

**WORKSESSION**

**MEMORANDUM**

April 29, 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. See ©9-16.

**Background**

The Public Safety Committee discussed the Executive recommended budget for the Department of Liquor Control on April 15. The March 15 budget recommends total expenditures of \$48,301,900 for the Department, an 8.6% increase or \$3,806,640 over the FY10 approved budget.

Councilmember Andrews inquired about the status of Sunday sales in the County retail stores. The DLC Director stated that the Executive has not made a decision to implement Sunday sales. Councilmember Andrews recommended that the department initiate a pilot program for Sunday sales.

Information was requested by Councilmember Berliner on 1) profits and costs of discontinuing the liquor business and 2) profits and costs to discontinue selling beer and wine at retail. DLC will provide information at the May 3 meeting. Councilmember Berliner suggested that the Director meet with some licensees to discuss delivery of special orders which can be delayed.

Except for the possibility of budget amendments, the Committee gave tentative approval of the DLC budget.

**Budget Amendments**

The County Executive's April 22 budget amendments adjusted the DLC budget as follows:

March 15 DLC Recommended FY11 Budget		\$48,301,900
<u>April 22 Amendments</u>	Energy Tax increase	+ \$75,330
	Imputed Compensation	(\$83,820)
	Revised Debt Service	(\$6,135,000)
Final recommended FY11 DLC budget		\$42,158,410

The appropriation for DLC for FY11 would be **\$42,158,410**. The earnings fund transfer for FY11 will be budgeted at \$26,206,168 before chargebacks; the transfer after chargebacks is \$23,327,470 and an additional \$1,000,000 in transfer scheduled for FY11 is accelerated and budgeted for FY10.

The decrease in the debt service of \$6,135,000 from the March 15 debt service of \$10,718,520 reflects the following:

- Finmarc renovations delayed to FY12
- Transportation projects delayed to FY12
- Originally planned for \$88,000,000 in Revenue Bonds in FY11 and now will be only \$37,000,000. County will go out for the remaining \$51,000,000 in FY12 or beyond.

Liquor Control	FY09 Actual	FY10 Budget	FY11 CE Recommended	Amendments-FY11
<b>Expenditures:</b>				
<b>Liquor Fund Expenditures</b>	35,991,033	44,495,260	48,301,900	42,158,410
<b>Revenues</b>	62,867,024	66,338,070	66,291,080	66,291,080
<b>Earnings Transfer - gen fund</b>	30,410,060	27,043,280	21,079,550	26,206,168
<b>- after deductions</b>	27,452,610	23,878,180	18,192,470	23,327,470
			\$1,000,000 for FY10	\$1,000,000 for FY10
<b>Positions:</b>				
<b>Full-time</b>	264	257	248	-3.5%
<b>Part-time</b>	60	62	58	-6.5%
<b>TOTAL Positions</b>	324	319	306	-4.1%
<b>WORKYEARS</b>	343.8	337.3	312.9	-7.2%

➤ **Council staff recommends approval of the Department of Liquor Control budget as amended with the caveat that Bill 16-10, Imputed Compensation Limit has not been adopted.**

Attachments: DLC Fiscal Plan FY11-16 Amended ©1  
 Accelerated Transfer ©2  
 DLC Budget Packet 4/15/10 ©3

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
<b>ASSUMPTIONS</b>							
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	0.3%	0.9%	1.8%	3.3%	4.0%	4.5%	4.8%
<b>BEGINNING FUND BALANCE</b>	<b>8,793,110</b>	<b>1,680,060</b>	<b>1,606,560</b>	<b>6,769,680</b>	<b>10,934,680</b>	<b>15,097,430</b>	<b>19,258,800</b>
<b>REVENUES</b>							
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
<b>Subtotal Revenues</b>	<b>66,075,930</b>	<b>68,291,080</b>	<b>71,362,240</b>	<b>74,592,570</b>	<b>77,947,480</b>	<b>81,444,490</b>	<b>85,090,590</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(29,043,280)	(26,206,170)	(19,245,450)	(18,527,140)	(17,294,190)	(14,482,510)	(9,941,840)
Technology Modernization CIP	(740,600)	(591,440)	(370,530)	0	0	0	0
Indirect Costs	(2,424,500)	(2,287,260)	(2,275,620)	(2,275,620)	(2,275,620)	(2,275,620)	(2,275,620)
Earning's Transfer	(25,878,180)	(23,327,470)	(16,599,300)	(16,251,520)	(15,018,570)	(12,206,890)	(7,666,220)
<b>TOTAL RESOURCES</b>	<b>45,825,760</b>	<b>43,764,970</b>	<b>53,723,350</b>	<b>62,835,110</b>	<b>71,587,970</b>	<b>82,059,410</b>	<b>94,407,550</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
Operating Budget	(39,902,110)	(37,575,160)	(38,877,540)	(41,608,680)	(45,885,200)	(51,853,790)	(59,673,810)
Debt Service: Other	(3,659,530)	(4,583,250)	(6,584,130)	(6,583,300)	(6,582,000)	(6,584,630)	(6,587,750)
FFI - Retiree Health Insurance Pre-Funding			(583,120)	(714,830)	(853,130)	(998,340)	(1,150,810)
FFI - DLC Warehouse OBF'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 - Motors 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)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(43,561,640)</b>	<b>(42,158,410)</b>	<b>(46,953,670)</b>	<b>(51,900,430)</b>	<b>(56,490,540)</b>	<b>(62,800,610)</b>	<b>(70,988,250)</b>
<b>OTHER CLAIMS ON CASH BALANCE</b>	<b>(584,060)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(44,145,700)</b>	<b>(42,158,410)</b>	<b>(46,953,670)</b>	<b>(51,900,430)</b>	<b>(56,490,540)</b>	<b>(62,800,610)</b>	<b>(70,988,250)</b>
<b>YEAR END CASH BALANCE</b>	<b>1,680,060</b>	<b>1,606,560</b>	<b>6,769,680</b>	<b>10,934,680</b>	<b>15,097,430</b>	<b>19,258,800</b>	<b>23,419,300</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>3.7%</b>	<b>3.7%</b>	<b>12.6%</b>	<b>17.4%</b>	<b>21.1%</b>	<b>23.5%</b>	<b>24.8%</b>

**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.

Appropriation Adjustments and Fund Balance Transfers					
		Transfer to General Fund			
	FY11 Budget	FY10	FY11	Total	Note
PLD -- Bethesda		38,050	(38,050)	0	Accelerated Transfer
PLD -- Wheaton		6,140	(6,140)	0	Accelerated Transfer
PLD -- Silver Spring		1,902,120	(1,902,120)	0	Accelerated Transfer
PLD -- Silver Spring <sup>1</sup>		1,000,000		1,000,000	FY10 Fund Balance Transfer
PLD -- Montgomery Hills		700	(700)	0	Accelerated Transfer
Liquor Control	(6,135,000)	1,000,000	6,135,000	7,135,000	FY10 Fund Balance Transfer; Reduced FY11 debt service
Liquor Control		1,000,000	(1,000,000)	0	Accelerated Transfer
Motor Pool			2,500,000	2,500,000	FY11 Fund Balance Transfer
Central Duplicating		279,000		279,000	FY10 Fund Balance Transfer
Cable TV		800,000	(800,000)	0	Accelerated Transfer
Cable TV			2,340,240	2,340,240	Fibernet, PEG equipment; leave \$200k balance
MHI		2,642,800		2,642,800	Assume add'l FY10 revenue from liquidation to reduce GF transfer
Health Insurance Fund		2,000,000		2,000,000	FY10 Fund Balance Transfer
<b>Total</b>	<b>(6,135,000)</b>	<b>10,668,810</b>	<b>7,228,230</b>	<b>17,897,040</b>	
Indirect Cost Transfers to the General Fund			(38,980)	(38,980)	
<b>Total Net Transfers to General Fund</b>		<b>10,668,810</b>	<b>7,189,250</b>	<b>17,858,060</b>	

<sup>1</sup> \$155,000 PLD transfer to Mass Transit shifted to General Fund after eliminating Silver Spring Super Fare Share.

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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
<b>Expenditures:</b>				
<b>Liquor Fund Expenditures</b>	35,991,033	44,495,260	48,301,900	8.6%
<b>Revenues</b>	62,867,024	66,338,070	66,291,080	2.9%
<b>Earnings Transfer - gen fund</b>	30,410,060	27,043,280	21,079,550	-20.10%
<b>- after deductions</b>	27,452,610	23,878,180	18,192,470	-21.60%
			\$1,000,000 for FY10	
<b>Positions:</b>				
<b>Full-time</b>	264	257	248	-3.5%
<b>Part-time</b>	60	62	58	-6.5%
<b>TOTAL Positions</b>	324	319	306	-4.1%
<b>WORKYEARS</b>	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)
<b>Net Change</b>	<b>-9.1</b>	<b>(\$1,838,640)</b>

**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**

<b>Warehouse Operations</b>	
<b>FY10 Expenditures \$7,988,440</b>	<b>FY10 66.9 Workyears</b>
<b>FY11 Expenditures \$7,684,000</b>	<b>FY11 63.4 Workyears</b>
\$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**

<b>Delivery Operations</b>	
<b>FY10 Expenditures \$5,870,210</b>	<b>FY10 75.7 Workyears</b>
<b>FY11 Expenditures \$5,551,560</b>	<b>FY11 72.1 Workyears</b>
-\$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**

<b>Retail Sales Operations</b>	
<b>FY10 Expenditures \$17,971,740</b>	<b>FY10 153.5 Workyears</b>
<b>FY11 Expenditures \$16,929,510</b>	<b>FY11 143.0 Workyears</b>
\$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**

<b>Retail Contracted Operations</b>	
<b>FY10 Expenditures \$190,650</b>	<b>FY10 0.0 Workyears</b>
<b>FY09 Expenditures \$190,650</b>	<b>FY11 0.0 Workyears</b>

**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**

<b>Accounting and Inventory Systems</b>	
<b>FY10 Expenditures \$7,923,390</b>	<b>FY10 17.6 Workyears</b>
<b>FY11 Expenditures \$12,537,900</b>	<b>FY11 13.1 Workyears</b>
\$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**

<b>Information Management</b>	
<b>FY10 Expenditures \$1,444,900</b>	<b>FY10 7.1 Workyears</b>
<b>FY11 Expenditures \$1,192,520</b>	<b>FY11 6.7 Workyears</b>
-\$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**

<b>Licensure, Regulation and Education</b>	
<b>FY10 Expenditures \$1,376,540</b>	<b>FY10 14.0 Workyears</b>
<b>FY11 Expenditures \$1,232,210</b>	<b>FY11 12.3 Workyears</b>
-\$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**

<b>Director's Office</b>	
<b>FY10 Expenditures \$1,729,390</b>	<b>FY10 2.5 Workyears</b>
<b>FY11 Expenditures \$2,983,550</b>	<b>FY11 2.3 Workyears</b>
\$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

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# 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.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
Percent of wholesale customers satisfied with DLC based on the DLC customer survey results <sup>1</sup>	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

<sup>1</sup> On a rating of 1 to 4 with 4 being most satisfied and 1 being least satisfied.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>7,988,440</b>	<b>66.9</b>
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
<b>FY11 CE Recommended</b>	<b>7,684,000</b>	<b>63.4</b>

**Delivery Operations**

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

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>5,870,210</b>	<b>75.7</b>
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
<b>FY11 CE Recommended</b>	<b>5,551,560</b>	<b>72.1</b>

**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.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
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 <sup>1</sup>	3.20	3.22	3.22	3.22	3.22

<sup>1</sup> On a rating of 1 to 4 with 4 being most satisfied and 1 being least satisfied.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>17,971,740</b>	<b>153.5</b>
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
<b>FY11 CE Recommended</b>	<b>16,929,510</b>	<b>143.0</b>

### **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.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>190,650</b>	<b>0.0</b>
<b>FY11 CE Recommended</b>	<b>190,650</b>	<b>0.0</b>

### **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.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>7,923,390</b>	<b>17.6</b>
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
<b>FY11 CE Recommended</b>	<b>12,537,900</b>	<b>13.1</b>

### **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.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,444,900</b>	<b>7.1</b>
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
<b>FY11 CE Recommended</b>	<b>1,192,520</b>	<b>6.7</b>

## 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.

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

<sup>1</sup> 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.

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,376,540</b>	<b>14.0</b>
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
<b>FY11 CE Recommended</b>	<b>1,232,210</b>	<b>12.3</b>

## Office of the Director

This program provides the overall direction for the Department.

<b>Program Performance Measures</b>	<b>Actual FY08</b>	<b>Actual FY09</b>	<b>Estimated FY10</b>	<b>Target FY11</b>	<b>Target FY12</b>
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

<b>FY11 Recommended Changes</b>	<b>Expenditures</b>	<b>WYs</b>
<b>FY10 Approved</b>	<b>1,729,390</b>	<b>2.5</b>
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
<b>FY11 CE Recommended</b>	<b>2,983,550</b>	<b>2.3</b>

# BUDGET SUMMARY

	Actual FY09	Budget FY10	Estimated FY10	Recommended FY11	% Chg Bud/Rec
<b>LIQUOR CONTROL</b>					
<b>EXPENDITURES</b>					
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%
<b>Liquor Control Personnel Costs</b>	<b>23,913,109</b>	<b>24,245,040</b>	<b>23,963,740</b>	<b>22,956,340</b>	<b>-5.3%</b>
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%
<b>Liquor Control Expenditures</b>	<b>35,991,033</b>	<b>44,495,260</b>	<b>43,561,640</b>	<b>48,301,900</b>	<b>8.6%</b>
<b>PERSONNEL</b>					
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%
<b>REVENUES</b>					
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%
<b>Liquor Control Revenues</b>	<b>62,867,024</b>	<b>66,338,070</b>	<b>66,075,930</b>	<b>68,291,080</b>	<b>2.9%</b>
<b>GRANT FUND MCG</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	12,875	0	8,520	0	—
Employee Benefits	964	0	920	0	—
<b>Grant Fund MCG Personnel Costs</b>	<b>13,839</b>	<b>0</b>	<b>9,440</b>	<b>0</b>	<b>—</b>
Operating Expenses	30,155	0	14,840	0	—
Capital Outlay	0	0	0	0	—
<b>Grant Fund MCG Expenditures</b>	<b>43,994</b>	<b>0</b>	<b>24,280</b>	<b>0</b>	<b>—</b>
<b>PERSONNEL</b>					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—
<b>REVENUES</b>					
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	—
<b>Grant Fund MCG Revenues</b>	<b>43,994</b>	<b>0</b>	<b>24,280</b>	<b>0</b>	<b>—</b>
<b>DEPARTMENT TOTALS</b>					
<b>Total Expenditures</b>	<b>36,035,027</b>	<b>44,495,260</b>	<b>43,585,920</b>	<b>48,301,900</b>	<b>8.6%</b>
<b>Total Full-Time Positions</b>	<b>264</b>	<b>257</b>	<b>257</b>	<b>248</b>	<b>-3.5%</b>
<b>Total Part-Time Positions</b>	<b>60</b>	<b>62</b>	<b>62</b>	<b>58</b>	<b>-6.5%</b>
<b>Total Workyears</b>	<b>343.8</b>	<b>337.3</b>	<b>337.3</b>	<b>312.9</b>	<b>-7.2%</b>
<b>Total Revenues</b>	<b>62,911,018</b>	<b>66,338,070</b>	<b>66,100,210</b>	<b>68,291,080</b>	<b>2.9%</b>

# FY11 RECOMMENDED CHANGES

	Expenditures	WYs
<b>LIQUOR CONTROL</b>		
<b>FY10 ORIGINAL APPROPRIATION</b>	<b>44,495,260</b>	<b>337.3</b>
<b><u>Changes (with service impacts)</u></b>		
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
<b><u>Other Adjustments (with no service impacts)</u></b>		
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
<b>FY11 RECOMMENDED:</b>	<b>48,301,900</b>	<b>312.9</b>

## 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
<b>Total</b>	<b>44,495,260</b>	<b>337.3</b>	<b>48,301,900</b>	<b>312.9</b>

# FUTURE FISCAL IMPACTS

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

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
<b>ASSUMPTIONS</b>							
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
<b>BEGINNING FUND BALANCE</b>	<b>8,793,110</b>	<b>3,680,060</b>	<b>2,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>
<b>REVENUES</b>							
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
<b>Subtotal Revenues</b>	<b>66,075,930</b>	<b>68,291,080</b>	<b>71,362,240</b>	<b>74,592,570</b>	<b>77,947,480</b>	<b>81,444,490</b>	<b>85,090,590</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
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)
<b>TOTAL RESOURCES</b>	<b>47,825,760</b>	<b>50,891,590</b>	<b>54,686,470</b>	<b>59,635,110</b>	<b>64,222,970</b>	<b>70,531,660</b>	<b>78,718,430</b>
<b>PSP OPER. BUDGET APPROP/ EXPS.</b>							
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)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(43,561,640)</b>	<b>(48,301,900)</b>	<b>(51,096,780)</b>	<b>(56,045,420)</b>	<b>(60,633,280)</b>	<b>(66,941,970)</b>	<b>(75,128,740)</b>
<b>OTHER CLAIMS ON CASH BALANCE</b>	<b>(584,060)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(44,145,700)</b>	<b>(48,301,900)</b>	<b>(51,096,780)</b>	<b>(56,045,420)</b>	<b>(60,633,280)</b>	<b>(66,941,970)</b>	<b>(75,128,740)</b>
<b>YEAR END CASH BALANCE</b>	<b>3,680,060</b>	<b>2,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>
<b>END-OF-YEAR RESERVES AS A</b>							
<b>PERCENT OF RESOURCES</b>	<b>7.7%</b>	<b>5.1%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>4.6%</b>

**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
<b>ASSUMPTIONS</b>							
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	0.3%	0.9%	1.8%	3.3%	4.0%	4.5%	4.8%
<b>BEGINNING FUND BALANCE</b>	<b>8,793,110</b>	<b>2,680,060</b>	<b>2,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>
<b>REVENUES</b>							
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
<b>Subtotal Revenues</b>	<b>66,075,930</b>	<b>68,291,080</b>	<b>71,362,240</b>	<b>74,592,570</b>	<b>77,947,480</b>	<b>81,444,490</b>	<b>85,090,590</b>
<b>INTERFUND TRANSFERS (Net Non-CIP)</b>							
Transfers To The General Fund	(28,043,280)	(20,079,550)	(19,265,460)	(18,547,150)	(17,314,200)	(14,502,520)	(9,961,850)
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)
<b>TOTAL RESOURCES</b>	<b>46,825,760</b>	<b>50,891,590</b>	<b>54,686,470</b>	<b>59,635,110</b>	<b>64,222,970</b>	<b>70,531,660</b>	<b>78,718,430</b>
<b>PSP OPER. BUDGET APPROP/ EXP'S.</b>							
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 - Motor Pool Rate Adjustment	n/a	0	(26,440)	(26,440)	(26,440)	(26,440)	(26,440)
FFI - Southtown Warehouse Lease	n/a	n/a	966,090	966,090	966,090	966,090	966,090
FFI - Retail Store Lease	n/a	0	(140,860)	(301,600)	(478,190)	(571,830)	(883,830)
<b>Subtotal PSP Oper Budget Approp / Exp's</b>	<b>(43,561,640)</b>	<b>(48,301,900)</b>	<b>(51,096,780)</b>	<b>(56,045,420)</b>	<b>(60,633,280)</b>	<b>(66,941,970)</b>	<b>(75,128,740)</b>
<b>OTHER CLAIMS ON CASH BALANCE</b>	<b>(384,060)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USE OF RESOURCES</b>	<b>(44,145,700)</b>	<b>(48,301,900)</b>	<b>(51,096,780)</b>	<b>(56,045,420)</b>	<b>(60,633,280)</b>	<b>(66,941,970)</b>	<b>(75,128,740)</b>
<b>YEAR END CASH BALANCE</b>	<b>2,680,060</b>	<b>2,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>	<b>3,589,690</b>
<b>END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES</b>	<b>5.7%</b>	<b>5.1%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>5.1%</b>	<b>4.6%</b>

**Assumptions:**

1. Fund Balance Policy= One month's Operating Expenses, One Payroll, and \$1,000,000 for Inventory in cash balance.
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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
<b>Liquor Control</b>							
	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	