



Legislation Text

File #: 20-271, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the first reading and pass the ordinance amending the City's municipal code by decreasing the liquor license fee for a lifestyle amenities facility and increasing the number of available Class M liquor licenses for a lifestyle amenities facility from 3 to 5 (Requires six positive votes)

DEPARTMENT: Legal Department

SUBMITTED BY: Jennifer Lutzke, Senior Assistant City Attorney

BOARD/COMMISSION REVIEW:

On October 3, 2019, the Liquor Commission unanimously approved decreasing the liquor license fee for a lifestyle amenities facility to \$250.00.

BACKGROUND:

The City has enacted the Class M liquor license ("M License") for the sale at retail and service of wine and beer at recreational and/or lifestyle amenities facilities. Recreational facilities include an art studio, indoor sports facility, golf course, bowling alley or billiards, having a minimum of ten regulation billiard table. Lifestyle amenities facilities include beauty shops, hair salons, spas, and personal cosmetic establishments. The M License provides:

- At least 60% of the recreational facility or 90% of the lifestyle amenities facility's annual revenue must be derived from sources other than the sale of wine or beer.
- No wine or beer may be sold to persons on the business premises except as a complement to the purchase of a paid lifestyle amenities service or when the recreational portion of the premises is open and available for use.
- The consumption of beer or wine is limited to not more than two beverages by a lifestyle amenities patron.
- There is not an explicit consumption limitation for recreational facility patrons.
- An annual fee of \$2,200.00

The Liquor Commissioner, Mayor Chirico, is authorized to issue fourteen liquor licenses to recreational and/or lifestyle amenities facilities. All the licenses are currently issued. Of those fourteen licenses, three are issued to lifestyle amenities facilities. The licensees are Solaria, 120 Water Street, #126, C'zar Male Naperville, 237 Jefferson Ave, and Ten Friends Blow Dry & Style House, 2720 Showplace Drive, #102.

Recently, the City learned that one or more hair salons have been serving complimentary alcoholic beverages to customers. After being notified of liquor restrictions, the hair salons expressed an

interest in continuing to allow the consumption of wine by customers. However, based on the M licensing fee, the salon owners were dissuaded from obtaining a liquor license. They indicated the fee was cost-prohibitive.

The Liquor Commissioner also attended the opening of C'zar Male Naperville. C'zar sells a limited amount of beer, because of its liquor license limitations and service model. The Liquor Commissioner suggested that the Liquor Commission consider modifications to the M License to make the fee more equitable.

DISCUSSION:

The M License currently requires both recreational and lifestyle amenities facilities to pay the same licensing fee of \$2,200. Although they pay the same fee, there are differences in their service models. Lifestyle amenities facilities are limited to two drinks per patron as a complement to the purchase of a lifestyle amenities service. There are no specific consumption limitations for recreational facilities.

Staff has spoken with Ten Friends Blow Dry & Style House ("Ten Friends") about the licensing fee. Ten Friends represented that their current alcoholic liquor costs exceed their alcoholic liquor revenue. In addition to the City's liquor license fee, it must pay for a state liquor license and Beverage Alcoholic Sellers and Servers Education Training. All licensees are also required to purchase alcoholic liquor from a distributor.

In determining a recommendation regarding the fee for lifestyle amenities facility's, consideration was given to other on-premise consumption licensing fees with lower liquor sales. Licensing fees for the Class H - Club license is \$300.00 per year and the Class R - Legitimate Theater House license is \$500.00 per year.

The attached ordinance creates two separate licensing fees for the M License. It keeps the current licensing fee of \$2,200 for a recreational facility and decreases the licensing fee to \$250.00 for a lifestyle amenities facility.

It is anticipated that reducing the license fee for lifestyle amenities facilities may cause additional salons and spas to pursue a liquor license. Since the M licenses are currently capped and the cap does not differentiate between recreational and lifestyle amenities facilities, the proposed text amendment divides the current cap of 14 into separate caps for recreational and lifestyle amenities facilities. Recreational facilities will have a cap of eleven, which is consistent with current liquor license issuance. The lifestyle amenities facilities will have a cap of five which is two more than the current liquor license issuance and allows for the availability of two additional liquor licenses for lifestyle amenities facilities.

At its October 3, 2019 meeting, the Liquor Commission voted unanimously to recommend to the City Council modification of the M License to decrease the liquor license fee to \$250.00 per year for lifestyle amenities facilities. Minutes from the September 5, 2019 and October 3, 2019 Liquor Commission meetings are attached.

FISCAL IMPACT:

A decrease of \$5,850 in liquor licensing fees for the three current lifestyle amenities facilities.