



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
September 11, 2018
7:30 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

President Hayes and the following Trustees responded to roll: Sidor, Baldino, LaBedz, Tinaglia, Rosenberg, Scaletta and Blackwood.

Trustee Glasgow was absent.

Also present were: Randy Recklaus, Diana Mikula, Robin Ward and Becky Hume

IV. NEW BUSINESS

A. Interpretation of size limitation for Class "B" & "BB" liquor stores

Mr. Recklaus said staff has been looking at updating the liquor code over the past few years. Recently, a poll of Village liquor license holders was taken and a survey of nearby municipalities conducted. Requests for new license classifications have also come from local business owners.

Ms. Mikula said there are 138 liquor licenses in the Village of Arlington Heights.

Ms. Ward summarized the Board's decision of 2013 to permit convenience stores to have liquor licenses but not gas stations. "B" and "BB" stores must have 2,500 square feet but the Village grandfathered stores that were smaller than that. There have been a couple of requests since that time from operators who are relocating. Staff needs direction so it can be consistent in handling requests. Four options were given:

1. Decide that grandfathering was solely for the location. If one liquor license holder closes, a new one can go into that location. The previous license holder cannot reopen a small store in a new location, but can reopen in a location that was part of the nine that existed at the time of the Board's 2013 decision.
2. Decide that grandfathering was about the number of small liquor stores, as long as the number stays at or below nine (excluding hotels), an existing license holder can move to a new small location and a new license holder can open in the old small location, as long as it does not increase the number of small liquor stores to more than nine.
3. Decide that the grandfathering is for both the license holder and the location so that both can have licenses.
4. Amend the Code to eliminate the size restriction.

President Hayes said his recollection and intention was not to have a proliferation of small liquor stores. There is no magic about the number nine. It wouldn't concern him to go to more than nine, but 30 would be troublesome. His preference would be to go to option #3.

Trustee Tinaglia said he was confused by the 2,500 square foot limit. Ms. Ward said that number was used as a way to limit the number of small stores. Trustee Tinaglia said he wanted it to be less complicated, and proposed limiting the number of licenses for small stores.

President Hayes said currently the locations are limited. If option #3 is the will of the Board it would allow 9 new locations with current license holders. A new store in a new location would not be allowed. If a current store owner moved, the original location could be reopened as a liquor store. If they move a 3rd time, then the second location would not be a liquor store anymore.

Trustee Scaletta said he supports #3. He said #4 is troublesome because it opens the Village up to a lawsuit if a request is denied. Ms. Ward said every liquor license has to go through the process. The beauty of the system is that the Village can turn someone down because each license must be approved by Ordinance and is not based on a number of licenses available.

Trustee LaBedz said she is supportive of #3. She wants the license holder to be grandfathered if they move. The space is less important than the owner. If someone moves, and where they were before is rejuvenated, she is okay with it.

Trustee Rosenberg said #3 might prohibit someone from expanding to another location. He said he did not think the Village should regulate the number of small locations. He is against prohibiting free trade. He is in favor of option #4. He didn't think the intent was to limit the number of stores.

President Hayes said the original intent was to limit the number of stores to

under 2,500 square feet. There are an unlimited number of licenses for shops over 2,500 square feet.

Mr. Recklaus said it was clear the Board wanted to grandfather existing stores, staff just couldn't tell if it was stores, or locations or both. Are stores under 2500 square feet not as desirable? Ms. Ward said at the time, Walgreen's and 7-11 were being allowed to sell liquor, this was new and the goal was to limit the proliferation of small locations with liquor sales. Staff just didn't know if the limit was to 9 or 18.

Trustee Rosenberg said he was in favor of #4. The Board can't predict market trends. Perhaps in the future, establishments might become more efficient in areas under 2,500 square feet and the trend would be towards smaller liquor stores. From a free market perspective he would go with #4.

Trustee Blackwood concurred with Trustee Rosenberg.

Trustee Baldino asked for clarification that gas stations cannot have a liquor license, but drug stores and convenience marts can. The answer was yes. Trustee Baldino said he supported option #4. He said he understood the concern about proliferation, but competition will limit that.

Trustee Sidor asked if under #3, in perpetuity, the former Vintages store would always be a liquor store. Ms. Ward said her view was once it stopped being a liquor store and became something else, she would argue that the grandfather clause was broken. She said she would like to clarify the code language, but as it sits now, another liquor store could open in the former Vintages space. Trustee Sidor said he agreed with option #4, he didn't believe there would be an influx of small liquor stores. He thinks it should be a free market. If someone finds the perfect location and its 50 sq. ft. short, we wouldn't allow it today. By choosing #4, size won't matter.

Trustee Tinaglia said the Board had good intentions in trying to maintain order, but has created a lot of work. It is easier to choose option #4 than to do all this wrangling. The 2,500 sq. ft. limit seems arbitrary. Each application is reviewed independently. Ms. Ward said the Board will always have the right to decide if there are enough liquor stores.

Mr. Recklaus said option #4 is the simplest administratively for staff.

Trustee LaBedz said she sees the points and can support #4. Ms. Ward said the 2013 change in policy was big, as it removed the prohibition to convenience stores and eased the Village into having these kinds of licenses. Now, with a better history, and size is not an issue.

President Hayes said a request could be denied if there were too many similar stores or the square footage is not sufficient. Ms. Ward said the Board has that authority as long as there is a legitimate reason for denial. There is no license to issue, unless the Board opts to create one.

The Liquor Commissioner has the authority to approve a move by an existing license holder.

Trustee Rosenberg moved, seconded by Trustee Tinaglia, to combine proposals C and D and that the Committee of the Whole recommend to the Village Board to direct staff to develop a Hotel Liquor License Classification to include a mini bar option, a packaged sales option, and an option that includes both a mini bar and packaged sales. The motion passed unanimously.

B. Proposal for Salon/Spa Liquor License Classification

Trustee Tinaglia said he will recuse himself from the dialogue as his sister, Jackie Lewis-owner of Forbici, made the request.

Ms. Mikula said staff received a request from Forbici Salon and Spa to sell individually packaged wine and beer. The Village does not have a liquor license to permit this use. There are 104 potential businesses which would qualify, 77 beauty care, 4 barber and 23 nail technician licenses. After a survey of like municipalities, only Naperville had this kind of license.

President Hayes said alcohol is occasionally provided on a complimentary basis, but is not for sale.

Trustee Rosenberg asked how it would be metered. Ms. Mikula said one way is to limit consumption to 2 drinks per day per person, and to limit the kind of alcohol to wine, beer or champagne. Hours can be limited too. Alcohol would be an amenity offered to customers. Trustee Rosenberg said if 50 salons came forward, that would increase work and enforcement. Ms. Mikula said Oak Brook permits consumption for spa/nail/beauty salons with the following hours: 11:00 A.M. to 9:00 P.M. Monday through Sunday or between the hours of 8:00 A.M. and 9:00 P.M. on Saturdays to only bridal parties receiving salon and spa services. They also limit the consumption to 2 beverages which can be no more than 12 oz. of beer, or 6 oz. of wine at a time. The customer must be receiving spa/salon services.

Trustee Blackwood asked if the salons serving complimentary glasses had Dram insurance. Ms. Ward guessed that they do not. Trustee Blackwood asked why we would turn a salon into a place that sells wine or beer. Mr. Recklaus said it is that it is a phenomenon that is going on in the marketplace. Trustee Blackwood said she would expect a complimentary glass versus a sale of a glass of wine. From the Village perspective it would be a tax benefit. Her preference would be to keep it on a complimentary basis. Ms. Mikula said a year ago there was a company that was looking open here and we said we did not have this kind of classification, so they went elsewhere. For salons offering complimentary drinks, there are no regulations.

Ms. Lewis explained that for their 2,000 guests a month, providing complimentary drinks was cost prohibitive and she did not want to raise

prices across the board, as some people would not want to pay more and not all clients want a complimentary drink. She brought a petition from customers who want to be able to purchase liquor. She said she understands it is an odd concept, but Arlington Heights is visionary. Leisure comes in all shapes and sizes. Golfing is a leisure activity, the golf lady is offering cocktails on the cart. Leisure for a woman might be sitting having her color done and she would pay for a drink. It would bring more tax revenue and license revenue to the Village.

Trustee Sidor asked what percentage of salons in Naperville had a liquor license. Ms. Mikula said she did not know, but if the Board was willing, staff would take a deeper dive. Trustee Sidor said he didn't think nail salons will bother with liquor licenses. He said Forbici runs a tight ship, if anyone can do it, it's them. If we were to try to be visionary, he would be okay with it as long as each applicant went through the process.

Trustee Baldino said complimentary drinks are factored in somehow. This idea fits into the entertainment vibe in the downtown. He said the service of alcohol should be tied to the spa experience, not walk-in shops. Ms. Ward said she didn't think we could differentiate as a nail appointment is the same regardless of the operator. If salons can sell a glass of wine to any customer no matter what they are there for, then any beauty operator can too. Trustee Baldino said that is his concern, he also worried about enforcement. He said he was in favor of beer & wine being sold with limited hours, and limits on the number of drinks as long as the client was receiving salon/spa services.

Mr. Recklaus said if the Board directs staff, other municipalities' ordinances can be looked at. Ms. Mikula said there have been at least two inquiries from barbershop style operators that offer whisky or craft beers with their services. Mr. Recklaus said they are hipster barbershops and a new phenomenon in the marketplace.

Trustee LaBedz said this idea doesn't appeal to her personally, but she would not want it factored into the cost of her services if it was complimentary. She asked if the people selling it would be Basset trained. The answer was yes. She asked about the salons which lease individual spaces. Ms. Ward said each individual would have to get a license and be Basset trained if they wanted to sell liquor. Ms. Lewis said she imagined individual serving sized drinks, not an open bottle in the fridge that was poured from. Ms. Ward said the Board will have to be specific if that's what they want. Mr. Recklaus said someone might want to make mimosas. Everything added is something that requires enforcement.

Trustee Scaletta said he was not concerned that there will be an over proliferation of salons looking for licenses. The costs are high, they would need insurance, Basset training and permission from their landlord. Trustee Blackwood said there would also be inventory costs. Trustee Scaletta said it seemed funny to limit the amount, as salons would be different than restaurants. He asked if BYOB would still be allowed if a salon sold alcohol. Ms. Mikula said it would be up to the establishment. Ms. Ward said any

restrictions would be the license holder and have no bearing on a person who is BYOB. Ms. Mikula said both Naperville and Oak Brook allow wine by the drink not to exceed 6 oz., beer not to exceed 12 oz. and limit the servings to 2 drinks per person. Trustee Scaletta asked what happens when cigar shop asks for liquor license or Bottles and Bodega. Where does this continue to go? Ms. Ward said the Naperville license is designated as a recreational lifestyle classification and includes art galleries, bowling alleys and other recreational businesses.

Mr. Recklaus said there may be push back from existing liquor license holders as having a bar next to a salon might be a business advantage that goes away. The Economic Alliance is interested in some of these issues. This discussion could be deferred to them. Trustee Scaletta said there may be other ancillary businesses that come forward in the future looking for this kind of license.

Trustee Blackwood asked about the regulation of salons that serve complimentary drinks. Ms. Ward said the Village only regulates sales, complimentary beverages are not regulated. Ms. Mikula said there are State provisions regarding the giving away of alcohol and operators need to be careful. Mt. Prospect has a Complimentary Service License but the Village does not.

Trustee Baldino said one reason why he is favor is limiting the number of drinks is because there is no food requirement.

Trustee Sidor said there is a shop in Barrington called 18/8 that may have a license for beer and staff could look at their license.

President Hayes said he would feel more comfortable if he was assured that all applicants were like Forbici. His concern was that there were 104 potential applicants. Ms. Ward said the Liquor Commissioner has discretion to deny licenses if there is a rational reason.

Property owner Tom Blank said he would not like liquor in salons as his grandchildren are sent to get their hair cut or are present when daughters are using salon services and he would not want them in an environment where alcohol is served.

President Hayes said he would want to limit the number of drinks and a restriction on serving only beer, wine, or champagne. He would not want hard liquor. He said he could go either way on pour versus single serving containers.

Mr. Recklaus said staff will do more research and go from there.

Trustee Scaletta suggested that staff gather more information for the Board and once we have detail, and the Board has the opportunity to review and ask for further clarification, then staff can provide everything to the Economic Alliance. He said he preferred a memo, with an outline/breakdown

of what others do. After the Board's questions are answered, then that document can go to the Alliance for input. Having another meeting might slow things down. He said he was interested in the Naperville statute.

Trustee Rosenberg said he would like to see other lifestyle businesses included in the research. He also would like limits on hours, the number of drinks and the size of drinks.

Trustee LaBedz asked for more information on communities which allow hard liquor as in the whisky/barber concept.

C. Proposal for Hotel Package Sales Liquor License Classification

Mr. Recklaus asked now that the 2,500 sq. ft. restriction is eliminated, should this issue be considered. He asked if there was further direction on whether small package sales at hotels would be supported.

President Hayes said he doesn't consider sales from a hotel closet the same as a 1,500 sq. ft. package liquor store. Its apples and oranges in the types of sales. Ms. Ward said we could create a separate license for hotels that would include mini-bars and package sales. Ms. Mikula said the Courtyards were grandfathered into the existing package sale license. Now there is a request from Holiday Inn Express to sell packaged goods.

President Hayes said the Village could combine package sales/minibars into one kind of license for hotels.

Trustee Scaletta said he was supportive creating a new classification for hotels. A new classification makes sense. He is not opposed to mini bars. It is an amenity. That's why the hotels need it. These are business traveler hotels, and he doesn't want the clientele to move to Schaumburg. Guests are interested in having this. The Ivy Hotel request for mini bars is so they can have a common amenity offered in 4 star hotels, this would add to their accreditation.

Trustee LaBedz said mini bars are in different hotels than a Holiday Inn. That is what the Ivy is going for. She said she could see having both types of licenses or classifications.

Trustee Rosenberg said he would like a hotel classification that permits package sales and mini bars. The operator could indicate which one or both on their application so there would be two components under one license. The Village would need to know what they are doing. If a hotel has a restaurant, that is a separate license.

Trustee Baldino said these options are amenities for guests. If there is packaged liquor sales, can we ensure they only sell to guests? He was in favor of one license with two components as long as that was sure.

Trustee Blackwood concurred with Trustee Baldino.

Trustee Tinaglia said he agreed with Trustee Rosenberg.

Trustee Scaletta asked if a hotel has a license for package sales, and they want to add a mini bar, how would they amend their license. Ms. Ward said if it is a new license, they would go through the process for a new license. If it is a renewal for an existing license, a change can be indicated on their renewal form.

Trustee Rosenberg said there needs to be one license for hotels. This license should have the option to sell packaged goods, have mini bars or both. Restaurants in hotels should still require a separate license.

Trustee Scaletta said he was not opposed to that, he wants to ensure if they modify it, the Village is notified. He said 5 years down the road, they may not remember what they applied for. Ms. Ward said staff can make sure it is clear, and the renewal letter can ask about possible changes.

Trustee Rosenberg moved, seconded by Trustee Tinaglia, to combine proposals C and D on the agenda and that the Committee of the Whole recommend to the Village Board to direct staff to develop a Hotel Liquor License Classification to include a mini bar option, a packaged sales option, and an option that includes both a mini bar and packaged sales. The motion passed unanimously.

D. Proposal for Hotel Mini Bar Liquor License Classification

E. Review of Requirement of Food Service and Hours

Ms. Mikula said a survey was sent to liquor license holders during renewal time in April. Among other things, it asked:

1. Do you believe that establishments with on-premises consumption liquor classifications should be required to have a full food menu?
Answer: 30 said yes, 10 said no and 7 were not sure.
2. For restaurants with a kitchen, at what time should the kitchen be allowed to close, but liquor sales continue? Answer: 6-food available all hours, 13-close at 11 p.m., 12-close at 10 p.m., 4 close at 9 p.m., 4-other.

Some communities allow bars without food. Some allow drinks and snacks, some allow modified hours of serving food.

President Hayes said he was opposed to any change in the status quo. It has worked well. There are reasonable accommodations for those open past 11 p.m.

Trustee Rosenberg concurred with the Mayor. There is a reason for it. We know many establishments do what they should. Many venues do not adhere to the rules. It should stay in the Code.

Trustee Sidor said he concurred with the Mayor. The Village doesn't have bars. If you take the food out, you have a bar. We are close to that at one establishment and are seeing the results.

Trustee Tinaglia said he couldn't agree more. There are too many places where it is just alcohol. After a certain time in the night it gets worse. Leaving it is the right thing to do.

V. OTHER BUSINESS

VI. ADJOURNMENT

Trustee Scaletta moved to adjourn at 9:18. Trustee LaBedz seconded the motion. The motion carried.