
**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: AMENDING TITLE 3, CHAPTER 2 (LIQUOR
CONTROL)
AGENDA: NOVEMBER 15, 2022 REGULAR BOARD MEETING
DATE: NOVEMBER 4, 2022

ISSUE

Should the Board approve an Ordinance Amending Title 3 (Business and License Regulations) of the Village Code (Liquor Control)

DISCUSSION

The Board discussed the proposed revisions to the Village Liquor Control Ordinance at the June 21, 2022, September 6, 2022 and September 20, 2022 Village Board Meetings. At the September 6th meeting, the Board reached consensus on staff's recommended language with changes to the BYOB provision and the Hours of Operations. At the September 20th meeting, the Board directed staff to draft language to include a requirement for food service and also language to include a waiver for the food service requirement.

Staff researched surrounding communities and found, in general, there are two mechanisms for requiring food service with On Premise liquor licenses (1) a fixed percentage of sales and (2) a menu requirement. Staff has prepared language for both options for Board consideration. Staff has also drafted language for an Overlay Permit Classification – Food Service Waiver that will allow for the requirement of food service to be waived by the Village Board. (Exhibit A) As with the BYOB waiver, staff recommends a fee of \$100 per year for a Food Service Waiver Overlay Permit.

Upon approval of the new ordinance, all current licenses will continue to remain in effect within their current classifications until renewal in May 2023. The 2023-2024 liquor license renewal process starts in early 2023. Staff will allow for ample time in the process to educate current liquor license holders on the new ordinance provisions.

Moving forward all new licenses will be processed under the new scheme. There will be "0" available licenses under the new scheme to start.

COST

There will be attorney fees of approximately \$1,500 for review of the ordinance and a small cost for codifying the ordinance, which is already included in the budget.

RECOMMENDATION

That the Board choose an option for requiring food service with On Premise liquor licenses and direct staff to bring back an Ordinance Amending Title 3 (Business and License Regulations) of the Village Code (Liquor Control) with that option.

PROPOSED FOOD SERVICE REQUIREMENT AND WAIVER LANGUAGE

3-2-6: LICENSE CLASSIFICATIONS:

C. General Guidelines for All Classifications.

Option A

e. On Premise licensees must derive more than 15 percent of its gross revenue (on an annual basis) from the sale of foods. To the extent that the Licensed Premises has video gaming on-site, any revenues derived from video gaming (as permitted by Illinois law) in the Licensed Premises are expressly excluded from the sale of foods and must be included instead in the remaining percentage of gross revenue allowable for liquor sales. The amount of revenue generated by the license holder from video gaming shall be calculated by considering the after-tax profits of said terminal, less the statutorily mandated 50 percent share of net profits collected by the terminal operator. The determination of whether the 50 percent gross revenue standard has been met shall be made at the time of license renewal for the year just ended. In the event licensee has not possessed such license for a full year, the determination of whether the 15 percent standard has been met shall be deferred until the next license renewal period. The records used to determine whether said 15 percent standard has been met shall include, but not be limited to, audited financial statements, corporate financial reports, tax return information, state liquor license reports, or any other form of information deemed acceptable by the liquor commissioner or his/her designee. A Food Service Waiver Permit may be granted subject to the provisions of Section 3-2-7.

Option B

e. On Premise licensees must cook, prepare and/or serve food on the Licensed Premises. To meet this requirement, food service must be provided by the Licensed Establishment directly and not ordered on-site by patrons. Licensees are required to submit a menu of food offerings with their new and/or annual renewal license applications. A Food Service Waiver Permit may be granted subject to the provisions of Section 3-2-7.

3-2-7: OVERLAY PERMIT CLASSIFICATIONS:

The following permits may be obtained by the holder of a valid On Premise liquor license:

- A. Bring Your Own Beer/Beverage (BYOB): The holder of a valid On Premise liquor license issued under this chapter may apply on an annual basis for a BYOB permit.
 - 1. Annual Permits: A BYOB Permit shall permit a valid On Premise liquor license holder to allow for alcoholic liquor to be brought into and/or consumed on the defined premises.

2. Fee: The fee for the BYOB permit shall be set and determined from time to time by the board of trustees of the Village by resolution by said board of trustees.

Guidelines and Restrictions: A BYOB Licensee may allow customers who are over the age of twenty one (21) to bring their own beverages (beer and wine only) in their original, unopened, sealed containers for consumption on the Licensed Premises. The entirety of the Licensed Area for the underlying On Premise liquor license shall be deemed the permitted area for BYOB activities, unless such area is further limited by the Licensee. Any employee responsible for serving alcoholic liquor or checking identification must be appropriately trained in accordance with state law and local ordinance. All regulations in this chapter shall apply to the BYOB permit and licensees shall be liable for violations of this Chapter in the same manner as the holder of other liquor license classifications. The revocation of a BYOB license shall not automatically result in the revocation of the underlying On Premise liquor license.

B. Food Service Waiver: The holder of a valid On Premise liquor license issued under this chapter may apply on an annual basis for a Food Service Waiver permit.

1. Annual Permits: A Food Service Waiver Permit shall permit a valid On Premise liquor licenses holder to allow for alcoholic liquor to be sold and consumed on the defined premises without the requirement of food service. Additional conditions may be added by the Village Board to the Food Service Waiver Permit.
2. Fee: The fee for the Food Service Waiver Permit shall be set and determined from time to time by the board of trustees of the Village by resolution be said board of trustees.