

WORKSESSION

MEMORANDUM

April 13, 2010

TO: Public Safety Committee
FROM: Justina J. Ferber, Legislative Analyst
SUBJECT: Worksession - Executive's FY11 Recommended Operating Budget
Department of Liquor Control (including the Board of License Commissioners)

Those expected for this worksession:

George Griffin, Director, Department of Liquor Control
Sunil Pandya, Chief of Administration
Kathie Durbin, Chief of Licensure, Regulation and Education, DLC
Gus Montes de Oca, Chief of Operations, DLC
Alison Dollar, Management and Budget Specialist, OMB

The Department of Liquor Control (DLC) Budget is on pages 66-1 to 66-8 of the Executive's Recommended FY11 Operating Budget and at ©1.

Overview

For FY11, the Executive recommends total expenditures of \$48,301,900 for the Department of Liquor Control, an 8.6% increase or \$3,806,640 over the FY10 approved budget. For FY11 \$10,718,520 is budgeted for debt service for state transportation projects and warehouse relocation. This is an increase in debt service of \$4,918,520 over FY10. If additional debt service was not included, the DLC departmental budget for FY11 would be -2.5% lower than FY10. Reductions in the DLC budget total -\$1,838,640 and -9.1 workyears.

General Fund FY11 Transfer and Debt Service

The earnings fund transfer for FY11 is budgeted at \$21,079,550 before chargebacks; down 20% from FY10. The transfer after chargebacks is budgeted at \$17,192,470 and an additional \$1,000,000 in transfer scheduled for FY11 is accelerated and budgeted for FY10. The FY11 transfer was originally budgeted at \$18,192,470; however, in a memo dated March 25, the Executive submitted a budget amendment to accelerate \$1,000,000 of FY11 DLC earnings transfer to FY10 for the Revenue Stabilization Fund to help restore the balance in that fund.

Productivity improvements and DLC accomplishments are listed on pages 66-1 and 66-2 of the budget.

Liquor Control	FY09 Actual	FY10 Budget	FY11 CE Recommended	% Change FY10-FY11
Expenditures:				
Liquor Fund Expenditures	35,991,033	44,495,260	48,301,900	8.6%
Revenues	62,867,024	66,338,070	66,291,080	2.9%
Earnings Transfer - gen fund	30,410,060	27,043,280	21,079,550	-20.10%
- after deductions	27,452,610	23,878,180	18,192,470	-21.60%
			\$1,000,000 for FY10	
Positions:				
Full-time	264	257	248	-3.5%
Part-time	60	62	58	-6.5%
TOTAL Positions	324	319	306	-4.1%
WORKYEARS	343.8	337.3	312.9	-7.2%

Major budget changes

For FY11 reductions with service impacts, the Executive eliminates 4.5 fiscal/auditor positions in two divisions and 4.6 retail positions due from the closing of the Twinbrook store. Several positions were eliminated citing no service impacts: 1.0 delivery work force leader, 1.0 warehouse assistant supervisor, and 1.8 retail positions. Retail store improvements and purchase of delivery trucks and forklifts are indefinitely delayed.

Also as previously stated, the acceleration of \$1,000,000 in the transfer to the General Fund from FY11 to FY10 is a major change.

For DLC furlough days save -\$626,240 and -12.4 workyears.

Reductions with Service Impacts	Workyears	Cost
Abolish Part-time Fiscal Assistant	-0.5	(\$51,300)
Abolish full-time Fiscal Assistant	1	(\$53,100)
Delay Forklift purchase	0	(\$70,000)
Abolish one Fiscal Assistant position	1	(\$75,500)
Reduce Professional computer service	0	(\$112,240)
Reduce Advertising for retail sales	0	(\$157,900)
Abolish 2 Accountant Auditor III	2	(\$232,300)
Delay Retail store improvements	0	(\$241,000)
Delay Delivery truck replacement	0	(\$320,000)
Close Twinbrook retail store	-4.6	(\$525,300)
Net Change	-9.1	(\$1,838,640)

Executive's Working Capital Plan

The County Executive invites the Council's input for final County Executive decisions on the determination of adequate working capital within and use of resources in the Liquor Control Fund and net proceeds to be deposited to the General Fund. The DLC Working Capital Plan is the Executive's Recommended Operating Budget for DLC.

The Attorney General has written an opinion that states policy decisions of the Director of DLC are subject to the exclusive authority of the County Executive. DLC is subject to the same requirements and procedures as applicable under County law to any other County department except to the extent that ordinary County requirements or procedures would be inconsistent with the General Assembly's own decisions about DLC. Under state law, the DLC Director and the Finance Director -- with approval of the County Executive -- are authorized to determine the portion of DLC's "net profits" that are needed for working capital, after payment of debt service.

Lapse

Lapse in the DLC is budgeted at \$341,772 and -5.9 workyears for FY11. Due to the need for continuous sales personnel for retail and delivery operations, DLC has found that the traditional County formula for lapse is not useful.

Annual Report

A copy of the Department of Liquor Control Annual Report is attached at ©12-29.

FY11 EXPENDITURE ISSUES BY PROGRAM

A. Warehouse Operations, p. 66-2, ©2

Warehouse Operations	
FY10 Expenditures \$7,988,440	FY10 66.9 Workyears
FY11 Expenditures \$7,684,000	FY11 63.4 Workyears
\$80,000	New warehouse - Grounds maintenance
\$30,100	New warehouse - utilities
-\$70,000	Indefinite delay of purchase of forklifts
-\$121,000; -1.0 wy	Abolish one warehouse Assistant Supervisor (MGR)
-\$222,000	Omit Southlawn Warehouse lease payment
-\$1,540; -2.5 wy	Miscellaneous adjustments

Description: Management of the County's liquor warehouse including receipt and storage of over 10,000 different stock items and special orders by customers.

FY11 Discussion: Additional costs for the new warehouse are included and the Southlawn Warehouse lease payments eliminated.

B. Delivery Operations, p. 66-2, ©2

Delivery Operations	
FY10 Expenditures \$5,870,210	FY10 75.7 Workyears
FY11 Expenditures \$5,551,560	FY11 72.1 Workyears
-\$83,500; -1.0 wy	Abolish Work Force Leader position (MGR)
-\$320,000	Indefinite delay of purchase of delivery trucks
\$84,850; -2.6 wy	Miscellaneous adjustments

Description: Distribution of distilled spirits, wine and beer to licensees and County stores.

FY11 Discussion: Replacement of delivery trucks has been indefinitely delayed.

C. Retail Sales Operations, p. 66-2, ©2-3

Retail Sales Operations	
FY10 Expenditures \$17,971,740	FY10 153.5 Workyears
FY11 Expenditures \$16,929,510	FY11 143.0 Workyears
\$150,390	Increase cost for store leases/rentals
-\$88,900; -1.8 wy	Abolish Retail Store Asst Mgr. position (MGR) and one store clerk position
-\$157,900	Reduce Advertising for retail
-\$241,000	Decrease cost budgeted for store improvements
-\$525,300; -4.6 wy	Close Twinbrook store; abolish 4.6 wy (2 MGR)
-\$179,520; -4.1 wy	Miscellaneous adjustments

Description: Retail sales of distilled spirits, wine and beer are handled through 25 County-operated outlets. In 1997 a bill was adopted by the State Legislature limiting County contracting of DLC retail operations to four stores that were under contract at that time: Flower Avenue, Kensington, Muddy Branch, and Pike. The Kensington store reverted back to the County in December, 2001. The Muddy Branch and Pike stores reverted back to the County in 2005. The Flower Avenue store is the only County-contracted retail store.

FY11 Discussion: Two stores were relocated – Bethesda and Gaithersburg – in FY10 and the Twinbrook store closed. Twinbrook was the least productive store in the retail system. Funding for the modernization program for retail stores has been suspended. Renegotiation of some stores leases is being considered due to changes in the economy and the real estate market.

Councilmembers received correspondence regarding some retail positions in DLC. DLC eliminated part-time temporary positions because OHR advised that personnel regulations do not allow temporary workers to work more than 19 hours.

D. Retail Contracted Operations, p. 66-3, ©3

Retail Contracted Operations	
FY10 Expenditures \$190,650	FY10 0.0 Workyears
FY09 Expenditures \$190,650	FY11 0.0 Workyears

Description: State Legislation permits the DLC Director to contract the operation of retail outlets with only those persons who had a contract in effect on January 1, 1997.

FY11 Discussion: The store operator receives a percentage of sales and the \$190,650 amount is for budgeting purposes. The only contracted store is the Flower Avenue store.

E. Accounting and Inventory Systems, p. 66-3, ©3

Accounting and Inventory Systems	
FY10 Expenditures \$7,923,390	FY10 17.6 Workyears
FY11 Expenditures \$12,537,900	FY11 13.1 Workyears
\$4,918,250	Additional debt service for FY11
	Debt service totals \$10,718,250
-\$49,700	Reduce printing and mail costs
-\$51,300; -0.5 wy	Abolish one part-time Fiscal Assistant
-\$53,100; -1.0 wy	Abolish one Fiscal Assistant position
-\$232,300; -2.0 wy	Abolish two Accountant Auditors
-\$120,580	Decrease misc. operating expenses
\$203,240; -1.0 wy	Miscellaneous adjustments

Description: Provides accounting services for the department.

FY11 Discussion: Financing for some state transportation projects is appropriated through the Liquor Fund. \$10,718,250 represents the FY11 debt service payment budgeted for these projects and for the new warehouse relocation and buildout. Debt service totals \$137,000,000 - \$88,000,000 for transportation projects and \$49,000,000 for the new warehouse and buildout.

F. Information Management, p. 66-3, ©3

Information Management	
FY10 Expenditures \$1,444,900	FY10 7.1 Workyears
FY11 Expenditures \$1,192,520	FY11 6.7 Workyears
-\$112,240	Decrease cost of computer services
-\$140,140; -0.4 wy	Miscellaneous adjustments

Description: This program provides for the operation, maintenance and protection of all information technology initiatives in the department.

FY11 Discussion: The new point-of-sale system (POS) has been piloted and should be fully operational this fall.

G. Licensure, Regulation and Education, p. 66-4, ©4

Licensure, Regulation and Education	
FY10 Expenditures \$1,376,540	FY10 14.0 Workyears
FY11 Expenditures \$1,232,210	FY11 12.3 Workyears
-\$75,500; -1.0 wy	Abolish one Fiscal Assistant position
-\$68,830; -0.7 wy	Miscellaneous adjustments

Description: This program includes issuing beverage alcohol licenses; inspecting and investigating licensed facilities to ensure compliance with laws, rules and regulations. Also, this program works with the public, business, and County agencies to address alcohol control and education efforts.

FY11 Discussion: The division partners with the police, code enforcement, housing and HHS. The division has developed a better system to track enforcement efforts. In FY10 the website was updated to accept alcohol license applications online.

H. Office of the Director, p. 66-4, ©4

Director's Office	
FY10 Expenditures \$1,729,390	FY10 2.5 Workyears
FY11 Expenditures \$2,983,550	FY11 2.3 Workyears
\$1,167,360	Retiree health insurance pre-funding
\$16,980; 0.7 wy	Increased chargebacks for facility maintenance and solid waste disposal
\$69,820; -0.9	Miscellaneous adjustments

Description: This program provides the administration and supervision for the department.

FY11 Discussion: The major increase in this division is \$1,167,360 to pre-fund retiree health insurance.

DLC BUDGET RECOMMENDATIONS

Based on the 1998 Maryland Attorney General's opinion, the Council has determined that it is more effective to provide general comments on the DLC budget (Working Capital Plan) rather than recommending increases, decreases or deferring particular line items.

- **Council staff recommends approval of the Department of Liquor Control budget as submitted with the amendment of the FY11 transfer –**
 - **FY11 DLC Budget \$48,301,900**
 - **FY11 DLC Transfer \$17,192,470**
 - **FY10 DLC Accelerated Transfer \$1,000,000**

- Attachments:
- DLC Budget ©1
 - DLC Fiscal Plan FY11-16 ©9
 - Recommended Workforce Reductions Report ©10
 - Bethesda Magazine – Best Place to Buy Wine ©11
 - DLC Annual Report ©12

Liquor Control

MISSION STATEMENT

The mission of the Department of Liquor Control (DLC) is to provide licensing, wholesale and retail sales of beverage alcohol products, enforcement and effective education and training programs, while promoting moderation and responsible behavior in all phases of distribution and consumption. The department diligently promotes, enforces and obeys all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

BUDGET OVERVIEW

The total recommended FY11 Operating Budget for the Department of Liquor Control is \$48,301,900, an increase of \$3,806,640 or 8.6 percent from the FY10 Approved Budget of \$44,495,260. Personnel Costs comprise 47.5 percent of the budget for 248 full-time positions and 58 part-time positions for 312.9 workyears. Operating Expenses, Capital Outlay, and Debt Service account for the remaining 52.5 percent of the FY11 budget.

The above projections and proposed expenditures form the basis for working capital decisions concerning the Liquor Enterprise Fund.

The following information is provided to facilitate County Council and public input for final County Executive decisions on the determination of adequate working capital within, and use of resources in, the Liquor Enterprise Fund and net proceeds to be deposited to the General Fund. Consistent with Article 2B, Section 15-207, the County Executive must make resource allocation decisions for the Fund.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *A Responsive, Accountable County Government*
- ❖ *Healthy and Sustainable Neighborhoods*
- ❖ *Safe Streets and Secure Neighborhoods*
- ❖ *Strong and Vibrant Economy*

DEPARTMENT PERFORMANCE MEASURES

Performance measures for this department are included below, with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY10 estimates incorporate the effect of the FY10 savings plan. The FY11 and FY12 targets assume the recommended FY11 budget and FY12 funding for comparable service levels.

ACCOMPLISHMENTS AND INITIATIVES

- ❖ *Relocated two retail stores into larger, improved locations in the Bethesda Central Business District and in the Shoppes of Potomac in the Gaithersburg/Darnestown area.*
- ❖ *Responded to the consumers' interest in finer wines, by securing a generous allotment of Bordeaux 2005 on future, enabling customers to acquire some very fine wines at the best possible prices.*
- ❖ *Developed and provided free training designed to educate servers, sellers, managers and owners of licensed businesses in alcohol beverage regulatory compliance.*
- ❖ *Created and hosted a Statewide Alcohol Regulatory Forum in 2009 for Maryland's jurisdictions to share ideas and solutions on alcohol related issues. DLC won a National Association of Counties (NACo) Award for this forum.*
- ❖ *Hosted the "2009 Nighttime Economy Regional Forum", a networking and educational opportunity for Montgomery County businesses to gain information on creating safe, vibrant, and profitable nighttime venues.*

❖ **Transfer \$21,079,550 to the General Fund in FY11.**

❖ **Productivity Improvements**

- **Implemented and will monitor a revised "Listing/Delisting Product Committee" process designated to maximize inventory control efficiencies while providing a wide and varied selection of fresh items and standards from which customers can choose.**
- **Reduced paper usage by 21% from FY08 by increasing on-line report generation for staff and vendors.**
- **Automated the pricing program, which enables vendors to enter price changes on the Internet and submit electronically. This information will flow into the warehouse management system automatically after department review, eliminating the manual entry.**
- **Implemented improvements to the wholesale internet ordering system resulting in a 45% increase in Internet sales.**

PROGRAM CONTACTS

Contact Lynn Duncan of the Department of Liquor Control at 240.777.1915 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Warehouse Operations

This program involves management of the County's beverage alcohol warehouse and includes the purchase, receipt, and storage of over 20,000 different stock and special order items.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Percent of wholesale customers satisfied with DLC based on the DLC customer survey results ¹	2.95	2.95	2.95	2.95	2.95
Inventory as a Percent of 'Cost of Goods Sold' (COGS)	18.2	18.0	18.0	18.0	18.0
Inventory as a Percent of DLC Sales	28.1	28.5	28.5	28.5	28.5

¹ On a rating of 1 to 4 with 4 being most satisfied and 1 being least satisfied.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	7,988,440	66.9
Increase Cost: Grounds Maintenance - New Warehouse	80,000	0.0
Increase Cost: Utilities - New Warehouse	30,100	0.0
Reduce: Forklifts	-70,000	0.0
Decrease Cost: Abolish One Warehouse Assistant Supervisor	-121,000	-1.0
Decrease Cost: Southlawn Warehouse Lease Payment	-222,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-1,540	-2.5
FY11 CE Recommended	7,684,000	63.4

Delivery Operations

This program includes the distribution of distilled spirits, wine, and beer to licensed establishments and County retail stores.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	5,870,210	75.7
Decrease Cost: Abolish One Work Force Leader II	-83,500	-1.0
Reduce: Delivery Trucks - Delay Replacement Schedule	-320,000	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	84,850	-2.6
FY11 CE Recommended	5,551,560	72.1

Retail Sales Operations

This program oversees sales of distilled spirits, wine, and beer to retail customers through the operation of retail stores (currently 23 County-staffed and operated and one contractor-operated) that are located throughout Montgomery County.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Retail sales as percentage of total sales	45	46	46	46	46
Percent of retail customers satisfied with DLC based on the DLC customer survey results ¹	3.20	3.22	3.22	3.22	3.22

¹ On a rating of 1 to 4 with 4 being most satisfied and 1 being least satisfied.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	17,971,740	153.5
Increase Cost: Retail Store Leases	150,390	0.0
Decrease Cost: Abolish One Liquor Store Assistant Manager and One Liquor Store Clerk I Position	-88,900	-1.8
Reduce: Advertising	-157,900	0.0
Reduce: Retail Store Improvements	-241,000	0.0
Reduce: Close Twinbrook Retail Store	-525,300	-4.6
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-179,520	-4.1
FY11 CE Recommended	16,929,510	143.0

Retail Contracted Operations

Article 2B of the Annotated Code of Maryland allows the County to hire contractors to operate County liquor stores. The County must retain title to all retail stock until sold. The County Council adopted Council Resolution No. 12-452 on November 12, 1991, mandating that the County contract with qualified contractors to operate selected stores. The Kensington, Muddy Branch, and the Pike sites were selected for contracting, and in the Fall of 1992, contractor staff replaced the County employees. In Fall 1994, the Flower Avenue store became a contractor-operated facility. In December 2000, the Kensington store reverted to County operation. State legislation allows the Director of the Department of Liquor Control to contract the operation of a retail outlet only with those persons who had a contract in effect on January 1, 1997. In fiscal year 2005, two of the three contractor-operated facilities (Rockville Pike and Muddy Branch) reverted to County-staffed and operated stores. Flower Avenue remains as the sole contractor-operated retail store.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	190,650	0.0
FY11 CE Recommended	190,650	0.0

Accounting and Inventory Systems

This program provides accounting and financial services for the department. Staff performs day-to-day accounting functions, special analysis and reporting, and the preparation and monitoring of the department's budget.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	7,923,390	17.6
Increase Cost: Debt Service: State Transportation Projects and Warehouse Relocation	4,918,250	0.0
Decrease Cost: Internal Printing and Mail Reduction	-49,700	0.0
Reduce: Abolish One Part-time Fiscal Assistant	-51,300	-0.5
Reduce: Abolish One Fiscal Assistant Position	-53,100	-1.0
Decrease Cost: Miscellaneous Operating Expenses	-120,580	0.0
Reduce: Abolish Two Accountant Auditor III Positions	-232,300	-2.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	203,240	-1.0
FY11 CE Recommended	12,537,900	13.1

Information Management

This program provides for the design, operation, maintenance, and protection of all information technology initiatives of the Department. These initiatives include the warehouse inventory system, the retail point-of-sale system, and numerous other applications.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,444,900	7.1
Reduce: Professional Computer Services	-112,240	0.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-140,140	-0.4
FY11 CE Recommended	1,192,520	6.7

Licensure, Regulation, and Education

This program includes issuing of beverage alcohol licenses inspecting and investigating licensed facilities to ensure compliance with all applicable laws, rules, and regulations and serving as support staff and providing expert testimony at hearings for issuance, fining, suspension, or revocation of licenses. This program also encompasses community partnership by defining issues and strategies and monitoring efforts with various agencies, departments, civic organizations, businesses, and individuals to provide and coordinate innovative programs and measures to ensure safe and vibrant communities relative to the service and consumption of beverage alcohol.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Annual alcohol compliance checks to minors (under 21) ¹	600	612	600	600	600

¹ DLC has established a target of 600 compliance checks in partnership with Montgomery County Police Department. For FY08, DLC performed 5,124 inspections (of all types). For FY09, DLC performed 5,267 inspections, which included 612 compliance checks.

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,376,540	14.0
Reduce: Abolish One Fiscal Assistant Position	-75,500	-1.0
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-68,830	-0.7
FY11 CE Recommended	1,232,210	12.3

Office of the Director

This program provides the overall direction for the Department.

Program Performance Measures	Actual FY08	Actual FY09	Estimated FY10	Target FY11	Target FY12
Percentage of Annual Sales Growth	5	3.2	2.0	3.5	3.5
Gross profit margin of DLC retail and wholesale operations (percent)	28	28	28	28	28

FY11 Recommended Changes	Expenditures	WYs
FY10 Approved	1,729,390	2.5
Increase Cost: Retiree Health Insurance Pre-Funding	1,167,360	0.0
Increase Cost: Increased Chargebacks for Facility Maintenance and Solid Waste Disposal	16,980	0.7
Miscellaneous adjustments, including furloughs, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	69,820	-0.9
FY11 CE Recommended	2,983,550	2.3

BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
LIQUOR CONTROL					
EXPENDITURES					
Salaries and Wages	18,190,168	18,040,540	17,759,240	16,723,720	-7.3%
Employee Benefits	5,722,941	6,204,500	6,204,500	6,232,620	0.5%
Liquor Control Personnel Costs	23,913,109	24,245,040	23,963,740	22,956,340	-5.3%
Operating Expenses	11,660,808	13,713,570	14,149,110	14,521,390	5.9%
Debt Service Other	417,116	5,800,000	3,659,530	10,718,520	84.8%
Capital Outlay	0	736,650	1,789,260	105,650	-85.7%
Liquor Control Expenditures	35,991,033	44,495,260	43,561,640	48,301,900	8.6%
PERSONNEL					
Full-Time	264	257	257	248	-3.5%
Part-Time	60	62	62	58	-6.5%
Workyears	343.8	337.3	337.3	312.9	-7.2%
REVENUES					
Vendor Procure Registration Fee	17,010	0	0	0	—
Property Rentals	5,333	0	0	0	—
Liquor Licenses	1,418,602	1,350,000	1,419,000	1,419,000	5.1%
Miscellaneous/Investment Income	-1,418,787	100,000	10,000	30,000	-70.0%
Operating Revenue	62,331,276	64,549,570	64,262,430	66,456,780	3.0%
Liquor License Application Fees	155,701	160,000	156,000	156,000	-2.5%
Liquor Enforcement Fines	310,276	150,000	200,000	200,000	33.3%
Tobacco Enforcement Fines	38,808	20,000	20,000	20,560	2.8%
Publication Sales - Alcohol Regulation	195	0	0	0	—
Fingerprint Processing Fee	8,610	8,500	8,500	8,740	2.8%
Liquor Control Revenues	62,867,024	66,338,070	66,075,930	68,291,080	2.9%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	12,875	0	8,520	0	—
Employee Benefits	964	0	920	0	—
Grant Fund MCG Personnel Costs	13,839	0	9,440	0	—
Operating Expenses	30,155	0	14,840	0	—
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	43,994	0	24,280	0	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
REVENUES					
Adult Who Host Lose The Most Brochures	1,000	0	0	0	—
Under 21 Alcohol Compliance Checks	8,747	0	0	0	—
Coasters - Alcohol Awareness	3,835	0	0	0	—
COPS In Shops	404	0	24,280	0	—
NABCA	8,104	0	0	0	—
Latino Server Training Initiative Grant	21,904	0	0	0	—
Grant Fund MCG Revenues	43,994	0	24,280	0	—
DEPARTMENT TOTALS					
Total Expenditures	36,035,027	44,495,260	43,585,920	48,301,900	8.6%
Total Full-Time Positions	264	257	257	248	-3.5%
Total Part-Time Positions	60	62	62	58	-6.5%
Total Workyears	343.8	337.3	337.3	312.9	-7.2%
Total Revenues	62,911,018	66,338,070	66,100,210	68,291,080	2.9%

FY11 RECOMMENDED CHANGES

	Expenditures	WYs
LIQUOR CONTROL		
FY10 ORIGINAL APPROPRIATION	44,495,260	337.3
Changes (with service impacts)		
Reduce: Abolish One Part-time Fiscal Assistant [Accounting and Inventory Systems]	-51,300	-0.5
Reduce: Abolish One Fiscal Assistant Position [Accounting and Inventory Systems]	-53,100	-1.0
Reduce: Forklifts [Warehouse Operations]	-70,000	0.0
Reduce: Abolish One Fiscal Assistant Position [Licensure, Regulation, and Education]	-75,500	-1.0
Reduce: Professional Computer Services [Information Management]	-112,240	0.0
Reduce: Advertising [Retail Sales Operations]	-157,900	0.0
Reduce: Abolish Two Accountant Auditor III Positions [Accounting and Inventory Systems]	-232,300	-2.0
Reduce: Retail Store Improvements [Retail Sales Operations]	-241,000	0.0
Reduce: Delivery Trucks - Delay Replacement Schedule [Delivery Operations]	-320,000	0.0
Reduce: Close Twinbrook Retail Store [Retail Sales Operations]	-525,300	-4.6
Other Adjustments (with no service impacts)		
Increase Cost: Debt Service: State Transportation Projects and Warehouse Relocation [Accounting and Inventory Systems]	4,918,250	0.0
Increase Cost: Retiree Health Insurance Pre-Funding [Office of the Director]	1,167,360	0.0
Increase Cost: Risk Management Adjustment	202,380	0.0
Increase Cost: Group Insurance Adjustment	158,630	0.0
Increase Cost: Retail Store Leases [Retail Sales Operations]	150,390	0.0
Increase Cost: Retirement Adjustment	149,080	0.0
Increase Cost: Grounds Maintenance - New Warehouse [Warehouse Operations]	80,000	0.0
Increase Cost: Utilities increase based on projections from the Interagency Committee of Energy and Utilities Management	71,040	0.0
Increase Cost: Annualization of FY10 Personnel Costs	60,230	0.0
Increase Cost: Utilities - New Warehouse [Warehouse Operations]	30,100	0.0
Increase Cost: Increased Chargebacks for Facility Maintenance and Solid Waste Disposal [Office of the Director]	16,980	0.7
Technical Adj: Workyears based on Approved Personnel Actions	0	0.2
Decrease Cost: Occupational Medical Services Adjustment	-5,840	0.0
Decrease Cost: Printing and Mail Adjustment	-16,310	0.0
Decrease Cost: Motor Pool Rate Adjustment	-25,090	0.0
Decrease Cost: Internal Printing and Mail Reduction [Accounting and Inventory Systems]	-49,700	0.0
Decrease Cost: Abolish One Work Force Leader II [Delivery Operations]	-83,500	-1.0
Decrease Cost: Abolish One Liquor Store Assistant Manager and One Liquor Store Clerk I Position [Retail Sales Operations]	-88,900	-1.8
Decrease Cost: Miscellaneous Operating Expenses [Accounting and Inventory Systems]	-120,580	0.0
Decrease Cost: Abolish One Warehouse Assistant Supervisor [Warehouse Operations]	-121,000	-1.0
Decrease Cost: Southlawn Warehouse Lease Payment [Warehouse Operations]	-222,000	0.0
Decrease Cost: Furlough Days	-626,240	-12.4
FY11 RECOMMENDED:	48,301,900	312.9

PROGRAM SUMMARY

Program Name	FY10 Approved		FY11 Recommended	
	Expenditures	WYs	Expenditures	WYs
Warehouse Operations	7,988,440	66.9	7,684,000	63.4
Delivery Operations	5,870,210	75.7	5,551,560	72.1
Retail Sales Operations	17,971,740	153.5	16,929,510	143.0
Retail Contracted Operations	190,650	0.0	190,650	0.0
Accounting and Inventory Systems	7,923,390	17.6	12,537,900	13.1
Information Management	1,444,900	7.1	1,192,520	6.7
Licensure, Regulation, and Education	1,376,540	14.0	1,232,210	12.3
Office of the Director	1,729,390	2.5	2,983,550	2.3
Total	44,495,260	337.3	48,301,900	312.9



FUTURE FISCAL IMPACTS

Title	CE REC.					
	FY11	FY12	FY13	(\$000's)		
	FY14	FY15	FY16			
This table is intended to present significant future fiscal impacts of the department's programs.						
LIQUOR CONTROL						
Expenditures						
FY11 Recommended	48,302	48,302	48,302	48,302	48,302	48,302
No inflation or compensation change is included in outyear projections.						
Debt Service Other	0	1	2	-2	-1	-2
Financing for the State Transportation Participation CIP Project No. 500722, the Glenmont Metro Parking Expansion CIP Project No. 500552, and the warehouse relocation.						
DLC Liquor Warehouse	0	0	1,924	1,924	1,924	1,924
These figures represent the impacts on the Operating Budget (maintenance and utilities) of projects included in the FY11-16 Recommended Capital Improvements Program.						
Motor Pool Rate Adjustment	0	26	26	26	26	26
Restore Personnel Costs	0	626	626	626	626	626
This represents restoration of funding to remove FY11 furloughs.						
Retail Store Leases	0	141	302	478	672	884
The leases for 24 retail stores based on CPI assumptions.						
Retiree Health Insurance Pre-Funding	0	583	715	853	998	1,151
These figures represent the estimated cost of the multi-year plan to pre-fund retiree health insurance costs for the County's workforce.						
Southlawn Warehouse Lease	0	-966	-966	-966	-966	-966
DLC's portion for 50,560 square feet of additional lease space at the Southlawn Warehouse.						
Subtotal Expenditures	48,302	48,713	50,930	51,242	51,582	51,946

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN			DEPARTMENT OF LIQUOR CONTROL				
FISCAL PROJECTIONS	FY10 ESTIMATE	FY11 Recommended	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	1.0%	2.1%	2.3%	2.5%	2.6%	2.8%	3.0%
Investment Income Yield	0.0026	0.0085	0.018	0.0325	0.04	0.045	0.0475
BEGINNING FUND BALANCE	8,793,110	3,680,060	2,589,690	3,589,690	3,589,690	3,589,690	3,589,690
REVENUES							
Licenses & Permits	1,575,000	1,575,000	1,610,440	1,649,900	1,692,800	1,740,190	1,792,390
Charges For Services	8,500	8,740	8,940	9,160	9,400	9,660	9,950
Fines & Forfeitures	220,000	220,560	225,520	231,040	237,050	243,690	251,000
Miscellaneous	64,272,430	66,486,780	69,517,340	72,702,470	76,008,230	79,450,950	83,037,250
Subtotal Revenues	66,075,930	68,291,080	71,362,240	74,592,570	77,947,480	81,444,490	85,090,590
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(27,043,280)	(21,079,550)	(19,265,460)	(18,547,150)	(17,314,200)	(14,502,520)	(9,961,850)
Technology Modernization CIP	(635,600)	(740,600)	(585,780)	(366,980)	0	0	0
Indirect Costs	(2,424,500)	(2,295,640)	(2,295,630)	(2,295,630)	(2,295,630)	(2,295,630)	(2,295,630)
Earning's Transfer	(23,878,180)	(18,192,470)	(16,599,300)	(16,251,520)	(15,018,570)	(12,206,890)	(7,666,220)
TOTAL RESOURCES	47,825,760	50,891,590	54,686,470	59,635,110	64,222,970	70,531,660	78,718,430
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(39,902,110)	(37,583,650)	(38,886,030)	(41,617,170)	(45,893,690)	(51,862,280)	(59,682,300)
Debt Service: Other	(3,659,530)	(10,718,250)	(10,718,750)	(10,719,800)	(10,716,250)	(10,717,500)	(10,719,750)
FFI - Retiree Health Insurance Pre-Funding			(583,120)	(714,830)	(853,130)	(998,340)	(1,150,810)
FFI - DLC Warehouse OBI's (new location)			0	(1,924,000)	(1,924,000)	(1,924,000)	(1,924,000)
FFI - Restoration of One-Time Items			(1,081,420)	(1,081,420)	(1,081,420)	(1,081,420)	(1,081,420)
FFI - Restore Personnel Costs			(626,250)	(626,250)	(626,250)	(626,250)	(626,250)
FFI - Motore Pool Rate Adjustment	n/a	0	(26,440)	(26,440)	(26,440)	(26,440)	(26,440)
FFI - Southlawn Warehouse Lease	n/a	n/a	966,090	966,090	966,090	966,090	966,060
FFI - Retail Store Lease	n/a	0	(140,860)	(301,600)	(478,190)	(671,830)	(883,830)
Subtotal PSP Oper Budget Approp / Exp's	(43,561,640)	(48,301,900)	(51,096,780)	(56,045,420)	(60,633,280)	(66,941,970)	(75,128,740)
OTHER CLAIMS ON CASH BALANCE	(584,060)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(44,145,700)	(48,301,900)	(51,096,780)	(56,045,420)	(60,633,280)	(66,941,970)	(75,128,740)
YEAR END CASH BALANCE	3,680,060	2,589,690	3,589,690	3,589,690	3,589,690	3,589,690	3,589,690
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	7.7%	5.1%	6.6%	6.0%	5.6%	5.1%	4.6%

Assumptions:

1. Fund Balance Policy= One month's Operating Expenses, One Payroll, and \$1,000,000 for Inventory in cash balance.
2. Net sales growth estimated at 4.5% per year.
3. Operating revenue growth estimated at 4.5% per year.
4. Operating budget expenditures grow with CPI.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY11.
6. Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.
7. Effective FY10, financing for the warehouse relocation is appropriated in the Department of Liquor Control.

FY11-16 PUBLIC SERVICES PROGRAM: FISCAL PLAN		DEPARTMENT OF LIQUOR CONTROL					
FISCAL PROJECTIONS	FY10 ESTIMATE	FY11 Recommended	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION	FY15 PROJECTION	FY16 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	1.0%	2.1%	2.3%	2.5%	2.6%	2.9%	3.0%
Investment Income Yield	0.3%	0.9%	1.8%	3.3%	4.0%	4.5%	4.8%
BEGINNING FUND BALANCE	8,793,110	2,680,060	2,589,690	3,589,690	3,589,690	3,589,690	3,589,690
REVENUES							
Licenses & Permits	1,575,000	1,575,000	1,610,440	1,649,900	1,692,800	1,740,190	1,792,390
Charges For Services	8,500	8,740	8,940	9,160	9,400	9,660	9,950
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Technology Modernization CIP	(740,600)	(591,440)	(370,530)	0	0	0	0
Indirect Costs	(2,424,500)	(2,295,640)	(2,295,630)	(2,295,630)	(2,295,630)	(2,295,630)	(2,295,630)
Earning's Transfer	(24,878,180)	(17,192,470)	(16,599,300)	(16,251,520)	(15,018,570)	(12,206,890)	(7,666,220)
TOTAL RESOURCES	46,825,760	50,891,990	54,686,470	59,635,110	64,222,970	70,531,660	78,718,430
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(39,902,110)	(37,583,650)	(38,886,030)	(41,617,170)	(45,893,690)	(51,862,280)	(59,682,300)
Debt Service: Other	(3,659,530)	(10,718,250)	(10,718,750)	(10,719,800)	(10,716,250)	(10,717,500)	(10,719,750)
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FFI - Restoration of One-Time Items			(1,081,420)	(1,081,420)	(1,081,420)	(1,081,420)	(1,081,420)
FFI - Restore Personnel Costs			(626,250)	(626,250)	(626,250)	(626,250)	(626,250)
FFI - Motor Pool Rate Adjustment	n/a	0	(26,440)	(26,440)	(26,440)	(26,440)	(26,440)
FFI - Southlawn Warehouse Lease	n/a	n/a	966,090	966,090	966,090	966,090	966,060
FFI - Retail Store Lease	n/a	0	(140,860)	(301,600)	(478,190)	(571,830)	(883,830)
Subtotal PSP Oper Budget Approp / Exp's	(43,561,640)	(48,301,900)	(51,096,780)	(56,045,420)	(60,633,280)	(66,941,970)	(75,128,740)
OTHER CLAIMS ON CASH BALANCE	(584,060)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(44,145,700)	(48,301,900)	(51,096,780)	(56,045,420)	(60,633,280)	(66,941,970)	(75,128,740)
YEAR END CASH BALANCE	2,680,060	2,589,690	3,589,690	3,589,690	3,589,690	3,589,690	3,589,690
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	5.7%	5.1%	6.6%	6.0%	5.6%	5.1%	4.6%

Assumptions:

1. Fund Balance Policy= One month's Operating Expenses, One Payroll, and \$1,000,000 for Inventory in cash balance.
2. Net sales growth estimated at 4.5% per year.
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6. Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.
7. Effective FY10, financing for the warehouse relocation is appropriated in the Department of Liquor Control.

DEPARTMENT	JOB CLASS TITLE	FULL-TIME POSITIONS	PART-TIME POSITIONS	FILLED POSITIONS	VACANT POSITIONS	SALARY GRADE	REPRESENTED
Liquor Control							
	ACCOUNTANT/AUDITOR III	-2	0	-2	0	23	x
	FISCAL ASSISTANT	-2	-1	-3	0	16	x
	WORK FORCE LEADER II	-1	0	-1	0	18	
	LIQUOR STORE MANAGER	-1	0	-1	0	21	
	LIQUOR STORE ASST MANAGER	-2	0	0	-2	18	
	LIQUOR STORE CLERK I	0	-3	0	-3	12	x
	WAREHOUSE ASST SUPVR	-1	0	-1	0	20	

BEST

gelato/*Frozen Yogurt*
sweetgreen

It's fat-free, organic, creamy and topped with locally grown fruit, so you can treat yourself and feel virtuous at the same time. Sweetgreen's "sweetflow" frozen yogurt comes in just one flavor—plain tart—but that one garnered top votes among frozen yogurts and gelatos in Bethesda.

Made from Stonyfield Farms organic yogurt, the frozen treat—\$4 for a "small," \$6 for a "big"—comes with a choice of three toppings. One favorite combination: "mojito," with mango, mint and agave, a honey-like sweetener.

Sweetgreen's owners, Nathaniel Ru, 24, Nicolas Jammet, 24, and Jonathan Neman, 25, were students together at Georgetown University and opened their first restaurant in 2007 in Georgetown. Dupont Circle and Bethesda stores followed. Sweetgreen offers salads, but many come just for the yogurt.

"We don't try to do everything," Ru says. "We just try to do a couple things very well."

4831 Bethesda Ave., Bethesda, 301-654-7336, www.sweetgreen.com

OTHER *top* VOTE-GETTERS: Dolcetta, YogiBerry, Gifford's

BEST

place to buy *Wine*
Montgomery County Liquor and Wine Stores

The name's not glamorous, but these shops have one of the biggest selections in the area—more than 4,000 types of wine, including niche selections like dry rosés from France and Italian Prosecco. All wine sales in the county go through the Montgomery County Department of Liquor Control, which runs the county's 25 stores, and buying direct from them cuts out the middleman.

The stores are able to procure more high-end wines such as Opus One and Chateau Margaux Margaux than most entire states, says Diane Wurdeman, retail operations manager. They'll special order, too: "We had a customer bring in a magazine clipping that profiled a fun wine called Layer Cake," she says. It proved popular enough to carry regularly.

The Potomac and Darnestown stores carry the widest selections. Prices vary from less than \$10 to \$1,359 for that Margaux Margaux.

240-777-1900, www.montgomerycountymd.gov

OTHER *top* VOTE-GETTERS:

Rodman's, Cork & Fork, Cork 57, Balducci's, Finewine-Rio, Bethesda Beer & Wine, Paul's Wine and Spirits, Bradley Food & Beverage

THE ROOFTOP
AT ROCKVILLE'S TOWN CENTER

155 Gibbs Street • Rockville, MD



Nothing compares to an event at the top

Enchant your guests with the stars and city lights as they overlook the beautiful Rockville Town Center, from the only open-air rooftop space in Montgomery County.

Host your next event at this popular new venue that can accommodate up to 250 people. Visit our website at www.rockvillerooftop.com or contact Jennifer Kaye at 301.294.4690 or by email at Jennifer@rockvillerooftop.com.

VisArts

METROPOLITAN CENTER FOR THE VISUAL ARTS

VisArts at Rockville is also located in the Arts and Innovation Center. This uniquely artistic space can occupy up to 300 guests.

For more information, visit us at www.VisArtsCenter.org or contact Callie A. Prassinis at 301.315.8200.



MONTGOMERY COUNTY, MARYLAND
Department of Liquor Control

Annual Report 2009

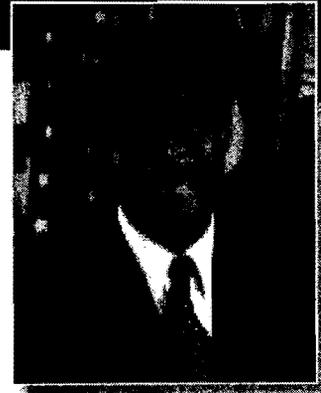
VISION • FOCUS • RESULTS





A note from
The Honorable Isiah Leggett,
Montgomery County Executive

Montgomery County places a high priority on safe streets, secure neighborhoods and healthy, sustainable communities. County policies regarding the sale and consumption of beverage alcohol support moderation and responsibility, with the proceeds of sales benefiting our residents.

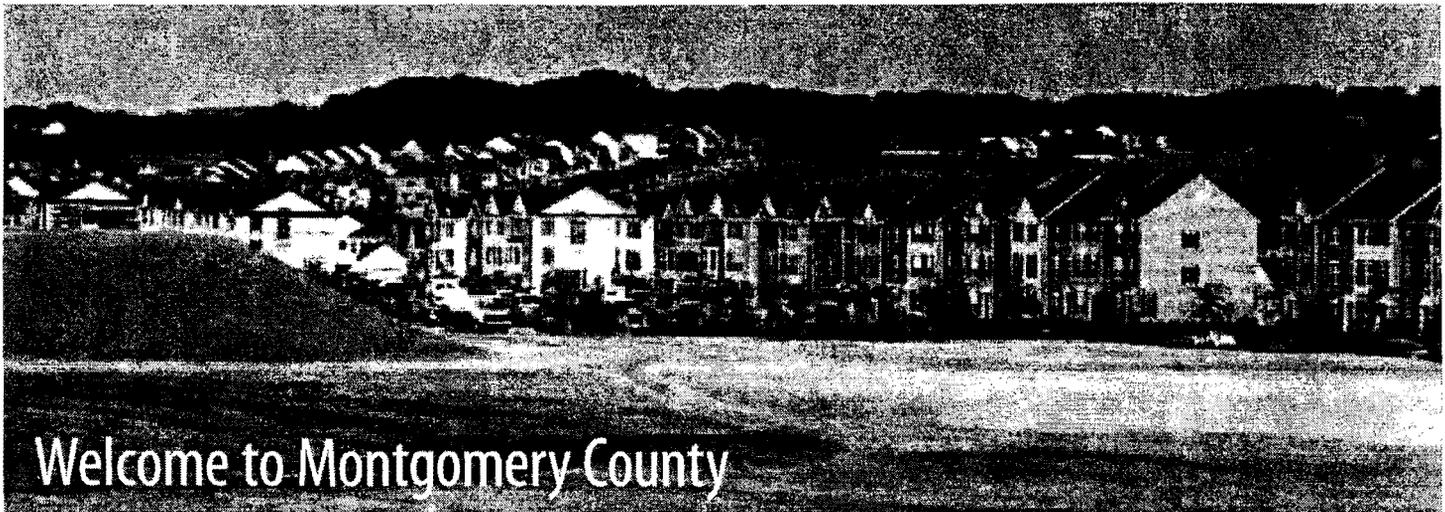


We can measure the financial success of the department by reviewing its transfers of profit to the County's General Fund, which is made exclusive of the department's expenses and a small amount of retained working capital. The cumulative contribution of more than \$200 million over the last ten years from the Department of Liquor Control benefits every resident of Montgomery County.

I am particularly pleased with the contribution the Department of Liquor Control makes to Montgomery County's quality of life—both with its innovative programs promoting responsible sales and service, and its professional acumen regarding a vast and diverse list of product offerings and customer service on both the retail and wholesale levels.

The work of the employees at the Department of Liquor Control contributes to our quality of life in Montgomery County, and I am proud of the service this department provides to our residents.

Isiah Leggett
Montgomery County Executive



Welcome to Montgomery County

Montgomery County is located adjacent to the nation's capital, Washington, D.C., and includes 497 square miles of land area and 10 square miles of lakes and streams. The County is the most populous jurisdiction and one of the wealthiest by any conventional measure. Population according to the 2000 Census was 878,683, an increase of 15.7 percent since the 1990 Census. Estimates show a population of 990,000 by July 1, 2010.

The County's economic structure

reveals a diversified economy with a strong service sector. The total private sector (trade, information services, financial activities, professional services, education, health and hospitality) employed 82.8 percent of the total workforce in 2007, the latest available annual data.

Actual personal income of County residents reached \$59 billion in calendar year 2006 and is estimated to total approximately \$65.4 billion in 2008. The County, which accounts for just over

16.5 percent of the State's population, accounted for nearly 24 percent of the State's total personal income in 2006, the latest available annual data. That is a share that remains virtually unchanged over the past ten years.

Boasting the finest hospitality venues, wonderful shopping experiences, and fabulous entertainment spots, as well as unique historical, cultural and nature sites, Montgomery County remains a very special place indeed.

Department Overview

Montgomery County's Department of Liquor Control operates facilities for the wholesale and retail distribution of alcoholic beverages in Montgomery County, MD. The department controls the wholesale distribution of all beverage alcohol in the County, and (subject to one grandfathered exception) the retail sale of all distilled spirits for off-site consumption. The department shares the retail sale of beer and wine with approximately 950 licensed retailers.



\$0

No property, state or local taxes are used to support the department.

\$30 Million

Over 30 million dollars were transferred to the General Fund in 2009 to pay for important resident services.

\$207.7 Million

Over 207.7 million dollars were transferred to the General Fund in the last 10 years.

Organization Chart



Director
George F. Griffin



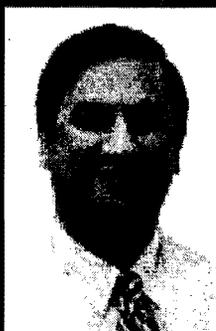
Chief of
Operations

Gus Montes de Oca

Purchasing and
Portfolio Management

Wholesale Operations
(Sales, Warehousing and Delivery)

Retail Operations
(Sales, Promotions and Marketing)



Chief of
Administration

Sunil Pandya

Administration
(Budget, HR, Facilities)

Finance
(A/P, A/R, Pricing, Financial Reporting)

Information Technology
(Wholesale, Retail, LRE and Financial)



Chief of Licensure,
Regulation and Education

Kathie Durbin

Licensure and Staffing for the
Board of License Commissioners

Regulation
(Alcohol and Tobacco Inspections)

Education, Training,
Development of Community Alliances

Mission Statement

The mission of the Department of Liquor Control is to provide licensing, wholesale and retail sales of beverage alcohol products, enforcement and effective education and training programs, while promoting moderation and responsible behavior in all phases of distribution and consumption.

The department diligently promotes, enforces and obeys all laws and regulations governing beverage alcohol while generating revenue for the benefit of Montgomery County's General Fund.

Letter from the Director

The year that ended on June 30, 2009 was the most challenging in memory. Along with most other states and localities, Maryland and Montgomery County again faced significant budget pressures and overall declining revenue streams. Our strategies to meet the largest targeted transfer to the General Fund included aggressive cost containment measures, tighter inventory control and strategic price adjustments. As a result, by the close of Fiscal Year 2009, the department had contributed \$30.4 million to the General Fund—by far our largest transfer ever, and a healthy increase over the prior year.

It did not, however, come without pain. The department joined other County agencies in a series of savings plans reductions throughout the fiscal year, which resulted in a workplace reduction-in-force of nine full-time positions and various strategic deferrals in operating expenses and capital expenditures.

Given the challenging economic climate, it was a spectacularly successful year for us with total sales of \$218,750,580—an increase of 3.23 percent. Of this total, retail operations produced \$100,041,983—an increase of 4.85 percent over the previous twelve months. Sales to licensees, or wholesale sales, totaled \$118,708,597—an increase of 1.9 percent over last year.

I am pleased to say that the necessity of focusing on the management of our fiscal situation did not preclude us from achieving some important priorities in other areas of our operation. For instance, in June 2009, the County completed the purchase of a 200,000 square foot warehouse and distribution center in Gaithersburg, Maryland—a modern, climate-controlled warehouse with professional offices. The department is currently working with architects and construction engineers to prepare for the move, which we anticipate in early 2011.

The department's regulatory and education programs continue to expand and attract recognition for their excellence. This year, Montgomery County DLC received a prestigious National Association of Counties (NACo) "Best in Class" award as recognition for our annual Maryland Regulatory Training Forum. This forum brings together liquor control boards and regulators from across the state to discuss state/regional regulatory trends and to develop standard-protocol solutions to problems we encounter.) We also were proud to receive the Washington Regional Alcohol Program's (WRAP) Youth Leadership Award for our social host responsibility campaign.

The department continues to gain national recognition for innovative programs to assist the hospitality industry and has been given the honorary title of the "Concierge government" by the Responsibility Hospitality Institute (RHI). RHI is a leading non-profit source for networking, online resources and consultation services with 25 years of research and experience assisting cities to plan, manage or police dining and entertainment districts.

Being a control jurisdiction has enabled the department to contribute significantly to Montgomery County residents' quality of life through aggressive educational programs and community partnering; vast product selection at fair prices and the continued significant financial contributions to the General Fund that pay for important resident services.

I hope you enjoy reading this year's annual report and that it helps the reader to get to know us better, understand our mission and see the results of the work done by the dedicated employees at Liquor Control.



George F. Griffin
Director, Montgomery County Liquor Control

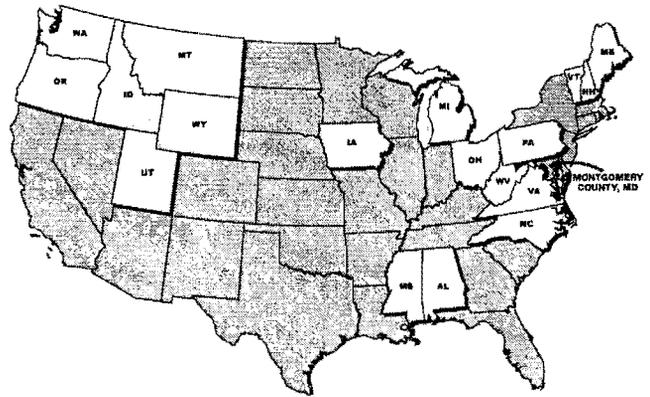


Vision:

Using the Control Jurisdiction Advantage

Alcohol is a very special and sometimes controversial commercial product that deserves particular care. With the repeal of national prohibition in 1933, the method of beverage alcohol regulation fell to the citizens who decided by state, and sometimes by jurisdiction, how they could balance rights and responsibilities to best serve the community interest. For the individual who chose to drink responsibly, provision had to be made for the legal sale of beverage alcohol while, at the same time, the substantial social risks and economic costs of alcohol abuse had to be considered.

While a number of citizens chose to resume the legal sale of alcohol through licensed private sellers, 18 states and a several local jurisdictions opted for a different course—controlled distribution, where economic incentives for maximum sales were replaced with policies supporting moderate consumption. Seven decades later, those jurisdictions continue to use the control model, and such durability suggests that the wisdom of this method is sound.



Members of the National Alcohol Beverage Control Association

Montgomery County is proud to be one of those control jurisdictions and believes that it has successfully achieved the delicate balance of—

- providing high-quality products and service to customers;
- improving the overall safety of communities through education, regulation, and enforcement; and
- generating revenue for transfer to the General Fund to pay for important resident services.

The department continues to provide new and exciting products while offering comprehensive training to license holders, staff, and others involved in the industry and working within communities to address any special concerns.

28 percent

Today, 28 percent of the total U.S. population operates under the control model.

Montgomery County, Maryland

Helpful information

Important Information
for Business Owners
and Facility Managers
when planning
organized activities.



Focus: On Results

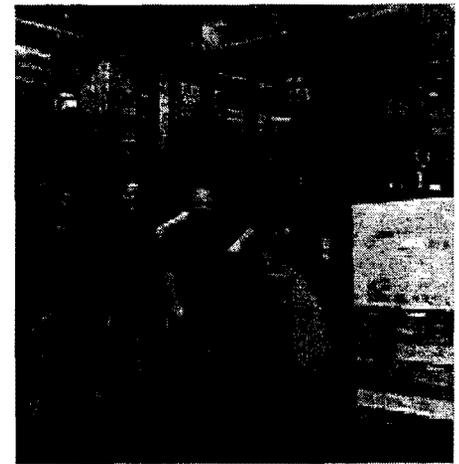
■ The Department of Liquor Control achieved **record sales and revenue levels** in FY 2009. We had total sales of \$218,750,580, and contributed \$30.4 million to the County's General Fund. Both figures are the highest in the department's seventy-five year history.



■ In FY 2009, the department **relocated two retail stores** into larger, improved locations in the Bethesda Central Business District and the Shoppes of Potomac in Gaithersburg/Darnestown as well as expanding and remodeling the existing Potomac retail store.

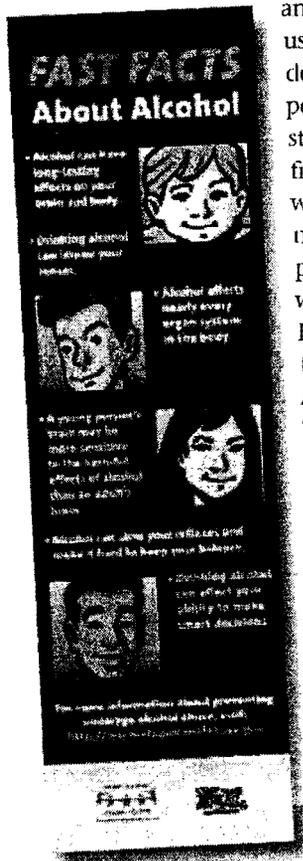
■ Under the direction of Operations Chief Gus Montes de Oca, the department **secured more than 2600 different types of new special order products and 270 newly listed products** in FY 2009 and will continue to research and expand these opportunities to serve our customers. To ensure continued success, we recently expanded the Purchasing Section complement with the addition of another wine purchasing specialist who possesses extensive product knowledge and customer expertise.

■ Montgomery County successfully acquired a **new warehouse/headquarters facility** for future Liquor Control use.

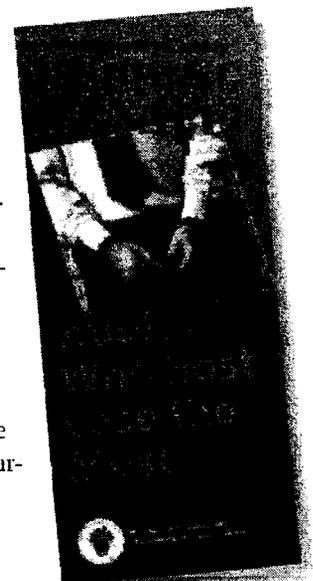


Left: Tony Bowie and Jay Phillips, wholesale operations. Right: Julio Cavallero, Rob Tranen, Arnoldo Castillo and Tracy Harris, wholesale operations.

■ Liquor Control developed and hosted a **"Reach Out Now Teach-In"** initiative at area schools during 2008 and 2009. We included the MCPD and *Drawing the Line on Under 21 Alcohol Use* as co-sponsors of this program. This is a national, school-based initiative with the goal of reducing and preventing underage alcohol use by raising awareness among students about the related dangers and possible consequences before they start drinking. Director George Griffin and LRE Chief Kathie Durbin were directly involved in the planning and presentation of this program. At some of the events, we were also joined by County Executive Leggett, members of the County Council, the State's Attorney and the Police Chief. These leaders helped us present the program and stimulate discussion for the 5th through 8th grade students, parents and care givers. The department will continue to develop and present this program in the spring of 2010.



■ The **"Adult Host Responsibility"** public education campaign is a social host responsibility campaign, and is a collaborative effort among the Department of Liquor Control, MCPD, *Drawing the Line on Under 21 Alcohol Use*, Montgomery County Safe and Drug Free Schools, MC Office of the State's Attorney, MC Council of Parent Teacher Associations and the Montgomery County Recreation Center, with Liquor Control as the lead agency for this effort. The program is funded by a grant from the Maryland Highway Administration's Highway Safety Office, and provides information to parents and other adults about the law and underage drinkers. The program is promoted throughout the year using printed materials and speaking engagements. Aimed at changing the culture, social host responsibility promotes parental communication and zero tolerance for underage alcohol use. We also produce *SAFENet*, an e-newsletter on youth alcohol prevention geared toward county parents and care givers. *SAFENet* currently serves hundreds of individual county parents and all Montgomery County PTAs. *SAFELine* (301-670-SAFE) is a dedicated phone line established for residents to obtain information on hosting under-21, alcohol-free events, and to report under-21 alcohol parties or providers in advance.



Chief of Operations Gus Montes de Oca reviews special order wines with purchasing specialists



Spotlight on Purchasing and Liquor/Wine Special Orders

Montgomery County provides nearly all of the beer, wine and liquor sold in the County to both wholesale and retail customers. Since the tastes of County residents are vast and differing, this keeps the Purchasing Section busy locating desired items and finding cost effective ways to obtain the merchandise.

The County currently stocks over 4,000 beer, wine and liquor SKU's (stock keeping units) that are stored in the County warehouse and shipped to licensees and County stores several times a week as they are ordered. The department constantly lists new items as they become available, which allows us to continually present fresh, new offerings; fill niches as they emerge; and ensure nationally advertised items are available for their roll-outs. In FY 2009, the department listed over 270 new stock items.

Because we are the source in Montgomery County for beverage alcohol products, we have two purchasing specialists, Will Brewbaker and Brian Byrd, dedicated to researching and obtaining special order wine and liquor items for customers. Residents of Montgomery County are well-traveled and often want to purchase a product that they have enjoyed on their travels. They will contact a store; the store will contact the Special Order Liquor/Wine Purchasing Section and Will and Brian will get to work researching the product's availability.

Generally speaking, if a product is available in the rest of Maryland, it is available in Montgomery County. Montgomery County can also get many items that are not available in other parts of Maryland because of direct relationships we have cultivated with producers and suppliers around the world.

Merchandise is constantly moved in and out of special order status. Today, our portfolio of special order wine and liquor is over 4,000 SKU's. To give the reader an idea of the volume of special requests for liquor and wine products, we estimate that we listed over 2,000 first-time special order items in FY 2009!

On-premise accounts often use the special order process to fill a corporate wine list or to offer something special to their customers. Finer restaurants often place highly allocated items on their wine lists when they are available and Will and Brian do an excellent job of negotiating a fair supply for Montgomery County.

They work with stock Purchasing Specialists John LaTorre and Lauri Bame to consolidate loads for the best shipping rates. John and Lauri devote much of their time to ordering and consolidating stock merchandise and do a wonderful job of ensuring a steady supply with minimal out of stocks. They order merchandise from all parts of the globe, including Australia, South America, Scotland, California, and Washington State. They also work with consolidation companies to pool ship less-than-loads on one truck to save on freight costs.

The County also has two Purchasing Specialists who are dedicated to purchasing beer: Tom Piper, who orders all of the stock beer; and Jack Wassell, who orders special order beer. Tom and Jack have seen their duties grow incrementally over the past few years with the many new malt-based products that are constantly introduced to the market; with micro-brews' growth; and with new, technology requirements that differ from brewer to brewer that they are required to master in order to purchase items and report depletions.

Together, these five professionals manage our inventory, which equaled over \$28 million at the end of FY 2009. Their expertise ensures customer satisfaction, contributes to a healthy bottom line and has allowed us to meet our General Fund transfer obligations.



Will Brewbaker
Purchasing Specialist



Brian Byrd
Purchasing Specialist



John LaTorre
Purchasing Specialist



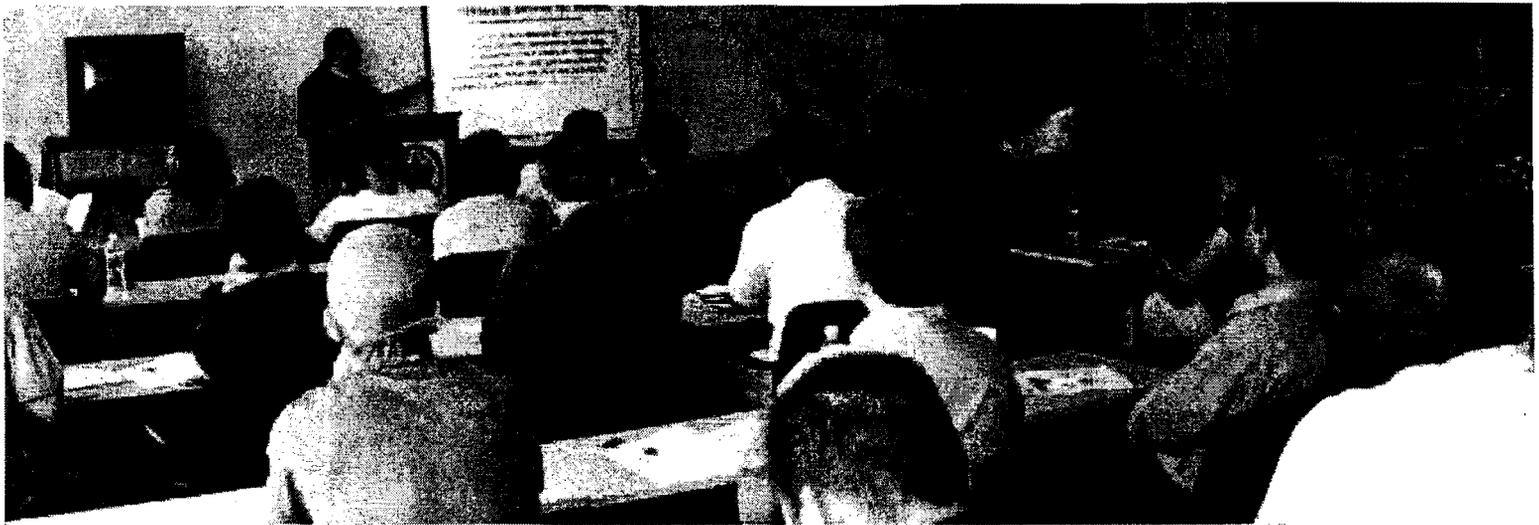
Tom Piper
Purchasing Specialist



Laurie Bame
Purchasing Specialist



Jack Wassell
Purchasing Specialist



Above: Carlos Grajeda teaches an ALERT training
 Right: Kathie Durbin welcomes participants to the Statewide Alcohol Regulatory Forum

Focus: On Results

■ Kathie Durbin, chief of LRE, serves on the Board of Directors of the Responsible Hospitality Institute (RHI), the leading nonprofit source for networking, research, online resources and consultation services assisting communities to plan, manage and police dining and entertainment districts. RHI and its partners look for ways maximize the economic and

social benefits of the “night-time economy” in ways that are safe, healthy and do not adversely impact the local community. Montgomery County hosted the **2009 “Nighttime Economy” Regional Forum**. Kathie will chair the Policy Committee of the 2010 Responsible Retailing Forum.



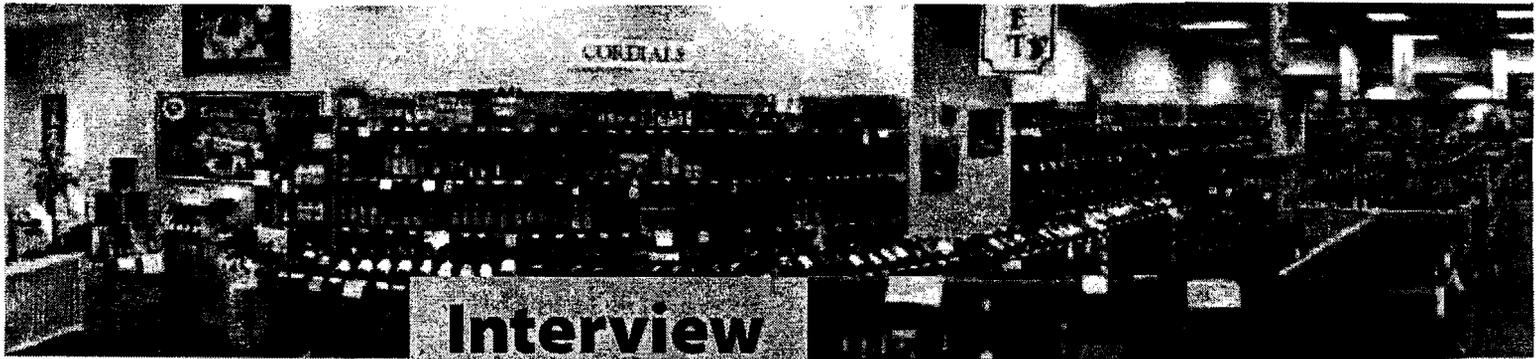
■ Several years ago, the department successfully integrated the staff and operations of the Board of License Commissioners into the newly-expanded, “Division of Licensure, Regulation and Education” (LRE). With this successful integration, the division successfully increased the penetration of its **Licensee Compliance Check Program** to goal level under the direction of Chief of LRE Kathie Durbin. More compliance checks were completed in FY 2009 than ever before in Montgomery County, and we are on target to conduct compliance checks with all licensees at least once within a two-year period. At-risk businesses may be checked more frequently.

■ Our “**Keeping It Safe**” campaign reaches out to both the hospitality industry and the community with educational materials and a responsible hospitality newsletter. For each of the past two years, LRE staff designed, printed and distributed over 1,000 point-of-sale, age verification ID calendars (using a grant from the Highway Safety Office.)

■ The department created and hosted a **Statewide Alcohol Regulatory Forum** in 2009, to discuss trends and share information and best practices, identify solutions to alcohol issues, and encourage a more standardized and efficient service to communities throughout the state. Nineteen of Maryland’s twenty-four jurisdictions were represented. This forum was grant-funded by the National Alcohol Beverage Control Association (NABCA), and we won a NACo Award for this effort.

■ The LRE team at Liquor Control developed and provides a monthly free-of-charge **ALERT (Alcohol Law Education and Regulatory Training)** training program. Designed to educate servers, sellers, management and owners of licensed County businesses in alcohol beverage regulatory compliance, the training program is offered on a monthly basis to all County businesses (or potential businesses.) This program has been recognized as a valuable resource to the business community, and is being recommended or required by judges hearing cases of those businesses cited with alcohol violations.

■ Montgomery County Liquor Control worked with the business community in developing and advocating for the creation of a statewide “**Caterers License.**” The Maryland General Assembly enacted a law establishing a license allowing caterers to provide services at functions throughout the state. The department pro-actively worked with (and continues to support) Montgomery County catering businesses on an individual basis to enable them to take full advantage of this opportunity.



Interview with Phil Jameson

Phil Jameson currently manages our retail store

at the Pike location. He was asked, as he has been many times before, to help build out the new Darnestown store and provide temporary management at its opening and for several months afterward. During his time at Darnestown, a customer wanted to pick up a case of a particular wine at our Muddy Branch location for an event that day. Muddy Branch did not have a full case, but Darnestown did. Phil drove the case to the Muddy Branch location on his lunch break to make it easier for the customer to pick up, who was pressed for time. That customer called the department after her successful event to thank us and to alert management to how far Phil went to ensure customer satisfaction. Below are some excerpts from an interview with Phil:

Describe your career to date at Liquor Control. I began my career as a part-time clerk in December of 1998 and have worked my way to manager over the last 11 years. I found the County to be an good employer and my time here has been and continues to be an excellent learning experience for me.

What has changed over the years? One of the biggest changes I've seen is the continually increasing selection of products and product categories. Items that didn't exist years ago, like flavored vodkas and boutique beers, are some of today's most popular offerings. Another big change I've noticed is the customer's increased interest in and knowledge of products.

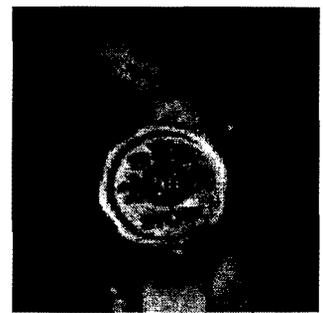
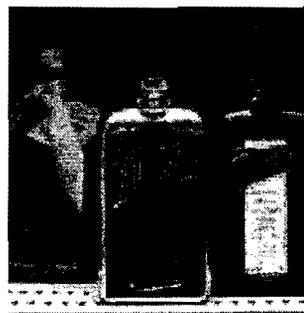
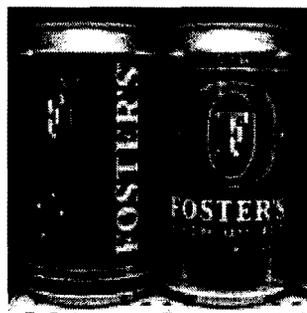
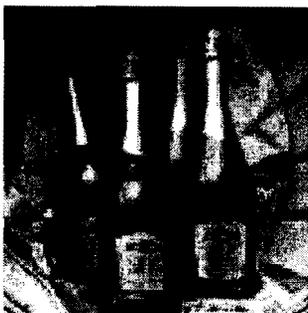
What do you like most about working at the Department of Liquor Control? I enjoy the customers and my co-workers and find that each day brings a different challenge and opportunity. I also like to participate in new store build-outs and store moves, and I enjoy getting to work



at different stores. Our stores are located throughout the County and each one has a different clientele and provides different products. When taken in total, it is amazing how many different products we offer as stock and special order.

What do you like the least? Occasionally, a customer will come in expecting to not be satisfied. You can see it on their face, and it usually is a result of a differing philosophical viewpoint. When I encounter one of those customers, I especially enjoy providing excellent service and, if the opportunity presents itself, explaining how much money the operation transfers to the General Fund each year after paying for itself, and how that ultimately holds down their taxes.

We take pride in being a control jurisdiction. Do you think there is anything to that? Yes, I do. We have no chips, sodas or candy to sell—things that might lure in underage purchasers. In fact, we don't even allow underage individuals into the store unless accompanied by an adult. There is really nothing here for them. Our management provides clear cut policies regarding the checking of ID's and avoiding selling to minors and/or intoxicated people and they back us up. It also helps that we keep business hours that discourage irresponsible use of the product.

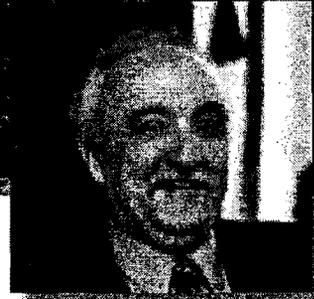




Focus: On Results

■ Under the direction of Sunil Pandya, Chief of Administration, the department is **automating its pricing process**. When completed, vendors will be able to electronically enter their own product price changes, and this information will automatically be entered into the warehouse management system, eliminating a time-consuming manual pricing process for both vendors and staff.

■ As part of an ongoing effort to reduce paper usage, senior information technology specialist Kate Gelhard has **converted a number of reports to an electronic format**. This effort has contributed to a 21 percent drop in paper usage from FY 2008 to FY 2009, and has provided a quicker, more accurate tool for employees, suppliers and sales representatives to use.



Liquor Control and its employees have been honored with a number of accolades, including—

■ A **NACo Award** for the Statewide Alcohol Regulatory Forum, an innovative approach to bring regulators from throughout Maryland together to discuss trends and develop best practices regarding alcohol regulation.

■ A **Montgomery's BEST Partnership Award** for the Alcohol Compliance Check Program.

■ A **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association of the United States for the work done by Senior Financial Specialist Melissa Chui towards the County's Comprehensive Annual Financial Report.

■ Diane Wurdeman won the **Montgomery's BEST Employee of the Year Award** for her work with Bordeaux futures.



TOP OF PAGE—**Left:** Ron Price, regulatory manager. **Right:** Diane Wurdeman, retail operations manager.

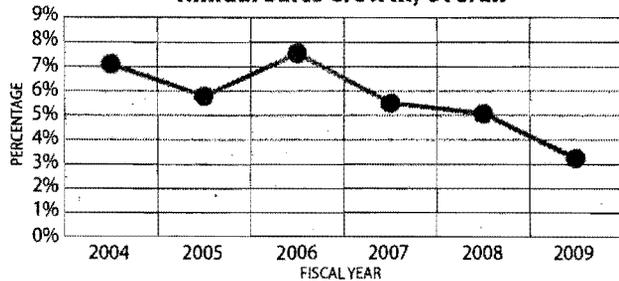
BOTTOM OF PAGE—**Top left:** Mike Knapp, councilmember; Kathie Durbin; Isiah Leggett, county executive; George F. Griffin; Timothy L. Firestone, chief administrative officer. **Top right:** Mike Mondonedo, Diane Wurdeman, Jhason Abuan and Sunil Pandya at the Montgomery's BEST Awards. **Bottom left:** The presentation of the award for the Alcohol Compliance Check Program. **Bottom right:** The presentation of the award for Bordeaux futures: George Griffin, Diane Wurdeman, Joseph Adler, director of human resources; Isiah Leggett, county executive, Phil Andrews, councilmember; Timothy L. Firestone, chief administrative officer.

Results: Systematic Planning and Review

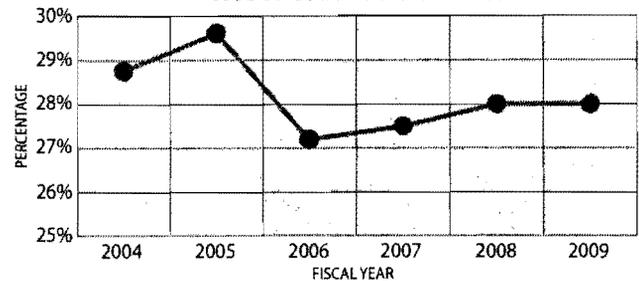
Management Discussion

The department provides a wide selection of beverage alcohol products at competitive prices to shoppers in Montgomery County while promoting moderation and responsible consumption of the beverage alcohol products offered for sale. To gauge our success, the department monitors several headline measures.

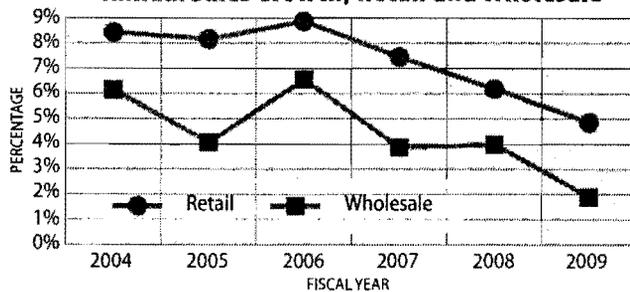
Annual Sales Growth, Overall



Cost of Goods Sold to Sales

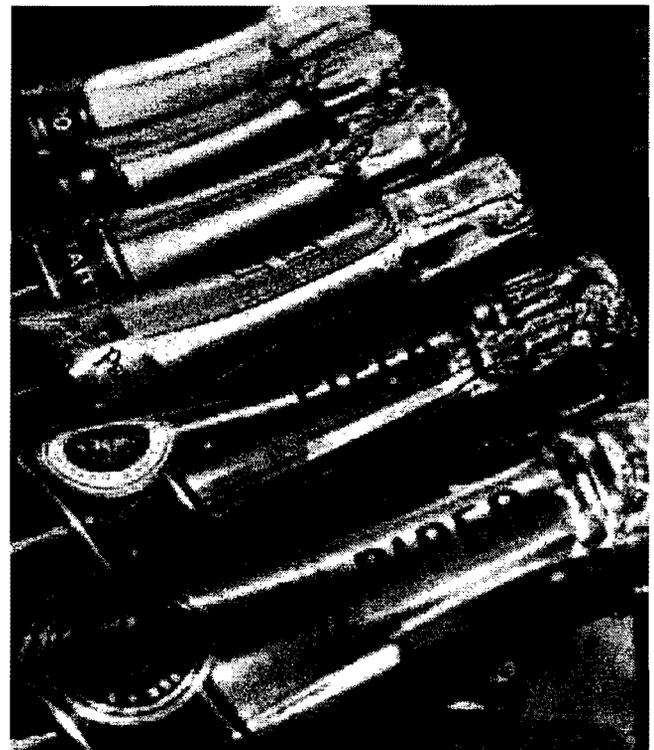
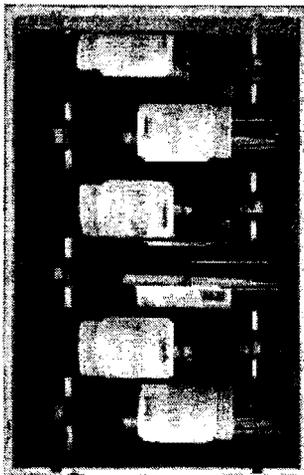


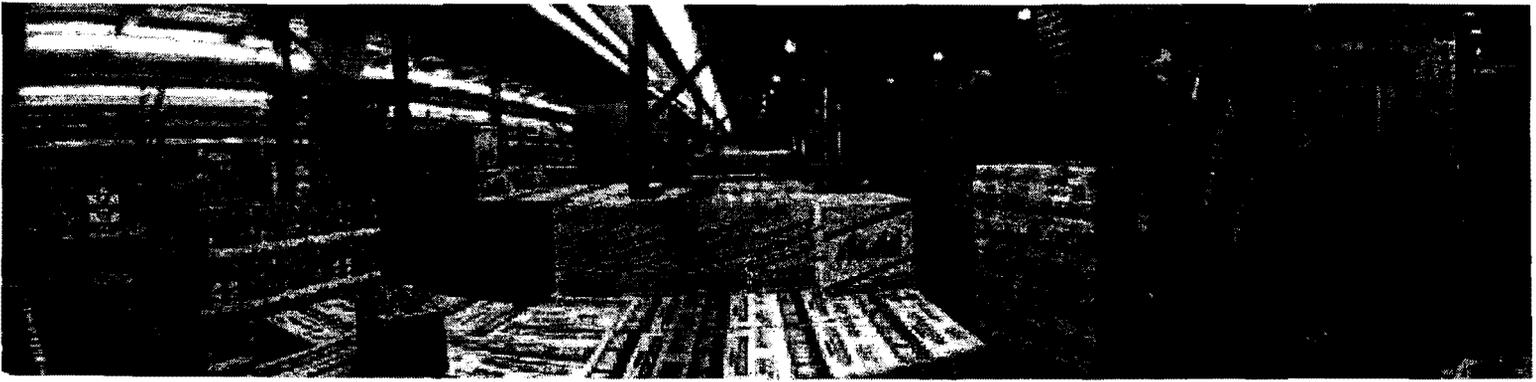
Annual Sales Growth, Retail and Wholesale



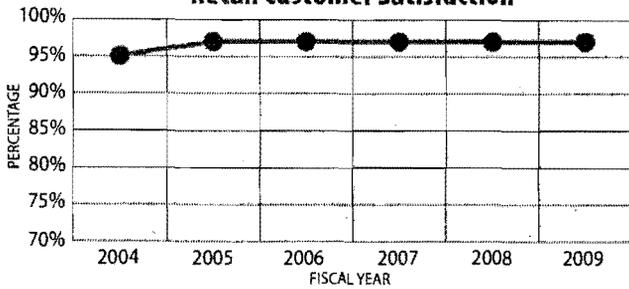
Cost of Goods Sold to Sales—Cost of goods sold to sales is a measure of the gross profit margin from each dollar of sale and our goal is to maintain a gross profit margin of twenty eight percent across all segments. Contributing factors are sound management of product selection, tight inventory control and competitive pricing, while restricting factors include the growing interest in more modestly priced items, in-house cost escalations such as funding negotiated compensatory expenses, and other increasing costs such as retail store leases, utility costs and transportation costs which are rising well above any increase in sales.

Annual Sales Growth—Contributing factors to meeting growth targets are the high level of customer satisfaction in retail stores and wholesale delivery operations, while restricting factors include an overall national trend that points to flattening consumption, tight economic constraints, and our limited advertising strategy that reflects the County's role in this business operation.



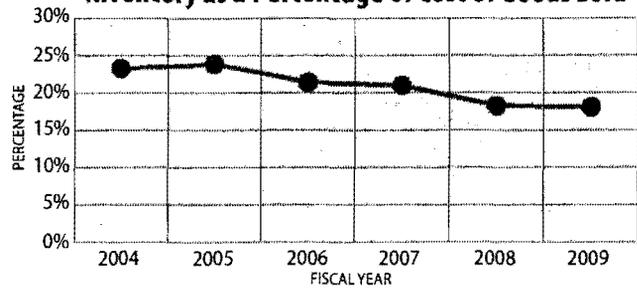


Retail Customer Satisfaction

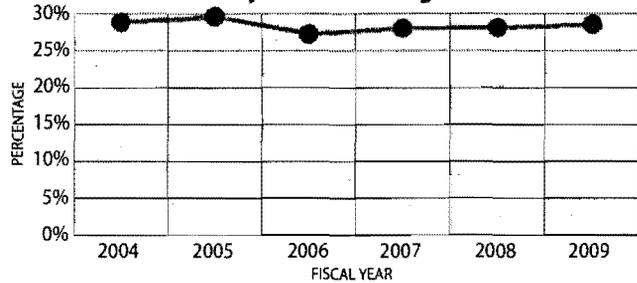


Retail Customer Satisfaction—Our goal is to provide a rewarding shopping experience for the retail customer. Contributing factors are product selection strategies, store cleanliness, and a knowledgeable staff, while restricting factors include a high turnover of part-time retail staff, the need for continuous training and limited stores hours (no Sunday hours and 9:00 p.m. closing on weekdays).

Inventory as a Percentage of Cost of Goods Sold

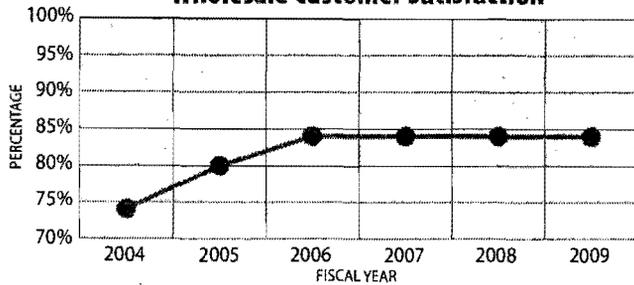


Inventory as a Percentage of Sales

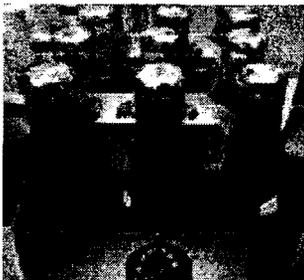


Inventory as a Percentage of Cost of Goods Sold and Percentage of Sales—Inventory as a percentage of cost of goods sold and inventory as a percentage of sales are measures of the efficiency of inventory management. Contributing factors include sound product selection, tight inventory control and competitive pricing, while restricting factors include flattening consumption and tight economic constraints.

Wholesale Customer Satisfaction



Wholesale Customer Satisfaction—Our goal is to ensure fair prices and excellent service to our wholesale customers. Contributing factors are product selection strategies, quick turnaround on special order items and professional delivery staff, while restricting factors include the need for continuous training, and a move by retailers to offer more variety of products.



Spotlight on Jerry Mallack

\$68.8 Million

In FY09 the department handled over 1.5 million credit card transactions for a total of \$68,830,124 in sales.

Jerry Mallack has been with Liquor Control for a total of 21 years and is the Administrative Specialist in charge of the credit card program and filing State excise tax on beverage alcohol for the department.

The credit card program entails daily reconciliation with various card companies to sales in the retail stores, resolving any discrepancies and investigating any disputes. Purchases made by credit card in the stores equaled \$68,830,124; and transactions for FY09 equaled over 1.5 million (1,518,897).

Each month, Jerry also files State excise tax reports to the State of Maryland with an accompanying wire transfer of money owed. In FY09 the department transferred a total of \$2,312,433 to the State of Maryland in excise tax. Of that amount, wine excise tax amounted to \$917,432 and liquor excise tax amounted to \$1,395,001. Jerry also submits monthly gallonage reports on malt beverage products to the State.

Each year, the State of Maryland auditors arrive at the department in mid-June to oversee and participate in the inventory counting process at year-end. Once that is completed, a team of two to three State auditors remain on-site to audit Liquor Control's receiving documents and payable invoices against the monthly excise tax reports, year-end inventory paperwork and the claims that were processed during the audit period. Jerry takes the lead for the department in this audit and works with the State to assist and answer any questions that might arise.

Chris Byrd (left) and Gina Wiklund (right), field auditors for the business tax division of the State of Maryland Comptroller's Office, look over paperwork with Jerry Mallack.

\$2 Million

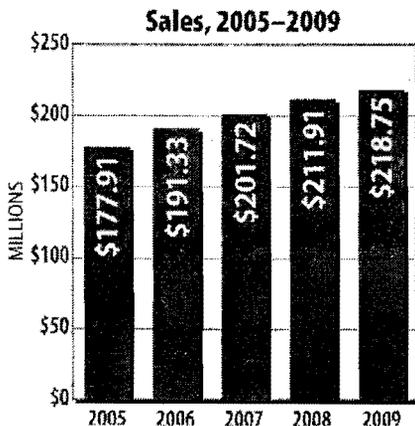
In FY09 the department transferred over \$2 million to the State of Maryland in excise tax.



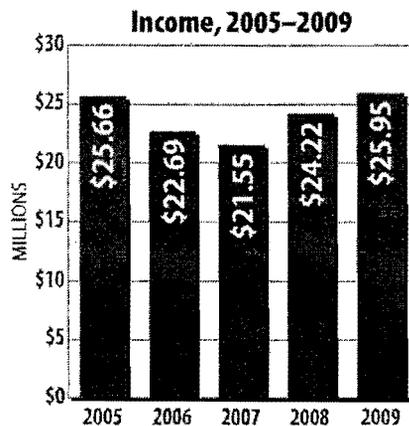
Results: Financial Information

In the past 10 years, the Department has made a cumulative contribution of over \$207million (\$207,772,458) to the General Fund to help pay for important resident services such as education, infrastructure and police and fire services. Contributing factors are a high level of customer service in both wholesale and retail; competitive promotions; and availability to customers for special assistance in product location, training and guidance. Restricting factors include the overall national trend that points to flattening consumption; the economy; and the department's limited advertising strategy, which reflects the County's role in this business operation.

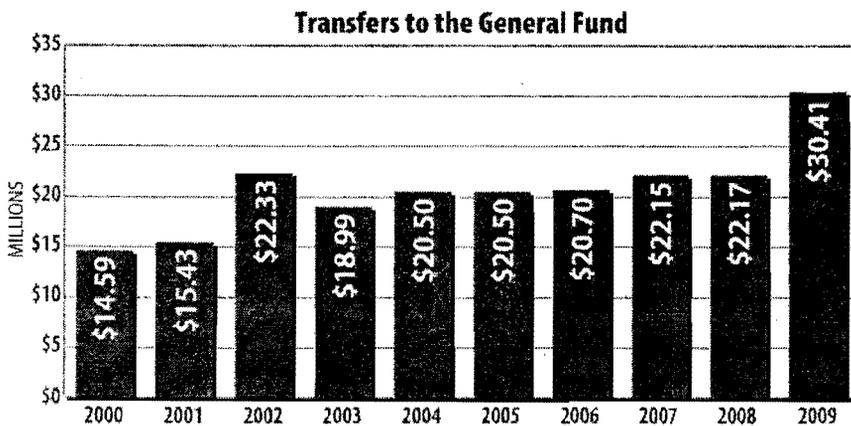
Results of Operations



Liquor Control's sales from continuing operations in FY 2009 were \$218,750,580.



Liquor Control's income in FY 2009 was \$25,949,476.



Liquor Control's transfer to the General Fund in FY 2009 was \$30,410,060.



LEFT—DLC's Technology team: Ida Cole; Arnold Rodriguez; Jhason Abuan, manager; Kate Gelhard; and Arnie Cabello. Not pictured is Bola Odutayo.

ABOVE, TOP PHOTO—Gerald Vilella, retail store associate.

ABOVE, BOTTOM PHOTO—Stanley Griffin, wholesale operations.

Results: Financial Information

Sales in Total and by Division, FY 2000–2009

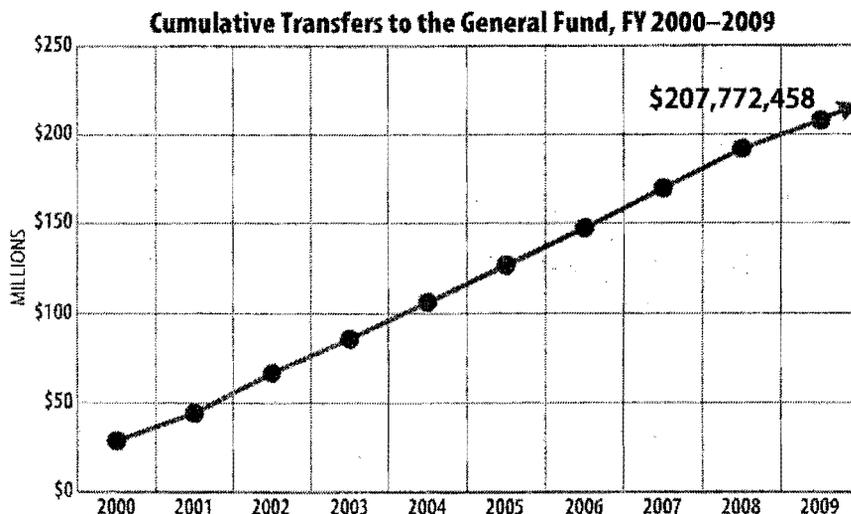
Fiscal Year	Total Sales	% Change	Retail Sales	% Change	Wholesale Sales	% Change	Wholesale Beer Sales	% Change	Wholesale Liquor/Wine Sales	% Change
2009	218,750,580	3.23%	100,041,983	4.85%	118,708,597	1.90%	70,643,269	1.94%	48,065,328	1.84%
2008	211,914,002	5.05%	95,416,786	6.18%	116,497,216	4.14%	69,301,376	4.76%	47,195,840	3.26%
2007	201,721,589	5.43%	89,859,669	7.45%	111,861,920	3.86%	66,154,446	2.17%	45,707,474	6.41%
2006	191,333,415	7.54%	83,628,976	8.86%	107,704,439	6.55%	64,752,051	5.99%	42,952,388	7.39%
2005	177,911,175	5.79%	76,823,377	8.16%	101,087,798	4.06%	61,089,995	2.62%	39,997,803	6.33%
2004	168,172,236	7.09%	71,024,249	8.41%	97,147,987	6.14%	59,530,471	5.61%	37,617,516	6.99%
2003	157,039,359	4.63%	65,512,134	8.75%	91,527,225	1.87%	56,366,974	-0.21%	35,160,251	5.40%
2002	150,085,202	6.69%	60,242,390	8.74%	89,842,812	5.36%	56,484,764	6.18%	33,358,048	3.99%
2001	140,675,770	6.74%	55,400,821	10.12%	85,274,949	4.66%	53,197,445	5.02%	32,077,504	4.08%
2000	131,788,958	9.04%	50,311,184	8.85%	81,477,774	9.15%	50,656,949	6.36%	30,820,825	14.09%



Results: Financial Information

General Fund Transfers

Fiscal Year	Transfer	Cumulative Transfer
FY 2009	\$30,410,060	\$207,772,458
FY 2008	\$22,168,275	\$177,362,398
FY 2007	\$22,149,050	\$155,194,123
FY 2006	\$20,698,760	\$133,045,073
FY 2005	\$20,503,510	\$112,346,313
FY 2004	\$20,501,030	\$91,842,803
FY 2003	\$18,985,890	\$71,341,773
FY 2002	\$22,334,790	\$52,355,883
FY 2001	\$15,430,683	\$30,021,093
FY 2000	\$14,590,410	\$14,590,410



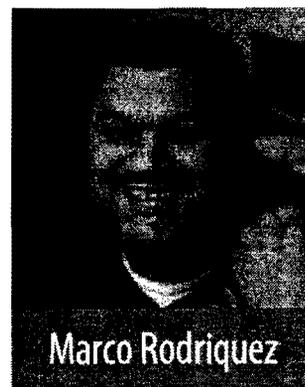
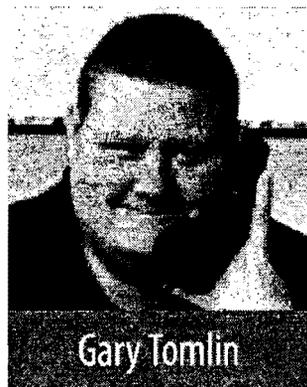
After paying all expenses and retaining a small amount of operating capital, Liquor Control transfers profits to the General Fund to pay for important citizen services. In FY09, Liquor Control transferred \$ 30,410,060; the cumulative contribution in the last 10 years amounted to \$207,772,458.

\$207.7 Million

Liquor Control contributed over \$207.7 million to the General Fund in the last 10 years.

Focus: Customer Service

Meet **Erica Gray**, **Gary Tomlin**, **Kim Bowie** and **Marco Rodriguez**, our customer service team. This team works with our 950 licensed establishments to set up their accounts; assist them with products; process their orders; advise them about delivery; help them with pick up orders at the warehouse; and perform countless other services to make customers enjoy their experience. They speak with each licensed establishment roughly twice a week and have developed a rapport with our customers that is reflected in their very high ratings in the annual retailers' survey.





ABOVE—Finley Benjamin, warehouse assistant supervisor, wholesale operations.
BELOW—William Pinedo, wholesale operations

Vision: Looking Toward the Future



To position ourselves for continued success in 2010 and beyond, Liquor Control intends to focus its efforts on operation effectiveness by continuing to strive for optimum balance between sales, purchase and inventory levels. We will continue to leverage IT solutions for increased efficiencies and continue to emphasize customer service excellence in both retail and wholesale operations by offering a variety of quality products at fair prices. As the number of County-owned retail stores still lags behind proportionate to the increase in the County population, the department continues to look for new opportunities in the retail sector.

We will continue to collaborate with local businesses, trade organizations, community members, and others across Maryland and throughout the United States to develop standard best practices to address beverage alcohol issues.

One of many opportunities to present best practices will occur in September of 2010, when the department will host a Responsible Hospitality Institute Seminar on Nighttime Economy in Bethesda, Maryland. The focus of the seminar is to show importance of investing in a safe and vibrant nighttime economy. With the understanding that a well-planned and managed nightlife can offer to a city, this forum will discuss:

- Providing a spectrum of social experiences for all ages and lifestyles
- Reducing crime with more eyes and ears on the street
- Maximizing city resources by streaming systems
- Matching service allocation with peak-time demand
- Drawing a creative class to develop sustainable business
- Expanding tourism and convention trade and capture post-event markets
- Creating jobs and careers in hospitality