



**County of Santa Cruz Board of Supervisors
Agenda Item Submittal**

From: County Administrative Office
(831) 454-2100

Meeting Date: February 27, 2018

Recommended Action(s):

- 1) Accept and file report on a tiered fee structure for the Alcohol Nuisance Abatement Ordinance.
- 2) Schedule a public hearing on March 13, 2018, beginning at 9:00 a.m. or thereafter, to consider a revision to the Unified Fee Schedule.
- 3) Direct Clerk of the Board to publish notice of the public hearing at least ten days prior to the hearing date.

Executive Summary

Based on Board Direction, a new tiered fee structure is being proposed for the Alcohol Nuisance Abatement Ordinance.

Background

On December 5, 2017, the Board adopted Ordinance 5261 adding Chapter 8.03 to the Santa Cruz County Code, to create the Alcohol Beverage Retail Nuisance Abatement Program (Program). The Program is designed to improve public safety by establishing a comprehensive response to the adverse impacts related to the sale of alcohol.

On December 12, 2017, as part of considering the Unified Fee Schedule updates, the Board directed the CAO to work with the Sheriff's Office and return with a multi-tiered fee structure for the Alcohol Nuisance Abatement Ordinance similar to the one used by the City of Santa Cruz, rather than the two-tiered system originally proposed, with a preference to limit General Fund resources that may be used for the program. The following proposed fees are the result of that collaboration.

Analysis

Categories and Fees

The Alcohol Sales Permit Fee is based on the following four components: Risk, Hours, Sales Volume and Administrative fee, as described below. The proposed fee structure is also noted below. Businesses would pay the combined risk, hours and volume of sales fees plus the 15% administrative fee.

1. The risk component is determined based on the definition for "High-Risk Alcohol Outlets". "High-Risk Alcohol Outlet" is a retail outlet where alcoholic beverages are sold such as a bar, tavern, liquor store, convenience store, nightclub, banquet facility, and/or premises where live entertainment and/or dancing occurs, and/or any on-sale or off-sale alcohol outlet which, as part of its regular operating hours, stays open past midnight on one or more days of the week. This component includes two categories:

Category Description	Proposed Fee
Category 1 (Lower Risk): Type of Outlet (Ex: winery, on-sale, off-sale, bar, tavern, nightclub, brew pub, store, etc.) combined with operation hours that close before midnight	\$ 116.65
Category 2 (High Risk): Type of Outlet (Ex: on-sale, off-sale, bar, tavern, nightclub, store, etc.) combined with operation hours that close after midnight on any night of operation	\$ 466.61

2. The hours component is determined by the latest hour in which the business sold alcohol on any business day. This component includes three categories:

Category Description	Proposed Fee
Category 1: Open between 6:00 a.m. and 10:00 p.m.	\$59.72
Category 2: Open between 6:00 a.m. and midnight.	\$179.16
Category 3: Open between 6:00 a.m. and 2:00 a.m.	\$537.49

3. The sales volume component refers to the dollar volume of a business' wholesale alcohol purchases for the previous calendar year. In the case of a partial year for new businesses, the volume will be based on annualized purchases. This component also includes three categories:

Category Description	Proposed Fee
Category 1 (Low): Zero to \$100,000	\$153.00
Category 2 (Medium): \$100,001 to \$300,000	\$459.01
Category 3 (High): Over \$300,000	\$1,377.03

4. Administrative Fee (equivalent to 15% of the sum of items 1-3)

The proposed fee schedule places a larger share of the costs on those establishments which are higher risk, have later hours of operation and have higher sales volume. Thus, as an example of the lowest possible fee, a winery which is categorized as lower risk (\$116.65), has a tasting room open to the public until 9 pm (\$59.72) and has low sales volume (\$153.00) would pay a combined fee of \$329.37 plus 15% administrative fee (\$49.41) for a total of \$378.78. An alternate example of the highest possible fee would be a bar which is categorized as high risk (\$466.61), is open to the public until 2 AM (\$537.49) and has high sales volume (\$1,377.03) would pay a combined fee of \$2,381.13 plus 15% administrative fee (\$357.17) for a total of \$2,738.30.

Based on analysis completed by the Sheriff's Office on the types of outlets within the

County and their risk category, the hours of operation and the best estimates of sales volume it is anticipated that the above fee structure will generate approximately \$150,000 in fee revenue, and approximately \$20,500 in administrative fee revenue for a total of \$170,500.

Staffing

As proposed in the approved ordinance, two staff members were allocated to manage the program: a Deputy Sheriff and a Program Coordinator. The Deputy Sheriff would serve as the Alcohol Compliance Officer and conduct investigations, issue certifications and citations, enforce local licensing standards and requirements, and ABC rules and regulations. The Program Coordinator was to offer outreach and education trainings and manage the “back-of-the-house” administrative tasks, including billing, processing certificates, creating and maintaining procedures and forms and the collection of revenues.

Because staffing is dependent upon the revenues generated by the program, it is anticipated that the anticipated fee revenue of \$172,500 will be able to cover 96 percent of the salaries and benefits of a full-time Deputy Sheriff as the Alcohol Compliance Officer, and a half-time Senior Accounting Technician, rather than a full-time Program Coordinator. A Senior Accounting Technician was evaluated as the best fit for the tasks which will be required of the job under the funding available. It is anticipated that an additional \$10,000 of General Fund dollars would be needed to staff the program at its most minimal needs for program effectiveness. Based on the most current salary and benefits information, a Deputy Sheriff is expected to cost approximately \$129,500 and a half-time Senior Accounting Technician is expected to cost approximately \$51,000 for a total of \$180,500.

While it was originally anticipated that the Program Coordinator could conduct robust formal outreach and education activities, due to the fiscal constraints these efforts have been reprioritized and we anticipate they will occur in a more informal way in association with regular investigations and enforcement activity. The County will be dependent upon State efforts to ensure proper formal training such as the “Safe Serve” training for employees at establishments which serve alcohol.

The Sheriff's Office reports that deputies responded to over 1,300 calls involving alcohol and that they made 202 arrests for public intoxication last year. The California Highway Patrol responded to 313 accidents involving alcohol and made 1066 DUI-related arrests. Most glaringly, drunk driving kills more people in Santa Cruz County than those lost to homicide. The fee structure presented is designed to improve public safety by supporting the comprehensive response to the adverse impacts related to the sale of alcohol as approved by the Board in December.

Financial Impact

The Alcohol Nuisance and Abatement Program is expected to cost \$180,500 in its first year of operation. The proposed fee structure is anticipated to generate \$150,000 in fee revenue, and approximately \$20,500 in administrative fee revenue for a total of \$170,500. An additional \$10,000 would be supplied by the General Fund.

Submitted by:

Carlos J. Palacios, County Administrative Officer, Jim Hart, Sheriff-Coroner

Recommended by:

Carlos J. Palacios, County Administrative Officer

Attachments:

- a Notice of Public Hearing, UFS Alcohol