. And now you are saying that you won't support it. In fact, we went beyond that agreement and did put in writing, which - - which Brian can quote, in the letter what we were willing to do. Brian, maybe you want to - -

MR. RANDALL: And - - And that's where I - - We are able to make the verbal commitment, and I believe we've already made the written commitment in the December 22nd letter, point three, that we will hold ourselves to the restrictions of beer and wine only until that change, if we ever seek it. And that's where I was hesitant to commit to something that we may not ever have the plan to do. But if we ever were to have that, it would have to be approved

00022 1 by the licenses committee and the Common Council after due application. So, again, we've had every intent to be up front with this body, but 4 in writing and now verbally we are willing to 5 commit that any change in the - - in the 6 beverages that are served we would seek the 7 approval of this committee. And I apologize if I 8 - - if I didn't make that clear initially. 9 ALDERMAN ZIELINSKI: Well, I just have 10 to end by saying this is the ultimate insult to 11 the intelligence of people we're dealing with. 12 When you say that you're going to come before a 13 committee before any change, the - - the 14 inference is that you're going to abide by that 15 - - by that committee's recommendation. And so, 16 like I said, if you want to, you know, go 17 forward, I may move to send it back to committee. 18 And we'll go through the whole process again. 19 But I really don't like, you know, being misled, 20 because that's the way I feel. I feel that I'm 21 being misled and I feel that people in my 22 district have been misled. 23

THE APPLICANT: Mr. Alderman, you weren't misled. You know you weren't misled.

ALDERMAN BOHL: Mr. Chairman.

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00023 1 CHAIRMAN WITKOWIAK: Okay. Alderman 2 Bohl. ALDERMAN BOHL: I would first off move 4 to make the December 25th, 2005 letter that was 5 signed by John D. Finerty of Friebert, Finerty 6 and St. John, part of the official record. 7 CHAIRMAN WITKOWIAK: Motion by Alderman 8 Bohl is to make the letter from John Finerty to 9 our committee, dated December 22nd, 2005 part of 10 the permanent record to this hearing. Hearing no 11 objections, so ordered. And? 12 ALDERMAN BOHL: Mr. Chairman, at this 13 time I would move approval of - - of the - - the 14 license application. I - - I think that what we 15 have here is, more than anything else, a 16 miscommunication in terms of how something was 17 just verbalized here and I - - I truly believe 18 that we're all on the same page on - - on this 19 here. So rather than mince that, maybe a 20 discussion can - - can just ensure that 21 everybody's on the correct page here in the 22 hallway, and I think that we all are. I - - I23 don't have any real fear that - - that the Lake 24 Express Ferry here is - - is going to try to 25

commence a runaround of either this committee or

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1	the State, and we all know that there's a
2	there's a a great deal of bureaucratic
3	paperwork that would prevent that from happening.
4	In addition to the fact that we happen to be the
5	landlord of
6	THE APPLICANT: That is correct.
7	ALDERMAN BOHL: of where they rent,
8	among other things. So with saying that, I move
9	approval.
10	CHAIRMAN WITKOWIAK: Motion by Alderman
11	Bohl is to recommend approval. Are there any
12	objections to that motion? Hearing none, so
13	ordered.
14	THE APPLICANT: Thank you.
15	CHAIRMAN WITKOWIAK: Thank you. Good
16	luck. I look forward to a successful '06 for
17	you.
18	THE APPLICANT: And we will live by our
19	words, gentlemen.
20	DNS: Hold for occupancy?
21	CHAIRMAN WITKOWIAK: Oh, I'm sorry.
22	Neighborhood Services? Health Department?
23	DNS: Hold for occupancy.
24	CHAIRMAN WITKOWIAK: Okay. You have to
25	clear with You have to have an inspection by

1	Neighborhood Services when all things get if				
2	this is approved by Council before you can go				
3	ahead and start serving, okay?				
4	THE APPLICANT: We understand. Thank				
5	you.				
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3	STATE OF WISCONSIN)			
4	MILWAUKEE COUNTY )			
5				
6	I, JEAN M. BARINA, of Milwaukee Reporte:	(S		
7	Associated, Inc., do certify that the foregoing			
8	transcript was reduced to writing under my direction			
9	and that it is a true and accurate transcription of			
10	the Licenses Committee Hearing held on January 3,			
11	2006.			
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14				
	JEAN M. BARINA - COURT REPO	RTER		
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	Dated this day of January, 2006			
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