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Honolulu Liquor Commission **Fiscal Year 2010 Budget Review**

Dewey H. Kim, Jr., Administrator

March 24, 2009

LIQ Operating Budget

	FY 2009	FY 2010	\$ Change	% Change
Salary	\$2,394,134	\$2,428,258	\$34,124	1.4%
Current Expense	\$1,056,970	\$1,255,770	\$198,800	18.8%
Equipment	\$10,000	\$400,000	\$390,000	3900%
Total	\$3,461,104	\$4,084,028	\$622,924	18%

Programs for Liquor Licensees & Public



Server Training at Sheraton Hotels in April 2008 had an attendance of over 1,800 employees; another is scheduled for April 2009.

- Additional Day of Server Training at Agency
- Out Service Training at Licensees' Bar/Restaurant/Retail Store Locations
- Secret Shopper Program for major retailers to combat underage drinking
- Reinstitution of TRACE investigations to curb over service and drunk driving.
- Mock Car Crashes at Several Highschools
 - Moanalua
 - Roosevelt
 - Kapolei
 - Pearl City *April 9th, 2009*
- First Licensee Training Conference on April 29th, 2009.
- Gross Liquor Sales filings will soon be available online

Increased Countywide Noise Violation Enforcement

Areas Where Noise Complaints Have Been Substantial:

- Ala Moana
- Chinatown
- Hawaii Kai
- Kailua
- Keeaumoku Street
- Waikiki

Purchased Two Additional Noise Monitors

- Enforcement Investigators (15) are trained & certified in Noise Measurement and issuing violations.
- Scheduled Noise Monitoring Training for: Bass Sound Measurement, dBA & dBC systems.
- Legislature Considering Increased Noise Enforcement in SB 605, SD1, HD2
- Additional Responsibility- Monitoring No Smoking in Licensed Premises.

Salary Detail

Comparison FY09 & FY10: \$34,124

- **Non-Holiday Overtime Pay¹¹⁰²**: \$30,000 Increase
 - *Additional Duties & Holiday pay: many of the busiest days for Liquor review fall on holidays.*

- **Contracts¹¹²⁵**: \$21,396 Decrease

Current Expense Detail

Comparison FY09 & FY10: Explanations

- **Safety Supplies²⁵⁰⁸: \$10,000 Increase**

Additional equipment for Liquor Investigators (i.e., Protective Vests, OC spray, Flash Lights, Handcuffs & Duty Belts)

- **Rent of Offices³⁰⁰⁷: \$27,600 Increase**

The agency will be negotiating a new lease, and the anticipated increase is based upon rates currently in the building. However, recent commercial lease rates have been falling, and we anticipate lower rent at the end of the year.

- **Transportation of Things (Svc)³²⁰²: \$99,000 Increase**

If the existing landlord is unable to agree to a lower, reasonable rent, since the lease ends this fiscal year, then the funds will be needed for moving expenses.

- **Uniform Expense³⁹³⁷: \$10,000 Increase**

Used to buy additional uniforms for eight investigators.

Current Expense Detail

Accounts Over \$50,000

Consultant Services³⁰⁰⁴: \$135,000

▪ **Public Relations: \$25,000**

▪ **Outreach Video/Publications: \$10,000**

▪ **Special Projects Coordinator: \$65,000**

Currently the coordinator is focused on the pre-adjudicative processes (over two hundred cases resolved), assisting in coordinating cases, applying for grants, facilitating contract drafting and other important projects

▪ **Study of Damages caused by Intoxicated Drivers & Underage Drinking: \$35,000**

(To be paid out of Violation Monies)

Other Professional Services³⁰⁰⁶: \$206,750

▪ **Internal Affairs/Investigations: \$100,000**

▪ **Training Instructor: \$35,000:**

Needed for sound meter training and for setting the bass noise levels needed for the dBC system. Also, TRACE training necessary for following major accidents involving alcohol back to the source bar.

▪ **Commissioners' Stipend: \$5,000**

▪ **Commissioners' Stipend [Chair]: \$1,750**

▪ **Computer Software Training: \$25,000**

▪ **Transcriber Services: \$10,000**

▪ **Consultant [Reorganization]: \$30,000**

Current Expense Detail(cont.)

Accounts Over \$50,000

Rent of Offices³⁰⁰⁷: \$390,000

- Office Rent: \$370,000
- After Hours A/C: \$15,500
- Storage Facility: \$4,500

Other Services [Not Classified]³⁰⁴⁹: \$93,000

- Covert Operations: \$75,000
- Public Service Announcements: \$15,000
- Armored Car Service: \$3,000

Equipment Detail

Comparison FY09 & FY10: \$390,000

- **Computer Software⁴⁴⁷³: \$400,000**

The Agency will be replacing its computer software, which is 7 years old, slow, and not easily accessible. We will be completing a computer needs analysis during the current fiscal year. The Liquor Commission has researched new systems over the past three years, but the estimated expense looked to be in the \$1.5 to \$3.0 million dollar range. However, the State of California ABC has developed a software system based upon the Posse program, which cost their agency millions of dollars and ten years to develop.

The software system will satisfy the Agency's needs at a cost that would be considerably less than the estimates previously quoted from other software developers. The system will make it easier to store and retrieve information in the data banks, make the applications electronic and assist in keeping complaints and violations in an orderly process. It will also assist the public and the media in requesting information.

Capital Improvement Budget

Comparison FY09 & FY10: (\$32,000)

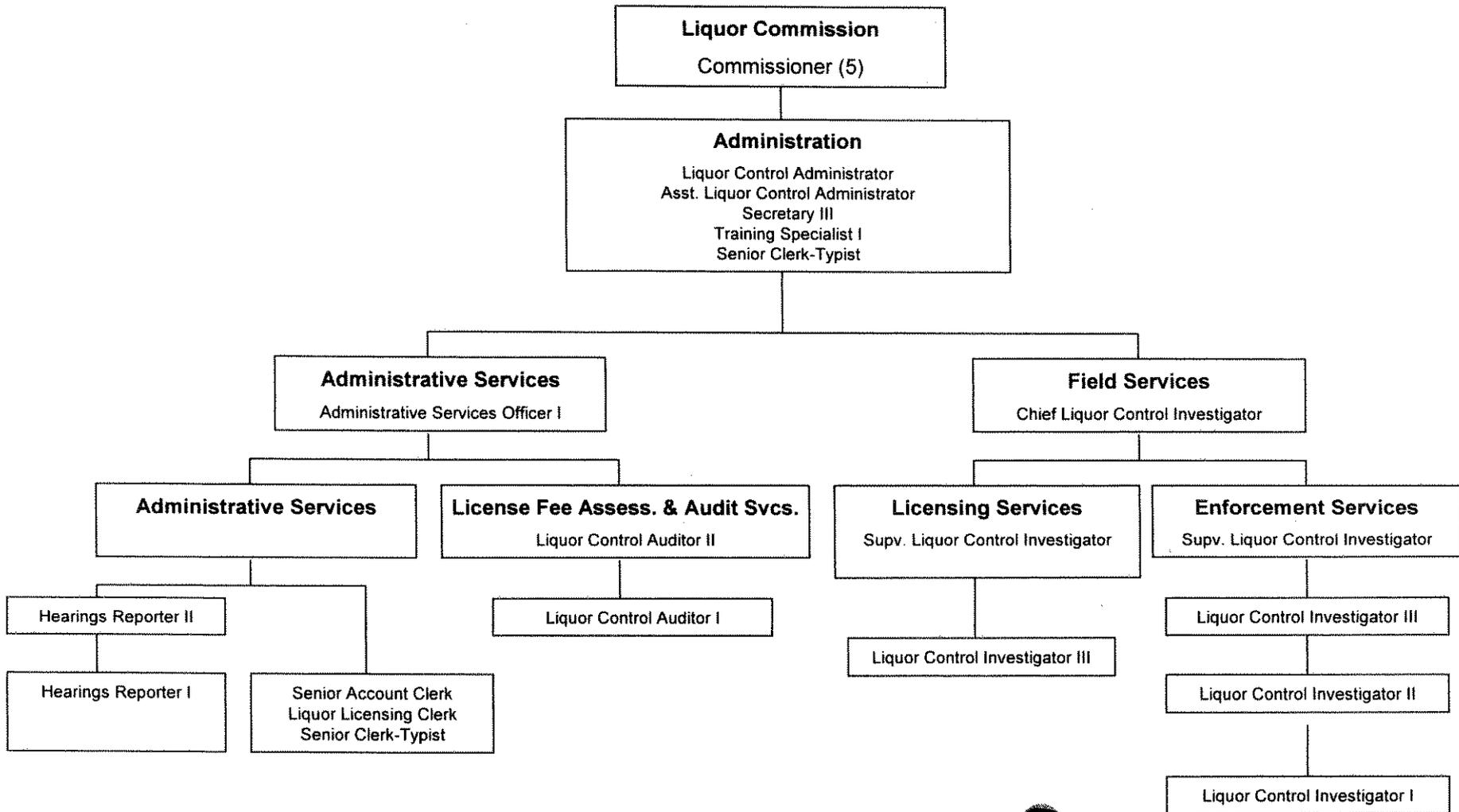
- **Dispatcher Unit with Antenna: \$17,000**
- **Digital Video & Sound Transmitter: \$7,500**

As discussed before Council previously, the agency has put in place a dispatcher to cover complaints which come in after hours from 7:00pm to 3:30am. This allows the public to call when potential violations, such as noise complaints are actually occurring. The transmitter will allow the complaints to be recorded as with 911 so that the agency can check to see if the complaints have been handled properly. There will also be a GPS capacity to determine the location of the investigators in case of trouble.

Position Count Update

Positions	Vacancies (January 2009)	Filled/Filled Contracts (To Date)	Vacancy Cutback (\$156,796)
Administrative	7	6	1
Enforcement	18	15	3
Total	25	21	4

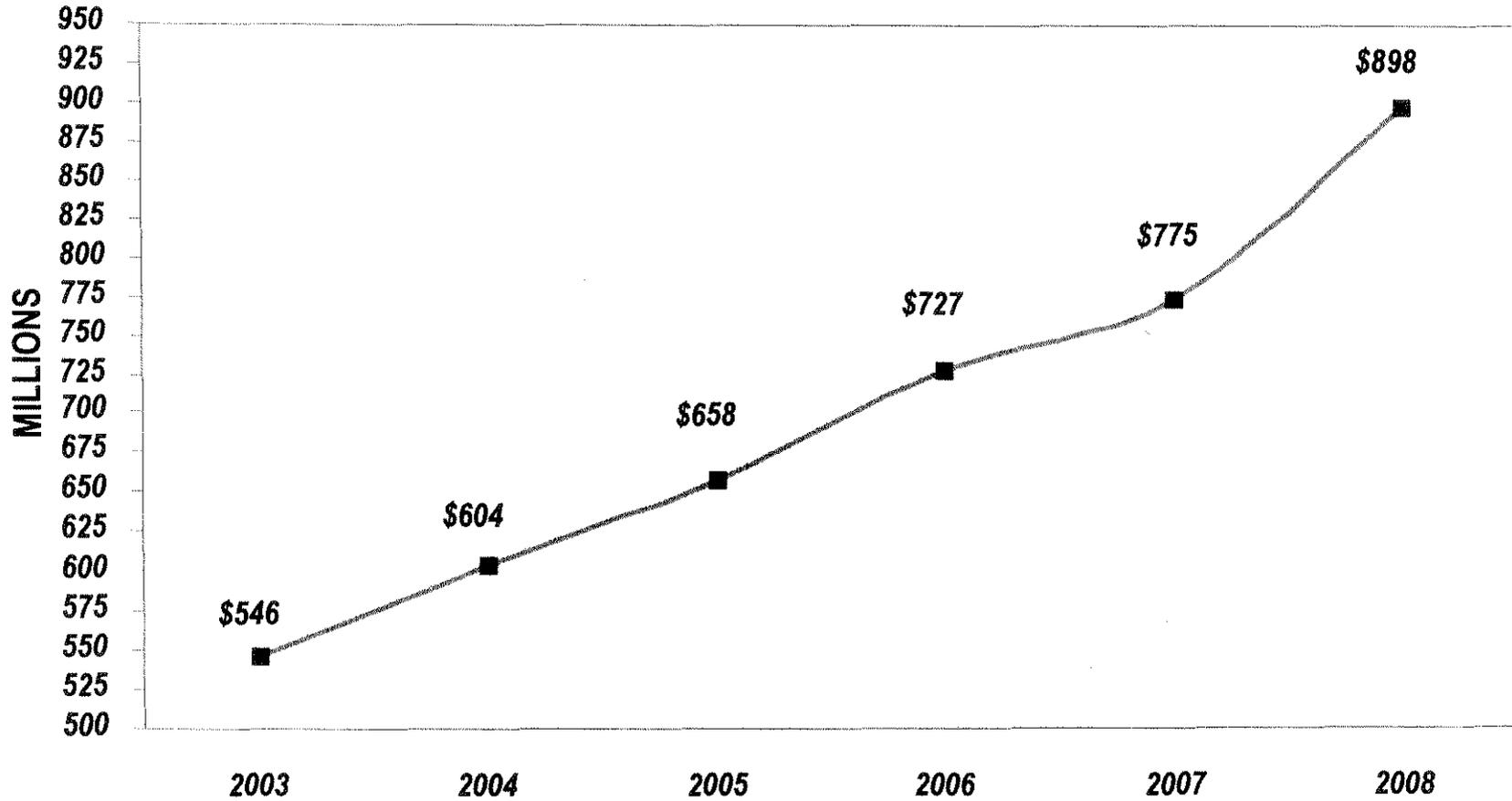
Organization Chart



Revenue Detail

	FY 2007	FY 2008	FY 2009	FY 2010
License Fees (New & Renewals)	\$1,955,000	\$1,915,000	\$1,900,000	\$1,900,000
Additional Fees from Gross Sales	\$1,899,000	\$1,704,000	\$1,700,000	\$1,700,000
Fines	\$294,000	\$258,000	\$200,000	\$200,000
Employee Registration	\$122,000	\$114,000	\$120,000	\$120,000
Miscellaneous	\$52,000	\$12,000	\$36,000	\$36,000
Total	\$4,322,000	\$4,003,000	\$3,956,000	\$3,956,000

Gross Liquor Sales



Licensee Count (As of 3/10/2009)

CLASS	NUMBER		
	FY07	FY08	FY09 (As of 3/10/09)
<i>Brew Pub</i>	3	3	3
<i>Cabaret</i>	38	38	40
<i>Club</i>	13	13	13
<i>Dispenser</i>	295	296	291
<i>Hotel</i>	36	36	35
<i>Manufacturer</i>	2	1	1
<i>Restaurant</i>	428	438	441
<i>Retail</i>	529	526	526
<i>Tour/Cruise Vessel</i>	18	20	19
<i>Transient Vessel</i>	0	1	1
<i>Wholesale</i>	32	30	31
Total Licensee Count	1394	1402	1,401



Mahalo