

DEPARTMENT OF LIQUOR CONTROL

Mission Statement:

To protect the health, safety and welfare of the residents of Kauai County by effectively and fairly enforcing Federal and State laws and County liquor rules as they apply to the manufacture, sale and distribution of alcoholic beverages.

Program Description:

The Department of Liquor Control, as authorized by State statute, is responsible for enforcement of Section 281 of the Hawaii Revised Statutes and the rules of the liquor commission. The department also serves as the staff for the seven-member commission that has the sole jurisdiction to approve or renew liquor license applications, and also suspend or revoke a license once it has been issued. Currently, the commission meets twice monthly and performs both regulatory and adjudication functions.

The liquor department is divided into three distinctive branches with specific functions and responsibilities, all working toward the same mission.

Department Goals:

The goals of the Department of Liquor Control are:

1. To meet the public's expectations by monitoring the manufacture, distribution, and sale of alcoholic beverages in the County of Kauai.
2. To provide the highest level of service to the licensees in the County of Kauai and assist them in conducting a lawful and profitable business.

Duties, Powers, and Functions of the Department:

The department provides the administrative services for the commission. It investigates all applications for liquor licenses and compiles all the facts and statistics on all matters before the commission.

The department has police powers to enforce the liquor laws. It inspects all liquor licensed premises to insure compliance with the liquor laws and the commission's rules and regulations. It investigates all alleged violations and complaints of alleged violations and reports all violations to the commission.

The department, upon request, provides instructions on the liquor laws and the commission's rules and regulations to the Police Department, to servers' classes, and to employees in liquor licensed premises.

Staff (as of June 30, 2014)

| | |
|-----------------------|----------------------|
| Gerald Rapozo | Director |
| Lorenzo Moises | Investigator III |
| Cecilio Baliaris, Jr. | Investigator II |
| Jonathan Hoomanawanui | Investigator I |
| Kenneth Herman | Investigator I |
| Christine Nakaahiki | Commission Secretary |
| Thomas Teragawa | Senior Clerk |

LIQUOR CONTROL COMMISSION

| <u>June 30, 2014</u> | <u>For Term Expiring:</u> |
|----------------------------|---------------------------|
| Gary Pacheco, Chair | December 31, 2014 |
| Clifford Nakea, Vice Chair | December 31, 2014 |
| Josephine Sokei | December 31, 2015 |
| Pauline Ventura | December 31, 2015 |
| Dane Oda | December 31, 2016 |
| Paul Endo | December 31, 2016 |
| Jean Iida | December 31, 2016 |

Liquor Control Commission Goals:

The goal of the Liquor Control Commission is to fairly enforce all provisions of Section 281 of the Hawaii Revised Statutes and the Rules and Regulations of the Liquor Control Commission of the County of Kauai.

Duties, Powers, and Functions of the Commission:

The basic function of the commission is to control, supervise, and regulate the manufacture, importation, and sale of liquor within the county.

Article XVI of the Charter of the County of Kauai states in part:

"Section 16.04. Powers and Duties of Commission. The liquor control commission shall:

- A. Adopt rules and regulations having the force and effect of law for the administration of liquor control in the county and to enforce the liquor control laws.
- B. Grant, refuse, suspend and revoke any license for the manufacture, importation and sale of liquors.

C. Investigate violations of liquor control laws through its inspectors, hear and determine all complaints and citations regarding violations of liquor control laws and impose such fines or penalties as may be provided by law upon conviction thereof."

The commission meets on the first and third Thursdays of each month to carry out its duties and responsibilities. Special meetings are scheduled as needed.

ADMINISTRATION

Program Description:

The administrative branch consists of the director, commission/department secretary and senior clerk. This branch provides services to the regulatory and enforcement branches, the liquor commission, as well as licensees and the general public.

Program Highlights:

The department received 195 applications for renewal of licenses for fiscal year 2013 - 2014. During the year, the commission issued 16 new licenses, 52 one-day transient vessel licenses, 20 special licenses, and 2 solicitor's permits. The commission approved 7 transfer of license applications.

ENFORCEMENT BRANCH

Program Description:

The enforcement branch is comprised of a senior investigator who serves as the immediate supervisor, and field investigators who are responsible for conducting daily inspections and investigations on possible liquor law violations. They also assist the licensees to interpret and understand the liquor laws that regulate their particular operation.

Training sessions and workshops for servers of alcoholic beverages are being offered to all licensees. Public information sessions and presentations will be made available to the general public.

Inspections of liquor licensed premises are conducted daily by the liquor control investigators. Inspections are conducted to insure compliance with the laws and to assist licensees in preventing violations from occurring. The investigators made a total of 10,741 inspections during the year.

Program Highlights:

There were 28 violation reports filed, 145 field investigations conducted, and 64 warnings given to licensees by the investigators. Investigations include, but are not limited to license applications, special requests by licensees, and complaints. As a result of violation hearings, the commission collected a total of \$25,200 in fines.

The enforcement branch investigated 32 cases involving illegal liquor sales to minors and adults purchasing for minors. Investigators also conducted surveillances on 478 occasions.

REGULATORY BRANCH

Program Description:

The regulatory branch is primarily responsible for the licensing process, which involves applications for the fifteen classes of liquor licenses and collecting all mandatory information as required by State law and the liquor commission rules. The regulatory branch investigates all license applications before they are submitted to the commission for disposition. A total of 171 investigations on applications for liquor licenses were conducted during this fiscal year. The regulatory branch, in coordination with the enforcement branch, also processes citations for hearings before the commission.

PERSONNEL POSITION SUMMARY

| <u>Position Title</u> | <u>FY 2012 E/P</u> | <u>FY 2013 E/P</u> | <u>FY 2014 E/P</u> |
|-------------------------------------|--------------------|--------------------|--------------------|
| Director | 1.0 | -- | 1.0 |
| Senior Clerk | 1.0 | 1.0 | 1.0 |
| Secretary | 1.0 | 1.0 | 1.0 |
| Liquor Control Investigator IV | 1.0 | 1.0 | -- |
| Liquor Control Investigator III | 1.0 | 1.0 | 1.0 |
| Liquor Control Investigator II | 1.0 | 1.0 | 1.0 |
| Liquor Control Investigator I | 1.0 | 1.0 | 1.0 |
| Liquor Control Investigator Trainee | -- | 1.0 | 1.0 |
| TOTAL | <u>7.0</u> | <u>7.0</u> | <u>7.0</u> |

Equivalent Personnel (E/P) = Full-time equivalents of full- and part-time personnel.

Program Resources (Liquor Fund)

| Expense Type | FY 2012 Actual | FY 2013 Appropriation | FY 2014 | | |
|-------------------------------|-------------------|--------------------------|-------------|-----------|-------------|
| | | | Request | Expansion | Total |
| Equivalent Personnel (E/P) | 7.0 | 7.0 | 7.0 | 0.0 | 7.0 |
| Salaries and Wages | \$420,143 | \$ 520,650 | \$ 539,168 | \$0 | \$ 539,168 |
| Operations | 445,957 | 599,071 | 666,363 | 0 | 666,363 |
| Equipment | 3,273 | 4,410 | 12,537 | 0 | 12,537 |
| Program Total | \$869,373 | \$1,124,131 | \$1,218,068 | \$0 | \$1,218,068 |

APPLICATIONS FOR LIQUOR LICENSES 2013-2014

| TYPE | Pending 6/30/13 | Filed FY 2013 - 2014 | Total Applications | Licenses Issued | Applications Withdrawn | Applications Denied | Applications Pending 6/30/14 |
|------------------------------|-----------------|-------------------------|--------------------|-----------------|---------------------------|---------------------|---------------------------------|
| RENEWALS | 7 | 195 | 202 | 202 | | | |
| NEW | 4 | 16 | 20 | 18 | | | 2 |
| CHANGE OF LOCATION | | | | | | | |
| CHANGE OF CATEGORY | | | | | | | |
| TRANSFER | | 7 | 7 | 7 | | | |
| TEMPORARY (INCLUDES RENEWAL) | | 9 | 9 | 9 | | | |
| TRANSIENT VESSEL: | | | | | | | |
| ANNUAL | | 1 | 1 | 1 | | | |
| 2-DAY | | | | | | | |
| 1-DAY | | 52 | 52 | 52 | | | |
| SPECIAL: | | | | | | | |
| 3-DAY GENERAL | | 9 | 9 | 9 | | | |
| 2-DAY GENERAL | | | | | | | |
| 1-DAY GENERAL | | 10 | 10 | 10 | | | |
| 3-DAY BEER & WINE | | | | | | | |
| 2-DAY BEER & WINE | | | | | | | |
| 1-DAY BEER & WINE | | 1 | 1 | 1 | | | |
| 1-DAY BEER | | | | | | | |
| SOLICITOR'S PERMIT: | | | | | | | |
| GENERAL | | 2 | 2 | 2 | | | |
| BEER & WINE | | | | | | | |
| TOTAL | 11 | 302 | 313 | 311 | | | 2 |

LIQUOR LICENSES ISSUED

| CLASS | KIND | 07/01/13 | 06/30/14 |
|---------------------------|-------------|----------|----------|
| WHOLESALE | GENERAL | 7 | 6 |
| | BEER & WINE | 0 | 0 |
| RETAIL DEALER | GENERAL | 63 | 62 |
| | BEER & WINE | 12 | 8 |
| RESTAURANT | GENERAL | 66 | 66 |
| | BEER & WINE | 3 | 3 |
| DISPENSER | GENERAL | 19 | 17 |
| | BEER & WINE | 0 | 0 |
| CABARET | GENERAL | 1 | 1 |
| CLUB | GENERAL | 1 | 1 |
| HOTEL | GENERAL | 12 | 12 |
| TOUR OR CRUISE VESSEL | GENERAL | 9 | 9 |
| TRANSIENT VESSEL (ANNUAL) | GENERAL | 1 | 1 |
| BREW PUB | | 1 | 1 |
| MANUFACTURER | BEER | 0 | 0 |
| | WINE | 1 | 1 |
| | LIQUOR | 2 | 2 |
| TOTAL | | 198 | 190 |

STATEMENT OF REVENUES
FISCAL YEAR 2013 – 2014

LIQUOR FUND REVENUES:

| | | | | |
|------------------------|----------------|----|-------------------|-------------|
| Manufacturer: | Beer | \$ | -- | |
| | Percentage Fee | | -- | |
| | Wine | | 408.00 | |
| | Percentage Fee | | 531.61 | |
| | Other Liquors | | 1,296.00 | |
| | Percentage Fee | | -- | |
| | | | <u> </u> | \$ 2,235.61 |
| Wholesale: | General | \$ | 7,200.00 | |
| | Beer & Wine | | <u> </u> | 7,200.00 |
| Retail: | General | \$ | 32,240.00 | |
| | Percentage Fee | | 408,910.00 | |
| | Beer & Wine | | 2,160.00 | |
| | Percentage Fee | | <u>7,091.00</u> | 450,401.00 |
| Dispenser: | General | \$ | 9,120.00 | |
| | Percentage Fee | | 58,796.71 | |
| | Beer & Wine | | -- | |
| | Percentage Fee | | <u> </u> | 67,916.71 |
| Restaurant: | General | \$ | 43,577.00 | |
| | Percentage Fee | | 223,749.76 | |
| | Beer & Wine | | 540.00 | |
| | Percentage Fee | | <u>3,434.09</u> | 271,300.85 |
| Cabaret: | | \$ | 600.00 | |
| | Percentage Fee | | <u>4,036.09</u> | 4,636.09 |
| Club: | | \$ | 240.00 | |
| | Percentage Fee | | <u>1,707.23</u> | 1,947.23 |
| Hotel: | | \$ | 10,800.00 | |
| | Percentage Fee | | <u>178,668.29</u> | 189,468.29 |
| Brewpub: | | \$ | 900.00 | |
| | Percentage Fee | | <u>5,282.80</u> | 6,182.80 |
| Tour or Cruise Vessel: | | \$ | 1,440.00 | |
| | Percentage Fee | | <u>3,048.63</u> | 4,488.63 |
| Transient Vessel | | \$ | 2,616.00 | 2,616.00 |

STATEMENT OF REVENUES
FISCAL YEAR 2013 – 2014

LIQUOR FUND REVENUES: (Cont'd.)

| | | | |
|----------------------------|-------------|---------------------|------------------|
| Special: | General | \$ 1,221.00 | |
| | Beer & Wine | 48.00 | |
| | Beer | <u> --</u> | 1,269.00 |
| Temporary | | \$ 540.00 | 540.00 |
| Solicitor's Permit | | \$ 360.00 | 360.00 |
| Direct Shipper Permit | | \$ 16,476.00 | <u>16,476.00</u> |
| TOTAL LIQUOR FUND REVENUES | | | \$ 1,027,038.21 |

OTHER LIQUOR REVENUES:

| | | | |
|-----------------------------|----|---------------|------------------------|
| Filing Fees | \$ | -- | |
| Fines Imposed | | 25,200.00 | |
| Sale of Pamphlets | | 215.00 | |
| Miscellaneous | | <u>145.00</u> | |
| TOTAL OTHER LIQUOR REVENUES | | | \$ <u>25,560.00</u> |
| TOTAL REVENUES | | | \$ <u>1,052,598.21</u> |

GROSS LIQUOR SALES AT CONSUMER LEVEL

