

MINUTES
CITY OF ST. CHARLES, IL
GOVERNMENT OPERATIONS COMMITTEE
MONDAY, SEPTEMBER 19, 2016

1. Opening of Meeting

The meeting was convened by Chairman Stellato at 7:15 p.m.

2. Roll Call

Members Present: Chairman Stellato, Ald. Silkaitis, Payleitner, Lemke, Turner, Bancroft, Krieger, Gaugel, Bessner, Lewis

Absent: None

3. Omnibus Vote - None

4. Police Department

- a. **Recommendation to approve a proposal of a Massage Establishment for Tapped in Massage & EFT to be located at 311 S 2nd Street, St. Charles.**

Chief Keegan: This is recommendation to approve a proposal of a massage establishment for Tapped in Massage & EFT which stands for Emotional Freedom Technique to be located at 311 S 2nd Street, St. Charles. Dana Seite is here this evening. This went before the Liquor Control Commission earlier this evening and the applicant is seeking to occupy a space in a multi-tenant building on S 2nd Street that also is the home of Claney Photography, American Family Insurance, and this particular applicant will sublease some space from a Tiffany Lewis Skin Care. We've looked at the site and screened and vetted the applicant. This is an appointment only massage facility, so it does not meet the requirements of a reception area. This woman specializes in massage therapy and EFT which is similar to acupuncture.

Dana Seite, 311 S 2nd Street, St. Charles – no questions from committee.

Motion by Ald. Payleitner, second by Silkaitis to recommend approval of a proposal of a Massage Establishment for Tapped in Massage & EFT to be located at 311 S 2nd Street, St. Charles.

Roll Call: Ayes: Gaugel, Bessner, Lewis, Silkaitis, Payleitner, Lemke, Turner, Bancroft; Nays: Krieger. Chrmn. Stellato did not vote as Chairman. **Motion Carried.**

- b. **Recommendation to approve a proposal of a new Class A-2 liquor license for CVS Pharmacy #10660 to be located at 1500 Lincoln Highway, St. Charles.**

Chief Keegan: This is a recommendation to approve a proposal of a new Class A-2 liquor license for CVS Pharmacy #10660 to be located at 1500 Lincoln Highway, St. Charles. With us

this evening from CVS is Mr. John Voight. This also went before the Liquor Control Commission earlier this evening. The store is opening up on September 25. As you know this site formerly housed and occupied a bank and CVS undertook a very aggressive construction schedule to erect and occupy the building. There's a tentative occupancy permit that has been offered by the Fire Department and they are stocking as we speak. This is an A-2 classification which requires 10,000 sq. ft. for alcohol sales and other products as defined in our code. CVS is 13,250 sq. ft. and the code also codifies that no more than 10% of their retail space can be dedicated towards alcohol. I did a couple of site visits and there is 250 sq. ft. of which one aisle has alcohol with beer coolers and about a half aisle of wine products. I have yet to see spirits be stocked on the shelves and CVS will make that decision at a later date, but as of right now its beer and wine. They are also asking the Mayor in his role as Liquor Commissioner to grant a 30-day temporary license. It's allowed within the code and due to the aggressive construction schedule and the fact that we didn't have an August Liquor Commission meeting, CVS has asked the Mayor to grant that 30-day license. We've done this in the past with Pheasant Run and some other entities during my tenure.

John Voight, 1500 Lincoln Highway, St. Charles which is the new location of the CVS store.

Ald. Lemke: What's the intersection there?

Mr. Voight: Rt. 38 and 14th Street.

Motion by Ald. Turner, second by Bancroft to recommend approval of a proposal of a new Class A-2 liquor license for CVS Pharmacy #10660 to be located at 1500 Lincoln Highway, St. Charles.

Roll Call: Ayes: Gaugel, Bessner, Lewis, Silkaitis, Payleitner, Lemke, Turner, Bancroft; Nays: Krieger. Chrmn. Stellato did not vote as Chairman. **Motion Carried.**

c. Recommendation to approve a proposal of a new Class B-3 liquor license for Copper's Hawk Winery & Restaurant to be located at 3710 E Main Street, St. Charles.

Chief Keegan: This is a recommendation to approve a proposal of a new Class B-3 liquor license for Copper's Hawk Winery & Restaurant to be located at 3710 E Main Street, St. Charles. We have representatives here tonight from Cooper's Hawk. This is an exciting addition to our east gateway. Cooper's Hawk is the contractor purchaser and have already started construction with one of the out lots outside of the Quad. This is a business model that has been very welcomed in the Chicago metropolitan area. It's really two businesses under one roof. It's a high up-scaled restaurant with a wine store/winery attached. This too was presented earlier this evening at the Liquor Control Commission meeting and received a favorable recommendation to move forward. Two notes to mention is that they are seeking a 2:00 a.m. late night permit and we did classify and codify this new license and the cost of the license is \$1,800.00 which is about one times the price of a typical license and the thought being that's it's two different functions under one roof.

Jenn Kaufman, 1551 Raymond Drive, Naperville, IL 60563, Director of Development Operations for Cooper's Hawk.

Ald. Turner: When is it going to open?

Ms. Kaufman: Barring any severe weather conditions, it should open late spring.

Ald. Lewis: There was one issue that came up at the Liquor Commission meeting tonight and I think we decided to see just what happens and that was because you have a 2:00 a.m. license, does that mean that you can still buy packaged liquor at 1:00 a.m. Right now I think we're silent on that and we thought that's okay for now but something to keep in mind as we move forward. You've had no problems with other establishments and we don't expect any here, but the way it's written you probably could go buy a bottle of wine at 1:00 a.m. if you wanted to. I just wanted to say that we did address that.

Motion by Ald. Gaugel, second by Silkaitis to recommend approval of a proposal of a new Class B-3 liquor license for Copper's Hawk Winery & Restaurant to be located at 3710 E Main Street, St. Charles

Roll Call: Ayes: Gaugel, Bessner, Lewis, Silkaitis, Payleitner, Lemke, Turner, Bancroft; Nays: Krieger. Chrmn. Stellato did not vote as Chairman. **Motion Carried.**

d. Overview and discussion related to City Code Class C licenses.

Chief Keegan: This is a preface for what we're going to talk about for item e. Earlier this evening at the Liquor Control Commission meeting we had an off-line discussion regarding item e, which is the Global Craft Tap House, about our classifications. I will start with some basic comments. The liquor code has been a labor of love since I arrived here 27 months ago. Lots of work has gone into it not only from staff perspective with Tina and of course the Police Department and the Mayor and foundation and creation of the Liquor Commission as we now know it today. That being said, as business models change and things develop as far as themes with the restaurant and bar industry, we've seen a lot of interest as of late with breweries coming to see us as you see in downtown Geneva and surrounding suburbs: craft beer operations. With those business models has been a paradigm shift and if you draw your attention to the Executive Summary there are a couple of different classifications I want to brief the committee on.

- Class A which we did with CVS is a packaged liquor store or retail establishment.
- Class B in laymen terms is a restaurant.
- Class C is typically a tavern.
- Class D is usually larger complexes such as Pheasant Run, Q-Center.
- Class E are special events licenses.
- Class F is our BYOB.

I'd like to draw your attention Classes B & C. Who is classified as a B or C and why are there problems. Under C licenses it clearly defines what separates a tavern from a restaurant. Some of

these businesses have food services but not all. A'Salute has a full kitchen and food service, so does the bowling alley, 2nd Street has a small kitchen. Pub 222 is listed as a C but their original classification was a B. The House Pub is one of the only Class C licensure that does not have a commercial kitchen. In fact they only serve popcorn. Drawing your attention to what we recently have approve that hasn't open yet is Prohibition St. Charles which does not have a kitchen, followed by Dawn's VooDoo Room which is the old Acquaviva and then tonight Global Craft Tap House.

If you look through restaurant, tavern, bar, and saloon it has different variations of what food service means. Is it hors d'oeuvres, is it snacks, popcorn and anything in between. When you have a liquor code as in-depth as ours and the amount of liquor licenses that we have in St. Charles which is just about at the century mark, it is very tough to codify every nuance and every business model. That being said, we've done our best to work with the ones that have come in recently. This evening you are going to hear from Global Craft Tap House. It's not a brewery but a craft beer tavern or bar. We've seen a lot of interests of these of late. Their niche in the market is that they target craft beer connoisseurs like what we had in Lincoln Park earlier this summer. They stock about 250 bottle beers and 50 tap beers. They allow people to order food from the outside and have it delivered into their establishment. It's a little bit different, so as you hear his business model which is being adopted from the St. Louis metro area up our area, it's unique to St. Charles but it's not unique to our region. Penrose in Geneva is more of a brewery. They distill and brew on site, but there are variations of this business model throughout the Chicagoland metropolitan area and this is the first we've seen in St. Charles and I think it's the first of many. So as we get ready for the next discussion, I want to open up any questions or concerns that the committee might have in reference to C classifications and how we define or further explain tavern, saloon, bar, restaurant, etc.

Ald. Lewis: In my opinion the definition is very clear of what a tavern, bar or saloon is in our ordinance that was just adopted in 2015. My time on the Council it's been that ordinance so I think this has been a strong history of this Council to require that there be food served. Where it says in the event of full menu is not provided, a reduced menu; and we've had conversations over the last several years of what that entitles. In my opinion it was more than a bag of potato chips that was going to be served. There was going to be some sort of food served. I believe this paragraph with the definition tavern, bar and saloon is very clear and it's redundant to keep using it again, so that's why they do definitions. I went to the 1934 liquor statute and they did the same thing. They have a list of definitions and then don't keep repeating it. We all know what a tavern is, a bar is and a saloon is. I feel this proposal really needs to have a kitchen to have a facility that is going to serve 200 patrons and not provide any form of food other than packaged snacks. I think that is not in compliance with our city ordinance as we have it written at this time.

Ald. Bancroft: I have a different read of this. It doesn't say kitchen.

Ald. Lewis: How would you then prepare food?

Ald. Bancroft: You could have delivered in, have packaged food, have popcorn. It just doesn't

say it, I don't see it.

Ald. Turner: I'm just trying to see where there's a second level. Where is this located?

Chief Keegan: Its 2100 Prairie and we'll get to that in the next agenda item but it's where Bud's Sport Bar and Real-time Sports used to be. It's just east of the new cleaners.

Ald. Turner: I didn't realize that was a two-story building.

Ald. Payleitner: I'm reading it and you're right. It doesn't per se say kitchen but it does say a menu and in the event of a full menu, provide a reduced menu. I think the intent of the law is not a popcorn issue. I think the intent of the law is not just to have a liquor service only type of business. To hear that the House Pub only has popcorn came as surprise to me. I would like us instead of turning a blind eye to this, do what the ordinance says. I would like it that we insist on compliance and I think this is not like a little corner bar. This is a ginormous place that hopes to serve upward almost 200 people. I think it should have food service and that's not what they're offering. They're offering to bring in your own food, that's what their business plan is but we can talk about that later. In how stringent this body has been in demanding that there's food service with alcohol and now all of a sudden saying well that's not really what we meant. I have an issue with that. It looks pretty clear to me that the intent was we serve food with alcohol here in St. Charles; otherwise it's more than a popcorn issue. If they have a popcorn machine on the menu than I'll argue with you.

Ald. Silkaitis: The House Pub only sells popcorn, how did that get through when the ordinance states, and I have to agree with some people, that it states you have to have some food service or a menu.

Chief Keegan: In dating back to 2009, it's been that way. The House Pub and the Arcada, for another example, they allow food to be brought in. It's not uncommon for people to have a pizza delivered from Riverside Pizza. When Ron is doing shows at the Arcada, he does not have a commercial full service kitchen; so oftentimes he works catering deals with various St. Charles' restaurants. The House Pub offers complimentary popcorn but like this model, if pass, allow food to be brought in from other St. Charles or other area vendors. The litmus test I use when someone comes in and submits an application is my staff and I look at other St. Charles' businesses, such as, Dawn's Beach Hut is classified as a B. Why is that a B? She started as a sandwich shop and that business model didn't work for her, so she morphed into what we know today which is a specialty drink operation that does not have a commercial kitchen. Not each and every location has a full kitchen. The winery on Fox Island Square has a small patio that serves cheese and crackers and small snacks, or Dawn's Beach Hut that has finger food or bar snacks, or the applicant that is coming up next. There is some sort of food served at every establishment, but the range of the spectrum is pretty wide from a full service commercial kitchen with a vent hood and everything that the Health Department requires; to folks allowing restaurants to come in and deliver like the Arcada or House Pub, or small snacks like the VooDoo Room, Dawn's Beach Hut, and the Wine Exchange on Fox Island Square, etc. We have 100 or so liquor licenses and we have a pretty wide spectrum.

Ald. Silkaitis: According to my interpretation of the ordinance, the House Pub is not in compliance, yet we've approved it so therefore we've open the door to allow other ones in. Do we need to rewrite this section of the ordinance or grandfather them in? I don't know.

Chief Keegan: As a staffer I will defer that to the will of the Council or committee, but I can tell you when I say a labor of love, I really try to be business friendly and work with each and every applicant, and oftentimes I'll reach out to legal counsel, but as I've seen business models change especially with breweries/craft beers – and we're going to have a winery come forward in the next month that just presented earlier this evening. We're starting to see a shift in business models and how people want to operate and what the Millennials are looking for. These craft beer operations aren't \$3.00 draft beers. These are high end craft beers where people are going for an experience similar to what we've had at Lincoln Park. They're \$7 - \$8.00 beers.

Ald. Bancroft: Again in reading the language, I disagree Ron, I think it's a jump to say someone is not in compliance when you have the word snacks in the ordinance. I'm just pointing out the language. It doesn't require a kitchen. It doesn't say those words and it does talk about providing a menu, but it doesn't say that menu has to consist of food being prepared at that establishment. To the extent that there was a menu at a restaurant next door or down the street, I'm just curious do people find that objectionable on the Council – is that objectionable to anyone?

Ald. Lewis: I do find it objectionable. I think it's getting very confusing and my concern is that we'll now have many places for drinking that will offer no food; and you can bring in your own food, I can't figure out how this is going to work very well. Establishments bringing all this different food in, we call it BYOF "Bring Your Own Food". What's the purpose of bringing in restaurants if everything is going to be takeout and brought in to a drinking establishment? I can't figure out in my mind how that's going to work out smoothly.

Ald. Bancroft: So to me if there's a menu there and someone can order food, whether the food is actually prepared in that establishment or prepared next door; as long as the availability is there, that's seems to me to solve this issue. If we want to police taverns going forward, drinking establishments, I don't think deciding based on whether there's a kitchen or not is the right criteria. That's my own thought. The existence of a kitchen shouldn't dictate.

Ald. Payleitner: The kitchen dictated the size of the establishment. Dawn's doesn't have a kitchen but she's got a toaster oven that she heats up pizzas. So if she has a menu that shows pizzas as her offering than good for her. I'm just saying an establishment, hypothetically the next item on the agenda, if it's going to seat 200 people, a toaster oven and a bag of popcorn isn't going to do it. That's my point.

Ald. Lewis: I think historically when we were trying to get away from this image of being a bar town, that was part of the problem; there were a lot of bars that didn't have food. I believe that's why that was put in there with the intent that's it's midnight, you're still open, this one will be asking for 1:00 a.m. license; that's there something there that they can feed the patrons if they request it. Some of these sandwich shops are closed at 10:00-11:00 p.m. So there's no

availability to get any food and they don't have it on premise. I'm comfortable with requiring a substantial type of food rather than just popcorn. If we're going down this path where nobody needs to have food in an establishment, I just believe it's the wrong direction for us to go.

Ald. Bessner: How will it be determined to tie in the Class C with video gaming in regards to a menu or no menu of serving food?

Chief Keegan: Our bearing locally is they must be in existence for 12 months. Serving food is not a requirement of the state code or our local ordinance. They have to have a state liquor license, be in good standing with the City for 12 months and have a classification of B, C, or D. We can't allow video gaming in a BYOB establishment or in a package liquor store. They are only allowed in truck stops and consumption on sight licenses which are a B through D.

Chrmn. Stellato: It sounds like we are coming down to the text. Is the text clear enough that we can make a determination based on what the ordinance says today? Obviously we have our attorneys here tonight to discuss and review that. One of the things that I think we want to consider is that you mentioned Penrose brewery and that's a tasting room. They are very popular and are popping up all over the place. They literally do not serve any food. People bring in pizzas or subways, it's a neighborhood place, they walk in and bring their meals with them and drink there. I agree with you Chief that it is the wave of the future of where things are going. There's also another establishment in Geneva called Fox River Distillery on the east side of Kirk Road and actually brew their own Bourbon and I don't believe they serve food either. I guess it's a matter of do we want to make the text reflect what the market's going to be going forward or do we want to say this is how, as Maureen said, this is how we control image environment. It's really one or the other but I think you're going to see these establishments continue to pop up. There's an insurance agency that has a special part of their group do nothing but craft brew places and do nothing but insure those folks; so it's become that popular. Our question is 1) what do we want to do with the text and does it say what we want it to say and 2) how does everyone feel internally in that do we want to allow this to continue in our community or not?

Ald. Payleitner: I don't see the Arcada with what they do or a tasting room as the same thing. I see that can be addressed down the road. A brewery with a tasting room is different than a bar that offers 200 kinds of beer.

Chrmn. Stellato: That's where you draw the line is with seating capacity?

Ald. Payleitner: No just what it is. A tasting room is where you're going to taste what they are offering on their taps. That's different and by nature it's a smaller establishment. The Arcada is an event venue. I don't see it as being the same kind of thing. I agree with Maureen that she said the intent of this was that we don't become a whole line on Main Street with just bars. We want to have a full entertainment experience and that would be a food offering not just a saloon down the street; whether or not you eat, that's your option, but at least with the menu there it's a different kind of atmosphere which is why I think the intent of keeping the food in the ordinance is what it needs to convey.

Ald. Lewis: I looked up Penrose on line and they have very limited hours. They close at 9:00 p.m. They open at 1:00 p.m. They're not open on Mondays. I've been to the Two Brothers that is a restaurant connected to them. I understand there are these craft breweries and they are popular but the ones I've been to have regular restaurants with them or this Penrose that we like to talk about – 9:00 p.m. they're closed. This is a 1:00 a.m. license every night; they said they'd have entertainment in there. They also want to use their patio. Our ordinance is written that also liquor cannot go out onto a patio unless there is a menu and food service. So I think we have a lot of moving parts here that need to be figured out before we move forward.

Chrmn. Stellato: I agree with you on your point about the hours, that's important, but what I think what we're getting to is we might have to develop another license classification for something like a tasting room. It needs to be defined. We heard hours, size, and menu. I guarantee they are not going to serve a lot of food. Two Brothers is one of the exceptions. They're wildly successful. They took over the Round House but most of them are just a couple of large tanks where they brew the beer and a small tasting room. So those are things we have to start looking at as well. I'm trying to figure out where the line is drawn between something like that establishment and this establishment and how we define that and does it reflect in the text or does it not. This is something we should take a look at.

Ald. Payleitner: I agree also and there was discussion at the Liquor Commission meeting of what was the precedence. Why would A'Salute carry any kind of menu items going forward. What would be their motivation to have that added expense or any of these places to be compliant when they received their license.

Chrmn. Stellato: How does Pub 222 fit into this? I eat there all the time. Can you clarify that for me?

Chief Keegan: It's the same example as I gave about Dawn's Beach Hut. She was a B and transferred her business model to more of a specialty drink establishment and she was already licensed. Pub 222, some of that had to do before my time started here, whether it was live entertainment or not and to Ald. Lewis' point, a Class C1 license, if you're going to have an outdoor sales area or patio, it requires food service but once again food service is vague. A C2, I want to read this into the record, "shall authorize the retail sale of beer and wine only for consumption on the premises of a tavern, bar, or saloon," and it makes no mention of food. In the definition it does but it doesn't really define what that is. I used this analogy at the Liquor Commission, I tell my young police officers that we need to work within the letter and the spirit of the law and must work in concert with one another for us to be successful. When people come in and see me about a liquor code question, Tina and I sometimes rack our heads to think what classification does this meet, what's our past practices, what are we doing now, how are we going to adopt this to the committee, Liquor Control and City Council; and that sometimes is a struggle for us. We try to look through every nuance to make sure that we are within that spirit and letter of the law and they balance one another but yet to your point Chrmn. Stellato, we keep revisiting the liquor code, whether it's the B3 for Cooper's Hawk, we did a F classification for BYOB, we had an E licensure for special events, I can keep going. It seems every time a business model comes in I've actually written proposals for salons, breweries, etc. At what point

does it stop; so oftentimes that our struggle. What's our best practice? What are they trying to do and where does it fit?

Ald. Bancroft: Instead of expressing what the intent is why not sort of adapt? I look at this language and I come up with the exact polar opposite intent. There is an exclusion that says in the event a full menu is not provided, a reduced menu which includes – uses the word snacks – shall be available. I think if anything, this language argues against their having to be some kind of menu.

Ald. Lewis: I disagree.

Ald. Payleitner: I agree with you and in my five years on the Council when this has come before us, I think the intent of the law is to have food, not to avoid food. That's what my understanding is of the intent of the law.

Ald. Turner: Okay, he's asking for a Class C but there's three different Class C's. It sounds like what he has right now is classified as a C2 but then again he wants a patio in the summer; so that's where he gets in trouble with just a C2 because when you say he wants a C license – which one is it?

Chief Keegan: We have to be vague because we wanted Council approval and that's what this great debate is about. With that do you want me to go ahead with the application that's in front of you?

Chrmn. Stellato: We do not have to take any action on this item tonight. This is more for discussion and a very healthy discussion. We can then bring the applicant forward and decide at that time if you want to move forward or not; or we go back and draft some wording.

Atty. McGuirk: I think there is somewhat of a conflict between the definition of tavern and stated definition of Class 2. One of the problems that Ald. Bancroft pointed out is you certainly don't have to have a kitchen – that's a given. You do have to have some sort of reduced menu but then it doesn't say how reduced. It seems like you can have a menu under the definition that's pretzels and peanuts. I know it doesn't satisfy a lot of people in terms of the intent, but it really doesn't tell you what that menu should be. I think that's the problem. If we're going to start approving everybody's menu, maybe you got to think about that, if that's where this reaches to. I think the intent is they serve some kind of food and unfortunately it doesn't tell how much.

Ald. Payleitner: I think historically that's why a lot of these liquor applications you see menus attached because it was assumed they needed to have that for approval.

Ald. Lewis: I think we have something similar for this under restaurant and then again under tavern. Also there's a definition of the word meal that I can't recall off the top of my head in the state liquor code also about what a meal actually is. So they do get a little specific in some areas.

Chrmn. Stellato: Are we okay to have the applicant come forward and either try to get him to

put a kitchen in or try to figure out what to do. I have no idea where we're going with this. Are you okay with moving forward?

All: Agree.

e. Recommendation to approve a proposal of a new Class C liquor license for Global Craft Tap House to be located at 2100 Prairie Street, St. Charles.

Chief Keegan: This is a recommendation to approve a proposal of a new Class C liquor license for Global Craft Tap House to be located at 2100 Prairie Street, St. Charles. This is a concept that is being brought to St. Charles from St. Louis area. Mr. Newton is a franchisee operator and this particular enterprise operates in two suburbs of St. Louis and one in Iowa. There are about 250 beers that are offered along with craft wines. There'll be a small soda selection. It's about 4,000 sq. ft. and it's important to note that the occupancy load will be determined by the Fire Department, so the architect did do some renderings that are in your packet, but once this is approved and the Fire Department and Community Development work on site plans, it will be the final word from the Fire Department on what the occupancy load is. Mr. Newton has worked extensively with the franchise to expand this operation into the greater St. Charles area.

Mr. Geoffrey Newton, franchisee for Global Brew at 2100 Prairie Street, St. Charles.

Chrmn. Stellato: Geof you heard the discussion and you see we are kind of torn on this issue of which way this is going. How can we get you to put a kitchen in and will you; and if you won't then we'll have to continue the discussion further?

Mr. Newton: The franchise, on a whole, does not have plans for a kitchen. They are doing a test program to come up with a backless convection oven food program, but they're not going to roll it out until they have a quality product that they want to provide for our customers who also like quality beer. I have, since the last meeting, spoke with the CEO and he has no problem with offering a pre-packaged sandwich menu until that operation rolls out.

Ald. Lemke: Would you have that opportunity here in St. Charles of pre-packaged sandwiches offer? Also would you consider having menus of nearby establishments arranging some kind of cooperative venture?

Mr. Newton: I'm glad that you should bring that up. All these locations do keep a binder/menu of all the local establishments that they want the customers to support their community. They keep them on hand and the landlord is also working on my lease because he has a sister company that runs the Urban Counter restaurant and he wants his menu provided as well to the customers.

Ald. Payleitner: Do any of those Urban Counters have kitchens that are open until 1:00 a.m. for what your license is to be?

Mr. Newton: I'm not sure but there are many 24-hour food places available.

Ald. Payleitner: That will deliver to your establishment? Probably not.

Mr. Newton: That's where our in-house offerings will fill that void.

Ald. Lewis: I really do have some real problems of food safety handling. When you go into a restaurant you have certain expectations that your table is going to cleaned after the person who just sat there before you ate. So they have bussing and cleaning of the tables. Are you prepared to have all that?

Mr. Newton: Yes, the staff maintains them perfectly.

Ald. Lewis: But there's no check and balance on that food safety where our other restaurants do have to go through a check from time to time. I just do really worry about the food safety issue of people coming in/out with different allergies that they have; there's just a conglomerate of different kinds of food from different places without a real oversight for it.

Ald. Gaugel: For clarification, do you plan on only serving beer or will you serve spirits and other alcohol?

Mr. Newton: Only craft beer and wine.

Ald. Gaugel: So that C2 license would be appropriate in this scenario with the exception of that outdoor patio – that's the caveat there. So one of the things that was discussed was we're trying to make some parallels to other communities and businesses and Penrose came up. Your business wouldn't be able operate if it were to close at 9:00 p.m. – correct? This is a unique application and how do we fit it in? There's a lot of ambiguity and I feel the Chief's consternation on how do we really categorize this? With that said I have no problem with you coming into town. It would be welcomed from my standpoint, but where do we classify it is really the problem here.

Ald. Silkaitis: You said in the executive summary that we really don't have all the information here to complete the application?

Chief Keegan: If you do, in fact, move this along to City Council, it would be contingent upon successful completion of a background, hiring a manager, BASSET training, dram shop insurance and occupancy permit from the Fire Department and Community Development. What we're asking for now is a concept approval, but as far as the fine line approval that would be contingent.

Ald. Silkaitis: But the application is not complete – correct?

Chief Keegan: To settle your nerves on that what we've done in the past is he wants to sign a lease and he's negotiating that as we speak. Obviously he doesn't want to do until he gets a definitive answer from a liquor license standpoint.

Ald. Silkaitis: In reading the application, it says incomplete applications will not be accepted. It says there are sections missing, so how do we approve this license if we don't have all the information?

Chief Keegan: The only thing missing from my perspective would be the local manager, signed lease, and occupancy permit, but that's something we've done, for instance, Cooper's Hawk would be an incomplete application since they still have a shovel in the ground.

Ald. Turner: So if we grant him a C2 license right now and in the summer he wanted to expand with some food service to the outside, if he does get food service, can he come back here and reapply for a C1 which requires food service?

Chief Keegan: I would defer to Tina or Atty. McGuirk as I have not had this happen in my tenure here.

Tina: Are you talking about reclassifying someone's license mid-term? I have handled 2 or 3 businesses that have bumped up their license, such as, Pizzeria Neo was a B restaurant but then transferred over to a B2 which allows them to sell unopen bottle wine with a take-out meal and they came forward and had their license class changed and were charged the additional increase for the B2 license.

Ald. Turner: Okay, because they won't be serving food in winter but by next spring when you decide to open a patio that would be a difference.

Mr. Newton: Understood.

Ald. Lewis: Will there be a dance floor?

Mr. Newton: No. The only entertainment would be a guy playing a guitar or old rock band.

Chrmn. Stellato: The question is where you're going with the additional approval, if someone would make a motion either against or for and if they make it for, it would be conditioned upon Geof getting a manager and employees, would it allow us any more leeway as far as the wording on the license, or if we give it conditional approval does that mean it's a C2? Is that what you're looking for? In other words, I still think it's a risk for you Geof as you're negotiating a lease right now and making a commitment. We give an additional approval that can change by the time it comes to a final vote. I'm not sure; the conditional approval may be more of a straw vote than anything else. I don't know if a motion, and I'll ask counsel on this, if a motion is going to be any more binding than just what's everybody's opinion up here on a straw vote.

Chief Keegan: To Ald. Silkaitis' question, oftentimes I can use a whole slew of examples, we would issue a license contingent upon some of the covenants I talked about and oftentimes that conditional license with those contingencies in place, such as Alexander's we issued the license well before they moved in. We didn't actually hand them the license. Tina holds that license once it's approved and once they get their occupancy from the Fire Department and they pass all

their contingencies that we set in place, they pay for that license and then tendered that license. It's not an uncommon practice to pass a license six months or longer than that of an opening.

Tina: I'm actually holding the Prohibition license that was approved a few months ago and it still sits in my office.

Chrmn. Stellato: For Geof here, this isn't a final approval; we're looking for a conditional approval. This will come back to us and at that point, depending on everyone's opinions that could change. I'm just trying to get a feel for exactly what we're trying to accomplish tonight.

Atty. McGuirk: Mr. Chairman, I don't think it will come back to you. In the past if it meets the conditions, I think it's issued.

Chrmn. Stellato: That was more my question that if we vote tonight on a C2 than it's a C2 or whichever one we choose.

Chief Keegan: Once again letter of spirit, C2 meets to Ald. Gaugel's point because he's only going to have consumption on site for beer and wine, but the patio piece bumps it up to a C1 even though he is not going to offer spirits because he has the outdoor patio.

Chrmn. Stellato: That's my question is there enough votes here tonight to agree to do some form of C license to move this forward on conditional approval. That's the question of the day.

Ald. Lewis: I appreciate he's before us before he signs a lease but in the past that hasn't always happened. I think we move forward if this is a trend that's coming and we're going to see all these people wanting licenses that just serve craft beverages with no food, I think we need to have our verbiage right. Some people think a definition doesn't mean anything and others do.

Ald. Gaugel: If we were to approval a motion for Class C2 liquor license, would that be sufficient for you because you do want to open that outdoor patio; so if we were to approve that, it would allow you then to sign your lease, do your due diligence to do the inside, and then possibly in the spring, reapply for the C1? Could he do that in the spring? There's no duration in changing from a C2 to a C1 is there?

Ald. Bancroft: Said another way from Chrmn. Stellato's point from a risk standpoint of you opening a business, if we were to approve a C2 license does that get you over the hump to get you to spend money, sign a lease, and you know you have do a changeover if you want to do the outdoor patio or the outdoor patio becomes not an option?

Mr. Newton: As far as the lease there is already contingency that's it's only going to be active once the obtaining the liquor license. The patio, to me it doesn't seem that unless something changes, the verbiage that we've decided on now doesn't make any difference because I'm going to have a reduced menu, which according to what I've been hearing, is sufficient for a Class C1.

Ald. Payleitner: So that's one of the contingencies that you'll have a menu?

Mr. Newton: Yes.

Motion by Ald. Turner, second by Lemke recommend to approve a proposal of a new Class C1 liquor license for Global Craft Tap House to be located at 2100 Prairie Street, St. Charles.

Ald. Payleitner: Define please, just for me, in conjunction with food service; does that mean a popcorn machine or pre-packaged sandwiches? Food service means you serve food – right? Sounds more than BYOF, you're going to have food service.

Mr. Newton: Pre-packaged sandwiches and/or microwaveable sandwiches.

Ald. Silkaitis: Should we put that in the ordinance? This ordinance is vague right now and we have a lot of different opinions on this. If this is what we want, do we put it in this specific application?

Chrmn. Stellato: As part of the conditional approval – is this what you're asking for?

Ald. Silkaitis: Yes.

Chrmn. Stellato: Is the first and second willing to agree to an additional approval of that?

Ald. Turner/Lemke: Yes.

Ald. Lewis: If I may make a comment, I think that some point in time, I appreciate we are trying to accommodate every person that comes in front of us, but there comes a time when that's not always possible to do or our police staff are going to be rewriting all day long for everything that comes along. Sometimes it just doesn't fit in to what this community is trying to accomplish.

Ald. Bancroft: My response to that is make the language of the statute clear.

Ald. Lewis: But then it will change again because someone will come forward with something else.

Ald. Silkaitis: I've heard from legal counsel that it looks vague enough that we can allow it, but yet I disagree with Todd's interpretation of it, but these are interpretations according to our legal counsel and his interpretation is that it's allowed; so what do you go with?

Chrmn. Stellato: Can we ask staff to look at this issue to try and get the text more comfortable with it. I've been here a long time and we change it from time to time – it's part of the deal.

Ald. Lewis: I know but people want us to represent their thoughts and ideas basically too. This is in my ward and neighborhood. It backs up to residential and I'm going to hear about this. With 200 people, they worry about traffic now on Prairie Street and now we're going to have 200 plus with cars. This is going to be a big place.

Mr. Newton: The size is misleading. We have to account for bathrooms and bar area. The actual seating area is 2,500 sq. ft.; and again the allowable capacity is going to be up to the Fire Department and I doubt that we'll have a packed house that often.

Ald. Lemke: We asked the Chief if he had an objection to modification at this time to make it clear that we are talking about sandwiches to that effect.

Chief Keegan: I know there's some angst on the City Council about any liquor license that comes through for you but have solace in the fact that we monitor our locations. We've proven that amongst the last number of years between the Liquor Commission and what we do. We monitor locations closely and if there are violations of our ordinances, inappropriate behavior, over-service, etc., the licensee is held accountable. When I make a recommendation, I go over very clearly that they are going to be held to a standard that we won't tolerate some of the shenanigans that have gone on in yesteryear.

Ald. Payleitner: But what happens when we see things like the House Pub with popcorn, kind of a fine line, what happens then? What happens that Dawn does not have a patio which is required by our ordinance? What happens then and the same thing with the wine place? Moving forward – what happens?

Chief Keegan: We do the best that we can. We've done a lot of measures, for instance, each and every application goes to every city department, we're doing a lot of things collaboratively amongst ourselves to make sure we dot our i's and cross our t's; whether it's rewriting the liquor code, involving more input on zoning, fire department safety, etc., but when push comes to shove, once it's approve the onus is on me and my staff in doing what they can to have responsible business owners and I'll make sure that happens.

Chrmn. Stellato: I will try to restate the motion which is:

Motion to approve a C1 liquor license for Global Craft Tap House also contingent upon serving pre-packaged sandwiches made and prepared in a microwave.

Roll Call: Ayes: Gaugel, Bessner, Silkaitis, Payleitner, Lemke, Turner, Bancroft; Nays: Lewis, Krieger. Chrmn. Stellato did not vote as Chairman. **Motion Carried.**

5. Information Systems

- a. **Recommendation to approve a 3-year contract for utility billing software application development and support services to Respect Technology, Inc. not-to-exceed cost of \$311,164.**

Larry Gunderson: Penny is going to give a presentation on the utility billing application and process for these support services.

Penny Lancor, System Analyst and Programmer, IS Department: Among my responsibilities is the support and maintenance of the utility billing application and the following

slides will provide some background of how the utility billing application is used in the City and the functions it performs. I've also included some screen shots to help give you the visualization of what the application looks like. The application itself is basically comprised of two pieces. You have the back office that does the billing and collections for city utilities and then you have the utility billing on-line customer portal that allows customers to get in through the internet.

The purpose of the software is to manage billings and payments for the electric, water utilities as well as wastewater, yard waste and refuse. In the last fiscal year end 2016 there was over \$73M worth of billing and collections that flowed through the system. There are also important integrations with other city software, for instance, automated integration with the City's financial software which is Infor Lawson, integration with the City's document management software which is Laserfiche.

Back office application functions are to calculate bills and electronically send them to the vendor that prints and mail the bills. It also processes and applies payments to customer accounts, calculates late payment penalties when necessary, tracks payment history for use and disconnect process, and assist the city staff in general for customer support allowing them access into customers' accounts.

You can see from this slide the age of this software that it is not as flexible or as user friendly as more modern software. So that necessitates a higher level of support. Because of staff turnover over the years, there is a limited availability of in-house resources with the knowledge to troubleshoot and make changes to this software. It also lacks a separate testing environment, so testing changes to the software is more challenging and time consuming.

For some of you that may use the on-line customer portal this is familiar to you, but for those that aren't it allows customer access through the internet to their account. Customers can do such things as payments with credit cards, debit cards or through their checking account. They can print and view copies of their bills. They can opt into paperless billing and sign up for email notifications for when a new bill is created or if a payment is posted and can also register phone numbers for the electric outage notification system.

This particular application was developed in-house by a staff member who is no longer a city employee which presents a challenge. It runs in a windows.net framework which is currently outdated which needs an update to get up to the latest version of the windows.net framework.

With all that being said, it still needs to be evolved to changing business needs. Presented a slide of some of the changes that have happened over the last few years and how the software had to change to accommodate them. There are three types of changes that are usually requested. One is to meet policy changes, so in other words the EPA fee that was added for this current fiscal year was a recent addition and that would be a policy change. We also have to occasionally change it for changing customer expectations. In 2012 we added the ability for customers to pay by credit card. And the final type is for efficiency improvement to roll automatic integrations into other software that the City brings on-line to improve efficiency.

Larry: The contractor we're proposing is for Respect Technology; the point is to show you how we're breaking this contract out. There are fixed costs and variable costs. Fixed costs are day to day support for the work environment as well as providing us the test environment that we lack right now. Those two are core components of the fixed costs. The variable cost side we are looking to have up to \$52K to \$56K per year optionally to make some change to the software; things that we've identified to this list that we think are essential to maintain and keep the software running and utilize it in the best way possible. Those are the three main components of the contract that we are proposing.

Ald. Lemke: Is this something that will be hosted here on sight?

Larry: Right now this is hosted here, but the test environment will be in a data center which will be in a cloud application so it will be accessible through the internet.

Ald. Lemke: You picked this up as a recovery or some type of capability that we don't have now.

Larry: That is correct. It gives us an option of yet having another place where utility billing applications reside. There are two systems that we have here that are redundant and if somehow fail, we then have yet another location we can run utility billing from.

Ald. Lemke: What might happen at the end of year three? Is this contract renewable for additional years or do we have to go out and procure a different company?

Larry: It is renewable. It's one agreement with three different iterations and in year four in this environment, we would go back to them to extend the contract for another year and then go year to year at that point.

Ald. Lemke: Is there an implementation cost in that first year; the \$121K that's in the recommendation?

Larry: That is one of the key things where you see the fix costs are higher for this year. It's the knowledge transfer between our staff, Penny, and the staff with Respect Technology to get them up to speed on how the application works, provide some background on our processes; so in years 2 and 3 we won't be seeing that cost because they'll probably be experts on our system at that time.

Ald. Lemke: Is there a migration cost in year one or is it pretty much seamless?

Larry: It's pretty much seamless. We'll pretty much pick up our software and hand it to them and they'll install it and it will be a fully operational environment without any migration cost.

Ald. Silkaitis: What happens after these three years? Do we have any options to purchase the software? If this is going to round up to say \$100K a year, is this like we are kind of outsourcing it now? Is that what we want to do?

Larry: In a sense we are outsourcing it and we do want to do that as stated in the background. One of the key things here was to provide us some alternative other than just having to buy another application. This gives us an opportunity to build and take a more measured approach to replace the application that better fits our environment. At the same time that we're doing this, we are also going to be looking at options for a new utility billing application.

Ald. Silkaitis: We don't have the option to keep it in-house?

Chris Minick: We actually own the software currently. This is for support services. We have one person right now on staff who is supporting the software. We're purchasing essentially different people to support the software we own and customized in-house. This firm is not providing us the software, but are providing us the software to help us keep it running efficiently.

Ald. Turner: I thought we already had this software and we do have it.

Larry: We do own it and are the only place that runs the software – we are it.

Ald. Lewis: I see it's not budgeted and you're paying for this by not refilling this position. Is that how it's going to be done all three years?

Larry: Just this year. For years 2 and 3 we will budget it for what the additional cost beyond that position costs. One component will be for the funds that we already have for the position and will remain unfilled; and then the additional cost for the difference between the costs of contract and what we have budgeted for the position.

Ald. Lewis: When do you expect to fill that position?

Larry: This is in lieu of filling the position. We're going to outsource it by having support provided by an outsourced vendor.

Ald. Gaugel: After year three you said we would have the option to extend it. Are those currently priced options or are they unpriced options that we would have to ask them for a proposal for year 4, 5, 6 or do we currently know what that is?

Larry: We don't currently know what that is but we did ask to be able to cost out years 2 and 3 and they had a slight adjustment for years 2 and 3 into the proposed cost.

Ald. Gaugel: If we were to approve this tonight, are we approving a 3-year contract or are we just approving the first year and then 2 and 3 are the option years?

Larry: You're approving a 3-year contract with years 2 and 3 subject to budget approval.

Ald. Gaugel: So what's the intent after year 3; that we would hire someone on or we would continue this service as an indefinite support?

Larry: Our goal is to replace the software with modern software before year 3 and if it's not replaced before year 3 then we would extend that annually.

Ald. Gaugel: Is replacing it by year 3 realistic?

Larry: It's realistic but it would be aggressive, but we think for right now the best term would be 3 years.

Ald. Gaugel: The other point you just made was that there was a slight modification for years 2 and 3. There's a significant difference. You're going from \$121K the first year down to \$92K and then up to \$97K approximately. I would imagine the initial implementation costs for them to get up to speed and up and running is why we see the \$121K in the first year, and then we have a \$30K savings in year 2. Is that the reason for such a large disparity? Is that just the implementation getting up to speed?

Larry: Yes there is cost involved this year with the knowledge transfer. They'll have two staff for three days that we'll be working with us to help them understand how our processes and software works. We won't see the cost again in year 2 and then in year 3 is a slight increase because their cost is applied for some escalation.

Ald. Gaugel: I also noticed we are given 16 hours for credit support; is that only 16 hours a month on a calendar month basis? It was a couple pages into their proposal. Is 16 hours enough support for what you'll need for this?

Larry: That is our best estimate right now. We looked at the existing data of support power that Penny has done over the past years. It's based on an average of time that's been spent on support questions. It's an educated estimate.

Ald. Gaugel: Okay so the 16 hours is what we asked them for not what they proposed?

Larry: That's the base line for what we think is the amount of support required would be.

Ald. Bancroft: I haven't study the agreement but I'm looking at something called term in the SLA section. The agreement effective for the initial term of 3 years and shall be automatically renew for successive one-year periods unless we are notified 90 days prior to the end of the term that's its canceled. Second thing it says is anybody can cancel this on 60-day notice and if the agreement were entered upon in the term of 3 years, up to 5% cost increase will be applied each year. What does that mean, is it capped?

Larry: Yes, we're capping how much the escalation can be.

Ald. Bancroft: So my question is if they can terminate on 60-day notice does that give you enough time that all of sudden you are 60 days away from having no support from them? Does that create a problem?

Larry: This is applying additional support. It's really risk mitigation of having one person. We're adding additional support that we don't have now. There would be some adjustment but it wouldn't be any different than what we have it at this stage.

Ald. Lemke: We talked about the 5% escalator; does that apply to year 4 if we were to go year to year at that point?

Larry: That would be the intent.

Ald. Bancroft: It says the agreement is renewed upon the term of three years beyond the term of three years up to 5% cost increase will be applied each year.

Motion by Ald. Turner, second by Silkaitis to recommend approval of a 3-year contract for utility billing software application development and support services to Respect Technology, Inc. not-to-exceed cost of \$311,164.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

6. Inventory Control Division

- a. Recommendation to approve a Resolution Authorizing the Mayor and the City clerk of the city of St. Charles to Approve the Award of Ford F-150 XL 4x2 Pickup to Zimmerman Ford and Sell Replaced Vehicle #1982.**

Ald. Silkaitis is abstaining from this item.

Chris Minick: This is a recommendation to approve a Resolution Authorizing the Mayor and the City clerk of the city of St. Charles to Approve the Award of Ford F-150 XL 4x2 Pickup to Zimmerman Ford and Sell Replaced Vehicle #1982. We did offer Zimmerman Ford the opportunity to quote on the vehicle in question. They were able to beat the Suburban Purchasing Cooperative price by approximately \$500 and staff would be seeking your approval to award the vehicle in question to Zimmerman Ford based upon that quote.

Motion by Ald. Krieger, second by Bancroft to recommend approval of a Resolution Authorizing the Mayor and the City clerk of the city of St. Charles to Approve the Award of Ford F-150 XL 4x2 Pickup to Zimmerman Ford and Sell Replaced Vehicle #1982.

Roll Call: Ayes: Gaugel, Bessner, Lewis, Payleitner, Lemke, Turner, Bancroft, Krieger; Nays: None; Abstain: Silkaitis. Chrmn. Stellato did not vote as Chairman. **Motion Carried.**

- b. Recommendation to approve a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Approve Purchase of 2016/2017 Treated Rock Salt from Compass Minerals through the State of Illinois Joint Purchasing Program.**

Chris Minick: We went through the State of Illinois Joint Program to obtain quotes of roadway salt. We are requesting approval to award that contract through this program to Compass Minerals in the price for treated salt of \$80.39 per ton. This is approximately a \$1.50 per ton reduction from the price we were able to achieve in FY2015/16 and we did contract with the State of Illinois to take approximately 4,500 tons and based on the option we chose, we can have a 20% swing in that quantity either way. This is a budgeted item and seek your approval.

Ald. Turner: Did we have any salt left over from last year?

Chris: Yes, my understanding that we have quite a bit.

Motion by Ald. Turner, second by Bancroft to recommend approval of a Resolution Authorizing the Mayor and City Clerk of the City of St. Charles to Approve Purchase of 2016/2017 Treated Rock Salt from Compass Minerals through the State of Illinois Joint Purchasing Program.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

Ald. Lewis: I want to thank the committee for the discussion we had this evening with thoughtful opinions and ideas that were expressed. I really appreciated it.

7. Executive Session – None.

- Personnel 5 ILCS 120/2(c)(2), 5 ILCS 120/2(c)(5)
- Pending Litigation 5 ILCS 120/2(c)(4)
- Probable or Imminent Litigation 5 ILCS 120/2(c)(4)
- Property Acquisition 5 ILCS 120/2(c)(3)
- Collective Bargaining 5 ILCS 120/2(c)(1)
- Review of Minutes of Executive Sessions 5 ILCS 120/2(c)(14)

8. Additional Items from Mayor, Council, Staff or Citizens.

9. Adjournment

Motion by Ald. Lemke, second by Ald. Turner to adjourn meeting at 8:37 p.m.

Voice Vote: Ayes: Unanimous; Nays: None. Chrmn. Stellato did not vote as Chair. **Motion Carried.**

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