



**CITY COUNCIL
STAFF REPORT
LIQUOR LICENSE RENEWAL APPLICATIONS**

SUMMARY

PREPARED BY:	Karen Rimmer, City Clerk
DATE:	February 19, 2019
RE:	Liquor License Renewals, License term April 1, 2019, to March 31, 2020

Honorable Mayor and Council,

Attached are all the completed applications for liquor license renewals within the City of Douglas for the license term of April 1, 2019 through March 31, 2020. All fees have been paid, all attachments provided, and the applications have been filed with and reviewed for compliance by the Wyoming Liquor Division. Each application has also been reviewed by City Attorney Heather Duncan-Malone and Chief Ron Casalenda. At the time of the writing of this memo, most application concerns and errors have been remedied; the remaining issues are explained later in this memo. Publications were made for two consecutive weeks beginning February 6, 2019 with notice that the Public Hearing for all liquor licenses would occur at the February 25, 2019 regular City Council meeting. The Public Notice was also published on the City of Douglas website from February 15th through February 25th, 2019. To date, no comments have been received in favor or opposition of any of the applications. Following is general information regarding all liquor licenses under your authority as well as details specific to the current license term.

New/Transfer Licenses and Other Changes and Information:

- Inventory update: There are no retail liquor licenses available; one bar and grill license available; all other license types are of an unlimited number and are not subject to formulas for availability under Title 12 of Wyoming State Statutes.
- There were no transferred liquor licenses during the 2018-2019 term.
- **Headstrong LLC:** At the time of the writing of this memo, Headstrong Brewery LLC has produced 27 barrels of malt beverages. Per W.S. §12-1-101(a)(xix), a minimum of 50 barrels of malt beverages must be produced per license term in order for a microbrewery license to be renewed. The owner, John Hunt, has been notified of this requirement in person and in writing; he stated that he is confident the required 23 barrels will be produced prior to March 31, 2019. This issue will need be addressed within the motion by Council; therefore, I am requesting that any approval be contingent upon the City receiving written verification no later than March 28, 2019 that the minimum required barrels have been produced. This particular date would hopefully provide the licensee with as much time as possible to produce the barrels as well as allow staff time to process the new license before the new term begins. If the requirement is not met, this microbrewery license will expire on April 1, 2019, and the owner will need to reapply for a license. All microbrewery activities would have to cease until such time as Council approved a new microbrewery license. Please keep in mind that the microbrewery license has no bearing on any approval of Headstrong LLC's retail liquor license.

- **High Plains Pizza, Inc.:** High Plains Pizza, Inc. sold their company in January 2019 to GMRG ACQ1, LLC (“Grand Mere Restaurant Group”). The new owner chose not to transfer this restaurant liquor license; therefore, it no longer exists. The new owner has stated their intent to apply for a new restaurant license in the near future.
- **Underwood Ventures:** Estate of Underwood Ventures, Inc. can now once again be referred to as “Underwood Ventures Inc.” as it was prior to the passing of the previous owner, Mr. Rick Underwood. Legal documentation was received regarding this estate, thereby allowing the applicant to remove the word “Estate” from the legal name of the entity holding this retail liquor license. Further, as evidenced by the renewal application, Ms. Phoebe Underwood now holds 100% of the stock associated with this corporation, which was transferred to her as part of the settling of this probate case.
- There were two licensees whose board, LLC, or corporate membership changed as listed below. Per W.S. §12-4-102 and Title 5.16 of Douglas municipal code, licensees are required to notify the local licensing authority of any changes in these types of membership within 30 days of the change.
 - Douglas Community Club, Inc.
 - Moose Lodge #602

State-mandated and Additional Compliance Checks:

The City continues to be mandated by the State of Wyoming to annually test compliance of establishments licensed to sell and/or serve alcoholic beverages within Douglas. The City received funding from WASCOP (Wyoming Association of Sheriffs and Chiefs of Police) to conduct two compliance checks, as well as funding from CCPA (Converse County Prevention Alliance) for an additional round of checks. The City receives approximately \$85.00 in grant funds per inspection. Each year, the Police Department receives information from the State of Wyoming, including various training/prevention suggestions for owners and managers; training material developed specifically for employees in order to help ensure compliance; and TIPS calendars to assist in identifying people under 21 years of age. These materials are then distributed to all license holders. After each compliance check, our officers provide additional information to those who failed, including explanations of how the failure occurred and how to avoid this situation in the future.

To date, a total of five compliance checks were conducted during this licensing term. Checks of all licensed establishments were conducted in May, August, and December 2018. Follow-up checks of those licensed establishments who either failed or were closed during the previous check were conducted in October 2018 and January 2019. The attached spreadsheet specifies the dates and results, as well as the results of the compliance checks and other violations for the past few years. The January 2019 follow-up compliance checks resulted in a 100% passing rate; all other checks during this license term resulted in at least one failure. There were a total of seven failures during the year: two in May; two in August; one in October; and two in December. Following is a detail of licensees, violations, and dates.

No Violations:

The following liquor license holders did not commit any violations and passed all compliance checks during the 2018-2019 licensing term and therefore were not required to attend this public hearing; approval is recommended and may be done via one motion from City Council, with the exception of the microbrewery license for Headstrong LLC as mentioned before.

1. 10 G, Inc. DBA Chutes Restaurant & Bar (Retail)

2. Beggar LLC DBA The Liquor Cabinet (Retail)
3. CIB, LLC DBA College Inn (Retail)
4. Depot (The) LLC DBA The Depot Restaurant (Restaurant)
5. Four Seasons Chinese Restaurant, DBA Four Seasons Chinese Restaurant (Restaurant)
6. Friendz, LLC DBA Friendz (Restaurant)
7. Headstrong LLC DBA Headstrong Brewery (Retail)
8. Headstrong LLC DBA Headstrong Brewery (Microbrewery; needs separate motion)
9. House of Pinz, Inc., DBA House of Pinz (Retail)
10. Kota, LLC DBA White Wolf Saloon (Retail)
11. Moose Lodge No. 602, DBA Moose Lodge (Limited Retail – Fraternal Club)
12. Samuel Mares Post No. 8, DBA American Legion (Limited Retail – Veterans Club)
13. Sunset Liquors, LLC, DBA Sunset Liquors (Retail)
14. Underwood Ventures, Inc. DBA Northgate Liquor & Lounge (Retail)

Violations:

Each of the following licensees had at least one violation during the current licensing term and therefore were required to attend the renewal public hearing. Each licensee was notified in writing and via email of their mandatory appearance. It is recommended to address each of these renewals separately in order to give City Council the opportunity to address any questions or concerns prior to renewal and give each applicant the opportunity to address questions and concerns of Council.

1. Douglas Liquors LLC DBA Douglas Discount Liquors and Tobacco: One sales tax violation in April, 2018, the first such violation for this licensee and the only violation within a three-year period. A show-cause hearing was held due to this being a sales tax violation. The delinquent sales taxes were paid at the time of the hearing, and there was no other action by City Council.
2. H4U, Inc. DBA Plains Trading Post: One compliance failure in December 2018; no show-cause hearing was held. There are the a total of three violations for this licensee within a three-year period, two of which were compliance failures (May 2017 and December 2018) and one violation for serving after hours (September 2017).
3. High Plains Pizza, Inc. DBA Pizza Hut No. 206: Although irrelevant as this license no longer exists, there was one compliance failure in May 2018; no show-cause hearing was held.
4. Los Espinos, Inc. DBA LaCosta Mexican Restaurant: One sales tax violation in October 2018, which was the first violation of any type for this licensee; a show-cause hearing was held due to this being a sales tax violation. Delinquent sales taxes were paid at the time of the hearing and there was no other action by Council. This is the only violation in a three-year period.
5. P&Z, Inc. DBA Double D Liquors: One compliance failure and one sales tax violation in May 2018; a show-cause hearing was held in June to address both violations. The delinquent sales taxes were paid at the time of the hearing; a \$500 fine was assessed with

a deadline for payment, which was met. There was no other action by Council. A second sales tax violation occurred in November 2018 and a second show-cause hearing was held. The delinquent sales taxes were paid at the time of the hearing; the licensee was again assessed a \$500 fine with a deadline for payment, which was met. Council also required the licensee to submit proof of payment of sales taxes each month for the next twelve months. This licensee has a total of seven violations, six of which occurred within the last three years (sales tax 11/2016; sales tax and compliance 5/2017; sales tax and compliance 5/2018; sales tax 11/2018).

6. Round Rock Entertainment, LLC DBA The Labonte Bar: One compliance violation in August 2018; no show case hearing was held as this was the first violation of any type for this licensee and therefore the only violation within a three-year period.
7. Sapporo WY II, LLC, DBA Sapporo Steak and Sushi: One compliance failure in August 2018; a show cause hearing was held in October due to two compliance failures less than one year apart. Council assessed a \$500 fine with a deadline for payment, which was met. A second compliance failure occurred in October 2018, and another show cause hearing was held in November 2018. Council imposed a \$750 fine with a deadline for payment, which was met, and also suspended the liquor license for seven days. This licensee has a total of four compliance violations within a three-year period (8/2016; 5/2017; 8/2018; 10/2018).
8. TBK Club LLC DBA Douglas Community Club 19th Hole: One sales tax violation in May 2018, which was the first violation of any type for this licensee; a show-cause hearing was held in June due to this being a sales tax violation. The delinquent sales taxes were paid at the time of the hearing; there was no other action by Council. This license was initially issued in February 2018, so there is no three-year history for this licensee.
9. Three Boys Inc. DBA The Waterhole: One compliance failure in December 2018; no show-cause hearing was held as this was the first violation of any type for this licensee. This license was initially issued in November 2017, so there is no three-year history for this licensee. Please note that there is an ongoing investigation of an incident that occurred at this establishment, but to date, there have been no convictions of any parties involved. If convictions related to the licensee occur at some point in the future, Council will be informed and can provide direction regarding any further action at that time.

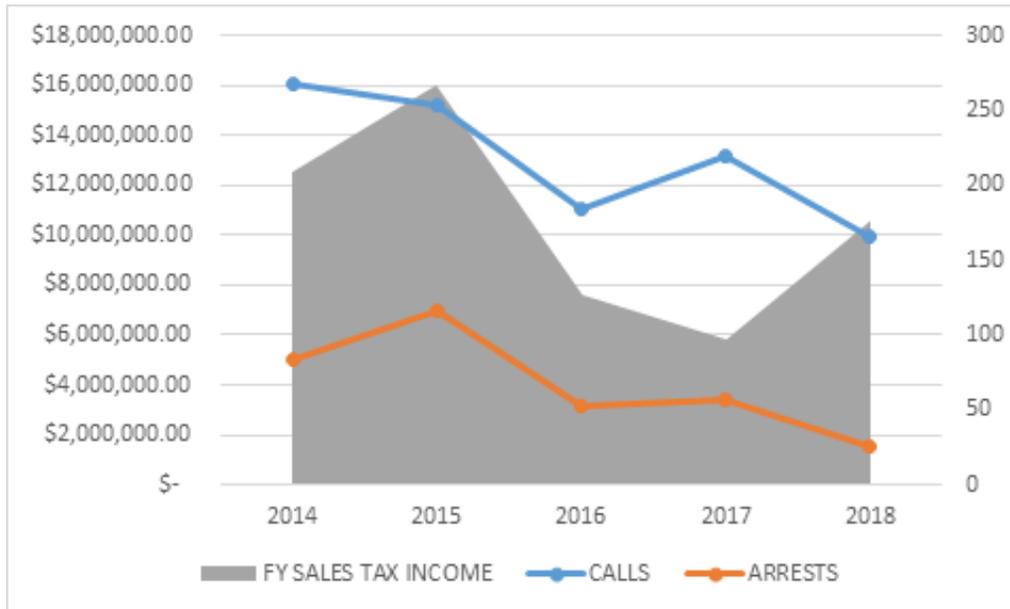
Police Calls:

Police calls are based on a calendar year rather than our licensing term, and the data shows a positive trajectory overall. The calls and arrests seem to correlate with the economy of Douglas, although keep in mind that the sales tax numbers are per fiscal year while the number of calls and/or arrests are based calendar years. This data is also subjective due to who is collecting data, varying number of officers on the street per year, and other factors such as major events.

YEAR	CALLS	ARRESTS	% INCREASE OR DECREASE (From Previous Year)	FY SALES TAX INCOME
2018	166	25	28% Decrease	\$10,594,916.30
2017	220	57	18% Increase	\$5,820,402.20
2016	184	52	32% Decrease	\$7,586,504.33

2015	253	116	12% Increase	\$16,045,561.87
2014	268	84	(not included)	\$12,500,527.90

A few items of note: Fiscal year 2019 sales tax numbers are already at \$10,423,633.64, which is more than what was received the entire fiscal years of 2016 and 2017. As of the end of January, there have been a total of 49 calls and 4 arrests for the 2019 calendar year. The highest number of arrests was in 2015, which was also the fiscal year with the most sales tax dollars received for



the years included. Likewise, 2018 had 42% fewer arrests than 2015 and 41% less in sales tax dollars. Note that 2017 was the year of the eclipse which likely affected the number of calls and arrests for that year.

Other public safety agencies

in Douglas and Converse County, including the Douglas Fire Dept., Emergency Medical Services, and Converse County Sheriff’s Department, are also experiencing increased activity. More detail can be provided on specific calls at any time if Council desires.

Please note that “calls” refer to any type of call, including but not limited to:

- Bar/area/business checks
- Burglary/theft
- Assault/battery
- Compliance checks
- Warrants
- Suspicious person or vehicle
- Larceny
- Trespassing
- Agency assists
- Fighting
- Furnishing
- Public intoxication
- Traffic crash
- DUI
- DWUI
- DUS
- MIP
- Vandalism
- REDDI reports
- Resisting arrest
- Disorderly conduct
- Threats
- Alarms
- Civil situations, and many more types of crimes or violations.

It is important to keep in mind that calls are linked with an establishment even when, for example, the establishment is the victim of the crime (e.g. vandalism, theft, etc.). Therefore, the number of calls for any licensed establishment does not necessarily have a negative implication

for them. Further, the Police Department encourages all liquor license holders to call prior to the escalation of an incident. Therefore, if an establishment has a high number of calls, it should not be assumed that this equates a high number of incidents requiring Police Department involvement. It can also result from requested walk-throughs or removal of a patron(s) before a controllable situation becomes uncontrollable, thereby increasing the potential for damage and/or injury.

Alcohol Server Training Certifications:

The majority of all liquor license holders are current with their alcohol server training requirements and have provided verification of such. Other have been to the certification classes but have not yet received their cards. The majority of licensees continue to use the TIPS program, and there are two certified TIPS trainers in Douglas. However, there are seven other online programs approved by the Wyoming Liquor Division and available on the Liquor Division website that any licensee may use as well.

Staff would like to formally thank the following individuals/organizations:

- All the liquor license holders who had no violations for the 2018-2019 term, which are worth mentioning again using business names: Chutes Restaurant & Bar; The Liquor Cabinet; College Inn; The Depot Restaurant; Four Seasons Chinese Restaurant; Friendz; Headstrong Brewery; House of Pinz; White Wolf Saloon; Moose Lodge; American Legion; Sunset Liquors; and Northgate Liquor & Lounge
- City Attorney Heather Duncan-Malone; Chief Ron Casalenda and the Douglas Police Department; and Mary Nicol and the Administrative Services Department - for their assistance throughout the year;
- Our local certified TIPS trainers: Dawn and Gregg Patterson;
- Lisa Patterson, Director of the Converse County Prevention Alliance Organization (CCPA) and the CCPA Board;
- Tom Montoya, Kelly Hunt, and Jason Allen with the Wyoming Liquor Division, for their support, expertise, and assistance throughout the year; and
- The Converse County Liquor Dealers Association and all liquor license holders for all of their collaboration with the City and each other throughout the year. The City of Douglas really has a hard working, informed, and communicative group of licensees.

Staff Recommendation:

Again, it is the recommendation of staff to approve all liquor license renewal applications as presented to you with no other contingencies or requirements other than those stated herein. If there are remaining questions or concerns, staff recommends tabling action on that specific license or licenses until the next regular Council meeting to allow concerns and issues to be addressed by staff and the license holder.