

Arizona Department of Liquor Licenses and Control



April 2019 Governor's Monthly Report (REVISED 9/26/19)

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.

FY 2019 STRATEGIC PLAN

We endeavor to realize the Governor’s vision of “government at the speed of business,” applying effort in key areas tied to our mission. As developing practitioners of the Arizona Management System (AMS), staff potential to improve performance results is strong. A commitment to continuous improvement through AMS, plus leveraging and developing talent is needed to lean out processes plus optimize resources.

Goals	Goal Performance Indicator(s)	Objectives FY 2019
1: Enrich technology tools and opportunities	# of agency services offered on-line # of system tools improved # of license jobs done in public portal	A) Beginning November 2018, grow customer e-license system use to 15% for those who are existing customers with an email address on record
		B) Increase the number of licensing services offered on-line from 3% to 60%
		C) Identify five (5) licensing system enhancements and implement
		D) By October 1, 2018, create e-licensing webpage with tool link and FAQs to enrich customer use of new licensing system
2: Accelerate agency performance	AMS-driven continuous improvement wins Employee engagement scores	A) Identify five continuous improvement wins (from anywhere across the agency) and implement
		B) Seek outside professional development training for 30% of civilian staff
		C) Provide avenues to increase Licensing Section effectiveness by addressing workload and time impacts
		D) Create standard written work for resolving license renewals with outstanding compliance actions by March 31, 2019
3: Promote and act to create safe communities	Sales of alcohol to underage persons Over service Acts of violence	A) When notified by Arizona DPS of a collision, investigate 100% of licensees in wrong way driver cases on Arizona freeways wherein a Title 4 violation is a contributing factor, significant injury or death occurred, and a direct causal link exists between a licensed entity and the driver of the responsible vehicle
		B) Complete investigative breakthrough project efforts to reduce the sale of alcohol to persons under 21 by 50% by December 31, 2018
		C) Execute 235 youth outreach and education training deliveries targeting abstinence of alcohol

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 licensing staff includes 6 customer service representatives (CSRs), 3 records custodians, and a licensing manager. CSRs answer questions and assist licensees with completing required paperwork. Personal assistance was provided to 338 walk-in applicants and licensees in April 2019. On average, CSRs spent 18 minutes with each walk-in visitor. Records custodians ensure the state’s liquor records are safe, legible, and readily accessible for the Department’s archives, online services, and public records requests. Records custodians also process payments, transfer records between local governments and the state, and create electronic business forms and instructions.

Transaction	April 2019	FY 2019 Year to Date	FY 2018** Year End
New liquor licenses issued	580	5,426	4,270
Liquor licenses renewed	573	12,378	10,339
Special event permits issued	255	2,263	3,755
Interim permits issued	48	403	674
Exempt locations issued	14	179	159
Lottery licenses issued	1	18	26
Active liquor licenses*	14,927	14,927	14,482

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

** Data discrepancies due to new license system implemented in the year.

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 – April 2019			
	Number of Applications	Average Time to Process	FY 2019 Running Average	FY 2018 Year End Average
Series 6-Bar	8	61	63	83
Series 7-Beer and Wine Bar	4	65	65	83
Series 9-Liquor Store	2	65	62	76
Series 10-Beer and Wine Store	11	70	67	85
Series 12-Restaurant	35	64	65	84

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, accounts payable, and payroll processing. The Procurement Unit coordinates with ADOA in obtaining and evaluating resources and supplies with a goal of improving the cost efficiency of operations.

The Information Technology Unit provides desktop support and expertise in maximizing the utility of technology resources. The Communications and Special Projects Unit directs incoming and outgoing information, including media communications and requests, website design and content, and industry announcements and presentations. The Human Resources Unit manages a proper entrance and exit process for employees, participates in the creation, maintenance and distribution of departmental policies and procedures, and manages on-going employee training.

Collected Revenue by Fee Type

Source of Revenue	April 2019	FY 2019 Year to Date	FY 2018 Year End
FMV (Liquor License Lottery)	234,275	2,362,925	3,170,925
Applications	21,160	186,883	425,241
Licenses Issuances Fees	116,200	1,087,462	1,141,560
Licenses Renewals Fees	385,730	2,712,028	2,845,781
Interim Permit Fees	4,600	39,200	59,700
Agent Change	3,750	27,300	35,551
Fines (Liquor Law Violations)	43,650	341,552	328,476
Special Event (DHS)	7,790	68,685	72,500
Club (DES)	1,450	38,425	41,700
Penalty Fees (Late Renewals)	27,000	125,250	200,400
Copy Fees	205	1,800	1,623
Non-Use Surcharge	13,500	127,700	177,300
Audit Surcharge (J Fund)	21,690	168,930	182,550
Enforcement K Surcharge	28,000	391,615	422,415
Enforcement L Surcharge	17,615	328,685	363,210
Miscellaneous	8,320	81,850	90,022
17W Direct Shipment License	6,075	45,450	54,675
17W Direct Shipment Renewal	2,600	122,400	74,025
Growlers	7,125	27,760	N/A
Samplings	900	28,670	N/A
Fingerprints Fees	5,500	46,094	53,522
Total Revenue Collected	\$957,135	\$8,360,664	\$9,741,176

* 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	April 2019	FY 2019 Year to Date	FY 2018 Year End
Hearings Scheduled*	0	26	33
Licenses Granted	0	2	14
Licenses Denied	0	6	2
Continuances Granted (Matters may be postponed to a subsequent hearing.)	0	5	4
Continuances Denied	0	0	0
Applications Withdrawn (Applicants may withdraw their applications.)	0	10	5
Appeals Heard (Applicants and licensees have the right to appeal a decision made by the Director or the Board.)	0	2	1
Rehearings Requested (A rehearing of a case may be requested by the Board, the applicant, or an interested party.)	0	2	3
Hearings Cancelled (If the reason for the protest is clearly removed or satisfied, the Director may request the Board to cancel the hearing.)	0	0	4

*No hearings were scheduled for April 2019.

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 comply with Arizona Revised Statutes (A.R.S.) Title 4 (Alcoholic Beverages) and Arizona Administrative Code (A.A.C.) Title 19 (Rule 19-1-101 through Rule 19-1-705). The division includes Investigations, Compliance, Audit, Industry Trade Practice, and Prevention. The primary functions of the Investigation Division are to:

Enforce Title 4 and Title 13 criminal laws to ensure compliance with statutes.
Investigate complaints regarding licensed establishments received from community members and local law enforcement personnel.
Conduct background investigations of liquor license applicants to determine if they have met Title 4 qualifications to possess a liquor license.
Conduct routine licensed business inspections to educate and prevent future violations.
Conduct Covert Underage Buyer (CUB) details to determine if a licensed establishment is in compliance with Title 4 regarding the sale and service of liquor only to persons age 21 and older.
Review police reports submitted by local law enforcement agencies to assess compliance and when one or more violations are found, submit reports to the Compliance Unit for accountability.
Work with licensees and their staff regarding Fake IDs and changes to Title 4 and A.A.C. Title 19 to ensure compliance.
Track industry trade practices to ensure compliance with Title 4 and A.A.C. Title 19.
Monitor and perform audits of two types of licensed establishments: hotel/motel with restaurant (Series 11) and restaurants (Series 12).
Collaborate with law enforcement agencies statewide on the application of Title 4, with emphasis on the Administrative Law process.
Develop and implement enforcement plans for the sale and service of liquor at large scale, public "special events" where attendance of more than 1,000 people is expected.
Educate students about legal, physical, and emotional outcomes that can occur when alcohol is consumed by persons under the age of 21.
Work with community members to ensure that licensed establishments positively impact neighborhoods.

DIVISION STATISTICS

Achievements	April 2019	FY 2019 Year to Date	FY 2018 Year End
Officer-to-Liquor License Ratio (Nonsupervisory staff of ten full time sworn officers)	1:1,492	1:1,492	1:1,456
Citations			
Total Citations Issued (Number of citations issued by an investigator for administrative, criminal, and underage violations)	50	440	428
Citations Issued to Underage (Number of citations written to underage persons who were found in violation of Title 4)	47	373	421
Violations			
Criminal Counts Charged (Number of counts charged by an investigator when person is in violation of Title 4, Title 13 or Title 28)	87	811	758
Administrative Counts Charged (Number of administrative counts charged by an investigator when a liquor law violation was found at a liquor-licensed establishment)	46	399	531
Underage Violations (Number of counts charged by an investigator for a liquor law violation involving an underage person)	99	856	732
Compliance			
Routine Liquor Inspections (Number of establishments randomly inspected to ensure they are operating in compliance with Title 4)	26	177	260
Actioned (Administrative) Complaints (Number of administrative citations issued and scheduled for an administrative hearing)	10	99	165
Compliance Case Reports Submitted	10	77	225
Non-Actioned (Criminal) Complaints (Number of incoming complaints to the Investigation Division reporting a liquor law violation)	46	420	399
Investigation			
Site Inspections Completed	35	415	481
On-View Violation Case Reports (Level 1 high priority involving underage, over service, and/or act of violence)	6	37	143
Total Achievements*	1,017	9,059	9,918

*Including police report reviews and completed protests not listed above

LAW ENFORCEMENT SPECIAL DETAIL

- Covert Underage Buyer Program (CUB) – Detective Carruthers
- CUB – Detective Schrimpf and Detective Williams
- CUB – Sergeant Palubeskie and Detective Barchak
- CUB – Detective Barchak and Detective Webb
- Coopers testing for ribbon – Sergeant Kuhl, Detective Sanchez, Detective Fletcher and Detective Trevizo
- Interdiction for the Protection of Children training – Detective Fletcher
- Skyline High School Community event (77 contacts) – Detective Webb
- Country Thunder (April 11-14) – Entire Division
- Title 4 shift briefing for Prescott Valley Police Department (5 officers) – Detective Carruthers
- Title 4-Fake ID training for Yavapai-Apache Tribal Police Department (26 gaming investigators and 3 officers) – Detective Carruthers
- Title 4 training at Chandler Police Department (14 officers) – Detective Webb and Detective Schrimpf
- Title 4 training for Tucson Police Department (30 officers) – Detective Webb
- Title 4 training for Phoenix Police Department (12 officers) – Detective Webb
- Title 4 training for Maricopa County Sheriff’s Office Academy (31 officers) – Detective Webb
- Title 4 training for Maricopa County Sheriff’s Office Academy (9 officers) – Detective Webb
- Fake ID training for Phoenix Police Department (8 officers) – Detective Webb
- Alcohol awareness training at Tolleson High School (600 students) – Detective Webb
- Alcohol awareness training at Mesquite High School (31 students) – Detective Webb
- Alcohol awareness training at Nogales High School (500 students) – Detective Webb

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 2003. This program provides the resources necessary for investigating 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. CUBs are between the ages of 16 and 19 and are carefully trained by Detectives. The Department also provides CUB program training to all Arizona law enforcement agencies.

Action	April 2019	FY 2019 Year to Date	FY 2018 Year End	May 2003 to April 2019
Locations Investigated	22	161	118	4,297
Number That Sold to CUB	6	37	32	1,359
Percentage of Establishments That Sold to CUB	27.3%	23.0%	27.1%	31.6%
Administrative Citations Issued	9	111	77	3,271
Criminal Citations Issued	14	88	47	2,561

UNDERAGE VIOLATIONS

Statute and Violation	Number of Counts Charged in April 2019	Number of Counts Charged in FY 2019	Number of Counts Charged in FY 2018
A.R.S. § 4-241(A) Failure to request ID from underage; accepting unauthorized forms of ID	8	52	49
A.R.S. § 4-241(K) Accepting unauthorized IDs	0	0	2
A.R.S. § 4-241(L) Underage who uses false ID to buy alcohol	13	136	75
A.R.S. § 4-241(M) Underage who solicits another person for alcohol	0	7	0
A.R.S. § 4-241(N) Underage who uses of false ID to gain entry to a liquor business	0	32	23
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	37	330	274
A.R.S. § 4-244(20) Consuming spirituous liquor in public place, thoroughfare or gathering	0	4	1
A.R.S. § 4-244(41) Underage with alcohol in system	34	173	218
A.R.S. § 13-2907.01 False reporting to law enforcement agencies	1	3	1
A.R.S. § 13-3613 Contributing to delinquency and dependency of a child	0	2	2
A.R.S. § 28-3478.1 Unlawful use of driver license	6	107	59
A.R.S. § 28-3478.2 Lend ID to another person	0	0	2
A.R.S. § 28-3478.3 Using another person's driver license	0	10	9
Total Violations	99	856	715

Ages of Underaged Cited This Month	<15	15	16	17	18	19	20
			2	1	10	14	20

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	April 2019	FY 2019 Year to Date Average	FY 2018 Year End
Hotel/Motel w/Restaurant (Series 11)	191	192	184
Restaurant (Series 12)	3,930	3,970	3,856
Total Restaurant-Type Licenses	4,121	4,162	4,040
Auditor-to-Liquor License Ratio (Two full time auditors)	2,061	2,081	1:2,020
Audit Action		Year to Date Total	FY 2018 Year End
Audits Completed	3	31	2
Audits Passed	2	20	0
Audits Failed	0	7	0
Audits Inconclusive/Audit Not Performed	1	4	0
Locations granted one year to continue operation	0	3	0
Open Audit Cases		Year to Date Average	FY 2018 Year End
Audits in progress	11	7	2
Open cases w/projected ratio of >37%	9	6	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	88	98	95
Source of Revenue		Year to Date Total	FY 2018 Year End
Assessed fine revenue	\$32,050	\$68,050	\$59,500
Collected fine revenue	\$3,000	\$19,750	\$34,875

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	April 2019	FY 2019 Year to Date	FY 2018 Year End
Revocations	0	0	0
Suspensions	0	3	2
Surrenders	2	8	7
Divestitures	0	2	0
Administrative Complaints	0	0	0
Decisions and Orders	1	2	2
Cases Received	222	467	632
Cases Completed	15	48	119
Cases in Progress	207	419	516
Warning Letter Issued	7	17	72
Cases Sent to the Office of Administrative Hearings	0	3	6
Fines Collected	\$25,575	\$304,575	\$290,000
Cases Adjudicated	48	251	303
Action Resulting From Underage Violations			
Licenses Suspended	0	1	0
Licenses Revoked	0	0	0
Fines Collected	\$34,405	\$65,405	\$43,875

UPCOMING EVENTS AND MILESTONES

Welcome to E-Licensing

In early 2018, the Dept. of Liquor upgraded to a new E-Licensing system!
Features include:

- Online application for new and renewal Liquor Licenses and other privileges
- User Portal to manage licenses and privileges
- Online payment
- What advantages are there in using the e-license system?

The system affords customers a new interactive experience with the department with unparalleled control of personal calendars. Customers choosing to use the online tool will find the new "virtual" department is open for business around the clock, and includes weekends and holidays. All that is needed is an internet connection, suitable computing device, and a major credit card (Visa, Mastercard, American Express and Discover). From there, a majority of the department's essential licensing functions up to and including license issuance, can be done without ever stepping foot in the office.

Before You Begin

- First time customers to the site will need a user account. Follow the Getting Started instructions posted on the Department's website: <https://azliquor.gov/ELicensing/ELicensingInfo.cfm>
- Use of the system requires a customer to complete the entirety of a license application process from beginning to end, which includes payment of any fees due at the time of application submission.
- Payment within the system at this time can be done using a Visa, Mastercard, American Express and Discover.
- There is a \$7 per transaction fee that is required.
- Multiple transactions can be bundled into a single shopping cart so that multiple business items can be completed in a single payment transaction.

Renewals

Customers wanting to use the online tool for renewals should visit the Department's website for "Links to Renewal Instructions".

Customers preferring the traditional paper method are reminded of the following:

**Incomplete Renewal applications will not be accepted.
Renewal applications with blank spaces will not be processed.**

See the table below for renewal deadlines.

Renewal Deadline	County (County #)	License Type
January 31	Maricopa (07)	05,06,08,14
February 28/29	Maricopa (07)	07,13,19,17W
February 28/29	All Counties	17W
February 28/29	All Counties	20,21
March 31	Maricopa (07)	01, 04, 11, 12, 12G, 18, 19
May 31	Apache (01)	All license types
May 31	Coconino (03)	All license types
May 31	Navajo (09)	All license types
June 30	Cochise (02)	All license types
June 30	Gila (04)	All license types
June 30	Graham (05)	All license types
June 30	Greenlee (06)	All license types
June 30	Samta Criz (12)	All license types
July 31	La Paz (15)	All license types
July 31	Mohave (08)	All license types
July 31	Yuma (14)	All license types
August 31	Pinal (11)	All license types
August 31	Yavapai (13)	All license types
September 30	Pima (10)	06, 07, 11, 12, 12G
October 31	Pima (10)	01, 04, 05, 08, 09, 9S, 10, 10S, 13, 14, 18, 19
November 30	Out-of-state licenses	02, 2D, 2L, 2M, 2W, 19
November 30	All Counties	03
December 31	Maricopa (07)	09, 9S, 10, 10S

END OF APRIL 2019 REPORT TO THE GOVERNOR