



## Legislation Text

---

File #: 22-0214, Version: 1

---

### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Waive the first reading and pass the ordinance amending Title 3 (Business and License Regulations), Chapter 3 (Liquor and Tobacco Control), Section 3-3-8 (Personnel Restrictions for Liquor Licenses) and Section 3-3-12 (Additional Liquor License Restrictions) of the Naperville Municipal Code to require Naperville BASSET training, fingerprinting and background checks, and dram shop insurance from third-party promoters as well as making third-party promoters liable for their employees' actions (requires six positive votes)

**DEPARTMENT:** Legal Department

**SUBMITTED BY:** Jennifer Lutzke, Senior Assistant City Attorney

#### **BOARD/COMMISSION REVIEW:**

On February 3, 2022 the Liquor Commission unanimously approved the proposed amendments.

#### **BACKGROUND:**

The Liquor Code's special event permit allows local not-for-profits to hold two fundraising events each year that permit the sale and service of alcohol for consumption on-site at the event. Illinois is a dual-licensing state, which means that liquor retailers, including special event retailers, must possess both a state and local liquor license to legally sell alcohol. Local not-for-profits will sometimes work with a third-party promoter, an unlicensed person or entity that assists in marketing, operating or organizing event.

In summer of 2021, there were several new special events in the City with new third-party promoters that were unfamiliar with the Naperville Liquor Code and Liquor Commission rules. The City received complaints about the sale and service of alcohol at those events. Thereafter, the Liquor Commission considered changes to the Naperville Municipal Code and to the Rules adopted by the Naperville Liquor Commissioner that would provide more oversight of third-party promoters.

#### **DISCUSSION:**

At its November 4, 2021 meeting, the Liquor Commission adopted a new internal rule requiring that prior to all new special events, the not-for-profit licensee and any third-party promoters attend a Liquor Concept meeting and meet with the Liquor Commissioner, the Liquor Commission police liaison, and other appropriate City staff to ensure understanding of the Liquor Code and Commission rules. The Liquor Commission also directed staff to provide additional options to establish increased oversight of not-for-profit special event licensee's use of third-party promoters. Minutes from the November 4, 2021 Liquor Commission meeting are attached.

On January 6, 2022, the Liquor Commission considered profit ratios, local BASSET training,

registration of third-party promoters, and insurance requirements. The agenda item was tabled until the next meeting. Minutes from the January 6, 2022 Liquor Commission meeting are attached.

On February 3, 2022, Legal Department staff presented proposed revisions to the Liquor Code that would impose additional requirements on third-party promoters used by not-for-profit special event licensees.

The proposed text amendment requires third-party promoters to:

1. Complete Naperville BASSET training;
2. Provide a letter of understanding which states that each person affiliated with the third-party promoter has been advised of the rules and regulations regarding the preparation, sale, service, and delivery of alcohol;
3. Undergo fingerprinting and a background check;
4. Provide evidence of dram shop insurance; and
5. Acknowledge their responsibility for the actions or omissions of their employees.

The information is required to be filed with the Liquor Commissioner at least 14 days in advance of the special event. The Liquor Commissioner has discretion to approve, deny, or approve an event with restrictions.

The text amendment was unanimously approved by the Liquor Commission. Draft minutes from the February 3, 2022 Liquor Commission Meeting are attached.

**FISCAL IMPACT:**

Corresponding increase in fees collected for Naperville BASSET, fingerprinting, and background checks.