# LIQUOR CONTROL

**PROGRAM:**
Retail Operations

**PROGRAM ELEMENT:**

**PROGRAM MISSION:**
To provide efficient, customer-friendly retail stores that compete successfully with stores in surrounding jurisdictions both in price and selection; that comply with all laws; and that return a reasonable transfer to the General Fund

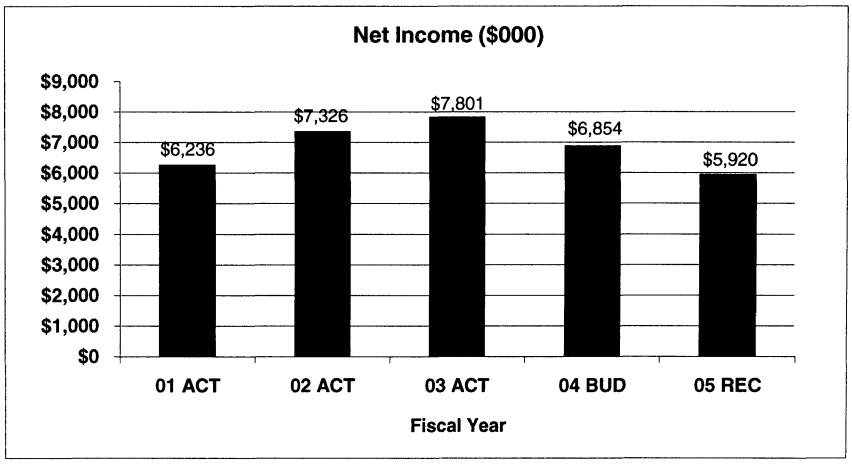
**COMMUNITY OUTCOMES SUPPORTED:**
- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

| PROGRAM MEASURES | FY01 ACTUAL | FY02 ACTUAL | FY03 ACTUAL | FY04 BUDGET | FY05 CE REC |
|---|---|---|---|---|---|
| **Outcomes/Results:** | | | | | |
| Gross profit ($000) | 17,845 | 19,359 | 20,960 | 21,671 | 22,989 |
| Net income ($000)[a] | 6,236 | 7,326 | 7,801 | 6,854 | 5,920 |
| General Fund transfer ($000)[b] | 5,004 | 7,609 | 6,963 | 6,984 | 8,553 |
| **Service Quality:** | | | | | |
| Board of Liquor License Commissioners inspection violations | 1 | 1 | 2 | 0 | 0 |
| Montgomery County Police Department inspection violations | 4 | 2 | 0 | 0 | 0 |
| Percentage of customers satisfied with customer service offered | NA | 96 | 96 | 96 | 100 |
| Percentage of customers satisfied with facility and design | NA | 93 | 94 | 94 | 100 |
| Percentage of customers satisfied with product selection | NA | 91 | 89 | 93 | 100 |
| Percentage of customers satisfied with product pricing | NA | 87 | 87 | 92 | 100 |
| **Efficiency:** | | | | | |
| Ratio of gross profit to labor costs | 3.3 | 3.2 | 3.4 | 2.7 | 2.8 |
| Ratio of sales to gross profit | 3.1 | 3.1 | 3.1 | 3.1 | 3.2 |
| Ratio of sales to net income | 8.9 | 8.2 | 8.4 | 9.7 | 12.4 |
| Ratio of sales to operating expenses less depreciation | 4.9 | 5.1 | 5.1 | 4.4 | 4.1 |
| **Workload/Outputs:** | | | | | |
| Sales ($000) | 55,401 | 60,235 | 65,512 | 66,714 | 73,449 |
| Cases transferred in (000) | 645 | 686 | 734 | 750 | 795 |
| **Inputs:** | | | | | |
| Operating expenses excluding depreciation ($000) | 11,403 | 11,848 | 12,962 | 15,270 | 17,980 |
| Labor costs including salaries and benefits ($000) | 5,370 | 6,040 | 6,223 | 8,043 | 8,313 |
| Workyears | 130.0 | 117.0 | 120.0 | 125.1 | 125.1 |

**Notes:**
[a]GAAP basis: revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; and depreciation is included.
[b]Estimate of total transfer attributed to retail operations.

**EXPLANATION:**
Retail Operations consists of County-managed stores and contractor-managed stores. In March, 2004, the County added a new store, making the total 25. Under Article 2B of the Annotated Code of Maryland, the County may hire contractors to operate up to four County retail stores. Currently, three stores are contractor-managed. The County retains title to all stock in contract stores until it is sold.

While gross profit has been increasing steadily, net income is expected to decline after FY03. In FY05, the Department plans to undertake new investments in computer upgrades and physical improvements to the warehouse.




**PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:** Finance Department.

**MAJOR RELATED PLANS AND GUIDELINES:** Federal, State, and County laws; Generally Accepted Accounting Principles.

# LIQUOR CONTROL

**PROGRAM:**
Wholesale Operations

**PROGRAM ELEMENT:**

**PROGRAM MISSION:**
To ensure the availability and delivery of beer, wine, and other beverage alcohol to wholesale licensees and retail stores at reasonable prices, in good condition, and in a manner that complies with all laws and returns a reasonable transfer to the General Fund

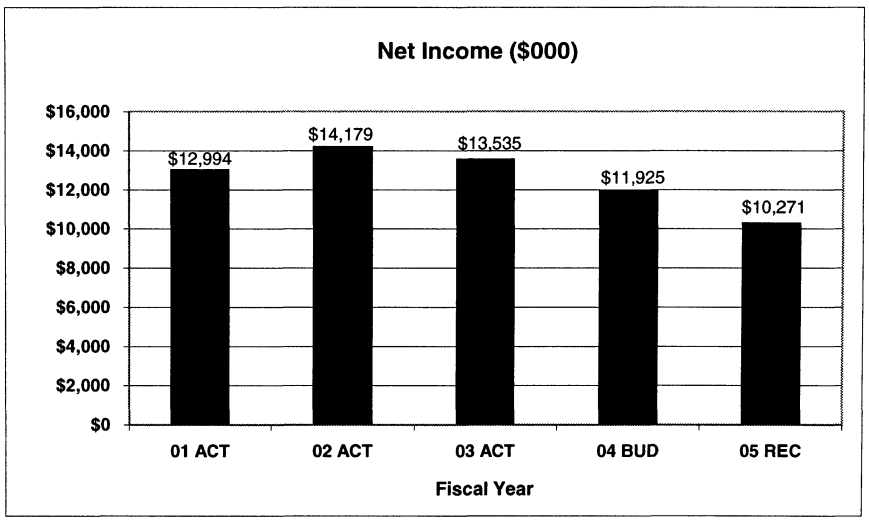
**COMMUNITY OUTCOMES SUPPORTED:**
- Provide high quality, high value service to customers
- Foster respect for all County, State, and Federal laws
- Provide a reasonable transfer to the General Fund to assist in supporting other County services

| PROGRAM MEASURES | FY01 ACTUAL | FY02 ACTUAL | FY03 ACTUAL | FY04 BUDGET | FY05 CE REC |
|---|---|---|---|---|---|
| **Outcomes/Results:** | | | | | |
| Gross profit ($000) | 21,297 | 23,074 | 23,987 | 24,834 | 26,309 |
| Net income ($000)[a] | 12,994 | 14,179 | 13,535 | 11,925 | 10,271 |
| General Fund transfer ($000)[b] | 10,427 | 14,726 | 12,115 | 13,517 | 11,948 |
| **Service Quality:** | | | | | |
| Percentage of customers satisfied with employees' friendliness and professionalism | 86 | 88 | 84 | 93 | 100 |
| Percentage of customers satisfied with level of customer service provided | 64 | 65 | 79 | 74 | 100 |
| Percentage of customers satisfied with product integrity | 87 | 87 | 86 | 84 | 100 |
| Percentage of customers satisfied with product selection | 82 | 85 | 80 | 80 | 100 |
| **Efficiency:** | | | | | |
| Ratio of gross profit to labor costs | 2.9 | 2.8 | 2.7 | 2.9 | 3.0 |
| Ratio of sales to gross profit | 4.0 | 3.9 | 3.8 | 4.0 | 3.9 |
| Ratio of sales to net income | 6.6 | 6.3 | 6.8 | 8.4 | 10.0 |
| Ratio of sales to operating expense less depreciation | 10.8 | 10.5 | 9.2 | 8.5 | 7.4 |
| **Workload/Outputs:** | | | | | |
| Sales ($000) | 85,275 | 89,817 | 91,527 | 99,655 | 102,617 |
| Cases sold (000) | 3,845 | 3,945 | 3,891 | 4,380 | 4,642 |
| **Inputs:** | | | | | |
| Operating expenses excluding depreciation ($000)[c] | 7,863 | 8,536 | 9,950 | 11,756 | 13,787 |
| Labor costs including salary and benefits ($000) | 7,223 | 8,123 | 8,976 | 8,541 | 8,828 |
| Workyears | 152.0 | 157.0 | 166.0 | 167.1 | 168.1 |

**Notes:**
[a]GAAP basis: revenues are recorded when earned; expenses are recorded when liabilities are incurred; capital outlay is excluded; depreciation is included.
[b]Estimate of earnings transfer attributed to wholesale operations.
[c]Operating expenses include the night loading contract.

**EXPLANATION:**
Wholesale Operations consists of Warehouse Operations and Delivery Operations. The Warehouse Operations portion involves management of the warehouse facility and includes receipt, storage, and loading of distilled spirits, wine, and beer. Delivery Operations includes the distribution of distilled spirits, wine, and beer to approximately 870 private retailers and 25 County stores. (The 25th store was opened in March, 2004.)

While gross profit has been increasing steadily, net income peaked in FY02 and is projected to decline through FY05. In that year, the Department of Liquor Control plans to undertake new investments in computer upgrades and physical improvements to the warehouse.




**PROGRAM PARTNERS IN SUPPORT OF OUTCOMES:** Finance Department.

**MAJOR RELATED PLANS AND GUIDELINES:** Federal, State, and County laws; Generally Accepted Accounting Principles.