
**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: VIDEO GAMING CAFES
AGENDA: NOVEMBER 15, 2022 REGULAR BOARD MEETING
DATE: NOVEMBER 4, 2022

ISSUE

Should the Board discuss allowing video gaming cafés in the Village.

DISCUSSION

The Village of Sugar Grove does not currently issue liquor licenses for the purpose of video gaming cafés. At the October 4, 2022, President Konen raised the issue of Video Gaming Cafés in her President's Report. She noted that the Village receives occasional requests for licensing for video gaming cafés and asked the Trustees for their thoughts. The Board generally discussed the issue and directed staff to prepare a report for further discussion at a future board meeting.

A gaming café, or gaming parlor, is an establishment that caters primarily to video gaming. The main revenue stream of a gaming café is driven by slot machine play – formally known as video gaming terminals (or VGTs). In accordance with the Illinois Video Gaming Act, gaming cafés are required to hold a valid liquor pouring license.

Regulations

Municipalities that allow video gaming cafés generally set restrictions and requirements for the approval of a liquor license through their Liquor Control Ordinance. Examples of requirements include defining the allowable size of the establishment and requiring the sale of food on site. Communities in the Chicagoland area that allow video gaming include Schaumburg, Westmont, Darien, Crest Hill, and South Elgin. Examples of video gaming café liquor license classifications for Schaumburg and Westmont are attached as Exhibit A.

Under the new Village proposed Liquor Control Ordinance, video gaming cafés would need to apply for an On-Premise Liquor License. Depending on the establishment's

menu, they would either need to follow the ordinance requirement for the sale of food on premise or apply for a Food Service Waiver.

Revenues

The State and the Municipality in which the café is located both receive tax revenue from that establishments gaming terminal(s). To determine the tax due, each month a Net Terminal Income (NTI) amount is calculated, which is the net of how much funds go in the machine vs. how much funds come out of the machine. This amount is determined to be the Net Terminal Income of the Establishment. The establishment must pay roughly 34% to the State in NTI tax. This tax is split between the State (roughly 85%) and the Municipality (15%). The remaining NTI is split 50%/50% between the Terminal Operator (the company that owns the machines) and the establishment (the business).

As an example, for calendar year 2021, Sugar Grove establishments had a NTI of \$1,638,720.16. \$557,165.61 was paid in NTI Tax (\$475,229.52 State and \$81,936.09 SG), with the remaining \$1,081,554.55 splits 50/50 by the Terminal Operators and the Establishment (\$540,777.28 each). The Village currently has four establishments. Please see Exhibit B for additional Video Gaming Café Revenue data as presented by Director Anastasia at a recent Board meeting.

Police Experience

Video Gaming has not created a burden on law enforcement. During normal business hours, Sugar Grove has not handled any issues related to the gaming machines. Sugar Grove has handled only one incident of after business hours were a burglar broke into an establishment (no longer in business-restaurant) and pried open the money payout machine. This offender committed multiple burglaries to gaming machines across the Chicago-land area and was subsequently charged. Speaking with other police chiefs that have gaming cafes in their communities there have been no police issues at them.

COST

There is no cost to discuss the issue. If changes to the Liquor Control Ordinance are made there will be attorney fees of approximately \$500 for review of the ordinance and a small cost for codifying the ordinance, which is already included in the budget.

RECOMMENDATION

That the Board discuss allowing video gaming cafés in the Village and by clear consensus direct staff on how to advise prospective video gaming café businesses of the Board's willingness or not to allow video gaming cafés in the Village.

Exhibit A

Village of Westmont

Class 22, which shall authorize the retail sale of beers and wines only for consumption on the licensed premises where the major and primary business is that of a video gaming café, defined as an establishment which will obtain a video gaming license under the Illinois Video Gaming Act and which offers alcohol and food as an amenity only, subject to the following restrictions:

- a. The licensed premises shall contain no more than 2,250 gross square feet;
- b. The business must derive a portion of its revenue from food sales, but the food sold need not be prepared on-site;
- c. All operations must be conducted indoors (no beer gardens or outdoor eating/drinking/gaming allowed);
- d. No other forms of gaming (billiards, darts, etc.) are allowed on the premises except for board and card games or other games as approved by the local liquor commissioner, which do not involve gambling;
- e. Patrons may not bring their own alcohol onto the premises; and
- f. No more than two televisions are allowed on the premises.

Village of Schaumburg

Class Q-V License: Class Q-V licenses shall authorize the retail sale of alcoholic liquor in video gaming cafe/video gaming lounges for consumption on the premises, and authorize the operation of video gaming devices upon the licensed premises, subject to the following:

- 1) A class Q-V licensed premises must be at least one thousand five hundred (1,500) square feet in size.
- 2) A class Q-V licensed premises must provide a minimum table seating capacity in the dining area of twenty (20) persons and food and beverages must be ordered by the customer at the table and served to the customer's table by wait staff or servers.
- 3) The primary business of the establishment shall be video gaming.
- 4) The beverage and food offerings shall include a variety of non-alcoholic beverages and a minimum of twelve (12) food items, hot and cold, which shall be served during all hours of operation. A menu of all food offerings must be submitted as part of the license application and will be subject to approval by the liquor commissioner. The approved menu shall be conspicuously placed at all bars and on all tables throughout the establishment.
- 5) No class Q-V licensed establishment shall be located within one thousand five hundred feet (1,500') from any other establishment licensed and authorized by the village to operate video gaming devices.
- 6) A class Q-V licensed establishment must have a video gaming license issued by the Illinois Gaming Board in accordance with the provisions of the Video Gaming Act (230 ILCS 40/1 et seq.); shall comply with all provisions of the Illinois Video Gaming Act and all rules, regulations and restrictions imposed by the Illinois Gaming Board.

- 7) The operation of video gaming terminals shall not be permitted during the hours alcoholic liquor sales are prohibited as provided in section 112.34.
- 8) The fee for a class Q-V liquor license shall be set forth in the fee schedule in section 41.01 of this Code.
- 9) The village shall issue no more than five (5) class Q-V licenses.
- 10) Class Q-V liquor licenses shall only be issued to residents of the village. For the purposes of this requirement, a LLC shall be considered a resident if its manager is a resident of the village and a corporation shall be considered a resident if its president is a resident of the village. This requirement shall only be in effect until January 1, 2022.
- 11) Class Q-V licensed establishments shall only be located within the village's B-2 zoning district.
- 12) A special use permit shall be required in order to operate a class Q-V licensed establishment.
- 13) No Q-V licenses shall be issued prior to January 2, 2021.

Exhibit B

Video Gaming Café Revenues

Period: January 2019 - December 2019

<u>Illinois Café & Service Company, LLC.</u>	<u>Municipality Share</u>	<u>Lacey's Place</u>	<u>Municipality Share</u>
Blue Island	\$25,651.60	Champaign Establishment 1	\$22,713.18
Crestwood	\$26,880.83	Establishment 2	\$8,268.91
Elk Grove Village	\$28,417.40	Establishment 3	\$32,710.34
Fox River Grove	\$30,067.52	Establishment 4	\$14,996.03
Hoffman Estates	\$20,583.65	Establishment 5	\$22,278.81
Lake in the Hills	\$32,374.80	Crestwood	\$14,678.57
Oak Forest Establishment 1	\$28,788.47	Lake Zurich	\$23,700.18
Establishment 2	\$32,593.72	Plano	\$16,370.56
Sycamore	\$20,212.35	Romeoville Establishment 1	\$35,020.73
	<u>Avg.</u>	Establishment 2	\$27,212.01
	<u>\$27,285.59</u>	South Elgin	\$19,378.57
			<u>Avg.</u>
			<u>\$21,575.26</u>
<u>Blackhawk Restaurant Group LLC.</u>	<u>Municipality Share</u>	<u>Shelby's</u>	<u>Municipality Share</u>
Champaign Establishment 1	\$23,718.83	Dekalb	\$18,036.22
Establishment 2	\$24,910.88	Dixon	\$32,367.86
Establishment 3	\$17,395.03	Hoffman Estates Establishment 1	\$34,661.19
Crest Hill	\$35,590.59	Establishment 2	\$34,087.61
Crestwood	\$33,992.58	Lake Zurich	\$30,229.01
Elk Grove Village Establishment 1	\$37,842.68	Romeoville	\$29,539.69
Establishment 2	\$43,363.73		<u>Avg.</u>
Establishment 3	\$33,773.14		<u>\$29,820.26</u>
Establishment 4	\$44,183.22		
Hoffman Estates Establishment 1	\$21,646.61		
Establishment 2	\$31,448.22		
Joliet Establishment 1	\$48,673.01		
Establishment 2	\$46,711.29		
Establishment 3	\$34,007.65		
Oakbrook Terrace Establishment 1	\$39,609.02		
Establishment 2	\$34,657.53		
Establishment 3	\$32,841.79		
Romeoville	\$25,961.75		
South Elgin	\$27,040.24		
Sycamore	\$23,626.43		
Tinley Park	\$37,138.89		
Woodstock	\$47,206.13		
	<u>Avg.</u>		
	<u>\$33,879.06</u>		
<u>Stella's</u>	<u>Municipality Share</u>	<u>Stand Alone Locations</u>	<u>Municipality Share</u>
Crest Hill	\$28,870.41	GiGi's - Crestwood	\$4,152.68
Hoffman Estates	\$35,458.06	Lou's Coffee & Wine Bar - Crestwood	\$26,049.79
Lake in the Hills	\$31,883.29	Jokers Wild Gaming Café - Crestwood	\$27,244.03
Oak Brook Terrace	\$31,681.53	CJ's Gaming Café - Dekalb	\$31,051.05
Oswego	\$35,335.39	Sweis Entertainment Group - Elk Grove Village	\$32,259.30
Ottawa	\$19,837.85	The Gaming Café #2 - Elk Grove Village	\$23,681.75
Plano	\$21,705.91	Jackpot Slots LLC.- Ottawa	\$29,722.63
South Elgin	\$27,011.29	Doddy's Deli & Café - Tinley Park	\$51,834.67
Tinley Park Establishment 1	\$41,488.41	Crown Point Amusement - Yorkville	\$20,003.33
Establishment 2	\$41,114.86	Establishment 2	\$19,078.93
	<u>Avg.</u>		<u>Avg.</u>
	<u>\$31,438.70</u>		<u>\$26,507.82</u>
<u>Stella's</u>	<u>Municipality Share</u>	<u>Village of Sugar Grove</u>	<u>Total 2019</u>
Crest Hill	\$28,870.41	Baby Joe's LLC.	\$7,937.59
Hoffman Estates	\$35,458.06	El Ferno L.L.C. Series	\$10,253.28
Lake in the Hills	\$31,883.29	Graham C-Stores Co.	\$25,603.74
Oak Brook Terrace	\$31,681.53	Sugar Grove American Legion	\$12,821.05
Oswego	\$35,335.39		
Ottawa	\$19,837.85		
Plano	\$21,705.91		
South Elgin	\$27,011.29		
Tinley Park Establishment 1	\$41,488.41		
Establishment 2	\$41,114.86		
	<u>Avg.</u>		
	<u>\$31,438.70</u>		

Video Gaming Café Revenues

Period: January 2020-March16,2020; July 1, 2020-November 19, 2020 (7-months)

Illinois Café & Service Company, LLC.		Municipality Share	Lacey's Place		Municipality Share
Blue Island		\$16,886.85	Champaign	Establishment 1	\$15,352.49
Crestwood		\$21,176.93		Establishment 2	\$24,299.16
Elk Grove Village		\$16,396.55		Establishment 3	\$14,753.87
Fox River Grove		\$21,963.77		Establishment 4	\$22,730.07
Hoffman Estates		\$9,093.11	Crestwood		\$2,480.41
Lake in the Hills		\$19,353.14	Lake Zurich		\$21,211.04
Oak Forest	Establishment 1	\$18,147.06	Plano		\$10,705.11
	Establishment 2	\$22,934.95	Romeoville	Establishment 1	\$25,928.85
Sycamore		\$4,138.84		Establishment 2	\$22,013.72
		Avg.	South Elgin		\$12,769.65
		\$16,676.80			Avg.
					\$17,224.44
Blackhawk Restaurant Group LLC.		Municipality Share	Shelby's		Municipality Share
Champaign	Establishment 1	\$17,333.76		Dekalb	\$14,229.27
	Establishment 2	\$16,307.27		Dixon	\$23,768.65
	Establishment 3	\$13,845.18		Hoffman Estates	Establishment 1
Crest Hill		\$21,700.32			Establishment 2
Crestwood		\$27,141.14			\$22,098.63
Elk Grove Village	Establishment 1	\$25,637.71		Lake Zurich	\$18,658.78
	Establishment 2	\$28,608.37		Romeoville	\$20,146.77
	Establishment 3	\$23,332.98			Avg.
	Establishment 4	\$30,080.43			\$19,920.32
Hoffman Estates	Establishment 1	\$11,725.42	Stand Alone Locations		Municipality Share
	Establishment 2	\$20,229.26	Lou's Coffee & Wine Bar - Crestwood		\$16,973.24
Joliet	Establishment 1	\$35,296.65	Jokers Wild Gaming Café - Crestwood		\$20,877.95
	Establishment 2	\$28,720.59	CJ's Gaming Café - Dekalb		\$19,782.11
	Establishment 3	\$26,757.64	Sweis Entertainment Group - Elk Grove Village		\$16,208.66
Oakbrook Terrace	Establishment 1	\$30,946.15	The Gaming Café #2 - Elk Grove Village		\$16,831.63
	Establishment 2	\$23,880.15	Jackpot Slots LLC.- Ottawa		\$24,388.24
	Establishment 3	\$25,164.02	Doddy's Deli & Café - Tinley Park		\$36,256.80
Romeoville		\$20,335.06	Crown Point Amusement - Yorkville		Establishment 1
South Elgin		\$25,508.79			Establishment 2
Sycamore		\$16,407.44			\$13,796.31
Tinley Park		\$28,342.80			Avg.
Woodstock		\$30,841.26			\$20,039.76
		Avg.	Village of Sugar Grove		Municipality Share
		\$24,006.47	Baby Joe's LLC.		\$36,933.57
			El Ferno L.L.C. Series		\$4,738.28
			Graham C-Stores Co.		\$7,752.42
			Sugar Grove American Legion		\$15,955.65
					\$8,487.22
Stella's		Municipality Share			
Crest Hill		\$17,187.87			
Hoffman Estates		\$17,486.12			
Lake in the Hills		\$22,139.40			
Oak Brook Terrace		\$16,454.18			
Oswego		\$20,563.72			
Ottawa		\$2,422.87			
Plano		\$12,467.64			
South Elgin		\$19,485.67			
Tinley Park	Establishment 1	\$26,705.25			
	Establishment 2	\$27,966.90			
		Avg.			
		\$18,287.96			

Video Gaming Café Revenues

Period: January 2021-December 2021

Illinois Café & Service Company, LLC.		Municipality Share	Lacey's Place	Municipality Share
Blue Island		\$30,136.74	Champaign Establishment 1	\$33,047.45
Crestwood		\$32,192.23	Establishment 2	\$42,374.95
Elk Grove Village		\$26,099.23	Establishment 3	\$29,084.18
Fox River Grove		\$39,009.32	Establishment 4	\$38,296.60
Hoffman Estates		\$20,343.05	Lake Zurich	\$34,718.10
Lake in the Hills		\$37,391.26	Plano	\$20,531.30
Oak Forest Establishment 1		\$34,259.43	Romeoville Establishment 1	\$59,652.31
Establishment 2		\$42,442.54	Establishment 2	\$43,169.05
		Avg.	South Elgin	\$27,399.65
		\$32,734.23		Avg.
				\$36,474.84
Blackhawk Restaurant Group LLC.		Municipality Share	Shelby's	Municipality Share
Champaign Establishment 1		\$30,973.30	Dekalb	\$33,599.17
Establishment 2		\$39,719.99	Dixon	\$46,963.04
Establishment 3		\$22,482.13	Hoffman Estates Establishment 1	\$32,941.73
Crest Hill		\$43,507.18	Establishment 2	\$45,619.82
Crestwood		\$43,407.40	Lake Zurich	\$40,049.62
Elk Grove Village Establishment 1		\$39,981.33	Romeoville	\$42,132.22
Establishment 2		\$46,738.13		Avg.
Establishment 3		\$38,017.32		\$40,217.60
Establishment 4		\$56,453.05		
Hoffman Estates		\$29,620.04	Stand Alone Locations	Municipality Share
Joliet Establishment 1		\$70,846.33	Lou's Coffee & Wine Bar - Crestwood	\$31,310.48
Establishment 2		\$60,730.13	Jokers Wild Gaming Café - Crestwood	\$43,480.95
Establishment 3		\$48,030.70	Sweis Entertainment Group - Elk Grove Village	\$33,793.19
Oakbrook Terrace Establishment 1		\$46,721.86	The Gaming Café #2 - Elk Grove Village	\$27,604.84
Establishment 2		\$40,943.38	Baby Vegas Café, LLC. - Hoffman Estates	\$36,976.12
Establishment 3		\$40,372.29	Entourage Café, LLC. - Oakbrook Terrace	\$46,607.28
Romeoville		\$30,162.84	Jackpot Slots LLC. - Ottawa	\$51,111.65
South Elgin		\$46,186.97	Doddy's Deli & Café - Tinley Park	\$81,018.89
Sycamore		\$35,916.63	Crown Point Amusement - Yorkville	\$26,872.51
Tinley Park		\$51,737.89	Establishment 1	\$33,863.01
Woodstock		\$56,909.26	Establishment 2	
		Avg.		Avg.
		\$43,783.72	Village of Sugar Grove	\$41,263.89
			Baby Joe's LLC.	\$12,836.91
			El Ferno L.L.C. Series	\$20,521.70
			Graham C-Stores Co.	\$37,171.78
			Sugar Grove American Legion	\$11,405.70
Stella's		Municipality Share		Total 2021
Crest Hill		\$35,467.53		
Hoffman Estates		\$34,577.07		
Lake in the Hills		\$47,878.27		
Oak Brook Terrace		\$34,875.67		
Oswego		\$45,752.61		
Plano		\$25,151.12		
South Elgin		\$36,286.44		
Tinley Park Establishment 1		\$57,821.62		
Establishment 2		\$50,205.50		
		Avg.		
		\$40,890.65		

Video Gaming Café Revenues

Period: January 2022-August 2022

<u>Illinois Café & Service Company, LLC.</u>		<u>Municipality Share</u>	<u>Lacey's Place</u>		<u>Municipality Share</u>
Blue Island		\$19,426.29	Champaign	Establishment 1	\$20,307.55
Crestwood		\$21,918.54		Establishment 2	\$26,791.16
Elk Grove Village		\$22,861.41		Establishment 3	\$17,463.19
Fox River Grove		\$34,520.11		Establishment 4	\$27,878.58
Lake in the Hills		\$28,654.09	Lake Zurich		\$23,175.81
Oak Forest	Establishment 1	\$23,781.67	Plano		\$15,719.31
	Establishment 2	\$29,183.38	Romeoville	Establishment 1	\$42,385.55
		8-month Avg.		Establishment 2	\$34,136.10
		\$25,763.64			8-month Avg.
			South Elgin		\$22,658.81
					\$25,612.90
<u>Blackhawk Restaurant Group LLC.</u>		<u>Municipality Share</u>	<u>Shelby's</u>		<u>Municipality Share</u>
Champaign	Establishment 1	\$20,505.44		Dekalb	\$21,162.00
	Establishment 2	\$25,495.86		Dixon	\$25,796.56
Crest Hill		\$24,859.92		Hoffman Estates	Establishment 1
Crestwood		\$23,971.44			Establishment 2
Elk Grove Village	Establishment 1	\$25,439.20		Lake Zurich	\$34,279.42
	Establishment 2	\$31,103.88		Romeoville	\$26,898.58
	Establishment 3	\$26,103.28			8-month Avg.
	Establishment 4	\$32,515.90			\$26,644.44
Hoffman Estates		\$17,828.45			
Joliet	Establishment 1	\$43,098.72	<u>Stand Alone Locations</u>		<u>Municipality Share</u>
	Establishment 2	\$43,069.30	Lou's Coffee & Wine Bar - Crestwood		\$24,296.94
	Establishment 3	\$31,588.46	Jokers Wild Gaming Café - Crestwood		\$35,257.50
Oakbrook Terrace	Establishment 1	\$32,223.23	Sweis Entertainment Group - Elk Grove Village		\$27,057.62
	Establishment 2	\$29,943.24	The Gaming Café #2 - Elk Grove Village		\$18,503.56
	Establishment 3	\$25,056.18	Baby Vegas Café, LLC. - Hoffman Estates		\$24,804.85
Romeoville		\$21,688.67	Entourage Café, LLC. - Oakbrook Terrace		\$32,942.04
South Elgin		\$26,905.92	Jackpot Slots LLC.- Ottawa		\$31,247.01
Sycamore		\$24,631.91	Doddy's Deli & Café - Tinley Park		\$45,651.82
Tinley Park		\$31,776.14	Crown Point Amusement - Yorkville		Establishment 1
Woodstock		\$39,129.70			Establishment 2
		8-month Avg.			8-month Avg.
		\$28,846.74			\$28,814.28
<u>Stella's</u>		<u>Municipality Share</u>	<u>Village of Sugar Grove</u>		<u>\$60,724.80</u>
Crest Hill		\$23,892.70	Baby Joe's LLC.		\$11,620.72
Hoffman Estates		\$26,310.50	El Ferno L.L.C. Series		\$13,445.02
Lake in the Hills		\$38,272.47	Graham C-Stores Co.		\$27,323.78
Oak Brook Terrace		\$22,999.37	Sugar Grove American Legion		\$8,335.28
Oswego		\$30,110.77			
Plano		\$18,330.08			
South Elgin		\$26,209.77			
Tinley Park	Establishment 1	\$36,550.21			
	Establishment 2	\$34,538.10			
		8-month Avg.			
		\$28,579.33			
					Total 2022 - 8-months