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COUNTY COUNCIL

COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 31, 2024

Mr. Layne Silva, Director
Department of Liquor Control
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Silva:

SUBJECT: **FISCAL YEAR ("FY") 2025 BUDGET** (BFED-1) (LC-2)

May I please request you be prepared to answer the following questions at the BFED Committee meeting on **April 10, 2024**.^{*} This will enable the Committee to comprehensively review the FY 2025 Budget. May I further request that, after approval by the Office of the Mayor, you transmit your answers to bfed.committee@mauicounty.us by the end of the day on **April 4, 2024**. ^{*}*Date subject to change without notice.*

Overall

1. Relating to the Liquor Control Program, Goal #1, item 1, please list and describe the types of enforcement actions taken by the Department against a licensee found in violation of a rule (e.g. noise curfew, etc.). (Page 501, Program Budget) (TC)
2. Relating to the Liquor Control Program, please explain the decrease in success measurements for Goal #2, item 1; Goal #3, item 1; and Goal #3, item 2. Why is the Department estimating to conduct less certification/education classes, licensing, and permitting in FY 2025? (Page 502, Program Budget) (GJ) (TC)
3. For each of the revolving funds the Department manages, what is factored into the estimated balance as of June 30, 2024? Are prior year encumbrances included in the estimated balance? What is the actual amount available for appropriation for each fund? (YLS)

4. Considering the Department is fully funded by the Liquor Control Fund, what has the Department done, post-fire, to ensure that funds are still being collected? (NUH)
5. How has the Department managed liquor licensing post-fire, considering the permits are site-specific? (NUH)
6. Please provide an overview of the process by which a liquor license is obtained. (TK)
7. Do the unused Liquor Control Fund budget appropriations go back into the General Fund? For example, the FY 2022 Adopted Liquor Control Program total was \$3,100,988, but the Actual amount expended was \$2,245,261. The FY 2023 Adopted Liquor Control Program total was \$3,397,745, but the Actual amount expended was \$2,492,782. Where did the respective unused \$855,727 and \$904,963 from FYs 2022 and 2023 go? (Page 13-1, Budget Details) (TP)

Operations and Equipment (Categories “B” and “C”)

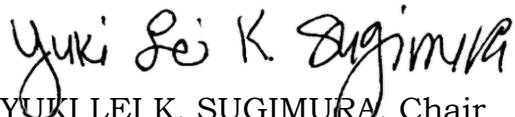
1. Please explain the \$69,385 request for Travel in FY 2025. (Page 504, Program Budget) (GJ)
2. Why does the Department anticipate an increase of \$151,500 (149.1%) in Services in FY 2025? What type of services is the Department seeking? (Page 504, Program Budget) (GJ)
3. For the Liquor Control Administration, relating to Other Services under Index Code 913012B, please explain the \$92,000 request for outside investigative services, especially since the FY 2023 Actual never exceeded \$3,000. Please explain how the Department currently deals with these types of matters and define the types of situations, violations, or complaints that would warrant these services. If outside investigators have been needed in the past, how were they funded? (Page 13-6, Budget Details) (TC) (AL)

To ensure efficient processing, please include the relevant Committee item number in the subject line of your response.

Mr. Layne Silva
March 31, 2024
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Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,


YUKI LEI K. SUGIMURA, Chair
Budget Finance, and Economic
Development Committee

bfed:2025bgt:240331alc01:kmatt

cc: Mayor Richard T. Bissen, Jr.
Acting Budget Director

BFED Committee

From: BFED Committee
Sent: Sunday, March 31, 2024 1:53 PM
To: Layne Silva
Cc: BFED Committee; Jarrett Kahoohanohano; Lianne Suzuki; Michelle Santos; Zeke Kalua; Lesley Milner; Kristina Cabbat
Subject: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1); (LC-2)
Attachments: (LC-2) Correspondence to Liquor Control 03-31-2024.pdf

Mr. Silva: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated March 31, 2024. Please respond by **April 4, 2024**.

Mayor's Office (attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

Ms. Milner: FYI

Thank you,
Yvette Bouthillier, Senior Secretary
BFED Committee

RICHARD T. BISSEN, JR.
Mayor

LAYNE N. SILVA
Director

JARRETT K. KAHO'OHANO
Deputy Director



DEPARTMENT OF LIQUOR CONTROL
COUNTY OF MAUI
110 'ALA'IHI STREET, ROOM 212
KAHULUI, MAUI, HAWAII 96732
TELEPHONE: (808) 243-7753

April 4, 2024

Ms. Lesley Milner 
Acting Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

 4-5-24
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura
Chair, Budget, Finance and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1) (LC-2)

Thank you for your letter of March 31, 2024. My responses are as follows:

1. Relating to the Liquor Control Program, Goal #1, item 1, please list and describe the types of enforcement actions taken by the Department against a licensee found in violation of a rule (e.g. noise, curfew, etc.). (Page 501, Program Budget) (TC)
 - A Notice of Violation is issued to the licensee for any violation of the liquor law/rules of the Liquor Commission that may occur on-site while conducting inspections of licensed premises while conducting investigations of noise complaints, general complaints, or police-sourced investigations.
 - A report would be submitted by the investigator with any evidence, observations, and statements relating to the possible violation of the liquor law/rules of the Liquor Commission.
 - The report will then be forwarded to the Prosecutor for review and recommendation.
 - If the investigation is found to be insufficient by the prosecutor the report will be filed for records.

- Depending on the severity of the violation, the licensee would receive the following:
 - Administrative Letter of Written Caution, or
 - A summons to appear before the Department of Liquor Control's Adjudication Board
 - A penalty would be determined by the Adjudication Board
- 2. Relating to the Liquor Control Program, please explain the decrease in success measurements for Goal #2, item 1; Goal #3, item 1; and Goal #3, item 2. Why is the Department estimating to conduct less certification/education classes, licensing, and permitting in FY 2025? (Page 502, Program Budget) (GJ) (TC)

Goal #2, Item 1

- The Department no longer provides in-person classes due to the online certification exam designed directly in response to the COVID-19 pandemic. A study guide is included with the online exam, which contains the information the Department would utilize to conduct a certification educational class.

Goal #3, Items 1 and 2

- Numbers have been used for several years, not considering the COVID-19 pandemic, which shut down a number of liquor-licensed premises, as well as the Department's staff shortage, which the Department is steadily working on improving.
- We also considered the 36 liquor licensees that were destroyed or rendered inoperable due to the August 8, 2023, Maui Wildfires.
- The Department feels that the FY2025 estimates are more realistic and will increase as the Department and business environment for the County of Maui stabilizes.

- 3. For each of the revolving funds the Department manages, what is factored into the estimated balance as of June 30, 2024? Are prior year encumbrances included in the estimated balances? What is the actual amount available for appropriation for each fund? (YLS)

- For each of the revolving funds the Department manages, what is factored into the estimated balance as of June 30, 2024?

According to the Budget Office, the estimation is based on the fines assessed by LCAB and collected by the department until December 31, 2023, plus one-half.

- Are prior year encumbrances included in the estimated balances?

No. There were no encumbrances during the prior year.

- What is the actual amount available for appropriation for each fund?

The actual amount of the Liquor Education Fund totals \$272,480.00.

4. Considering the Department is fully funded by the Liquor Control Fund, what has the Department done, post-fire, to ensure that funds are still being collected? (NUH)

The Department's percentage fee collection has not changed in light of the August 2023 Wildfires. We have implemented an Internet Flash Notification System to keep liquor licensees informed. Payment plan options were available to affected licensees. The majority of percentage fees have been collected, with five (5) outstanding to date.

5. How has the Department managed liquor licensing post-fire, considering the permits are site-specific? (NUH)

A total of 36 licensed premises were destroyed or rendered inoperable due to the August 8th wildfires.

In order to alleviate hardships faced by licensees that had been affected by the August 8, 2023, Maui Wildfires, the Department developed a relocation liquor license application process. This process would allow licensees to begin processing relocation liquor license applications and granting temporary liquor licenses to existing licenses who were in good standing with the Department at the time of the wildfires and whose licensed premises were either destroyed or rendered inoperable as a result of the wildfires. The temporary liquor license would allow the licensee to resume operations expeditiously and avoid financial hardship while going through the application process for a new liquor license.

6. Please provide an overview of the process by which a liquor license is obtained? (TK)

1st step: Preferably, a potential applicant would contact the licensing section to schedule an appointment with the Department of Liquor Control, Licensing Section, to receive detailed instructions. However, all licensing documents are available and may be obtained online.

2nd step: Applicant will schedule an appointment to meet with licensing staff for the initial review and submittal.

3rd step: Once the application is accepted by the department, the licensing investigator generates an investigator's report and submits it for placement on the agenda to appear before the Liquor Commission.

4th step: If the application is approved by the Liquor Commission and upon receiving all required clearances from other governmental agencies, the department will then issue a liquor license.

7. Do the unused Liquor Control Fund budget appropriations go back into the General Fund? For example, the FY 2022 Adopted Liquor Control Program total was \$3,100,988, but the Actual amount expended was \$2,245,261. The FY 2023 Adopted Liquor Control Program total was \$3,397,745, but the Actual amount expended was \$2,492,782. Where did the respective unused \$855,727 and \$904,963 from FYs 2022 and 2023 go? (Page 13-1, Budget Details) (TP)

No. Unused Liquor Control Fund appropriations become carryover savings that go back to Liquor licensees.

Operations and Equipment (Categories "B" and "C")

1. Please explain the \$69,385 request for Travel in FY 2025. (Page 504, Program Budget) (GJ)

Anticipated increase in travel costs due to limited transportation, as well as sending more Liquor Control Officers to training as we have filled more positions.

2. Why does the Department anticipate an increase of \$151,500 (149.1%) in Services in FY 2025? What type of services is the Department seeking? (Page 504, Program Budget) (GJ)

The department anticipates an increase in costs for the reporting/licensing database systems with Liquor Gladiator and Paradox and annual subscription for eSkill. The expansion request for the replacement of antiquated reporting/licensing database systems that are no longer supported by IT, Liquor Gladiator, and Paradox with an upgraded Cloud-Based Solution System has already been approved but not encumbered.

3. For the Liquor Control Administration, relating to Other Services under Index Code 913012B, please explain the \$92,000 request for outside investigative services, especially since the FY 2023 Actual never exceeded \$3,000. Please explain how the Department currently deals with these types of matters and define the types of situations, violations, or complaints that would warrant these services. If outside investigators have been needed in the past, how were they funded? (Page 13-6, Budget Details) (TC) (AL)

\$90,000 of this amount is an expansion request of additional funding for any outside investigative services used in regard to departmental complaints and investigations, as recommended by the Liquor Control Commission. The remaining \$2000 is a request for Roadside Assistance, which is needed at \$129/month for 12 department vehicles, utilized towards the towing, detailing, and miscellaneous vehicle maintenance.

Sincerely,



LAYNE N. SILVA
Director of Liquor Control

LNS/mn

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Friday, April 5, 2024 8:50 AM
To: BFED Committee
Cc: Lesley Milner
Subject: (BFED-1)(LC-2)
Attachments: (BFED-1)(LC-2).pdf

Hello,

Please see attached correspondence from Department of Liquor Control.

Thank you,

Janina Agapay

County of Maui

Budget Office

(808) 270-7836

Janina.E.Agapay@co.maui.hi.us