

File No. 131046

Committee Item No. 1

Board Item No. \_\_\_\_\_

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: Neighborhood Services & Safety Date December 5, 2013

Board of Supervisors Meeting Date \_\_\_\_\_

### Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Legislative Analyst Report
- Youth Commission Report
- Introduction Form (for hearings)
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

### OTHER (Use back side if additional space is needed)

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Completed by: Derek Evans Date 11/26/13

Completed by: \_\_\_\_\_ Date \_\_\_\_\_

An asterisked item represents the cover sheet to a document that exceeds 25 pages.  
The complete document can be found in the file.



San Francisco Police Department  
**ABC Liaison Unit**



Alcoholic Beverage License -  
*Public Convenience and  
Necessity Recommendation*

**To:** The San Francisco Board of Supervisors' Committee on City  
Operations & Neighborhood Services

**Supervisor David Campos**  
**Supervisor Eric Mar**  
**Supervisor Norman Yee**

**From:** Inspector Darcy Keller  
ABC Liaison Unit (ALU) 553-1049

**Date:** November 14, 2013

**Subject:** P.C.N. Investigation Regarding: Resolute Drinks, LLC  
DBA: Resolute Drinks  
678 Geary Street  
Justin Beem and Daniel Brooker  
(415) 812-0639

Justin Beem and Daniel Brooker of Resolute Drinks, LLC, *dba* Resolute, have filed an application with the California Department of Alcoholic Beverage Control seeking a Type 42 (On-Sale Public Premise) license for 678 Geary Street. Resolute plans on the promotion and sales of fine and high value wines and beers. They plan on making wines available for sales to take home, but not beer. Although not required to do so, Resolute plans on the sales of food for the pairing of their wines.

It should be noted that during the application process, notification date for the 500' mailer was on October 7, 2013. The Notice to the Public was posted on August 16, 2013.

For the purposes of this hearing, the California Department of Alcoholic Beverage Control (ABC) seeks a determination from the Board of Supervisors as to the approval or denial of this license.

**Police Calls for Service:** From September 2012 to September 2013

**0 Police calls**

**Police Reports:** From September 2012 to September 2013

**0 Reports**

**San Francisco Plot Information:**

This premise is located in Plot **164**

The High Crime area is defined as 72 or more police reports in a plot.

This plot had **335** police reports recorded for 2011.

Applicant's premises is located in a "High Crime" area.

**State Census Tract Information:**

This premise is located in Census Tract **0123.02**

Population for this tract is: **3,073**

On-sale license authorized by census tract: **10**

Active on-sale licenses: **70**

Off-sale licenses authorized by census tract: **3**

Active off-sale licenses: **16**

Applicant's premise is **currently** located in an "undue concentrated" area.

**Letters of Protest:**

**Two (2) letters of protest** were received by the California Department of Alcoholic Beverage Control, (ABC). One letter was conditional.

**Letters of Support:**

**None recorded** with the California Department of Alcoholic Beverage Control, (ABC).

**Departmental Recommendation:**

No opposition from **Central Station**

ALU recommends approval with the following conditions (attached).

File #: **42-538025**

First Owner: Resolute Drinks, LLC  
Name of Business: Resolute Drinks, LLC  
Location of Business: 678 Geary Street  
San Francisco, CA 94102-1647

**Conditions for Type 42 On Sale Beer and Wine Public Premise**

1. Sales, service and consumption of alcoholic beverages shall be permitted from 12 pm until 12 am (midnight) Sundays thru Thursday and from 12 pm until 2:00 am Friday thru Saturday (with the exception of the Holiday "New Years eve", then Resolute may be allowed to Sell and service alcoholic beverages until 2 am).
2. The sale of beer beverages for off-sale consumption is strictly prohibited.
3. No noise shall be audible beyond the area under the control of the licensee as defined on the ABC-257.
4. The petitioner(s) shall be responsible for maintaining free of litter the area adjacent to the premises over which they have control.
5. Loitering (loitering is defined as "to stand idly about; linger aimlessly without lawful business") is prohibited on any sidewalks or property adjacent to the licensed premises under the control of the licensee as depicted on the ABC-257.
6. Graffiti shall be removed from the premises and all parking lots under the control of the licensee within 72 hours of application. If the graffiti occurs on a Friday or weekend day, or on a holiday, the licensee shall remove the graffiti with 72 hours following the beginning of the next week day.
7. The interior lighting maintained therein shall be sufficient to make easily the discernable appearance and conduct of all persons and patrons in that portion of the premises where alcoholic beverages are sold, served, delivered or consumed. At no time shall the occupancy of the premise exceed the established lawful limit set by the San Francisco Fire Department.
8. The exterior of the premises shall be equipped with lighting of sufficient power to illuminate and make easily discernible the appearance and conduct of all persons on or about the premises. Additionally, the position of such lighting shall not disturb the normal privacy and use of any neighboring residences.

Officer Al. Duarte #1433

# LIQUOR LICENSE REVIEW

**TO:** Planning Department  
AnMarie Rodgers/CTYPLN/SFGOV  
Georgia Powell/CTYPLN/SFGOV@SFGOV  
Fax No.: 558-6409

**File:** 131046

**TO:** Police Department  
Inspector Nelly Gordon  
Inspector Darcy Keller  
Fax No.: 553-1463

*Block/Lot: 0304/009*  
*Zoning: RC-4*  
*Quad: NE*  
*MB# 1301691*

**DATE:** October 24, 2013

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This item is tentatively scheduled to be heard in four to six weeks.  
**PLEASE EMAIL YOUR RESPONSE BY:** December 5, 2013, to Derek Evans,  
Clerk, Neighborhood Services and Safety Committee.  
**Derek.Evans@sfgov.org - Fax No: 554-7714**

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**Applicant Name:** Justin Beem and Daniel Brooker  
**and Business Name:** Resolute Drinks, LLC, dba Resolute  
(678 Geary Street)

**Applicant Address:** 678 Geary Street  
San Francisco, CA 94102  
**and Phone No.** (415) 812-0639

**PLANNING COMMENTS:**  Approval  Denial

*ABC license type 42 is permitted in Re-4 District per Planning Code  
Section 209.8 and defined by Sec. 790.22 in conjunction with ~~various~~  
11.22.13*

*K. Burns, Kawshika Burns (415) 575-9112*

**POLICE COMMENTS:**  Approval  Denial

APPLICATION FOR ALCOHOLIC BEVERAGE LICENSE(S)  
ABC 211 (6/99)

JUSTIN BEEM

(415) 812-0639

TO: Department of Alcoholic Beverage Control  
33 NEW MONTGOMERY STREET  
SUITE 1230  
SAN FRANCISCO, CA 94105  
(415) 356-6500

File Number: 538025  
Receipt Number: 2194127  
Geographical Code: 3800  
Copies Mailed Date: September 26, 2013  
Issued Date:

RECEIVED

SEP 30 2013

DISTRICT SERVING LOCATION: SAN FRANCISCO  
First Owner: RESOLUTE DRINKS, LLC  
Name of Business: RESOLUTE DRINKS, LLC  
Location of Business: 678 GEARY ST  
SAN FRANCISCO, CA 94102-1647  
County: SAN FRANCISCO

Block/Lot: 0304/009  
Zoning: RC-4  
Quad: NE  
MRS # 1301543

Is Premise inside city limits? Yes Census Tract 0123.02

Mailing Address:  
(If different from premises address)

Type of license(s): 42

Transferor's license/name: Dropping Partner: Yes \_\_\_ No \_\_\_

License Type	Transaction Type	Fee Type	Master	Dup	Date	Fee
42 - On-Sale Beer And Wine	ANNUAL FEE	NA	Y	0	09/26/13	\$261.00
42 - On-Sale Beer And Wine	ORIGINAL FEES	NA	Y	0	09/26/13	\$300.00
NA	FEDERAL FINGERPRINTS	NA	N	3	09/26/13	\$72.00
NA	STATE FINGERPRINTS	NA	N	3	09/26/13	\$117.00
Total						\$750.00

Have you ever been convicted of a felony? No

Have you ever violated any provisions of the Alcoholic Beverage Control Act, or regulations of the Department pertaining to the Act? No

Explain any "Yes" answer to the above questions on an attachment which shall be deemed part of this application.

Applicant agrees (a) that any manager employed in an on-sale licensed premises will have all the qualifications of a licensee, and (b) that he will not violate or cause or permit to be violated any of the provisions of the Alcoholic Beverage Control Act.

STATE OF CALIFORNIA County of SAN FRANCISCO

Date: September 26, 2013

Under penalty of perjury, each person whose signature appears below, certifies and says: (1) He is an applicant, or one of the applicants, or an executive officer of the applicant corporation, named in the foregoing application, duly authorized to make this application on its behalf; (2) that he has read the foregoing and knows the contents thereof and that each of the above statements therein made are true; (3) that no person other than the applicant or applicants has any direct or indirect interest in the applicant or applicant's business to be conducted under the license(s) for which this application is made; (4) that the transfer application or proposed transfer is not made to satisfy the payment of a loan or to fulfill an agreement entered into more than ninety (90) days preceding the day on which the transfer application is filed with the Department or to gain or establish a preference to or for any creditor or transferor or to defraud or injure any creditor of transferor; (5) that the transfer application may be withdrawn by either the applicant or the licensee with no resulting liability to the Department.

Effective July 1, 2012, Revenue and Taxation Code Section 7057, authorizes the State Board of Equalization and the Franchise Tax Board to share taxpayer information with Department of Alcoholic Beverage Control. The Department may suspend, revoke, and refuse to issue a license if the licensee's name appears in the 500 largest tax delinquencies list. (Business and Professions Code Section 494.5.)

Applicant Name(s)

Applicant Signature(s)

RESOLUTE DRINKS, LLC

See 211 Signature Page

ABC license type 42 permitted in RC-4 District per Planning Code Section 209.8 and defined by Sec. 790.22 in conjunction with var. 14.

*K. Burns* 11.22.13  
Approved Planning Dept. Kanishka Burns

RESOLUTE DRINKS, LLC  
Applicants: Justin Beem and Daniel Scott Brooker  
678 Geary Street  
San Francisco, CA 94102  
415.812.0639  
jwbeem@gmail.com

October 24, 2013

Clerk of the Board  
San Francisco Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102

Re: Resolute Drinks, LLC, dba Resolute Drinks  
California ABC Liquor License Application  
678 Geary Street  
**Public Convenience and Necessity Determination Request**  
ABC Type 42 On Sale Beer and Wine License - Original License Application

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2013 OCT 24 PM 3:36  
JW

To Whom It May Concern::

We would like to request a hearing for a Public Convenience and Necessity Hearing with this office for our business Resolute Drinks, LLC dba Resolute as required by our ABC Application for a Type 42, an on-premise beer and wine license.

Resolute Drinks' primary business will focus on the promotion and selling of high value, boutique wines and beers primarily through a bar capacity (by the glass or as a full bottle at the table) and also through their wine club and bottles out-the-door.

The rights and regulations, per the California ABC, for a Type 42 allows for on and off premise sales of beer and wine with no distilled spirits allowed to be sold by the business. Food service is not required and minors are not allowed on the premises in any capacity.

The principals are Justin Beem and Daniel Brooker both seasoned professionals in the wine and beer industry. Their collective 17-years of wine business experience positions them for significant success in bringing in clientele, and making their business model successful.

Resolute Drinks' goal is to be a destination space for high-end wine and specialty beer drinkers, a space for people seeking to educate themselves on the fine art of the wine and beer culture and enjoy excellent but affordable wines and beers.

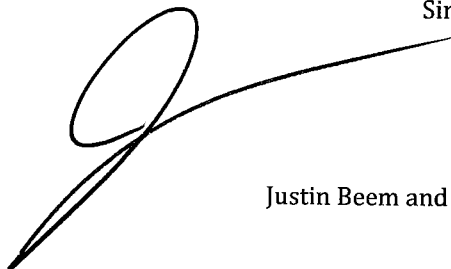
A well thought out security plan has been written and is attached hereto as part of the business plan. Ongoing community outreach is currently in progress.

Also attached are recent San Francisco Business Times detailing the reinvigoration of the area including the property at 678 Geary Street as well as a similar SFgate.com article.

We are, therefore, asking that you forward these materials to the City Operations & Neighborhood Services Committee of the Board of Supervisors for the scheduling of a Public Convenience & Necessity Hearing.

Thank you for your consideration.

Sincerely,



Justin Beem and Daniel Scott Brooker



# Resolute Drinks, LLC

## *List of Documents in this Packet*

1. Letter of Public Convenience and Necessity (requesting hearing)
2. Abbreviated Business Plan – Resolute Drinks, LLC
3. Study by National Institute on Alcohol Abuse and Alcoholism – *Effects of Price on Alcohol Consumption and Alcohol Related Problems*
4. Newspaper Articles about our neighborhood and intended bar.
5. Letter of Determination – From San Francisco Planning Department.
6. List of Outreach Activities
7. Sample Letter Sent to Residents to 676 Geary (our shared building)
8. Sample Letter Sent to Residents in our immediate neighbors buildings (All residents in 7 buildings received this letter).
9. Letters of Support



RESOLUTE DRINKS, LLC  
Applicants: Justin Beem and Daniel Scott Brooker  
678 Geary Street  
San Francisco, CA 94102  
415.812.0639  
jwbeem@gmail.com

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Sincerely,

Justin Beem and Daniel Scott Brooker

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

## ***Business Plan (Abbreviated) Executive Summary:***

### **Description of the Company**

Resolute Drinks Company will be a destination location for high-end wine enthusiasts. Premium wines not currently available, or very hard to find in the Tenderloin, surrounding neighborhoods, and San Francisco at large will be sold by our company for discerning customers.

Resolute Drinks Company intends to bring our extensive wine expertise and knowledge to the Tenderloin and Tender-Nob neighborhoods of San Francisco. The location along Geary Street, between Jones and Leavenworth Street is a perfect launching place for this kind of business – along a bustling intersection, in one of the densest neighborhoods in the United States and is anchored by several upscale businesses.

We will offer great and unique wines, hand selected by our team of experienced wine buyers – Daniel Brooker (former wine buyer at Vin Debut in West Portal) and Justin Beem (former wine buyer at Vin Debut in West Portal and wine industry veteran). Both owner/managers are certified sommeliers and are customer service experts who have been recognized by numerous organizations for their level of knowledge about wine.

### **Products and Services**

Our primary business will be focused on the promotion and selling of high value, boutique wines in four different capacities –

1. Selling wine to customers in the bar and licensed premises.
2. Selling wine to-go, bottle-by-bottle.
3. Selling a wine club (a monthly service, selecting 2 appropriate wines for consumers, delivered or picked up at our premises).
4. Internet and to tourists, shipping wine to customers' homes.

In addition, we will also sell high-end, boutique beers, both in draft and some premium bottles, on-premise only. Also we will offer high value boutique cheeses, meats, nuts, and olives for our customers to nibble on during their stay at our business. Finally, at a later date, we may sell high-end, boutique sake, both on-premise and off.

Structurally, our bar and retail business will build off our experience at Vin Debut, with some modifications.

For our in-bar program,

- We will offer wine flights – three 2 oz. pours of 3 different wines per flight. Prices will vary between \$12 and \$25.
- In addition, we will serve wines by the glass (5 oz. pours), prices will vary between \$10 and \$30.
- And of course, full bottles will be available for sharing in house. Prices will vary between \$30 and \$150.
- Beer will be available via draft (priced between \$6 and \$12), and bottles (prices will vary between \$16 and \$30).

Our in-bar program should account for approx. 85% of our business in year 1 (all prices are approximate).

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

For our off-premise program:

- we will offer wines for sale to go to customers in a variety of capacities. Single bottles to go – prices will vary between \$15 and \$150.
- We will also offer customers an opportunity to purchase certain select wines to sell 6 bottles at \$70. In addition we intend to have a \$75 wine club for frequent patrons. This will allow customers to receive one bottle valued at \$50, and a \$50 credit for EITHER bar drinks OR retail wine.

This should account for approx. 15% of our business in year 1 (all prices are approximate).

## Marketing and Sales Techniques

Due to the varying components of our business, we have to focus on a number of different demographics but ultimately all components must be synergetic for the success of the business. The majority of our expected customers are between 25 and 40, lives/works in San Francisco or the Bay Area. The mix will be more women than men (approximately 75% women) as is the case with most wine bars. We will market heavily via social media, as well as through existing food/drink blogs and other San Francisco news aggregates (ie. Eatersf.com, sfist). Our customers will be our biggest asset and marketing tools, and using their Facebook and Twitter accounts we hope to draw additional business. Finally, we expect to get referrals from local restaurants and hotels to draw additional customers to Resolute Drinks Company.

## The Competition

Currently, there are no wine bars in the immediate area, serving predominantly locals. Three blocks away, tucked away in the Fitzgerald Hotel, there is a wine bar that has gone through a series of identity changes – the current identity is to focus on wine regions each month at the exclusion of all else. Four blocks away there is a newer wine bar owned by a corporate entity (based in Chicago), which serves tourists exclusively, pouring wines readily available at Safeway, Costco, and/or Trader Joe's. Both have very limited wine menus. Beerwise, both locations pour only a very limited selection of bottled beers. Both offer their wines in a retail capacity – though customers are not made aware of this unless they ask.

## Target Market

As demonstrated by our experiences at Vin Debut in West Portal, our customers will be predominately locals, meaning San Franciscans from supporting neighborhoods – Tenderloin, Nob Hill, SOMA and other neighborhoods with most customers between 30 and 45-years-old. We will also get a fairly large volume of customers from the Peninsula and the East Bay, though we probably will see these customers predominantly on Friday and Saturday nights exclusively. As demonstrated by wine bars all over San Francisco and the Bay Area in general, approximately 75% of our customers will be women. Weeknights we will reach out to promote our space to wine enthusiasts in the hotels, however, locals will be our principal customers most days of the week and certainly before 8 PM.

We see our principal customers being local San Francisco residents who are looking for a slightly more mellow bar scene, as well as some seekers of fine wine on a retail level.

## Operations

The business will operate Monday through Sunday as a bar and wine/beer retail. Retail and bar will open at 12PM, and run until 2AM. Our staffing will be limited until 4 PM, anticipating pre-dinner drinks. Retail will be the focus until 6 PM.

## Financial Forecasts

Co-Owner, Justin Beem  
415.812.0639  
Justin@resolutewine.com

Co-Owner, Daniel Brooker  
916.955.3611  
Daniel@resolutewine.com

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

Based on comparable locations throughout San Francisco neighborhoods, we expect to generate annual gross revenue of approximately \$650,000.00 by the end of our second year from all avenues of sales, with a staff of approximately 6 people. The majority of these sales will come from on-premise (bar) drinks, followed by wine and beer retail, which will be a slightly slower growing component of our business over time. Food elements will be complementary to our bar, but will be an excellent revenue generator as well.

## **Funding and Financing Requirements**

Our capital needs for this endeavor are based on three things: 1. Capital to improve existing space, business materials kitchen equipment and supplies, some tables, chairs, AV equipment, etc. (complete list below)) (approx.. \$150,000). Capital to operate the business, (approx. \$250,000).

- We will be funded at approximately 75% for all costs by Justin Beem's savings.
- We will be funded at approximately 25% for all costs by Dan Brooker's savings.

## ***Security Plan Introduction and Mission Statement***

Resolute Drinks Company's Security Plan has been created to explore, identify, validate, and manage the security requirements and its related procedures/protocols for an effective implementation of a comprehensive security solution for the premises.

Both partners (and later, key employees) will enroll in the California Alcohol Beverage Control's LEADS program on October 2<sup>nd</sup>. Both partners are fully aware of the need to not over-pour to our customers and this will be ingrained in the minds of all staff and managers.

We will have a two-level security system: LEVEL 1 – at the entry of the premises and immediately outside the premises. Addressing issues at level 1 will mitigate 99% of challenges from unruly patrons entering the premises. LEVEL 2 – inside the premises. Addressing noisy, violent, or troublesome customers, and promptly reducing their agitation, or ejecting them from the premises.

It is Resolute Drinks Company's primary priority to provide a safe environment for the patrons and staff at all hours of operation. A zero tolerance policy for any and all criminal activity is supported and strictly enforced. To achieve and successfully manage a compliant free environment, which will be organized and peaceful, we will train all of our staff to handle customers (good and bad), employ a door person during evening hours, and install a security system (including cameras) to monitor illicit activities in and outside of our facility.

All staff including door-persons, security officers, and bartenders will be taught to embrace:

- **R** Respond appropriately
- **A** Awareness is paramount
- **D** Document activities and incidents
- **A** Assessment of security environment
- **R** Report to staff, management, and authorities

## ***Level 1: General Security Operations at the Entrance of the Premises***

Resolute Drinks Company will have a door person stationed outside the premise during evening (10:00pm or later) operation. A host/hostess or cocktail server will check identification and manage patrons entering the establishment in the absence of a door person (6:00pm to 10:00pm). Bartenders will check identification and manage patrons entering the establishment in the absence of

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

hosts/hostesses, cocktail servers or door person

- Review of identification will be required for all patrons entering the premise. Only persons 21-years-old or older will be admitted. No person under 21 will be allowed entry, even if they will not be drinking alcohol, per the restrictions of our ABC type 42 license. There will be NO discrimination at the door as to race, gender, or sexual orientation.
- A designated staff member will monitor the number of patrons in and around the property with tally counters. Exceeding the capacity as established by the San Francisco Building and Fire Departments will be prohibited.
- Staff will refuse entry of anyone appearing intoxicated. There will be a sign within the premises declaring, "We reserve the right to refuse service to intoxicated persons."
- All staff shall enforce anti-loitering provisions of SF MPC 121 and cooperate with the SFPD regarding enforcement actions.
- No noise from the property will be audible in any surrounding residences, hotel rooms, or occupied business establishment above the established limits.
- At the end of the evening, personnel will walk the perimeter of the property and dispose of any trash left by patrons.
- Sidewalk immediately outside the premise will be well illuminated
- Sidewalk will be sprayed clean with water every morning.
- Per Health Department regulations, no one may smoke in the establishment. Per California state law, no one will be allowed to smoke 20 feet from the entry of the business.
- After closing time, we will move patrons away from the premises. Resolute Drinks Company will help maintain and cultivate a relationship with the San Francisco Police Department and request assistance in dispersing crowds, if necessary.

## ***Level 2: General Security Operations at the Inside the Premises***

Resolute Drinks Company's front of the house staff will be both experts in their craft, and also maintain complete control over the general mood of the premises. Rules established by the Resolute Drinks Company will be followed to the letter. Staff will also have a zero tolerance policy towards disturbing patrons, with the strategy of discreetly deescalating bad behavior (without embarrassing the patron) . This is both for the enjoyment of the rest of the guests and correcting bad behavior quickly and discretely.

1. Overly noisy patrons who are disturbing other guests, will initially be discretely asked to quiet down. After this a warning will be given, and finally they will be ejected if they cannot keep their voices to an inside level.
2. Patrons repeatedly making unwelcome advances, or pestering other patrons, will initially be discretely asked to back off. After this a warning will be given, and finally they will be ejected if they cannot keep their voices to an inside level.

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

3. If a patron has been determined "grossly intoxicated" by two staff members (as to provide a second opinion and witness) the manager on premises will be alerted and the "grossly intoxicated" person will be moved to a safe and quiet area of the property such as a back of house room or outside the building; an area monitored by a CCTV system. At this time, the Management will identify what level of intoxication the customer is at in respects to the level of responsiveness.
  - a. Staff will then identify intoxicated person's family, friends, colleagues, or acquaintances to ensure their safety in getting home. Once all information has been aggregated, the staff, with a minimum of 2 personnel, will escort the party to their a designated driver's vehicle or taxi. Regardless of transport, the official identification will be written down and wherever possible, photographed (i.e. taxi driver's official license and license plate of the vehicle).
  - b. After the grossly intoxicated person has been removed from the premises, an internal review process will begin. Video from the evening, as well as testimonials both from the staff and any trusted patrons will be taken. If the grossly intoxicated person was over served, the bartending staff on duty will be given one warning. Two instances will grant grounds for firing. If the grossly intoxicated person was admitted by door staff, then the door staff and cocktail staff on duty will be given one warning. Two instances will grant grounds for firing.
4. The management will not hesitate to call the San Francisco Police Department if any major disturbance occurs on the property.
5. Drug use of any kind will be prohibited. Suspected drug users will be immediately ejected. Confirmed drug users will be ejected immediately and the proper authorities will be contacted.

## ***Party Buses***

Resolute Drinks Company will not engage with any Party Bus Company, their buses, and/or their customers. This includes Party Bus customers that have walked over to the property from a neighboring event or from a different drop off location.

## ***Noise Management***

Resolute Drinks Company's Noise Management goal is to be an ideal neighbor which will not impact the people living in the building we share with 56 other units, as well as our other nearby neighbors. To accomplish this we will:

- Use modern sound-proofing techniques on the ceiling (ie. "egg crate" sound proofing, foam sound dampeners.
- Using a mixing board to keep music at total decibels under 10db.
- Management to manage and continually improve the sound environment inside the lounge while minimizing sound impact to the surrounding neighborhood. While never allowing sound from our premises above 8 dBA over the ambient noise levels (per the San Francisco Noise Control Ordinance (article 29 of the Police Code).
- Use of an awning to minimize noise pollution escaping the premises

# RESOLUTIVE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

- A scheduled inspection to review sound abatement.
- Internal sound managed by a sound meter not to exceed 20 dBA above ambient noise levels.
- Keeping the total number of patrons in accordance with the capacity as established by the San Francisco Building and Fire Departments.

## ***Emergencies***

**Personnel Responsibilities** - To safely evacuate any persons within the building up to a point that it becomes too harmful for civilians to intervene. All staff will be equipped with proper contact information and communication equipment.

**Staff Responsibilities** - To safely evacuate any persons within the building up to a point that it becomes too harmful for citizens to intervene.

**Personnel Training** - All staff will be coached on proper emergency exiting procedures. Personnel will also be trained through the SFFD's NERT program, Neighborhood Emergency Response Team.

## ***Power Outage***

**Evacuation** - Provided throughout the building are emergency lights and exit signs that are regularly checked and maintained for quality and safety.

**Management, Security, and Staff Responsibilities** - Primary responsibilities are to remain calm and see that all personnel in the building, staff and patrons, safely exit to the street.

## ***Earthquake***

After an earthquake, the management will immediately assess the situation, decide whether to evacuate, identify proper routes, and communicate directions to all event staff. This will break the property up into sections, each with its own lead, consequently resulting in an efficient evacuation.

## ***Injury***

Management and select staff will be trained in CPR and/or other life preserving techniques, and will exercise these based on a particular incident. During this time, and emergency number will have been called to bring professional support to the victim(s).

## ***Handicapped***

The property will comply with any and all ADA requirements. All staff will be trained to help evacuate handicapped persons in the event of an emergency.

## **Owner's Bios**

### **Justin Beem**

A wine industry professional for 12 years, Justin has worked in various capacities in the wine world. Starting out as a "cellar rat" at the Mancuso Wine Brokerage firm, a bulk wine and wine grape brokerage firm in San Francisco. After a stint doing various office chores, Justin's employers discovered he had a gift of the gab, and started putting him on the phone selling wine to interested

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415.812.0639  
Justin@resolutewine.com

Co-Owner, Daniel Brooker  
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# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

buyers. This landed him a job at the largest independent grape grower (non-winery affiliated) in California, Silverado Premium properties. There he propelled through the ranks, selling wine and grapes to industry professionals, until Silverado Premium Properties started up their own bottled wine division, Plata Wine Partners. This put him initially as a supply chain coordinator, and finally as the assistant winemaker.

Of course, all good things must come to an end, and with the economic climate of 2008, Plata Wine Partners was effectively shut down. Justin quickly reinvented himself as a salesman of fine wine, first for Henry Wine Group and then for Eagle Rock Vineyards, selling wine throughout the country for their private label division. Concurrently he worked for James Robinson at Vin Debut until a tragic fire burned the business down. Roaming the city since then, looking for a new home, he and Daniel have found it in 678 Geary Street. Now he and Daniel will begin a new adventure selling wine to Citizens of the Tenderloin and TenderNob at Rolute Drinks Company.

## **Dan Brooker**

Dan Brooker is probably one of the youngest boutique beer buyers in San Francisco, maintaining a revolving list of over 30 beers. His personal interest in fine beers became a huge asset to Vin Debut over 3 years ago when he stated working at the fine wine store and bar in West Portal. What was a tiny scattered program at Vin Debut became a thriving and essential business for the store and bar. His purchase of artisan, high-end beers brought in many new customers and was a huge success. Dan believes,

*“Those who are able to capitalize on cellared and highly sought-after beers will be in the avant-garde of the craft beer movement. With customers traveling farther distances and willing to spend larger sums of money on beer, cutting-edge knowledge will be high value to a company specializing in new and interesting alcoholic beverages.”*

Dan, with his vast knowledge of such beers (not to mention an ever increasing personal cellar) is poised to be a voice of authority in these matters and a success in the burgeoning industry of artisan beers.

Dan graduated from UC Irvine with a BA in European Studies, after which he moved to San Francisco where he enrolled in European History at SF State. Soon after his arrival he met James Robinson, who immediately saw the utility of such a bright young man, and gave him a job. He quickly proved his worth and was given more responsibilities and as a result eventually was promoted to manager. He has since been an essential fixture at Vin Debut and is ready to embark on a new adventure.





## The Effects of Price on Alcohol Consumption and Alcohol-Related Problems

**Frank J. Chaloupka, Ph.D., Michael Grossman, Ph.D., Henry Saffer, Ph.D.**

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**The most fundamental law of economics links the price of a product to the demand for that product. Accordingly, increases in the monetary price of alcohol (i.e., through tax increases) would be expected to lower alcohol consumption and its adverse consequences. Studies investigating such a relationship found that alcohol prices were one factor influencing alcohol consumption among youth and young adults. Other studies determined that increases in the total price of alcohol can reduce drinking and driving and its consequences among all age groups; lower the frequency of diseases, injuries, and deaths related to alcohol use and abuse; and reduce alcohol-related violence and other crime. Key words: alcohol or other drug (AOD) price; economic theory of AOD use (AODU); elasticity of demand; underage drinking; minimum drinking age; drinking and driving; AOD related (AODR) accident mortality; AOD availability; AODR injury; AODR crime; AODR violence; sales and excise tax**

Since the early 1980s, a growing number of economists have examined the impact of the price of alcoholic beverages on alcohol consumption. Other studies have evaluated the effects of price on various outcomes related to alcohol consumption, including nonfatal and fatal motor vehicle crashes and other injuries, liver cirrhosis and other alcohol-related mortality, and violence and other crime. This research, which has used a wide variety of data, generally has concluded that increases in the prices of alcoholic beverages lead to reductions in drinking and heavy drinking as well as in the consequences of alcohol use and abuse. This conclusion concurs with a fundamental law of economics called the downward sloping demand curve, which states that as the price of a product rises, the quantity demanded of that product falls. Since the price of alcohol can be manipulated through excise tax policies, the findings regarding the relationship between alcohol price and alcohol consumption clearly are relevant for policymakers interested in reducing alcohol consumption and its adverse consequences. Indeed, Federal, State, and local governments have implemented many policies to combat alcohol abuse in the past two decades (see sidebar).

### POLICIES AFFECTING THE PRICE OF ALCOHOL AND ALCOHOL CONSUMPTION

The major policy element of U.S. programs to deter teenage and young adult drinking has been to increase State minimum legal drinking ages (MLDAs). This trend began in 1976 with the increase in the MLDA in Minnesota from 18 to 19 years of age. An additional 27 States had increased their MLDAs by the time Congress passed the Federal Uniform Drinking Age Act of 1984. This Act pressured all States into raising the MLDA to 21 years by withholding part of their Federal highway funding if they failed to comply. After an unsuccessful challenge to the law's constitutionality, all States raised their MLDAs to 21 years by July 1988.<sup>1</sup> (So-called grandfather clauses in some States kept the effective age below 21 until mid-1989.) In addition, several States have recently adopted laws targeting underage drinking drivers by making it *per se* illegal to drive either with blood alcohol concentrations (BACs) well below those considered the legal limit of intoxication in adults (i.e., 0.08 to 0.1 percent) or, in some States, with any measurable BACs. These measures have made it more difficult for youths to obtain alcohol and have increased the expected legal costs of drinking by imposing fines for the possession of alcohol and for drinking and driving by underage people.

Other policies in the campaign to discourage alcohol abuse have targeted all drinkers, and some measures have targeted abusive drinkers. For example, Public Law 100-690 mandated that, beginning in November 1989, a label warning of the dangers of drinking and driving, alcohol consumption during pregnancy, and other (unspecified) health consequences of drinking appear on all alcoholic beverage containers. By raising awareness of potential health consequences of drinking, such warning labels can increase consumers' perceptions of the costs associated with drinking alcoholic beverages.

Similarly, the Alcohol Traffic Safety Act of 1983 encouraged States to enact hundreds of new and stronger laws related to driving under the influence of alcohol (DUI). For example, these measures eased the standards required for arresting and convicting drunk drivers, imposed more severe and certain penalties upon conviction for drunk driving, and increased the allocation of resources for apprehending drunk drivers. Again, such increases in the probabilities of arrest and conviction for drunk driving as well as in the penalties upon conviction raised the expected legal costs of drinking and driving.

Many States and localities also have adopted policies that raise the time costs associated with obtaining alcoholic beverages or otherwise reduce alcohol availability for all drinkers. For example, these policies include regulations that limit the places and/or times where alcohol can be sold, restrict or ban "happy hours," require server training and/or licensing, and hold servers liable for the harmful actions related to the excessive drinking of

those they are serving.

One policy that has only rarely been used, however, is an increase in the monetary price of alcohol, which could be achieved by raising taxes on alcoholic beverages. During the past 50 years, Federal, State, and local taxes on alcohol have been raised only modestly and infrequently and almost always with the intent of increasing revenues rather than discouraging alcohol use and abuse. For example, Title XI of the Omnibus Budget Reconciliation Act of 1990 increased Federal excise tax rates on beer and wine for the first time since November 1951 and the tax on distilled spirits for only the second time during this period.<sup>2</sup> (Excise taxes differ from sales taxes in that they are a flat tax amount based on the quantity purchased rather than a certain percentage of the purchase price. Generally, excise taxes are not paid directly by consumers but are passed on to consumers in the form of higher retail prices. In contrast, consumers pay a sales tax directly when they make a purchase.) This act doubled the tax on beer from 16 cents to 32 cents per six-pack; raised the tax on wine nearly sevenfold, from just over 3 cents to about 21 cents per 750-ml bottle; and increased the tax on distilled spirits from \$2 to \$2.16 per fifth of 80-proof alcohol.

Although some evidence suggests that Congress may have been motivated by the health promotion aspects of higher alcoholic-beverage taxes (Cook and Moore 1993), these increases fell well short of those recommended by several public health organizations (Godfrey 1990). The increases also left the tax rates well below the 25 cents per ounce of pure alcohol in any beverage that initially had been proposed by the first Bush Administration (Godfrey 1990). Thus, the Federal excise tax rates resulting from the 1991 tax increase are approximately 10 cents, 7 cents, and 21 cents per ounce of pure alcohol for beer, wine, and distilled spirits, respectively. Furthermore, these tax increases failed to offset inflation since 1951. For example, the tax on distilled spirits would have needed to increase to approximately \$8.80 per fifth of 80-proof liquor (i.e., approximately fourfold higher) to have the same real value as this tax had in 1951. Similarly, the tax on beer would have needed to increase more than fivefold to 84 cents per six-pack to offset inflation. Only the increase in the wine tax was large enough to offset the effects of inflation since 1951.<sup>3</sup> (These computations are based on Bureau of Labor Statistics data from various years.)

The potential effects of greater increases in the monetary price of alcohol are explored in the feature article.

— Frank J. Chaloupka, Michael Grossman, Henry Saffer

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One policy that has largely been ignored, however, is an increase in the monetary price of alcohol, which could be achieved by raising taxes on alcoholic beverages. At least in part as a result of this stability of Federal, State, and local alcoholic beverage taxes, the real prices of alcoholic beverages (i.e., the prices after accounting for the effects of inflation) have declined significantly over time. For example, between 1975 and 1990, the real price of distilled spirits fell by 32 percent, the real price of wine fell by 28 percent, and the real price of beer fell by 20 percent.<sup>1</sup> (These computations are based on Bureau of Labor Statistics data from various years.) A Federal tax increase in 1991 only temporarily reversed this trend. If alcohol use and abuse are sensitive to price, as economists have found, however, a decrease in the real value of alcoholic beverage taxes and, consequently, prices will exacerbate the problems associated with alcohol use and abuse. Governments may be reluctant to increase taxes to discourage alcohol abuse, however, because the increased taxes raise prices not only for alcohol abusers but also for light and moderate drinkers who do not abuse alcohol and therefore do not need to be discouraged from drinking. (For more detailed discussion of the appropriate level of alcohol taxation in this context, see Pogue and Sgontz 1989; Saffer and Chaloupka 1994.)

This article reviews studies that have analyzed the effects of price increases on alcohol consumption and its adverse consequences. After discussing some analytical considerations, the article focuses on the effects of alcohol prices and taxes on consumption by youths and young adults. It then considers the impacts of prices and taxes on indicators of alcohol abuse, such as motor vehicle crashes, health effects, and violence and other crime, among drinkers of all ages, including youths and young adults. The studies discussed in this article capitalize on the substantial variation in alcohol prices across the United States that exists primarily as a result of the vastly differing State excise tax rates on alcoholic beverages. Most of the studies employ the price of beer or the State excise tax on beer as a measure of the cost of alcohol because beer is the beverage of choice among Americans, particularly among youths.

#### ANALYTICAL CONSIDERATIONS

Economic studies of alcohol demand focus mainly on the effects of price on alcohol consumption. To describe the sensitivity of consumption to changes in monetary price, economists frequently refer to the price elasticity of demand<sup>2</sup> (For a definition of this and other economic terms used in this article, see the glossary, p. 32.) (i.e., the percentage change in consumption resulting from a 1-percent increase in price). For example, a price elasticity of alcohol demand of -0.5 means that a 1-percent increase in price would reduce alcohol consumption by 0.5 percent (or a 10-percent increase in price would reduce consumption by 5 percent). An extensive review of the economic literature on alcohol demand concluded that based on studies using aggregate data (i.e., data that report the amount of alcohol consumed by large groups of people), the price elasticities of demand for beer, wine, and distilled spirits are -0.3, -1.0, and -1.5, respectively (Leung and Phelps 1993).<sup>3</sup> (Leung and Phelps (1993) emphasize that these numbers represent "best guesses" because of the wide range of estimates contained in the studies reviewed.) These estimates suggest that beer consumption is relatively insensitive to price changes, whereas demand for wine and distilled spirits is very responsive to price.

Analyses using individual-level data (i.e., data that report the amount of alcohol consumed by specific persons) suggest that alcohol demand may be even more responsive to price than these estimates indicate, possibly because this approach can obtain differential price responses among respondents of different age groups (Leung and Phelps 1993). More recent studies have confirmed the price responsiveness of alcohol consumption (Nelson 1999; Kenkel 1993, 1996; Manning et al. 1995).

One consideration that must be kept in mind when interpreting price effects such as those discussed throughout this article is that these effects are not based on natural experiments. For example, no data are available comparing the amounts of alcohol consumed by individuals or groups at different prices, with all other variables held constant. Instead, researchers use cross-sectional data, which measure consumption for individuals or groups at a given moment in time, or time series of such cross-sectional analyses for more than 1 year. And although investigators in these studies attempt to control for as many confounding variables (i.e., variables that may be correlated with price and consumption) as possible, these efforts can never be complete. These caveats place limits on the ability to infer cause-and-effect relationships from the study findings.

Another consideration when analyzing price effects on alcohol consumption is the potentially addictive nature of alcohol. Next to cigarette smoking, excessive drinking is the most common example of legally consuming an addictive substance. However, alcohol and tobacco are linked to adverse health outcomes and to addiction in different ways. For example, overwhelming evidence indicates that any level of smoking has detrimental health effects. Furthermore, a large proportion of smokers become addicted to nicotine and therefore smoke a substantial quantity of cigarettes each day. Accordingly, researchers can usually focus their analyses on whether and how much a person smokes because these measures are highly correlated with the smoking-

related costs of interest.

With alcohol, however, the situation is more complex. Many people regularly consume small quantities of alcohol without becoming addicted. Furthermore, most people who drink alcohol do not harm themselves or others; indeed, moderate alcohol consumption has been shown to lower the risk of coronary heart disease in men (Camargo et al. 1997). The adverse effects of alcohol, such as liver cirrhosis, drunk-driving crashes, workplace injuries, and various forms of violent behavior, primarily result from excessive consumption (regardless of whether the person is actually addicted to alcohol). Researchers must consider these complex interactions (e.g., specific drinking patterns) when exploring the relationship between alcohol price and alcohol consumption or alcohol-related adverse effects.

### DRINKING BY YOUTHS AND YOUNG ADULTS

Much of the alcohol-related economic research considers alcohol consumption by all segments of the population. Nevertheless, it is crucial to focus on the price sensitivity of youth and young-adult drinking and heavy drinking because the incidence of alcohol-related problems, particularly drinking and driving, is disproportionately high among these age groups. Fatal motor vehicle crashes are the leading cause of death of people under the age of 35, and alcohol is involved in more than one-half of these fatal crashes. In 1995, fatalities per car miles of travel of people between the ages of 16 and 24 were more than twice as large as those of people ages 25 and over (Dee and Evans 2001). Moreover, abuse of and dependence on alcohol are highest among people between the ages of 18 and 29 (Grant et al. 1991). Finally, it is important to focus on the young because alcohol abuse in adolescence appears to be associated with alcohol abuse in later life (Rachal et al. 1980). Consequently, policies to curb alcohol abuse by youths and young adults might be the most effective means to curb it in all segments of the population.

Two studies estimated the effects of price on alcohol use by youths ages 16 to 21 using data from the National Health and Nutrition Examination Surveys (Grossman et al. 1987; Coate and Grossman 1988). The data were collected in two cycles of surveys conducted from 1971 to 1975 and from 1976 to 1980, respectively. Both studies concluded that beer consumption is inversely related to both the monetary price of beer and the State minimum legal drinking age (MLDA). The studies also evaluated whether the effects of price differ according to the youths' consumption patterns. To this end, the investigators classified the youths into infrequent drinkers who consumed beer less than once per week, fairly frequent drinkers who consumed beer one to three times per week, and frequent drinkers who consumed beer four to seven times per week. These analyses found that higher prices and MLDA's reduced not only the fraction of youths who drank beer infrequently but that the fractions of youths who consumed beer fairly frequently and frequently declined more in both absolute and percentage terms than did the fraction of infrequent drinkers when prices rose. The investigators also conducted similar analyses for different drinking levels among the youth, including light drinkers who consumed one or two cans of beer, fairly heavy drinkers who consumed three to five cans, and heavy drinkers who consumed six or more cans on a typical drinking day. Again, the fractions of fairly heavy and heavy drinkers declined more in both absolute and percentage terms than did the fraction of light drinkers in response to price increases.

Laixuthai and Chaloupka (1993) updated this research using data from the 1982 and 1989 surveys of high school seniors conducted by the University of Michigan's Institute for Social Research as part of the Monitoring the Future project. The analyses used three different measures of alcohol consumption that were constructed from the survey data, as follows:

- Drinking frequency in the past year, which classified youths as frequent drinkers (more than 30 drinking occasions in the past year), fairly frequent drinkers (10 to 30 drinking occasions), infrequent drinkers (1 to 9 drinking occasions), or abstainers (no drinking in the past year)
- Drinking frequency in the past month, which was structured similarly
- The presence of at least one binge-drinking occasion (i.e., consumption of five or more drinks on one occasion) in the 2 weeks prior to the survey. These binge-drinking occasions, which serve as an indicator of heavy drinking, are most likely to have negative consequences and, therefore, are of most concern to policymakers.

The researchers analyzed the 1982 and 1989 samples separately to examine potential changes in the price sensitivity of youth alcohol use resulting from the introduction of a uniform MLDA of 21 years in all States. For both years, higher beer excise taxes significantly reduced both the frequency of youth drinking and the probability of heavy drinking. As with the studies by Grossman and colleagues (1987) and Coate and Grossman (1988), the estimates implied that a tax increase would reduce the fractions of frequent and fairly frequent young drinkers to a greater extent than the fraction of infrequent drinkers. More interestingly, Laixuthai and Chaloupka (1993) also found that the price sensitivity of youth drinking fell after the MLDA of 21 years was enacted in all States. For example, the investigators estimated that an increase in the Federal beer tax offsetting the effect of inflation since 1951 would have reduced the probability of having any binge-drinking episodes by 18.4 percent in 1982 but only by 6.5 percent in 1989.

Laixuthai and Chaloupka (1993) attributed this change in the price sensitivity of youth drinking to the change in the full price of drinking resulting from the higher MLDA's in 1989. For a youth, the full price of consuming alcohol can be thought of as the monetary price of alcohol plus the indirect costs of illegal drinking. These indirect costs include such legal obstacles as the MLDA, the time spent obtaining alcohol, and the money and time spent obtaining false identification. When the average MLDA and, consequently, the associated indirect costs of alcohol, are relatively low (as in the 1982 sample), a given increase in alcohol taxes will have a relatively large impact on the full price of alcohol and thus on consumption. Conversely, when the average MLDA and the associated indirect costs of alcohol are high (as in the 1989 sample), a similar increase in alcohol taxes will have a relatively small impact on the full price of alcohol and on consumption. Accordingly, high school seniors in 1989, who faced higher indirect costs of obtaining alcohol than their 1982 counterparts, responded less to changes in the monetary costs.

Chaloupka and Wechsler (1996) examined the effects of various factors on drinking and binge drinking among students in U.S. colleges and universities. The analyses were based on data from the 1993 Harvard College Alcohol Survey, which included a nationally representative sample of 17,592 students enrolled at 140 U.S. 4-year colleges and universities. The alcohol-related factors evaluated included beer prices, alcohol availability (i.e., the presence of an on-campus bar and the number of alcohol outlets within 1 mile of the campus), and policies related to driving under the influence (DUI) (i.e., a State-level index reflecting the restrictiveness of the State's drunk-driving laws targeting youths).

The investigators estimated the potential results of a policy that would have equated the tax on the alcohol in beer to the tax on the alcohol in distilled spirits in 1951 and adjusted the tax for the rate of inflation since 1951. Such an increase would have resulted in a more than tenfold increase in the tax. The results implied that such a policy would have reduced the number of underage college women who drank in the past year by about 15 percent and the number of underage and older college women engaging in any binge drinking by roughly 20 percent. In contrast to these statistically significant negative effects of price on underage drinking and binge drinking by female students, no such effect was found for male students.

The insignificant effects of price on drinking among male college students and the relatively small effects for female college students likely result, at least in part, from errors in the measure of price used (Chaloupka and Wechsler 1996). Researchers generally use average local retail prices as a measure of the monetary price of alcohol, thereby neglecting alcohol consumption that occurs at parties or other occasions at which the drinker does not pay retail price for the alcohol. Such errors are a general problem in econometric studies of alcohol demand using individual-level data but likely are more significant when studying college students, for whom average local retail prices may not be a good proxy for the prices paid by the student. For example, much of the drinking among college students, particularly binge drinking, takes place at parties where alcohol is available at no charge or at local bars that offer sharply discounted prices to attract college students.

#### *Studies Accounting for the Addictive Nature of Alcohol*

At least for some consumers, the demand for alcoholic beverages may differ from the demands for most other consumer products because of the addictive nature of alcohol. Prior to the work by Becker and Murphy (1988), economic models of addiction assumed myopic behavior in which consumers ignore the

future consequences of their current actions. Becker and Murphy (1988) developed a theoretical model that extends the utility-maximizing approach of economics to addictive substances. The consumption of these substances is influenced not only by the utility and the satisfaction they provide but also by acquired tolerance, reinforcement, and withdrawal. The main element of this and other models of addiction is the assumption that an increase in the past consumption of an addictive substance raises the current consumption of that substance. Unlike previous models of addiction, the Becker-Murphy model treats addicts as "farsighted" in the sense that they consider, at least to some extent, the future consequences of their consumption decisions. This assumption implies that a person's current consumption decisions will respond to changes in the expected future costs of consumption, such as an anticipated increase in price or new information about the health consequences of consumption. Although this assumption may appear to be counterintuitive, it generates a prediction that can be tested using data on alcohol consumption by the same person in 3 or more years. For example, the model predicts that the benefits of consumption this year depend on expected consumption next year. Accordingly, a reduction in next year's consumption due to an increase in next year's price should cause this year's consumption to fall, a prediction that can be readily tested.

The Becker-Murphy model also predicts that the short-term price elasticity, which holds past consumption constant, must be smaller in absolute value than the long-term price elasticity, which allows past consumption to vary.<sup>4</sup> (For a detailed review of alternative economic models of addiction and their applicability to the estimation of the demand for alcoholic beverages and heavy drinking, see Grossman (1993).) For example, a price increase in 2001 according to the model would reduce consumption in 2001, with consumption in previous years held constant. Because of the addictive nature of alcohol, the model also predicts that consumption in 2002 and in all future years also would fall. Consequently, the reduction in consumption observed over several years (i.e., in the long term) after the price increase would exceed the reduction observed in 2001 (i.e., in the short term).

Grossman and colleagues (1998) applied the Becker-Murphy model to alcohol consumption by young adults ages 17 to 29 using the longitudinal data from the Monitoring the Future project. Given that the prevalence of alcohol dependence and abuse is highest in this age group (Grant et al. 1991), such an approach accounting for the addictive aspects of alcohol consumption may be more relevant to this sample than to a sample including all age groups. Using data obtained in baseline surveys of high school seniors conducted from 1976 through 1985 and in followup surveys conducted through 1989, the investigators estimated alcohol demand both in the context of the model of addictive behavior and in the context of models that ignore the addictive aspects of consumption.

The study found consistent evidence that increases in the price of alcohol resulting from higher monetary prices significantly reduced the number of alcoholic drinks consumed by young adults in the past year. Moreover, the analyses provided strong evidence that drinking in this age group is addictive in the sense that a strong interdependency existed among past, current, and future alcohol consumption. That is, current drinking decisions depended on past alcohol consumption and influenced future consumption. These findings are generally consistent with studies employing data from the National Longitudinal Survey of Youth to estimate alcohol demand using a model that also accounts for the addictive nature of alcohol consumption.

The finding that drinking by young adults can be considered an addictive behavior has important implications for the effects of price on alcohol consumption. For example, when Grossman and colleagues (1998) used models that ignored the addictive aspects of alcohol consumption to analyze their data, they estimated an average price elasticity of alcohol demand of -0.29. When they used the model accounting for the addictive nature of alcohol, however, the estimated average long-term price elasticity of demand was more than twice as high at -0.65, indicating that price had a much greater influence on alcohol consumption. Moreover, the estimate of the long-term price elasticity of demand was approximately 60 percent higher than the estimate of the short-term elasticity (which, in turn, was almost 40 percent higher than the average estimate derived using nonaddictive models).

Using the estimates derived from models accounting for addiction, Grossman and colleagues (1998) predicted the effects of changes in beer taxes on consumption. For example, the investigators examined the effects of a tax increase that would have matched the taxes on the alcohol in beer to those on the alcohol in distilled spirits in 1951 and then accounted for the rate of inflation since 1951. Such an increase was estimated to have reduced average consumption by more than 40 percent in 1982 and 1983 (the middle years of the sample).

Taken together, these findings on the relationship between price and demand for alcohol have important implications for policies aimed at curbing alcohol use and abuse among youths and young adults. First, this research demonstrates that increases in the price of alcoholic beverages, which could be achieved by raising alcohol taxes, effectively can reduce drinking and heavy drinking. Second, the results demonstrate that the long-run price elasticity of demand when accounting for the addictive aspects of drinking is well above both the short-run elasticity and the elasticity obtained when ignoring addictive aspects. This finding implies that previous estimates of the effects of tax increases on alcohol use among youths and young adults and its consequences significantly underestimate the benefits of higher taxes. Third, the finding that young adults are farsighted in terms of future alcohol consumption implies that policies that raise the perceived future costs of alcohol use and abuse can significantly reduce current drinking.

#### *Limitations of the Analyses*

As is the case with much social science research, these findings and implications must be qualified because they are not derived from controlled experiments that can definitively establish that a certain factor causes a specific outcome. One can argue that the effects of taxes or prices in the studies just summarized are biased because they do not account for unmeasured determinants of consumption that are correlated with the cost of alcohol. For example, States in which antidrinking sentiment is widespread and alcohol consumption is low may enact high alcohol excise taxes as part of the political process. In this case, the price elasticities that emerge from analyses that only consider price but omit overall drinking sentiment overstate the true influence of price. Conversely, States in which pro-drinking sentiment is widespread (i.e., antidrinking sentiment is weak) and alcohol consumption is high may enact high alcohol taxes because the taxation of alcohol is an attractive source of revenue. In these cases, price elasticities are understated if they are obtained from analyses that omit drinking sentiment.

Using data from the Monitoring the Future surveys of high school seniors conducted between 1977 and 1992, Dee (1999) addressed this issue by comparing the relationship between alcohol consumption and State beer excise taxes among all States over time. In this analysis, Dee included a fixed-effects indicator for each State to control for unmeasured determinants of alcohol consumption and the State's excise tax on beer.<sup>5</sup> (These indicators were dichotomous variables for each State except one. This means that each variable assumes the value of 1 for a given State and 0 for all other States.) This analysis found that once the State indicators were held constant, beer excise taxes no longer had a significant negative effect on consumption, suggesting that other, unmeasured factors rather than differences in price account for differences in alcohol consumption.

These conclusions are not definitive, however. For example, Grossman and colleagues (1998) found only a modest reduction in their estimate of the long-term price elasticity of demand (i.e., from -0.65 to -0.54) when controlling for fixed effects. Furthermore, Cook and Moore (2001), who used data on young adults participating in the National Longitudinal Survey of Youth conducted between 1982–1985 and 1988–1989, found that the effect of the State beer tax on drinking participation and binge drinking actually increased significantly in State fixed-effects models.

This discrepancy in findings may stem from the fact that the relative stability of the beer tax makes it highly correlated with other State indicators (e.g., overall drinking sentiments). Accordingly, it is difficult to distinguish the effects of the beer tax and other State fixed effects. Furthermore, as mentioned earlier, State excise taxes are an imperfect measure of the price of alcohol, and biases resulting from measurement errors are exacerbated in fixed-effects models. Thus, although most of the empirical literature supports the conclusion that excise tax increases tend to curtail alcohol consumption and heavy drinking by underage youths and young adults, more research on this important issue is necessary.

#### **EFFECTS OF PRICE ON CONSEQUENCES OF ALCOHOL ABUSE**

In addition to examining the effects of the price of alcohol on consumption, numerous economists have studied the impact of price on consequences of alcohol use and abuse. These consequences include fatal and nonfatal motor vehicle crashes and other injuries, liver cirrhosis mortality and other health consequences, and violence and other crime. This section summarizes findings from recent research conducted by the authors of this article as well as from other key studies (for a more detailed review of this literature, see Chaloupka et al. 1998). Because MLDAs and drunk-driving laws play important roles in motor vehicle crashes, their effects as well as those of prices or taxes also are discussed.

##### *Motor Vehicle Crashes*

Saffer and Grossman (1987a,b) first examined the impact of beer excise taxes and MLDAs on youth fatalities from motor vehicle crashes. The investigators used State-level fatality rates for youths ages 15 to 17, 18 to 20, and 21 to 24 for the years 1975 through 1981 and controlled for various other factors expected to affect drinking and driving and the probability of fatal crashes. Both studies concluded that increases in beer taxes or MLDAs would significantly reduce youth motor vehicle fatalities. For example, the studies predicted that a policy adjusting the beer tax for the inflation rate since 1951 would have reduced fatalities among 18- to 20-year-old youths by 15 percent. Moreover, a uniform MLDA of 21 years would have lowered youth fatalities by 8 percent between 1975 and 1981.

Chaloupka and colleagues (1993) extended and updated this research by considering the effects of beer taxes, MLDAs, alcohol availability, and all major State-level policies related to drinking and driving on youth and adult motor vehicle fatality rates for the period from 1982 through 1988. The study included numerous drunk-driving policies, as follows:

- Implied consent laws, which presume that a person with a driver's license agrees to be tested for alcohol and other drugs on request or face license suspension or revocation
- Preliminary breath tests prior to arrest to establish probable cause for a DUI arrest
- No-plea-bargaining provisions, which prohibit a person charged with DUI to plea bargain to reduce the charge to a nonalcohol-related offense, such as reckless driving
- Dram shop laws, which allow those injured by an intoxicated person to bring suit against the person or establishment that served the alcohol
- Administrative *per se* laws, which require the state licensing agency to suspend or revoke a person's license after a DUI arrest but prior to any court penalty
- Open container laws, which make it illegal to carry open containers of alcoholic beverages in the car
- Mandatory fines, license suspension/revocation, jail sentences, and/or community service upon conviction for drunk driving.

In addition to examining overall fatality rates, the researchers considered two fatality rates that are closely related to drinking and driving:

- The number of drivers killed between 12:00 a.m. and 3:59 a.m., 75 to 90 percent of whom have been estimated to have been drinking (National Highway Traffic Safety Administration 1986)
- The number of drivers with elevated BACs killed in traffic crashes.

The study by Chaloupka and colleagues (1993) concluded that several drunk-driving laws, especially laws associated with relatively severe sanctions, can be effective deterrents to drinking and driving. In particular, the investigators found that whereas existing administrative *per se* license suspensions with relatively weak penalties have little effect on fatality rates, a relatively severe mandatory license suspension of 1 year significantly reduces drunk driving. Severe mandatory minimum fines and license sanctions upon conviction for DUI are also effective deterrents, although somewhat less effective than more immediate administrative penalties that can be imposed without court proceedings. In addition, both preliminary breath test laws, which raise the probability of arrest for DUI, and no-plea-bargaining provisions, which raise the expected penalties, deter drinking and driving. Reduced availability, resulting from both local prohibitions on alcohol sales and higher MLDAs, also can reduce drinking and driving, although the MLDA effects were limited to youths and young adults.

Chaloupka and colleagues (1993) also concluded that higher beer excise taxes are among the most effective means for reducing drinking and driving in all segments of the population. For example, between 1982 and 1988, a policy adjusting the Federal beer tax for the inflation rate since 1951 would have reduced total fatalities by 11.5 percent and fatalities among 18- to 20-year-olds by 32.1 percent.

More recent research using both aggregate and individual-level data similarly has concluded that increases in beer taxes and MLDAs, as well as strong laws related to drinking and driving, can reduce self-reported drinking and driving and involvement in nonfatal traffic crashes. For example, a comprehensive study using aggregate data for the period from 1982 through 1988 found consistent evidence that higher beer taxes significantly reduce motor vehicle crash fatalities in a variety of models that account for potential omitted variables biases (Ruhm 1996).<sup>6</sup> (Omitted variables biases arise if determinants of fatal crashes are not included in the regression model and are correlated with variables used to predict these crashes.) These findings are notable because most of the models used included State- fixed effects. Another study based on self-reported data on drinking and driving obtained in the 1985 National Health Interview Survey estimated that a 10-percent increase in the price of alcoholic beverages would reduce the probability of drinking and driving by about 7.4 percent for men and 8.1 percent for women (Kenkel 1993). Even larger reductions of 12.6 percent among men and 21.1 percent among women would occur among people ages 21 years and younger. A study using self-reported data on involvement in traffic crashes obtained during the 1982 and 1989 Monitoring the Future surveys concluded that a policy adjusting the Federal beer tax for the inflation rate since 1951 would reduce the probability of nonfatal traffic crashes by almost 6 percent for both men and women (Chaloupka and Laixuthai 1997).

Two studies examined factors contributing to the mortality rate resulting from motor vehicle crashes among 18- to 20-year-olds between 1977 and 1992 (Dee 1999) or between 1977 and 1997 (Dee and Evans 2001). Both studies also reported significant negative effects of increases in the beer tax on the motor vehicle mortality rates. Dee (1999) and Dee and Evans (2001) dismiss these findings, however, because the researchers found similar tax effects regardless of whether they studied nighttime fatalities (which commonly are attributable to alcohol use) or daytime fatalities (which are related to alcohol use much less often). Yet one could argue that the potential pool of youth victims of fatal daytime crashes (i.e., youths who drink during the day and then drive), while smaller than the potential pool of victims of nighttime crashes, may be more sensitive to price than other youth drinkers. This would be the case if the youths in question are frequent or heavy drinkers, because as mentioned earlier, evidence suggests that those youths who drink frequently or heavily are quite sensitive to price.

Another study analyzed fatal motor vehicle crashes among people of all ages for the years 1984 to 1992 using fixed-effect models (Mast et al. 1999). These analyses found that the beer tax has no effect on the overall fatality rate but has a significant negative effect on the fatality rate for drivers involved in nighttime, single-vehicle crashes, which commonly involve alcohol. The investigators downplayed the importance of the beer tax, however, because the size of its effect varied when other variables were introduced into the models. Nevertheless, a careful examination of the study's results reveals significant negative tax effects in most of the fixed-effects models used.<sup>7</sup> (The tax effect becomes insignificant in models accounting for the percentages of the State populations that are members of various religious denominations. This variable was available only for 2 of the years studied (i.e., 1980 and 1990), however, and had to be obtained for other years by interpolation and extrapolation.)

The key conclusion to be drawn from this research is that increases in the full price of alcohol—whether they result from increases in monetary price, reduced availability, or increases in the expected legal costs of drinking and driving (i.e., more severe drunk-driving laws)—can reduce drinking and driving and its consequences among all age groups. As is the case with the effects of beer taxes on consumption, however, the estimated magnitude of the beer tax effects on motor vehicle mortality depends somewhat on whether State- fixed effects are included in the statistical models used. For example, Saffer and Grossman (1987a) reported much greater tax effects when using a fixed-effects model. Similarly, significant tax effects in the studies by Ruhm (1996),

Dee (1999), Mast and colleagues (1999), and Sloan and Evans (2001) also were based on this specific

#### *Health Effects*

Excessive alcohol consumption can have numerous adverse health effects; accordingly, reductions in alcohol consumption related to price increases might also reduce adverse health effects. Several studies have examined the impact of alcohol prices on liver cirrhosis mortality rates, a key adverse outcome associated with long-term heavy alcohol consumption that accounts for more than 20,000 deaths annually. For example, Cook and Tauchen (1982) analyzed annual State-level cirrhosis mortality rates for States that licensed the sale of alcoholic beverages from 1962 through 1977. The investigators concluded that increases in the excise taxes on distilled spirits would significantly reduce deaths from liver cirrhosis. For example, a \$1 increase in the distilled spirits tax was estimated to lower cirrhosis death rates by 5.4 to 10.8 percent. Thus, the study contradicted the then-conventional wisdom that heavy, addictive alcohol consumption was unresponsive to price.

This finding was confirmed by Grossman (1993) when he applied the Becker-Murphy model of addiction to heavy alcohol consumption as reflected by the cirrhosis mortality rate. Using data for all States for the period from 1961 through 1984, Grossman concluded that long-term heavy consumption is responsive to price. For example, he estimated that a 10-percent increase in the price of alcohol would reduce cirrhosis mortality by 8.3 to 12.8 percent after the levels of heavy drinking have fully adjusted to the price change in future years. (This adjustment would extend over many years because due to the addictive nature of heavy drinking, a price increase in 1 year would reduce drinking not only in that year but also in all future years.)

In contrast to the two studies just discussed, Sloan and colleagues (1994), using State-level death rates for the period from 1982 through 1988, found that higher alcoholic beverage prices do not significantly reduce deaths that are primarily related to alcohol, mainly deaths from liver cirrhosis. This finding is surprising, given the results of the earlier studies. In addition, however, the study considered the effects of price on various other death rates related to alcohol use and abuse, including deaths from motor vehicle crashes, homicides (which are discussed in the following section), suicides, diseases for which alcohol is a contributing factor (e.g., cancers of the alimentary tract), and accidental deaths. Sloan and colleagues (1994) concluded that increases in the monetary price of alcoholic beverages would reduce suicides and deaths from diseases for which alcohol is a contributing factor, but not deaths that are primarily related to alcohol. Conversely, the study found that alcohol availability, which is another component of the full price of alcoholic beverages, has a significant impact on many of the death rates estimated, including deaths primarily related to alcohol; suicides; and deaths from drowning, falls, and other injuries.

Ohsfeldt and Morrissey (1997) also examined the impact of alcohol price and availability on injuries, specifically nonfatal workplace injuries, using State-level data for the period from 1975 through 1985. These analyses found a strong inverse relationship between workplace injuries and beer taxes. For example, the investigators predicted that a 25-cent increase in the beer tax in 1992 would have reduced work-loss days from nonfatal workplace injuries by 4.6 million, reducing the costs of lost productivity by \$491 million. In contrast, alcohol availability has little impact on nonfatal workplace injuries according to these analyses.

Chesson and colleagues (2000) focused on a different outcome—sexually transmitted disease rates—in an analysis of all States for the years 1981 to 1995. After controlling for State and year effects, the investigators concluded that a \$1 increase in the per-gallon liquor tax can reduce gonorrhea rates by 2.1 percent; furthermore, a beer tax increase of 20 cents per six-pack can reduce gonorrhea rates by 8.9 percent. Similar, or even somewhat larger, effects of liquor and beer taxes were found for syphilis rates.

Again, the general conclusion that can be drawn from this research is that increases in the full price of alcoholic beverages would reduce various diseases, injuries, and deaths related to alcohol use and abuse. Moreover, given the results of most studies analyzing liver cirrhosis rates, these reductions of adverse health effects would not be limited to injuries and deaths among light and moderate drinkers but would also affect heavy drinkers.

#### *Violence and Other Crime*

Because a variety of crimes are related to alcohol use and abuse (Bureau of Justice Statistics 1988), numerous studies have assessed the influences of changes in alcohol prices on crime rates. For example, Cook and Moore (1993) examined the impact of per capita alcohol consumption and beer excise taxes on violent crime rates (i.e., homicides, assaults, rapes, and burglaries), using annual State-level data obtained from the 1979 through 1987 Uniform Crime Reports. Employing fixed-effects models, in which the only independent variable other than State and year indicators was the beer tax, the investigators concluded that higher beer taxes would lead to significant reductions in rapes and robberies but would have little impact on homicides and assaults. These findings are generally confirmed by an analysis of homicide rates obtained from the Vital Statistics data, which also concluded that higher alcoholic beverage prices and reduced alcohol availability would lower homicide rates (Sloan et al. 1994).

Several studies examined the effects of alcohol regulation on violence and crime using individual-level data. Markowitz and Grossman (1998) focused their analysis on child abuse, using data from the 1976 National Family Violence Survey on children residing in two-parent families. The study estimated the effects on violent outcomes of a variety of factors, including the State excise tax rate on beer, illegal drug prices, marijuana decriminalization, laws restricting alcohol advertising, per capita number of outlets licensed to sell alcohol, and demographic and socioeconomic characteristics of the parents. The results demonstrated that increases in the beer tax can be an effective policy tool in reducing child abuse. Thus, a 10-percent increase in the excise tax on beer was estimated to reduce the probabilities of overall child abuse and severe child abuse by 1.2 percent and 2.3 percent, respectively. Furthermore, such an increase was estimated to reduce unconditional overall child abuse (i.e., a measure of child abuse that includes the frequency of the abuse) by about 2.1 percent. Even such a seemingly small reduction in child abuse rates could have a dramatic impact on the lives of many children. In 1975, approximately 40 million children between the ages of 3 and 17 lived with both parents. According to the National Family Violence Survey, 14.4 percent of these children (i.e., 5.8 million) were victims of severe abuse. Hence, a 10-percent increase in the beer tax would have lowered the number of severely abused children by approximately 132,500.

Markowitz and Grossman (2000) expanded upon this study in two important ways. First, they performed the analyses separately by gender of the parent, which is important because different patterns of drinking and violence have been observed for men and women. Second, they added data from another comparable survey conducted 10 years later, the 1985 National Family Violence Survey, which allows for a comparison of the effects of alcohol regulation over time as well as for the pooling of several years and the addition of State-level fixed effects. Such fixed effects are important in determining whether the effects of the State-level alcohol regulation variables reflect State sentiment toward regulation and violence, which cannot be measured directly, rather than true policy effects.

The results of these analyses indicated that increases in the beer tax may decrease the incidence of child abuse committed by women but not by men. Thus, a 10-percent increase in the excise tax on beer was estimated to reduce the number of mothers who commit violent acts against their children by approximately 2 percent. This estimate was not influenced by State-level fixed effects, suggesting that it was indeed a policy effect.

Another study focused on the relationship between alcohol prices and spouse abuse (i.e., both wife abuse and husband abuse) (Markowitz 2000). This analysis used data from the 1985 National Family Violence Survey as well as respondents from that survey who were interviewed again in 1986 and 1987. Hence, the study was based on a panel of three observations on each person. The statistical analysis also included individual-level fixed effects to control for unmeasured characteristics in the panel. One example of such characteristics is the person's sentiment toward alcohol consumption, which may be correlated with his or her propensity to commit violence, with overall alcohol sentiment in his or her State of residence, and with the rate at which alcohol is taxed. The results consistently indicated that increases in the price per ounce of pure alcohol (as measured by a weighted average of the prices of alcohol from beer, wine, and liquor) reduce the probability of severe violence (kicking, biting, hitting with a fist or other object, choking, and using or threatening to use a gun or knife) aimed at wives. Using an average of the estimates from the fixed-effects specification, Markowitz (2000) estimated that a 1-percent increase in the price per ounce of pure alcohol would decrease the probability of being a victim of wife abuse by 5.3 percent.<sup>8</sup> (Markowitz (2000) cautions that the value of this estimate is somewhat imprecise because the 95-percent confidence interval, which gives the range that with a 95-percent certainty contains the "real value" of the variable, is -1.0 to -9.7 percent.) This means that in 1985, when there were 54.4 million married women in the United States, of whom 3.6 percent were estimated to be abused, a 1-percent increase in the price of pure alcohol would have decreased the number of abused married women by approximately 104,600.

Grossman and Markowitz (2001) explored the effects of variations in alcoholic beverage prices among States on violence on college campuses. The study used data from the 1989, 1990, and 1991 College Alcohol and Drug Surveys of College Students, which include almost 120,000 college students from approximately 200 colleges and universities throughout the United States and contain measures of alcohol use and its adverse consequences. These adverse consequences include four indicators of violence, as follows:

- Getting in trouble with the police or with residence hall or other college authorities
- Damaging property or pulling a fire alarm
- Getting into an argument or a fight
- Taking advantage of another person sexually or having been taken advantage of sexually.

The study found that the incidence of each of these four acts of violence is inversely related to the beer price in the State in which the student attends college. For example, a 10-percent price increase would result in the following reductions in violent acts:

- The proportion of students who get into trouble with the police and college authorities would decline from 12.3 percent to 11.7 percent.
- The proportion of students involved in property damage would be reduced from 7.5 percent to 7.1 percent.
- The percentage of students who get into verbal or physical fights would fall from 31.2 percent to 30.2 percent.
- The proportion of students involved in sexual misconduct would decline from 14.3 percent to 13.8 percent.
- The number of students involved in violence each year would be reduced by approximately 200,000, or by 4 percent.

Saffer (2001) estimated the effectiveness of alcohol and other drug abuse policies in reducing crime. The study used data from more than 32,000 people participating in the 1991 National Household Survey on Drug Abuse (NHSDA), which was complemented with data on State beer taxes. The analysis estimated the effectiveness of drug control spending and beer taxes on arrests, property crime, property damage, use of force, and drug selling, both for the entire sample and for people under age 21. The results demonstrated that increased beer taxes can reduce crime and that the magnitude of these effects generally is larger for people under age 21 than for people over age 21.

In summary, the findings discussed in this section clearly indicate that, as with alcohol consumption and other outcomes related to alcohol abuse, increases in the full price of alcoholic beverages are an effective means of reducing alcohol-related violence and other crime.

## DISCUSSION

This article has summarized the economic research examining the impact of the full price of alcoholic beverages on drinking and heavy drinking by teenagers and young adults. It also has reviewed similar research that explores the relationship between price and outcomes related to the abuse of alcohol by youths and adults, including drinking and driving and motor vehicle crashes, health consequences of alcohol consumption, and violence and other crime. The majority of this research clearly supports the view that increases in the monetary prices of alcoholic beverages, which can be achieved by raising Federal, State and local alcohol taxes, significantly reduce alcohol consumption.

Of course, one must keep in mind the caveat mentioned previously concerning the need to exercise caution in interpreting cause-and-effect relationships from the types of analyses discussed in this article. Nevertheless, the weight of the evidence is impressive. Moreover, several studies have concluded that these reductions in consumption are not limited to the infrequent, light, or moderate drinkers but also pertain to frequent and heavy drinkers. Furthermore, increases in price also lead to reductions in many of the consequences of heavy drinking. Two studies, however, have suggested that a subset of heavy drinkers—the upper 5 percent—may be unresponsive to price (Manning et al. 1995; Kenkel 1996). Because both of these studies analyzed the drinking behavior of people of all ages, however, they are not inconsistent with the notion that youths and young adults—the age groups with disproportionately high alcohol-related problems—are generally more responsive to increases in price than are adults.

Given this evidence, increases in the prices of alcoholic beverages appear to be an effective policy for reducing alcohol consumption and its consequences. In reality, however, alcoholic beverage prices have declined relative to the prices of other goods and services for most of the past 50 years. This price decline is the result in large part of the infrequent and relatively small changes in Federal and State taxes. Based on the evidence presented here, it appears likely that this decline in real prices has kept alcohol consumption and many of the problems associated with alcohol use and abuse at levels higher than they would otherwise be.

In formulating the appropriate alcohol tax policies, it would be useful to have information on the differential price responsiveness of the outcomes considered here by gender, race, and ethnicity. For example, evidence suggests that certain drinking patterns are more sensitive to price among female college students than among male college students. It also appears as if child abuse committed by women is more responsive to price than child abuse committed by men, although that finding is based on fairly old data. To date, however, no large-scale studies have considered gender differences in price effects for a variety of outcomes in a systematic fashion. Similarly, little is known about racial or ethnic differences in price effects. Thus, researchers do not know whether the beneficial effects of tax increases on alcohol abuse will be shared equally by all population subgroups, or whether policies in addition to tax increases must be pursued to curtail abuse in certain groups.

Another area in which knowledge is lacking pertains to how the beneficial effects of moderate alcohol consumption would be altered by tax increases. For example, would coronary heart disease rise, and if so, by how much? And what is the trade-off between reductions in alcohol abuse and deteriorations in coronary health that may accompany tax hikes? Answers to these questions and the identification of population subgroups that are most or least sensitive to alcohol prices and taxes deserve high priority on an agenda for future research.

## GLOSSARY

**Aggregate data:** Data based on information (e.g., on alcohol consumption) from large groups of people, such as the United States population as a whole or the population of individual States, either at a certain point in time or over time.

**Dichotomous variable:** Assumes the value of 1 if an observation has a certain characteristic and assumes the value of 0 if an observation does not have that characteristic; for example, a dichotomous variable for residence in California equals 1 if a consumer lives in California or if an observation on alcohol consumption or motor vehicle accident mortality pertains to California.

**Economic model of addiction:** A model in which current consumption of a certain good is positively related to past consumption of that good.

**Farsighted model of addiction:** A model in which consumers take into account the future harmful consequences of their current actions.

**Fixed-effects regression model:** Takes into account unmeasured effects that vary among States or individuals but do not vary over time by including *dichotomous variables* for States or individuals as independent variables; can be implemented only if there is more than one observation for each State or individual.

**Individual-level data:** Data based on information (e.g., on alcohol consumption) from specific people.

**Long-term price elasticity of demand:** Percentage change in current consumption resulting from a 1-percent increase in price several years earlier; exceeds *short-term price elasticity* in absolute value because a reduction in consumption this year resulting from an increase in price this year causes consumption to fall next year and in all future years.

**Myopic model of addiction:** A model in which consumers ignore the future harmful consequences of their current actions.

**Price elasticity of demand:** Percentage change in consumption resulting from a 1-percent increase in price.

**Short-term price elasticity of demand:** Percentage change in current consumption resulting from a 1-percent increase in price this year, with consumption last year held constant.

**Utility maximizing approach:** The approach to consumer behavior taken by economists in which consumers select the basket of goods and services that yields the largest amount of satisfaction or utility subject to their income and to the prices of those goods and services.

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NIAAA: Understanding the impact of alcohol on human health and well-being



## Resolute Wine Bar en route to the Tenderloin

Posted on 10/11/2013 at 10:50 am by Paolo Lucchesi in Coming Attractions

1 Comments | Email | Print | 7 | 5



Michael Short

Two of the more difficult things when working to open a restaurant in San Francisco are 1) finding a space and 2) naming your new business.

It took Justin Beem and Daniel Brooker two years to find a space for their wine bar, and pretty much the entire time, they had a hard time thinking of the name.

"We argued about the name throughout that two-year period," Beem laughs. "At the end of the day, we were resolute to make the success work."

And so, when they found 678 Geary, near Leavenworth, they decided to call it **Resolute**. Besides, they figured that the name continued the "R" theme established by bustling neighbors Rye and Redford.



678 Geary. Photo: Google Maps

Beem and Brooker both come from wine backgrounds, having most recently worked as managers at Vin Debut in West Portal, though they are no longer associated with that wine bar, which is currently rebuilding from a big fire.

At Resolute — a 1,000 square foot space most recently used as two retail shops (an art gallery and Metro PCS) — they want to create a lounge-like neighborhood wine bar focused on wine education and sharing small production wines that are esoteric, up-and-coming, and Beem puts it, not readily available.

Food will be usual wine bar fare: cheese plates, nuts, olives, charcuterie.

The space requires a full build-out, so they are looking at late spring/early summer 2014.

**Resolute: 678 Geary, near Leavenworth.**

0

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Tags: Resolute

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**Paolo Lucchesi**

The San Francisco Chronicle's Inside Scoop columnist.  
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**BAD\_NEWS** Rank 2642

Great, more Whine-o's in the Tenderloin.  
There goes the neighborhood.

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Inside Scoop SF is a one-stop source for the latest restaurant coverage in the Bay Area and beyond. Here's where you'll find real-time reporting on restaurant openings, juicy chef buzz, hot-button dining issues and more, updated throughout the day. In the Voices section, prestigious food folks share insights and expertise. San Francisco Chronicle critic Michael Bauer offers candid thoughts in his Between Meals blog, and wine editor Jon Bonne writes about all things related to beverages.

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From the **San Francisco Business Times**

:<http://www.bizjournals.com/sanfrancisco/blog/2013/10/tenderloin-turns-upscale.html>

Oct 8, 2013, 12:39pm PDT Updated: Oct 8, 2013, 1:45pm PDT

## Tenderloin bars turn upscale



Renée Frojo

Reporter- *San Francisco Business Times*

[Email](#) | [Twitter](#) | [Google+](#)

On the edges of the Tenderloin in an area surrounded by several San Francisco neighborhoods, one busy cross street is buzzing with a number of stylish new bars and casual eateries.

Along with recently opened Redford — a massive two-story bar full of reclaimed wood and exposed brick — wine bar Resolute has staked its claim and cocktail bar Trocadero Club is preparing to open on the once decrepit corner of Geary and Leavenworth Streets.

"It's a super hot corner right now," said broker Santino DeRose of DeRose & Appelbaum, who has signed four leases within the past year in the area, with two more pending.

Only a couple of vacancies now remain at the crossroads — which is down the block from destination cocktail bars Bourbon & Branch and Tradition — including a 1,400-square-foot restaurant space at 685 Geary St. And it's searching for a good restaurant tenant to anchor the spot.

According to DeRose, the area is benefitting from "a flow of business" and the popularity of lower Polk Street, Union Square and the Financial District. "It's a major artery of two one-way streets that has lots of visibility and traffic from people who live and work around the area," he said.

Not only have empty spaces filled up, but also notable restaurateurs have revamped rundown watering holes with higher-end concepts, such as Redford's recent takeover of Ambassador and the soon-to-open Trocadero Club, which replaced RJ's Sports Bar.

Other new tenants soon moving in include a new wine bar from Vin Debut veterans Daniel Brooker and Justin Beem called Resolute at 687 and 682 Geary St. There's also Elephant Sushi at 705 Geary. They'll join now established tenants like Rye, Geary Club and Cafe Royal. Letters of intent have been signed for a raw bar and a ramen house next door.

"It's a neighborhood that's improving in the right ways," said Dennis Leary, the man behind The Sentinel, Golden West and the historic House of Shields, who's preparing to open the Trocadero

Club at 701 Geary St. "It has a pretty good nightlife scene going on without feeling like a frat house. It's more of a classy crowd. And that's what we want to be — classy, but not pretentious and fancy."

Leary's 1,300-square-foot bar — set to open before the end of the month — is styled in 1920s art deco with a mix of 1950s minimalism, designed by notable New Yorker Jack Dakin.

"It'll be different — I hope," said Leary, who's a bit vague about exactly the type of crowd he's hoping to attract.

As for Resolute, the 920-square-foot wine bar is working on making its space "beautiful and elegant" by playing up the high ceilings and serving things like small plates of cheese and charcuterie, according to Beem.

"People in that neighborhood don't have a lot of space in a lot of cases and we want to be an extension of people's living rooms," he said. Opening is slated for next March.

"We're excited to be part of this historically challenged zone that's really coming around," Beem said.

Renée Frojo covers hospitality, restaurants, retail and nonprofits for the San Francisco Business Times.



# SAN FRANCISCO PLANNING DEPARTMENT

## Letter of Determination

October 15, 2013

Marsha Garland  
Garland Public & Community Relations  
535 Green Street  
San Francisco, CA 94133

Site Address:	678 Geary Street
Assessor's Block/Lot:	0304/009
Zoning District:	RC-4 (Residential - Commercial, High Density)
Staff Contact:	Kanishka Burns, (415) 575-9112 or <a href="mailto:kanishka.burns@sfgov.org">kanishka.burns@sfgov.org</a>

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2470

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

Dear Ms. Garland,

This letter is in response to your request for a Letter of Determination regarding the property at 678 Geary Street. This parcel is located in the RC-4 (Residential - Commercial, High Density) Zoning District and 80-T-130-T Height and Bulk District. It is also located within the North of Market Residential I Special Use District and the Fringe Financial Services RFD and within ¼ mile of an existing Fringe Financial Service. The request is whether an Alcoholic Beverage Control license type 42 is permitted in conjunction with a wine bar serving wine to be consumed on the premises as well as selling bottles of wine to be taken off the premises.

Planning Code Section 209.8 regulates commercial establishments in R Districts and permits all commercial establishments permitted as a principle use on the ground floor or below in an NC-3 District. A Bar use is permitted at the ground floor of an NC-3 Zoning District (Section 712.41 of the Planning Code). Planning Code Section 790.22 defines a Bar as a retail use which provides on-site alcoholic beverage sales for drinking on the premises, including bars serving beer, wine and/or liquor to the customers where no person under 21 years of age is admitted (with Alcoholic Beverage Control [ABC] license types 42, 48 or 61). Further, an interpretation of Planning Code Section 790.22 dated 11/86 determined that "A wine tasting room as part of retail sales of wine is treated as a bar in the Neighborhood Commercial Districts."

The North of Market Residential Special Use District prohibits new off-sale liquor establishments (Planning Code Section 249.5(d)(1)). An off-sale liquor establishment is defined Section 790.55 as a "retail use which sells beer, wine or distilled spirits to a customer in an open or closed container for consumption off the premises and which needs a State of California Alcoholic Beverage Control Board License type 20 (off-sale beer or wine) or type 21 (off-sale general)". Therefore, the proposed wine bar and wine sales establishment with Type 42 ABC license would be principally permitted to operate as a Bar use at 678 Geary Street.

Marsha Garland  
Garland Public & Community Relations  
535 Green Street  
San Francisco, CA 94133

October 15, 2013  
Letter of Determination  
678 Geary Street

If you wish to open and operate the proposed Bar establishment at 678 Geary Street, a building permit is required to change the use from the previous Retail use (d.b.a MetroPCS) to the proposed Bar use. Additionally, as the building is a Known Historic Resource, any storefront, signage and facade alterations would have to be reviewed by a Preservation Planner for impacts to the architectural character.

**APPEAL:** If you believe this determination represents an error in interpretation of the Planning Code or abuse in discretion by the Zoning Administrator, an appeal may be filed with the Board of Appeals within 15 days of the date of this letter. For information regarding the appeals process, please contact the Board of Appeals located at 1650 Mission Street, Room 304, San Francisco, or call (415) 575-6880.

Sincerely,



Scott F. Sanchez  
Zoning Administrator

cc: Kamishka Burns, Planner  
Yai Pang Au - Independent T, 500 Washington Street #488, San Francisco, CA  
Neighborhood Groups (see attached list)

## Resolute Drinks, LLC - List of Community Outreach Activities:

1. Sent out Letters of Introduction to over 500 units in the 7 closest buildings (including our shared to our address. These were not the letters required by ABC, they were one sheets explaining our business model.
2. We have continually introduced ourselves to neighbors throughout the neighborhood (walking in front of the premises), getting support from the neighbors.
3. Posted our contact information and some very basic information about our business in the window of the business.
4. Met with representatives from Community Leadership Alliance
5. Met with representatives from GLIDE
6. Met with representatives from Lower Polk Neighborhood Association
7. Met with representatives from the Union Square BID
8. Met with representatives from the Lower Polk Merchants Association
9. Met with representatives from the Tenants Action Committee,
10. Met with representatives from the Alliance for a better district 6
11. Have more than 25 letters of support from members of the neighborhood.
12. Have met with the Legislative Aids for the Supervisors of all of the district Supervisors on the Public Convenience and Necessity hearing.
13. We are in discussion with both Supervisors from our district 3 (the district we are technically in) and with district 6 (the district directly across the street).
14. We have met with business owners throughout the neighborhood, letting them know what our intentions are for our business and setting up collaborations where appropriate.
15. We are continuing to do outreach with the neighborhood - we have been walking the neighborhood, getting signatures and talking with neighbors about our plans.



# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

Dear Tenderloin Resident and our New Neighbor!

We are the Resolute Drink Company, a new wine bar to be built on the ground floor of 676 Geary Street (on the north side of Geary, close to Leavenworth)! Our concept for the space is quite simple. We wish to create an intimate and relaxing space where locals and visitors alike can enjoy a glass of small-production, artisanal wine and/or beer and an accompanying cheese and charcuterie plate. We also plan to include a retail option for those who would rather enjoy the night relaxing at home. **As our neighbor, we want you to consider our wine bar as an extension of your living room:** a place where you can meet up with friends and relax with a nice glass of wine in a comfortable and inviting atmosphere.

Our company is made up of two co-owners, Justin Beem and Daniel Brooker. Both of us have extensive experience in the wine industry, specifically the hospitality and service aspects, and are certified sommeliers. We are also former associates of Vin Debut (9 West Portal Avenue) and were displaced by a devastating fire at that location. The name "Resolute" comes from our desire to persevere and continue Vin Debut's business model of selling premium wines from California and beyond. It has been a longtime goal of ours to open a place of our own and we are excited to be able to share this experience with you.

To assure that your apartment is as undisturbed as possible we will have professional sound engineers install all necessary equipment to minimize any and all noise coming from the bar. We are both very knowledgeable in sound abatement having learned from the three years that we operated Vin Debut Wine Bar in the West Portal neighborhood. During those years we received zero noise complaints. Because we are San Francisco residents ourselves and hate noisy neighbors as much as anyone, that's why our standards are far beyond the San Francisco Noise Abatement Standards. We will also be installing security cameras and hiring a security person responsible for ushering away any undesirable people and quieting those who should become noisy. With that in mind, smokers will be encouraged to smoke away from the building towards the nearest corner.

We hope that you will welcome us as a constructive and courteous member of your neighborhood and building. With this in mind, we wish to have an open avenue of conversation with all residents of the building. If you should have any concerns, please don't hesitate to contact our personal email addresses at:

[jwbeem@gmail.com](mailto:jwbeem@gmail.com) and [brooker.dan.s@gmail.com](mailto:brooker.dan.s@gmail.com).

Cheers!

Justin Beem & Daniel Brooker

415.812.0639

# RESOLUTE DRINKS COMPANY

678 GEARY STREET SAN FRANCISCO CALIFORNIA 94102

Dear Resident of 676 Geary and our New Neighbor!

We are the Resolute Drink Company, a new wine bar to be built on the ground floor of your building! Our concept for the space is quite simple. We wish to create an intimate and relaxing space where locals and visitors alike can enjoy a glass of small-production, artisanal wine and/or beer and an accompanying cheese and charcuterie plate. We also plan to include a retail option for those who would rather enjoy the night relaxing at home. **As our neighbor, we want you to consider our wine bar as an extension of your living room:** a place where you can meet up with friends and relax with a nice glass of wine in a comfortable and inviting atmosphere.

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We hope that you will welcome us as a constructive and courteous member of your neighborhood and building. With this in mind, we wish to have an open avenue of conversation with all residents at 676 Geary. If you should have any concerns, please don't hesitate to contact our personal email addresses at:

[jwbeem@gmail.com](mailto:jwbeem@gmail.com) and [brooker.dan.s@gmail.com](mailto:brooker.dan.s@gmail.com).

Cheers!

Justin Beem & Daniel Brooker

415.812.0639

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of a wine bar coming into the neighborhood. This neighborhood would benefit from a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for me and my neighbors to have a safe place outside our homes, but close by, to meet up with friends and share a glass or bottle of wine.

Resolute Drinks Company has reached out to the apartment building complex that I live in and appears to be serious about being good neighbors. I am excited about their upcoming opening.

Sincerely,



Karen Hannah

1025 Post Street

San Francisco, CA 94109

krnhnnh@gmail.com

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely,



Print Name

Channing Wong

Address:

754 Post st. SF apt 405

Phone:

213 399 0313

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely, *Janis Thoolen*

Print Name Janis Thoolen

Address: 929 Bush St. #3 SF <sup>94109</sup> 650-340-4169

Phone: 650-340-4169

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely,



Print Name MIKAL DANGELO

Address: 711 POST ST

Phone: 415.440.5600

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely,



Print Name MEG SCHAAF

Address: 545 LEAVENWORTH ST., APT. 9 SF, CA 94109

Phone: 415-967-0634

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely,



Print Name Kevin Schaaf

Address: 545 Leavenworth St., SF, CA 94109  
#9

Phone: (617) 903-0577



Martha Quinteno  
639 Geary Street,  
Suite 1402  
San Francisco, CA 94102

September 16, 2013

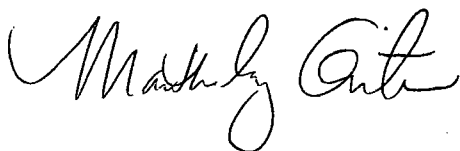
Dear Sir or Madam:

I am writing this letter in support of the Resolute Drinks Company, an effort made by Justin Beem and Daniel Brooker to build a wine bar on my block. I'm a long time resident of San Francisco, and a recent addition to the Tenderloin neighborhood.

As a wine consumer and a woman, there are virtually no convenient places for me to go to in my immediate neighborhood to enjoy wine. The places that are out there are mostly tourist focused and not particularly comfortable for me to bring my friends to. I drink wine to socialize and conduct business, thus having a place for me, my friends, and business associates near my home, I feel, is necessary for a high quality of life.

I'd been hoping for a new wine spot to open up nearby, and sure enough this one sounds like a very interesting spot.

Sincerely,

A handwritten signature in cursive script that reads "Martha Quinteno". The signature is fluid and elegant, with the first name "Martha" and last name "Quinteno" clearly legible.

Martha Quinteno  
415.672.5228  
mquitenogmail.com

To Whom It May Concern:

I am a neighbor of 678 Geary Street who is in support of the wine bar coming into the neighborhood. It is my opinion that this neighborhood is lacking a beautiful and relaxing space for conversation accompanied with wine. It would certainly be convenient for my neighbors and I to have a safe place outside our homes, but close by, to meet up with friends, and share a glass or bottle of wine.

Resolute Drinks Company has reached out to our building and seem to be really serious about being good neighbors. We are excited about their upcoming opening.

Sincerely,



Print Name MEG SCHAAF

Address: 545 LEAVENWORTH ST., APT. 9 SF, CA 94109

Phone: 415-967-0634

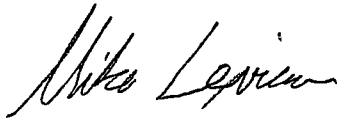
September 19, 2013

Hello,

We are residents at 639 Geary Street, who are supportive of Resolute Drinks Company. We'd like to see a wine bar across the street from our building. We think the neighborhood has too many bars that are cocktail and spirit focused. Getting a wine focused lounge is exactly what this block needs. We are passionate wine enthusiasts, and we'd like to have a neighborhood bar convenient to our home.

Justin Beem and Daniel Brooker seem like they'd be a great addition to the neighborhood.

Thank You for your time,



Mike Lexicon  
639 Geary St., #714  
San Francisco, CA 94102  
(415) 335-1973  
mike.lexicon@gmail.com



Stephen Klauss  
639 Geary St., #714  
San Francisco, CA 94102  
(415) 235-9632  
captainmeatfork@gmail.com

Martha Quinteno  
639 Geary Street,  
Suite 1402  
San Francisco, CA 94102

September 16, 2013

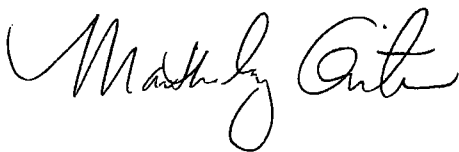
Dear Sir or Madam:

I am writing this letter in support of the Resolute Drinks Company, an effort made by Justin Beem and Daniel Brooker to build a wine bar on my block. I'm a long time resident of San Francisco, and a recent addition to the Tenderloin neighborhood.

As a wine consumer and a woman, there are virtually no convenient places for me to go to in my immediate neighborhood to enjoy wine. The places that are out there are mostly tourist focused and not particularly comfortable for me to bring my friends to. I drink wine to socialize and conduct business, thus having a place for me, my friends, and business associates near my home, I feel, is necessary for a high quality of life.

I'd been hoping for a new wine spot to open up nearby, and sure enough this one sounds like a very interesting spot.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Martha Quinteno'.

Martha Quinteno  
415.672.5228  
mquitenogmail.com

October 11, 2013

Dear Sir or Madam:

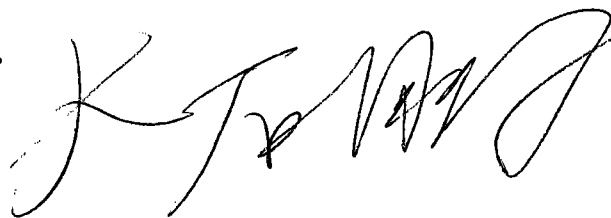
I am writing this letter in support of the Resolute Drinks - an effort made by Justin Beem and Daniel Brooker to build a wine bar on my block.

I'm a wine enthusiast and there are virtually no convenient places for me to go to in my immediate neighborhood to enjoy fine wine. Even many of the restaurants near my home don't carry the kind of stuff I like to drink. The few restaurants and bars that have drinkable wine nearby are mostly tourist focused and not particularly comfortable for me to bring my friends to.

I drink wine to socialize and conduct business (business meetings). I'm happy I will have a new place to take my friends, and business associates near my home. This new wine bar will improve the general quality of life living in the Tenderloin for my friends and I.

I'm in support of a new fine wine location in my neighborhood.

Sincerely,

A handwritten signature in black ink, appearing to read 'Takeshi Ohishu', written in a cursive style.

Takeshi Ohishu  
737 Hyde Street  
San Francisco, CA 94117  
415.504.2857  
tks.oshishu@gmail.com

## Evans, Derek

---

**From:** CommunityLeadershipAlliance [admin@communityleadershipalliance.net]  
**Sent:** Tuesday, October 29, 2013 2:32 PM  
**To:** CommunityLeadershipAlliance  
**Cc:** Chiu, David; Evans, Derek; Allbee, Nate; Keller, Darcy; Matthias, Steve; riselwyn.melodias@abc.ca.gov; Mar, Eric (BOS); Yee, Norman (BOS); Kim, Jane; Campos, David  
**Subject:** Re: 678 Geary St. dba: Resolute Drinks - PCN Hearing

### **Re: Special Adhoc Meeting for 678 Geary Street, dba Resolute Drinks**

Dear Mr. Justin Beem-

I want to confirm our meeting's being scheduled. We have already reserved a beautiful meeting space in the Union Square / Geary area, and w/light refreshments. Now, we can guarantee a very respectable attendance. And already have confirmation from ABC, SFPD. In addition, we will have a number of your Geary neighbors-merchants, along with two groups that have not yet been afforded a project presentation. Our CLA advisers on Entertainment Industry -Alcohol Licensing will also be in attendance. You will be afforded plenty of time to present, followed by Q&A. Then the attendees will be surveyed, a letter of recommendation will be drafted-sent to all appropriate government agencies-officials.

Later today I will notify all appropriate government agencies and elected officials of this extremely important-significant outreach forum. It's important to note that a board of supervisors PCN hearing should not be calendared until after this outreach meeting is convened. The meeting is set for: **Monday, February 10th at 4:pm 2014.**

David Villa-Lobos, Executive Director  
[www.communityleadershipalliance.net](http://www.communityleadershipalliance.net)  
415-921-4192

**Evans, Derek**

---

**From:** Justin Beem [jwbeem@gmail.com]  
**Sent:** Tuesday, October 29, 2013 3:26 PM  
**To:** Lim, Victor; Chan, Amy; Mormino, Matthias; Goossen, Carolyn; Allbee, Nate; Evans, Derek  
**Cc:** Dan Brooker  
**Subject:** Fwd:

Hello All,

Please note my company, Resolute Drinks, is in no way associated with David Villa-Lobos. We made a presentation to his organization a few weeks back, however almost no one attended (two people, both of whom were speakers as well). Since then he has asked us to do a community meeting (which we have done without him a number of times) involving the community and the police to get better attendance.

The email below went out without our permission. We have no reason to delay our PCN hearing based on Mr. Villa-Lobos. Inspector Darcy Keller called me personally to warn me of this email, and told me neither she, nor anyone from the police department would be attending this meeting. Please disregard this email, and look to our actual outreach not done by an advocate, but by both myself and my business partner Daniel Brooker.

Please note, if you have any questions about this or about our business at large, please don't hesitate to call me.

--

Cheers!  
Justin Beem  
415.812.0639

Begin forwarded message:

**From:** [Darcy.Keller@sfgov.org](mailto:Darcy.Keller@sfgov.org)  
**Date:** October 29, 2013 1:10:11 PM PDT  
**To:** [jwbeem@gmail.com](mailto:jwbeem@gmail.com)

**Re: Special Adhoc Meeting for 678 Geary Street, dba Resolute Drinks**

Dear Mr. Justin Beem-

I want to confirm our meeting's being scheduled. We have already reserved a beautiful meeting space in the Union Square / Geary area, and w/light refreshments. Now, we can guarantee a very respectable attendance. And already have confirmation from ABC, SFPD. In addition, we will have a number of your Geary neighbors-merchants, along with two groups that have not yet been afforded a project presentation. Our CLA advisers on Entertainment Industry -Alcohol Licensing will also be in attendance. You will be afforded plenty of time to present, followed by Q&A. Then the attendees will be surveyed, a letter of recommendation will be drafted-sent to all appropriate government agencies-officials.

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David Villa-Lobos, Executive Director

---

**From:** CommunityLeadershipAlliance [admin@communityleadershipalliance.net]  
**Sent:** Thursday, November 14, 2013 12:02 PM  
**To:** CommunityLeadershipAlliance  
**Cc:** Chiu, David; Evans, Derek; Allbee, Nate; Keller, Darcy; Matthias, Steve; riselwyn.melodias@abc.ca.gov; Mar, Eric (BOS); Yee, Norman (BOS); Kim, Jane; Campos, David; Keller, Darcy  
**Subject:** Re: 678 Geary St. dba: Resolute Drinks - PCN Hearing

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Dear Mr. Justin Beem-

I want to confirm our meeting's being scheduled. We have already reserved a beautiful meeting space in the Union Square / Geary area, and w/light refreshments. Now, we can guarantee a very respectable attendance. And already have confirmation from ABC, SFPD. In addition, we will have a number of your Geary neighbors-merchants, along with two groups that have not yet been afforded a project presentation. Our CLA advisers on Entertainment Industry -Alcohol Licensing will also be in attendance. You will be afforded plenty of time to present, followed by Q&A. Then the attendees will be surveyed, a letter of recommendation will be drafted-sent to all appropriate government agencies-officials.

Later today I will notify all appropriate government agencies and elected officials of this extremely important-significant outreach forum. It's important to note that a board of supervisors PCN hearing should not be calendared until after this outreach meeting is convened. The meeting is set for: **Monday, February 10th at 4:pm 2014.**

David Villa-Lobos, Executive Director  
[www.communityleadershipalliance.net](http://www.communityleadershipalliance.net)  
415-921-4192



## LIQUOR LICENSE REVIEW

**TO:** Planning Department  
AnMarie Rodgers/CTYPLN/SFGOV  
Georgia Powell/CTYPLN/SFGOV@SFGOV  
Fax No.: 558-6409

**File:** 131046

**TO:** Police Department  
Inspector Nelly Gordon  
Inspector Darcy Keller  
Fax No.: 553-1463

**DATE:** October 24, 2013

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This item is tentatively scheduled to be heard in four to six weeks.  
**PLEASE EMAIL YOUR RESPONSE BY:** December 5, 2013, to Derek Evans,  
Clerk, Neighborhood Services and Safety Committee.

**Derek.Evans@sfgov.org - Fax No: 554-7714**

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**Applicant Name:** Justin Beem and Daniel Brooker  
**and Business Name:** Resolute Drinks, LLC, dba Resolute  
(678 Geary Street)

**Applicant Address:** 678 Geary Street  
San Francisco, CA 94102  
**and Phone No.** (415) 812-0639

**PLANNING COMMENTS:**  Approval  Denial

**POLICE COMMENTS:**  Approval  Denial