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Traci N. T. Fujita, Esq.

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

April 3, 2021

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

Dear Mr. Silva:

SUBJECT: **FISCAL YEAR ("FY") 2022 BUDGET** (LC-1) (BFED-1)

May I please request that you be prepared to answer the following questions at the BFED Committee meeting held via BlueJeans on **April 9, 2021**.^{*} This will enable the Committee to comprehensively review the FY 2022 Budget. Please also submit your answers to bfed.committee@mauicounty.us by the end of the day on **April 9, 2021**. **Date subject to change without notice.*

Overall

1. Explain the difference(s) between the Liquor Control Fund and the Liquor Control Revolving Fund. (Page 344, Program Budget) (TK)
2. If Council were to ask for an 11 percent cut in programs and activities funded by the General Fund to fully fund the recommendations proposed in the Comprehensive Affordable Housing Plan at \$57,000,000, without increasing real property tax revenue:
 - a. What programs or activities would you cut? (TK)
 - b. What impact would the cuts have on residents? (TK)

Salaries & Wages (Category "A")

1. Explain the reasoning behind the position reallocation of the Liquor Control Officer II to Account Clerk III. (Pg. 9-3, Budget Details, 913012A) (TP)

2. Explain the salary deletion for Liquor Control Officer IV (P-26111). (Pg. 9-3, Budget Details, 913012A) (TP)

Operations (Category “B”)

1. Explain the sustained increase in travel costs compared to FY 2020 Actual. Given the travel restrictions imposed by the pandemic, why are travel costs expected to be so high? (Page 344, Program Budget) (TK)
2. Explain the reason for deleting funding for the County Grant Subsidy for Liquor Education – Under Age Alcohol. (Pg. 9-13 of the Budget Details, 101140B, 6317) (TP)

Key Activity Goals & Measures

1. Relating to Goal #2: Promote liquor control by providing liquor education and certification classes, the measure is the number of classes held and certifications issued (Page 340, Program Budget):
 - a. What accommodations are being made to assist applicants who do not have computer access? (TK)
 - b. When does the Department plan to reopen its offices to the public? (TK)
2. Relating to Goal #3 on the measures for providing a fair and efficient licensing and permit process (Page 340, Program Budget):
 - a. How are permits classified? Please explain how 150 percent of permits were issued (49 percent to licensed premises, 25 percent for importation, 25 percent for purchase, 50 percent for direct shipment, and 0.5 percent for solicitors) (TK)
 - b. For Class 5, Category D employees, who are registration cards issued to? Are they issued to the employee, establishment, owner, or all? How many of the 140 (FY 2021 Estimate) have been issued? Why were the numbers expected to increase from FY 2020 Actual? (TK)

Mr. Layne Silva
April 3, 2021
Page 3

Thank you for your attention to this request. Should you have any questions, please contact me or the Committee staff (Lesley Milner at ext. 7886, Kasie Apo Takayama at ext. 7665, or Yvette Bouthillier at ext. 7758).

Sincerely,



KEANI N.W. RAWLINS-FERNANDEZ, Chair
Budget, Finance, and Economic
Development Committee

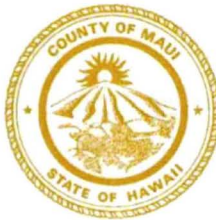
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cc: Mayor Michael P. Victorino
Budget Director

MICHAEL P. VICTORINO
Mayor

LAYNE N. SILVA
Director

JARRETT K. KAHO'OHANO HANO
Deputy Director



**DEPARTMENT OF LIQUOR CONTROL
COUNTY OF MAUI**

2145 KAOHU STREET, ROOM 105
WAILUKU, MAUI, HAWAII 96793
TELEPHONE: (808) 243-7753
FACSIMILE: (808) 243-7558

April 8, 2021

Ms. Michele M. Yoshimura *My*
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P Victorino *4/9/21*

Mayor Date

✓ Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2022 BUDGET (LC-1) (BFED-1)

Overall

1. Explain the difference(s) between the Liquor Control Fund and the Liquor Control Revolving Fund. (Page 344, Program Budget) (TK)

The Department of Liquor Control consists of one program only. The Liquor Control Program is mandated by Chapter 281, Hawaii Revised Statutes ("HRS"). This program's core functions are regulating and controlling the liquor industry in the importation, manufacture, sale, and service of alcoholic beverages to provide a safe and healthy

environment for the people of Maui County. All funding for the Department is derived solely from liquor license fees and comprises the Liquor Fund.

This program also consists of the Liquor Education Revolving Fund, which is mandated by HRS Chapter 281-16, 281-17(2), and 281-17(3). Revenues are derived from fines assessed and collected from liquor licensees.

2. If Council were to ask for an 11 percent cut in programs and activities funded by the General Fund to fully fund the recommendations proposed in the Comprehensive Affordable Housing Plan at \$57,000,000, without increasing real property tax revenue:

- a. What programs or activities would you cut? (TK)
- b. What impact would the cuts have on residents? (TK)

Not applicable. The Department does not receive funding from the General Fund.

Salaries & Wages (Category "A")

1. Explain the reasoning behind the position reallocation of the Liquor Control Officer II to Account Clerk III. (Pg. 9-3, Budget Details, 913012A) (TP)

The reallocation enhances the operations of the Department and its customer service to include, but not limited to, increasing the efficiency and effectiveness of the Administrative Services Division by addressing and providing staff needed. It will prevent the closure of the front counter cashiering and other services due to the shortage of personnel who are able to comply with the increased accounting and cashiering requirements by the County.

2. Explain the salary deletion for Liquor Control Officer IV (P-26111). (Pg. 9-3, Budget Details, 913012A) (TP)

The Department will be reallocating the position down to an LCO III to address the increased demands on the Licensing and Permits Section.

Operations (Category "B")

1. Explain the sustained increase in travel costs compared to FY 2020 Actual. Given the travel restrictions imposed by the pandemic, why are travel costs expected to be so high? (Page 344, Program Budget) (TK)

The Department is requesting that funding be restored from the proviso that was added by Council in FY 2021.

2. Explain the reason for deleting funding for the County Grant Subsidy for Liquor Education-Under Age Alcohol. (Pg. 9-13 of the Budget Details, 101140B, 6317) (TP)

Section 281-17, HRS, states in part, "fine moneys, not to exceed ten per cent a year of fines accumulated, may be used to fund public liquor related educational or enforcement programs."

Funding for the grant is requested through the Liquor Education Fund and not the Liquor Fund.

The Department of Liquor Control does not manage the grant(s) because the Department is solely funded by liquor license fees, and HRS 281-17.5, states in part, "Any such liquor license fees or any moneys collected or received by any liquor commission under this chapter may only be used for costs and expenses directly relating to operational and administrative costs actually incurred by the liquor commission collecting or receiving such liquor license fees or moneys. Such fees or moneys shall not be used for any costs or expenses other than those directly relating to its operation and administration, except as otherwise provided by law."

Currently, there is no entity available to manage the grant(s).

Key Activity Goals & Measures

1. Relating to Goal #2: Promote liquor control by providing liquor education and certification classes, the measure is the number of classes held and certifications issued (Page 340, Program Budget):
 - a. What accommodations are being made to assist applicants who do not have computer access? (TK)

Certification classes/exams are not conducted electronically.
 - b. When does the Department plan to reopen its offices to the public? (TK)

The office is open to the public. On-site certification classes/exams will begin in April 2021.
2. Relating to Goal #3 on the measures for providing a fair and efficient licensing and permit process (Page 340, Program Budget):
 - a. How are permits classified? Please explain how 150 percent of permits were issued (49 percent to licensed premises, 25 percent for importation, 25 percent for purchase, 50 percent for direct shipment, and 0.5 percent for solicitors) (TK)

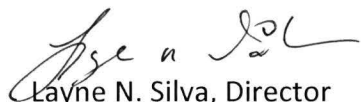
49 percent issued to Licensed Premises
.25 percent issued for Importation of Liquor
.25 percent issued for Alcohol Purchase
50 percent issued for Direct Shipment of Wine
.50 percent issued for Solicitors

100 percent

- b. For Class 5, Category D employees, who are registration cards issued to? Are they issued to the employee, establishment, owner, or all? How many of the 140 (FY 2021 Estimate) have been issued? Why were the numbers expected to increase from FY 2020 Actual? (TK)

Registration cards are issued to the employee based on the establishment. As of 2nd quarter year to date, 28 registration cards have been issued. The 140 estimate is based on the average of cards issued over past years.

Sincerely,



Layne N. Silva, Director
Department of Liquor Control

BFED Committee

From: Michele Yoshimura <Michele.Yoshimura@co.maui.hi.us>
Sent: Friday, April 9, 2021 11:27 AM
To: BFED Committee
Subject: LC-1, BFED-1
Attachments: (LC-1) Response.pdf

Please see attached response from the Department of Liquor Control