



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Community Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
January 19, 2016
7:30 PM

I. CALL TO ORDER

Mayor Tom Hayes called the meeting to order at 7:30 PM.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

BOARD MEMBERS PRESENT: Mayor Hayes; Trustees Blackwood, Farwell, Glasgow, LaBedz, Rosenberg, Scaletta, Sidor, Tinaglia

STAFF MEMBERS PRESENT: Village Manager Randy Recklaus; Assistant Village Manager Diana Mikula; In-House Counsel Robin Ward

OTHERS PRESENT: Attorney Harlan Powell, Webster & Powell, representing Starbucks

IV. NEW BUSINESS

A. Discussion Regarding Possible Changes to the Liquor Code (Chapter 13 of the Village Code)

Mayor Hayes explained to the Board that a proposal came from Starbucks to see if the Village was willing to explore the possibility of granting them a liquor license to allow them to serve alcohol at a particular Starbucks location. Mayor Hayes said he had some concerns about the hours at this location because it is frequented by students at Thomas Middle School after school and if this proposal did go through he would like Starbucks to consider starting their liquor sales hours later from 2 to 4:00 pm on weekdays. He is willing to explore the possibility of allowing liquor sales at Starbucks because their sales from alcohol are only 1-2% of their total sales. He said their primary purpose is selling coffee.

Mayor Hayes said he is aware there is another business inquiry for a cocktail bar with a very limited menu without a full kitchen. He is more concerned about a place that advertises itself as a cocktail bar and he doesn't believe we want something where their primary purpose is to sell cocktails.

Village Manager Randy Recklaus explained that they received the Starbucks proposal but didn't feel it could be granted within our existing code but he wanted to talk to the Board to see if the Board would want to modify any aspect of the Code to accommodate this based on their preference. He further indicated we are looking tonight for some discussion sending us down a direction in terms of doing some additional research if you so choose or if we don't feel this is a good fit for Arlington Heights then we could enforce the existing Code.

Assistant Village Manager Diana Mikula stated Starbucks applied for a Class "E" Liquor License for beer and wine sales and provided a limited menu which they call their Starbucks Evenings concept with small plates. They do not have a traditional kitchen like the other restaurants do in town that we issue liquor licenses to. Most of their food comes in pre-packaged, likely frozen, and it's prepared in a type of convection oven. Ms. Mikula said she went to another Starbucks that has this concept and observed the type of food that they have with their small plates. The food items were frozen and heated up in a convection oven when ordered.

After review of the Starbucks plan and the relevant provisions of the Liquor Code, it has been determined that Starbucks does not meet the requirements of a Class E license, since they do not meet the definition of "restaurant" in the Liquor Code. Starbucks lacks a kitchen and is not a place held out to the public as a place where meals are regularly served.

Ms. Mikula thought to bring this issue to the Board to explore some options and look at different types of concepts. She further indicated that we have had inquiries from other business people who are interested in opening up an establishment with a reduced menu or no menu at all. We do know what is going on in other municipalities in terms of trends and what people are trying to do with their new business concepts so we thought this would be a relevant time to bring it before the Board and consider exploring a couple of different options.

If the Board was interested we could do a modification to or a deletion of the definition of a restaurant in the Liquor Code. We could also do a better or expanded definition of the Wine Café classification, which no one has ever been issued. This license was put in the Code at least over 12 years ago. We have had some interest in a Wine Café license and those that are interested in it include one of our establishments, Vintages, who doesn't want to be in the food industry and prepare meals. They would be willing to do a couple of small plates but the definition of a limited menu is not defined. It would be helpful to create a better definition of the types of food items required to meet the menu definition in this classification.

The Board could also explore a modification to the definition of Wine Café to include the sale of beer. The Board could decide to make no changes to the Liquor Code, keeping in place the existing prohibitions so that establishments like Starbucks will not be eligible for a liquor license if they don't meet all requirements. Staff is also willing to explore other options as recommended by the Village Board.

Trustee Farwell said he thought it was a great time to start re-defining what is required for our liquor licensure. We have to determine as a Board and as a Village what the purpose is of having food be such a large part of the decision-making as far as who gets a liquor license and who doesn't. Trustee Farwell can see having beer and wine with a significantly reduced menu, and if a business wants to serve hard liquor, they should have a slightly more enhanced menu like warm small plates. Trustee Farwell said he knows of several opportunities where Arlington Heights has missed out on businesses locating here because of its liquor laws. He would welcome a re-definition to thoughtfully curtail the purpose behind the food. If the purpose behind the food is to help people not get over-served, then he would like to see some documentation on how much does someone over-served blowing at .1 has to eat to get to .08 – to not be legally intoxicated.

Trustee Sidor believes the Starbucks menu looks the same as other menus in town but because it's not prepared there but comes pre-packaged is that why they are not eligible for a liquor license?

Ms. Mikula said if you look at the definition of a restaurant it says a restaurant is any public place kept, used, maintained, advertised and held out to the public as a place where meals are served, and where meals actually are served and regularly served, without sleeping accommodations, such space being provided with adequate and sanitary kitchen and dining room equipment and capacity and having employed therein a sufficient number and kind of employees to prepare, cook and serve suitable food for its guests.

This is a much narrower definition than the one in the Zoning Code but it is the one that applies to establishments seeking liquor licenses. Starbucks has a very limited menu and does not have a full kitchen. Furthermore, for a Class "E" classification for a restaurant selling only beer and wine they have to have a minimum of 25 seats for food service and operate as a restaurant.

Randy Recklaus said there is a real difference between what a restaurant definition is in the Zoning Code and what it is in the Liquor Code.

Trustee Sidor said he agrees with Trustee Farwell to a certain point about the necessity of the food aspect and to what level it should be provided when people can walk into any restaurant that serves alcohol and not eat a bite and choose to just drink and walk out. He said he would like to see further discussion evolving as the times and market evolves and see what we can

come up with as a Board.

Trustee Glasgow said he agreed with Trustee Sidor. In response to Trustee Farwell's previous inquiry he stated that the consumption of food does not change the absorption of the alcohol per se. It may slow it down a bit but doesn't change the absorption so a person can drink as much as they want. His concern with a cocktail bar would be bringing in the wrong kind of clientele when we talk Arlington Heights for the Master Plan looking at what we view for the Downtown area or Arlington Heights as a whole. With regard to the Wine Café definition if we were to add beer with wine he thinks that would probably fit the bill for most business people that wanted to do something like this. He could see an establishment serve craft beers and select wines but doesn't think he would be in favor of adding hard liquor to this definition at this time. He said it fits the need for what the market is evolving into that people enjoy. He has seen several other locations where you have the Starbucks evening hours and thinks the selection is done very well and very tastefully and nobody goes into Starbucks to get out of hand. Trustee Glasgow would be in favor of just amending the Code to add beer to the Wine Café classification so that would give the ability to market the business and product appropriately.

Trustee Scaletta said he agrees with the other Trustees but is somewhat concerned that we've had a policy in place where many businesses have come to us and we've been very clear about the requirement that they serve food and that they can reduce that menu at a later time. He said he questions whether we are doing a service to the residents of the Village. Is there a desire by the residents to go anywhere and get beer and wine at any time? Is this an issue where people aren't able to get their beer and wine? He said he is not sure he is willing to rewrite the Code and make it available to anybody who's willing to serve pre-packaged food. Whether you heat it up or not it comes down to pre-packaged food. We have been very clear about the kitchen requirement and we've had people who have violated our liquor laws and have been chastised over not providing food at any time they are serving alcohol. He said he is not ready to jump on the bandwagon for making beer and wine available anywhere that you can find a lunchable.

Trustee Tinaglia asked when the Liquor Code was written. In-House Counsel Robin Ward said she thought it was written about 30 years ago. Trustee Tinaglia said he thought it was probably not a bad idea to bring it up to date and see if there could be better writing and better definitions and be more open-minded to other types of classifications in looking at this. Trustee Tinaglia said he is all in favor of anything that will make us look better or be more competitive.

Trustee Blackwood stated she agreed that the Board should look at modernizing the liquor code in an appropriate manner.

Trustee LaBedz said she agreed we should take a look at this to see what others are doing to evaluate other classifications in a responsible manner.

She also stated some items that Starbucks sells now like the bistro boxes are very similar to appetizers. She is in favor of exploring this further.

Trustee Farwell asked about the proposed cocktail bar and how that would be different than Big Shots at 10:00 PM on any given night.

Ms. Mikula said the individual interested in opening a cocktail bar in Arlington Heights would be interested in putting in a smaller type of kitchen similar to craft cocktail places in Chicago that have smaller appetizer plates along with cocktails.

Trustee Farwell asked if that type of menu would pass for the after 11:00 PM reduced menu the Village currently allows.

Ms. Mikula said that type of menu would probably pass based upon the history of how we've applied things and shared things with the Mayor if there were questions.

Trustee Farwell asked if we've already allotted for reduced menus after 11:00 PM, then what are we really doing here? This industry has really moved into another area. Twenty years ago the trends were different. If we are going to re-write this or if we are going to consider re-writing this, we should try to be ahead of the curve a little bit to try to actually have it written to welcome businesses with the forethought of where the industry is going with some of the trends.

In response to a question from Trustee Rosenberg, Ms. Ward indicated we would have to amend the definition of Wine Café to a new Beer and Wine Café classification to permit those licensees to serve both beer and wine with a limited menu.

Trustee Rosenberg stated that there are venues that just serve beer and wine and don't have any food and they allow food to be brought in from outside restaurants. They actually give menus to their customers and if they want food it is delivered by a delivery service that is offered. No food is prepared on-site. If people want food it has to be delivered there. Lincolnshire has a venue like this and there are also some in the western suburbs. It's a concept that has been around for a while where there is no food served at all. Years ago you had to serve food because we didn't want bars but it seems like the trend is turning the other way and what decision as a Board do we want to make with that? Do we want to allow those kinds of things? Even today I'm not sure how accommodating restaurants are past a certain hour as far as serving food they should offer to patrons late in the evening. It's becomes more of a drinking establishment than a food establishment.

Mr. Recklaus asked if I'm hearing what the Board is saying, you want us to explore other options as a possible approach to see if we can come up with a continuum of options from anything as staying status quo, to just expanding our wine classification to wine and beer, to eliminating the food requirement,

and everything in between including what we allow after 11:00 PM as a standard. We can provide some examples of what our surrounding communities are doing or what we consider our peer communities are doing. Is that what you're looking for to weigh these different options?

Trustee Glasgow said he felt that it would help make the decision.

Trustee Scaletta: I don't know if the trends have changed or the trends of the Board have changed. I think there have always been bars throughout the northwest suburbs & Chicago. The Village of Arlington Heights has always been very, very consistent in that they were looking for restaurants and not bars. So, if the Board is saying they are looking for more bars then so be it, but I don't think it's a trend as much as a change of philosophy of the Board.

If we're going to consider having different liquor licenses for businesses that want to provide alcohol and not necessarily offer a food menu, then I think we should really look at how we regulate the tables. It was just 3 or 4 years ago that this Board was crazy about high-top tables. Now we are completely the opposite. Now we're like, sit on the chair, it doesn't matter if you don't have a table just order a drink. There's some food available but there's not a full kitchen.

I'm just asking if this Board is going to completely change the philosophy we have gone for in the past, that we at least look at what the requirements are going to be on the size or heights of the tables because this is very different than what we had 3 or 4 years ago. If one person enjoys going to a place that has alcohol, I find it interesting that we are not completely changing our position or whether or not you have to have a full-service kitchen.

Mayor Hayes: I want to add my two cents in. I don't think that's what we are doing. I myself am not doing that. As I said in my introductory comments, I have some real concerns about a cocktail bar because its primary purpose would be to serve cocktails. Our philosophy has always been that alcohol be incidental to the sale of food and that's my continued position and philosophy for the Village of Arlington. I would have to see what this concept looks like, and if it's going to advertise itself as a cocktail bar where people just primarily come in to get a cocktail then I'm not in favor of it. I'm not in favor of those types of establishments in the Village of Arlington Heights. So I am not changing my philosophy or approach to the sale alcohol in Arlington Heights by suggesting we explore this opportunity for Starbucks.

Trustee Scaletta: Starbucks is a unique situation. The amount of coffee they serve between 6 AM and 5 PM is significant compared to the amount of alcohol they would serve. Are we going to come up with a percentage of product you might sell before you start selling alcohol? I think it's a very unique situation that Starbucks has versus any other business. Let's take a yogurt bar in the downtown area. If they decided they wanted to sell yogurt all day and then starting at 6 PM at night to start selling beer and wine and they want to have some flat bread, do you still have the same position based

on the percentage of goods they sell for beer and wine versus yogurt?

Mayor Hayes: Starbucks can address this but it was in their materials they expect beer and wine sales to make up 1 to 2 percent of their sales. If they sell 8 to 10 percent of alcohol per day, that is a lot.

Trustee Scaletta: We're not making an ordinance based on Starbucks. We're making an ordinance based on businesses in Arlington Heights. I just want to caution us that we are not making a decision based on one business alone and that business being Starbucks. I want to make sure we're not looking at one example and we're making a decision that is going to occur throughout the entire Village of Arlington Heights for any business.

Trustee Sidor: Ms. Mikula was asked to remind him what Red Moon was all about. Ms. Mikula responded that we believed they were operating a kitchen that would serve food. From time to time, she visited them as well as did the Police Department and they had to be reminded they needed to have a full menu and they had to offer it for the entire time they were open. You can never say that the kitchen it closed but you can offer a reduced menu after 11 PM.

Trustee Sidor stated to Trustee Scaletta that he is in favor of a discussion on this topic just to see what is out there and he would like to learn what's going on in other municipalities. Barrington has a high-end barber shop that has a liquor license that allows them to give each patron up to two beers as part of their services.

Trustee Sidor stated that not every place in Arlington Heights would be like this. You would not walk into the Cake Box and ask for a glass of wine to go with your pastry.

Mayor Hayes stated that just for clarification, they would still need to be approved by the Board so it's still a case by case situation. If it is a bakery we are going to say no.

Some Board members asked why they would say no. Mayor Hayes responded that it would not be appropriate. Trustee Scaletta asked if buying a cup of coffee and glass of wine is appropriate. Mayor Hayes responded that was a different environment.

Trustee Scaletta: When Red Moon applied for their liquor license did they not tell the Village that they would be providing food from the sushi place across from them? Ms. Mikula responded that she doesn't fully remember that. She heard that they may have been bringing in food because of a certain arrangement because the Health Department would be involved. We do know that Red Moon had a kitchen and they had a menu. So at the time they went before that Board for a liquor license they were meeting all requirements.

Mayor Hayes asked if Ms. Mikula had enough direction. She responded yes

and stated if the Board had any more questions or comments, they should email her.

V. OTHER BUSINESS

VI. ADJOURNMENT

Adjournment: Trustee Glasgow moved, seconded by Trustee Sidor to adjourn. Meeting adjourned at 7:58pm.

Recorded by: Diane Staggs, Admin. Asst. II