



AGENDA

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room

33 S. Arlington Heights Road Arlington Heights, IL 60005

June 13, 2016

7:30 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

- A. Review of the 8-Month Period Ending 12/31/15 Comprehensive Annual Financial Report (CAFR) - Mr. Matthew Beran, Lauterbach & Amen, LLP
- B. Continued Discussion re: Possible Changes to Liquor Code

V. OTHER BUSINESS

VI. ADJOURNMENT

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.



Item: Possible Changes to the Liquor Code

Department: Village Manager's Office

On January 19, 2016, the Village Board discussed possible changes to the Liquor Code. This discussion was prompted by a request for a liquor license that the Village received from Starbucks. After review of the Starbucks' submittal, it was determined that a license could not be granted within the Village's existing liquor code.

At that meeting, the Board provided direction to Staff to research liquor codes in nearby communities, and to explore various options and types of concepts to present to the Board for continued discussion on changes to the Liquor Code.

Analysis

In April 2016, Staff conducted a survey of various municipalities on their requirements of food with on premises liquor consumption. Arlington Heights currently requires that someone seeking a liquor license to consume alcoholic beverages on the premises meet the definition of a "restaurant" in the Liquor Code. This means that the establishment must provide a full menu and kitchen and that food must be available at all times liquor is served. While a limited menu is acceptable after 11 pm, what constitutes a limited menu is not clearly defined.

Information was obtained from 13 communities and Arlington Heights brought the survey size to 14 municipalities. The 13 communities are: Buffalo Grove, Des Plaines, Elgin, Elk Grove, Evanston, Hoffman Estates, Mount Prospect, Naperville, Palatine, Rolling Meadows, Schaumburg, Skokie, and Wheeling. Based upon the information obtained, it would seem that Arlington Heights is on the more restrictive side in its liquor code and Wheeling is the least restrictive.

The survey revealed that:

1. Ten out of the 14 municipalities responding do not require a full food menu for at least some of their liquor classifications for on premise consumption. In addition to Arlington Heights, Hoffman Estates, Mount Prospect, and Schaumburg all require a full food menu. Schaumburg has specific requirements for what constitutes a full service menu.
2. Eight of the 14 municipalities possess some liquor classifications that do

not require food to be served at all.

3. Eight of the 14 municipalities allow limited food menus at all times for some liquor classifications. The eight that permit this are Buffalo Grove, Elgin, Elk Grove, Evanston, Palatine, Rolling Meadows, Skokie, and Wheeling.

4. With regard to coffee shops, three municipalities (Des Plaines, Naperville, and Wheeling) have a specific "coffee shop" license. Buffalo Grove and Naperville permit coffee shops to serve liquor under other license classifications.

5. Finally, 11 of the responding municipalities permit microbreweries. Only Arlington Heights, Elgin, and Rolling Meadows do not currently permit microbreweries.

Staff believes that the policies of the Village Board and the Liquor Code have served the Village very well to this time. Many quality restaurants and other establishments have been well received by the community. However, Staff believes trends in the marketplace have taken place that other municipalities have been able to accommodate. Due to the restrictive nature of the Arlington Heights liquor code, new business concepts have not been able to be accommodated in town.

Recent liquor related requests that do not fall into the Village's existing liquor code have included:

- Starbucks requesting to serve beer and wine
- A Wine Cafe with no kitchen or food required; just cheese, crackers, few meats
- A Craft Beer Establishment; with just snacks and maybe few appetizers.
- A Cocktail Bar with a limited menu of appetizer-like food items but not a full menu
- A Brewery with a Tap room with no food
- Requests to open a full bar with no food (approximately six to eight requests annually)

During the April 2016 Village Board's goal setting session, one Strategic Priority identified was expanding entertainment/destination type opportunities for residents, businesses and visitors. As such, it is important to be aware of the trends occurring and be able to be nimble enough to react to new opportunities that present themselves.

RECOMMENDATIONS

Staff is looking for direction from the Village Board on whether or not new liquor classifications should be created. In an effort to be more business friendly and more competitive with other communities, Staff has the two following recommendations:

- 1) Create a Coffee Shop Liquor Classification (attached). Staff supports the creation of this new category based on a review of Starbucks plans. While only three of the other municipalities surveyed have "coffee shop" classifications, the

concept presented by Starbucks appears to be allowable under many of the other classifications possessed by the surveyed communities. If the Committee-of-the-Whole agrees, Staff can be directed to prepare the appropriate ordinance amending the liquor code to add a classification for Coffee Shops in accordance with what was presented. That ordinance can be presented at the June 20 Village Board meeting.

2) Provide specific direction to Staff on other classification types that the Board may want to consider creating. Examples include but are not limited to:

- Creation of a Microbrewery Classification
- Modification of the existing Wine Café License to clarify what type of food, if any, is needed
- Creation a new Wine & Craft Beer License. Determine if food or kitchen would be required.
- Creation of a Craft Distillery License

In addition to considering these concepts, Staff believes that the Village should also put itself in a position to be able to respond quickly to other unanticipated business concepts that may present themselves in the coming months and years. As we have learned, there are a variety of liquor business types seeking to come into the Village that did not exist in our area just a few years ago.

ATTACHMENTS:

Description	Type
Survey	Exhibits
Coffee Shops - Proposed Code Language	Exhibits

	Food requirement with liquor consumption: 6-6-16	14 muni's	Arlington Heights	Buffalo Grove	Des Plaines	Elk Grove	Hoffman Estates	Mount Prospect	Palatine	Rolling Meadows	Schaumburg	Wheeling	Elgin	Evanston	Naperville	Skokie
1	Do you require that establishments with on premise liquor consumption require a full food menu?	6 some 4 all 4 no	All classes	Some classes *1	No classes	Some classes	All classes	All classes	Some classes	Some classes	All classes *8	No classes	No classes	Some classes	Some classes	No classes
2	Do you permit establishments where food is NOT required to be served?	8 yes	No	Yes	Yes	Yes*4 only microbrew	No	No	Yes*6	No	No	Yes*9	Yes*11	No	Yes*14	Yes*16
3	Do you have a liquor class where a LIMITED food menu is acceptable at all times?	8 yes	No	Yes	No	Yes*4 only microbrew	No	No	Yes	Yes*7	No	Yes*10	Yes*12	Yes*13	No	Yes
4	Do you have a separate Liquor Class for “coffee shop”	11 no	No	No *2	Yes*3	No*5	No	No	No	No	No	Yes	No	No	Yes*15	No
5	Do you permit Microbreweries?	11 yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes

*1 Buffalo Grove has one liquor license category that allows for alcohol to be served without food that was created specifically for a microbrewery that has a tap house. They are not required to have a full-service kitchen. They are in an industrial district and have a bar open that allows for sampling of their beers. This is the only establishment that is not required to serve food.

*2 Buffalo Grove indicated Starbucks has two liquor licenses in town which fit into existing categories. They are treated similar to Noodles & Co that has wine and beer for sale.

*3 Des Plaines indicated that their Class P Coffee Shop License allow for: Retail sale of wine and beer at Point of Sale Transaction at each instance a patron purchases food & beverages at the counter. Also, the sale of alcoholic beverages by Brewpubs, breweries and distilleries includes taverns and restaurants as an eligible accessory use.

*4 Elk Grove indicated that only Microbreweries (Class MB) is the only establishment that can serve liquor without food service.

*5 Elk Grove indicated that Starbucks has a beer and wine license but they increased their food service menu to meet the Village's requirements.

*6 Palatine has a Class A Tavern license which allows the sale of alcoholic liquor on premises which are not operated as a restaurant.

*7 Rolling Meadows has a “Bar” license

*8 Schaumburg requires a full service kitchen (see below), so while they serve food, the menu may not be as extensive.

Schaumburg: POLICY STATEMENT 1.08 TITLE: - LIQUOR LICENSE POLICY - FULL SERVICE KITCHEN

It shall be the policy of the liquor commissioner of the Village of Schaumburg to grant liquor licenses, for consumption on site, to those establishments which demonstrate the capability to both store and prepare hot and cold food on their premises. The preparation of hot food shall not be limited to the use of a microwave oven. Each applicant must have a menu which demonstrates the food service to be provided on the premises. This menu shall be a part of the official liquor license application. The menu may be reviewed periodically by the liquor commissioner upon application for license renewal.

Minimum Requirements for A Full Service Kitchen (excerpts from the Policy highlighted below)

- Equipment shall be of commercial grade, be NSF approved or equivalent for the kitchen, bar, and related areas.
- A three compartment sink with two drainboards, compartments shall be as large as the largest utensil, and not less than 12" × 12" deep.
- A food preparation sink.
- A convection oven for cooking hot foods.
- A state certified food manager on the premises at all times during the food operation.
- Tables throughout the dining rooms, bars, lounges, nightclub areas and the like, shall be no smaller than 30 inches, to allow for food to be consumed on-site by the patrons.

Operational Requirements for Serving Alcoholic Beverages

- The bar menu, if different from the full service menu, shall list a minimum of six food items, hot and cold, not limited to appetizers. The proprietor may condense the full service menu and create a bar menu.
- The menu shall list the time that food will be available to order. No time needs to be documented on the menu if the time between closing the kitchen and areas serving alcohol do not exceed more than one hour.
- Food items available on the menu shall be found in the kitchen.

*9 Wheeling permits the following classes where food is not required: Taverns (Class C), veteran's clubs or fraternal organizations (Class E) hotels (Class H) and certain Park District facilities (Class O)

*10 Wheeling permits limited food menu for: smaller restaurants (Class B) and cafes (Class N)

*11 Elgin limits the number of nightclub type license

*12 Elgin indicated that a certain percentage of sales must be from food- it is not menu dependent

*13 Evanston allows for a limited menu for: Wine Shops (Class K); Craft Distillery (Class P); Craft Brewery (Class P-2); Craft Winery (Class P-3). These require food service, not a full restaurant menu. Cheese, charcuterie, crackers and snack foods are acceptable.

*14 Naperville has Tavern Licenses -only 6 licenses, requires a supermajority vote at Council to receive this license

*15 Naperville has Specialty Markets (i.e. Mariano's)

*16 Skokie permits certain Bars, movie theaters to not be required to serve food

PROPOSED LANGUAGE – COFFEE SHOP CLASSIFICATION

Section 13-101 Definitions

- f. Coffee Shop. Any place of business that is open to the public for business not later than 7:00 a.m. each day and remains open to the public for business continuously for not less than ten hours and is engaged in the primary business of the sale, over a counter located at the point of sale where customers place orders, of coffee, tea, coffee-based beverages, and other beverages prepared on the premises for consumption on or off the premises and the sale of food items, including baked goods, appetizers, sandwiches, salads, and similar food items primarily prepared off premises for consumption on or off the premises where served.

Section 13-501 Classification

- o. Class “K” license which shall permit the retail sale of beer and wine for consumption on the premises only at establishments that are not Restaurants as that term is defined in this Chapter but meet the definition of Coffee Shop in this Chapter. The retail sale of wine and beer is permitted only under the following conditions:
 - 1. The sale of beer and wine is prohibited before 2:00 p.m. and after 10:00 p.m. each day.
 - 2. Each and every patron who desires to consume beer or wine must be physically present at the counter during each point of sale transaction at which beer or wine is purchased and present a valid government issued photo id.
 - 3. The sale of beer and wine is incidental and complimentary to the sale of food for consumption on the premises.
 - 4. The sale of beer or wine through a drive-through window is prohibited.
 - 5. The sale of beer or wine for off-premises consumption is prohibited.