
**VILLAGE OF SUGAR GROVE
BOARD REPORT**

TO: VILLAGE PRESIDENT & BOARD OF TRUSTEES
FROM: BRENT EICHELBERGER, VILLAGE ADMINISTRATOR
ALISON MURPHY, ASSISTANT TO THE VILLAGE
ADMINISTRATOR/VILLAGE CLERK
SUBJECT: DISCUSSION: LIQUOR LICENSE FEES AND CLASSIFICATIONS
AGENDA: JANUARY 18, 2022 REGULAR BOARD MEETING
DATE: JANUARY 7, 2022

ISSUE

Should the Village Board discuss amending liquor license fees and classifications.

DISCUSSION

At the January 4, 2021, Village Board meeting, the Board discussed the issue of liquor license fees and classifications including a liquor license to allow for video gaming. The Board directed staff to bring back the issue at a future meeting for discussion.

Per Illinois statute 235 ILCS 5, all city council or president and board of trustees have the power by general ordinance or resolution to determine the number, kind and classification of licenses, for sale at retail of alcoholic liquor not inconsistent with the Act and the amount of the local licensee fees to be paid for the various kinds of licenses issued.

Shortly after incorporation, the Village of Sugar Grove passed an ordinance in 1958 prohibiting the sale of alcohol within the Village limits. In 1965, the Village reversed course and approved the first ordinance allowing alcohol sales. At that time, three liquor license classifications were created: A – Restaurant, B – Packaged Liquor, and C – Club. Fees of \$400, \$300, and \$150 were assigned to those classifications, respectively. Since 1965, the Village has added additional liquor license classifications several times, the most recent of which occurred in 2013.

Per Village Code Section 3-2-7, the maximum number of allowable licenses in each classification shall be determined by resolution by the board of trustees and the fee for each class of license shall be set and determined from time to time by the board of trustees of the village by resolution. The last time fees were increased were 2010. Although in recognition of the impacts of COVID-19, fees were temporarily reduced by

50% in both FY2021 and FY2022. With the exception of the American Legion, overall sales for all liquor license holders have rebounded to at or near pre-pandemic levels.

In 2020 Village staff surveyed neighboring communities' license fees and classifications to determine where Village fees fit in comparison (Exhibit A). The Village is similar in fee amount and classification structure with 17 classifications with fees ranging from \$50 to \$2,400. Surrounding communities range from a low of 10 classifications for Elburn to a high of 26 for Yorkville; fees range from a low of \$10 to \$2,400.

Multiple classifications not only provide the opportunity to set different fees, but also to set different conditions and restrictions for the sale of alcohol across different businesses. For instance, a Class E – Restaurant license limits the time of sale and where the alcohol may be consumed while a Class P – Wine and Beer Specialty Shop license limits the amount of tastings per customer.

Illinois State statute allows for licensed establishments to have video gaming. "Licensed establishment" means any licensed retail establishment where alcoholic liquor is drawn, poured, mixed, or otherwise served for consumption on the premises, whether the establishment operates on a nonprofit or for-profit basis (230 ILCS 40/5). Under this definition, the American Legion and Open Range currently have video gaming. In addition State statute provides that licensed truck stop establishments may have video gaming. There are two fuel centers in the Village that are licensed to have video gaming through the State as truck stops as they have at least three acres (owned or leased land) and average monthly sales of more than 10,000 gallons of diesel or biodiesel fuel per month (230 ILCS 40/5).

The Village of Sugar Grove does not currently have a license classification to specifically accommodate video gaming. Over the past few years, the Village has been approached regarding adding two types of liquor license categories, both to facilitate video gaming; an on premise "pour" license and video gaming cafés. As no provision exists in Village Code, businesses inquiring about an on premise license have been advised to put together a request for the Board to consider. Staff believes businesses are in a better position to propose a process that works as most of these companies handle these types of licenses in multiple jurisdictions and are more familiar with the process.

Recently representatives of Casey's, the proprietors of the proposed new gas station at Prairie Grove Commons, sent their proposal for on-site video gaming. The draft Prairie Grove Commons annexation agreement includes the creation and issuance of a pour license for this purpose. The representatives shared ordinances from several communities where they operate as examples of what can work. To ensure that the primary intent of the on premise license is for gaming rather than alcohol consumption, staff recommends that the Village create a new liquor license classification specifically to allow video gaming at gas stations/convenience stores with the following conditions for the license:

- The service of beer only, and limited to one drink per hour per video gaming customer or patron of the premises, and no such customer or patron shall be served more than two beer beverages during the permitted hours of video gaming and retail sale of beer or wine during any one calendar day.
- No serving of beer shall be greater than twelve (12) fluid ounces with a maximum alcohol content of no more than 5% ABV.
- It is intended that the service of beer is ancillary to the operation of a gas station or convenience store that holds a valid video gaming license with the state and the village and shall not be advertised or otherwise held out to be a drinking establishment.
- On-premise consumption may only occur in the separate video gaming area, and video gaming terminals must be located in the direct line of site of the cashier from the location of the cashier counter.
- Beer beverages may not be removed from the designated gaming area at any time.
- The license holder shall not serve beer to a patron without their age having been first verified.
- All beer beverages shall be poured from their original containers into a clear container before serving to a patron. No cans or glass containers shall be allowed.
- Beer service shall only be provided to patrons who are actively playing on video gaming terminals.
- No happy hour practices shall be allowed on the licensed premises.
- No patio, beer garden, or similar area is allowed on the licensed premises for alcohol consumption.
- The license holder shall adhere to the village's closing hours.
- No window or any other signage shall be permitted on the specified premises or surrounding property that indicates that alcoholic beverages are available for consumption at the specified premises.

Creation of a pour license category will likely result in Sugar Grove Express Lane requesting such a license as they have inquired in the past.

Liquor Licenses are issued from May 1 to April 30 of each year. To allow for renewal notification and time to process applications, liquor license fees are generally set no later than February of each year.

Staff recommends the Village create a pour license with a fee of \$2,500. This would be in addition to a package liquor license if also granted.

Staff recommends the fees for existing license classifications remain at the current rates and the pandemic related discount be discontinued.

COST

Legal fees are estimated at \$500 for attorney review should the Village create a pour license. The creation of a pour license is expected to result in \$5,000 in new revenue. Should the Board determine to continue the fee reduction, there would be a loss of approximately \$9,000 in revenue.

RECOMMENDATION

That the Board direct staff to prepare an Ordinance creating a pour license with a cost of \$2,500, make no changes to the fee structure for existing license classifications, and process licenses at the full fee for FY 2022-23.

EXHIBIT A - 2020 LIQUOR LICENSE FEE AND CLASSIFICATION SURVEY

SUGAR GROVE			MONTGOMERY			NORTH AURORA			OSWEGO			YORKVILLE			ELBURN		
CLASS	DESCRIPTION	FEE	CLASS	DESCRIPTION	FEE	CLASS	DESCRIPTION	FEE	CLASS	DESCRIPTION	FEE	CLASS	DESCRIPTION	FEE	CLASS	DESCRIPTION	FEE
A	TAVERN	\$1,900	A	ON PREMISES	\$1,500	A	LARGE RESTAURANT	\$2,400	A		\$1,800	A1	TAVERN/BAR - BEER, WINE, LIQUOR & PACKAGE	\$1,750	A	ON/OFF-SITE	\$1,000
B	PACKAGED LIQUOR	\$1,250	B	CLUBS	\$1,500	B	SMALL RESTAURANT	\$2,200	B	PACKAGE LIQUOR	\$1,500	A2	TAVERN/BAR - BEER, WINE , LIQUOR	\$1,200	B-1	OFF-SITE	\$1,000
C	TEMPORARY LICENSE	\$50	C	PACKAGED LIQUOR	\$1,000	C	LIMITED RESTAURANT	\$1,900	C	RESTAURANT	\$1,500	A3	TAVERN/BAR - BEER, WINE & LIQUOR (SERVICE BAR ONLY)	\$1,000	B-2	OFF-SITE BEER & WINE ONLY	\$1,000
D	CLUB LICENSE	\$750	D	BAR	\$1,000	D	LIQUOR STORE	\$2,200	D	BEER & WINE	\$1,200	A4	TAVERN/BAR - BEER & WINE (SERVICE BAR ONLY)	\$800	C	TEMPORARY	\$25.00 per day
E	RESTAURANT	\$1,450	E	BEER ONLY	\$1,000	E	LARGE AREA PACKAGED	\$2,400	E	CLUB	\$750	R1	RESTAURANT - BEER, WINE & LIQUOR	\$1,250	D	CLUB	\$50
F	BEER & WINE RESTAURANT	\$1,950	F	BEER & WINE	\$1,000	F	SMALL AREA PACKAGED	\$1,900	F	PACKAGE LIQUOR (BEER & WINE Only)	\$1,200	R2	RESTAURANT - BEER, WINE & LIQUOR (SERVICE BAR ONLY)	\$850	E-1	RESTAURANT	\$1,000
G	GOLF COURSE	\$900	G	RESTAURANT	\$1,250	G	GAS STATION	\$1,900	G	GOLF COURSE	\$1,200	R3	RESTAURANT - BEER & WINE (SERVICE BAR ONLY	\$800	E-2	RESTAURANT BEER & WINE ONLY	\$750
H	HOTEL (FULL SERVICE)	\$2,200	H	PACKAGED BEER	\$600	H	GOLF COURSE	\$1,900	H	GIFT BASKET	\$100	R4	RESTAURANT - WINE & LIQUOR (SERVICE BAR ONLY_	\$800	E-3	RESTAURANT WITH COCKTAIL LOUNGE	\$1,000
I	HOTEL (LIMITED SERVICE)		I	PACKAGED BEER & WINE	\$750	I-1	NON-PROFIT SPECIAL EVENTS	\$50	I	WINERY/MICROBREWERY/BR EW PUB	\$800	B	PACKAGE - BEER, WINE & LIQUOR (CARRYOUT ONLY)	\$1,250	F	GOLF COURSE	\$1,000
J	SPECIALTY BASKET	\$575	J	TEMPORARY	\$100	I-2	NON-PROFIT OUTDOOR SPECIAL EVENTS	\$50	J	BYOB	\$250	B1	PACKAGE - BEER & WINE (CARRYOUT ONLY)	\$1,050	G	BREW PUB/ DISTILLERY/ MICROBREWERY/WINERY	\$1,000
K	CATERING LICENSE	\$1,150	K	SPECIALTY BASKET	\$100	I-3	RETAIL SPECIAL USE	\$100	K	SALON	\$250	BG	BAR & GRILL	\$1,450			
L	RESTAURANT & TAVERN	\$1,850	L	CATERING	\$1,000	J-1	BREW PUB	\$3,000	L	LARGE EVENT VENUE	\$2,050	BH	BANQUET HALL	\$1,750			
M	TEMPORARY SEASONAL MARKET	\$200	M	PACKAGED GAS & SERVICE STATIONS	\$1,000	J-2	CRAFT BREWERY	\$3,000	M	CATERING	\$550	C	CLUB	\$500			
N	PRIVATE COUNTY CLUB	\$2,400	N	SALON & SPA WINE	\$250	J-3	MICROBREWERY	\$1,500	N	WINERY/MICROBREWERY/BR EW PUB RETAILER	\$220	CA	CATERING	\$750			
O	TEMPORARY GOVERNMENTAL SPECIAL EVENTS	\$50	O	WINE TASTING	\$0	T	TAVERN	\$2,200	O	MOVIE THEATER	\$625	F	CITY RIGHT-OF-WAY SERVICE	\$250			
P	WINE & BEER SPECIALTY SHOP	\$1,200	P	BEER GAS & SERVICE STATIONS	\$750	L-1	SALON LICENSE	\$250	P	ARTS & CRAFTS	\$1,200	G	BEER GARDEN/PATIO SERVICE	\$250			
TP	TASTING PERMIT (must also hold a Class B License)	\$200	Q	FOX VALLEY PARK DISTRICT SPORTS COMPLEX	\$100	L-2	ART EXHIBIT	\$500				GBS	WINE/BEER/CHAMPAGNE GIFT BASKET	\$250			
						L-3	ARTS EVENT	\$500				GC	GOLF COURSE	\$2,000			
						M	MOTEL/HOTEL	\$2,000				H	HOTEL/MOTEL	\$2,000			
						N	CATERER	\$200				L	BREWERY	\$1,750			
						S-E	SUPPLEMENTAL ENTERTAINMENT	\$300				M	MICROBREWERY/ BREW PUB	\$1,750			
						S-P	SUPPLEMENTAL PACKAGE	\$100				MD	MICRODISTILLERY	\$1,500			
						S-O	SUPPLEMENTAL OUTSIDE	\$50				S	SPORTS COMPLEX	\$1,050			
												SE	SPECIAL EVENTS	\$50			
												SNC	WINE & BEER AT EXHIBITION	\$10			
												T	TEMPORARY	\$35			