



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title: Recommendation to Approve a Proposal for a New Class D-8 Liquor License for The Painted Vine Cellar to be located at 1 West Illinois Street, Ste. 110, St. Charles

Presenter: Chief Keegan

Please check appropriate box:

<input type="checkbox"/>	Government Operations	<input type="checkbox"/>	Government Services
<input type="checkbox"/>	Planning & Development	<input type="checkbox"/>	City Council
<input type="checkbox"/>	Public Hearing	<input checked="" type="checkbox"/>	Liquor Control Commission (5/16/16)

Estimated Cost:	<input type="checkbox"/>	Budgeted:	YES	<input type="checkbox"/>	NO	<input type="checkbox"/>
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If NO, please explain how item will be funded:

Executive Summary:

This is an application request for a new Class D-8 liquor license for The Painted Vine Cellar to be located at 1 West Illinois Street, Ste. 110, St. Charles. This is a new business venture looking to capitalize on the arts and entertainment industry by offering painting classes with beer and wine sales. All paper work is in order, background checks have been completed by the Police Department as well as fingerprints have been taken, and BASSET certifications are complete.

Attachments: *(please list)*

- Liquor License Application (front page)
- Background Check
- Site Plan and Business Plan
- Menu

Recommendation / Suggested Action *(briefly explain):*

Recommendation to approve a Proposal for a New Class D-8 Liquor License for The Painted Vine Cellar to be located at 1 West Illinois Street, Ste. 110, St. Charles.

For office use only:

Agenda Item Number: 6

Date: _____
() New Application
() Renewal Application

CITY OF ST. CHARLES

LIQUOR CONTROL COMMISSIONER
TWO EAST MAIN STREET
ST. CHARLES, ILLINOIS 60174-1984



City Retail Liquor Dealer License Application **Non-Refundable**

Ordinance 5.08.050.A1

Application must be completed in full

Incomplete applications will be rejected

Business Type: Circle one Individual Partnership Corporation Other _____

Business Name The Painted Vine Cellar, LLC Sales Tax # _____

Business Address 1 W ILLINOIS ST, ST CHARLES, IL 60174 Business Phone # 630-744-9766

Contact Person John Kessler Title Partner Phone # _____

If Corporation, Corporate Name The Painted Vine Cellar, LLC

Corporation Address _____
Corporate Officers, plus Manager of Establishment, Officers must include President, Vice President, Secretary and Treasurer Or Sole Proprietor

Have you had a business within the City of St. Charles under any other corporate name: _____ Yes No
If yes, list address of business _____

Full Name, include Middle Initial John J Kessler Title MANAGING PARTNER

Birth Date _____ Birthplace Chicago Driver's License # _____ Home Phone # _____

Home Address 40 W 555 FOX CREEK DR, ST CHARLES, IL, 60174

Full Name, include Middle Initial CAROLYN L Kessler Title MANAGING PARTNER

Birth Date _____ Birthplace Chicago Driver's License # _____ Home Phone # _____

Home Address 40 W 555 FOX CREEK DR, ST CHARLES, IL, 60174

Full Name, include Middle Initial _____ Title _____

Birth Date _____ Birthplace _____ Driver's License # _____ Home Phone # _____

Home Address _____

Type of Establishment: () Package () Restaurant () Tavern () Hotel/Banquet/Arcade/Q-Center () Other PAINT & WINE ENTERTAINMENT INSTRUCTION

Check as Applicable to () Holding Bar [5.08.010-F] () Service Bar [5.08.010-O] () Live Entertainment [5.08.010-H]
Type of Establishment: () Outside Dining [17.20.020-R]

Brief Business Plan Description based on type of establishment listed above:
TEACH groups of 15-60 people how to PAINT A PARTICULAR PAINTING while enjoying a glass of wine or beer over the course of 2-2.5 hours

Initial: Liq Comm _____



Memo

Date: 5/11/2016

To: The Honorable Ray Rogina, Mayor-Liquor Commissioner

From: James Keegan, Chief of Police

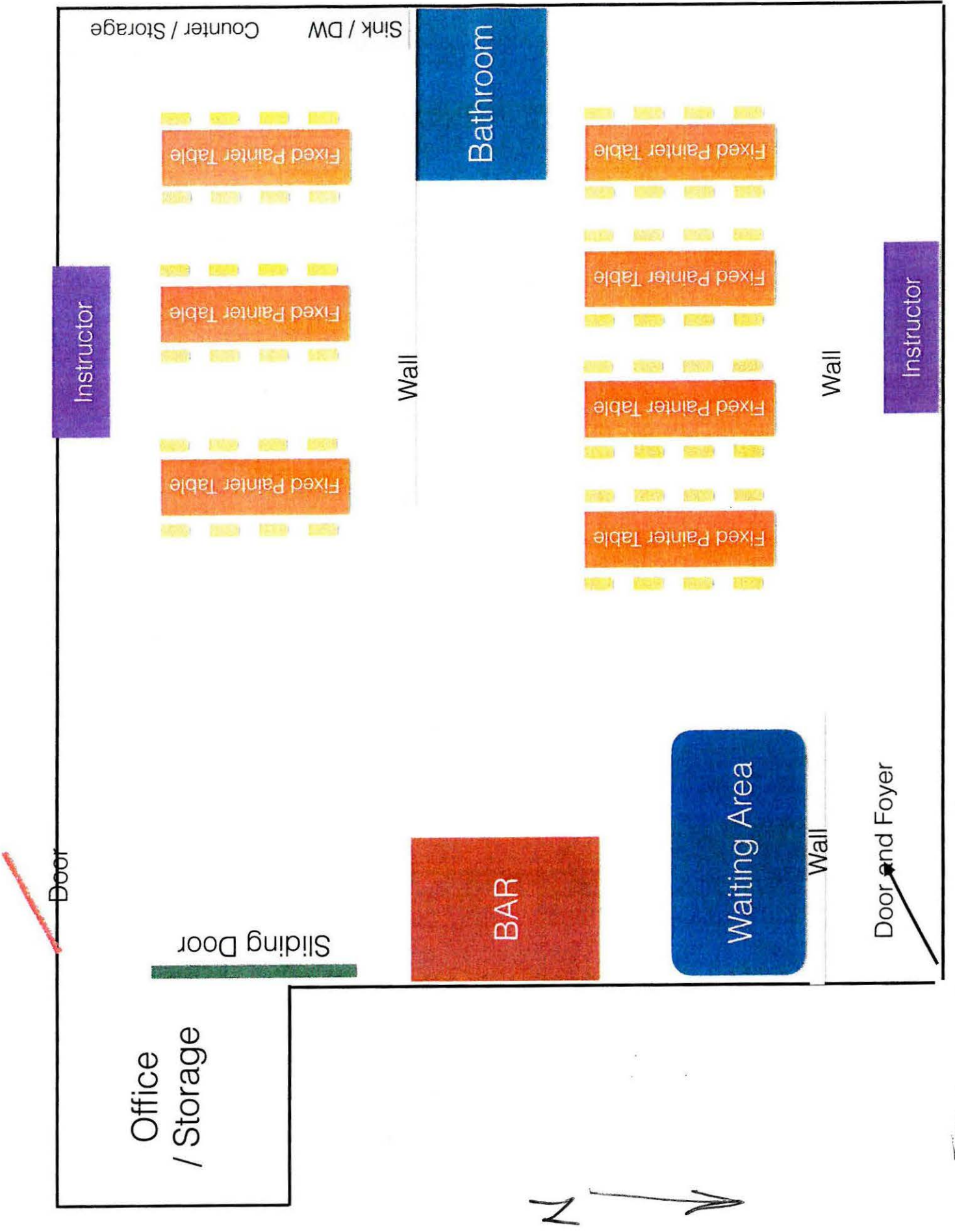
Re: Background Investigation-Liquor Establishment/D-8 (The Painted Vine Cellar)

The purpose of this memorandum is to document and forward to your attention the results of the background investigation conducted by members of the St. Charles Police Department concerning the below mentioned establishment.

The Painted Vine Cellar is a new business venture looking to capitalize of the arts and entertainment industry by offering painting classes with beer and wine sales. Other nearby municipalities have similar offering's that have proven to be successful small businesses. The Painted Vine Cellar is looking to occupy 1 W. Illinois Street, Suite #110.

A detective was assigned this investigation and reviewed both the site location/floor plans and the corresponding application material. Although we found nothing of a derogatory nature that would preclude either the site location or the applicant from moving forward with on-site consumption, the business plan submitted by the applicant does require a slight modification to our existing liquor code that will also be proposed in an ordinance amendment.

Thank you in advance for your consideration in this matter.



Office / Storage

Sliding Door

Door

Waiting Area

BAR

Bathroom

Fixed Painter Table

Fixed Painter Table

Fixed Painter Table

Fixed Painter Table

Fixed Painter Table

Fixed Painter Table

Fixed Painter Table

Instructor

Wall

Wall

Instructor

Door and Foyer



Sink / DW
Counter / Storage

The Painted Vine Cellar, LLC

Establishment Layout
Maximum Painters / Customers - 56
- 24 in Smaller Space
- 32 in Larger Space

Business Plan For

The Painted Vine Cellar

OWNERS

John J Kessler

Carolyn L Kessler

The Painted Vine Cellar

1 W Illinois St

Suite 110

St Charles, IL, 60174

630-744-9766

johnkessler@me.com

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II. Company Description

Located in the heart of the St Charles historic district, The Painted Vine Cellar will be the areas premier Paint and Sip business that offers a unique entertainment experience that is comprised of two primary components; one part entertainment, one part vocational, and one part wine bar.

Entertainment / Vocational – 2 ½ hour session in a group setting where you will create you own artistic masterpiece as guided by a trained art instructor

Wine Bar – Secondary to painting, the following drink choices will be offered; wine, sangria, beer, water, Soda

Mission Statement: To provide a unique and upscale entertainment experience

Company Goals and Objectives: To build a solid and respected reputation within the community and carefully grow the business while providing an upscale experience. The primary business goal is to minimally build a sustained rate of 8 booked sessions per week with at least 20 customers per session.

Business Philosophy: Provide customers a great entertainment experience as they create their own artistic masterpiece.

The Customer: Will cross many demographic age groups from children's parties, bridal parties, to corporate / group event, to open sessions, and etc.

Legal form of ownership: LLC with Chapter S tax reporting election

III. Products and Services

Our product consists of a service that is comprised of a 2 and ½ hour art lesson in a group session that is facilitated by a professional artist to recreate an existing painting while enjoying either wine, beer, soda, or water.

Typically a customer will arrive, get situated and order a beverage. Then, for the next hour, the paint instruction commences to a point to where the painting will need time to dry. During the drying time (about 15 minutes), customers are free to order another beverage. For the remaining hour, the painting is completed and allowed to dry. At this point, the service has been delivered and the customer leaves with her / his painting.

The list rate person, per painting session is \$40 plus the cost of any beverage consumed during the painting session. The preliminary pricing for beverages will be set at; Wine - \$7 per glass or \$32 per bottle, Domestic Beer - \$5 per bottle, Craft beer - \$6 per bottle, sparkling water - \$2, Soda or water - \$1.

Our pricing structure is set at a slight premium over our nearest competitors for three distinguishing traits that include; premium location, premium experience, and a venue that can accommodate larger parties (or two simultaneous parties) for as many as 56 painters.

IV. Marketing Plan

Market research

The paint and sip industry is a growing industry where most owner / operators are expanding. However, due to the relatively new and growing nature of this industry, statistics are hard to come by as the business classification varies by state and jurisdiction.

There are two primary areas we have looked at for information that include the expansion of the industry's largest franchise as well as visiting many independent owners' websites, both locally and across the larger United States, looking in particular at their event calendars to see how many events were booked and when they occurred over the course of the week and month.

In addition to direct observations of other similar businesses, there have been a number of press pieces about the paint and sip industry where the evidence supports this industry being in a growth mode.

Customers

The customer base target is both individual and corporate / organizational per the following:

Individual customers

- Age – 25-70
 - Occasional kids parties however, the parents remain the target demographic
- Gender – both male and female however, 75% of attendees tend to be female
- Location – within 10 miles of our business
- Income level – lower middle class and above

Business customers

- Industry – All, but repeatable industries are the prime target such as single clubs, wedding planners, any group or organization where an event booking can be repeated monthly.
- Location – Within 10 miles of the store
- Size of firm – 50 employees and larger

Competition

There are a number of competitors within a 15 mile radius with the nearest competitor located about five miles away in downtown Geneva named "Chilled Palette". In looking into the Chilled Palette, we noticed they had no issue booking 8-10 session weekly and it is our belief the St Charles area could easily support our business with minimal overlap with Chilled Palette.

It appears the type of paint and sip business model easily supports at least one entity in a smaller downtown area where more densely populated areas easily support several similar businesses.

List your major competitors: Chilled Palette (Geneva), Pinot's Palette - (Chain - South Barrington and Naperville), Bottle & Bottega (Glen Ellyn)

These along with any new competitors will compete directly with our business however with the population / demographics of the area, the impact to our business will be minimal. We will continually look for ways to differentiate ourselves from our competition by looking for every opportunity to serve an upscale experience, often revisiting this goal for new ideas / experiences to offer.

Niche

Our location and layout of our space is a key part of our niche as compared to nearby competitors as we have the capacity for both larger parties (up to 56 painters). We can also accommodate 2 simultaneous parties of 32 and 24 in a semi-private manner. In visiting our closest competitor, Chilled palette in Geneva, they were not able to accommodate two simultaneous parties without them being combined in the same space.

This advantage / capability alongside the upscale environment / experience will be heavily marketed and well presented on both our Website and Facebook site.

Promotion

There are three primary promotional paths planned that include targeted advertising on both Facebook and Google coupled with search engine optimization. In addition, there will be direct contact with organizations that could yield consistent business such as singles organizations, businesses, charity organizations, and others.

Our initial promotional budget will be set at \$750 per month for the first two months and then adjusted up or down based upon the business results.

It is also our intention to become members of the St Charles Chamber of Commerce for additional exposure and cross marketing with local business where this would be a good fit.

Proposed Location

We have signed a contingent lease for a property at 1 W Illinois St, Suite 110, St Charles, IL, 60174 for a five-year term with an out clause set at month twenty four. This location is critical to our business model in providing an upscale experience to match the areas upscale surroundings and higher end demographics.

We believe this property and the surrounding St Charles historic district will also aid in providing an upscale experience as well as leverage the traffic in the immediate area.

The facilities will be ADA compliant and easy to access with plenty of parking nearby including a multi-story garage across the street.

The contingencies contained in the lease revolve around being able to obtain a liquor license for the business, ADA compliance modifications of the current bathroom, passing a title 34 inspection, and a few small improvements to the rental space.

V. Operational Plan

The business hours of operation will be dictated by bookings against a pre-planned calendar of painting session as well as private events. As such, we do not anticipate operating any earlier than 10am or any later than 9pm. In general, we will avoid bookings on Monday's or Tuesday's and concentrate our bookings to between Wednesday and Sunday.

Staffing will be built around a two month working calendar. Each session will last about two and a half hours where there will be at least two 1099 contractor employees present that would include a paint instructor and bartender / assistant. The bartender / assistant would also be responsible for initial set-up, post session cleanup, and helping the artist through the session, and closing the business.

If we have two sessions booked simultaneously, we would double the resources two two paint instructors and two bartender / assistant resources. This model works as a majority of the session, painters will be busy with their art. Beverage sales will be largely constrained to before the session starts and about mid-session while the background colors are drying (about 15 minutes). This leaves about an hour and fifteen minutes from the time the last drinks are served to the customer departing the establishment.

Legal Environment

Describe the following:

- Business insurance, Workers Comp, and Liquor liability insurance will be requires
- Any permits for required site level work will be obtained by the landlord
- All employees will be required to complete BASSETT training for liquor liability compliance
- Formation and annual LLC compliance will be required
- Trademark for The Painted Vine Cellar is currently being obtained

Personnel

- All part time 1099 (Contractor) employees.
- All employees will be required to pass BASSETT training
- Employees have been found by networking with close family and friends. In addition, we are also contacting area colleges looking for quality students that are close to graduation with good references from their college professors
- We will pay all employees the same hourly wage that is currently set for \$20 per hour or nicely above the wages of our closest competitors in order to attract and retain trustworthy and best talented employees
- Paint instructors responsibility will mostly be limited to instructing the customers on their painting and ensuring customers are keeping up and happy. The Bartender / assistant will be responsible for opening the store, setting up the paint stations under the artists instruction, serving beverages as needed, cleanup after the session ends, and closing the store. In addition, all employees share responsibility to ensure all customers are having a good experience. We will empower all employees to provide a full refund, on the spot with no questions asked to any customer that had a bad experience in order to protect our business reputation. If a patron abuses this unwritten policy, we would then decline to take future booking from that patron.
- Work schedules will be prepared for a running two months
- We will have a formalized job description and checklist for each title.

Inventory

- Inventory will primarily consist of paint supplies including; bulk acrylic paints, canvas, brushes, easels, smocks, wine, beer, water, and soda
- The maximum inventory levels when fully stocked would be valued at around \$7,500
- Inventory lead time will need a maximum timeframe of about two weeks for delivery

Suppliers

Identify key suppliers:

- All art supplies will be provided by Dick Blick in bulk (www.dickblick.com)
- Wine will be supplied by either Lynfred Winery out of Roselle or Fox Valley Winery out of Oswego
- All beer, Soda, water, and general operating supplies will be provided by Costco
- All banking service are being supplied by Bank of America merchant services including register, credit card clearing, checking, savings, credit card, and ecommerce web purchase clearing service VIA First Data.

VI. Management and Organization

As the business owners, John Kessler and Carolyn Kessler will manage the day-to-day business affairs. John has an BA and MBA from Benedictine university, 25 years of business experience and is a retail vertical expert.

Professional and Advisory Support

- Attorney – John McGuirk and Vince Elders
- Accountant – We are working to identify a local accountant but, might need to wait until tax season ends in a few weeks
- Insurance agent – Farmers Insurance – Ronda Cady out of Hoffman Estates
- Banker – Bank of America Merchant Services

VII. Financial Model

Currently structured as The Painted Vine Cellar, LLC with tax flow through under Chapter S tax structure.

Start up costs is currently estimated at \$57,286 including 3 months of expense coverage with no revenue included. The start up costs is being funded out of personal savings.

Breakeven is about average of 2 sessions per week with 20 painters each or 40 paid customers per week.

Primary revenue is primarily booked on the website and secondary revenue is realized at the physical location through beverage sales.

The business model target is an average of 6 sessions per week with 20 painters each or 120 customers per week. This initial target is about 60-70% of what nearby competitors are consistently booking on their calendars where the goal is to reach our 6 session weekly target within 6 weeks of opening.

Monthly Expense

Rent	\$3,605.83	
Utilities	\$500.00	
Paint Supplies (canvas + Paint)	\$600.00	
Liquor License	\$100.00	
Internet + Clover	\$200.00	
Insurance	\$250.00	
Liquor / drink expense	\$914.33	
Marketing	\$750.00	
Payroll	\$3,120.00	
Supplies	\$300.00	
Total Monthly Expenses	\$10,340.16	-\$10,340.16
Annual	\$124,081.95	

Monthly Income

Sessions per week	6.00	
Average # of Painters per session	20.00	
Average Price per painter	\$40.00	
Weekly Painter Revenue	\$4,800.00	
Monthly Painter Revenue	\$20,800.00	\$20,800.00
Average glasses of wine per session	15	

Average Glasses of Wine per week	90	
Average Wine Revenue per week	\$630.00	
Average bottles of beer per session	4	
Average Bottles of beer per week	24	
Average beer revenue per week	\$132.00	
Average water / soda per session	4	
Average water / soda per week	24	
Average water / soda revenue per week	\$24.00	
Weekly Drink Revenue	786.00	
Monthly Drink Income (Wine, Beer, Water, Soda)	3406.00	\$3,406.00
Total Monthly Gross Income		\$24,206.00
Gross Monthly Income (revenue - expense)		\$13,865.84
Gross Annual income		\$166,390.05
Tax Provision @ 39.5% tax rate		-\$65,724.07
Net Annual Income		\$100,665.98

Start Up Costs

Initial Inventory (Detail in yellow below)	\$10,840.29	\$10,840.29	
Startup Costs			
Business / Liability / Workers Comp Insurance	\$832.66		Quarterly
Staff Training	\$0.00		
Liquor License Cost	\$1,250.00		
Initial Marketing	\$1,500.00		
Soft Opening (Free Classes)	\$500.00		
Legal / Organizational Cost	\$2,000.00		
Website / Integrated Payment System	\$3,000.00		
POS System (First Data)	\$1,300.00	\$10,382.66	
Occupancy Costs			
1st and last month rent	\$7,211.66		
Attorney review of lease docs	\$500.00		
Utility bill deposits	\$1,000.00		
Initial Phone and Internet	\$500.00	\$9,211.66	

Tenant Finish of space

Bar	\$2,500.00	
Wine fridge	\$1,000.00	
Beer / Soda fridge	\$0.00	
Wine racks	\$500.00	
Storage Shelves	\$500.00	
Bar Sink	\$200.00	
Dish Washer	\$400.00	
		\$5,100.00
Working Capital x 3 Months (at \$0 revenue)	\$21,751.82	\$21,751.82
Start-Up Costs	Total	\$57,286.43

Start-Up Supplies for 52 painters

7 - 30" x 96" utility Tables	\$2,100.00	
60- 24" Wood Stools	\$1,800.00	
65 Paint easels	\$687.05	
600 16" x 20" art canvas	\$1,857.45	
36 1/2 gallons of Acrylic Paint	\$556.50	
75 Paintbrush sets	\$411.75	
50 Plastic Water Cups	\$75.00	
70 Embroidered Aprons	\$840.00	
500 Paper Plates for Palettes	\$60.00	
1 500; roll of 36" craft Paper	\$65.00	
Trash Bags, Mop, Cleaning Supplies	\$150.00	
50 Bottles of wine	\$500.00	
10 Cases of beer	\$250.00	
5 Cases of Soda	\$50.00	
Teachers Easel	\$72.54	
PA System for Instructor	\$120.00	
Bose IPOD Dock for Music	\$250.00	
Security Cameras	\$400.00	
Beverage Napkins	\$20.00	
Cold Drink Cups (1000)	\$70.00	
Wine Cups (500)	\$50.00	
Wine Opener	\$30.00	
Misc Bar Supplies	\$350.00	
Paper Towels	\$20.00	
Incident Log	\$15.00	
		\$10,840.29

The Painted Vine Cellar

Drink Menu

Wine

- Various Red Wine - \$7 per glass / \$30 per bottle
- Various White Wine - \$7 per glass / \$30 per bottle
- Red Sangria - \$7 per glass / \$30 per bottle
- White Sangria - \$7 per glass / \$30 per bottle

Beer (by the bottle)

- Domestic Beer - \$5
- Craft / Imported Beer - \$6

Non-Alcohol Choices

- Water - \$1 / Bottle
- Soda - \$1 / Can
- LA Croix / Sparkling Water - \$2 / Can