

Arizona Department of Liquor Licenses and Control



May 2018 Governor's Monthly Report (REVISED 2/15/19)

STATE OF ARIZONA
DEPARTMENT OF LIQUOR LICENSES AND CONTROL
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Mission Statement

To protect public safety and support economic growth through the responsible sale and consumption of liquor, and to efficiently license qualified applicants.

Vision Statement

We envision being a leader in state liquor licensing and enforcement, focused entirely on delivering exceptional services that meet customers needs and enrich the communities we serve.

The Department is in its third year of lean transformation through the continuous improvement principles and strategies of the Arizona Management System (AMS). We endeavor to realize the Governor’s vision of “government at the speed of business,” applying effort in key areas tied to our mission. Our progress will be reported in monthly reports to the Governor.

ARIZONA MANAGEMENT SYSTEM ROADMAP Department Goals and Objectives

Goals	Objectives
Enrich technology tools and opportunities	<ul style="list-style-type: none"> ➤ Successfully launch the agency’s new e-Licensing tool to realize opportunities to move agency processes on-line ➤ Develop and operationalize a plan to incrementally grow the number of stakeholders using the e-Licensing system and its number of on-line services ➤ Through daily use of the new e-Licensing system, organically identify, realize, and operationalize continuous improvement opportunities that enhance agency performance
Accelerate agency performance	<ul style="list-style-type: none"> ➤ Grow agency AMS maturity to, at minimum, Level 3 ➤ Apply AMS tools to 2017 Statewide Employee Engagement Results to drive developing talent ➤ Optimize agency website by simplifying site design and eliminating non-value added tools and information ➤ Complete Intermediate PDCA training and apply lessons and tools to agency improvement projects
Promote and act to create safe communities	<ul style="list-style-type: none"> ➤ Actively participate on the Governor’s initiative to reduce the incidence of wrong way drivers on Arizona’s freeways ➤ Conduct a breakthrough project targeting reducing the sale of alcohol to persons under 21 ➤ Leverage partnerships to grow and enrich youth outreach and education programs targeting abstinence of alcohol ➤ Grow the Audit Unit’s impact on reviewing Hotel-Motel and Restaurant series licensee compliance with applicable Arizona Revised Statutes Title 4 laws

LICENSING AND ADMINISTRATION DIVISION

LICENSING SECTION

Licensing is responsible for issuing liquor licenses to qualified applicants and providing exceptional customer service to the public. Current staffing includes six Customer Service Representatives, three Records Custodians, and a Licensing Manager. Personal assistance was provided to more than 280 walk-in applicants and licensees in May 2018.

Transaction	May 2018	FY 2018 Year to Date	Total FY 2017
New liquor licenses issued	464	2,766	2,006
Liquor licenses renewed	587	11,647	12,319
Special event permits issued	154	2,834	3,576
Interim permits issued	39	636	485
Exempt locations issued	13	150	131
Number of exempt locations	181*	181*	138
Lottery licenses issued	3	26	18
Active liquor licenses	14,656**	14,656**	12,871

*This number fluctuates daily depending on renewals and new applications.

**This number fluctuates daily depending on renewals, new applications, suspensions and revocations.

The Department is required to approve or disapprove a license application within 105 days from the day the application is filed (A.R.S. § 201(E)). The time to process an application indicates how well the Department is fulfilling its mission to “efficiently license qualified applicants.” The goal is to issue Series 6-Bar, Series 7-Beer and Wine Bar, Series 9-Liquor Store, Series 10-Beer and Wine Store, and Series 12-Restaurant licenses in no more than 75 days.

License Type	Average Number of Days to Issue License		
	May 2018	FY 2018 Running Average	FY 2017 Year End Average
Series 6-Bar	87	82	76
Series 7-Beer and Wine Bar	95	82	75
Series 9-Liquor Store	83	85	74
Series 10-Beer and Wine Store	80	84	77
Series 12-Restaurant	82	84	74

ADMINISTRATION SECTION

Administration is responsible for Budget and Finance, Procurement, Information Technology, Communications, Special Projects, Human Resources, Liquor Board Administration, and Policy Research. The Budget and Finance Unit tracks incoming revenues which include funding allocated to the Department, grants awarded to the Investigation Division, license fees, and fines. This unit coordinates revenue disbursement to the state and Arizona's 15 counties.

Collected Revenue by Fee Type

Source of Revenue	May 2018	FY 2018 Year to Date	FY 2017 Year End
FMV (Liquor License Lottery)	464,850	3,109,975	3,526,825
Applications	21,605	408,489	165,425
Licenses Issuances Fees	93,625	1,061,310	1,269,105
Licenses Renewals Fees	127,135	2,701,628	2,860,895
Interim Permit Fees	6,400	55,800	46,900
Agent Change	3,150	32,851	53,410
Fines (Liquor Law Violations)	30,888	297,588	420,550
Special Event (DHS)	4,650	69,350	70,800
Club (DES)	2,550	37,200	48,675
Penalty Fees (Late Renewals)	8,250	189,900	169,350
Copy Fees	0	1,478	2,154
Non-Use Surcharge	19,300	161,500	201,200
Audit Surcharge (J Fund)	8,460	171,270	178,350
Enforcement K Surcharge	18,025	396,305	430,645
Enforcement L Surcharge	15,265	339,530	373,360
Miscellaneous	13,451	72,850	35,892
17W Direct Shipment License	4,950	51,300	118,800
17W Direct Shipment Renewal	350	73,850	22,200
Fingerprints Fees	4,400	48,788	60,522
Total Revenue Collected	\$847,304	\$9,280,962	\$10,055,058

Miscellaneous = Acquisition of Control
 Site Inspection
 Extension of Premises
 Co-Op
 Person Transfer
 BYOB
 Location Transfer
 Sampling

STATE LIQUOR BOARD

The State Liquor Board consists of seven members who are appointed by the Governor. Arizona Revised Statutes (A.R.S.) Title 4 requires five of the members shall not be financially interested directly or indirectly in a business licensed to deal with spirituous liquors. Two members shall be engaged in business in the spirituous liquor industry, at least one of whom shall currently be a retail licensee or employee of a retail licensee. One member shall be a member of neighborhood association recognized by a county, city, or town. No more than four members may be of the same political party. No more than three members may be appointed from the same county.

Action	May 2018	FY 2018 Year to Date	FY 2017 Year End
Hearings Scheduled	2	32	31
Licenses Granted	1	14	15
Licenses Denied	0	1	3
Continuances Granted (Matters may be postponed to a subsequent hearing.)	0	4	9
Continuances Denied	0	0	0
Applications Withdrawn (Applicants may withdraw their applications.)	0	5	4
Appeals Heard (Applicants and licensees have the right to appeal a decision made by the Director or the Board.)	0	1	0
Rehearings Requested (A rehearing of a case may be requested by the Board, the applicant, or an interested party.)	0	3	0
Hearings Cancelled (If the reason for the protest is clearly removed or satisfied, the Director may request the Board to cancel the hearing.)	1	4	4

LIQUOR BOARD MEMBERS	
Michael J. Troyan (I) Chair Maricopa County Retailer Term Expires January 18, 2021	Troy L. Campbell (R) Vice Chair Maricopa County No Financial Interest Term Expires January 18, 2021
Michael N. Widener (R) Maricopa County No Financial Interest Term Expires January 18, 2021	Jeffrey K. Oravits (R) Coconino County Neighborhood Association No Financial Interest Term Expires January 21, 2019
Walter W. Jahn (R) Pima County Wholesaler Term Expires January 20, 2020	

INVESTIGATION DIVISION

It is the responsibility of the Investigation Division to ensure licensees statewide comply with A.R.S. Title 4 (Arizona liquor law) and Arizona Administrative Code (A.A.C.) Title 19. The Division includes Investigations, Compliance, Audit, Trade Practice/Training, and Prevention.

DIVISION STATISTICS

Achievements	May 2018	FY 2018 Year to Date	FY 2017 Year End
Officer-to-Liquor License Ratio (Nonsupervisory staff of ten full time sworn officers)	1:1,465	1:1,465	1:1,287
Citations			
Total Citations Issued (Number of citations issued by an investigator for administrative, criminal, and underage violations)	11	420	429
Citations Issued to Underage (Number of citations written to underage persons who were found in violation of Title 4)	8	407	324
Violations			
Criminal Counts Charged (Number of counts charged by an investigator when person is in violation of Title 4, Title 13 or Title 28)	15	744	804
Administrative Counts Charged (Number of administrative counts charged by an investigator when a liquor law violation was found at a liquor-licensed establishment)	63	488	700
Underage Violations (Number of counts charged by an investigator for a liquor law violation involving an underage person)	18	715	767
Tax Deficiency Charges (Number of tax delinquencies where a licensee is over 120-days late and owes more than \$250)	0	44	192
Compliance			
Routine Liquor Inspections (Number of establishments randomly inspected to ensure they are operating in compliance with Title 4)	25	240	526
Actioned (Administrative) Complaints (Number of administrative citations issued and scheduled for an administrative hearing)	51	154	124
Compliance Case Reports Submitted	23	220	285
Non-Actioned (Criminal) Complaints (Number of incoming complaints to the Investigation Division reporting a liquor law violation)	26	386	468
Investigation			
Site Inspections Completed	44	443	432
On-View Violation Case Reports (Level 1 high priority involving underage, over service, and/or act of violence)	21	133	59
Total Achievements*	895	9,280	10,896

*Including police report reviews and completed protests not listed above

LAW ENFORCEMENT SPECIAL DETAIL

- Agent Moore memorial ceremony in Washington D.C. – Director Cocca and Detective Webb
- Covert Underage Buyer Program (CUB): two details – Detective Webb and Detective Barchak
- CUB – Detective Williams and Detective Schrimpf
- CUB – Sergeant Palubeskie, Detective Swift and Detective Schrimpf
- Mesa Holiday Task Force assistance – Detective Williams, Detective Barchak and Detective Schrimpf
- Bitcoin Darknet training at HIDTA (High Intensity Drug Trafficking Area), Chandler – Detective Barchak attended
- Title IV-Fake I.D. training at Apache Junction (41 officers) and Globe Police Department (4 officers) – Detective Webb
- Title IV-Fake I.D. training at Quechan Tribe (73 officers) – Detective Webb and Detective Sanchez
- Title IV-Fake I.D. training at Tonto Apache Tribe (18 officers) – Detective Carruthers
- Alcohol Awareness training at Grand Canyon University (30 teens) – Detective Webb
- Alcohol Awareness training at Liberty High School (48 teens) – Detective Webb
- Alcohol Awareness training at San Carlos Tribe (15 teens) – Detective Webb
- Special Event training for Non-Profits Alliance (38 members) – Detective Williams

COVERT UNDERAGE BUYER PROGRAM

In an effort to curb the sale of liquor to underage persons, the Department utilizes the Covert Underage Buyer (CUB) program, which was instituted in May of 2003. This program provides the resources necessary for the Department to investigate reported complaints of licensed businesses suspected of underage liquor law violations. When the Department has reasonable suspicion a licensed establishment is selling liquor to underage customers, a CUB will be sent in to attempt to purchase liquor. CUB's are between the ages of 16 and 19 and are carefully trained by Department detectives. The Department provides CUB program training to all Arizona law enforcement agencies, allowing the program to operate statewide.

Action	May 2018	FY 2018 Year to Date	FY 2017 Year End	May 2003 to May 2018
Locations Investigated	12	113	131	4,154
Number That Sold to CUB	3	31	51	1,324
Percentage of Establishments That Sold to CUB	25%	27.3%	38.9%	31.9%
Administrative Citations Issued	10	75	128	3,192
Criminal Citations Issued	3	46	58	2,493

UNDERAGE VIOLATIONS

Statute and Violation	Number of Counts Charged in May 2018	Number of Counts Charged in FY 2018	Number of Counts Charged in FY 2017
A.R.S. § 4-241(A) Failure to request ID from underage; accepting unauthorized forms of ID	5	48	51
A.R.S. § 4-241(K) Accepting unauthorized IDs	0	2	1
A.R.S. § 4-241(L) Underage who uses false ID to buy alcohol	0	75	81
A.R.S. § 4-241(M) Underage who solicits another person for alcohol	0	0	9
A.R.S. § 4-241(N) Underage who uses of false ID to gain entry to a liquor business	0	23	28
A.R.S. § 4-241(P) Person purchasing alcohol for underage	0	0	0
A.R.S. § 4-244(9) Furnishing alcohol to an underage; underage in possession/consumption	6	265	272
A.R.S. § 4-244(20) Consuming spirituous liquor in public place, thoroughfare or gathering	0	1	2
A.R.S. § 4-244(41) Underage with alcohol in system	6	212	205
A.R.S. § 13-2907.01 False reporting to law enforcement agencies	0	1	5
A.R.S. § 13-3613 Contributing to delinquency and dependency of a child	0	2	1
A.R.S. § 28-3478.1 Unlawful use of driver license	1	59	95
A.R.S. § 28-3478.2 Lend ID to another person	0	2	
A.R.S. § 28-3478.3 Using another person's driver license	0	9	12
Total Violations	18	699	803

Ages of Underaged Cited This Month	<15	15	16	17	18	19	20
	0	0	0	0	0	4	2

AUDIT STATISTICS

The Audit Unit monitors and performs audits of Series 11-Hotel/Motel with Restaurant and Series 12-Restaurant, to determine whether licensees are complying with A.R.S. § 4-205.02 by deriving at least 40% of their gross revenue from the sale of food and 60% from the sale of liquor. The Audit Unit refers violations to the Compliance Unit.

Active Restaurant-Type Licenses	May 2018	FY 2018 Year to Date Average	FY 2017 Year End
Hotel/Motel w/Restaurant (Series 11)	187	183	179
Restaurant (Series 12)	3,850	3,855	3,745
Total Restaurant-Type Licenses	4,037	4,038	3,924
Auditor-to-Liquor License Ratio <small>(Two full time auditors)</small>	1:2,019	1:2,019	1:1,962
Audit Action			
Audits Completed	0	0	67
Audits Passed	0	0	51
Audits Failed	0	0	15
Audits Inconclusive/Audit Not Performed	0	0	1
Locations granted one year to continue operation	0	0	0
Open Audit Cases			
Audits in progress	2	2	2
Open cases w/projected ratio of >37%	0	0	0
Open cases w/projected ratio between 30 to 37%	2	2	2
Open cases w/projected ratio of <30%	0	0	0
Locations being monitored	100	95	91
Source of Revenue		Year to Date Total	FY 2017 Year End
Assessed fine revenue	\$52,750	\$54,250	\$56,650
Collected fine revenue	\$11,875	\$27,375	\$74,200

During the month of May 2018, two hundred eighty-eight (288) violation reports were sent to Compliance on direct to consumer shippers, microbreweries, craft distillers, limited wineries, and farm wineries for failure to report annual shipping or production, or other violations related to their annual production report. These violations resulted in fines being assessed in the amount of \$52,750.\$27

ONLINE AUDIT SERVICES

Online audit services are improving process efficiency and adding value in time savings for licensees and the Department.

Sampling Requests	May 2018	FY 2018 Year to Date	FY 2017 Year End
Total sampling requests	2,184	12,434	13,733
Total sampling requests cancelled	68	572	674
Total time savings in hours <small>(Calculation: One sampling request takes three minutes to process.)</small>	109.2	622	687

COMPLIANCE STATISTICS

The Compliance Unit imposes disciplinary actions against licensees for violations of state liquor laws. The Compliance Unit is responsible for determining an appropriate course of disciplinary action which may consist of verbal or written warnings, consent agreements, or referral for a full administrative hearing.

Action	May 2018	FY 2018 Year to Date	FY 2017 Year End
Revocations	0	0	1
Suspensions	1	2	5
Surrenders	0	7	18
Divestitures	0	0	0
Administrative Complaints	0	0	2
Decisions and Orders	0	1	0
Cases Received	258	585	709
Cases Completed	66	118	164
Cases in Progress	192	470	515
Warning Letter Issued	61	72	46
Cases Sent to the Office of Administrative Hearings	0	5	4
Fines Collected	\$28,325	\$260,850	\$426,700
Cases Adjudicated	40	248	389
Action Resulting From Underage Violations			
Licenses Suspended	0	0	1
Licenses Revoked	0	0	0
Fines Collected	\$11,125	\$43,875	\$86,250

UPCOMING EVENTS AND MILESTONES

Honoring Our Fallen – Agent Alfred Moore

On the morning of November 28, 1965, Agent Alfred Moore was near the Calderon Ballroom roughly at 16th Street and Buckeye Road in Phoenix, where he observed a disturbance. While investigating, Agent Moore was shot by the suspect and succumbed to his injuries a short time later. The suspect fled and hid in a nearby motel room. The suspect forcibly took the woman he was initially arguing with and held her captive. Come early morning, the Phoenix Police Department received a tip as to the suspect's whereabouts. When officers arrived at the motel room, the victim was let go and the suspect took his own life.

It is important to note that after Agent Moore was shot, he reached for his duty weapon but stopped when the suspect stated, "If you shoot back, you'll hit her." Agent Moore took no further actions and died shortly thereafter.

Agent Moore is undeniably a hero who laid down his life to save a woman he did not know. Agent Moore was officially added to the National Law Enforcement Officers Memorial in Washington, D.C. on May 13, 2018. Director John Cocca and Detective Dan Webb represented the Department, and Alfred Moore Jr. (son), Oscar Stevenson (son), and Alex Moore (grandson) represented Agent Moore's family. Agent Moore's memorial panel is located at 52-E: 30 in Washington, D.C.

To learn more about Agent Moore, visit the Department's website at azliquor.gov/HonorFallen.cfm.

END OF MAY 2018 REPORT TO THE GOVERNOR