

**LIQUOR COMMISSION MINUTES**  
**June 9, 2016**

**I. CALL TO ORDER**

The Liquor Commission met on June 9, 2016 in the City Council Chambers.

Mayor Chirico called the meeting to order at 3:00p.m.

**II. ROLL CALL**

Liquor Commissioner  
Commissioners

Mayor Chirico  
Marc Blackman  
Chuck Maher (3:15pm)  
Dr. Jim Ostrenga  
Paul O'Toole  
Joe Vozar  
Scott Wehrli  
Diana Williams

City Prosecutor

Kavita Athanikar

NPD

Officer Dan Riggs

Secretary

Emy Trotz

Mayor Chirico swore in Whitney Robbins as a new commissioner.

**III. MINUTES OF MAY 5, 2016 COMMISSION MEETING MINUTES**

Minutes from the May 5, 2016 meeting were accepted and entered into record by Mayor Chirico. Marc Blackman moved to approve the minutes, seconded by Joe Vozar. Vote unanimous. Motion carried.

**IV. PUBLIC FORUM**

None

**V. OLD BUSINESS**

**a. Starbuck's Request: New License Classification**

Harlan Powell, attorney, was present representing Starbuck's.

Starbuck's had made this request before and had tabled it.

There are 443 Starbuck's throughout the country that have engaged in the "Evening Program." There are 64 locations in the State of Illinois that also offer the "Evening Program."

Starbucks is looking to introduce their “Evening Program” in two of their Naperville locations and have a total of six by 2018. Starbucks has 15 locations in Naperville.

2016 – Naper & 75<sup>th</sup> St., and Jefferson & Main

2017 – 22 E. Chicago and 111 E. Ogden

2018 – Show Place Drive and McDowell

Mayor Chirico asked with the Starbucks on Jefferson & Main renovating if they would be adding a kitchen. They will not.

Joe Vozar visited a Starbucks in Burr Ridge that has the “Evening Program.” His observation was that the beer and wine were in a refrigerator behind the counter. They sell 6-7 alcoholic drinks a day.

Marc Blackman asked about the hours. The hours are 6am – 9pm. The hours to sell wine and beer are 2pm – through close, 9pm or 10pm.

Diana Williams stated that the purpose of this is to increase their menu. She believes this can be done without serving alcohol.

Dr. Ostrenga asked if they had a liquor license, what would be the minimum number of employees. Whatever the typical number that they have now, will not change. Mr. Powell did not know that exact number. Staffing at every location will remain constant.

Marc Blackman asked that when a municipality approves a certain license and allows coffee shops to serve alcohol, how many other coffee shops would we expect coming in for a liquor license. Mr. Powell was not qualified to answer that question. Most jurisdictions where Starbucks has requested a license, the license is earmarked for them. Any future licensees would have to go through the same process to receive a license.

Mark Blackman asked the strategy of why Starbucks wants to have this program. The thrust of the concept is the menu. Take the core customer that would want to come back in the evening for a meeting or a date.

Chuck Maher asked why wouldn't Starbucks consider becoming an official restaurant. That is not what Starbucks is. Starbucks is a coffee house and that's what they want to remain.

Paul O'Toole is concerned if they only sell 8-10 alcoholic drinks per night. If you look at the list of 20 different coffee houses. Is there a chance to turn this into a higher end food offerings? They feel the food items are of a higher scale.

Diana Williams reiterated that the staff levels of the Naperville Starbucks will remain constant. Of the six location proposing for the future that will sell wine and beer, how many of those employees are under 21. Harlan Powell does not have that information but the company policy is to move the associates who are under 21 to a store that does not offer the “Evening Program.”

Diana Williams asked if employees will be stationed near where the customers will be having alcohol. Yes, this is true.

Joe Vozar's concern is that will Starbuck's get to a point to say this is not working. Is there a sense of how Starbuck's will measure a success? Harlan Powell cannot say what Starbuck's plan is but he believes the commitment is there.

Marc Blackman asked if the "Evening Program" has been implemented without serving alcohol. The answer is no.

Scott Wehrli is trying to fit them into the A classification. They don't meet the criteria due to the full kitchen requirement. What are they missing?

Kavita Athanikar stated that we would have a precedential effect if we allow Starbuck's to come in with a convection type oven. We have denied many potential licensees in the past that have had the same type of equipment. In looking at adequate kitchen requirements, we are looking for a full stove, a certain number of mop sinks, and equipment that belongs in a restaurant. Additionally, what Starbucks is offering may not be considered as a full menu.

Whitney Robbins added that she has been to two of these locations. Her experience was the same as what Starbuck's is today.

Mayor Chirico would like to support this but it's a problem with all of the other coffee shops and without a full kitchen. It looks like we do not want to create another classification.

Mayor Chirico asked if in the remodeling of the store at Jefferson and Main, a kitchen was added, then Starbuck's would fit the A classification and have a track record.

Lengthy discussion followed.

Marc Blackman moved to accept Starbuck's proposal and direct staff to develop a license to accommodate this type of business, seconded by Joe Vozar.  
0 ayes, 8 nays, motion failed.

**b. Liquor License/Permit Fee Analysis**

Nancy Bright, Deputy City Clerk, led the discussion.

The Liquor Commission discussed license fees on January 7, 2016. They made some preliminary recommendations and asked for comments from license holders. At the February 4<sup>th</sup> meeting, public comments focused on permits, increasing costs, percentage of increases and issues around hotel fee structures. Additional information was given about permits and percent of fee increases. Listed were types of permits, the date of origin, cost and distribution of use. Most of the license classes have permits with Class B holding the most. Class B also has the most licenses with 82. Of the Class B license holders, approximately 34% pay more than \$500 in permit fees, 45% pay \$500 or less in permit fees and 21% paying zero dollars in permit fees. There was also public comment on the percentages of fee increases. The Liquor Commission put a maximum of a 25% increase on the fees.

The commission discussed the fee increases for one day special events.

The commission reviewed the classes with the fees.

Class A – no change

Class B - increase from \$2100 to \$2625

Mayor Chirico stated that the Restaurant Association reviewed all of the fees and are remaining neutral.

Joe Vozar stated that we have 82 B license holders with 50 Late Night permit holders. He suggests instead of raising the license fee raise the Late Night Fee. Mayor Chirico stated that the Late Night fee is a newer fee.

Marc Blackman likes this idea. He suggested raising the license fee slightly, from \$2100 to \$2350 and raise the Late Night from \$200 to \$750.

Chuck Maher asked how long it has been since the license fees were raised. It has been 20 years since the last fee increase. He suggested to increase the license by 15% and then raise the Late Night.

Scott Wehrli stated that when the Late Night Permit came about, it took 3 – 4 hours away of service from the B licenses. He suggested raising the fee 25% between both the license and the Late Night Permit, so together they make up the 25%.

Kavita Athanikar stated that the class B would increase from \$2100 to \$2300 and the Late Night to go from \$200 to \$400.

Joe Vozar was thinking about \$500 for the Late Night and then \$2350 for the B license.

Chuck Maher suggested raising both the Late Night and the B license fee by 15%.

Chuck Maher moved to direct staff to bring back a recommendation on the fee structure for the B license and the Late Night Permit, seconded by Joe Vozar.

Vote unanimous, motion carried.

Class C - \$2625 show of hands for consensus

Class D - \$2500

Class G – no change

Class H – no change

Class K – no change

Class M - \$2200 show of hands for consensus

Class P - \$2200 show of hands for consensus

Hotels – during public comment 3 of the 5 licensed hotels offered comment.

The comments focused around their challenges in the current market place with the economic down turn, disparity and the size of the liquor services offered by the hotels and they requested a three tiered fee structure be considered and also that the increase be phased in gradually. The commission members received a memo stating comparisons with the hotels.

Speakers

Daryl Barnes, General Manager of the Hotel Indigo

Hotel Indigo has not yet open but they will only have a restaurant that serves breakfast, lunch and dinner. The banquets will be taken care of by The Elements. Percentage of liquor sales would be best for them.

Dan Gustafson, General Manager of the Marriott Chicago/Naperville

By measuring the percentage of sales is something that can be done but it would need to be validated. It would take more effort and time from the City to police those types of matrix versus a flat fee. He does agree that over a certain amount of dollars, your fee is an x amount. This would be more measurable. He doesn't understand a 25% arbitrary increase. It's not right to have an arbitrary number. It would be better to have a 5% increase year over year.

Mayor Chirico said there hasn't been an increase for over 20 years. 25% was agreed upon because some increases were more than that.

In considering the hotel fee increases, there are two options: a 3 year phase in or a 5 year phase in of a fee of \$3,875.

Dan Gustafson said this is more doable over a 25%. He proposed the 3 year phase.

Joe Vozar has a concern of increasing over a 3 year period when we aren't doing it for the other licensees.

Diana Williams agrees with Joe Vozar that if the fee is spread over years for hotels then it needs to be done for the other licensees.

Marc Blackman said we have hotel/motels with service bars and hotel/motels with customer bars. This is the difference between the Class I and Class J, at this time there are no Class I licenses.

Marc Blackman asked if it would make sense to measure the number of square feet where alcohol would be sold. Mayor Chirico said it would take a lot of time to measure this.

Joe Vozar said there is a very clear distinction between hotels that have banquets and those that do not.

Scott Wehrli asked if the hotels had any add on permits, such as Entertainment? Nancy Bright said they do require entertainment permits and outdoor seating permits. There is one hotel that has an Entertainment Permit and three hotels that have outdoor seating permits.

Scott Wehrli said that historically the City has gone out of its way to attract good hotels, good hotel operators. It's good for Economic Development. They have their own special tax, 4.4% and a 1% beverage tax. They bring people to Naperville. He doesn't understand why they pay more than a Restaurant/Tavern, Class B license. With that in mind, whatever we consider let's keep it reasonable.

Marc Blackman moved to ask staff to come back with a variable rate based on square footage of alcohol sales not to exceed \$3875, seconded by Chuck Maher.

Discussion followed.

Dan Gustafson, Marriot Chicago/Naperville questions the square footage because you need to define it. He has a lobby that includes a bar, he has banquet space plus board rooms. He recommended to look at beverage sales.

Sandra Wolf, General Manager of Country Inn and Suites and also the Chair of the Naperville Visitors Bureau

She said that the Mayor stated that the fees would be complete or below other municipalities. They are higher than other municipalities.

Mayor Chirico said he would take this into consideration.

Country Inn and Suites has a small bar and does not have banquets or weddings. She proposed going off of liquor sales.

Marc Blackman withdrew the motion, seconded by Chuck Maher.

Mayor Chirico stated that this will not be a tiered fee system.

Marc Blackman moved to ask staff to bring this back to the commission, seconded by Chuck Maher.

## **VI. NEW BUSINESS**

### **a. Hardcore Beverage Liquor License Request**

Scott Wehrli recused himself from the meeting at 4:46pm. He filed a conflict of interest statement with the Mayor's Office this morning.

Jeremy Smith, Monte Summers and Russ Mills were present to discuss this request.

Kavita Athanikar stated that Hardcore Beverage also known as Two Fools Cider House has proposed a manufacturing facility across the parking lot across from Solemn Oath where they would manufacture and sell cider products. Cider is an alcoholic beverage that is made from the fermented juice of apples. This is considered to be a wine product. It would be the manufacturing and sale of wine technically. They did meet with the Liquor Concept Committee to request an expansion of our current license which is a Class P Brewery and Manufacturing license that now allows for the production of craft beer. To accommodate their request, we would be expanding this license to allow the production of wine. The petitioners would also like to obtain a marketing permit under the Class P license like Solemn Oath does. We are looking to amend the Class P license and the Marketing Permit allowing for this business to enter into the market space. The Marketing Permit allows them to host two events per year.

Under the Class P, they are allowed to sell three servings, by the glass not more than 16 ounces, by the bottle not more than 12 ounces or by the flight, not more than four (4) glasses with each glass not having more than four (4) ounces. This is on premise. And the manufacturing of up to 3.7 million gallon of cider.

Marc Blackman stated that to have an actual brewer of cider and a facility of serving cider only would be met with excitement. This would be good for Naperville. He asked why it is called a wine. It is fermented from fruit and it is in the wine category because it isn't made from grains. He supports this.

Paul O'Toole asked what the alcohol content is. It is under 7%.

Joe Vozar asked about the production of 3.7 million gallons. This is a State law. He asked what their plans was for production. This figure was included in their handout.

Joe Vozar moved to approve the proposal of adding a text amendment to include wine in the Class P license, seconded by Diana Williams.

7 ayes, 0 nays, motion passes.

Scott Wehrli came back to the meeting at 5:00pm.

## **VII. REPORTS**

### **a. Restaurant Association**

No report.

### **b. Beverage Alcohol Seller Server Education Training (BASSET) – Employee Training Statistics**

Classes in May had 141 attend with 26 no shows.

### **c. Tobacco Enforcement Review**

Completed the tobacco grant for 2015 - 2016. Beginning compliance checks in September.

### **d. Liquor Reports**

22 underage compliance checks have been completed with not violations. Total compliance checks were 54 with 1 violation. These will be on going.

39 DUI's May 2016

34 DUI's May 2015

### **e. Liquor Concept Committee Report**

**May 19, 2016**

#### **Pho Thien Vietnamese Kitchen**

931 W. 75<sup>th</sup> Street #177

A Vietnamese Restaurant that opened in February and would like to serve wine and beer. Mayor Chirico approved giving her a liquor application.

#### **VIN Chicago**

They were asking for an S license to do tastings. They do not qualify for an S. Mayor Chirico denied this request.

#### **Brunswick Zone**

They are doing a remodel. They are changing the bar location.

#### **Board and Barrel**

218 S. Washington St.

They are going where Flat Top Grill was located.

He owns two restaurants, Batavia and West Dundee.

He will serve sandwiches, burgers, grilled cheese, etc. It will be a premier lunch, dinner and nightlife destination of downtown Naperville.

He is seeking a B license, Entertainment Permit and a Late Night Permit.

Mayor Chirico approved giving him a liquor application.

#### **Hardcore Bev/2 Fools Cider House**

Previously discussed.

**VII. EXECUTIVE SESSION**

None

**IX. ADJOURNMENT**

**Next Meeting:** The next regularly scheduled Liquor Commission meeting will be held on July 7, 2016 at 3:00 p.m. in the Council Chambers.

No further business to come before the commission.

Joe Vozar made the motion to adjourn the meeting at 5:05p.m., seconded by Chuck Maher.

Vote unanimous, Motion carried.