

Ray City Commission Minutes

**RAY CITY COMMISSION
SPECIAL MEETING
Ray City Hall
June 30, 2025
4 p.m.**

A special meeting of the Ray City Commission was called to order by President Troy Kupper at 4:00 p.m., with the following Commissioners present: Casey Brunner, Richard Liesener, and Eric Barman. Absent: Andrew Nelson. Also in attendance: Lori Nowlan, Deano Vass, Tim Blossom, Adam Weyrauch, Ann Velo, Kiara Bergstrom, Hal Hickel, Jan Dancer, Deputy Auditor and Auditor, Ronda Rustad. Via Zoom: Jordan Rusche (Crosby Journal), Dolph, and Janelle Mitzel.

The City Commission discussed and amended an ordinance regulating the licensing and operation of restaurants serving alcoholic beverages, addressing concerns from both officials and community members. The commission reviewed various aspects of the ordinance, including operational hours, food service requirements, and the number of licenses to be issued, making several amendments to clarify and simplify the regulations.

Audience members expressed concern that the ordinance seemed to prioritize creating a bar with food service over a restaurant with alcohol service, questioning the need for specific sales percentages and operational hours. They suggested simplifying the language to allow restaurants to serve alcohol if open and bars to serve food if open, without additional restrictions. The discussion highlighted the need to clarify whether the ordinance aims to regulate restaurants with alcohol licenses or bars with food service.

The commission discussed concerns about allowing restaurants to serve alcohol in a town with a small population. City officials discussed the process that led to the ordinance creation, including input from a prospective applicant and a committee. The police chief expressed concerns that the ordinance could be used as a loophole to create more bars. The commission agreed to review each item of the resolution, with particular attention to ensuring it does not simply allow for another bar in the community.

The commission focused on operational hours and food service requirements. They agreed that restaurants could serve alcohol when food is available, with a 2-hour grace period after closing for bar service. The commission decided against setting specific percentage requirements or minimum hours of operation, instead choosing to allow restaurants to determine their own hours while ensuring food service aligns with alcohol sales. The city emphasized that the ordinance should clearly define its purpose as a restaurant-focused regulation rather than a bar-focused one, emphasizing this ordinance would apply broadly to future restaurant liquor licenses in Ray, not just the specific establishment being discussed.

The commissioners voted to strike provisions requiring 40% of revenue to come from prepared food and non-alcoholic beverages, as well as minimum hours of operation, while adding requirements that alcohol sales must cease within 2 hours of kitchen closure and that full menu service must be clearly stated for each day's operation hours.

The commission discussed regulations for a restaurant seeking a beer garden license during Grand Palace weekend. They agreed that off-sale alcohol service would not be allowed, aligning with typical restaurant operations. While there

was some debate about live music, the commission decided that special permits could be issued on a case-by-case basis for outdoor performances during special events, rather than establishing a permanent allowance.

The commission also decided to return the server training, having this apply to all establishments with alcoholic beverage licenses.

Liesener moved to remove from ordinance, "derives at least forty (40%) of its gross revenue from the sale of prepared food and non-alcoholic beverages". Remove the Food Service Requirements of, "for not less than thirty (30) hours per week". Remove paragraph: "At least forty percent (40%) of the Restaurant's gross revenue shall be from the sale of prepared food and non-alcoholic beverages. Restaurants shall maintain accurate and detailed records of all food and beverage sales and shall make such records available for inspection by the City upon request. Such business records shall be organized and maintained according to standard business practices and in such form as to be auditable for purposes of confirming that the licensee satisfies the sales ratio of food to alcoholic beverages. All sales of alcoholic beverages must be separately accounted for, receipted and clearly identified as sales of liquor, beer, or wine on all receipts." Adding back in under Operating Requirements A. (2) "When the kitchen is not in full operation and a full menu service is not being offered to patrons, the sale and consumption of alcoholic beverages shall be discontinued within two (2) hours after the cessation of full kitchen operation and the offering of a full menu service." Adding back in to B. ALCOHOLIC BEVERAGE SERVICE: "Restaurants holding a valid Restaurant Alcoholic Beverage License may sell, serve, and allow the consumption of alcoholic beverages on their premises only during such times when the full-service kitchen and full menu service is available to patrons and must cease within two (2) hour of cessation of full kitchen operation and the offering of a full menu service." Seconded by Barman, RCV MCU.

Liesener moves to add back in to Restaurant with Alcoholic Beverage license, no off-sale is permitted. Seconded by Brunner, Roll Call Liesener-aye, Brunner-aye, Barman-ay, Kupper-aye. Motion carries.

Liesener moved to add back in from first reading the alcohol server training to apply to all Alcoholic Beverage license holders, regular and restaurant. Upon the employment of all new employees, must complete the alcohol server training. Seconded by Barman, RCV MCU.

Second reading of: ADDITION/UPDATES TO ORDINANCE NO. 4

AN ORDINANCE REGULATING THE LICENSING AND OPERATION OF RESTAURANTS SERVING ALCOHOLIC BEVERAGES AND PROVIDING FOR EVENT PERMITS FOR THE SALE AND DISPENSATION OF ALCOHOLIC BEVERAGES.

WHEREAS, the Ray City Commission recognizes the importance of regulating the sale and service of alcoholic beverages by restaurants to ensure public health, safety, and welfare and desires to establish a comprehensive licensing and regulatory framework for restaurants serving alcoholic beverages within the City limits;

WHEREAS, N.D.C.C. § 5-02-01.1 authorizes the City of Ray to authorize an alcoholic beverage licensee to engage in the sale of alcoholic beverages at events designated by the permit and to establish rules to regulate and restrict the operation

of an event permit.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RAY AS FOLLOWS:

A. Restaurant Alcoholic Beverage Licensing.

1. Section 4-1 of the Ray Code of Ordinances is hereby amended to include the following definitions:

License or Retail License means a license to sell and serve alcoholic beverages issued under this Chapter 4.

Restaurant means any establishment, other than one whose primary business is the sale of alcoholic beverages, which is licensed to sell alcoholic beverages for consumption on the premises. A Restaurant must have a designated and permanent kitchen where cooks fully prepare and cook meals and food that are not pre-packaged. For purposes of a Restaurant Alcoholic Beverage License, a Restaurant does not include an establishment that prepares and serves only prepackaged, preprocessed or pre-prepared foods, such as frozen pizzas, soups and sandwiches, which receive no more than heat treatment and are intended for fast or convenient service.

Restaurant alcoholic beverage license means a license issued by the City to a restaurant authorizing the sale and service of alcoholic beverages for consumption on the licensed premises only. Sales of off-sale alcoholic beverages shall not be permitted.

2. A new section 4-30A of the Ray Code of Ordinances is hereby created, providing as follows:

Sec. 4-30A Restaurant Alcoholic Beverage License

(a) **License Required.** It shall be unlawful for any restaurant to sell, serve, or allow the consumption of alcoholic beverages on its premises without first obtaining a restaurant alcoholic beverage license from the City.

(b) **License Application.** Any restaurant desiring to sell, serve, or allow the consumption of alcoholic beverages shall submit a written application for a restaurant alcoholic beverage license to the City. The application shall be in a form prescribed by the City and must include, at minimum:

(1) all information required by Ray Ordinance § 4-66.

(2)a copy of the restaurant's valid business license and/or food service permit.

(3) a detailed description of the restaurant's proposed alcoholic beverage service operations, including the types of alcoholic beverages to be served, the hours of operation, and the restaurant's seating capacity.

(4) a floor plan of the premises, indicating the areas where alcoholic beverages will be sold, served, and consumed; and

(5) other information deemed necessary by the city to evaluate the application.

(c) **Qualifications.** No restaurant alcoholic beverage license shall be issued to any person unless the applicant shall file a sworn application showing that the applicant possesses those qualifications set forth at section 4-68.

(d) **License Fees.** The annual fee for a restaurant alcoholic beverage license shall be established by resolution of the Ray City Commission. All license fees shall be paid in full at the time of application and are non-refundable. If an application is made for the unexpired portion of such year, the fees for said license shall be proportional to represent the number of days which said license will be in effect.

(e) **Term of License.** restaurant alcoholic beverage licenses shall be

valid for a period of not more than one year and shall expire on June 30th each year.

(f) **Location.** Each license shall be valid only for the specific premises licensed and may not be transferred without approval of the City, which it may grant or refuse in its sole and absolute discretion. No transfer of any license shall be approved by the City until the transferee has submitted a license application and has met all of the requirements imposed upon an applicant for a new license. A written request for transfer must be submitted to the City, along with any required documentation, at least sixty (60) days prior to the proposed transfer. The City shall review the transfer request and, upon determining that the proposed new owner or location meets the requirements of this Ordinance, shall approve or deny the transfer within thirty (30) days. When evaluating a transfer request, the City shall consider:

(1) status of any outstanding liabilities or violations associated with the current license;

(2) impact of the transfer on existing lease agreements or property rights;

(3) proposed new location's compliance with zoning and other applicable regulations; and

(4) any other factors relevant to ensuring continued compliance with this Ordinance.

The City may impose conditions on the transfer to ensure compliance with this Ordinance and protect public health, safety, and welfare. A transfer fee of \$500 shall be paid to the City upon approval of the transfer.

(g) Operating Requirements

(1) Food Service Requirements:

a. The seating area for food service must seat no less than twenty-five (25) people and shall be separated from any bar area.

b. The restaurant must maintain a full-service kitchen and menu offering a variety of meals and food items. Main course menu items shall be fully prepared and cooked on the licensed premises and shall not be primarily pre-packaged, pre-processed, or pre-prepared food products intended for fast or convenient service. When the kitchen is not in full operation and a full menu service is not being offered to patrons, the sale and consumption of alcoholic beverages shall be discontinued within two (2) hours after the cessation of full kitchen operation and the offering of a full menu service.

(2) Alcoholic Beverage Service: Restaurants holding a valid Restaurant Alcoholic Beverage License may sell, serve, and allow the consumption of alcoholic beverages on their premises only during such times when the full-service kitchen and full menu service is available to patrons and must cease within two (2) hour of cessation of full kitchen operation and the offering of a full menu service.

a. restaurants shall prominently display signage at all entrances and within the premises, notifying patrons of the legal drinking age and the restaurant's policies regarding the sale and service of alcoholic beverages.

b. Restaurants shall not serve alcoholic beverages to any person who appears to be intoxicated or under the age of 21. restaurants shall not allow any person under the age of 21 to consume alcoholic beverages on the premises. Restaurants shall implement and maintain a system for verifying the age of customers ordering alcoholic beverages.

c. All servers responsible for the sale or service of alcoholic beverages shall complete a training program approved by the City prior to serving alcoholic beverages. The certified

server training program shall include, at a minimum, instruction on:

1. applicable laws and regulations regarding the sale and service of alcoholic beverages;

2. techniques for identifying and dealing with intoxicated customers;

3. procedures for checking identification and detecting fake or altered identification documents; and

4. best practices for responsible alcohol service. Restaurants shall maintain records of all server training certifications and make such records available for inspection by the City upon request.

(3) Inspections. The city may periodically conduct inspections of businesses operating under a restaurant alcoholic beverage license to ensure compliance. A licensee shall allow the City to inspect the licensed premises, review records, and observe the sale and service of alcoholic beverages during normal business hours or at any other reasonable time.

(h) Termination or Revocation of Restaurant Alcoholic Beverage License. A restaurant alcoholic beverage license may be revoked or terminated:

(1) as provided by Ray Ordinance section 4-78;

(2) if the licensee fails to comply with or satisfy any of the operating requirements set forth in section 3 of this ordinance;

(3) if the licensee's business operations at the licensed premises ceased for a period of ninety (90) days or more;

(4) if the licensee attempts to transfer the restaurant alcoholic beverage license contrary to the provisions of this ordinance.

B. Event permits.

1. **Event permits.** A new section 4-79 of the Ray Code of Ordinances is hereby created, providing as follows:

Sec. 4-79. Event permits; fees.

(a) An event permit issued in accordance with N.D.C.C. § 5-02-01.1 to allow a licensee to operate at a premises other than the licensed premises to which the license relates, may be issued administratively by the City Auditor upon the following terms and conditions:

(1) The payment by the applicant of a nonrefundable fee of twenty-five dollars (\$25.00).

(2) The submission of an application to the City Auditor, at least seven (7) days prior to the event (not including the day of the event), by the applicant, with any information required by the City Auditor and a brief narrative explaining:

a. the nature of the occasion for the permit (e.g., wedding dance, trade show or promotion, etc.); and

b. a summary of the permittee's plan to restrict the sale to, and consumption of, alcoholic beverages by person under twenty-one (21) years of age at such an event.

(3) Written approval of the issuance of the permit by the chief of police. The chief of police may police the event(s) covered by the special permit.

(4) An event permit may be issued for a period of time not to exceed 14 days, including Sundays. An event permit, however, shall not include days or times when the sale of alcoholic beverages is otherwise prohibited by state law and/or ordinances of the City of Ray.

(b) No event permit may be used for the off sale of alcoholic beverages nor will it authorize the consumption or possession of an alcoholic beverage by an individual under twenty-one (21) years of age. Persons under twenty-one (21) years of age may attend and remain in the area of the event, or a portion thereof only in accordance with the provisions of N.D.C.C. § 5-02-01.1

2. Section 4-67 of the Ray Code of Ordinances is hereby amended to provide as follows:

Sec. 4-67. Number permitted to be issued. The number of alcoholic beverage licenses issued shall be set by resolution of the City Commission. Unless otherwise provided by such resolution, the limit shall not apply to event permits issued under section 4-79.

C. Licensee Qualifications.

1. Section 4-68, subsection (2) is hereby amended to provide as follows:

(2) No license shall be issued to any person at any time for less than the amount of the annual license fee as hereinbefore provided and regardless of the date of issuance of such license, and any fraction or portion of year between the date of issuance and the following June 30 shall be considered as a full year for the purpose of fixing fee for such license.

ADDING: SERVER TRAINING:

1. All servers responsible for the sale or service of alcoholic beverages shall complete a training program approved by the City prior to serving alcoholic beverages. The certified server training program shall include, at a minimum, instruction on:

applicable laws and regulations regarding the sale and service of alcoholic beverages;

a. techniques for identifying and dealing with intoxicated customers;

b. procedures for checking identification and detecting fake or altered identification documents; and

c. best practices for responsible alcohol service. Restaurants shall maintain records of all server training certifications and make such records available for inspection by the City upon request.

Liesener moves to adopt the second reading of the ordinance regulating the licensing and operation of restaurants serving alcoholic beverages and changes to the Alcoholic Beverage ordinance as stated. Seconded by Brunner, RCV MCU.

Liesener moves to update Resolution 2025-03, fixing the number and fees of Annual Alcoholic Beverage Licenses and Annual Restaurant Alcoholic Beverage Licenses in the City of Ray. Effective July 1, 2025, the maximum number of ANNUAL Alcoholic Beverage Licenses shall not exceed four (4). The maximum number of ANNUAL RESTAURNT Alcoholic Beverage Licenses shall not exceed four (2). Effective for the period of July 1, 2025 – June 30, 2026, the fees for an annual Alcoholic Beverage License will be established at \$2,350.00. Effective for the period of July 1, 2025 – June 30, 2026, the fees for an annual Restaurant Alcoholic Beverage License will be established at \$1,500.00. Seconded by Barman, RCV MCU.

Liesener moved to approve Building permit 2025-08, for Diane Brunner for a fence on rental property. Seconded by Barman, RCV MCU.

Liesener was notified by R&T of water spikes, stemming from Elevator filling station, public works is working with elevator staff to alleviate the problem.

Brunner moved to have Liesener spray the newly obtained city property west of Ray, city paying only for spray. Seconded by Barman, RCV MCU.

Brunner moved to adjourn, seconded by Liesener, MCU. Meeting adjourned at 5:34 p.m..

RCV MCU = roll call vote motion carries unanimously

Ronda Rustad Auditor, City of Ray
Troy Kupper, President
Ray City Commission

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