

**Worksession**

**MEMORANDUM**

TO: Ad Hoc Committee on Liquor Control  
FROM: Justina J. Ferber,  Legislative Analyst  
SUBJECT: **Worksession – Review of Alcohol Control in Montgomery County  
DLC Action Plan and Follow-Up on Inventory and Ordering Systems**

Those expected for this worksession:

George Griffin, Director, Department of Liquor Control (DLC)  
Edgar Gonzalez, Deputy Director, DLC  
Bonnie Kirkland, Assistant Chief Administrative Officer  
Karen Plucinski - Transform MCG Technology Modernization Project (ERP)  
and Warehouse Management System (WMS) Module

The Department of Liquor Control will present its Action Plan and update the Committee on improvements to ordering and inventory systems within DLC. Some of the items in the Action Plan address ordering and inventory issues. Also, CountyStat has prepared some materials on price comparisons.

Executive staff provided the following materials:	<u>Circle #</u>
DLC Improvement Action Plan (current state on 6/17/2015)	1
Price Comparison Studies by CountyStat	
DLC Wholesale Price Comparison March 2015	17
DLC Wholesale Price Comparison June 2015 (Special Order Beer and Wine)	31
Memo from CAO Timothy Firestine 6/17/15	41
In response to Committee Memo 5/15/15	46

DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R						
1	<b>DLC IMPROVEMENT ACTION PLAN</b>																							
2	6/17/15																							
3	<b>DLC, ERP, FIN &amp; COUNTYSTAT</b>																							
4																								
5	<b>OVERVIEW:</b>																							
6																								
7	<b>The DLC action plan is broken out by 6 major categories:</b>																							
8	I. Improve customer service action plan																							
9	II. Improve warehouse operations action plan																							
10	III. Improve special orders action plan																							
11	IV. Improve retail operations action plan																							
12	V. Improve delivery and fleet action plan																							
13	VI. Improve financial controls and general operations action plan																							
14																								
15	<b>Many areas for improvement span two or more categories and therefore some overlap may occur. The sections have been divided as much as possible.</b>																							
16																								
17	<b>Each action item is listed with its corresponding Milestones, sub-actions, estimated start and end dates, lead party(ies) and supporting party(ies).</b>																							
18	<b>Each sub-action is categorized, in general, as short term (April through June), medium term (July-December), and long term (2016 and beyond).</b>																							
19	<b>For each Milestone, the primary action steps that need to be completed to accomplish the Milestone are identified under the "Prime" column; supporting action steps are identified under the "Supporting" column</b>																							
20	<b>In total, the comprehensive action plan includes more than 55 major actions:</b>																							
21	· 12 Customer service actions																							
22	· 14 Warehouse actions																							
23	· 5 Special order actions																							
24	· 5 Retail actions																							
25	· 6 Delivery and fleet options																							
26	· 13 Financial controls and general operations actions																							
27	<b>Status updates are provided in the "Status" column and are color coded using the following key:</b>																							
28	<table border="1" style="margin-left: 20px;"> <thead> <tr> <th colspan="2">Key</th> </tr> </thead> <tbody> <tr> <td style="background-color: #cccccc;"></td> <td>In Progress</td> </tr> <tr> <td style="background-color: #e0e0e0;"></td> <td>Not Started</td> </tr> </tbody> </table>																		Key			In Progress		Not Started
Key																								
	In Progress																							
	Not Started																							
29																								
30																								
31																								
32																								



DLC Improvement Action Plan  
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	A	B	C	D	E	F	G	H	I	J
1	<b>I. Improve Customer Service Action Plan</b>									
2	Milestone									
3				Action Item	Term	Start Date	End Date	6/16/2015 Status	Lead Party	Supporting Party(ies)
4	Prime	Supporting								
5										
6	<b>M1 Implement Customer Service Center</b>									
7	<b>M2 Implement Ongoing Performance Metrics and Customer Feedback/Improvement System</b>									
8										
9	<b>1. Create an order and customer service center</b>									
10	M1		1.A	Review responsibilities of Buyers and Order takers	Short	21-Apr	19-Jun	In Progress	DLC CHIEFS	
11	M1		1.B	Request abolish/create 8 positions (G16-G18), and one G21 to G25 for CSCC Manager	Short	27-Apr	5-Jun		Pandya	OMB, OHR
12	M1		1.C	Cross train personnel	Short	27-Apr	14-Aug		DLC CHIEFS	
13	M1		1.D	Develop protocols for follow up with customers	Short	18-May	10-Jul		DLC CHIEFS	
14	M1		1.E	Develop tracking of customer calls	Short	18-May	10-Jul		DLC CHIEFS	DTS
15	M1		1.F	Investigate use of MC311/adaptation	Short	11-May	ongoing	In Progress	DLC CHIEFS	DTS
16	M1		1.G	Recruit additional personnel (1 G18 position) for customer service center	Medium	1-Jun	17-Aug	In Progress	DLC CHIEFS	OMB, OHR
17	M1		1.H	Obtain random feedback from customers on new process	Medium	1-Jun	25-Sep		DLC CHIEFS	
18	M1		1.I	Adjust/refine protocols based on feedback	Medium	1-Jul	9-Oct		DLC CHIEFS	
19	M1		1.J	Adopt permanent procedures	Medium	22-Jun	23-Oct		DLC CHIEFS	
20	M1		1.K	Recruit the Supervisor of the Customer Service Center	Medium	27-Apr	3-Aug	In Progress	DLC CHIEFS	OMB, OHR
21										
22	<b>2. Conduct focus group meetings with licensees and suppliers to obtain feedback</b>									
23	M2		2.A	Identify focus group agenda	Short	1-Apr	3-Apr		ERP	
24	M2		2.B	Hold regional focus groups for two groups: licensees and suppliers	Short	6-Apr	10-Apr		ERP	
25	M2		2.C	Analyze findings	Short	13-Apr	16-Apr		ERP	
26	M2		2.D	Gather feedback	Short	16-Apr	16-Apr		ERP	CountyStat
27	M2		2.E	Publish a findings report	Short	17-Apr	12-Jun		ERP	
28	M2		2.F	Incorporate findings into the DLC action plan	Short	16-Apr	26-Jun	In Progress	DLC/ EG	
29										
30	<b>3. Conduct focus groups sessions with DLC staff to obtain feedback on system, processes, etc.</b>									
31	M2		3.A	Develop focus group agenda	Short	20-Apr	15-Jun		ERP Change Mgmt.	
32	M2		3.B	Conduct sessions with each DLC business group	Short	20-Apr	30-Apr		ERP Change Mgmt.	
33	M2		3.C	Analyze findings	Short	5-May	30-Jun		ERP Change Mgmt.	
34	M2		3.D	Gather feedback	Short	5-May	15-Jun		ERP Change Mgmt.	
35	M2		3.E	Publish finding in a report	Short	11-May	15-Jun		ERP Change Mgmt.	
36	M2		3.F	Incorporate findings in DLC Action Plan	Short	18-May	26-Jun	In Progress	DLC	

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	A	B	C	D	E	F	G	H	I	J	
37											
38				<b>4. Centralize iStore and iSupplier at DLC</b>							
39		M2	4.A	Develop tracking tool for Licensee & Suppliers	Short	30-Apr	19-Jun	In Progress	DLC -Matt Douglas		
40		M2	4.B	Track licensees and supplier-assisted licensees, and suppliers trained	Short	15-May	ongoing	In Progress	DLC -Matt Douglas		
41		M2	4.C	Identify problem areas for vendors using iStore	Short	15-May	ongoing	In Progress	DLC -Matt Douglas		
42		M2	4.D	Provide training to vendors on registration and use of iStore	Short	15-May	ongoing	In Progress	DLC -Matt Douglas		
43		M2	4.E	Display imaged A/P invoice documents in iSupplier to suppliers (similar to Oracle workbench)	Medium	1-May	30-Sep	In Progress	ERP / DOF - Shabani		
44											
45				<b>5. Conduct Lab Sessions for Licensees and Suppliers on the use of Reports, iStore</b>							
46	M2		5.A	Schedule weekly sessions for the months of April, May and June	Short	13-Apr	25-May	Completed	ERP/DLC		
47	M2		5.B	Reevaluate frequency of lab session	Short	25-May	5-Jun	In Progress	ERP/DLC		
48	M2		5.C	Publish and communicate Lab Session to Licensees and Suppliers	Short	1-Jun	12-Jun	In Progress	ERP/DLC		
49											
50				<b>6. Utilize LRE Inspectors to address Licensees questions</b>							
51	M2		6.A	Develop outreach approach	Short	25-Apr	12-Jun	Completed	ERP/ DLC		
52	M2		6.B	Identify top 10 questions	Short	25-Apr	12-Jun	In Progress	ERP/ DLC		
53											
54				<b>7. Develop and conduct Licensees, Supplier and Retail customer surveys (3 surveys)</b>							
55	M2		7.A	Develop survey based on performance indicators for customer satisfaction	Short	1-May	10-Jul	Completed	DLC, CountyStat		
56	M2		7.B	Test survey and modify	Medium	1-Jul	1-Sep	Completed	DLC, CountyStat		
57	M2		7.C	Conduct survey and analyze results (Reoccurring every 6 months)	Medium	1-Oct	1-Jan	Completed	DLC, CountyStat		
58		M2	7.D	Modify process based on survey analysis	Long	1-Jan	ongoing	Completed	DLC, CountyStat		
59											
60				<b>8. Conduct Monthly Informational meetings for all DLC Staff</b>							
61		M1	8.A	Establish overall goals, expectations, customer service standards, review critical business processes and the impact of end-to-end integration	Short	5-May	ongoing	In Progress	DLC/Change Mgmt.		

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	A	B	C	D	E	F	G	H	I	J
62										
63	<b>9. Develop manpower analysis</b>									
64	M1		9.A	Review position responsibilities and need for changes/ additions based on needs resulting from changed processes	Short	15-Apr	15-Jun	In Progress	DLC CHIEFS	
65	M1		9.B	Prepare report for approval	Short	15-Apr	6-May	In Progress	DLC D.O./ OMB	
66		M1	9.C	Obtain approvals for long-term staffing needs	Medium	4-May	ongoing	In Progress	DCL CHIEFS	CAO, OMB
67										
68	<b>10. Improve personnel complement and ability to fill vacant positions</b>									
69	M1		10.A	Develop justification for blanket exemptions to hire and present to approvers	Short	1-Apr	1-Apr	In Progress	DLC/Dir Off.	CAO, OMB, OHR
70	M1		10.B	Obtain approvals from appropriate parties	Short	1-Apr	1-Apr		CAO/OMB/OHR	DLC
71	M1		10.C	Initiate and complete hiring process for new MIII (Chief, Division of Wholesale Ops)	Short	1-Jun	31-Aug		Director's Office	
72	M1		10.D	Evaluate final personnel needs in the warehouse	Medium	17-Aug	24-Aug		DO/Div. Chief	
73	M1		10.E	Initiate recruiting process (including warehouse and drivers)	Medium	24-Aug	28-Aug		DLC / Gus M de O	
74		M1	10.F	Investigate need for a real estate specialist or changes to current management structure.	Medium	1-Jul	7-Aug		DO/Gus	
75		M1	10.G	Fill positions for warehouse and drivers	Medium	28-Aug	30-Oct		DLC CHIEFS	
76	<b>11. Track performance improvement in customer service</b>									
77	M2		11.A	Review current metrics	Short	20-Apr	26-Jun	In Progress	DLC EG, CountyStat	
78	M2		11.B	Create new metrics based on new processes	Medium	20-Apr	21-Aug	In Progress	DLC EG, CountyStat	
79		M2	11.C	Track and report on new metrics	Short	27-Jul	ongoing	In Progress	DLC EG, CountyStat	OMB
80		M2	11.D	Implement DLCStat meetings occurring monthly	Short	2-Jun	ongoing	In Progress	DLC EG, CountyStat	OMB, ERP, FIN, CAO
81										
82	<b>12. Review organizational structure and responsibilities</b>									
83	M1		12.A	Study, recommend and implement organizational changes including Divisions and Sections	Short	5/1/	15-Jun	In Progress	Director's Office	CAO, OHR
84	M1		12.B	Hire personnel if study recommends additional positions	Medium	15-May	28-Aug	In Progress	Director's Office	OHR

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	A	B	C	D	E	F	G	H	I	J
1	<b>II. Improve Warehouse Operations Action Plan</b>									
2	<b>Milestone</b>									
3	Prime	Supporting	<b>Action Item</b>		<b>Term</b>	<b>Start Date</b>	<b>End Date</b>	<b>6/16/2015 Status</b>	<b>Lead Party</b>	<b>Supporting Party(ies)</b>
4										
5										
6	<b>MILESTONES</b>	<b>M3 Implement Improvements in Inventory Management/Control Program</b>								
7		<b>M4 Implement Improvements in Inventory Management Automated System</b>								
8		<b>M5 Implement Organizational Changes</b>								
9		<b>M6 Implement Ongoing Performance Metrics and Feedback/Improvement System</b>								
10										
11	<b>1. Engage expert consultant to improve Warehouse operations and logistics</b>									
12	<b>M3</b>		1.A	Hire consultant for comprehensive on-site review of warehouse operations	Short	4-May	29-Jun	Complete	GMO/DLC	
13	<b>M3</b>		1.B	Consultant's report with recommendations by end of May	Short	4-May	30-May	In Progress		
14	<b>M3</b>		1.C	Review report and select recommendations for change	Short	1-Jun	19-Jun	In Progress		
15		<b>M3</b>	1.D	Incorporate consultant findings into action plan	Medium	22-Jun	ongoing		GMO/DLC	
16										
17	<b>2. Supplement Warehouse staffing with contractor(s) with expertise in Warehouse /Order Management</b>									
18	<b>M5</b>		2.A	Develop and issue task order	Short	3-Apr	15-Jun	Complete	ERP	
19	<b>M5</b>		2.B	Review task order and select applicant	Short	13-Apr	15-Jun	Complete	ERP	
20	<b>M5</b>		2.C	Initiate Purchase Order	Short	20-Apr	15-Jun	Complete	ERP	
21	<b>M5</b>		2.D	Hire Consultant	Short	4-May	15-Jun	Complete	ERP	
22										
23	<b>3. Identify and define root cause of Shorts on Trucks</b>									
24	<b>M3</b>		3.A	Engage Warehouse staff in identify issues	Short	20-Apr	15-Jun	In Progress	DLC GMO/ERP	
25	<b>M3</b>		3.B	Develop action plan to address issues	Short	20-Apr	10-Jul	In Progress	Montes de Oca/ERP	
26	<b>M3</b>		3.C	Communicate the importance and plan to Warehouse staff	Short	27-Apr	30-Jun	In Progress	Montes de Oca/ERP	
27		<b>M3</b>	3.D	Review progress each week and communicate with staff	Short	27-Apr	On-going	In Progress	Montes de Oca/ERP	
28	<b>M3</b>		3.E	Identify all reasons for Shorts on Trucks	Short	20-Apr	15-Jun	In Progress	Montes de Oca/ERP	
29	<b>M3</b>		3.F	Develop a report measure weekly and monthly Shorts on Trucks	Short	5-May	15-Jun	Complete	DLC GMO / ERP	
30										
31	<b>4. Improve scanning process</b>									
32	<b>M4</b>		4.A	Reconfigure the warehouse's wireless system to ensure speed and accuracy of scanners	Short	4-May	12-Jun	In Progress	DLC	DTS
33	<b>M4</b>		4.B	Test scanning for loading and deliveries	Short	6-Apr	12-Jun	In Progress	ERP/DLC	
34	<b>M4</b>		4.C	Adjust scanners and train staff	Short	4-May	30-Jun	In Progress	ERP/DLC	
35	<b>M4</b>		4.D	Implement the use of scanners for receiving and shipping out	Short	4-May	10-Jul	In Progress	DLC	
36		<b>M4</b>	4.E	Develop and implement random sample counts	Medium	6-Jul	ongoing	In Progress	ERP/DLC	



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	A	B	C	D	E	F	G	H	I	J
37										
38	<b>5. Identify and document Returns to Warehouse</b>									
39	M3		5.A	Identify all reasons for Returns; Did not Order, Wrong Product, Description not Clear; Ordered incorrectly on iStore, Sales Rep ordered too many; Re Ordered-unsure of delivery	Short	27-Apr	15-Jun	Completed	DLC	
40	M3		5.B	Develop plan to obtain detailed reasons	Short	27-Apr	5-Jun	Completed	DLC/ERP	
41	M3		5.C	Develop tracking process to measure improvements in returns	Short	5-May	30-Jun	In Progress	DLC/ERP	
42										
43	<b>6. Develop business plan for Managing Inventory</b>									
44	M3		6.A	Identify and define what should be managed on daily, weekly and monthly bases by buyers/warehouse staff such as: past due, close partial orders, liq/wine open orders, special open order, unreserved beer orders, opens sales orders, open PO lines	Medium	27-Apr	17-Jul	In Progress	Pandya/Gus Montes de Oca	
45	M3		6.B	Document written policies and procedures for warehouse operations including policies for inventory adjustments in Oracle and new policies and procedures currently being adopted.	Medium	26-May	17-Jul	In Progress	Gus / Pandya	
46		M3	6.C	Assign specific activities to Buyers	Short	27-Apr	On-going	In Progress	Pandya	
47		M3	6.D	Schedule periodic meetings to review process and progress	Short	27-Apr	On-going	In Progress	Pandya	
48										
49	<b>7. Fully inventory the DLC warehouse</b>									
50	M3		7.A	Conduct full inventory (including kegs and pallets) with other DLC units playing an active role during the inventory count	Short	15-Apr	30-Jun	In Progress	Pandya/Gus Montes De Oca	
51		M3	7.B	Weekly tally counts	Medium	6-Jul	ongoing	In Progress	DLC / G de O & Staff	
52		M3	7.C	Create process/implement random sample counts & identify lead personnel including personnel from other DLC units	Medium	6-Jul	ongoing	In Progress	Gus Montes de Oca	
53	M3		7.D	Develop and provide process information to involved individuals prior to full inventory	Short	25-May	23-Jun	In Progress	Gus and Sunil	
54										
55	<b>8. Improve inventory control</b>									
56	M3		8.A	Develop a roll forward reconciliation for inventory count on 1/24 to inventory load on 2/1	Short	15-Apr	30-Apr	Completed	DLC Finance	DOF - Williams
57	M3		8.B	Analyze alias accounts and determine proper access, use and control	Short	15-Apr	5-Jun	Completed	DLC Finance/DOF - Williams	ERP
58	M3		8.C	Clearly label all storage locations by product for stock items and customer for special order items and a separate location for breakage and assign all storage locations with a unique location code in Oracle.	Short	20-May	30-Jun	In Progress	Gus / Gene	DLC Managers
59	M3		8.D	Develop process to log daily variances	Short	1-Jun	30-Jun	In Progress	Gus/Gene	
60	M3		8.E	Develop an acceptable variance threshold policy, validate inventory adjustments, and implement appropriate checks and balances by obtaining OK from DLC Finance on adjustments	Medium	1-Jul	18-Jul	In Progress	Gus/Sunil	
61	M3		8.F	Develop log process to accurately adjust electronic inventory	Medium	1-Jul	18-Jul	In Progress	ERP/Gus & Sunil	
62										



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	A	B	C	D	E	F	G	H	I	J
63	<b>9. Engage Warehouse staff in setting expectations, goals and accountability</b>									
64	M3		9.A	Conduct All Hand Warehouse meeting (receiving, shipping, routing, picking)	Short	27-Apr	12-Jun	In Progress	Montes de Oca/Warehouse	
65	M3		9.B	Conduct daily check in meetings with each groups Supervisors (receiving, shipping, routing, picking) to discuss goals for the day, review key business processes, identify challenges, and establish action plans	Short	20-Apr	On Going	In Progress	Montes de Oca/Warehouse	
66		M3	9.C	Conduct weekly warehouse meeting to review goals, business process, procedures and end-to-end processes	Short	20-Apr	On-going	In Progress	Montes de Oca/Warehouse	
67	M3		9.D	Conduct Receiving training for Receivers on the use mobile scanners and establish business process for going forward	Short	20-Apr	15-Jun	In Progress	ERP/Gus Montes de Oca	
68	M3		9.E	Conduct Shipping training for Pickers on the use mobile scanners and establish business process for going forward	Short	20-Apr	15-Jun	In Progress	ERP/Gus Montes de Oca	
69										
70	<b>10. Identify system Enhancements</b>									
71	M4		10.A	Identify new requirements for iStore (quantity on hand, checking availability, monitoring code changes/approvals for code changes, success/notification to retail store locations about the success/failure of transmissions )	Short	5-May	10-Jul	In Progress	DLC/ERP	
72	M4		10.B	Document configuration changes	Short	11-May	10-Jul	In Progress	DLC/ERP	
73	M4		10.C	Develop and test changes	Medium	18-May	1-Aug	In Progress	DLC/ERP	
74										
75	<b>11. Identify Report Enhancements</b>									
76	M6		11.A	Identify new requirements based on feedback from focus groups	Short	5-May	30-Jun	In Progress	DLC/ERP	
77	M6		11.B	Develop tracking for shorts, wrong case on trucks and customer returns by product (beer, L/W, special orders)	Short	1-May	10-Jul	In Progress	EG/ERP	
78	M6		11.C	Develop tracking for customer returns by customers	Short	18-May	10-Jul	In Progress	EG/ERP	
79	M6		11.D	Develop a slow moving items report	Medium	27-Apr	15-Jul	In Progress	Gus/Gene	
80	M6		11.E	Document configuration changes	Medium	11-May	17-Jul	In Progress	DLC/ERP	
81	M6		11.F	Develop and test changes	Medium	18-May	31-Jul	In Progress	DLC/ERP	
82										
83	<b>12. Split DLC Sections further</b>									
84	M5		12.A	A. Split DLC warehouse responsibilities for efficiency & effectiveness.	Medium	1-Apr	On-hold by CAO	In Progress	DO / Gus Montes de Oca	
85	M5		12.B	B. Evaluate warehouse ops in different product categories	Medium	1-May	On-hold by CAO	In Progress	D. Office/ Gus M. de O.	
86										
87	<b>13. Track performance improvement in the warehouse</b>									
88	M6		13.A	Review current metrics	Short	20-Apr	19-Jun	In Progress	DLC, CountyStat	
89	M6		13.B	Create new metrics based on new processes	Short	20-Apr	30-Jun	In Progress	DLC, CountyStat	
90		M6	13.C	Track and report on new metrics	Short	1-Jul	ongoing	In Progress	DLC, CountyStat	OMB
91		M6	13.D	Implement DLCStat meetings occurring monthly	Short	29-May	ongoing	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO
92										
93	<b>14. Conduct cost effectiveness analysis for overnight loading.</b>									
94		M3	14.A	Investigate in-house loading vs. outsourcing loading vs. mixed operations	Medium	1-Jul	1-Oct	In Progress	Director's Office, Gus	

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	A	B	C	D	E	F	G	H	I	J
1	<b>III. Improve Special Orders Action Plan</b>									
2	Milestone			Action Item	Term	Start Date	End Date	6/16/2015 Status	Lead Party	Supporting Party(ies)
3	Primary	Supporting								
4										
5										
6	<b>MIILESTONES</b>	<b>M7 Implement Improvements in Special Order Delivery Operations</b>								
7		<b>M8 Implement Ongoing Performance Metrics and Customer Feedback/Improvement System</b>								
8		<b>M9 Conduct Alternatives Analysis for: Special Orders Delivery Outsourcing, Direct Shipment, and Other Improvements</b>								
9	<b>1. Logistical improvements</b>									
10	<b>M7</b>		1.A	Review management and classification of positions in the Special Orders Unit.	Short	6-Apr	30-Jun	In Progress	Gus Montes de Oca	
11	<b>M7</b>		1.B	Examine workload and determine if personnel expansion is necessary.	Short	6-Apr	12-Jun	In Progress	Gus Montes de Oca	OMB, CAO
12	<b>M7</b>		1.C	Create Identifier Code System for special order products and Implement	Short	1-Apr	On-going	In Progress	Gus Montes de Oca	
13	<b>M7</b>		1.D	Expand warehouse space and location/numbering for improved tracking and picking.	Short	1-Apr	1-Jul	In Progress	Gus Montes de Oca	
14										
15	<b>2. Improve special orders deliveries</b>									
16	<b>M9</b>		2.A	Continue effort with Comptroller to interpret "come to rest" provision of State law	Short	15-Mar	30-Jun	In Progress	DLC Director	
17	<b>M9</b>		2.B	Examine delivery options for Special Orders, including vendor to warehouse to customers.	Short	1-May	1-Jul	In Progress	DLC Chiefs	
18	<b>M9</b>		2.C	Evaluate contracting out delivery of special orders and entire delivery operation	Medium	1-May	1-Sep	In Progress	DO / DLC Chiefs	
19	<b>M9</b>		2.D	Evaluate smaller delivery trucks (no CDL license needed)	Medium	1-May	31-Jul	In Progress	Gus Montes de Oca	DGS-Fleet
20	<b>M9</b>		2.E	Review time tables for supplier deliveries to warehouse	Short	15-Apr	19-Jun	In Progress	Gus Montes de Oca	
21	<b>M9</b>		2.F	Review and update time tables for DLC deliveries to retailers	Short	15-Apr	31-Jul	In Progress	Gus M de O/Greg Franklin	
22										
23	<b>3. Track performance improvement in special orders</b>									
24	<b>M8</b>		3.A	Review current metrics	Short	20-Apr	19-Jun	In Progress	DLC, CountyStat	
25	<b>M8</b>		3.B	Create new metrics based on new processes	Short	8-May	30-Jun	In Progress	DLC, CountyStat	
26		<b>M8</b>	3.C	Track and report on new metrics	Short	6-Jul	ongoing	In Progress	DLC, CountyStat	OMB
27		<b>M8</b>	3.D	Implement DLCStat meetings occurring monthly	Short	26-May	ongoing	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO
28										



DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J
29	<b>4. Identify and define challenges with Special Order Products</b>									
30	M7		4.A	Align inventory of the top 4 Special Order suppliers	Short	11-Apr	11-Apr	In Progress	Gus Montes De Oca	
31	M7		4.B	Establish locator numbers to improve receiving and picking of product	Short	11-Apr	19-Jun	In Progress	Gus Montes De Oca	
32	M7		4.C	All Special Order products will be received and picked using locator numbers	Short	13-Apr	6-Jul	In Progress	Gus Montes De Oca	
33	M7		4.D	Engage DLC Special Order Team in identify issues	Short	1-May	12-Jun	In Progress	Pandya	
34	M7		4.E	Develop action plan to address issues	Short	1-May	19-Jun	In Progress	Pandya/Gus Montes De Oca	
35	M7		4.F	Implement a plan for buyers and warehouse receiving staff to Collect UPC codes for all Special Order products	Short	11-Apr	ongoing	In Progress	Pandya / GMO	
36	M7		4.G	Implement plan for warehouse staff to manually collect and entering UPC codes when receiving	Short	20-Apr	ongoing	In Progress	Gus Montes De Oca	
37										
38	<b>5. Establish the role of sales reps in placing orders on behalf of licensees</b>									
39	M7		5.A	Review current capabilities and areas of concern	Short	28-May	30-Jun	In Progress	Sunil	
40	M7		5.B	Develop DLC policy on the role of sales reps in placing orders	Short	28-May	14-Jul	In Progress	Director's Office DLC	
41	M7		5.C	Implement the DLC policy on the roles of sales reps in placing orders and train Suppliers.	Medium	17-Jul	15-Aug		Sunil	

6

DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J	
1	<b>IV. Improve Retail Operations Action Plan</b>										
2	<b>Milestone</b>										
3	Prime	Supporting	<b>Action Item</b>			<b>Term</b>	<b>Start Date</b>	<b>End Date</b>	<b>6/16/2015 Status</b>	<b>Lead Party</b>	<b>Supporting Party(ies)</b>
4											
5											
6	<b>MILESTONES</b>	<b>M10 Open Three (3) New Stores and Relocate One Store in FY16</b>									
7		<b>M11 Develop Long-Range Retail Store Business Plan/Strategy</b>									
8		<b>M12 Implement Best Management Practices: Performance Monitoring and Internal Controls</b>									
10	<b>1. Develop a plan for new locations and relocations</b>										
11	<b>M10</b>		1.A	Hire a consultant	<i>Short</i>	17-Apr	17-Apr	<i>Completed</i>	Gus Montes de Oca		
12	<b>M10</b>		1.B	Request GIS information on existing retail shopping centers in the county and demographics	<i>Short</i>	13-Apr	20-Apr	<i>Completed</i>	Gonzalez/Montes de Oca	DTS	
13	<b>M10</b>		1.C	Provide monthly updates to CAO	<i>Long</i>	2-Jun	1-Dec	<i>Completed</i>	Gus Montes de Oca/Director	CAO	
14	<b>M11</b>		1.D	Develop a DLC strategy for new retail store openings and locations	<i>Long</i>	1/2/16	6/30/16	<i>In Progress</i>	DO / Gus		
15	<b>M10</b>		1.E	Develop a DLC brand strategy with store guidelines and consistent use of DLC branding	<i>Long</i>	On-going	20-Dec	<i>In Progress</i>	Gus		
16											
17	<b>2. Lease three new sites and one relocation</b>										
18	<b>M10</b>		2.A	Identify and evaluate candidate locations, including available space	<i>Short</i>	17-Apr	1-Jul	<i>In Progress</i>	Montes de Oca		
19	<b>M10</b>		2.B	Review sites for possibility of a super store and assess feasibility	<i>Medium</i>	5-Jul	30-Dec	<i>In Progress</i>	D. Office/Gus		
20	<b>M10</b>		2.C	Enter into lease agreements for selected sites (staggered)	<i>Medium</i>	5-Jun	28-Aug	<i>In Progress</i>	Montes de Oca		
21	<b>M10</b>		2.D	Outfit and stock new stores (staggered)	<i>Long</i>	4-Sep	30-Nov	<i>In Progress</i>	Montes de Oca/Retail Staff		
22	<b>M10</b>		2.E	Open new stores (staggered with periodic updates to CAO, OMB)	<i>Long</i>	1-Dec	30-Dec	<i>In Progress</i>	Montes de Oca/Retail Staff		
23											
24	<b>3. Staff new stores</b>										
25	<b>M10</b>		3.A	Identify staffing needs	<i>Short</i>	2-Jun	15-Jun	<i>In Progress</i>	Montes de Oca/Retail Staff	OMB	
26	<b>M10</b>		3.B	Hiring process	<i>Medium</i>	15-Jun	28-Aug	<i>In Progress</i>	Montes de Oca/Retail Staff	OMB, OHR	
27	<b>M10</b>		3.C	Train new staff	<i>Long</i>	7-Sep	30-Nov	<i>In Progress</i>	Montes de Oca/Retail Staff		
28											
29	<b>4. Track performance improvement in retail</b>										
30	<b>M12</b>		4.A	Review current metrics	<i>Short</i>	20-Apr	15-Jun	<i>In Progress</i>	DLC, CountyStat		
31	<b>M12</b>		4.B	Create new metrics based on new processes	<i>Short</i>	20-Apr	30-Jun	<i>In Progress</i>	DLC, CountyStat		
32		<b>M12</b>	4.C	Track and report on new metrics	<i>Short</i>	10-Jul	ongoing	<i>In Progress</i>	DLC, CountyStat	OMB	
33		<b>M12</b>	4.D	Implement DLCStat meetings occurring monthly	<i>Short</i>	28-May	ongoing	<i>In Progress</i>	DLC, CountyStat	OMB, ERP, FIN, CAO	
34											
35	<b>5. Improve Inventory and other controls in Stores</b>										

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DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J
36	M12		5.A	Involve store managers in inventory counts and look into involving another DLC unit in the counts to allow for a secondary check	Medium	24-Jun	15-Jul	In Progress	Gus, Diane, Store Managers	
37	M12		5.B	Implement policy for changing safe combination	Short	18-May	30-Jun	In Progress	Gus	
38	M12		5.C	Implement policy for authorization of discount transactions	Short	2-Jun	30-Jun	In Progress	DO - Div. Chiefs	

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DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J
1	<b>V. Improve Delivery and Fleet Operations Action Plan</b>									
2	<b>Milestones</b>									
3	Prime	Supporting		<b>Action Item</b>	<b>Term</b>	<b>Start Date</b>	<b>End Date</b>	<b>6/16/2015 Status</b>	<b>Lead Party</b>	<b>Supporting Party(ies)</b>
4										
6	<b>MILESTONES</b>			<b>M13 Implement Improvements in Delivery Routing &amp; Operations</b>						
7				<b>M14 Complete Analysis of Fleet Requirements and Alternatives and Develop Recommendations</b>						
8				<b>M15 Implement Improvements in Delivery &amp; Fleet Performance Monitoring</b>						
9				<b>1. Optimize delivery routing using GPS and quantity order data</b>						
10	<b>M13</b>		1.A	Review current delivery route methodology and Identify areas for improvement (iteration 1)	Medium	On-going	15-Jul	In Progress	DO / Gus	
11	<b>M13</b>		1.B	Implement Improved delivery routing	Medium	4-May	30-Jul		Montes de Oca/Warehouse	
12		M13	1.C	Track delivery improvements	Long	4-Aug	on-going		GMO	
13										
14				<b>2. Improve delivery timetables</b>						
15	<b>M13</b>		2.A	Review time tables for supplier deliveries to warehouse	Short	15-Apr	12-Jun	In Progress	Montes de Oca/Warehouse	
16	<b>M13</b>		2.B	Review and update time tables for DLC deliveries to retailers	Short	15-Apr	30-Jun		Montes de Oca/Warehouse	
17										
18				<b>3. Improve delivery policies and protocols</b>						
19	<b>M13</b>		3.A	Develop protocol for customer not available at time of delivery	Short	4-May	12-Jun		Montes de Oca/Warehouse	
20	<b>M13</b>		3.B	Assess the need for DLC policy to rotate delivery route assignments and driver/helper pairings periodically	Short	On-going	30-Jun	In Progress	DO / Gus	
21										
22				<b>4. Review and updated driver documentation form</b>						
23	<b>M13</b>		4.A	Change driver tally sheet to sync with DLC-Finance	Short	15-Apr	15-Jun	In Progress	Montes de Oca/Pandya	
24	<b>M13</b>		4.B	Instruct drivers on new change	Short	15-Jun	22-Jun	In Progress	Montes de Oca/Warehouse	
25		M13	4.C	Verify compliance with change	Medium	12-Jun	ongoing		Montes de Oca/Warehouse	
26										

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DLC Improvement Action Plan  
June 17, 2015

	A	B	C	D	E	F	G	H	I	J
27	<b>5. Resolve fleet issues using market and cost of service information and industry best practices</b>									
28	M14		5.A	Complete initial analysis of DLC Fleet. Complete critical lifecycle analysis and identify short and long term fleet strategy.	Short	1-Mar	1-Apr	Outreach	DGS/Montes de Oca	DLC, OMB
29	M14		5.B	Complete a more detailed analysis of PFM Fleet options. Draft REOI for next generation liquor delivery vehicle. DGS working with multiple truck manufactures for site visits and process analysis. Finalize analysis and new truck specifications.	Medium	30-Mar	15-Jul	In Progress	DGS/Montes de Oca	DLC, OMB
30	M14		5.C	Purchase 8 new trucks (DGS Fleet Recommendation). DGS determined that 8 trucks are in critical immediate need of replacement for safety, reliability, and maintenance issues. DGS completed specifications for replacements. Once approved and funded delivery of trucks 180-240 days.	Short	15-Apr	1-Jul	In Progress	DGS/Montes de Oca	DLC, OMB
31	M14		5.D	Come to a decision on fleet. Present fleet analysis to OMB for purchase / lease options of the future DLC fleet.	Medium	15-Jul	30-Jul	In Progress	DGS/Montes de Oca	DLC, OMB
32										
33	<b>6. Track performance improvement in delivery and fleet</b>									
34	M15		6.A	Review current metrics	Short	20-Apr	15-Jun	In Progress	DLC, CountyStat	
35	M15		6.B	Create new metrics based on new processes	Short	18-May	30-Jun		DLC, CountyStat	
36		M15	6.C	Track and report on new metrics	Medium	1-Jul	ongoing		DLC, CountyStat	OMB
37		M15	6.D	Implement DLCStat meetings occurring monthly	Short	29-May	ongoing	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO

DLC Improvement Action Plan  
June 17, 2015

	B	C	D	E	F	G	H	I	J	K
1	<b>VI. Improve Financial Controls and General Operations Action Plan</b>									
2	Milestone									
3										
4	Prime	Supporting		Action Item	Term	Start Date	End Date	6/16/2015 Status	Lead Party	Supporting Party(ies)
5										
6	<b>1. Improve Cash Management by increasing automation of DLC bank account reconciliations</b>									
7				1.A Resolve POS Auto-Invoice-Receipt matching differences	Short	15-Apr	30-Jun	In Progress	ERP	DOF - Williams
8				1.B Eliminate unrecorded daily warehouse receipts from February - current. (See 2A)	Short	15-Apr	30-Jun	In Progress	Pandya	DOF - Metzger
9				1.C Eliminate unrecorded LRE receipts from February - current. (See 2B)	Short	15-Apr	30-Jun	In Progress	Pandya	DOF - Metzger
10				1.D Update the reconciliation status of ACH transactions in AP module	Medium	15-Apr	31-Jul	In Progress	ERP	DOF - Williams
11				1.E Eliminate unrecorded ZBA transfers and implement interim manual process	Medium	15-Apr	30-Sep	In Progress	DOF - Williams	ERP
12				1.F Resolve issue with ZBA Transfer automation by loading Oracle RUP patch	Medium	1-Sep	30-Sep	In Progress	ERP	DOF - Williams
13				1.G Improve control and standardization over recording and collecting on ACH rejections by documenting procedures.	Medium	15-Apr	31-Jul	In Progress	Pandya	DOF - Williams
14										
15	<b>2. Improve Accounts Receivable function by automating using Oracle</b>									
16				2.A Develop daily warehouse receipts template, test and implement	Medium	15-Apr	31-Jul	In Progress	ERP	DLC, DOF - Metzger
17				2.B Develop LRE receipt template, test and implement	Medium	15-Apr	31-Aug	In Progress	ERP	DLC, DOF - Metzger
18				2.C Develop and implement notification of credit card interface	Medium	15-Apr	31-Jul	In Progress	ERP	DOF - Metzger
19				2.D Implement ACH rejection and collection processes (see 1G)	Medium	15-Apr	31-Jul	In Progress	Pandya	DOF - Metzger, Williams
20				2.E Develop procedures on creating LRE customers into Oracle AR Module	Short	15-Apr	15-May	In Progress	Pandya	DOF - Metzger
21				2.F Develop procedure for LRE invoices to be recorded using Oracle AR Module	Medium	15-Apr	31-Jul	In Progress	Pandya	DOF - Metzger
22				2.G Develop procedures for receipt reversals	Medium	15-Apr	31-Jul	In Progress	ERP	DLC, DOF - Metzger
23										
24	<b>3. Strengthen Internal Controls over Warehouse financial transactions</b>									
25				3.A Improve controls over how promotional credits will be applied to Licensee.	Medium	15-Apr	31-Aug	In Progress	Pandya	ERP, DOF - Shabani
26				3.B Develop follow up reports to review credits applied	Short	15-Apr	30-Jun	In Progress	Pandya	DOF - Shabani/ERP
27				3.C Eliminate bottlenecks with invoice processing by implementing an OCR solution to handle large, multi-line invoices	Medium	30-Apr	30-Sep	In Progress	Pandya	DOF - Shabani/ERP
28				3.D Improve controls over A/P function by further defining and aligning duties to Oracle access for A/P Staff	Short	15-Apr	30-Apr	In Progress	DLC/ERP	DOF - Shabani

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DLC Improvement Action Plan  
June 17, 2015

	B	C	D	E	F	G	H	I	J	K
29										
30				<b>4. Improve financial reporting by more complete and accurate general and subsidiary ledgers</b>						
31				4.A Ensure accurate A/R transactions by validating Accounts Receivable data (SLA to GL)	Short	15-Apr	30-Jun		DOF - Williams	DLC
32				4.B Improve timeliness/Control of recording A/P transactions by automating Create Accounting for AP	Short	15-Apr	20-Apr	Completed	ERP	DOF - Shabani
33				4.C Improve timeliness/Control of recording A/R transactions by automating Create Accounting for AR	Medium	15-Apr	31-Jul	In Progress	ERP	DOF - Metzger
34				4.D Increase accuracy of monthly A/P closings by fixing configuration of the AP Trial Balance for DLC	Medium	15-Apr	31-Jul	In Progress	ERP	DOF - Shabani
35				4.E Improve completeness and accuracy of MCG Ledger reporting by automating consolidation of DLC ledger to MCG ledger	Medium	15-Apr	31-Jul	In Progress	ERP	DOF - Williams
36				4.F Improve controls over DLC inventory/warehouse accounting by documenting and implement reconciliation process of DLC inventory and ledgers	Medium	15-Apr	31-Jul	In Progress	DOF - Williams	
37										
38				<b>5. Complete One Time Pre-Audit Validations</b>						
39				5.A AR Process - Document ordering and ACH from vendors	Short	15-Apr	30-Jun	In Progress	DOF - Williams	ERP
40				5.B AR Process - Document paradigm interface with tables	Short	15-Apr	30-Jun	In Progress	DOF - Williams	ERP
41				5.C AR Process - Document order management vs. AR not reconciling	Short	15-Apr	30-Jun	In Progress	DOF - Williams	ERP
42				5.D AR Process - Document data fix	Short	15-Apr	30-Jun	In Progress	DOF - Williams	ERP
43				5.E AR Process - Reconciliation of Order Management to AR for delayed processing issue	Short	15-Apr	30-Jun	In Progress	Pandya	DOF - Williams/ERP
44				5.F Inventory Process - Reconcile inventory count (1-24-15) to inventory balance populated in Oracle (2-1-15)	Short	15-Apr	30-Jun	In Progress	Pandya	DOF - Williams
45				5.G Implement the revised inventory consolidation entry for Feb 1 go-live balance	Short	15-Apr	30-Jun	In Progress	DOF - Williams/DLC	ERP
46				5.H FIFO Testing - final post-implementation test to ensure prior year audit comments have been resolved	Short	15-Apr	30-Jun	In Progress	DOF - Williams	DLC, ERP
47										
48				<b>6. Improve Controls over Inventory</b>						
49				6.A Increase frequency of inventory counts by reestablishing quarterly physical inventory counts and document processes, including appropriate planning processes	Medium	1-Jun	30-Sep	In Progress	Pandya	DOF - Williams
50				6.B Increase accuracy of inventory reporting by evaluating the use of cycle counts and document processes	Medium	1-Jul	30-Sep		Gus Montes De Oca	DOF - Williams
51				6.C Increase accuracy of inventory reporting by reviewing and analyzing alias accounts and determine proper access, use and control of accounts (Shrinkage, price variance, breakage and spoilage, etc.)	Medium	1-Jul	30-Sep		DLC/ERP	DOF - Williams
52				6.D Document and further standardize policies and procedure regarding the use of "quarantine".	Medium	15-Apr	30-Sep	In Progress	Pandya	DOF - Williams
53				6.E Perform random limited inventory checks	Medium	1-Jul	on-going		D.O. DLC	
54				6.F Review policies and procedures on retail and warehouse inventory counts and implement strong internal controls to deter theft/abuse and the safeguarding of assets.	Long	1-Sep	31-Dec		Gus Montes De Oca	DOF - Williams
55				6.G Assess the need and options for a loss prevention specialist in DLC	Medium	2-Aug	11-Sep		DO/Gus	
56				6.H Assess the need for a review process for DLC orders taking into account Oracle's min/max capabilities for DLC orders	Short	26-May	30-Jun	In Progress	Sunil	

DLC Improvement Action Plan  
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	B	C	D	E	F	G	H	I	J	K
57										
58	<b>7. Other Internal Control Improvements</b>									
59			7.A	Enhance/increase financial management/accounting resources	Short	18-Apr	30-Jun	In Progress	Pandya	DOF - Williams
60			7.B	Review and implement preventive measures to ensure all discounted transactions are appropriately authorized prior to processing (limited rights, second signature above certain threshold)	Short	12/1/14	1/30/15		Sunil / Gus	
61			7.C	Develop and implement a plan to enhance continuing education and professional development of financial staff	Medium	1-Jul	31-Dec		Pandya	DOF - Williams
62			7.D	Develop and implement a plan for ongoing communication, monitoring, and feedback on the effectiveness of operating controls	Medium	1-Jul	31-Dec		Pandya	DOF - Williams
63										
64	<b>8. Reconcile deposits with cash receipts from DLC Stores</b>									
65			8.A	Reconcile cash receipts	Short	15-Apr	30-Jun	In Progress	Controllers office	ERP,DOF - Williams,DLC Fin
66										
67	<b>9. Analyze posting of licensee accounts to smooth deliveries</b>									
68			9.A	Review historical data on orders from Licensees	Medium	1-Jun	1-Aug	In Progress	DO / Sunil	
69										
70	<b>10. Review and renew DLC policies and procedures annually</b>									
71			10.A	Identify policies and procedures in need of documentation	Medium	1-Jun	1-Dec	In Progress	DO/Section Chiefs	
72			10.B	Document DLC policies and procedures and determine the needed frequency of a review cycle (must be at least annually)	Short	On-going	15-Jun	In Progress	Div. Chiefs	
73			10.C	Schedule annual reviews of policies and procedures including dept org structure, operational procedures, performance metrics, and employee performance standards.	Short	On-going	1-Jul		DO / Div. Chiefs	
74										
75	<b>11. Implement succession planning across the department</b>									
76			11.A	Identify key positions	Medium	1-Jul	1-Oct		DO / Div. Chiefs	
77			11.B	Develop succession plans for key positions	Medium	2-Oct	30-Dec		DO / Div. Chiefs	
78										
79										
80	<b>12. Track performance improvements and examine different organization models: Authority, Enterprise Fund, etc as necessary</b>									
81			12.A	Review the performance impacts of the DLC action plan and OHR process improvements	Short	ongoing	ongoing	In Progress	DLC/ERP/DOF/CountyStat	
82			12.B	Consider a different organizational model as a potential option as necessary	Long	TBD	TBD		DLC	
83										
84	<b>13. Track Return volume by customer, reasons and determine appropriateness of re-stocking fee</b>									
85			13.A	Discuss options for tracking with ERP - Oracle team	Medium	15-Jun	19-Jun	In Progress	DO	ERP
86			13.B	Track data and evaluate options for restocking fees	Medium	19-Jun	15-Sep		DO	ERP

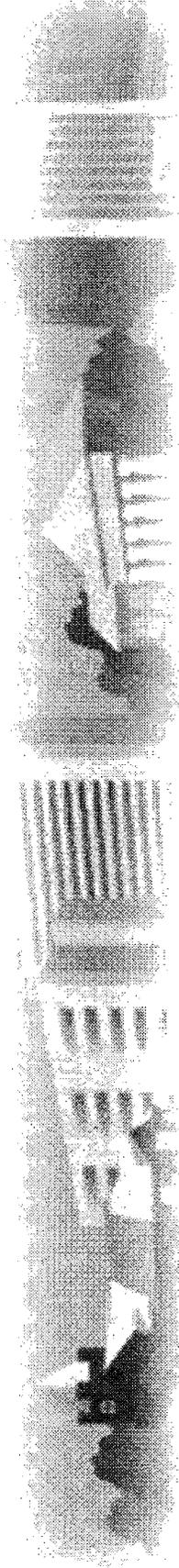
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# DLC Wholesale Price Comparison

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March 2015



# DLC vs. State/DC Wholesale Price Comparison Overview

## OLO REPORT

Table 31. Difference between DLC and Private Distributor Average Wholesale Prices for DLC Top 30 Sellers

Product Type	# of Products in Calculation	Average Wholesale Price		
		DLC	Private Distributor	% Difference, DLC vs. Private
<b>Stock</b>				
Beer	5	\$24.01	\$24.66	-3%
Wine	27	\$73.88	\$75.44	-2%
Spirits	26	\$170.31	\$178.61	-5%
<b>Special Order</b>				
Beer	3	\$33.60	\$28.74	+14%
Wine	12	\$87.84	\$93.46	-6%
Spirits	26	\$251.59	\$277.67	-10%

Source: DLC, MD/DC Beverage Journal

## CountyStat Analysis

Category	% of Top 50 Items				
	WINE (State)	BEER (State)	BEER (DC)	Spirits (State)	Spirits to Licensees (State)
Montgomery County wholesale Price is <u>higher</u> than the private distributor	36%	24%	18%	20%	32%
Montgomery County wholesale Price is <u>lower</u> than the private distributor	64%	36%	76%	74%	50%
Montgomery County wholesale price is the <u>same</u> as the private distributor	0%	38%	0%	2%	0%
Private distributor wholesale price not available	0%	2%	6%	4%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	6%	0%	2%	4%	12%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	0%	2%	26%	34%	24%
<b>Difference in price is equal to or greater than \$2.00</b>	<b>6%</b>	<b>2%</b>	<b>28%</b>	<b>38%</b>	<b>36%</b>

The OLO report (February 2015) contained the % difference in private versus DLC **average** wholesale prices (1 case – does not include volume discounts from private distributors) on stock and special order items by product type for a limited sample of products.

DLC provided CountyStat with the private wholesale prices (Beverage Journal) for the top 50 wines, beers and spirits to compare with DLC wholesale prices.

This analysis is meant to provide additional insight into DLC wholesale prices vs. private distributors.

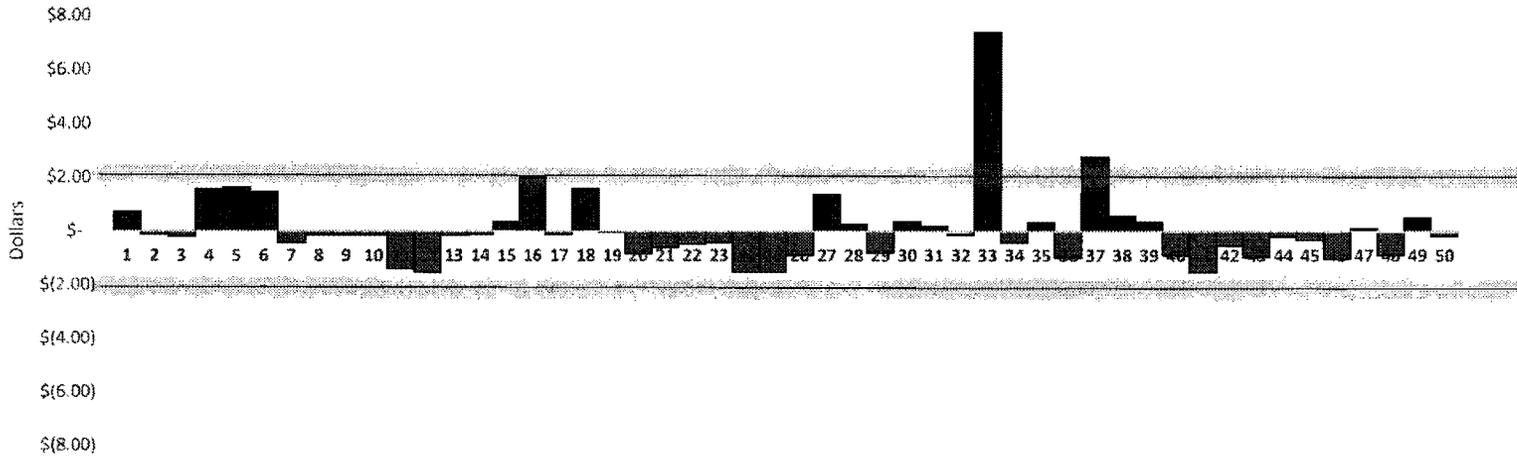
CountyStat provides the DLC to private wholesale price comparison for:

- DLC vs MD: Wine
- DLC vs MD: Beer
- DLC vs DC: Beer
- DLC vs MD: Spirits (Top Sales)
- DLC vs MD: Spirits (Top Licensee Sales)

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# Montgomery County vs. State Private Distributor: WINE

Difference in wholesale price (in dollars)



Of the top 50 wines, Montgomery County's wholesale price was greater than the private distributor for 18 wines (36%) and lower for 32 wines (64%).

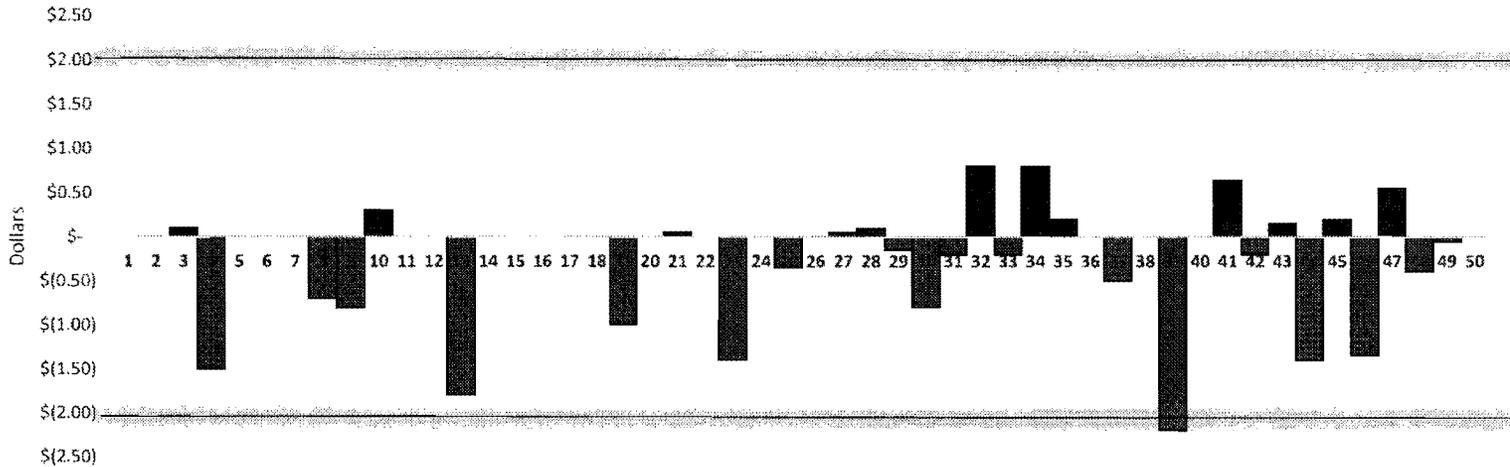
The Montgomery County wholesale price was higher than the private distributor by \$2.00 or more for 3 wines (6%).

Category	# of items	% of items
Montgomery County Retail Price is higher than the State Distributor (RED)	18	36%
Montgomery County Retail Price is lower than the State Distributor (Green)	32	64%
Montgomery County retail price is the same as the State Distributor	0	0%
State Distributor price not available	0	0%
<i>Total</i>	<i>50</i>	<i>100%</i>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	3	6%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	0	0%
<i>Difference in price is equal to or greater than \$2.00</i>	<i>3</i>	<i>6%</i>

Note: See appendix for Top 50 list

# Montgomery County vs. State Private Distributor: BEER

Difference in wholesale price (in dollars)



Of the top 50 beers, Montgomery County's wholesale price was greater than the private distributor for 12 beers (24%), lower for 18 beers (36%) and the same for 19 beers (38%). Data was not available for 1 beer (2%).

The private distributor wholesale price was higher than Montgomery County by \$2.00 or more for 1 beer (2%).

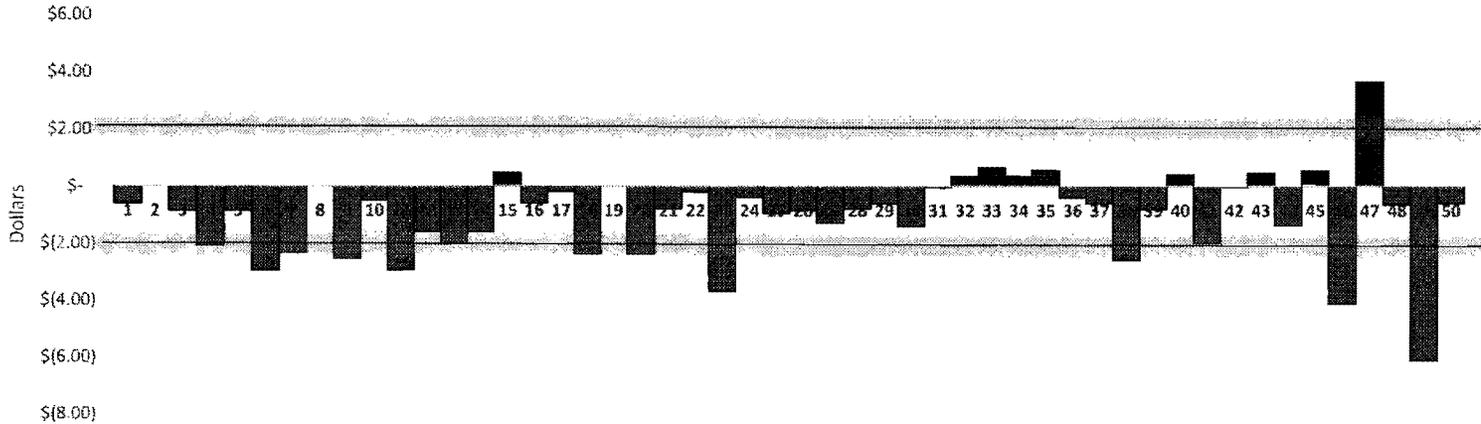
Category	# of Items	% of items
Montgomery County Retail Price is higher than the private distributor (RED)	12	24%
Montgomery County Retail Price is lower than the private distributor (Green)	18	36%
Montgomery County retail price is the same as the private distributor	19	38%
Private distributor price not available	1	2%
<b>Total</b>	<b>50</b>	<b>100%</b>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	0	0%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	1	2%
<i>Difference in price is equal to or greater than \$2.00</i>	1	2%

Note: See appendix for Top 50 list



# Montgomery County vs. DC Private Distributor: BEER

Difference in wholesale price (in dollars)



Of the top 50 beers, Montgomery County's wholesale price was greater than the District of Columbia's private distributor for 9 beers (18%) and lower for 38 beers (76%). Data was not available for 3 beers (6%).

The Montgomery County wholesale price was higher than the private distributor by \$2.00 or more for 1 beer (2%).

The private distributor wholesale price was higher than Montgomery County by \$2.00 or more for 13 beers (26%).

Category	# of items	% of items
Montgomery County Retail Price is higher than the private distributor (RED)	9	18%
Montgomery County Retail Price is lower than the private distributor (Green)	38	76%
Montgomery County retail price is the same as the private distributor	0	0%
Private distributor price not available	3	6%
<i>Total</i>	50	100%
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	1	2%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	13	26%
<i>Difference in price is equal to or greater than \$2.00</i>	14	28%

Note: See appendix for Top 50 list

# Montgomery County vs. State Private Distributor: Spirits

Difference in wholesale price (in dollars)



Of the top 50 spirits, Montgomery County's price to retail was greater than the private distributor for 10 spirits (20%), lower for 37 spirits (74%) and the same for 1 spirits (2%). Data was not available for 2 spirits (4%).

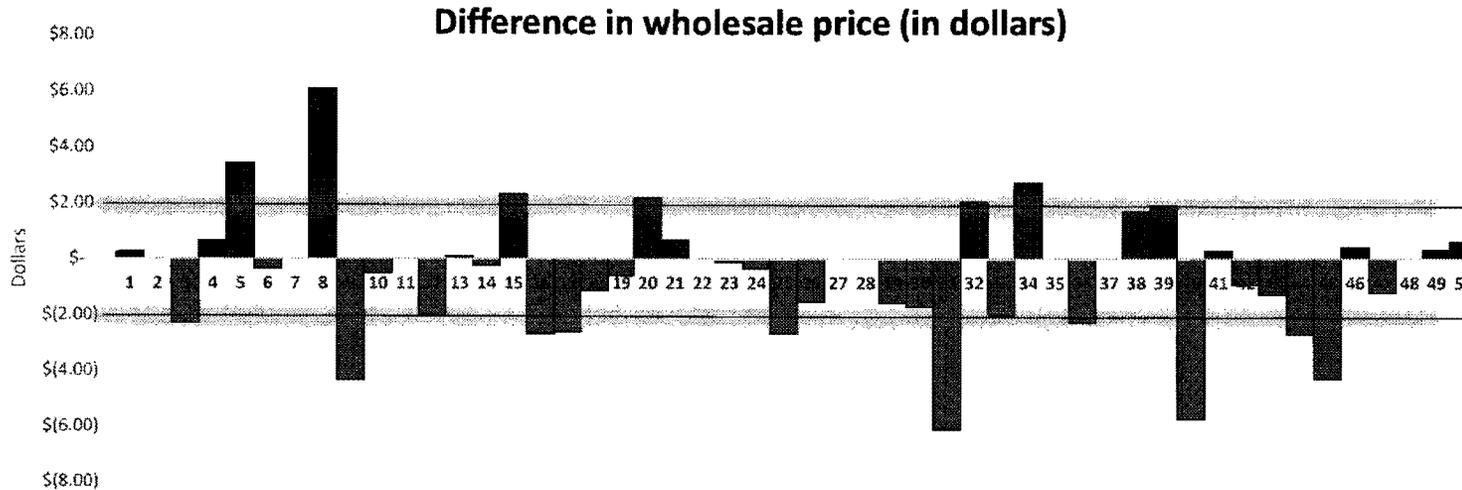
The Montgomery County wholesale price was higher than the private distributor by \$2.00 or more for 2 spirits (4%).

The private distributor wholesale price was higher than Montgomery County by \$2.00 or more for 17 spirits (34%).

Category	# of items	% of items
Montgomery County Retail Price is higher than the private distributor (RED)	10	20%
Montgomery County Retail Price is lower than the private distributor (Green)	37	74%
Montgomery County retail price is the same as the private distributor	1	2%
Private distributor price not available	2	4%
<i>Total</i>	50	100%
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	2	4%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	17	34%
<i>Difference in price is equal to or greater than \$2.00</i>	19	38%

Note: See appendix for Top 50 list

# Montgomery County vs. State Private Distributor: Spirits to Licensees



Of the top 50 spirits sold to Montgomery County Licensees, Montgomery County's wholesale price was greater than the private distributor's for 16 spirits (32%) and lower for 25 spirits (50%). Data was unavailable for 9 spirits (18%).

The Montgomery County wholesale price was higher than the private distributor by \$2.00 or more for 6 spirits (12%).

The private distributor wholesale price was higher than Montgomery County by \$2.00 or more for 12 spirits (24%).

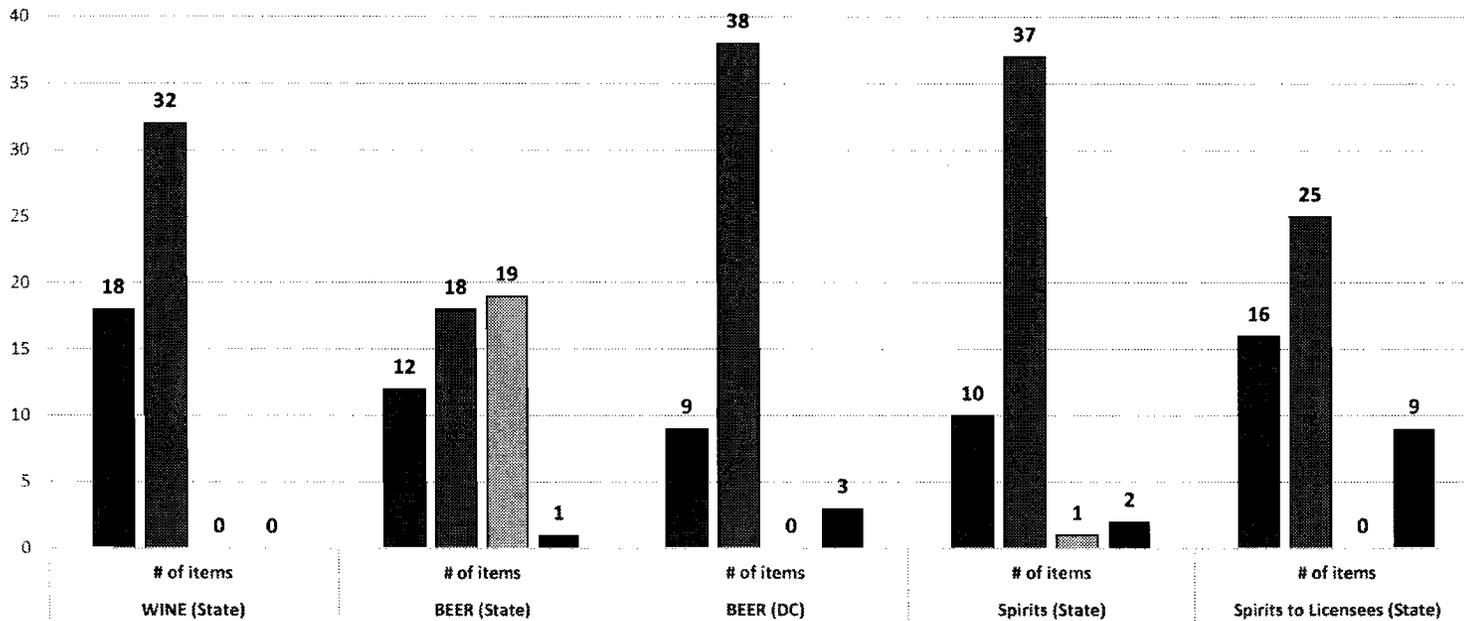
Category	# of items	% of items
Montgomery County Retail Price is higher than the private distributor (RED)	16	32%
Montgomery County Retail Price is lower than the private distributor (Green)	25	50%
Montgomery County retail price is the same as the private distributor	0	0%
Private distributor price not available	9	18%
<b>Total</b>	<b>50</b>	<b>100%</b>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	6	12%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	12	24%
<i>Difference in price is equal to or greater than \$2.00</i>	<b>18</b>	<b>36%</b>

Note: See appendix for Top 50 list

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# DLC Wholesale Price Comparison Summary (1 of 2)

Price comparison by distributor and product type (# of items)



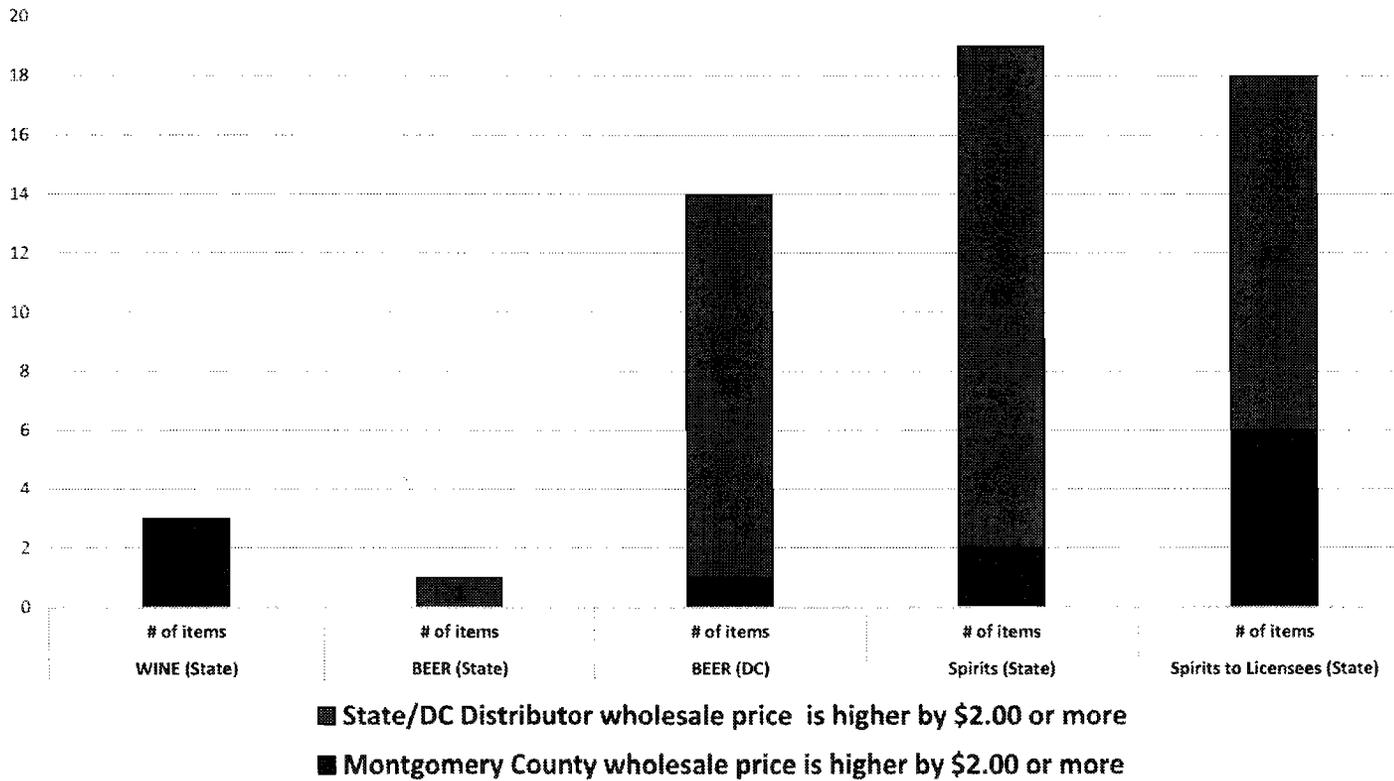
- Montgomery County wholesale Price is higher than the State/DC Distributor
- Montgomery County wholesale Price is lower than the State/DC Distributor
- Montgomery County wholesale price is the same as the State/DC Distributor
- State/DC Distributor wholesale price not available

The majority of Top 50 items had lower wholesale prices in Montgomery County than by the private distributor:  
 Wine (State) = 32 items (64%)  
 Beer (DC) = 38 items (76%)  
 Spirits (State) = 37 items (74%)  
 Spirits to Licensees (State) = 25 items (50%)

74% of Top 50 beer items had equal to or lower wholesale prices in Montgomery County than by the private distributor:  
 Same = 19 items (38%)  
 Lower = 18 items (36%)

# DLC Wholesale Price Comparison Summary (2 of 2)

Price differences of \$2.00 or greater by distributor and product type (# of items)



The majority of larger differences in price were the result of the private distributor charging \$2.00 or higher than Montgomery County:  
 State or DC = 43 items  
 Montgomery County = 12 items

Half of the total items for which Montgomery County's wholesale price is \$2.00 or higher than the private distributor are Top 50 spirits to licensees.

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## APPENDIX

1. Summary of Top 50 price comparison
2. Top 50 wines price comparison by item (State)
3. Top 50 beers price comparison by item (State) and Top 50 beers price comparison by item (DC)
4. Top 50 spirits price comparison by item (State) and Top 50 spirits to Licensees price comparison by item (State)

# Appendix 1: Summary of Top 50 Price Comparison

Category	WINE (State)		BEER (State)		BEER (DC)		Spirits (State)		Spirits to Licensees (State)	
	# of items	% of items	# of items	% of items	# of items	% of items	# of items	% of items	# of items	% of items
Montgomery County wholesale Price is <b>higher</b> than the private distributor	18	36%	12	24%	9	18%	10	20%	16	32%
Montgomery County wholesale Price is <b>lower</b> than the private distributor	32	64%	18	36%	38	76%	37	74%	25	50%
Montgomery County wholesale price is the <b>same</b> as the private distributor	0	0%	19	38%	0	0%	1	2%	0	0%
Private distributor wholesale price not available	0	0%	1	2%	3	6%	2	4%	9	18%
<i>Total</i>	50	100%	50	100%	50	100%	50	100%	50	100%
Montgomery County wholesale price is <b>higher</b> than the private distributor by \$2.00 or more	3	6%	0	0%	1	2%	2	4%	6	12%
Private distributor wholesale price is <b>higher</b> than Montgomery County by \$2.00 or more	0	0%	1	2%	13	26%	17	34%	12	24%
<i>Difference in price is equal to or greater than \$2.00</i>	3	6%	1	2%	14	28%	19	38%	18	36%

Source: Beverage Journal and DLC provided by DLC

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# Appendix 2: Top 50 Wine Price Comparison By Item

## Top 50 Wine (State)

Wine	Size	Montgomery County		Private Distributor		\$ Difference	% Difference
		Wholesale Price	Private Distributor	Wholesale Price	Private Distributor		
1 K. Jackson Vintners Reserve Chardonnay	750ml	\$ 12.05	Republic National	\$ 11.33	\$ 0.72	6%	
2 Sutter Home Chardonnay	187ml	\$ 1.19	Republic National	\$ 1.33	\$ (0.14)	-12%	
3 Woodbridge Chardonnay	1.5ml	\$ 10.49	Republic National	\$ 10.69	\$ (0.20)	-2%	
4 Alamos Malbec	750ml	\$ 8.89	Reliable Churchill	\$ 7.33	\$ 1.56	18%	
5 Apothic California Red Blend	750ml	\$ 10.29	Reliable Churchill	\$ 8.66	\$ 1.63	16%	
6 Cavit Pinot Grigio ***	1.5ml	\$ 13.45	Republic National	\$ 11.99	\$ 1.46	11%	
7 Concha Toro Frontera Cab/Mer	1.5ml	\$ 7.55	Republic National	\$ 7.99	\$ (0.44)	-6%	
8 Sutter Home White Zin	1.87ml	\$ 1.19	Republic National	\$ 1.33	\$ (0.14)	-12%	
9 Barefoot Cellars Moscato	1.5ml	\$ 11.25	Reliable Churchill	\$ 11.41	\$ (0.16)	-1%	
10 Barefoot Cellars Pinot Grigio	1.5ml	\$ 11.25	Reliable Churchill	\$ 11.41	\$ (0.16)	-1%	
11 Cupcake Marl. Sauvignon Blanc	750ml	\$ 8.55	Republic National	\$ 9.99	\$ (1.44)	-17%	
12 Yellow Tail Chardonnay	1.5ml	\$ 9.79	Reliable Churchill	\$ 11.33	\$ (1.54)	-16%	
13 Woodbridge Cabernet	1.5ml	\$ 10.49	Republic National	\$ 10.69	\$ (0.20)	-2%	
14 Sutter Home Sauvignon Blanc	187ml	\$ 1.19	Republic National	\$ 1.33	\$ (0.14)	-12%	
15 Carlo Rossi Burgundy	4Liter	\$ 12.59	Reliable Churchill	\$ 12.24	\$ 0.35	3%	
16 Franzia Chardonnay	5Liter	\$ <b>15.39</b>	Republic National	\$ 13.39	\$ 2.00	15%	
17 Sutter Home Merlot	187ml	\$ 1.19	Republic National	\$ 1.33	\$ (0.14)	-12%	
18 Bella Sera Pinot Grigio	1.5ml	\$ 11.25	Reliable Churchill	\$ 9.66	\$ 1.59	14%	
19 Andre Brut Champagne	750ml	\$ 5.29	Reliable Churchill	\$ 5.33	\$ (0.04)	-1%	
20 Ch St Michelle Riesling	750ml	\$ 7.15	Republic National	\$ 7.99	\$ (0.84)	-12%	
21 Beringer White Zin	1.5ml	\$ 10.05	Reliable Churchill	\$ 10.66	\$ (0.61)	-6%	
22 Beringer White Zin	750ml	\$ 5.49	Reliable Churchill	\$ 5.99	\$ (0.50)	-9%	
23 Concha Toro Frontera Chardonnay	1.5ml	\$ 7.55	Republic National	\$ 7.99	\$ (0.44)	-6%	
24 Yellow Tail Cabernet	1.5ml	\$ 9.79	Reliable Churchill	\$ 11.33	\$ (1.54)	-16%	
25 Yellow Tail Merlot	1.5ml	\$ 9.79	Reliable Churchill	\$ 11.33	\$ (1.54)	-16%	
26 Yellow Tail Chardonnay	750ml	\$ 5.09	Reliable Churchill	\$ 5.99	\$ (0.90)	-18%	
27 Ecco Domani Pinot Grigio	750ml	\$ 9.35	Reliable Churchill	\$ 7.99	\$ 1.36	15%	
28 Menage A Trois Red	750ml	\$ 10.25	Republic National	\$ 9.99	\$ 0.26	3%	
29 Mark West Central Coast Pinot Noir	750ml	\$ 9.19	Republic National	\$ 9.99	\$ (0.80)	-9%	
30 Carlo Rossi Chablis	4Liter	\$ 12.59	Reliable Churchill	\$ 12.24	\$ 0.35	3%	
31 Richards Wild Irish Rose	750ml	\$ 2.89	Republic National	\$ 2.69	\$ 0.20	7%	
32 Sutter Home Cabernet	187ml	\$ 1.19	Republic National	\$ 1.33	\$ (0.14)	-12%	
33 H Besalieu Picpoul De Pinet Blanc	750ml	\$ <b>7.39</b>	Kysela	\$ 7.39	\$ 0.00	0%	
34 Concha Toro Frontera Merlot	1.5ml	\$ 7.55	Republic National	\$ 7.99	\$ (0.44)	-6%	
35 Corbett Canyon Chardonnay	1.5ml	\$ 6.99	Republic National	\$ 6.66	\$ 0.33	5%	
36 Lindemans Bin 65 Chardonnay	1.5ml	\$ 8.99	Reliable Churchill	\$ 9.99	\$ (1.00)	-11%	
37 Sutter Home White Zin *****	1.5ml	\$ <b>10.75</b>	Republic National	\$ 7.99	\$ 2.76	26%	
38 Barefoot Cellars Moscato	750ml	\$ 6.55	Reliable Churchill	\$ 5.99	\$ 0.56	9%	
39 Carlo Rossi Sangria	4Liter	\$ 12.59	Reliable Churchill	\$ 12.24	\$ 0.35	3%	
40 Yellow Tail Merlot	750ml	\$ 5.09	Reliable Churchill	\$ 5.99	\$ (0.90)	-18%	
41 Yellow Tail Shiraz	1.5ml	\$ 9.79	Reliable Churchill	\$ 11.33	\$ (1.54)	-16%	
42 Concha Toro Frontera Malbec	1.5ml	\$ 7.45	Republic National	\$ 7.99	\$ (0.54)	-7%	
43 CH St Michelle Chardonnay	750ml	\$ 8.69	Republic National	\$ 9.66	\$ (0.97)	-11%	
44 Woodbridge Merlot	1.5ml	\$ 10.49	Republic National	\$ 10.69	\$ (0.20)	-2%	
45 Cavit Pinot Grigio	750ml	\$ 7.65	Republic National	\$ 7.99	\$ (0.34)	-4%	
46 Kim Crawford Sauvignon Blanc	750ml	\$ 13.65	Republic National	\$ 14.69	\$ (1.04)	-8%	
47 Woodbridge Chardonnay	187ml	\$ 1.45	Republic National	\$ 1.35	\$ 0.10	7%	
48 Yellow Tail Cabernet	750ml	\$ 5.09	Reliable Churchill	\$ 5.99	\$ (0.90)	-18%	
49 Nobilo Marlborough Sauvignon Blanc	750ml	\$ 9.19	Republic National	\$ 8.69	\$ 0.50	5%	
50 Woodbridge Pinot Grigio	1.5ml	\$ 10.49	Republic National	\$ 10.69	\$ (0.20)	-2%	

LEGEND
Montgomery County wholesale price is higher than the private distributor (RED)
Montgomery County wholesale price is lower than the private distributor (GREEN)
Difference in price is equal to or greater than \$2.00 (BOLD)

Source: Beverage Journal and DLC provided by DLC

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# Appendix 3: Top 50 Beer Price Comparison By Item

## Top 50 Beer (State)

Beer	Size	Montgomery County Wholesale Price	Private Distributor Wholesale Price	\$ Difference	% Difference
1 Corona Extra 2/12 NR	12oz	\$ 24.00	\$ 24.00	\$ -	0%
2 Miller Lite 30 PK Can	12oz	\$ 18.80	\$ 18.80	\$ -	0%
3 Corona Extra 24/12 Loose NR	12oz	\$ 22.70	\$ 22.60	\$ 0.10	0%
4 Heineken 2/12 NR	12oz	\$ 22.50	\$ 24.00	\$ (1.50)	7%
5 Corona Extra 4/6NR	12oz	\$ 25.50	\$ 25.50	\$ -	0%
6 Bud Light 30 PK Can	12oz	\$ 18.80	\$ 18.80	\$ -	0%
7 Heineken 4/6 NR	12oz	\$ 24.00	\$ 24.00	\$ -	0%
8 Coors Light 30 PK Can	12oz	\$ 18.80	\$ 19.50	\$ (0.70)	-4%
9 Heineken 24/12 Loose NR	12oz	\$ 20.99	\$ 21.80	\$ (0.81)	-4%
10 Corona Extra 18 PK NR	12oz	\$ 17.75	\$ 17.45	\$ 0.30	2%
11 Bud 30 PK Can	12oz	\$ 18.80	\$ 18.80	\$ -	0%
12 Modelo Especial 2/12 Can	12oz	\$ 20.20	\$ 20.20	\$ -	0%
13 Milwaukee's Best Ice 2/12 Can	12oz	\$ 10.50	\$ 12.30	\$ (1.80)	-17%
14 Heineken 18PK NR	12oz	\$ 16.85	\$ 16.65	\$ 0.20	0%
15 Miller Lite 4/6 LNNR	12oz	\$ 20.00	XXXX	#VALUE!	#VALUE!
16 Modelo Especial 2/12 NR	12oz	\$ 24.00	\$ 24.00	\$ -	0%
17 Miller Lite 18 PK Can	12oz	\$ 11.60	\$ 11.60	\$ -	0%
18 Miller Lite 2/12 LNNR	12oz	\$ 16.00	\$ 16.00	\$ -	0%
19 Milwaukee's Best Ice 30 PK Can	12oz	\$ 12.75	\$ 13.75	\$ (1.00)	-8%
20 Miller Lite 2/12 can	12oz	\$ 16.00	\$ 16.00	\$ -	0%
21 Modelo Especial 18 PK Can	12oz	\$ 14.80	\$ 14.75	\$ 0.05	0%
22 Coors Light 18 PK Can	12oz	\$ 11.60	\$ 11.60	\$ -	0%
23 Yuengling Lager 2/12 NR	12oz	\$ 15.50	\$ 16.90	\$ (1.40)	-9%
24 Bud Light 18 Pak Can	12oz	\$ 11.60	\$ 11.60	\$ -	0%
25 Heineken 2/12 can	12oz	\$ 23.65	\$ 24.00	\$ (0.35)	-1%
26 Modelo Especial 4/6 NR	12oz	\$ 25.50	\$ 25.50	\$ -	0%
27 Modelo Especial Suitcase Cans	12oz	\$ 19.05	\$ 19.00	\$ 0.05	0%
28 Modelo Especial 24/12 Loose NR	12oz	\$ 22.75	\$ 22.65	\$ 0.10	0%
29 Stella Artois 2/12 Nr	12oz	\$ 23.55	\$ 23.70	\$ (0.15)	-1%
30 Coors Light 2/12 Cans	12oz	\$ 17.00	\$ 17.80	\$ (0.80)	-5%
31 Bud Light 4/6 Nr	12oz	\$ 19.70	\$ 19.90	\$ (0.20)	-1%
32 Bud Light 2/12 Can	12oz	\$ 17.80	\$ 17.00	\$ 0.80	4%
33 Natural Light -30 PK can	12oz	\$ 13.55	\$ 13.75	\$ (0.20)	-1%
34 Bud 2/12 Can	12oz	\$ 17.80	\$ 17.00	\$ 0.80	4%
35 Bud Light 2/12 NR	12oz	\$ 18.00	\$ 17.80	\$ 0.20	1%
36 Bud 18 PK Can	12oz	\$ 11.60	\$ 11.60	\$ -	0%
37 Corona Extra 2/12 Can	12oz	\$ 24.00	\$ 24.50	\$ (0.50)	-2%
38 Miller Lite 18 PK LNNR	12oz	\$ 11.60	\$ 11.60	\$ -	0%
39 Stella Artois 4/6 NR	12oz	\$ 23.80	\$ 26.00	\$ (2.20)	-9%
40 Yuengling Lager 4/6 NR	12oz	\$ 19.95	\$ 19.95	\$ -	0%
41 Guinness Stout 4/6 NR	12oz	\$ 22.60	\$ 21.95	\$ 0.65	3%
42 Bud 4/6 NR	12oz	\$ 19.70	\$ 19.90	\$ (0.20)	-1%
43 Coors Light 4/6 LNNR	12oz	\$ 20.00	\$ 19.85	\$ 0.15	1%
44 Coors Light 2/12 LNNR	12oz	\$ 17.00	\$ 18.40	\$ (1.40)	-8%
45 Bud 2/12 LNNR	12oz	\$ 18.00	\$ 17.80	\$ 0.20	1%
46 Blue Moon 4/6 NR	12oz	\$ 25.95	\$ 27.30	\$ (1.35)	-5%
47 Busch 30 PK Can	12oz	\$ 15.40	\$ 14.85	\$ 0.55	4%
48 Bud Light 18 PK NR	12oz	\$ 12.00	\$ 12.40	\$ (0.40)	-3%
49 Miller Lite Loose NR	12oz	\$ 16.85	\$ 16.90	\$ (0.05)	0%
50 Corona Light 2/12 NR	12oz	\$ 24.00	\$ 24.00	\$ -	0%

## Top 50 Beer (DC)

Beer	Size	Montgomery County Wholesale Price	Private Distributor Wholesale Price	\$ Difference	% Difference
1 Corona Extra 2/12 NR	12oz	\$ 24.00	\$ 24.60	\$ (0.60)	-3%
2 Miller Lite 30 PK Can	12oz	\$ 18.80	XXXX	#VALUE!	#VALUE!
3 Corona Extra 24/12 Loose NR	12oz	\$ 22.70	\$ 23.55	\$ (0.85)	-4%
4 Heineken 2/12 NR	12oz	\$ 22.50	\$ 24.60	\$ (2.10)	-9%
5 Corona Extra 4/6NR	12oz	\$ 25.50	\$ 26.35	\$ (0.85)	-3%
6 Bud Light 30 PK Can	12oz	\$ 18.80	\$ 21.75	\$ (2.95)	-16%
7 Heineken 4/6 NR	12oz	\$ 24.00	\$ 26.35	\$ (2.35)	-10%
8 Coors Light 30 PK Can	12oz	\$ 18.80	XXXX	#VALUE!	#VALUE!
9 Heineken 24/12 Loose NR	12oz	\$ 20.99	\$ 23.55	\$ (2.56)	-12%
10 Corona Extra 18 PK NR	12oz	\$ 17.75	\$ 18.25	\$ (0.50)	-3%
11 Bud 30 PK Can	12oz	\$ 18.80	\$ 21.75	\$ (2.95)	-16%
12 Modelo Especial 2/12 Can	12oz	\$ 20.20	\$ 21.90	\$ (1.60)	-8%
13 Milwaukee's Best Ice 2/12 Can	12oz	\$ 10.50	\$ 12.55	\$ (2.05)	-20%
14 Heineken 18PK Nr	12oz	\$ 16.65	\$ 18.25	\$ (1.60)	-10%
15 Miller Lite 4/6 LNNR	12oz	\$ 20.00	\$ 19.55	\$ 0.45	2%
16 Modelo Especial 2/12 NR	12oz	\$ 24.00	\$ 24.60	\$ (0.60)	-3%
17 Miller Lite 18 PK Can	12oz	\$ 11.60	\$ 11.80	\$ (0.20)	-2%
18 Miller Lite 2/12 LNNR	12oz	\$ 16.00	\$ 18.40	\$ (2.40)	-15%
19 Milwaukee's Best Ice 30 PK Can	12oz	\$ 12.75	XXXX	#VALUE!	#VALUE!
20 Miller Lite 2/12 can	12oz	\$ 16.00	\$ 18.40	\$ (2.40)	-15%
21 Modelo Especial 18 PK Can	12oz	\$ 14.80	\$ 15.60	\$ (0.80)	-5%
22 Coors Light 18 PK Can	12oz	\$ 11.60	\$ 11.80	\$ (0.20)	-2%
23 Yuengling Lager 2/12 NR	12oz	\$ 15.50	\$ 19.20	\$ (3.70)	-24%
24 Bud Light 18 Pak Can	12oz	\$ 11.60	\$ 12.00	\$ (0.40)	-3%
25 Heineken 2/12 can	12oz	\$ 23.65	\$ 24.60	\$ (0.95)	-4%
26 Modelo Especial 4/6 NR	12oz	\$ 25.50	\$ 26.35	\$ (0.85)	-3%
27 Modelo Especial Suitcase Cans	12oz	\$ 19.05	\$ 20.35	\$ (1.30)	-7%
28 Modelo Especial 24/12 Loose NR	12oz	\$ 22.75	\$ 23.55	\$ (0.80)	-4%
29 Stella Artois 2/12 Nr	12oz	\$ 23.55	\$ 24.15	\$ (0.60)	-3%
30 Coors Light 2/12 Cans	12oz	\$ 17.00	\$ 18.40	\$ (1.40)	-8%
31 Bud Light 4/6 Nr	12oz	\$ 19.70	\$ 19.75	\$ (0.05)	0%
32 Bud Light 2/12 Can	12oz	\$ 17.80	\$ 17.45	\$ 0.35	2%
33 Natural Light -30 PK can	12oz	\$ 13.55	\$ 12.90	\$ 0.65	5%
34 Bud 2/12 Can	12oz	\$ 17.80	\$ 17.45	\$ 0.35	2%
35 Bud Light 2/12 NR	12oz	\$ 18.00	\$ 17.45	\$ 0.55	3%
36 Bud 18 PK Can	12oz	\$ 11.60	\$ 12.00	\$ (0.40)	-3%
37 Corona Extra 2/12 Can	12oz	\$ 24.00	\$ 24.60	\$ (0.60)	-3%
38 Miller Lite 18 PK LNNR	12oz	\$ 11.60	\$ 14.20	\$ (2.60)	-23%
39 Stella Artois 4/6 NR	12oz	\$ 23.80	\$ 24.60	\$ (0.80)	-3%
40 Yuengling Lager 4/6 NR	12oz	\$ 19.95	\$ 19.55	\$ 0.40	2%
41 Guinness Stout 4/6 NR	12oz	\$ 22.60	\$ 24.60	\$ (2.00)	-9%
42 Bud 4/6 NR	12oz	\$ 19.70	\$ 19.75	\$ (0.05)	0%
43 Coors Light 4/6 LNNR	12oz	\$ 20.00	\$ 19.55	\$ 0.45	2%
44 Coors Light 2/12 LNNR	12oz	\$ 17.00	\$ 18.40	\$ (1.40)	-8%
45 Bud 2/12 LNNR	12oz	\$ 18.00	\$ 17.45	\$ 0.55	3%
46 Blue Moon 4/6 NR	12oz	\$ 25.95	\$ 30.10	\$ (4.15)	-16%
47 Busch 30 PK Can	12oz	\$ 15.40	\$ 11.75	\$ 3.65	24%
48 Bud Light 18 PK NR	12oz	\$ 12.00	\$ 12.65	\$ (0.65)	-5%
49 Miller Lite Loose NR	12oz	\$ 16.85	\$ 22.99	\$ (6.14)	-36%
50 Corona Light 2/12 NR	12oz	\$ 24.00	\$ 24.60	\$ (0.60)	-3%

### LEGEND

Montgomery County wholesale price is higher than the private distributor (RED)

Montgomery County wholesale price is lower than the private distributor (Green)

Difference in price is equal to or greater than \$2.00 (BOLD)

Source: Beverage Journal and DLC provided by DLC

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# Appendix 4: Top 50 Spirits Price Comparison By Item

## Top 50 Spirits (State)

Spirits	Size	Montgomery County Wholesale Price	Private Distributor	Private Distributor Wholesale Price	\$ Difference	% Difference
1 Smirnoff Vodka	1.75ml	\$ 20.35	Reliable-Churchill	\$ 20.41	\$(0.06)	0%
2 Grey Goose Vodka	1Liter	\$ 32.55	Reliable-Churchill	\$ 32.30	\$ 0.25	-3%
3 Jack Daniels Black	1.75ml	\$ 36.85	Reliable-Churchill	\$ 39.16	\$(2.31)	-6%
4 Bacardi Rum-Ught	1.75ml	\$ 18.65	Reliable-Churchill	\$ 21.99	\$(3.34)	-18%
5 Fireball Cinnamon Whiskey	1Liter	\$ 16.69	Republic National	\$ 18.99	\$(2.30)	-14%
6 Tito's Vodka	1.75ml	\$ 28.95	Reliable-Churchill	\$ 28.99	\$(0.04)	0%
7 Burnett's Vodka	1.75ml	\$ 12.69	Reliable-Churchill	\$ 12.49	\$ 0.20	-2%
8 Svedka Vodka	1.75ml	\$ 19.39	Republic National	\$ 19.99	\$(0.60)	-3%
9 Skyy Vodka	1.75ml	\$ 21.99	Republic National	\$ 24.99	\$(3.00)	-14%
10 Bowmans Vodka	1.75ml	\$ 10.25	Republic National	\$ 8.49	\$ 1.76	17%
11 Jim Beam White Label	1.75ml	\$ 23.69	Republic National	\$ 29.15	\$(5.46)	-23%
12 Absolut Vodka	1.75ml	\$ 32.15	Republic National	\$ 37.49	\$(5.34)	-17%
13 Captain Morgan Spiced	1.75ml	\$ 22.79	Reliable-Churchill	\$ 25.79	\$(3.00)	-13%
14 Aristocrat Vodka	1Liter	\$ 5.39	Reliable-Churchill	xxxx	IVALUE!	IVALUE!
15 Pinnacle Vodka	1.75ml	\$ 14.05	Republic National	\$ 19.15	\$(5.10)	-36%
16 Gilbey's Vodka	1.75ml	\$ 9.85	Republic National	\$ 11.66	\$(1.81)	-18%
17 Jack Daniels Black	750ml	\$ 17.75	Reliable-Churchill	\$ 19.60	\$(1.85)	-10%
18 Montezuma Triple Sec	1Liter	\$ 3.99	Republic National	\$ 3.33	\$ 0.66	-19%
19 Johnnie Walker Black	1.75ml	\$ 60.45	Reliable-Churchill	\$ 61.99	\$(1.54)	-3%
20 Ketel One Vodka	1.75ml	\$ 39.75	Reliable-Churchill	\$ 42.49	\$(2.74)	-7%
21 E Williams Black Sour Mash	1.75ml	\$ 16.89	Reliable-Churchill	\$ 18.79	\$(1.90)	-12%
22 Dewars Scotch	1.75ml	\$ 33.99	Reliable-Churchill	\$ 34.99	\$(1.00)	-3%
23 Canadian Mist	1.75ml	\$ 13.45	Reliable-Churchill	\$ 14.49	\$(1.04)	-8%
24 Johnnie Walker Red	1.75ml	\$ 33.85	Reliable-Churchill	\$ 32.99	\$ 0.86	-3%
25 Sobieski Vodka	1.75ml	\$ 16.99	Reliable-Churchill	\$ 17.49	\$(0.50)	-3%
26 Patron Tequila Silver** Purchase from R/C 750ml	\$ 43.65	Reliable-Churchill	\$ 37.59	\$ 6.06	14%	
27 Canadian Club Whiskey	1.75ml	\$ 14.69	Republic National	\$ 18.49	\$(3.80)	-26%
28 Bacardi Rum-Gold	1.75ml	\$ 18.65	Reliable-Churchill	\$ 21.99	\$(3.34)	-18%
29 Aristocrat Vodka	1.75ml	\$ 9.25	Reliable-Churchill	xxxx	IVALUE!	IVALUE!
30 Smirnoff Vodka	750ml	\$ 10.45	Reliable-Churchill	\$ 10.79	\$(0.34)	-3%
31 Bombay Gin-Saphire	1.75ml	\$ 33.89	Reliable-Churchill	\$ 36.66	\$(2.77)	-8%
32 Fleischmann's Vodka	1.75ml	\$ 11.55	Republic National	\$ 8.79	\$ 2.76	24%
33 Luksusowa Vodka	1.75ml	\$ 18.15	Reliable-Churchill	\$ 19.99	\$(1.84)	-10%
34 Jameson Irish Whiskey	750ml	\$ 21.19	Republic National	\$ 22.59	\$(1.40)	-7%
35 Grey Goose Vodka	750ml	\$ 25.85	Reliable-Churchill	\$ 27.99	\$(2.14)	-8%
36 Jack Daniels Black	1Liter	\$ 26.65	Reliable-Churchill	\$ 27.00	\$(0.35)	-1%
37 Hennessy Cognac VS	750ml	\$ 26.55	Reliable-Churchill	\$ 27.99	\$(1.44)	-5%
38 Smirnoff Vodka	375ml	\$ 5.39	Reliable-Churchill	\$ 4.64	\$ 0.75	-14%
39 Jose Cuervo Tequila Gold	1.75ml	\$ 29.29	Reliable-Churchill	\$ 29.99	\$(0.70)	-2%
40 Smirnoff Vodka	1Liter	\$ 12.65	Reliable-Churchill	\$ 13.16	\$(0.51)	-4%
41 Grey Goose Vodka	1.75ml	\$ 52.15	Reliable-Churchill	\$ 54.15	\$(2.00)	-4%
42 Makers Mark	1.75ml	\$ 40.55	Republic National	\$ 45.83	\$(5.28)	-13%
43 Stolichnaya Vodka	1.75ml	\$ 29.99	Reliable-Churchill	\$ 34.65	\$(4.66)	-16%
44 Bowman's Vodka	1Liter	\$ 5.15	Republic National	\$ 5.08	\$ 0.07	-1%
45 Bacardi Rum Light	1Liter	\$ 13.59	Reliable-Churchill	\$ 13.83	\$(0.24)	-2%
46 Tanqueray Gin	1.75ml	\$ 32.85	Reliable-Churchill	\$ 32.99	\$(0.14)	0%
47 New Amsterdam Vodka	1.75ml	\$ 19.99	Reliable-Churchill	\$ 19.99	\$ 0	0%
48 Kentucky Gentleman	1.75ml	\$ 11.09	Republic National	\$ 10.39	\$ 0.70	6%
49 Absolut Vodka	1Liter	\$ 21.65	Republic National	\$ 25.99	\$(4.34)	-20%
50 Ketel One Vodka	1Liter	\$ 26.29	Reliable-Churchill	\$ 28.99	\$(2.70)	-10%

## Top 50 Spirits to Licensees (State)

Spirits	Size	Montgomery County Wholesale Price	Private Distributor	Private Distributor Wholesale Price	\$ Difference	% Difference
1 Grey Goose Vodka	1Liter	\$ 32.55	Reliable-Churchill	\$ 32.30	\$ 0.25	-3%
2 Aristocrat Vodka	1Liter	\$ 5.39	Reliable-Churchill	xxxx	IVALUE!	IVALUE!
3 Fireball Cinnamon Whiskey	1Liter	\$ 16.69	Republic National	\$ 18.99	\$(2.30)	-14%
4 Montezuma Triple Sec	1Liter	\$ 3.99	Republic National	\$ 3.33	\$ 0.66	-17%
5 Montezuma Gold Tequila	1Liter	\$ 11.75	Republic National	\$ 8.33	\$ 3.42	29%
6 Jack Daniels Black	1Liter	\$ 26.65	Reliable-Churchill	\$ 27.00	\$(0.35)	-1%
7 Aristocrat Rum	1Liter	\$ 5.79	Reliable-Churchill	xxxx	IVALUE!	IVALUE!
8 Patron Tequila Silver** Purchase from R/C 750ml	\$ 43.65	Reliable-Churchill	\$ 37.59	\$ 6.06	14%	
9 Absolut Vodka	1Liter	\$ 21.65	Republic National	\$ 25.99	\$(4.34)	-20%
10 Smirnoff Vodka	1Liter	\$ 12.65	Reliable-Churchill	\$ 13.16	\$(0.51)	-4%
11 Chamjinsulro Sojo	375ml	\$ 4.95	Eastern Liquor	xxxx	IVALUE!	IVALUE!
12 Jameson Irish Whiskey	1Liter	\$ 29.95	Republic National	\$ 31.99	\$(2.04)	-7%
13 Bowman's Vodka	1Liter	\$ 5.15	Republic National	\$ 5.08	\$ 0.07	-1%
14 Bacardi Rum Light	1Liter	\$ 13.59	Reliable-Churchill	\$ 13.83	\$(0.24)	-2%
15 Montezuma Tequila White	1Liter	\$ 10.65	Republic National	\$ 8.33	\$ 2.32	22%
16 Ketel One Vodka	1Liter	\$ 26.29	Reliable-Churchill	\$ 28.99	\$(2.70)	-10%
17 Captain Morgans Spiced rum	1Liter	\$ 16.35	Reliable-Churchill	\$ 18.99	\$(2.64)	-16%
18 Torado Gold Tequila	1Liter	\$ 7.85	Republic National	\$ 8.99	\$(1.14)	-15%
19 Tito's Vodka	1Liter	\$ 19.39	Reliable-Churchill	\$ 19.99	\$(0.60)	-3%
20 Juarez Gold Label Tequila	1Liter	\$ 9.89		\$ 7.69	\$ 2.20	22%
21 Montezuma Tequila Blue	1Liter	\$ 6.95	Republic National	\$ 6.29	\$ 0.66	-9%
22 Chum-Chum Sojo	375ml	\$ 4.89	Young Won	xxxx	IVALUE!	IVALUE!
23 Jose Cuervo Tequila Gold	1Liter	\$ 16.85	Reliable-Churchill	\$ 16.99	\$(0.14)	1%
24 Pepe Lopez Silver Tequila	1Liter	\$ 8.15	Reliable-Churchill	\$ 8.50	\$(0.35)	-4%
25 Jim Beam White	1Liter	\$ 16.49	Republic National	\$ 19.19	\$(2.70)	-16%
26 H Walker Triple Sec 30P	1Liter	\$ 5.65	Republic National	\$ 7.20	\$(1.55)	-27%
27 Aristocrat Gin	1Liter	\$ 5.75	Reliable-Churchill	xxxx	IVALUE!	IVALUE!
28 Paladar Rum	1Liter	\$ 7.75		xxxx	IVALUE!	IVALUE!
29 Grand Marnier Cordon Rouge	1Liter	\$ 34.19	Reliable-Churchill	\$ 35.79	\$(1.60)	-5%
30 Tanqueray Gin	1Liter	\$ 22.75	Reliable-Churchill	\$ 24.49	\$(1.74)	-8%
31 Maker's Mark	1Liter	\$ 29.35	Republic National	\$ 35.49	\$(6.14)	-21%
32 Castillo Rum-White	1Liter	\$ 7.49	Reliable-Churchill	\$ 5.45	\$ 2.04	27%
33 Sauza Teq Blue	1Liter	\$ 14.95	Republic National	\$ 16.99	\$(2.04)	-14%
34 Montezuma Gold Tequila	1.75ml	\$ 17.89	Republic National	\$ 15.19	\$ 2.70	15%
35 Green Hat Gin	750ml	\$ 27.75	Country Vintner	xxxx	IVALUE!	IVALUE!
36 Hendrick's Gin	750ml	\$ 29.29	Reliable-Churchill	\$ 31.59	\$(2.30)	-8%
37 Morales Agave Gold Tequila	1Liter	\$ 13.35		xxxx	IVALUE!	IVALUE!
38 Bol's Triple Sec (42 proof)	1Liter	\$ 6.39	Reliable-Churchill	\$ 4.69	\$ 1.70	27%
39 E&J Brandy VS	1Liter	\$ 12.29	Reliable-Churchill	\$ 10.39	\$ 1.90	15%
40 Sauza Tequila Silver	1.75ml	\$ 20.89	Republic National	\$ 26.66	\$(5.77)	-26%
41 Dekuyper Sign Triple Sec	1Liter	\$ 6.25	Republic National	\$ 5.99	\$ 0.26	-4%
42 Jagermeister Liqueur	1Liter	\$ 20.55	Reliable-Churchill	\$ 21.49	\$(0.94)	-5%
43 Hennessy Cognac	1Liter	\$ 35.19		\$ 36.49	\$(1.30)	-4%
44 Jagermeister Liqueur	750ml	\$ 15.65	Reliable-Churchill	\$ 18.39	\$(2.74)	-18%
45 Malibu Rum	1Liter	\$ 15.05	Republic National	\$ 19.38	\$(4.33)	-29%
46 Sauza Extra Gold	1Liter	\$ 14.69	Republic National	\$ 14.29	\$ 0.40	3%
47 Stolichnaya Vodka	1Liter	\$ 22.75	Reliable-Churchill	\$ 23.99	\$(1.24)	-5%
48 Macchu Pisco	750ml	\$ 17.15		xxxx	IVALUE!	IVALUE!
49 Barton Vodka	1Liter	\$ 5.19	Republic National	\$ 4.89	\$ 0.30	6%
50 Bowman's Gin	1Liter	\$ 5.75	Republic National	\$ 5.14	\$ 0.61	11%

### LEGEND

Montgomery County wholesale price is higher than the private distributor (RED)

Montgomery County wholesale price is lower than the private distributor (Green)

Difference in price is equal to or greater than \$2.00 (BOLD)

Source: Beverage Journal and DLC provided by DLC

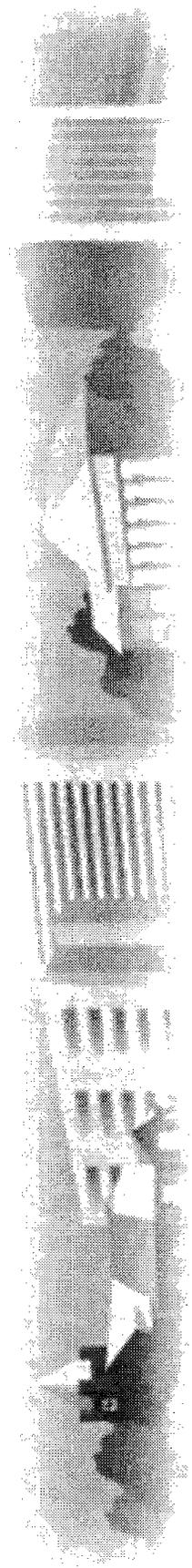
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# DLC Wholesale Price Comparison – Special Order Beer and Wine

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June 2015



# Special Order Wholesale Price Comparison Overview

OLO REPORT

Table 31. Difference between DLC and Private Distributor  
Average Wholesale Prices for DLC Top 30 Sellers

Product Type	# of Products In Calculation	Average Wholesale Price		
		DLC	Private Distributor	% Difference, DLC vs. Private
<b>Stock</b>				
Beer	5	\$24.01	\$24.66	-3%
Wine	27	\$73.88	\$75.44	-2%
Spirits	26	\$170.31	\$178.61	-5%
<b>Special Order</b>				
Beer	3	\$33.60	\$28.74	+14%
Wine	12	\$87.84	\$93.46	-6%
Spirits	26	\$251.59	\$277.67	-10%

Source: DLC, MD/DC Beverage Journal

CountyStat Analysis

Category	% of Top 50 items					
	Special Order Wine (State)	Special Order Beer (State)	Stock Wine (State)	Stock Beer (State)	Stock Beer (DC)	Stock Spirits (State)
Montgomery County wholesale price is <u>higher</u> than the private distributor	22%	74%	36%	24%	18%	20%
Montgomery County wholesale price is <u>lower</u> than the private distributor	52%	12%	64%	36%	76%	74%
Montgomery County wholesale price is the <u>same</u> as the private distributor	0%	0%	0%	38%	0%	2%
Private distributor wholesale price not available	26%	14%	0%	2%	6%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	0%	58%	6%	0%	2%	4%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	2%	4%	0%	2%	26%	34%
<b>Difference in price is equal to or greater than \$2.00</b>	<b>2%</b>	<b>62%</b>	<b>6%</b>	<b>2%</b>	<b>28%</b>	<b>38%</b>

In March 2015 CountyStat provided additional analysis to supplement the study completed by OLO in 2015 regarding average wholesale price differences between private wholesalers and DLC.

Special orders were excluded from this initial supplemental analysis.

Since March, DLC has provided CountyStat with the wholesale prices for DLC and private distributors for special order wine and special order beer.

This analysis includes the following DLC to private wholesale price comparisons:  
DLC vs. MD: Special Order Wine  
DLC vs. MD: Special Order Beer

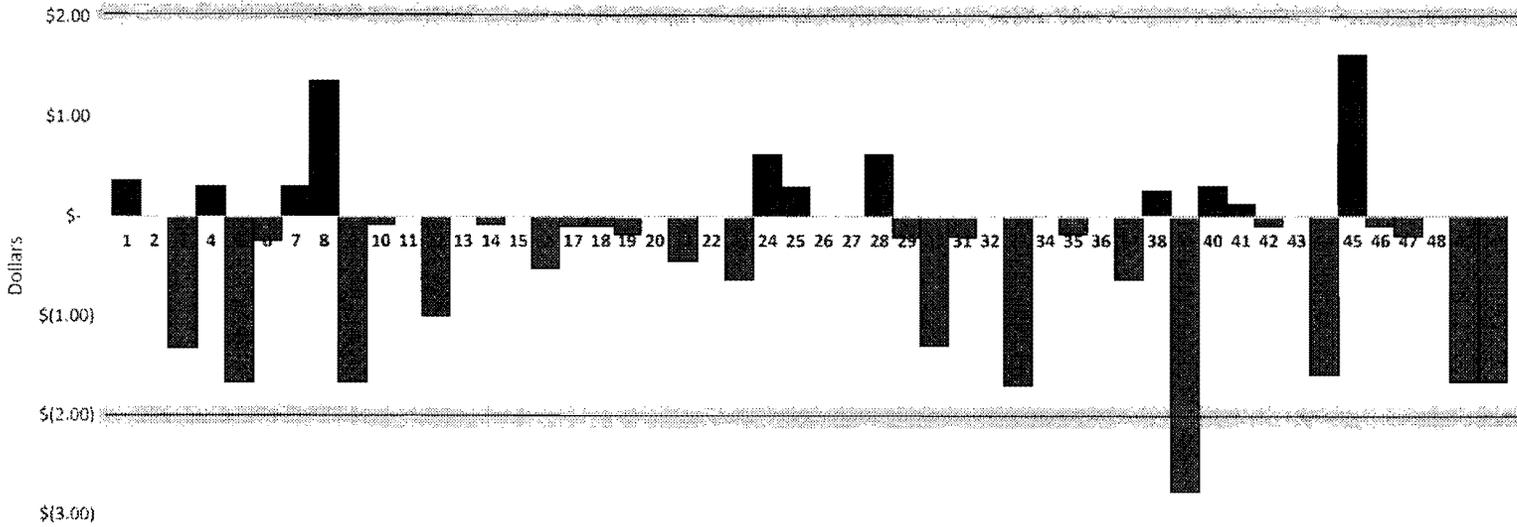
This reports also contains summaries of stock items. Detail on stock items can be found in the March 2015 price comparison analysis.

LEGEND
Special orders (Blue)
Stock items (Orange)

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# Montgomery County vs. State Private Distributor: Special Order Wine

Difference in wholesale price (in dollars)



Of the top 50 special order wines, Montgomery County's wholesale price was greater for 11 wines (22%) and lower for 26 wines (52%). Pricing information was not available for 13 wines (26%).

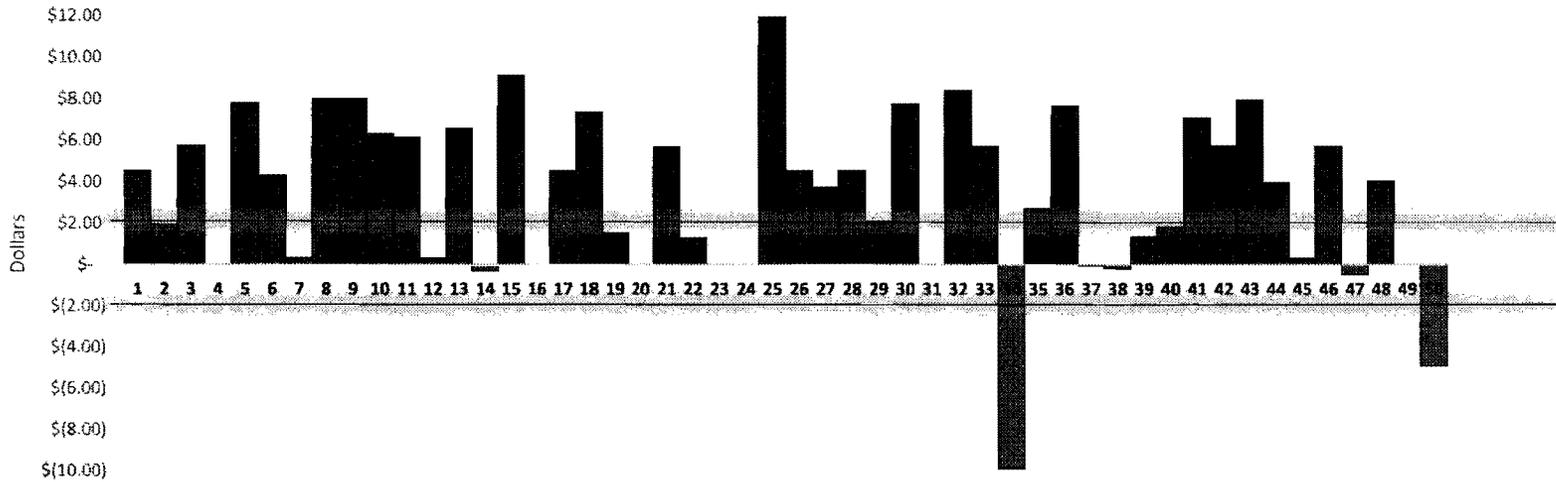
Price differentials were predominately within this study's \$2.00 range. One product of the Top 50 exceeded this range with the wholesale price being \$2.78 more than Montgomery County's wholesale price.

Category	# of items	% of items
Montgomery County wholesale price is higher than the State Distributor (RED)	11	22%
Montgomery County wholesale price is lower than the State Distributor (Green)	26	52%
Montgomery County wholesale price is the same as the State Distributor	0	0%
State Distributor price not available	13	26%
<i>Total</i>	<i>50</i>	<i>100%</i>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	0	0%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	1	2%
<i>Difference in price is equal to or greater than \$2.00</i>	<i>1</i>	<i>2%</i>

Note: See appendix for Top 50 list.

# Montgomery County vs. State Private Distributor: Special Order Beer

Difference in wholesale price (in dollars)



Of the top 50 special order beers, Montgomery County's wholesale price is higher for 37 beers (74%). Montgomery County's wholesale price is lower for 6 beers (12%) and pricing information was not available for 7 beers (14%).

62% of special orders beers had a price differential of \$2.00 or greater. The Montgomery County wholesale price was higher than the private distributor by \$2.00 or more for 29 beers (58%). The private distributor wholesale price was higher than Montgomery County by \$2.00 or more for 2 beers (4%).

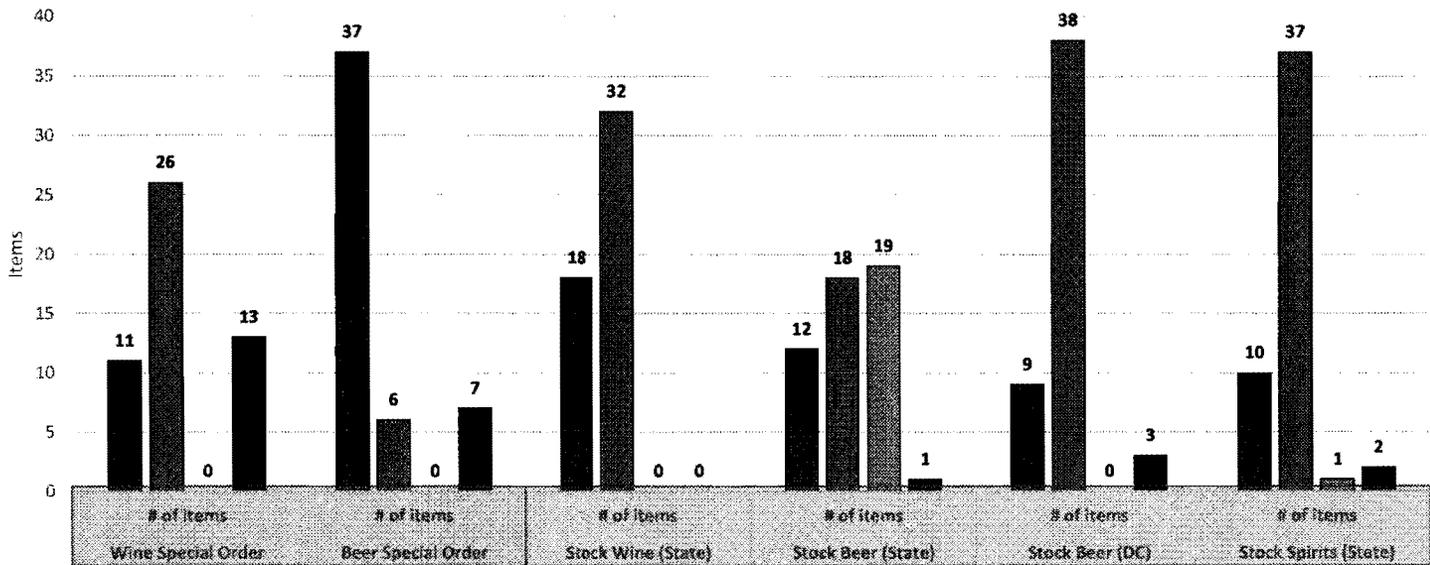
Category	# of items	% of items
Montgomery County wholesale price is higher than the State Distributor (RED)	37	74%
Montgomery County wholesale price is lower than the State Distributor (Green)	6	12%
Montgomery County wholesale price is the same as the State Distributor	0	0%
State Distributor price not available	7	14%
<b>Total</b>	<b>50</b>	<b>100%</b>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	29	58%
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	2	4%
<b>Difference in price is equal to or greater than \$2.00</b>	<b>31</b>	<b>62%</b>

Note: See appendix for Top 50 list

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# DLC Wholesale Price Comparison Summary (1 of 2)

Price comparison by distributor and product type (# of items)



- Montgomery County wholesale Price is higher than the private distributor
- Montgomery County wholesale Price is lower than the private distributor
- Montgomery County wholesale price is the same as the private distributor
- Private distributor wholesale price not available

The majority of Montgomery County wholesale prices were lower than private distributor prices in the following categories:

- Special order wine (State): 26 items(52%)
- Stock Wine (State) = 32 items (64%)
- Stock Beer (DC) = 38 items (76%)
- Stock Spirits (State) = 37 items (74%)

Montgomery County wholesale prices were predominately higher than private distributor prices in the following category:

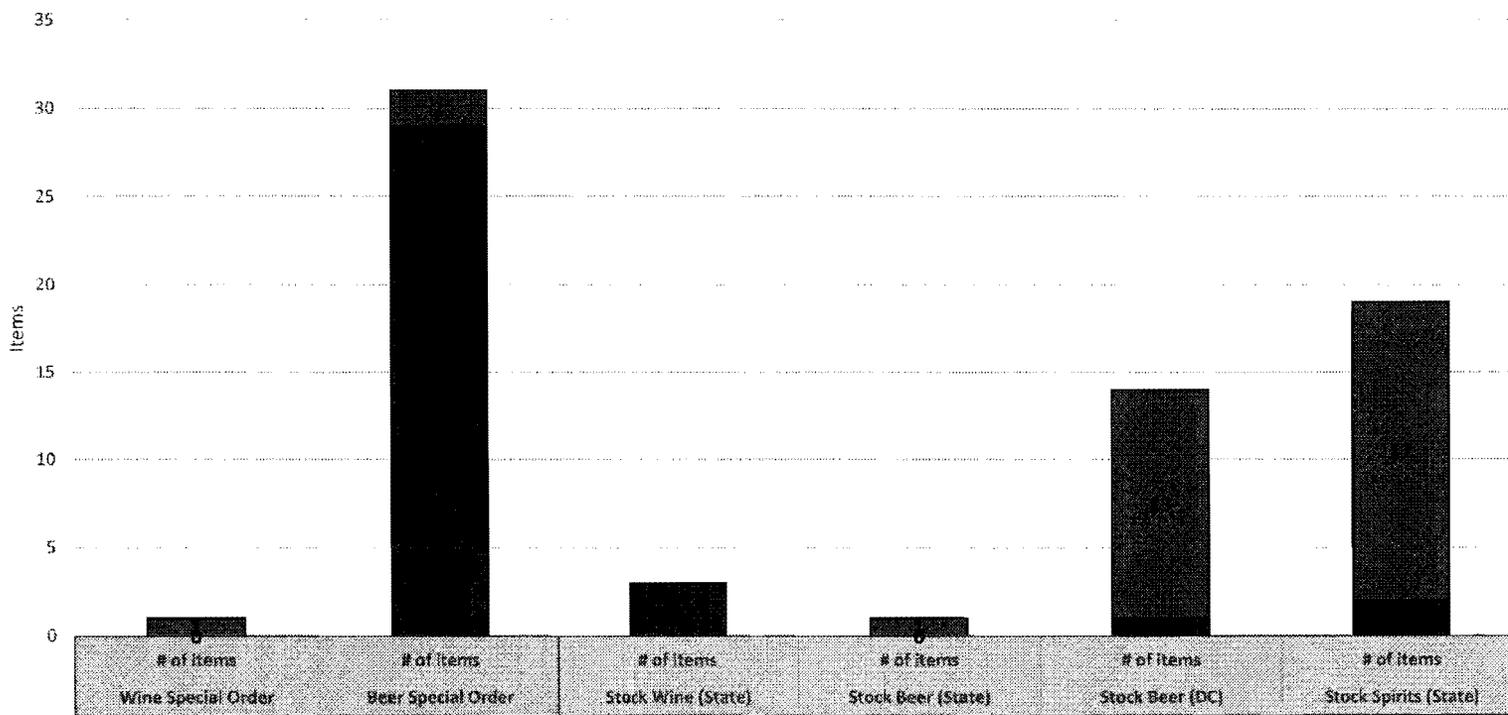
- Special order beer (State): 37 items(74%)

LEGEND
Special orders (Blue)
Stock items (Orange)

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# DLC Wholesale Price Comparison Summary (2 of 2)

Price differences of \$2.00 or greater by distributor and product type (# of items)



- Private distributor wholesale price is higher than Montgomery County by \$2.00 or more
- Montgomery County wholesale price is higher than the private distributor by \$2.00 or more

For special order items, the majority of large price differentials were the result of the Montgomery County charging \$2.00 or higher than private distributors (primarily for beer special order items).  
 State = 3  
 Montgomery County = 29

Stock items show the opposite with the majority of large price differentials being the result of the private distributor charging \$2.00 or higher than Montgomery County:  
 State or DC = 31 items  
 Montgomery County = 3 items

LEGEND
Special orders (Blue)
Stock items (Orange)

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## APPENDIX

1. Summary of Top 50 price comparison
2. Top 50 special order wines price comparison by item (State)
3. Top 50 special order beers price comparison by item (State)

# Appendix 1: Summary of Top 50 Price Comparison

Category	Wine Special Order	Beer Special Order	Stock Wine (State)	Stock Beer (State)	Stock Beer (DC)	Stock Spirits (State)
	# of items	# of items	# of items	# of items	# of items	# of items
Montgomery County wholesale Price is <u>higher</u> than the private distributor	11	37	18	12	9	10
Montgomery County wholesale Price is <u>lower</u> than the private distributor	26	6	32	18	38	37
Montgomery County wholesale price is the <u>same</u> as the private distributor	0	0	0	19	0	1
Private distributor wholesale price not available	13	7	0	1	3	2
<i>Total</i>	<i>50</i>	<i>50</i>	<i>50</i>	<i>50</i>	<i>50</i>	<i>50</i>
Montgomery County wholesale price is <u>higher</u> than the private distributor by \$2.00 or more	0	29	3	0	1	2
Private distributor wholesale price is <u>higher</u> than Montgomery County by \$2.00 or more	1	2	0	1	13	17
<i>Difference in price is equal to or greater than \$2.00</i>	<i>1</i>	<i>31</i>	<i>3</i>	<i>1</i>	<i>14</i>	<i>19</i>

LEGEND
Special orders (Blue)
Stock items (Orange)

Source: Beverage Journal and DLC provided by DLC

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# Appendix 2: Top 50 Special Order Wine Price Comparison By Item

## Top 50 Special Order Wine (State)

1 Sonoma Cutrea RR Chard	1849	\$	15.35	Reliable Churchill	\$ 14.99	\$	0.36	2%
2 Balducci Pinot Grigio	1019	\$	6.75	Mont. County Only	NA		NA	NA
3 Fire Road S/Blanc	1001	\$	9.35	Country Vintner	\$ 10.67	\$	(1.32)	-14%
4 Canyon Road Chard	965	\$	4.55	Reliable Churchill	\$ 4.25	\$	0.30	7%
5 Oyster Bay S/Blanc (Stores)	786	\$	8.99	RNDC	\$ 10.66	\$	(1.67)	-19%
6 Domino De Eguren Protocolo Red	785	\$	5.75	Country Vintner	\$ 5.99	\$	(0.24)	-4%
7 Canyon Road Cab	708	\$	4.55	Reliable Churchill	\$ 4.25	\$	0.30	7%
8 Bogie Chard	672	\$	9.35	Constantine	\$ 7.99	\$	1.36	15%
9 Oyster Bay S/Blanc ( Restaurants)	667	\$	8.99	RNDC	\$ 10.66	\$	(1.67)	-19%
10 Ponga S/Blanc	639	\$	8.59	Country Vintner	\$ 8.67	\$	(0.08)	-1%
11 Duboeuf Beaujolais Noveau	616	\$	8.15	Reliable Churchill	NA		NA	NA
12 A to Z Pinot Noir (Restaurant)	608	\$	14.29	Country Vintner	\$ 15.29	\$	(1.00)	-7%
13 Nespoli Adesso Cagnini	592	\$	8.29	NA	NA		NA	NA
14 Montelliana Ex Brut Res NV	576	\$	8.59	Country Vintner	\$ 8.67	\$	(0.08)	-1%
15 Walmae Makkoli	576	\$	4.35	NA	NA		NA	NA
16 Annabella Cab	565	\$	12.15	Country Vintner	\$ 12.67	\$	(0.52)	-4%
17 Santa Julia Organica Malbec	556	\$	7.89	Country Vintner	\$ 7.99	\$	(0.10)	-1%
18 Diban Cava Brut res NV	543	\$	7.89	Country Vintner	\$ 7.99	\$	(0.10)	-1%
19 Cielo Pinot Grigio Del Veneto	540	\$	6.49	Country Vintner	\$ 6.67	\$	(0.18)	-3%
20 Two Oceans S/Blanc	538	\$	8.69	Southern W & S	NA		NA	NA
21 Lab Portugesa Red	538	\$	5.05	NBB	\$ 5.50	\$	(0.45)	-9%
22 Marine Cuv	537	\$	6.49	Elite	NA		NA	NA
23 Dr. Loosen "L" Est Ries Trocken	535	\$	9.35	Country Vintner	\$ 9.99	\$	(0.64)	-7%
24 Septima Malbec	523	\$	7.95	Southern W & S	\$ 7.33	\$	0.62	8%
25 Canyon Road Pinot Grigio	517	\$	4.55	Reliable Churchill	\$ 4.25	\$	0.30	7%
26 Balducci Malbec	517	\$	6.35	Mont. County Only	NA		NA	NA
27 Cristalino Brut	495	\$	7.49	RNDC	NA		NA	NA
28 Avalon Cab	485	\$	7.95	Bacchus	\$ 7.33	\$	0.62	8%
29 Alois Lageder Pinot Grigio Riff	482	\$	7.89	Country Vintner	\$ 8.10	\$	(0.21)	-3%
30 True Myth Chard	477	\$	10.69	Country Vintner	\$ 11.99	\$	(1.30)	-12%
31 Evodia	474	\$	7.89	Country Vintner	\$ 8.10	\$	(0.21)	-3%
32 Valoroso Red	468	\$	6.35	RNDC	NA		NA	NA
33 A to Z Oregon Pinot Noir (Stores)	439	\$	14.29	Country Vintner	\$ 15.99	\$	(1.70)	-12%
34 Anciano 10 Gran res.	430	\$	7.69	NA	NA		NA	NA
35 Borsao	427	\$	6.49	Country Vintner	\$ 6.67	\$	(0.18)	-3%
36 Duboeuf Beboeuf Beaujolais Noveau	424	\$	8.79	Reliable Churchill	NA		NA	NA
37 New Age White	422	\$	8.35	Atlantic	\$ 8.99	\$	(0.64)	-8%
38 Spy Valley Marlborough S/Blanc	417	\$	13.59	Country Vintner	\$ 13.33	\$	0.26	2%
39 Angeline Calif Pinot Noir	414	\$	8.55	Country Vintner	\$ 11.33	\$	(2.78)	-33%
40 Canyon Road Merlot	407	\$	4.55	Reliable Churchill	\$ 4.25	\$	0.30	7%
41 Angeline Pinot Noir	406	\$	11.45	Country Vintner	\$ 11.33	\$	0.12	1%
42 Gouguenheim Mal 13	405	\$	7.89	Country Vintner	\$ 7.99	\$	(0.10)	-1%
43 La Playa S/Blanc	404	\$	5.89	NA	NA		NA	NA
44 Franciscan Oakville Est Cab	378	\$	20.39	RNDC	\$ 21.99	\$	(1.60)	-8%
45 Clifford Bay S/Blanc	375	\$	8.28	Southern W & S	\$ 6.66	\$	1.62	20%
46 Charles Smith Velvet Devil Merlot	358	\$	9.25	RNDC	\$ 9.35	\$	(0.10)	-1%
47 La Fiera Montpul D'Abru	358	\$	5.79	Country Vintner	\$ 5.99	\$	(0.20)	-3%
48 Molinos De Dulcinea White Bib	357	\$	13.75	NA	NA		NA	NA
49 Tavernello Bianco	356	\$	2.99	Prestige Beverage	\$ 4.66	\$	(1.67)	-56%
50 Tavernello Rosso	347	\$	2.99	Prestige Beverage	\$ 4.66	\$	(1.67)	-56%

### LEGEND

Montgomery County wholesale price is higher than the private distributor (RED)

Montgomery County wholesale price is lower than the private distributor (Green)

Difference in price is equal to or greater than \$2.00 (BOLD)

Source: Beverage Journal and DLC provided by DLC

# Appendix 2: Top 50 Special Order Beer Price Comparison By Item

## Top 50 Special Order Beer (State)

1	Oskar Blues Dales Pale Ale 4/6 Can	12oz	\$ 35.30	Legends	\$ 30.75	\$ 4.55	13%
2	Stone IPA NR	12oz	\$ 33.34	Chesapeake Distributors	\$ 31.40	\$ 1.94	6%
3	Lagunita's IPA	12oz	\$ 33.95	Legends	\$ 28.20	\$ 5.75	17%
4	Duclaw Sweet Baby Jesus	12oz	\$ 27.20	Bond	NA	NA	NA
5	Lagunita's Sumpin Sumpin	12oz	\$ 40.59	Legends	\$ 32.80	\$ 7.79	19%
6	Crispin Cider Original	12oz	\$ 42.32	Legends	\$ 38.00	\$ 4.32	10%
7	Pub Dog Imperial Dog IPA	12oz	\$ 29.83	NBB-National Beverage Bro	\$ 29.50	\$ 0.33	1%
8	21st Amendment Can	12oz	\$ 38.00	D.O.P.S	\$ 30.00	\$ 8.00	21%
9	21st Amendment Watermelon Can	12oz	\$ 38.00	D.O.P.S	\$ 30.00	\$ 8.00	21%
10	Brewers Art Resurrection Can	12oz	\$ 37.33	Legends	\$ 31.00	\$ 6.33	17%
11	Southern Tier Pumpkin	22oz	\$ 74.65	Legends	\$ 68.50	\$ 6.15	8%
12	Pub Dog Hoppy Dog Ale IPA	12oz	\$ 29.83	NBB-National Beverage Bro	\$ 29.50	\$ 0.33	1%
13	Breckenridge Vanilla Porter	12oz	\$ 37.33	Legends	\$ 30.75	\$ 6.58	18%
14	Stone Arrogant Bastard	22oz	\$ 47.18	Chesapeake Distributors	\$ 47.50	(0.32)	-1%
15	Lagunita's Maximus	12oz	\$ 39.89	Legends	\$ 30.75	\$ 9.14	23%
16	Mythos Beer	12oz	\$ 35.30	Dionysos	NA	NA	NA
17	Oskar Blues Mamas Yella	12oz	\$ 35.30	Legends	\$ 30.75	\$ 4.55	13%
18	Duvel 6/4	12oz	\$ 81.61	Legends	\$ 74.25	\$ 7.36	9%
19	Stone Go To IPA	12oz	\$ 32.94	Chesapeake Distributors	\$ 31.40	\$ 1.54	5%
20	St. George Beer Ethiopia	330ml	\$ 39.35	Global Ocean	NA	NA	NA
21	Crabbles Ginger Beer	11.2oz	\$ 54.20	Legends	\$ 48.50	\$ 5.70	11%
22	Tona	12oz	\$ 26.26	Chesapeake Distributors	\$ 24.99	\$ 1.27	5%
23	Duclaw Hellrazer IPA	12oz	\$ 27.20	Bond	NA	NA	NA
24	Duclaw Serum Double IPA	12oz	\$ 29.90	Bond	NA	NA	NA
25	Schlafly Pumpkin Ale	12oz	\$ 48.00	D.O.P.S	\$ 36.00	\$ 12.00	25%
26	Oskar Blues Old Chub	12oz	\$ 35.30	Legends	\$ 30.75	\$ 4.55	13%
27	Abita Purple Haze	12oz	\$ 36.24	D.O.P.S	\$ 32.50	\$ 3.74	10%
28	Oskar Blue's Dales Pale Ale 2/12 can	12oz	\$ 35.30	Legends	\$ 30.75	\$ 4.55	13%
29	Butternut Porkin' pa Pale Ale	12oz	\$ 28.89	Legends	\$ 26.75	\$ 2.14	7%
30	Shipyards Pumpkinhead	12oz	\$ 39.78	D.O.P.S	\$ 32.00	\$ 7.78	20%
31	Dirty Little Freak Coconut Ale	12oz	\$ 27.20	Bond	NA	NA	NA
32	Union Duckpin Ale	12oz	\$ 39.69	Legends	\$ 31.25	\$ 8.44	21%
33	Lagunita's Pils	12oz	\$ 33.95	Legends	\$ 28.20	\$ 5.75	17%
34	Lagunita's Hop Stoopid	22oz	\$ 43.13	Legends	\$ 53.00	(9.87)	-23%
35	Zywiec	11oz	\$ 31.93	Legends	\$ 29.20	\$ 2.73	9%
36	Brewers Art Beazley	12oz	\$ 38.68	Legends	\$ 31.00	\$ 7.68	20%
37	Victory Golden Monkey Ale	12oz	\$ 37.95	Katcof Brothers	\$ 38.00	(0.05)	0%
38	Full Tilt Baltimore Ale	12oz	\$ 29.83	Chesapeake Distributors	\$ 30.00	(0.17)	-1%
39	Lancaster Milk Stout	12oz	\$ 31.59	Chesapeake Distributors	\$ 30.25	\$ 1.34	4%
40	Lagunita's Day Time	12oz	\$ 34.63	Legends	\$ 32.80	\$ 1.83	5%
41	Estrella Dam Daura	12oz	\$ 34.61	Chesapeake Distributors	\$ 27.50	\$ 7.11	21%
42	Lagunita's Pale Ale	12oz	\$ 33.95	Legends	\$ 28.20	\$ 5.75	17%
43	Unibroue La Fin Du Monde	12oz	\$ 66.95	Legends	\$ 59.00	\$ 7.95	12%
44	Bitburger	12oz	\$ 31.18	Legends	\$ 27.20	\$ 3.98	13%
45	Pub Dog White Dog Wheat	12oz	\$ 29.83	NBB-National Beverage Bro	\$ 29.50	\$ 0.33	1%
46	Lagunita's Censored Ale	12oz	\$ 33.95	Legends	\$ 28.20	\$ 5.75	17%
47	Evolution Primal Pale Ale	12oz	\$ 28.55	Chesapeake Distributors	\$ 29.00	(0.45)	-2%
48	Weyerbacher Merry Monks	12oz	\$ 43.06	Legends	\$ 39.00	\$ 4.06	9%
49	DuClaw Bare Ass Blonde Ale	12oz	\$ 25.85	Bond	NA	NA	NA
50	Stone Ruination	12oz	\$ 53.59	Chesapeake Distributors	\$ 58.50	(4.91)	-9%

### LEGEND

Montgomery County wholesale price is higher than the private distributor (RED)

Montgomery County wholesale price is lower than the private distributor (Green)

Difference in price is equal to or greater than \$2.00 (BOLD)

Source: Beverage Journal and DLC provided by DLC





OFFICE OF THE COUNTY EXECUTIVE

Isiah Leggett  
County Executive

MEMORANDUM

Timothy L. Firestine  
Chief Administrative Officer

June 17, 2015

TO: Hans Riemer, Chair, *Ad Hoc* Committee on Liquor Control  
Montgomery County Council

FROM: Timothy L. Firestine, Chief Administrative Officer

RE: Response to May 5, 2015 letter to County Executive

*Timothy L. Firestine*

I am replying to your letter to the County Executive from May 5, 2015 in which you asked for his position and explanation of several issues that have been raised by consumers, licensees, the Office of Legislative Oversight (OLO), and the Inspector General. As always, the County Executive and I are committed to delivering quality services to our residents and businesses. To that end, the Department of Liquor Control (DLC), on my behalf, and in coordination with CountyStat, the Department of Finance, the Department of Technology Services, the ERP office, and other stakeholders, has developed an Improvement Action Plan to address the issues raised. Through regular monitoring of results, we will ensure that the progress being made on this collective effort is tied to tangible performance improvements in operations, productivity, and customer service. Below, I have addressed the specific issues raised in your letter.

**Independent Authority:**

We have already taken several steps to facilitate performance improvements in DLC including providing a blanket release to fill all vacant positions, expediting the recruitment and hiring process in the Office of Human Resources (OHR), and expediting the review and approval of procurement activity. Additionally, the evolution and implementation of the Improvement Action Plan, referenced above, is being monitored and measured by CountyStat. We will review the performance impacts of these actions before considering the development of any other model.

**Budget Process:**

We clearly understand the difference between the revenue generating capacity of DLC and that of tax-supported County agencies, and those that do not generate revenue beyond their own expenditure requirements. At the same time there are other agencies in the County that do generate positive revenues (the Parking Division of DOT for example) and follow the general budget process of the County. Therefore, we will investigate the possibility of modifying the operating budget process for DLC.

**Customer Service:**

Improvement to our customer service is one of six major categories in DLC's Improvement Action Plan. The plan includes the creation of a Customer Service Call Center, the development of metrics to measure customer satisfaction and business operations performance, and the implementation of periodic surveys. DLC staff will elaborate on the Improvement Action Plan at the June 19<sup>th</sup> session of the Ad Hoc Committee.

**Management Expertise:**

The experience and leadership of DLC management was identified in the PFM report (p. 55) as one of the strengths of the Department. It was also cited as a strength in the Standard & Poor's ratings report issued in association with the development of the Montgomery County Liquor Control Revenue Bonds. Additionally, the DLC Improvement Action Plan directly addresses this issue. At this time we are in the process of recruiting a new Chief of Wholesale Operations (MLS II) and a warehouse manager (MLS III) who will supplement our existing management structure. The staffing and oversight of the management and represented employees of County Government Departments is clearly an executive branch function.

**Hiring and Personnel:**

As stated before, we have granted a general waiver from the hiring freeze for all DLC vacant and new positions. OHR has been instructed to expedite the advertising and hiring process as well as the review of class specifications and other related personnel actions for positions within DLC. We have identified several personnel improvements in the department that will take priority in the short term. OHR has been very cooperative with DLC on these efforts.

**Procurement and Real Estate:**

Once the economic terms for a lease have been agreed to by the parties, the typical length of time to finalize the lease varies but is usually two to three months. There may have been occasional delays in the past beyond three months for the process to be completed, but that would be the rare exception, rather than the rule. We currently use specialized private leasing consultants to assist us in the identification of available sites and they assist us in defining the terms of the leases. The involvement of the Department of General Services and the County Attorney's Office begins only after the terms are agreed to and does not add substantial delay in completing the leasing process.

**Expanding the Retail Operation:**

The Improvement Action Plan includes FY16 plans to open three new stores, relocate an existing store, and engage in the development of a long range expansion plan. We have already started the process of reviewing our existing geographic coverage, levels of sales at existing stores, the location of suitable sites throughout the County for new stores and the availability of

leasing space, and we are also exploring the superstore concept. It must be noted, however, that the opening of new stores at certain locations may have an immediate negative impact on existing privately run beer and wine stores. This will be taken into account in making location decisions. In addition, when considering the expansion of retail operations, we must strike the right balance between increasing convenience for our customers and avoiding excessive additional costs.

**Improving the Retail Experience:**

We agree with the observations of the general public about the appearance of the older stores. Newer and refurbished DLC retail stores (Darnestown, Seneca Meadows, Clarksburg and the recently-expanded Leisure World locations) provide a better shopping experience. The current DLC operating budget has reserved \$80,000 for improvements to existing stores. We have remodeled or opened 11 stores in the last 5 years. If this budget level is maintained we can improve 4-5 stores every year.

Retail staff has been recently trained in customer service and product knowledge in coordination with private sector suppliers, sales reps, and industry consultants; these training efforts are scheduled to continue through the foreseeable future. DLC will continue efforts to improve the appearance, layout, and ambience of its retail stores. This effort will be measured through metrics established in the Improvement Action Plan.

**Lowering Operating Costs:**

The PFM report compared the County's operation with those of several states. One reason for our higher costs is the cost of living in the County compared to states like Utah, Vermont, and New Hampshire. Employee salaries are generally higher in the County due to the higher cost of living and wage decisions outside of DLC's control. The cost of leasing stores in Montgomery County is much higher per square foot than any of the states used in the analysis (we may be comparable to Northern Virginia, but the study referred to the entire state of Virginia). We suspect that our fleet cost is also higher than many of the states' costs, as we operate a fleet that includes inefficient vehicles as old as 24 years. In fact, many replacement parts for our vehicles are very difficult to find. None of the states mentioned operate in the level of traffic congestion that we experience every day, which affect our cost of providing the delivery services in term of employee time and fuel and other operating costs.

**Increasing Profitability:**

Reasons for lower profitability compared with other control states may include the higher operating cost (addressed above), lower mark ups (to make us competitive with adjacent jurisdictions such as DC and Northern Virginia), and decreased economies of scale (as we buy for the County not for the entire state), as addressed on page 59 of the PFM report. Additionally, if we deduct our promotional expenditures (at an average of \$850,000 for the three months of

The Honorable Hans Riemer  
June 17, 2015  
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February to April) from our total expenditures, then our profitability compares much more favorably to those jurisdictions used in the analysis.

DLC lowered the wholesale mark-up on special order wine items a few years ago. This action may have contributed to the increasing popularity in "special order" wines recently, and this has presented some warehousing challenges and increased operational costs. We are currently reviewing our profit margins for special order beer and wines.

Finally, the profitability margin is captured as a percentage of total revenue, which is a fair and logical measurement. But the categories of products sold by the various jurisdictions being compared varies, and that directly impacts the margin of profits. For instance, Montgomery County is unique in that we wholesale all three major categories of alcohol – beer, wine and liquor. Beer is traditionally a "high volume/low margin" item. So it boosts our total sales revenue but pulls down our profit margin percentage. Other states, Virginia for instance, only sell distilled spirits which have a higher profit margin. Also, if we look at the mark-up structure of Pennsylvania, Virginia and other jurisdictions, we find that they have higher mark-ups (and prices) than Montgomery County. We have tried to keep our margins competitive due to our proximity to Washington, DC – which has the lowest alcohol prices in the nation. We have a national comparative pricing study commissioned by NABCA that shows that the prices in Montgomery County are relatively low – below the national average for both control and open states.

**Performance Metrics:**

The Improvement Action Plan to be discussed with your Committee on June 19, 2015 addresses the identification, development, and tracking of performance measures in many of the major areas of improvement. We will elaborate on those items during the Committee session.

**Inspector General's Report:**

The Improvement Action Plan addresses findings in the Inspector General's Report, and the Internal Auditor's Report, as well as findings from OLO. In addition, DLC is working closely with the Department of Finance and the ERP office in planning for the first annual inventory in the Oracle Warehouse Management System to be performed at the end of June 2015. In coordination with the Department of Finance and the ERP office, DLC has developed a detailed plan for conducting the annual inventory. This coordination is resulting in processes to be followed for future cycle counts, and quarterly and annual inventories.

We have also hired a warehouse logistic expert to analyze the warehouse layout and processes of the warehouse/wholesale operations. The consultant's recommendations will be incorporated into the Improvement Action Plan.

The Honorable Hans Riemer  
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If you have further questions on this matter, please contact Assistant Chief  
Administrative Officer Fariba Kassiri at 240-777-2512.

TLF:gg

c: Hon. George Leventhal, Montgomery County Council President  
Hon. Marc Elrich, Montgomery County Council  
Fariba Kassiri, Assistant Chief Administrative Officer  
George Griffin, Director, Department of Liquor Control



MONTGOMERY COUNTY COUNCIL

ROCKVILLE, MARYLAND

Ad Hoc Committee on Liquor Control

The Honorable Isiah Leggett  
Montgomery County Executive  
Executive Office Building, 2<sup>nd</sup> Floor  
101 Monroe Street  
Rockville, Maryland 20850

May 5, 2015

Dear County Executive Leggett,

As you know, the Council has created an Ad Hoc Committee on Liquor Control to review the County's system of wholesale distribution of wine, beer, and spirits and the retail sale of spirits. The Committee has held four fact-finding worksessions. We have received reports from the Office of Legislative Oversight (OLO) and the Inspector General, and heard from stakeholders including Department of Liquor Control (DLC) management, labor representatives, licensees, manufacturers, distributors, the Police Department, the Department of Health and Human Services, and public health experts. We are also in receipt of the Chief Administrative Officer's (CAO) responses to the OLO report and to Chair Hans Riemer's request for additional information, along with the Strategic Plan recently prepared by a consultant for DLC. Through this process we have developed a thorough record of the legal environment DLC operates in, the financial and management practices the Department utilizes, the fiscal benefits of maintaining an alcohol monopoly, the public health and safety dangers of alcohol and the many efforts County government undertakes to mitigate them, and the impact of our system of alcohol regulation on the County's economy.

Many stakeholders, including DLC management and labor representatives, have pointed to DLC's bureaucratic structure and inability to operate a customer service model comparable to private sector distributors and retail operations as core reasons for dissatisfaction among our restaurants, stores, and residents. Rank and file employees at DLC appear frustrated that the bureaucratic structure they operate under limits their ability to provide top notch service. Licensees report that they have no voice in the organization and no one to hold accountable for failures or mistakes. Regardless of whether the Committee chooses to pursue changes that would allow some form of private distribution, for example of special orders, we need to find a model for the Department that provides better service for its customers.

At Committee, some Councilmembers were interested in creating a working group in order to develop a new model for the DLC -- an "authority" that would still be responsive to county government priorities but would have sufficient independence from the county to run more like a business.

(46)

Subsequently, we learned that the County Executive may not support an authority and, rather than convene a working group, would rather work with us to identify what the concerns are that need to be addressed and then identify solutions for them.

If in the end solutions only appear possible through the creation of an authority, some of the committee would revisit the authority model. Nevertheless, to advance the discussion, we are providing you with a series of issues that we have gathered from our public dialogue, and ask that you respond with your recommendations for how to move forward.

The Committee intends to resume its work in June, and would appreciate your response by that time.

**Creating an Independent Authority:** The PFM Strategic Plan commissioned by DLC recommended reconstituting the Department as a public benefit corporation or an independent authority to allow greater flexibility in their operations. We understand from the CAO's March 20 response that you do not wish to pursue this option. Please explain your reasoning.

**Budget process:** Under current policy, the Executive's Recommended Budget for DLC each year is developed through the same budget process as other County departments. However, unlike other County Government departments, DLC generates revenue, rather than being supported by taxes or fees, so that spending in one year can result in increased revenues in future years. Over the long term, a stronger and adequately funded business plan will produce more revenue for the county, not less. Is there an alternative budget process where the DLC could have more flexibility to invest in its business plan based on long-term needs, making it more like an enterprise fund? For example, could DLC be given a target for the transfer to the General Fund each year, or incentives to reach certain revenue and profit goals, and then be allowed to invest other revenues to maximize long term profitability? Could an enterprise fund be established within DLC for specific purposes?

**Customer service:** By operating an alcohol distribution operation, the DLC is a crucial business partner to about 1,000 small businesses in the county (our restaurants and stores). These businesses provide the revenues to the DLC that fund not only the entire DLC operation but additional county services as well. Under current practices, the DLC has very little information about whether these businesses are satisfied with services provided, and has no metrics about those services that could justify additional changes or investments in operations. In fact, levels of dissatisfaction are very high, as the council learned from the OLO licensee survey. What customer service programs and functions does the DLC currently have in place? Do you believe they are sufficient? If not, what are you planning to do to better understand and serve your customers?

**Management Expertise:** Who among the top management staff of DLC had a background before working at DLC in liquor distribution? How can the DLC better recruit managers with experience in distribution as well as retail sales – our county's \$260 million business operation -- in the future?

**Hiring and Personnel:** In testimony before the Ad Hoc Committee MCGEO President Gino Renne mentioned that the extended timeline for hiring and the difficulty in developing specialty job

classifications were major barriers to running the DLC more like private businesses in this market. We also understand that private-sector distributors and retailers often offer performance-based wage structures for their employees, which is difficult under the existing personnel structure. Do you agree that the County's hiring rules and processes pose special difficulties for this department? If so, outside of an authority, is there a way to give DLC more autonomy or flexibility over hiring and personnel? What measures would you propose to address these issues?

**Procurement and Real Estate:** We have been told that it can take DLC, the Department of General Services, and the County Attorney's Office up to a year--after the economic terms have been agreed to---to finalize a lease for a new retail store. Please detail the current process for leasing retail space. Is there a way, outside of an authority, to provide DLC more autonomy and faster turnaround for leasing and procurement?

**Expanding the Retail Operation:** The PFM report states "there is substantial room for the DLC to open additional stores without an adverse effect on market dynamics," and your FY16 Recommended Budget includes three new stores to be open by January 2016. How many new stores do you intend to open? What is your long-term retail outlet strategy? Do you intend to open any large "super stores"?

**Improving the Retail Experience:** We have heard extensively from residents and DLC employees that the customer experience at many DLC retail stores could be improved. Complaints include the outdated appearance of many of the outlets, understaffing (particularly in peak periods), and the lack of appropriate job classifications to provide the high level of customer service residents find at private stores outside of the County. What do you propose to improve the customer experience at DLC's retail stores?

**Lowering Operating Costs:** The PFM report found that DLC has higher operating costs compared to other monopoly jurisdictions, including Virginia. Can you explain why you think this is the case? Do you agree with PFM's analysis and sample selection? Please make available to the Committee any alternative analysis or other information that may help explain this finding, as well as what steps we can take to improve the situation.

**Increasing Profitability:** The PFM report also found that DLC makes less profit as a percentage of total sales than other monopoly jurisdictions. At our committee meeting, DLC argued that this finding can be explained by the taxes paid to the state of Maryland, while other monopoly jurisdictions are States themselves, so don't face this pressure. However, footnote 21 in the PFM report corrects for this difference and still finds that if the "\$3.5 million in excise taxes were treated as additional revenue, Profit as a Percent of Total Sales is 13.5%. As it remains below average, *the conclusions remain the same*" (emphasis is ours). We believe it is critically important for the county to understand how profitable the DLC is and what we can do about it. Could you explain why DLC is not as profitable as other monopoly jurisdictions, and what we can do about it? If you do not agree with PFM's analysis, please provide the Committee your analysis and any other relevant information.

**Performance Metrics:** The Inspector General noted in his testimony on March 27 that the DLC has only two discernible performance metrics for warehouse operations that loosely correlate with their actual performance: Inventory as a percent of Cost of Goods Sold (COGS) and Inventory as a percent of sales. The IG found this unsatisfactory and recommended that DLC collect and analyze data for various common warehouse performance measures that allow DLC management to understand the Department's performance in real time and respond to red flags. The CAO indicated that you agree with this recommendation. Can you please provide a detailed update on how the DLC is improving its tracking and analysis of performance metrics? Have you been incorporating insights learned from the private sector and other control jurisdictions? Have you hired "a consultant with expertise in alcoholic beverage distribution systems to train and assist DLC managers in promptly implementing" the IG's recommendations? More broadly, how do you measure the performance of the department? How did you choose these metrics? Are you satisfied with the performance of this Department?

**Inspector General's Report:** Please provide a detailed update on DLC's progress implementing the IG's recommendations.

Thank you in advance for your attention to these matters.

Sincerely,



Hans Riemer  
Chair, Ad Hoc Committee on Liquor Control



George Leventhal  
Council President and Chair, Health and Human Services Committee  
Member, Ad Hoc Committee on Liquor Control



Marc Elrich  
Chair, Public Safety Committee  
Member, Ad Hoc Committee on Liquor Control