

MEMORANDUM

TO: Public Safety Committee

FROM: Justina J. Ferber  Legislative Analyst

SUBJECT: **Worksession** - Executive's FY17 Recommended Operating Budget
Department of Liquor Control

Those expected for this worksession:

Fariba Kassiri, Acting Director, Department of Liquor Control (DLC)
Edgar Gonzalez, Deputy Director, DLC
Kathie Durbin, Chief of Licensure, Regulation and Education, DLC
John Zeltner, Chief of Wholesale Operations, DLC
Diane Wurderman, Acting Chief of Retail Operations, DLC
John Utermohle, Acting Chief of Administrative Services, DLC
Jennifer Nordin, Management and Budget Specialist, OMB

Relevant pages from the FY17 Recommended Operating Budget are attached on ©1.

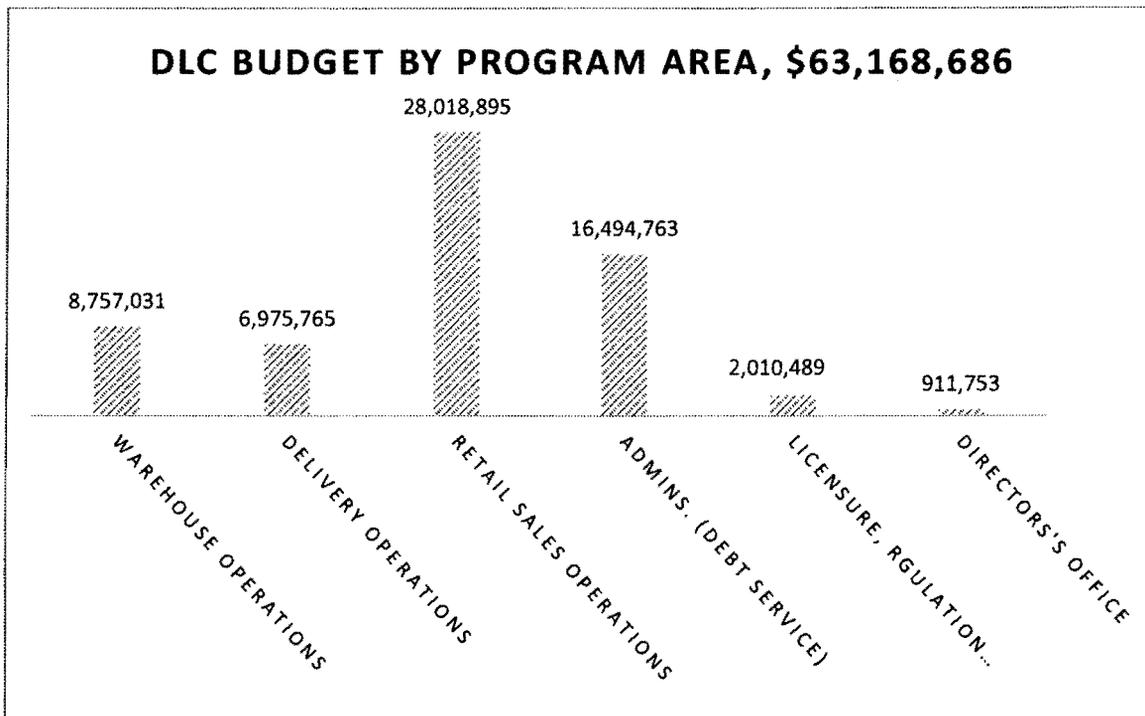
Budget Summary:

- Total operating budget for is FY17 \$63,168,686
- Earnings Transfer of \$17,185,388 budgeted for FY17
- Six new delivery trucks to be leased in FY17
- No funding added to increase the number of retail stores (3 new stores budgeted in FY16 are scheduled to open this summer)
- DLC continues to make improvements in operations; Revised Action Plan attached
- Communications Center/Customer Call Center was established in the LRE Division in FY16
- DLC was reorganized in FY16

Council Staff Recommendation:

- **Review the budget and recent actions of the DLC and provide comments to the County Executive**

Overview FY17



For FY17 the Executive recommends total expenditures of \$63,168,686 for the DLC, a 6.47% increase over the FY16 approved budget of \$59,332,248. An earnings transfer of \$17,185,388 is budgeted for FY17 which is \$4,268,582 lower than the estimated FY16 transfer. This has been explained as increased expenses, delayed store openings and rebuilding reserves. The Committee should discuss this with the department. For debt service, \$10,932,900 is budgeted for transportation projects.

	FY14 Actual	FY 15 Actual	FY16 Budget	FY17 CE Recommended	% Change FY16-FY17
Liquor Control					
Expenditures:					
Liquor Fund Expend \$	49,970,481	54,476,573	59,332,248	63,168,686	6.5%
Revenues \$	77,811,401	79,300,780	83,449,233	86,575,010	3.7%
Earnings Transfer \$	20,891,294	28,300,046	24,569,660	20,712,444	-15.70%
after chargebacks/costs	18,085,880	24,021,413	21,453,970	17,185,388	-19.90%
Debt Service \$	7,914,065	7,938,245	11,002,600	10,932,900	-0.60%
Positions - FTEs					
Full-time	339	337	427	432	1.30%
Part-time	254	255	294	296	0.7%
TOTAL Positions	63	155	160	160	0.0%
	317	410	454	456	0.4%

Executive's Working Capital Plan

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

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

State Legislation

No State legislation was adopted to change DLC functions or authority. The County Executive indicated that he would appoint a workgroup to study DLC issues. Executive staff advises that they are currently working on putting together a workgroup.

Reorganization

A new Organizational Chart is attached at ©17. A chart of the previous DLC organization is attached at ©16 for comparison. Councilmembers may recall that DLC divided the Division of Operations into two divisions – Wholesale and Retail. Beginning at ©8 DLC discusses the personnel improvements that have taken place over the last 12 months. Also discussed are upcoming reorganization plans to create positions to further enhance operations – Supply Technician I, Senior Supply Clerk, Pricing Analyst, Supervisor of Purchasing, etc.

Improvement Action Plan

An updated DLC Improvement Action Plan is attached at ©18. It identifies the major areas on which DLC is focusing to improve operations. Committee members may wish DLC to provide a quick review of the updated Action Plan.

DLC Budget Questions

Attached at ©8-15 are the budget questions posed to DLC from Council staff and DLC's responses. Some of the responses are incorporated into the packet for better facilitation of the budget discussion.

Below is a short summary of responses to Council staff questions on actions taken by DLC to improve operations see ©9-11 for additional details.

- **Reducing returns ©9:** DLC has seen a fairly steady reduction in returns due to duplicate orders which is the most common reason for returns. Over the last 6 weeks "controllable" returns have been reduced by 40%. Controllable returns include instances of product breakage, shorts on trucks and wrong cases on trucks.

- **Warehouse logistics ©9-10:** 1) a cart system implemented for special orders; 2) 320 items delisted; 3) 5000 cases of unreserved special order products cleared; 4) scanning used throughout the warehouse; 5) inbound freight to warehouse rerouted; 6) inventory management process developed; 7) developing a fleet improvements plan; and 8) other improvements listed.
- **Improvements to delivery and fleet operations ©10:** 1) ordered a cargo van to use for missed and supplemental deliveries; 2) electronic routing systems being reviewed; 3) six new trucks ordered to be owned via a 7-year master lease; and 4) REOI/RFP process to consider leasing and maintaining (equipment only) a fleet of delivery vehicles from a private sector lessor is underway.
- **Improvements to the ordering system/Oracle ERP System ©10-11:** 1) simplified and improved the use of iStore and iSupplier websites; 2) commercial invoices have been redesigned, consolidating multiple invoices into a single document; 3) ordering deadline for stock orders via iStore was extended to 5:30 a.m. one business day prior to delivery day; 4) requirements to purchase a minimum number of cases of beer to receive a promotional discount has been removed; and 5) a pilot program was implemented to enable licensees to shop at DLC retail stores and receive a promotional discount on purchases of less than a case of wine.
- **Improvements to special order deliveries ©11:** Shipping of expected special orders has been improving consistently and the number of licensees affected by non-delivery of a product has been lowered.
- **Improvements to inventory management ©11:** A MIII is specifically dedicated to inventory as of January 2016. An assistant inventory technician will concentrate on doing daily cycle counts.
- **Improvements to customer service ©11:** The majority of calls are handled by the Communications Center/Customer Call Center and are not escalated to another resource in DLC.

FY17 EXPENDITURE ISSUES BY PROGRAM

A. Warehouse Operations, ©2-3

Warehouse Operations	
FY16 Expenditures \$8,316,529	FY16 71.46 FTEs
FY17 Expenditures \$8,757,031	FY17 73.69 FTEs
\$1,128,000; 0.0 FTEs	Increase Cost – DTS Chargeback for Oracle Customers
-\$687,498; 2.23 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Description: Management of the County's liquor warehouse including purchase, receipt and storage of over 20,000 different stock items and special orders by customers.

FY17 Discussion: Many improvements have been made to warehouse operations and personnel. See discussion above and ©8-©9.

B. Delivery Operations, ©3

Delivery Operations	
FY16 Expenditures \$6,663,620	FY16 75.8 FTEs
FY17 Expenditures \$6,975,765	FY17 78.8 FTEs
\$34,000; 0.0 FTEs	Master lease for 6 Delivery Trucks
\$278,145; 3.0 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

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

FY17 Discussion: Six new delivery trucks are to be leased in FY17. These trucks will replace DLC’s oldest and most costly trucks to maintain. An REOI/RFP process to consider leasing and maintaining (equipment only) a fleet of delivery vehicles from a private sector lessor is underway. A decision has not been made on this issue.

Staff asked what steps have been taken to avoid a repeat of the 2015 Holiday delivery problems. DLC responded that the incident during the holiday was the result of an improvement being put into production, so the special order fulfilment rate could be increased. While conducting training for staff in the Order Section, there was a miscommunication between the trainer and employee which caused an accidental release of all orders. The ERP team has improved the programming to ensure this cannot happen again.

C. Retail Sales Operations, ©3

Retail Sales Operations	
FY16 Expenditures \$26,742,687	FY16 242.87 FTEs
FY17 Expenditures \$28,018,895	FY17 239.34 FTEs
\$164,403; 0.0 FTEs	Increase cost for retail store leases
\$1,024,500, 0.0 FTEs	Annualize cost of 3 new stores
-\$300,000; 0.0 FTEs	Decrease cost of opening new stores FY16
-\$19,457; 0.0 FTEs	Decrease costs for Point of Sale System
\$406,762; -3.53 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Description: Retail sales of distilled spirits, wine and beer are handled through 25 County-operated outlets; soon to be 28.

FY17 Discussion: The Improvement Action Plan calls for the development of a strategic plan, initially targeted for June 2016. Due to other priorities, the strategic plan has been delayed until the end of 2016. The DTS and DLC are working on gap analysis of geographic areas of the County where there is weak or no coverage by stores within certain radii.

The three new stores budgeted in FY16 are expected to open in summer 2016. Construction has started on stores in King Farm and downtown Rockville. Lease negotiations are being finalized on the Aspen Hill store. In the future, DGS will take the lead and handle all aspects of current and future leases.

The DLC is considering the suggestion of Councilmembers to operate a warehouse-type super store.

D. Licensure, Regulation and Education, (LRE) ©3-4

Licensure, Regulation and Education	
FY16 Expenditures \$1,876,998	FY16 11.39 FTEs
FY17 Expenditures \$2,010,489	FY17 12.39 FTEs
\$133,491; 1.0 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Description: The Licensure, Regulation and Education program issues beverage alcohol licenses; inspects and investigates licensed facilities to ensure compliance with laws, rules and regulations. The program works with the public, businesses, and County agencies to address alcohol control and education efforts.

FY17 Discussion: The new DLC Communications Center is located in the LRE division. The community outreach function is part of the core mission of the LRE. The Communication Center answers all calls to DLC providing advice, assistance and problem resolution.

A list of educational and other programs provided by the LRE in FY16 is on ©14-15.

E. Administration, ©4

Administration	
FY16 Expenditures \$15,178,191	FY16 23.20 FTEs
FY17 Expenditures \$16,494,753	FY17 25.20 FTEs
\$159,290 1.0 FTEs	Increase Cost of Chargeback from Finance
\$1,157,272; 1.0 FTEs	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

Description: Provides accounting and financial and information technology services for the department.

FY17 Discussion: Some processes related to the Accounts Receivable and Accounts Payable functions of the DLC have been moved to the Department of Finance. The County has been moving toward “shared services” and some of the financial functions of DLC can be performed in the Department of Finance. Finance has staff who can perform these financial functions with accuracy, consistency, speed and without gaps in coverage. The DGS and OHR are other departments that share financial services with the Department of Finance.

Financing for some State transportation projects is appropriated through the Liquor Fund and the Debt Service budgeted for these projects is included in this budget.

F. Office of the Director, ©4

Director's Office	
FY16 Expenditures \$554,223	FY16 2.0 FTEs
FY17 Expenditures \$911,753	FY17 3.0 FTEs
\$357,530; 1.0 FTE	Multi-program adjustments including compensation and benefit changes, staffing changes and other budget changes

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

FY17 Discussion: Staff was reduced due to the reorganization.

DLC BUDGET RECOMMENDATIONS

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

Staff Recommendations

- **Approve the Department of Liquor Control FY16 Operating Budget as submitted by the County Executive for \$63,168,686.**

This packet contains:

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DLC Response to Council Staff Questions	8
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Liquor Control

Mission Statement

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

Budget Overview

The total recommended FY17 Operating Budget for the Department of Liquor Control is \$63,168,686, an increase of \$3,836,438 or 6.47 percent from the FY16 Approved Budget of \$59,332,248. Personnel Costs comprise 53.16 percent of the budget for 296 full-time position(s) and 160 part-time position(s), and a total of 432.42 FTEs. Total FTEs may include seasonal or temporary positions and may also reflect workforce charged to or from other departments or funds. Operating Expenses account for the remaining 46.84 percent of the FY17 budget.

The increase of \$3.84 million primarily consists of annualized costs for new retail stores, Oracle Enterprise Resource Planning (ERP) contractors, and continued implementation of the Department's Improvement Action Plan. The Liquor Fund's Fiscal Plan shows a negative fund balance in FY16 resulting from an organization-wide improvement effort in 2015 and 2016. The Liquor Fund is projected to return to its fund balance policy in FY18.

In FY17, the Department of Liquor Control will transfer \$20.7 million to the General Fund and make \$10.9 million in debt service payments on Liquor Control Revenue Bonds for a total contribution of \$31.6 million.

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

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

Linkage to County Result Areas

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

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

Department Performance Measures

Performance measures for this department are included below (where applicable), with multi-program measures displayed at the front of this section and program-specific measures shown with the relevant program. The FY16 estimates reflect funding based on the FY16 approved budget. The FY17 and FY18 figures are performance targets based on the FY17 recommended budget and funding for comparable service levels in FY18.

Initiatives

- In FY17, Liquor Control will transfer \$20.7 million to the General Fund and make \$10.9 million in debt service payments on Liquor

Control Revenue Bonds for a total contribution of \$31.6 million.

- ☉ Continue to improve operations as outlined in the Improvement Action Plan (June 2015). DLC's priority areas include customer service, warehouse operations, special orders, retail operations, delivery and fleet operations, and financial controls and general operations.
- ☉ Implement Phase II of the Communication Center including analyzing service requests and performing outbound calls to licensees and suppliers to proactively address order and delivery issues.
- ☉ Provide Alcohol Law Education and Regulatory Training (ALERT) that instructs sellers and servers on safe, legal practices and requirements.

Accomplishments

- ☑ Net sales for FY15 were \$276.7 million. This represents growth over the previous year of \$10.1 million or 3.79 percent.
- ☑ Implemented the Oracle ERP system (February 2015) which has enhanced DLC's inventory controls and reporting capabilities.
- ☑ Completed a reorganization to improve operations:
 - The Operations Division was split into a Wholesale Division and a Retail Division.
 - The number of management positions was increased to improve oversight of operations.
 - A Communication Center was established to centralize customer inquiries and issues.
- ☑ In collaboration with the County Executive's Office, CountyStat, Department of Technology Services, ERP, Department of Finance, Office of Management and Budget, and Office of Human Resources, DLC developed a detailed Improvement Action Plan and began monthly "DLCStat" meetings led by the Chief Administrative Officer to track the implementation effort and its effect on performance measures.
- ☑ Identified locations for three new retail stores scheduled to open during the Summer of 2016.
- ☑ Procured six delivery trucks to replace the oldest vehicles in DLC's fleet. The new vehicles will have lower operating and maintenance costs and improve delivery operations.

Productivity Improvements

- ☉ Reorganized the special orders area of the warehouse by customer instead of product and incorporated the use of scanners and labels to streamline special order deliveries.
- ☉ In collaboration with Department of Technology Services, DLC customized iStore and iSupplier (comprehensive online portals) based on feedback from licensees, suppliers, and DLC staff to improve the user's experience and provide easy access to data on deliveries and returns, payments, quantity on hand and on order, open orders, and sales trends. Monthly training was also conducted to encourage the use of iStore and iSupplier. Increased use of these online systems will reduce the number of calls to the Order Section and allow DLC staff to be more efficient and responsive.
- ☉ Established a standard email address for major business functions (Accounts Payable, Accounts Receivable, Cashiers, Ordering and Licensing/Regulation) to facilitate easier access to the respective team and quicker response coordination.
- ☉ Modified business practices and processes with the advent of the Oracle ERP system (February 2015) to streamline operations.

Program Contacts

Contact Lynn Duncan of the Department of Liquor Control at 240.777.1915 or Jennifer Nordin of the Office of Management and Budget at 240.777.2779 for more information regarding this department's operating budget.

Program Descriptions

Warehouse Operations

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

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Inventory as a percent of Cost of Goods Sold (COGS)	16.6	15.9	15.0	15.0	15.0
Inventory as a Percent of DLC Sales	11.87	11.5	11.0	11.0	11.0
Wholesale customer satisfaction rating based on the DLC customer survey results (average score on a 1-4 scale) ¹	2.5	NA	3.0	3.3	3.5

¹ A wholesale customer survey was not conducted in Fall 2015. The survey will be reinstated in Fall 2016.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	8,316,529	71.46
Increase Cost: Department of Technology Services (DTS) Chargeback for Oracle Contractors	1,128,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(687,498)	2.23
FY17 Recommended	8,757,031	73.69

Delivery Operations

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

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	6,663,620	75.80
Add: Master Lease for Six Delivery Trucks	34,000	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	278,145	3.00
FY17 Recommended	6,975,765	78.80

Retail Sales Operations

This program oversees sales of distilled spirits, wine, and beer to retail customers through the operation of retail stores that are located throughout Montgomery County.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Retail customer satisfaction rating based on the DLC customer survey results (average score on a 1-4 scale)	3.1	3.3	3.5	3.6	3.7

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	26,742,687	242.87
Increase Cost: Annualized Costs for Three New Retail Stores	1,024,500	0.00
Increase Cost: Retail Store Leases	164,403	0.00
Decrease Cost: Point of Sale System (POS)	(19,457)	0.00
Decrease Cost: Elimination of One-Time Items	(300,000)	0.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	406,762	(3.53)
FY17 Recommended	28,018,895	239.34

Licensure, Regulation, and Education

This program includes issuance of beverage alcohol licenses, inspecting, and investigating licensed facilities to ensure compliance with all

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

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Annual alcohol compliance checks to minors (under 21)	400	400	400	400	400
Rating of licensees satisfied with ALERT Training (Average Score on a 1-5 Scale)	4.86	4.92	5.00	5.00	5.00
Rating of licensees satisfied with Licensing Application Process (Average score on a 1-5 scale)	4.82	4.82	5.00	5.00	5.00

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	1,876,998	11.39
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	133,491	1.00
FY17 Recommended	2,010,489	12.39

Office of the Director

This program provides the overall direction for the Department.

Program Performance Measures	Actual FY14	Actual FY15	Estimated FY16	Target FY17	Target FY18
Annual growth in DLC retail and wholesale sales (percent) ¹	3.79	3.78	3.00	5.89	3.00
Gross profit margin of DLC retail and wholesale operations (percent)	28.0	27.9	28.0	28.0	28.0

¹ The FY17 growth rate is projected to be higher than average due to three new retail stores opening at the end of FY16.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	554,223	2.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	357,530	1.00
FY17 Recommended	911,753	3.00

Administration

This program provides accounting, financial, and information technology services for the department. Finance and accounting staff performs day-to-day accounting functions, special analysis and reporting, and the preparation and monitoring of the department's budget. Information and technology staff provide the design, operation, maintenance, and protection of all information technology initiatives for the Department.

FY17 Recommended Changes	Expenditures	FTEs
FY16 Approved	15,178,191	23.20
Increase Cost: Department of Finance Chargeback	159,290	1.00
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	1,157,272	1.00
FY17 Recommended	16,494,753	25.20

Budget Summary

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
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LIQUOR CONTROL

EXPENDITURES

	Actual FY15	Budget FY16	Estimate FY16	REC FY17	%Chg Bud/Rec
Salaries and Wages	22,092,102	22,147,818	23,694,365	24,195,704	9.2 %
Employee Benefits	8,069,847	9,009,104	8,872,715	9,384,536	4.2 %
Liquor Control Personnel Costs	30,161,949	31,156,922	32,567,080	33,580,240	7.8 %
Operating Expenses	16,376,379	17,067,076	19,269,125	18,494,065	8.4 %
Debt Service Other	7,938,245	11,002,600	10,123,000	10,932,900	-0.6 %
Capital Outlay	0	105,650	0	161,481	52.8 %
Liquor Control Expenditures	54,476,573	59,332,248	61,959,205	63,168,686	6.5 %
PERSONNEL					
Full-Time	255	294	294	296	0.7 %
Part-Time	155	160	160	160	—
FTEs	336.82	426.72	426.72	432.42	1.3 %
REVENUES					
Bag Tax	7,819	0	0	0	—
Investment Income	23,735	30,060	53,670	76,670	155.1 %
Liquor Licenses	1,702,657	1,570,197	1,570,197	1,570,197	—
Liquor Sales	77,199,898	81,463,676	79,846,676	84,542,843	3.8 %
Miscellaneous Revenues	138,303	0	0	0	—
Other Charges/Fees	15,222	8,740	8,740	8,740	—
Other Fines/Forfeitures	159,606	220,560	220,560	220,560	—
Other Licenses/Permits	53,540	156,000	156,000	156,000	—
Liquor Control Revenues	79,300,780	83,449,233	81,855,843	86,575,010	3.7 %

GRANT FUND - MCG

EXPENDITURES

Salaries and Wages	12,601	0	0	0	—
Employee Benefits	985	0	0	0	—
Grant Fund - MCG Personnel Costs	13,586	0	0	0	—
Operating Expenses	28,000	0	0	0	—
Grant Fund - MCG Expenditures	41,586	0	0	0	—

PERSONNEL

Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—

REVENUES

Federal Grants	5,275	0	0	0	—
State Grants	2,337	0	0	0	—
Grant Fund - MCG Revenues	7,612	0	0	0	—

DEPARTMENT TOTALS

Total Expenditures	54,518,159	59,332,248	61,959,205	63,168,686	6.5 %
Total Full-Time Positions	255	294	294	296	0.7 %
Total Part-Time Positions	155	160	160	160	—
Total FTEs	336.82	426.72	426.72	432.42	1.3 %
Total Revenues	79,308,392	83,449,233	81,855,843	86,575,010	3.7 %

FY17 Recommended Changes

	Expenditures	FTEs
LIQUOR CONTROL		
FY16 ORIGINAL APPROPRIATION	59,332,248	426.72
Changes (with service impacts)		
Enhance: Reorganization and Additional Staffing to Improve Oversight and Operations	631,520	3.00
Add: Master Lease for Six Delivery Trucks [Delivery Operations]	34,000	0.00
Other Adjustments (with no service impacts)		

	Expenditures	FTEs
Increase Cost: Department of Technology Services (DTS) Chargeback for Oracle Contractors [Warehouse Operations]	1,128,000	0.00
Increase Cost: Annualized Costs for Three New Retail Stores [Retail Sales Operations]	1,024,500	0.00
Increase Cost: FY17 Compensation Adjustment	594,778	0.00
Increase Cost: Annualization of FY16 Personnel Costs	461,604	1.70
Increase Cost: Group Insurance Adjustment	264,555	0.00
Increase Cost: Retail Store Leases [Retail Sales Operations]	164,403	0.00
Increase Cost: Department of Finance Chargeback [Administration]	159,290	1.00
Increase Cost: Motor Pool Adjustment	121,938	0.00
Increase Cost: Printing and Mail	4,729	0.00
Decrease Cost: Retiree Health Insurance Pre-funding	(320)	0.00
Decrease Cost: Debt Service	(3,000)	0.00
Decrease Cost: Point of Sale System (POS) [Retail Sales Operations]	(19,457)	0.00
Shift: Telecommunications to the Telecommunications Non-Departmental Account	(105,200)	0.00
Decrease Cost: Risk Management Adjustment	(111,473)	0.00
Decrease Cost: Retirement Adjustment	(213,429)	0.00
Decrease Cost: Elimination of One-Time Items [Retail Sales Operations]	(300,000)	0.00
FY17 RECOMMENDED	63,168,686	432.42

Program Summary

Program Name	FY16 APPR		FY17 REC	
	Expenditures	FTEs	Expenditures	FTEs
Warehouse Operations	8,316,529	71.46	8,757,031	73.69
Delivery Operations	6,663,620	75.80	6,975,765	78.80
Retail Sales Operations	26,742,687	242.87	28,018,895	239.34
Licensure, Regulation, and Education	1,876,998	11.39	2,010,489	12.39
Office of the Director	554,223	2.00	911,753	3.00
Administration	15,178,191	23.20	16,494,753	25.20
Total	59,332,248	426.72	63,168,686	432.42

Future Fiscal Impacts

Title	CE RECOMMENDED (\$000s)					
	FY17	FY18	FY19	FY20	FY21	FY22
LIQUOR CONTROL						
EXPENDITURES						
FY17 Recommended	63,169	63,169	63,169	63,169	63,169	63,169
No inflation or compensation change is included in outyear projections.						
Master Lease Payment for Replacement Delivery Trucks	0	60	60	60	60	60
The annualized costs of a master lease for six replacement delivery vehicles procured in FY16.						
Point of Sale System (POS)	0	(47)	(9)	9	(14)	0
These figures represent cost savings realized from the POS System.						
Retail Store Leases	0	168	340	515	695	878
The leases for 28 retail stores based on CPI assumptions (2.2%).						
Retiree Health Insurance Pre-funding	0	(73)	(155)	(197)	(243)	(243)
These figures represent the estimated cost of pre-funding retiree health insurance costs for the County's workforce.						
Labor Contracts	0	596	596	596	596	596
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	63,169	63,873	64,001	64,152	64,263	64,460

FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Liquor Control

FISCAL PROJECTIONS	FY16 ESTIMATE	FY17 REC	FY18 PROJECTION	FY19 PROJECTION	FY20 PROJECTION	FY21 PROJECTION	FY22 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	0.8%	1.8%	2.3%	2.5%	2.7%	2.7%	2.7%
Investment Income Yield	0.35%	0.50%	1.00%	1.50%	2.50%	2.50%	3.00%
BEGINNING FUND BALANCE	4,306,913	(366,109)	2,327,771	4,327,772	4,327,772	4,327,772	4,327,772
REVENUES							
Licenses & Permits	1,726,197	1,726,197	1,765,900	1,810,047	1,888,918	1,909,109	1,960,655
Charges For Services	8,740	8,740	8,941	9,165	9,412	9,666	9,927
Fines & Forfeitures	220,560	220,560	225,633	231,274	237,518	243,931	250,517
Miscellaneous	79,900,346	84,619,513	86,809,754	89,052,834	91,350,075	93,702,830	96,112,487
Subtotal Revenues	81,855,843	86,575,010	88,810,228	91,103,320	93,455,923	95,865,536	98,333,586
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(24,569,660)	(20,712,444)	(21,068,157)	(23,181,018)	(23,173,472)	(23,391,485)	(23,447,042)
Indirect Costs	(3,115,690)	(3,358,024)	(3,394,024)	(3,394,024)	(3,394,024)	(3,394,024)	(3,394,024)
Earnings Transfer	(21,453,970)	(17,185,388)	(17,505,101)	(19,786,994)	(19,770,448)	(19,997,461)	(20,053,018)
Telecommunication NDA Transfer	n/a	(169,032)	(169,032)	n/a	n/a	n/a	n/a
TOTAL RESOURCES	61,593,096	65,496,457	70,069,842	72,256,074	74,610,223	76,801,823	79,214,316
PSP OPER. BUDGET APPROP/ EXPS.							
Operating Budget	(51,242,803)	(52,335,786)	(54,105,096)	(56,154,175)	(58,397,988)	(60,736,781)	(63,174,744)
Debt Service- Other (Non-Tax Funds only)	(10,716,400)	(10,932,900)	(10,992,600)	(10,995,600)	(10,960,900)	(10,703,200)	(10,480,500)
FFI - Labor Agreement	n/a	0	(596,296)	(596,296)	(596,296)	(596,296)	(596,296)
FFI - Retail Store Leases	n/a	n/a	(168,019)	(339,736)	(515,230)	(694,585)	(877,886)
FFI - Retiree Health Insurance Pre-Funding	n/a	n/a	72,730	154,740	197,370	243,060	243,060
FFI - PCS	n/a	n/a	47,211	8,765	(9,407)	13,251	(178)
Subtotal PSP Oper Budget Approp / Exp's	(61,959,205)	(63,168,686)	(65,742,070)	(67,922,302)	(70,282,451)	(72,474,051)	(74,866,544)
TOTAL USE OF RESOURCES	(61,959,205)	(63,168,686)	(65,742,070)	(67,922,302)	(70,282,451)	(72,474,051)	(74,866,544)
YEAR END FUND BALANCE	(366,109)	2,327,771	4,327,772	4,327,772	4,327,772	4,327,772	4,327,772
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	-0.6%	3.6%	6.2%	6.0%	5.8%	5.6%	5.5%

Assumptions:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors.
2. Fund balance policy equals one month's operating expenses, one payroll, and \$1,500,000 for inventory in cash balance.
3. Operating budget expenditures grow with CPI.
4. Net profit growth is estimated at 2.5% per year.

Major Issues:

1. The Liquor Fund is projected to end FY16 with a negative fund balance due to expenses related to an organization-wide improvement effort. The fund is projected to return to its fund balance policy in FY18.

DLC Operating Budget Questions

Please Respond by April 14, 2016

Provide an updated Improvement Action Plan (DLCStat Plan – whatever it is now called).

Attached please find the most current DLC Improvement Action Plan (IAP). The IAP was created summer 2015 as the document to identify the major areas on which DLC must focus to address all concerns regarding operations, both external facing (e.g. customer service) and internal (e.g. financial controls). The IAP is broken out into six major categories, 18 milestones and scores of individual action items to be addressed. DLC and the Department of Finance report monthly progress on all milestones and action items to CountyStat, with input from other supporting departments, on a monthly basis. Progress, upcoming major actions, and known risks are reviewed at the recurring DLCStat meetings, and displayed publicly on DLC's website. As of 3/31/16, seven of the 18 milestones have been completed and remainder are on schedule to meet the current expected completion date. The IAP is viewed by DLC as a "living document" and as such is continually amended to reflect new developments, challenges, successes and revised expectations as DLC makes improvements in a coordinated manner with support from multiple stakeholder departments.

Provide a brief description of the personnel improvements that have taken place over the last 12 months.

Please refer to the attached "before" and "after" DLC Org charts.

FY15 personnel improvements include:

- Created a new Deputy Director position, MI, to assist the director in improving the DLC operations and services. The Deputy has over 30 years of County experience and has taken the lead in the development and oversight of the implementation of the Improvement Action Plan, among other responsibilities.

May 2015 Reorganization Plan included:

- Divided Division of Operations into two divisions (Wholesale and Retail) and created a new Division Chief, MII, position. The newly hired division chief brings to DLC over 30 years of experience leading the largest private-sector wholesale beverage operation in the mid-Atlantic region.
- Created nine AB Purchasing and Account Specialists while abolishing eight Office Services Coordinator positions.
- Created one Program Manager II to supervise the call center and abolished one Program Specialist II.
- Created one new MIII positions as Warehouse Operations Managers to oversee and improve customer service in the warehouse and delivery operations and abolished one vacant fiscal assistant.
- Created a new Senior Executive Administrative Aide to the Director and abolished a vacant Administrative Specialist position.

Changes in the warehouse implemented by new management:

- Reassigned existing MIII position as an inventory manager dedicated to managing our largest asset and ensuring the physical inventory matches perpetual.
- Transferred a MIII Manager from ERP team to act as the Division Chief of the Administrative Services to fill a vacant MIII position.
- Transferred a MIII Manager from overseeing retail stores to act as the Division Chief of the Retail Operations to fill a vacant MIII position.

Upcoming Reorganization Plan Part II include:

- Abolishing 37 Warehouse Worker positions and creating 28 Supply Technician I positions, which will provide increased productivity and flexibility and ensure employees do not work out of class.
- Creating three Senior Supply Clerks to oversee various aspects of inventory control, with one assigned to work with the inventory manager to complete cycle counts to ensure that the perpetual matches the floor count.
- Creating a Pricing Analyst to develop price point management to maximize profit for Retail and Wholesale Operations.
- Creating a supervisor of the Purchasing Section to streamline processes and implement best practices.
- Creating a night-loading invoicing position to complete the updating and invoicing processes, which will allow the supervisor currently performing the function to be on the floor supervising operations.
- Transferring AP and AR functions to the Department of Finance.

Explain the reorganization – p.67.5 – “Enhance: Reorganization and additional staffing to improve oversight and operations - 3wys”.

These three work-years represent a Deputy Director (MI) and one Wholesale Operations Managers (MII) and one alcohol beverage purchase specialist resulting from personnel improvements described above.

Describe DLC action on the following (if not explained in the Action Plan/DLCStat):

Reducing returns: Since we began tracking this data in June 2015, we find that customer returns as a percentage of all shipments is typically less than 1% of cases shipped. The most common justification customers provide when returning products is “Business Decision”, followed by the “Duplicate Order.”. DLC has seen a fairly steady reduction in returns due to duplicate orders in 2016 to date. Over the last 6 weeks *controllable* returns have been reduced by 40%.

Improvements to warehouse logistics: A number of improvements have been made including:

- Implementation of a cart system for special orders that eliminates the need to handle products multiple times
- Delisted 320 items
- Cleaned up 5,000 cases of unreserved special order products
- Introduced scanning throughout the warehouse

- Implemented a sticker program for special orders that indicates to whom the item will be shipped. The program includes a change in the sticker color every month to easily ensure with a glance that all products are being shipped at the first opportunity
- Erected racking in the special order beer area of the warehouse and the keg box
- Added 75 SKU locations to the conveyor system
- Moved to a 24 hour system ensuring product are shipped to licensees sooner and email notification to inform licensees when a special order is cancelled due to non-fulfillment by the supplier (the item will eventually be made available by the supplier but the licensee may make an alternative purchase in the meantime if desired)
- Rerouted all inbound freight
- Developed an inventory management process
- Developed consistent methodology for purchasing
- Ordered a cargo van to make emergency deliveries
- Working on a fleet improvement plan
- Working with ORACLE programmers to allow product to be picked for next day delivery

Improvements to delivery and fleet operations:

A new delivery van has been ordered to supplement missed deliveries or special order deliveries, on an as needed basis. The van will be driven by existing personnel who do not need to possess a Commercial Driver's License.

Electronic routing systems are being reviewed, with the goal of greatly improving the timeliness and efficiency of deliveries to licensees.

Six new trucks will be delivered in the fall of 2016. These six trucks will replace DLC's oldest and most costly to maintain trucks. We own the six trucks and are financing via a 7 year master lease. The decision to finance the vehicles instead of purchasing outright was due to resource availability.

An REOI/RFP process to consider leasing and maintenance (equipment only) a fleet of delivery vehicles from a private sector lessor is underway. A decision has not been made on this issue.

Improvements to the ordering system/Oracle ERP System: A list of recent enhancements include:

- Simplified and improved the use of iStore and iSupplier websites based on licensee/user feedback. Changes include: matching iStore terminology to DLC terminology; enabling licensees to track orders (delivery number, trip number, product tag, number of bottles per case, supplier name, discounts if applicable, reason for a product return, who placed the order, etc.); improved search screens enabling licensees to get more targeted results; items that are not available to a licensee either because it is temporarily unavailable at the time of ordering or because it is a product allocated to a specific licensee (e.g. Clyde's Restaurants has its own wine with a "Clyde's" label) can no longer be added to the shopping cart, preventing customers from ordering and expecting items that cannot be delivered; and the iStore catalog now shows the

available quantity for each Stock item (Special Order items will continue to show an available quantity of zero).

- Commercial invoices have been redesigned based on customer feedback, consolidating multiple invoices into a single document that breaks out important business information requested by our licensees; the Licensee Payment Details Report was redesigned to be easier to understand and can be downloaded as a spreadsheet for custom filtering and sorting; the Licensee payment report was also redesigned to reflect the processing of one time credits due to special promotional offers and onetime credit adjustments, providing a complete snapshot of the transaction to the licensee.
- The ordering deadline for stock orders via iStore was extended to 5:30 a.m. one business day prior to the scheduled delivery day.
- The requirement to purchase a minimum number of cases of beer to receive a promotional discount has been removed, allowing licensees to optimize their inventory, increase cash flow, and reduce returns. This change has significantly reduced calls to DLC cashiers for credits, allowing staff to be more accessible for addressing other licensee concerns.
- A pilot program has been implemented that enables licensees to shop at DLC retail stores and receive a promotional discount on purchases of less than a case of wine. Previously, licensees could only get the discount when purchasing a full case. Offering licensees the discount when purchasing a single bottle or any amount short of a case permits the licensees to (a) carry a wider selection of products than they may have in the past, and (b) obtain product in the event of unanticipated demand that still does not merit purchase of a full case.

Improvements to special order deliveries:

DLC ships greater than 97% of stock items as expected by licensees. For Special Orders, DLC delivers nearly 70% of product expected by licensees. It is important to note of the remaining 30%, on average greater than 25% have been ordered from suppliers but not yet received at the DLC warehouse for distribution (Supplier out-of-stocks) or are awaiting ordering due to our suppliers' requirements to batch order. The shipping of expected special orders has been improving consistently, and the number of licensees affected by non-delivery of a product has been lowered.

Improvements to inventory management: We have an MIII specifically dedicated to inventory as of January 2016. As part of the Reorganization Plan Part II, an assistant inventory technician will concentrate on doing daily cycle counts matching physical inventory to book.

Improvements to customer service - customer call center/communications center: The vast majority of calls coming in are handled by Communications Center staff as opposed to being escalated to a resource within other parts of DLC. All Service Requests have been closed within the performance target of two days, the vast majority are closed same-day.

Development of a long-range retail store business plan: Three new stores (King Farm, Rockville, and Aspen Hill) are expected to open during Summer 2016. The Improvement Action Plan calls for the development of a strategic plan, initially targeted for June, 2016. Due to much higher priorities the plan has been delayed to the end of 2016. We are working with the GIS team in DTS to assist us with gap analysis of geographic areas of the County where there is weak or no coverage by our stores within certain radii.

Explain the 3.8% increase in liquor sales for FY17 (p.67.5). How does this relate to estimated sales for FY16 which are lower than budgeted sales? Why do FY16 sales not meet expectations? The FY16 approved budget included sales from the opening of three new stores which have not yet opened. FY16 sales do not meet expectations due to the delayed opening of the new retail stores. The 3.8% increase in FY17 reflects a combination of an anticipated increase in sales due to full year operations of three new stores and annual growth of existing locations.

Explain "The Liquor Fund's Fiscal Plan shows a negative fund balance in FY16 resulting from an organization-wide improvement effort in 2015 and 2016. The Liquor Fund is projected to return to its fund balance policy in FY18." P.67-1. The Liquor Control fund balance was established in preparation for the FY01 budget. A task force proposed (and the County accepted) that the end-of-year cash balance be targeted to cover:

- One month's Operating Expenses
- One payroll
- \$1.5 million for inventory purchase
- Major, near future expenses which are not currently ready for appropriation but are agreed necessary; including retail expansion start-up costs

On the *FY17-22 PUBLIC SERVICES PROGRAM: FISCAL PLAN*, Page 67.7, the fund balance appears towards the bottom of the spreadsheet. As of the Second Quarterly Analysis, the Liquor Fund is projected to have a fund balance of (\$366,109) in FY16. To comply with the fund balance policy, the fund balance will be replenished in FY17 and FY18. We plan to meet the fund balance policy in FY18.

Explain the earnings transfer to the General Fund budgeted for FY17 at \$17,185,388.

(FY16=\$21,453,970; FY18=\$17,505,010): The earnings transfer is the net revenue after expenses, debt service and reserves. The earnings transfer is lower in FY17 and FY18 due to increase expenses, delayed FY16 store openings resulting in reduced revenues, and rebuilding reserves. The increased expenses in FY16 did not negatively impact the earnings transfer, instead impacting the fund balance.

STATE LEGISLATION

When will the Executive appoint the Task Force as mandated by State lawmakers to develop plans to alter the structure of the DLC? What will be the deadline for the task force to report back to the County Executive?

The County Executive is formulating a task force. The Council will be updated as progress is made.

WAREHOUSE OPERATIONS

Explain how workyears (+2.23 wy) increase under Multi-Program Adjustments? If a review item isn't specifically tied to a program, the change is identified as multi-program. Because the budget is displayed by program, the multi-program adjustments roll into this miscellaneous line item so budgets tie by program. FTE changes are described in a prior answer.

DELIVERY OPERATIONS

Six new delivery trucks are to be leased in FY17. It appears a decision been made that leasing is best. (See p. 67.6 Master Lease in future years for \$60,000/year.) What was the result of the lease vs purchase analysis? What is the basis for the decision to lease?

Six new trucks have been ordered, to be delivered in the fall of 2016. These six trucks will replace DLC's oldest and most costly to maintain trucks. We own the six trucks and are financing via a 7-year master lease with semiannual payments estimated at \$60,000/year (bank loan with interest payments). The decision to finance the vehicles instead of purchasing outright was due to resource availability.

An REOI/RFP process to consider leasing and maintaining a fleet of delivery vehicles (equipment only) from a private sector lessor is underway. A decision has not been made on this issue.

What steps have been taken to avoid a repeat of the 2015 Holiday delivery problems? The incident during the holiday was the result of an improvement being put into production, so the special order fulfillment rate could be increased. While conducting training for staff in the Order Section, there was a miscommunication between the trainer and employee which caused an accidental release of all orders. The ERP team has improved the programming to ensure this cannot happen again.

Explain how workyears (+3.0 wy) increase under Multi-Program Adjustments? See warehouse explanation above.

RETAIL OPERATIONS

At what stage are the three new stores and one relocation? The three new stores: King Farm, Downtown Rockville and Aspen Hill, are expected to open in Summer 2016. Construction has started at King Farm and Downtown Rockville. Aspen Hill is finalizing lease negotiations. The relocation site lease for the Silver Spring store has been signed.

Have the location of the three new three new stores and one relocation been identified? Yes. See above.

What is the DLC working relationship with DGS on real estate and store location issues? DLC has had a very close relationship and we regularly discuss all of our lease and building related issues with DGS. Going forward, DGS will be taking the lead and handling all aspects of the current and future leases.

Explain how workyears (-3.53 wy) decrease under Multi-Program Adjustments? See warehouse explanation above.

What is the one-time item reduction for \$300,000? This was the buildout of three stores in FY16. This amount includes one-time costs for shelving, signs, and security systems at \$100,000 per store.

Is consideration being given to a warehouse-type super store as recommended by Councilmembers? Consideration is being given to this idea.

LICENSURE, REGULATION, AND EDUCATION

Is the Communication Center located in Licensure, Regulation and Education? Why? What is the purpose, responsibility and composition of the Communication/Call Center – workyears, job description, physical location?

Yes, the DLC Communication Center is part of the Division of Licensure, Regulation and Education (LRE). The Community Outreach function is currently part of the core mission of the LRE. The Communication Center is a perfect fit to facilitate DLC's communication to licensed facilities. The center is located on the first floor adjacent to the main visitor entrance and across the hall from the warehouse. There is one manager and two communications specialists answering the telephones from 8:30am – 4:30 pm. One of the Communication Specialist is bilingual. They answer all calls into DLC Communication Center providing advice, assistance, and problem resolution to over 1,000 businesses, suppliers and the community. Topics are related all divisions within the DLC (finance, ordering, purchasing, warehouse, licensing, training, compliance, and alcohol laws). Communication Center staff ensure adequate and effective communication is maintained using a variety of methods such as gov delivery, monthly newsletters, the department's website, annual reports, social media, and more. Staff is trained in Oracle and Siebel programs to track and monitor incoming and outgoing calls.

Provide a list of educational and other programs provided in FY16.

- **Alcohol Law Education Regulation Training (ALERT).** This free, twice monthly training assists applicants before they open a hospitality business and new employees of existing businesses to understand the legal and social responsibilities that accompany alcohol service and sales. Working to encourage the creation of safe venues for public gatherings and entertainment, all alcohol sellers and servers are encouraged to attend as well as license applicants. Businesses that receive administrative violations against their alcohol license are mandated by the Board of License Commissioners to attend.
- **Business Alliances - Support Safe and Vibrant Communities.** Business Alliances serve as a community based umbrella organization under which local business owners' work with State, County and City governments to customize and implement comprehensive prevention, education and enforcement programs addressing alcohol abuse, drinking in public and under 21 alcohol access. Alliance initiatives have a direct impact on the neighborhood's alcohol related social issues.
- **Organize Safety Alliance Meetings and Serve as a Liaison between Businesses and County Code Enforcement.** The Outreach Office hosts Safety Alliance meetings for county code enforcement agencies and businesses to network and share program information. The outreach office disseminates essential public safety information to licensees.
- **Statewide Alcohol Forum.** Annually, a free statewide alcohol forum is held to bring together County Department of Liquor Control staff from across the state and Regional Enforcement to share trend and program information, and discuss legislative agendas related to new alcohol licenses.
- **"Keeping it Safe" Public Education Campaign.** This campaign outreaches to both the hospitality industry and the community with educational materials such as ID checking calendars, signage and a monthly responsible hospitality newsletter, Newslink. A social host responsibility

campaign titled “Adult Host Responsibility” is promoted throughout the year through print materials and speaking engagements. Aiming at changing the culture, social host responsibility promotes parental communication and zero tolerance for underage alcohol use. Safeline, a dedicated phone line, 301-670-SAFE (7233), for the public to report under 21 drinking and adult providers is also promoted.

- **Media Advocacy & Social Media.** Coordinate press conferences and write press releases focusing on alcohol related laws, educational programs and tools. Maintain Facebook and Twitter accounts and keep the Division of Licensure, Regulation and Education section of the Department of Liquor Controls website modernized and up to date for consistent access of current information and resources.
- **Responsible Hospitality & Best Practices Development and Promotion** - tip sheets and training sections on responsible hospitality and research based best practices.
- **Compose Reports and Manuals.** Design and Promote the How to Guides for Alcohol Licensing and all of the Divisions Annual Reports. Support and maintenance for I Form Builder and Compliance Check Fund tracking is also carried out.
- **Pre-Licensing Assessments.** Meetings held with professionals considering opening a hospitality businesses within Montgomery County. Often, new and innovative business concepts are reviewed and assessed for a corresponding license type. At times legislation is sought to create a new state alcohol license to fit business’s needs.
- **Serve as a Resource to Licensees, the Community and County Agencies by Staying Active in Community Coalitions, Boards and Meetings.** *Membership has included: Wheaton, Long Branch and Gaithersburg Business Alliances, Long Branch Business League, Maryland Impaired Driving Coalition, Maryland Young Driver Task Force, Keeping it Safe on Underage Alcohol Use (KIS) Coalition, Montgomery County Highway Safety, Responsible Retailing Forum, Responsible Hospitality Institute, Alcohol and Other Drug Advisory Council, GOCCP Prevention Task Force, National Alcohol Beverage Control Association (NABCA) Education Task Force, the Montgomery County Board of License Commissioners and the Alcohol Beverage Advisory Board.*

Explain how workyears (+1.0 wy) increase under Multi-Program Adjustments? See warehouse explanation above.

OFFICE OF THE DIRECTOR

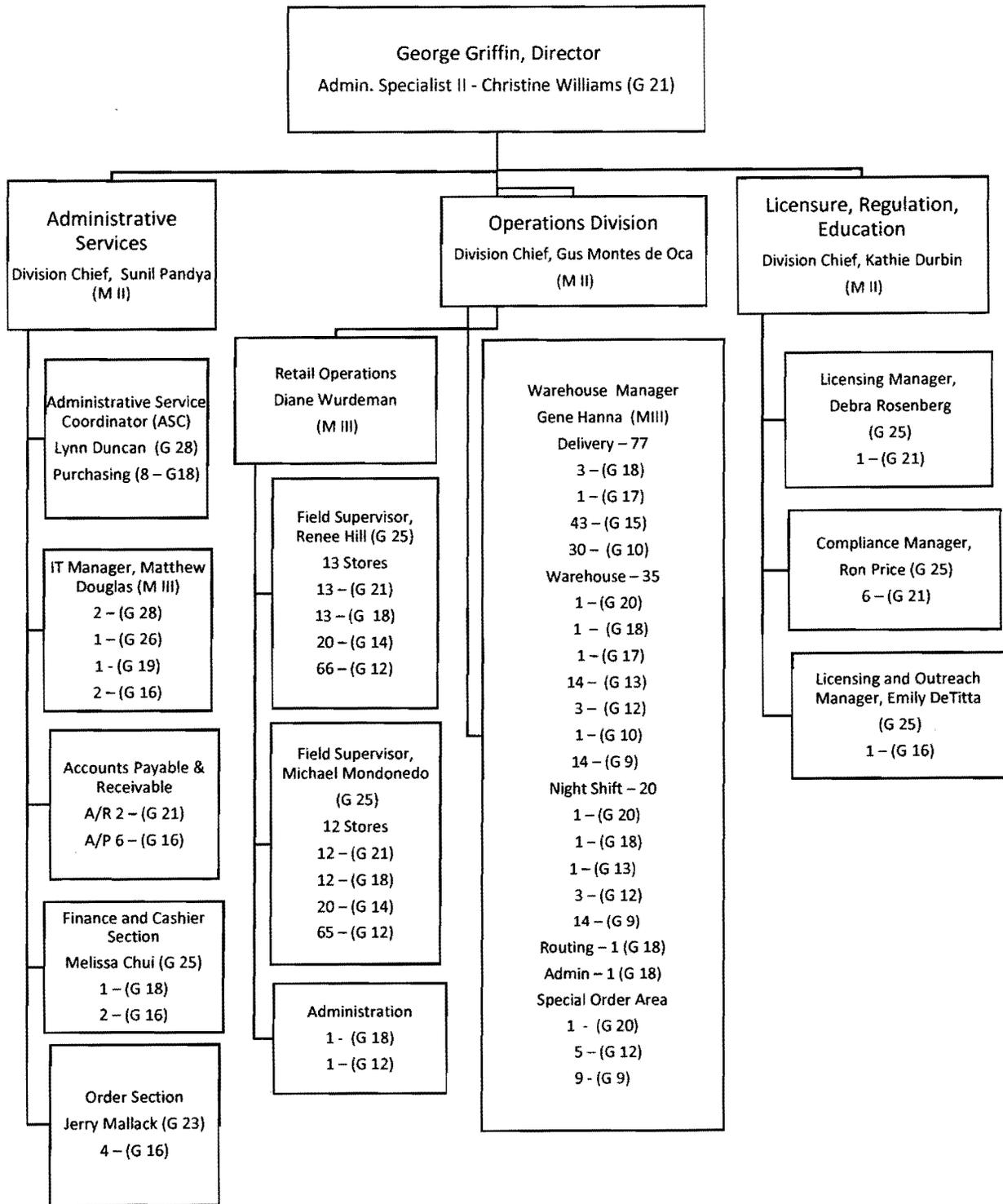
Explain how workyears (+1.0 wy) increase under Multi-Program Adjustments? See warehouse explanation above.

ADMINISTRATION

Explain how workyears (+1.0 wy) increase under Multi-Program Adjustments See warehouse explanation above.

And (+1.0 wy) under Finance Chargebacks? This is an increase in Finance chargebacks to cover A/R functions for the DLC. The total Finance chargeback in the FY17 rec. budget is 1.5 FTEs.

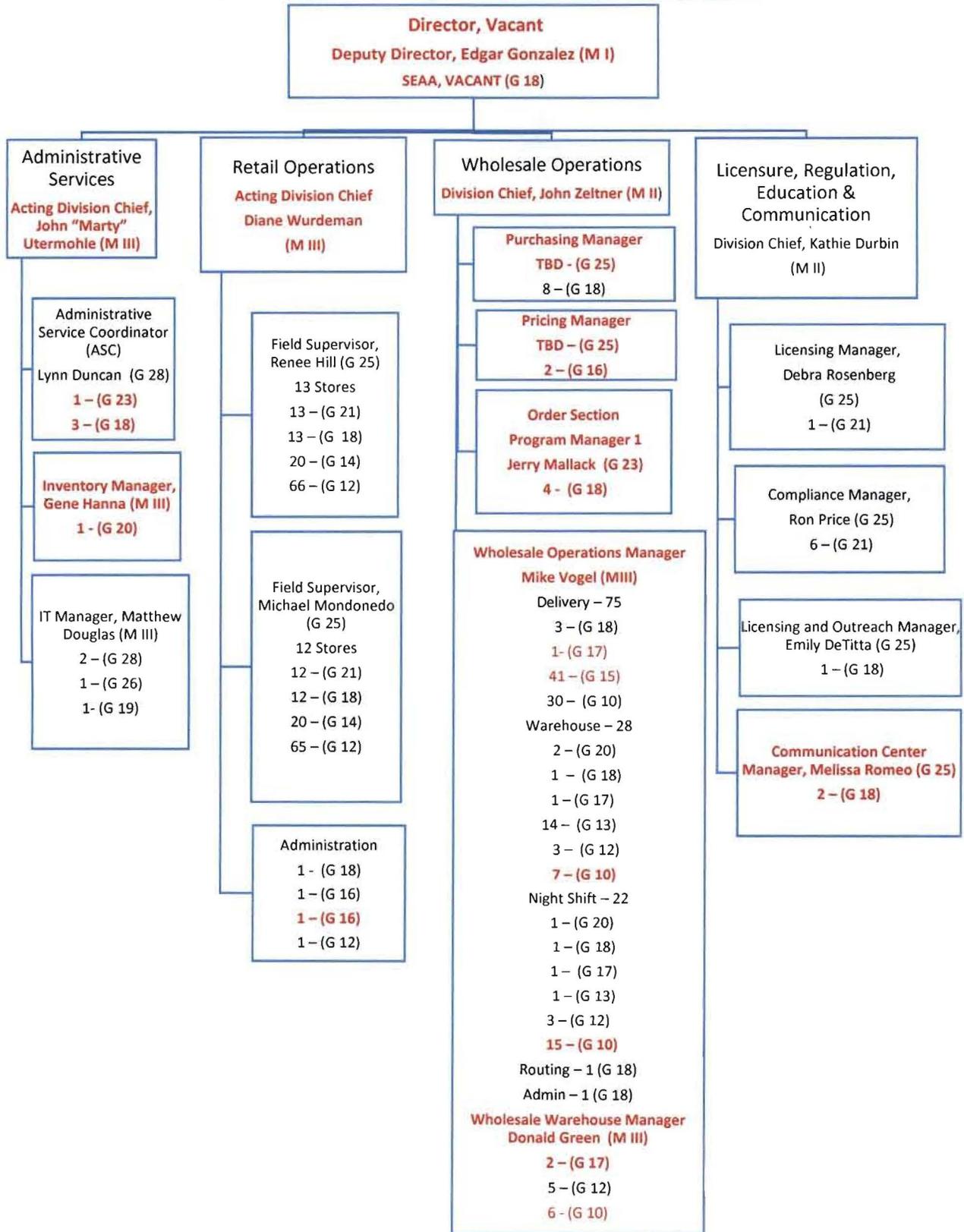
Montgomery County Government Department of Liquor Control Organizational Chart – February 2015



Total DLC Employees: 425
February 2015

Montgomery County Government Department of Liquor Control

Organizational Chart *(red indicates recent changes)*



Total DLC Employees: 418
April 2016

OVERVIEW:

The DLC action plan is broken out by 6 major categories:

- I. Improve customer service action plan
- II. Improve warehouse operations action plan
- III. Improve special orders action plan
- IV. Improve retail operations action plan
- V. Improve delivery and fleet action plan
- VI. Improve financial controls and general operations action plan

In total, the comprehensive action plan includes more than 55 major actions:

- 12 Customer service actions
- 14 Warehouse actions
- 5 Special order actions
- 5 Retail actions
- 6 Delivery and fleet options
- 13 Financial controls and general operations actions

Many areas for improvement span two or more categories and therefore some overlap may occur. The sections have been divided as much as possible.

Each action item is listed with its corresponding Milestones, sub-actions, estimated start and end dates, lead party(ies) and supporting party(ies).

Each sub-action is categorized, in general, as short term (April through June), medium term (July-December), and long term (2016 and beyond).

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.

Tracking Progress:

Progress made and a brief narrative can be found for each category. This section will be updated monthly to inform DLCStat discussions and articulate progress made, highlights, upcoming items, and areas in risk of falling behind.

Status updates on sub-actions are provided in the "Status" column and are color coded using the following key:

Key
Complete
In Progress
Not Started
Overdue
Follow up Needed

MILESTONE		"Original" (6/30) Milestone Date	7/31 Milestone Date	8/31 Milestone Date	10/31 Milestone Date	11/30 Milestone Date	12/31 Milestone Date	2/29 Milestone Date	3/31 Milestone Date	3/31 Update	Lead	Support
I. Improve Customer Service Action Plan												
M1	Implement Customer Service Center (including improvements in iStore and iSupplier)	10/9/2015	10/9/2015	12/31/2015*	12/31/2015	12/31/2015	1/31/2016	1/31/2016	1/31/2016	Complete	DLC	OMB, DTS, OHR
M2	Implement Ongoing Performance Metrics and Customer Feedback/Improvement System	9/1/2015	9/1/2015	1/1/2016*	1/1/2016	1/1/2016	1/31/2016	1/31/2016	1/31/2016	Complete	DLC	ERP, Finance, CountyStat
II. Improve Warehouse Operations Action Plan												
M3	Implement Improvements in Inventory Management/Control Program	7/31/2015	10/31/2015	10/31/2015	11/30/2015	1/31/2016	2/29/2016	6/30/2016	7/31/2016	On Schedule	DLC	OMB, OHR
M4	Implement Improvements in Inventory Management Automated System (including use of scanners)	7/31/2015	8/30/2015	11/30/2015*	11/30/2015	1/31/2016	2/29/2016	2/29/2016	7/31/2016	On Schedule	DLC	ERP, DTS
M5	Implement Organizational Changes	7/10/2015	9/30/2015	11/30/2015*	11/30/2015	2/29/2016	2/29/2016	6/30/2016	6/30/2016	On Schedule	DLC	CAO, OHR
M6	Implement Ongoing Performance Metrics and Feedback/Improvement System	7/31/2015	9/30/2015	12/31/2015*	12/31/2015	12/31/2015	2/29/2016	3/31/2016	3/31/2016	Complete	DLC/CountyStat	Internal Auditor
III. Improve Special Orders Action Plan												
M7	Implement Improvements in Special Order Delivery Operations	8/15/2015	8/31/2015	10/31/2015*	11/20/2015	1/31/2016	2/29/2016	4/30/2016	4/30/2016	On schedule	DLC / ERP	Suppliers
M8	Implement Ongoing Performance Metrics and Customer Feedback/Improvement System	7/31/2015	8/31/2015	11/30/2015*	11/30/2015	1/31/2016	1/31/2016	3/31/2016	3/31/2016	Complete	DLC / CountyStat	ERP
M9	Conduct Alternatives Analysis for: Special Orders Delivery Outsourcing, Direct Shipment, and Other Improvements	8/15/2015	10/31/2015	11/30/2015*	11/30/2015	1/31/2016	1/31/2016	1/31/2016	1/31/2016	Complete	DLC	CAO/ACAO; State
IV. Improve Retail Operations Action Plan												
M10	Open Three (3) New Stores and Relocate One Store in FY16	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	9/30/2016	On schedule	DLC	DTS; DGS
M11	Develop Long-Range Retail Store Business Plan/Strategy	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	9/30/2016	On schedule	DLC	DGS, DTS, Co. Attorney
M12	Implement Best Management Practices: Performance Monitoring and Internal Controls	7/15/2015	9/30/2015	10/31/2015*	1/31/2016	1/31/2016	1/31/2016	1/31/2016	1/31/2016	Complete	DLC / CountyStat	
V. Improve Delivery and Fleet Operations Action Plan												
M13	Implement Improvements in Delivery Routing & Operations	12/31/2015	12/31/2015	12/31/2015	12/31/2015	12/31/2015	3/31/2016	5/31/2016	6/30/2016	On schedule	DLC	DTS
M14	Complete Analysis of Fleet Requirements and Alternatives and Develop Recommendations	8/31/2015	9/30/2015	10/31/2015*	10/31/2015	1/31/2016	1/31/2016	5/31/2016	8/31/2016	On schedule	DLC	DGS, PRO, OMB
M15	Implement Improvements in Delivery & Fleet Performance Monitoring	8/31/2015	10/31/2015	10/31/2015	1/31/2016	1/31/2016	1/31/2016	5/31/2016	8/31/2016	On schedule	DLC / CountyStat	
VI. Improve Financial Controls and General Operations Action Plan												
M16	Complete post implementation FY15 transaction processing	8/31/2015	8/31/2015	8/31/2015	8/31/2015	8/31/2015	8/31/2015	8/31/2015	8/31/2015	Complete	DLC	Finance, ERP
M17	Implement improvements to financial and internal controls	12/31/2015	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016	On schedule	DLC	Finance, ERP
M18	Implement best practices: workforce planning, standard operating procedures, process improvements	12/31/2015	6/30/2016	6/30/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016	On schedule	DLC	Finance, ERP
Red text indicates a Status Update or Milestone target completion date that was revised from the prior month's update												

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I. Improve Customer Service

Milestone Updates	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M1 Implement Customer Solutions Center (including improvements in iStore and iSupplier)</p> <p>Major Accomplishments (What have we accomplished in the last month?); * Over 100 enhancements have been added to the iStore since the last update. The improvements were announced to our licensees by email and flyers. DLC has received positive feedback from our licensees. * The Communication Center has received and closed since its start on November 2 through 4/6/16 over 2,800 service requests. About 90 % of which were directly closed by staff in the Center after directly investigating in the warehouse, buyers and coordinating with the different Divisions of DLC. * Outgoing calls have been made to Licensees to determine their need for existing special order products in the warehouse, based on prior purchases. * Top 35 licensee accounts have been identified and assigned to individual staff members for future dealings and follow up.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?); * Continue to promote the existence and role of the Communication Center. * Communication Specialists will continue proactively investigating licensees orders by status, coordinating with buyers, and determining reasons why some products may not be delivered, ahead of the delivery dates.</p> <p>Current Risks: *None at this time.</p>	1/31/16	Complete	Complete	DLC	OMB, DTS, OHR
<p>M2 Implement Ongoing Performance Metrics and Customer Feedback/Improvement System</p> <p>Major Accomplishments (What have we accomplished in the last month?);* Have identified and discussed with County Stat several performance metrics for the Wholesale and Retail Operation Divisions and also for the Communication Center. The Communication Center has finalized their metrics, which include but is not limited to: Number of Service Requests closed, percent of SR's fulfilled by type, time taken to close an SR. * All identified iStore enhancements have been implemented and available to licensees.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?);* Receive and analyze feedback on iStore enhancements. * Agree on final metrics to track and publish with County Stat. * Continue training and use of new Oracle report capabilities to improve performance in the areas of inventory accuracy and right size, slow moving products, and how many days of supply should we carry in inventory.</p> <p>Current Risks (Current or expected items that need CAO/CAAO attention): * None at this time.</p>	1/31/2016	3/31/2016	Complete	DLC	ERP, Finance, CountyStat

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Milestone	Prime Support Line	Action Item	Term	Start Date	Expected Completion Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
M1 Action Steps									
1. Create an order and customer service center									
M1		1.A Review responsibilities of Buyers and Order takers	Short	4/21/2015	8/14/15	Completed	Completed	DLC CHIEFS	
M1		1.B Request abolish/create 8 positions (G16-G18), and one G21 to G25 for CSCC Manager	Short	4/27/2015	6/5/2015	Completed	Completed	Pandya	OMB, OHR
M1		1.C Cross train personnel	Medium	8/31/2015	10/31/2015	In Progress	In Progress	DLC CHIEFS	
M1		1.D Develop protocols for follow up with customers	Medium	8/6/2015	9/30/2015	Completed	Completed	DLC CHIEFS	
M1		1.E Develop tracking of customer calls	Medium	5/18/2015	10/31/2015	Completed	Completed	DLC CHIEFS	DTS
M1	MI	1.F Investigate use of MC311/adaptation	Short	5/11/2015	ongoing	Completed	Completed	DLC CHIEFS	DTS
M1		1.G Recruit additional personnel (1 G18 position) for customer service center	Medium	6/1/2015	9/21/2015	Completed	Completed	DLC CHIEFS	OMB, OHR
	MI	1.H Obtain random feedback from customers on new process	Medium	6/1/2015	10/31/2015	In Progress	In Progress	DLC CHIEFS	
	MI	1.I Adjust/refine protocols based on feedback	Medium	7/1/2015	12/31/2015	In Progress	In Progress	DLC CHIEFS	
	MI	1.J Adopt permanent procedures	Medium	6/22/2015	12/31/2015	In Progress	In Progress	DLC CHIEFS	
M1		1.K Recruit the Supervisor of the Customer Service Center	Medium	4/27/2015	9/21/2015	Completed	Completed	DLC CHIEFS	OMB, OHR
4. Centralize iStore and iSupplier at DLC									
M1		4.A Develop tracking tool for Licensee & Suppliers	Short	4/30/2015	6/19/2015	Completed	Completed	DLC -Matt Douglas	
M1		4.B Track licensees and supplier-assisted licensees, and suppliers trained	Short	5/15/2015	ongoing	In Progress	In Progress	DLC -Matt Douglas	
M1		4.C Identify problem areas for vendors using iStore	Short	5/15/2015	ongoing	Completed	Completed	DLC -Matt Douglas	
M1		4.D Provide training to vendors on registration and use of iStore	Short	5/15/2015	ongoing	In Progress	In Progress	DLC -Matt Douglas	
M1		4.E Display imaged A/P invoice documents in iSupplier to suppliers (similar to Oracle workben	Medium	9/15/2015	11/30/2015	Completed	Completed	ERP / DOF - Shabani	
M1		4.F Identify problem areas and/or enhancements for vendors using iSupplier	Long	2/1/2016	ongoing	Completed	Completed	DOF-Shabani/DLC	ERP
M1		4.G Identify and implement system improvements/enhancements for iSupplier	Long	3/1/2016	ongoing	Completed	Completed	DOF-Shabani/DLC	ERP
M1		4.H Identify and implement any enhancements to DLC vendor training on iSupplier	Long	11/1/2015	ongoing	Completed	Completed	DLC	ERP
5. Conduct Lab Sessions for Licensees and Suppliers on the use of Reports, iStore									
M1		5.A Schedule weekly sessions for the months of April, May and June	Short	4/13/2015	5/25/2015	Completed	Completed	ERP/DLC	
M1		5.B Reevaluate frequency of lab session	Short	5/25/2015	6/5/2015	Completed	Completed	ERP/DLC	
M1		5.C Publish and communicate Lab Session to Licensees and Suppliers	Short	6/1/2015	7/13/2015	Completed	Completed	ERP/DLC	
8. Conduct Monthly Informational meetings for all DLC Staff									
	MI	8.A Establish overall goals, expectations, customer service standards, review critical business processes and the impact of end-to-end integration	Short	5/5/2015	ongoing	Completed	Completed	DLC/Change Mgmt.	
9. Develop manpower analysis									
M1		9.A Review position responsibilities and need for changes/ additions based on needs resulting	Short	4/15/2015	10/31/2015	Completed	Completed	DLC CHIEFS	
M1		9.B Prepare report for approval	Short	4/15/2015	5/6/2015	Completed	Completed	DLC D.O./ OMB	
	MI	9.C Obtain approvals for long-term staffing needs	Medium	5/4/2015	ongoing	Completed	Completed	DCL CHIEFS	CAO, OMB
		9.D Prepare updated report for all of DLC personnel needs.	Long	11/16/2015	1/31/2016	Completed	Completed	Dir. Office	
		9.E Obtain CAO final approval	Long		2/29/2016	Completed	Completed	CAO	

10. Improve personnel complement and ability to fill vacant positions									
M1	10.A	Develop justification for blanket exemptions to hire and present to approvers	Short	4/1/2015	4/1/2015	Completed	Completed	DLC/Dir Off.	CAO, OMB, OHR
M1	10.B	Obtain approvals from appropriate parties	Short	4/1/2015	4/1/2015	Completed	Completed	CAO/OMB/OHR	DLC
M1	10.C	Initiate and complete hiring process for new Mill (Chief, Division of Wholesale Ops)	Short	6/1/2015	8/31/2015	Completed	Completed	Director's Office	
M1	10.D	Evaluate final personnel needs in the warehouse	Medium	8/17/2015	9/30/2015	Completed	Completed	DO/Div. Chief	
M1	10.E	Initiate recruiting process (including warehouse and drivers)	Medium	8/24/2015	8/28/2015	Completed	Completed	DLC / Gus M de O	
M1	10.F	Investigate need for a real estate specialist or changes to current management structure.	Medium	7/1/2015	8/31/2015	Completed	Completed	DO/Gus	
M2	10.G	Fill positions for warehouse and drivers	Medium	8/28/2015	10/30/2015	Not Started	In Progress	DLC CHIEFS	
12. Review organizational structure and responsibilities									
M1	12.A	Study, recommend and implement organizational changes including Divisions and Section	Short	5/1/	6/15/2015	Completed	Completed	Director's Office	CAO, OHR
M1	12.B	Hire personnel if study recommends additional positions	Medium	5/15/2015	12/31/2015	Completed	Completed	Director's Office	OHR
M2 Action Steps									
2. Conduct focus group meetings with licensees and suppliers to obtain feedback									
M2	2.A	Identify focus group agenda	Short	4/1/2015	4/3/2015	Completed	Completed	ERP	
M2	2.B	Hold regional focus groups for two groups: licensees and suppliers	Short	4/6/2015	4/10/2015	Completed	Completed	ERP	
M2	2.C	Analyze findings	Short	4/13/2015	4/16/2015	Completed	Completed	ERP	
M2	2.D	Gather feedback	Short	4/16/2015	4/16/2015	Completed	Completed	ERP	CountyStat
M2	2.E	Publish a findings report	Short	4/17/2015	6/12/2015	Completed	Completed	ERP	
M2	2.F	Incorporate findings into the DLC action plan	Short	4/16/2015	9/30/2015	Completed	Completed	DLC/ EG	
3. Conduct focus groups sessions with DLC staff to obtain feedback on system, processes, etc.									
M2	3.A	Develop focus group agenda	Short	4/20/2015	6/15/2015	Completed	Completed	ERP Change Mgmt.	
M2	3.B	Conduct sessions with each DLC business group	Short	4/20/2015	4/30/2015	Completed	Completed	ERP Change Mgmt.	
M2	3.C	Analyze findings	Short	5/5/2015	6/30/2015	Completed	Completed	ERP Change Mgmt.	
M2	3.D	Gather feedback	Short	5/5/2015	6/15/2015	Completed	Completed	ERP Change Mgmt.	
M2	3.E	Publish finding in a report	Short	5/11/2015	6/15/2015	Completed	Completed	ERP Change Mgmt.	
M2	3.F	Incorporate findings in DLC Action Plan	Medium	5/18/2015	9/30/2015	Completed	Completed	DLC	
6. Utilize LRE Inspectors to address Licensees questions									
M2	6.A	Develop outreach approach	Short	4/25/2015	6/12/2015	Completed	Completed	ERP/ DLC	
M2	6.B	Identify top 10 questions	Short	4/25/2015	10/31/2015	Completed	Completed	ERP/ DLC	
7. Develop and conduct Licensees, Supplier and Retail customer surveys (3 surveys)									
M2	7.A	Develop survey based on performance indicators for customer satisfaction (Postponed Int	Medium	5/1/2015	10/31/2015	In Progress	In Progress	DLC, CountyStat	
M2	7.B	Test survey and modify (Postposed Indefinitely)	Medium	9/1/2015	11/15/2015	Not Started	Not Started	DLC, CountyStat	
M2	7.C	Conduct survey and analyze results (Reoccurring every 6 months) (Postponed Indefinitely)	Medium	10/1/2015	1/1/2016	Not Started	Not Started	DLC, CountyStat	
M2	7.D	Modify process based on survey analysis (Postponed)	Long	1/1/2015	ongoing	Not Started	Not Started	DLC, CountyStat	
11. Track performance improvement in customer service									
M2	11.A	Review current metrics	Short	4/20/2015	8/31/2015	Completed	Completed	DLC EG, CountyStat	
M2	11.B	Create new metrics based on new processes / closing cases	Long	4/20/2015	2/29/2016	Completed	Completed	DLC EG, CountyStat	
M2	11.C	Track and report on new metrics	Medium	12/1/2015	ongoing	In Progress	In Progress	DLC EG, CountyStat	OMB
M2	11.D	Implement DLCStat meetings occurring monthly	Short	6/2/2015	ongoing	In Progress	In Progress	DLC EG, CountyStat	OMB, ERP, FIN, CAO

II. Improve Warehouse Operations Action Plan

Milestone Updates	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M3 <u>Implement Improvements in Inventory Management/Control Program</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * Several changes have been made to the Oracle system to avoid the Christmas time glitch from repeating. * A successful mid-year inventory was conducted in early January, 2016 and another is planned for mid-April, prior to the end of year final inventory at the end of June. * Racking will be installed in the keg room before April 15. Final plans for new racks in selected areas of the warehouse has been completed. * Several new initiatives to improve operations have been started: moving to 24 hour inbound to outbound ability (as opposed to previous 48 hour activities), full implementation of ATO for beer, and implementation of the use of cart system for beer, wine and spirits special orders. This will result in efficiency improvements as many movements will be eliminated by staff, resulting also in safety improvements. * The list of Allocated items has been significantly reduced from 517 items to 230, again helping the warehouse with efficiency and effectiveness. * A new Order Forecasting Tool has been added to the Oracle System. The tool will help us in correcting inventory and eliminate out of stock items that are under our control. * We have also created a new 360 report for tracking inventory all the way through the system, from initial orders through product delivery. * Evaluated options to advertise a new RFP for beer loading vs. asking CRC to approve a final one year extension of existing contract.</p> <p>Upcoming major Actions: * Erection of racking in the keg room. Evaluate additional racking needs. * Submit formal request to CRC for a one year extension of the current beer loading contract.</p> <p>Current Risks (Current or expected themes that need CAO/ACAO attention): * Approval by CRC on the requested one year extension for the beer loading contract.</p>	7/31/206	6/30/2016	7/31/2016	DLC	OMB, OHR
<p>M4 <u>Implement Improvements in Inventory Management Automated System (Including use of scanners)</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * As a result of the successful implementation of the new labeling process we became aware that some products in the licensees' cubicles were not being "picked" by the system. A change in the Oracle System has been developed to correct this deficiency. * One of the positive results of the January inventory has been a significant reduction of backorders of stock items. A comprehensive backorder report is now under development. * iStore enhancements have been completed and in use by licensees.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Evaluate software technology for scanners * Complete the backorder report and reduce the number of products in backorder status on a daily basis.</p> <p>Current Risks (Current or expected terms that need CAO/ACAO attention):</p>	7/31/2015	6/30/2016	7/31/2016	DLC	ERP, DTS

<p>M5 <u>Implement Organizational Changes</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * All MLS positions in the Wholesale Division are filled. * Formal memorandum requesting approval of additional re-organization of warehouse staff has been completed and transmitted to the CAO for his review. CAO approved it in March. Implementation has started with requesting classification of new positions.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Full implementation of the approved reorganization: staff classifications, recruitment and filling positions.</p> <p>Current Risks (Current or expected tems that need CAO/ACAO attention): * Assistance by OHR and OMB in the timing of the implementation of the final staffing plan, and formal coordination with the Union.</p>	6/30/2016	6/30/2016	6/30/2016	DLC	CAO, OHR
<p>M6 <u>Implement Ongoing Performance Metrics and Feedback/Improvement System</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * Numerous possible metrics have been presented and discussed with County Stat, and several have been adopted for tracking, including displays and presentation to members of the State Delegation. * Continue to wait for a reply from the Comptroller's Office to concerning interpretation of the law for product returns and refusals. * Backorder report has been modified, and initial results have been coordinated with Purchasers/Buyers to assist wiht accuracy of inventory and warehouse deliveries.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Pursue status on reply form the Comptroller's Office on clarifications to returns policy at the State level.</p> <p>Current Risks (Current or expected tems that need CAO/ACAO attention): * None at this time.</p>	3/31/2016	3/31/2016	Completed	DLC/CountyStat	Internal Auditor

Milestone	Prime Supporting	Action Item	Term	Start Date	Expected Completion Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
M3 Action Steps									
1. Engage expert consultant to improve Warehouse operations and logistics [see 2E-2G]									
M3		1.A Hire consultant for comprehensive on-site review of warehouse operations	Short	5/4/2015	6/29/2015	Completed	Completed	GMO/DLC	
M3		1.B Consultant's report with recommendations by fall	Short	9/30/2015	10/31/2015	Completed	Completed		
M3		1.C Review report and select recommendations for change	Short	10/31/2015	11/30/2015	Completed	Completed		
	M3	1.D Incorporate consultant findings into action plan	Medium	6/22/2015	ongoing	Completed	Completed	GMO/DLC	
M3		1.E Request OK to Implement new racking for stock, special order, and keg beer	Long	11/2/2015	4/30/2016	In Progress	In Progress	Zeltner	
		1.F Obtain budgetary approval/denial/postponement	Long	3/1/2016	5/3/2016	Not Started	Not Started	Zeltner	
		1.G Implement if approved, or postpone due to budget constraints	Long	5/1/2016	6/30/2016	Not Started	Not Started	Zeltner	
3. Identify and define root cause of Shorts on Trucks									
M3		3.A Engage Warehouse staff in identify issues	Short	4/20/2015	6/15/2015	Completed	Completed	DLC GMO/ERP	
M3		3.B Develop action plan to address issues	Short	4/20/2015	7/10/2015	Completed	Completed	Montes de Oca/ERP	
M3		3.C Communicate the importance and plan to Warehouse staff	Short	4/27/2015	6/30/2015	Completed	Completed	Montes de Oca/ERP	
	M3	3.D Review progress each week and communicate with staff	Short	4/27/2015	On-going	Completed	Completed	Montes de Oca/ERP	
M3		3.E Identify all reasons for Shorts on Trucks	Short	4/20/2015	6/15/2015	Completed	Completed	Montes de Oca/ERP	
M3		3.F Develop a report measure weekly and monthly Shorts on Trucks	Short	5/5/2015	6/15/2015	Completed	Completed	DLC GMO / ERP	
5. Identify and document Returns to Warehouse									
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	4/27/2015	6/15/2015	Completed	Completed	DLC	
M3		5.B Develop plan to obtain detailed reasons	Short	4/27/2015	6/5/2015	Completed	Completed	DLC/ERP	
M3		5.C Develop tracking process to measure improvements in returns	Short	5/5/2015	6/30/2015	Completed	Completed	DLC/ERP	
6. Develop business plan for Managing Inventory									
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	4/27/2015	10/31/2015	Completed	Completed	Pandya/Zeltner	
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	5/26/2015	6/30/2016	In Progress	In Progress	Zeltner / Pandya	DOF - Williams
	M3	6.C Assign specific activities to Buyers	Short	4/27/2015	On-going	In Progress	In Progress	Zeltner	
	M3	6.D Schedule periodic meetings to review process and progress	Short	4/27/2015	On-going	In Progress	In Progress	Zeltner	

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7. Fully inventory the DLC warehouse									
M3		7.A	Conduct full inventory (including kegs and pallets) with other DLC units playing an active role during the inventory count	Short	4/15/2015	6/30/2015	Completed	Completed	Pandya/Gus Montes De Oca
	M3	7.B	Weekly tally counts	Medium	7/6/2015	ongoing	Completed	Completed	DLC / G de O & Staff
	M3	7.C	Evaluate appropriate role of interim full physical counts and cycle counts; identify lead personnel including personnel from other DLC units and departments; and develop and implement appropriate policies and procedures including planning, documentation, and communication with relevant parties.	Medium	7/6/2015	ongoing	In Progress	In Progress	Zeltner ERP/ DOF - Williams
M3		7.D	Develop and provide process information to involved individuals prior to full inventory	Short	5/25/2015	6/23/2015	Completed	Completed	Gus and Sunil
M3		7.E	Conduct lessons learned sessions from first full inventory count with goal of identifying improvement opportunities and further capturing existing recommendations deferred for later implementation	Medium	7/15/2015	9/30/2015	Completed	Completed	ERP DLC, FIN
M3		7.F	Prepare for January 2016 mid-year inventory	Medium	10/31/2015	1/31/2015	Completed	Completed	Zeltner, Pandya FIN
M3		7.G	Conduct January 2016 inventory	Medium	1/4/2015	1/31/2015	Completed	Completed	Zeltner, Pandya FIN
8. Improve inventory control									
M3		8.A	Not used.	N/A					
M3		8.B	Not used.	N/A					
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; reevaluate applicability of unique location codes to stock overflow areas and implement as appropriate.	Long	5/20/2015	6/30/2016	Complete	Complete	DLC DLC Managers/DOF - Williams
M3		8.D	Develop process to log daily variances, including related research and analysis, and determination of any adjustment required to system.	Long	6/1/2015	6/30/2016	In Progress	In Progress	DLC DOF - Williams
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	Long	7/1/2015	6/30/2016	Completed	Completed	DLC DOF - Williams
M3		8.F	Develop log process to accurately adjust inventory including electronic updates if feasible.	Long	7/1/2015	6/30/2016	In Progress	In Progress	ERP/Gus & Sunil DOF - Williams
M4		8.G	Implement the use of scanners for receiving and shipping out	Short	5/4/2015		Complete	Complete	DLC
M3		8.H	Identify residual and unallocated special order inventory for wine and spirits	Medium	11/2/2015	12/10/2015	Complete	Complete	Zeltner/Vogel DLC Staff
M3		8.I	Develop process to reassign residual unallocated inventory	Medium	11/2/2015	12/15/2015	Complete	Complete	Zeltner/Vogel DLC Staff
M3		8.J	Complete warehouse clean-up of unallocated s.o. inventory	Medium	11/23/2015	12/31/2015	Complete	Complete	Zeltner/Vogel DLC Staff
M3		8.K	Investigate reasons that caused unallocated inventory	Medium	11/30/2015	1/31/2016	Complete	Complete	Zeltner/Vogel DLC Staff
M3		8.L	Develop processes to prevent re-occurrence	Medium	12/1/2015	1/31/2016	Complete	Complete	Zeltner/Vogel DLC Staff
M3		8.M	Implement recommended solutions	Medium	12/15/2015	2/28/2016	Complete	Complete	Zeltner/Vogel DLC Staff
9. Engage Warehouse staff in setting expectations, goals and accountability									
M3		9.A	Conduct All Hand Warehouse meeting (receiving, shipping, routing, picking)	Short	4/27/2015	6/12/2015	Completed	Completed	Montes de Oca/Warehouse
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	4/20/2015	On Going	Completed	Completed	Zeltner
	M3	9.C	Conduct weekly warehouse meeting to review goals, business process, procedures and end-to-end processes	Short	4/20/2015	On-going	Completed	Completed	Zeltner
M3		9.D	Conduct Receiving training for Receivers on the use mobile scanners and establish business process for going forward	Short	4/20/2015	6/15/2015	Completed	Completed	ERP/Gus Montes de Oca
M3		9.E	Conduct Shipping training for Pickers on the use mobile scanners and establish business process for going forward	Short	4/20/2015	6/15/2015	Completed	Completed	ERP/Gus Montes de Oca

14. Conduct cost effectiveness analysis for overnight loading.										
M3	14.A	Investigate in-house loading vs. outsourcing loading vs. mixed operations	Medium	9/1/2015	10/31/2015	Completed	Completed	Director's Office, Gus		
	14.B	Start and complete process to replace existing contract for loading.	Long	N/A	8/31/2016	In Progress	In Progress	Zeltner / Vogel		
M4 Action Steps										
4. Improve scanning process										
M4	4.A	Reconfigure the warehouse's wireless system to ensure speed and accuracy of scanners	Short	5/4/2015	6/12/2015	Completed	Completed	DLC	DTS	
M4	4.B	Test scanning for loading and deliveries	Short	4/6/2015	6/12/2015	Completed	Completed	ERP/DLC		
M4	4.C	Adjust scanners and train staff	Short	5/4/2015	6/30/2015	Completed	Completed	ERP/DLC		
M4	4.D	Implement the use of scanners for receiving and shipping out	Short	5/4/2015	7/10/2015	Completed	Completed	DLC		
M4	4.E	Explore use of scanner to improve the inventory physical count process.	Long	3/31/2016	6/30/2016	Completed	Completed	ERP/DLC		
	4.F	Evaluate alternative scanner technology	Medium	5/18/2015	7/31/2016	In Progress	In Progress			
10. Identify system Enhancements										
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	5/5/2015	11/30/2015	Completed	Completed	DLC/ERP	DOF - Lenny or none?	
M4	10.B	Document configuration changes	Short	5/11/2015	11/30/2015	Completed	Completed	DLC/ERP	DOF - Lenny or none?	
M4	10.C	Develop and test changes	Medium	5/18/2015	11/30/2015	Completed	Completed	DLC/ERP	DOF - Lenny or none?	
M5 Action Steps										
2. Supplement Warehouse staffing with contractor(s) with expertise in Warehouse /Order Management										
M5	2.A	Develop and issue task order	Short	4/3/2015	6/15/2015	Completed	Completed	ERP		
M5	2.B	Review task order and select applicant	Short	4/13/2015	6/15/2015	Completed	Completed	ERP		
M5	2.C	Initiate Purchase Order	Short	4/20/2015	6/15/2015	Completed	Completed	ERP		
M5	2.D	Hire Consultant	Short	5/4/2015	6/15/2015	Completed	Completed	ERP		
M5	2.E	Additional consultant services for final racking plan	Medium	12/1/2015	12/31/2015	Completed	Completed	Zeltner / Vogel		
M5	2.F	Review recommendations by new consultant and approve as appropriate	Medium	1/1/2016	1/31/2016	Completed	Completed	Zeltner / Vogel		
M5	2.G	Implement approved recommendations	Medium	2/1/2016	3/31/2016	In Progress	In Progress	Zeltner / Vogel		
12. Split DLC Sections further										
M5	12.A	A. Split DLC warehouse responsibilities for efficiency & effectiveness.	Medium	4/1/2015	On-hold by CAO	Completed	Completed	DO / Zeltner		
M5	12.B	B. Evaluate warehouse ops in different product categories	Medium	5/1/2015	On-hold by CAO	Completed	Completed	DO / Zeltner		
M6 Action Steps										
11. Identify Report Enhancements										
M6	11.A	Identify new requirements based on feedback from focus groups	Short	5/5/2015	6/30/2015	Completed	Completed	DLC/ERP		
M6	11.B	Develop tracking for shorts, wrong case on trucks and customer returns by product (beer, L/W, special orders)	Short	5/1/2015	7/10/2015	Completed	Completed	EG/ERP		
M6	11.C	Develop tracking for customer returns by customers	Short	5/18/2015	7/10/2015	Completed	Completed	EG/ERP		
M6	11.D	Develop a slow moving items report	Medium	4/27/2015	12/31/2015	Completed	Completed	DLC/ERP		
M6	11.E	Document configuration changes	Medium	5/11/2015	10/31/2015	Completed	Completed	DLC/ERP		
M6	11.F	Develop and test changes	Medium	5/18/2015	11/30/2015	Completed	Completed	DLC/ERP		
M6	11.G	Define requirements for any required additional inventory reports	Medium	9/8/2015	2/29/2016	Completed	Completed	DLC/ERP		
13. Track performance improvement in the warehouse										
M6	13.A	Review current metrics	Short	4/20/2015	6/19/2015	Completed	Completed	DLC, CountyStat		
M6	13.B	Create new metrics based on new processes	Short	4/20/2015	9/30/2015	Completed	Completed	DLC, CountyStat		
M6	13.C	Track and report on new metrics	Short	11/1/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB	
M6	13.D	Implement DLCStat meetings occurring monthly	Short	5/29/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO	

III. Improve Special Orders Action Plan

Milestone Updates	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M7 <u>Implement Improvements in Special Order Delivery Operations</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * The use of color labels in the licensees' warehouse locations has led us to identify some problems in the existing Oracle System. These issues have been addressed and resolved with the expectation to further improve our reliability and accuracy of deliveries in April, 2016 and beyond. * Elimination of special order unallocated product helped in the accuracy of our mid-year inventory. * Implementation of ATO for Beer has been completed. * Final recommendations for staffing of the Special Order area has been approved by the CAO. *Progress to date was presented to the State Delegation as part of their consideration of several proposed Bills that would have had impacts on the working of the Department.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): Continue to implement changes to current practices by the new Warehouse Management team, including personnel changes and timing of receiving products from suppliers. * Reinitiate discussion of loss prevention and direct involvement by Department of Police on existing distribution processes.</p> <p>Current Risks (Current or expected items that need CAO/CAAO attention):</p>	4/30/2016	4/30/2016	Complete	DLC / ERP	Suppliers
<p>M8 <u>Implement Ongoing Performance Metrics and Customer Feedback/Improvement System</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * Performance metrics have been presented, discussed with County Stat and currently being tracked. Others will be monitored internally.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Tracking of performance metrics to identify deficiencies and develop corrective action. * Continue informal and personal meetings with major licensees and suppliers to get feedback on improvements and ideas on additional changes that may benefit all.</p> <p>Current Risks (Current or expected items that need CAO/CAAO attention): * None at this time.</p>	3/31/2016	3/31/2016	Complete	DLC / CountyStat	ERP

4. Identify and define challenges with Special Order Products										
M7		4.A	Align inventory of the top 4 Special Order suppliers	Short	4/11/2015	4/11/2015	Completed	Completed	Gus Montes De Oca	
M7		4.B	Establish locator numbers to improve receiving and picking of product	Short	4/11/2015	6/19/2015	Completed	Completed	Gus Montes De Oca	
M7		4.C	All Special Order products will be received and picked using locator numbers	Short	4/13/2015	7/6/2015	Completed	Completed	Gus Montes De Oca	
M7		4.D	Engage DLC Special Order Team in identify issues	Short	5/1/2015	6/12/2015	Completed	Completed	Pandya	
M7		4.E	Develop action plan to address issues	Short	5/1/2015	6/19/2015	Completed	Completed	Pandya/Gus Montes De Oca	
M7		4.F	Implement a plan for buyers and warehouse receiving staff to Collect UPC codes for all Special Order products	Short	4/11/2015	Ongoing	Completed	Completed	Pandya / Zeltner	
M7		4.G	Implement plan for warehouse staff to manually collect and entering UPC codes when receiving	Short	4/20/2015	Ongoing	Completed	Completed	Zeltner	
5. Establish the role of sales reps in placing orders on behalf of licensees										
M7		5.A	Review current capabilities and areas of concern	Short	5/28/2015	10/31/2015	Completed	Completed	Sunil	
M7		5.B	Develop DLC policy on the role of sales reps in placing orders	Short	5/28/2015	10/31/2015	Completed	Completed	Director's Office DLC	
M7		5.C	Implement the DLC policy on the roles of sales reps in placing orders and train Suppliers	Medium	7/17/2015	4/30/2016	In Progress	In Progress	Sunil	
M8 Action Steps										
3. Track performance improvement in special orders										
M8		3.A	Review current metrics	Short	4/20/2015	6/19/2015	Completed	Completed	DLC, CountyStat	
M8		3.B	Create new metrics based on new processes	Short	5/8/2015	6/30/2015	Completed	Completed	DLC, CountyStat	
	M8	3.C	Track and report on new metrics	Short	7/6/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB
	M8	3.D	Implement DLCStat meetings occurring monthly	Short	5/26/2015	Ongoing	Completed	Completed	DLC, CountyStat	OMB, ERP, FIN, CAC
M8		3E	Review and expand metrics with new M2 and M3 input	Medium	10/1/2015	1/31/2016	Completed	Completed	Zeltner	
M9 Action Steps										
2. Improve special orders deliveries										
M9		2.A	Continue effort with Comptroller to interpret "come to rest" provision of State law	Short	3/15/2015	10/31/2015	Completed	Completed	DLC Director	
M9		2.B	Examine delivery options for Special Orders, including vendor to warehouse to	Short	5/1/2015	10/31/2015	Completed	Completed	DLC Chiefs	
M9		2.C	Evaluate contracting out delivery of special orders and entire delivery operation	Medium	5/1/2015	11/30/2015	Completed	Completed	DO / DLC Chiefs	
M9		2.D	Evaluate smaller delivery trucks (no CDL license needed)	Medium	5/1/2015	10/31/2015	Completed	Completed	Zeltner/Vogel	DGS-Fleet
M9		2.E	Review time tables for supplier deliveries to warehouse	Short	4/15/2015	11/30/2015	Completed	Completed	Zeltner/Vogel	
M9		2.F	Review and update time tables for DLC deliveries to retailers	Short	4/15/2015	3/31/2016	In Progress	In Progress	Zeltner/Vogel	

IV. Improve Retail Operations Action Plan

Milestone Updates	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M10 <u>Open Three (3) New Stores and Relocate One (1) Store in FY16</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * After experiencing extensive delays, the leases of the King Farm and Washington Street sites have been finalized. * Delays in the lease agreements will cause the delay in the final opening, which is now expected for late June for King Farm and early summer 2016 for 300 North Washington St. * DLC requested and obtained support and involvement by upper management in DGS. *The County continues discussions with landlord of the Aspen Hill site, and given our recent experience with lease agreements,. *All interviews for Assistant Managers have been completed. Selection of managers has started. * Management staff should be in place before store openings. * Exemption request to for construction of North Washington Street was approved by the Director of Procurement. * Lease extensions/relocations will be added to the Action Plan starting with the April update. Construction on King Farm site has started. NTP with N. Washington to be issued in April.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): *Construction progress on the two sites, and completion of the lease for the Aspen Hill location. * Selection of all personnel for the stores, according with the opening schedule. * Lease extensions/relocations will be added to the Action Plan starting with April. * Resolve contract extension of the King Farm construction as a result of field changed conditions (different floor elevations in adjacent sites, unknown until separating wall was torn down.)</p> <p>Current Risks (Current or expected tems that need CAO/ACAO attention): * Completion of the Aspen Hill lease and monitor construction contractor performance in a timely manner.</p>	9/30/2016	6/30/2016	9/30/2016	DLC	DTS, DGS
<p>M11 <u>Develop Long-Range Retail Store Business Plan/Strategy</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * Major efforts on this matter have been negatively impacted by staff transfers and time devoted to the opening of the first two new DLC stores. * Have been working with the GIS unit of DTS to obtain adult population around existing stores, and income info by census tract.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): *Review of previous recommendations in the Long Range Strategic Plan so that activities can start in full force once we have certainty on achieving the opening of the first two new stores.</p> <p>Current Risks (Current or expected tems that need CAO/ACAO attention): * May need consultant assistance to accomplish this task.</p>	9/30/2016	On schedule	9/30/2016	DLC	DGS, DTS, Co. Attorney

M12	Implement Best Management Practices: Performance Monitoring and Internal Controls	1/31/2016	Complete	Complete	DLC / CountyStat	
<p>Major Accomplishments (What have we accomplished in the last month?): * Creation of new metrics has been completed during this time period. *Retail staff have met with DLC IT group to create reports that will automatically give us information to measure and track performance.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Start the monitoring of the performance metrics . * Establish process to report to County Stat.</p> <p>Current Risks (Current or expected tems that need CAO/CAAO attention): * None at this time.</p>						

Milestone									
Prime	Supporting	Action Item	Term	Start Date	Expected Completion Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
M10 Action Steps									
2. Lease three new sites and one relocation									
M10	2.A	Identify and evaluate candidate locations, including available space	Short	4/17/2015	8/30/2015	Complete	Complete	Montes de Oca	
M10	2.B	Review sites for possibility of a super store and assess feasibility	Medium	7/5/2015	12/30/2015	Complete	Complete	D. Office/Gus	
M10	2.C	Enter into lease agreements for selected sites	Long	6/5/2015	3/11/2016	In Progress	In Progress	Montes de Oca	
M10	2.D	Outfit and stock new stores	Long	9/4/2015	6/15/2016	In Progress	In Progress	Montes de Oca/Retail Staff	
M10	2.E	Open new stores (staggered with periodic updates to CAO, OMB)	Long	12/1/2015	6/30/2016	In Progress	In Progress	Montes de Oca/Retail Staff	
3. Staff new stores									
M10	3.A	Identify staffing needs	Medium	6/2/2015	9/30/2015	Complete	Complete	Montes de Oca/Retail Staff	OMB
M10	3.B	Hiring process	Medium	10/1/2015	4/30/2016	In Progress	In Progress	Montes de Oca/Retail Staff	OMB, OHR
M10	3.C	Train new staff	Long	11/16/2015	5/31/2016	Not Started	Not Started	Montes de Oca/Retail Staff	

M11 Action Steps										
1. Develop a plan for new locations and relocations										
M11		1.A	Hire a consultant	Short	4/17/2015	4/17/2015	Complete	Complete	Gus Montes de Oca	
M11		1.B	Request GIS information on existing retail shopping centers in the county and demographics	Short	4/13/2015	4/20/2015	Complete	Complete	Gonzalez/Montes de Oca	DTS
M11		1.C	Provide monthly updates to CAO	Long	6/2/2015	Ongoing	In Progress	In Progress	Gus Montes de Oca/Director	CAO
M11		1.D	Develop a DLC strategy for new retail store openings and locations	Long	1/2/2016	6/30/2016	In Progress	In Progress	DO / Gus	
M11		1.E	Develop a DLC brand strategy with store guidelines and consistent use of DLC branding	Long	On-going	4/30/2016	In Progress	In Progress	Gus	
M12 Action Steps										
4. Track performance improvement in retail										
M12		4.A	Review current metrics	Short	4/20/2015	8/30/2015	Complete	Complete	DLC, CountyStat	
M12		4.B	Create new metrics based on new processes	Long	4/20/2015	1/31/2016	Complete	Complete	DLC, CountyStat	
	M12	4.C	Track and report on new metrics	Medium	10/1/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB
	M12	4.D	Implement DLCStat meetings occurring monthly	Short	5/28/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO
5. Improve Inventory and other controls in Stores										
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, for FY15 year-end counts.	Short	6/24/2015	7/15/2015	Complete	Complete	Gus, Diane, Store Managers	
M12		5.B	Develop and implement policy for changing safe combination	Medium	5/18/2015	9/30/2015	Complete	Complete	Gus	
M12		5.C	Implement policy for authorization of discount transactions	Medium	6/2/2015	10/31/2015	Complete	Complete	DO - Div. Chiefs	

V. Improve Delivery and Fleet Operations Action Plan

Action Item	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M13 <u>Implement Improvements in Delivery Routing & Operations</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * Review of existing routing and rationale behind icontinues under way; however, our ERP partners report that loading the transportation module of Oracle has been postponed due to higher Oracle priorities. *Schedule of major supplier deliveries has been streamlined and number of weekly deliveries has been reduced and spread out more evenly during the week. *New small cargo van specs have been transmitted to DGS for ordering and acquisition in the near future. The van will supplement normal deliveries and will improve customer service to our licensees at little extra cost.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Goal is to implement changes by end of June. * Focus will be on loading and review of transportation module of Oracle by ERP team, and decision to adopt or not, or use RoadNet instead.</p> <p>Current Risks (Current or expected themes that need CAO/CAAO attention): *Activation of transportation module of Oracle by ERP team for review.</p>	6/30/2016	5/31/2016	6/30/2016	DLC	DTS
<p>M14 <u>Completed Analysis of Fleet Requirements and Alternatives and Develop Recommendations</u></p> <p>Major Accomplishments (What have we accomplished in the last month?): * All necessary work to order six new trucks was completed on time, and order placed. Delivery of new trucks expected in the fall, 2016. * The REOI for the remainder of the fleet was advertised ahead of schedule, and selection of vendors eligible for RFP has been completed. Expect RFP to be advertised in May, 2016 by DGS.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): * Advertise RFP for the lease of the fleet on or before 4/22/16 as proposed by DGS.</p> <p>Current Risks (Current or expected themes that need CAO/CAAO attention): *financial analysis to determine fiscal impacts and final decision on leasing vs. buying.</p>	8/31/2016	5/31/2016	8/31/2016	DLC	DGS, Procurement, OMB

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M15 Implement Improvements in Delivery & Fleet Performance Monitoring					8/31/2016	5/31/2016	8/31/2016	DLC / CountyStat	
<p>Major Accomplishments (What have we accomplished in the last month?): * This milestone have been delayed due to high level of attention to other Oracle enhancements. Expect to review transportation module of Oracle in May.</p> <p>Upcoming major actions (What do we expect to accomplish in the next month?): *Continue working with CountyStat in the development of new metrics. * Work with ERP on the review of the transportation module of Oracle to compare with RoadNet and make a decision on which to use in May.</p> <p>Current Risks (Current or expected tems that need CAO/ACAO attention): * ERP team loading of the Transportation Module of Oracle for formal review and comparison with RoadNet.</p>									
Milestone									
Prime	Supporting	Action Item	Term	Start Date	Expected Completion Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
M13 Action Steps									
1. Optimize delivery routing using GPS and quantity order data									
M13		1.A Review current delivery route methodology and identify areas for improvement (iteration)	<i>Long</i>	On-going	6/30/2016	In Progress	In Progress	DO / Zeltner	
M13		1.B Implement Improved delivery routing	<i>Long</i>	11/1/2015	6/30/2016	In Progress	In Progress	Zeltner	
	M13	1.C Track delivery improvements	<i>Long</i>	12/1/2015	6/30/2016	Not Started	Not Started	Zeltner	
2. Improve delivery timetables									
M13		2.A Review time tables for supplier deliveries to warehouse	<i>Short</i>	4/15/2015	11/30/2015	Completed	Completed	Zeltner/Warehouse	
M13		2.B Review and update time tables for DLC deliveries to retailers	<i>Long</i>	4/15/2015	5/31/2016	In Progress	In Progress	Zeltner/Warehouse	
3. Improve delivery policies and protocols									
M13		3.A Develop protocol for customer not available at time of delivery	<i>Long</i>	5/4/2015	4/30/2016	In Progress	In Progress	Zeltner/Warehouse	
M13		3.B Assess the need for DLC policy to rotate delivery route assignments and driver/helper pairings periodically	<i>Long</i>	On-going	4/30/2016	In Progress	In Progress	DO / Zeltner	
4. Review and updated driver documentation form									
M13		4.A Change driver tally sheet to sync with DLC-Finance	<i>Long</i>	4/15/2015	3/31/2016	Completed	Completed	Zeltner/Pandya	
M13		4.B Instruct drivers on new change	<i>Long</i>	6/15/2015	3/31/2016	Completed	Completed	Zeltner/Warehouse	
	M13	4.C Verify compliance with change	<i>Long</i>	6/12/2015	3/31/2016	In Progress	Completed	Zeltner/Warehouse	

M14 Action Steps										
5. Resolve fleet issues using market and cost of service information and industry best practices										
M14		5.A	Complete initial analysis of DLC Fleet. Complete critical lifecycle analysis and identify short and long term fleet strategy.	Short	3/1/2015	4/1/2015	Complete	Complete	DGS/Montes de Oca	DLC, OMB
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	3/30/2015	10/31/2015	Complete	Complete	DGS/Montes de Oca/Zeltner	DLC, OMB
M14		5.C	Purchase/Lease 6 new trucks (DGS Fleet Recommendation). DGS completed specifications for replacements. Once approved and funded delivery of trucks 180-240 days. Expect delivery in late fall, 2016.	Short	4/15/2015	1/31/2016	Complete	Complete	DGS/Montes de Oca/Zeltner	DLC, OMB
M14		5.D	Come to a decision on fleet. Present fleet analysis to OMB and FIN for purchase / lease options of the future DLC fleet.	Medium	7/15/2015	10/31/2015	Complete	Complete	DGS/Zeltner	DLC, OMB, FIN
M14		5.E	Develop, advertise and receive REOI for new truck fleet	Medium	9/15/2015	12/10/2015	Complete	Complete	DGS/Zeltner	Procurement
M14		5.F	Evaluate REOI responses and develop RFP on basis of finalists from REOI process	Medium	12/10/2015	1/22/2016	Complete	Complete	DGS/Zeltner	Procurement
M14		5.G	Advertise RFP and wait for bidders responses	Long	1/26/2016	6/30/2016	In Progress	In Progress	DGS/Zeltner	Procurement
M14		5.H	Evaluate RFP responses	Long	3/31/2016	8/31/2016	Not Started	Not Started	DGS/Zeltner	Procurement
M15 Action Steps										
6. Track performance improvement in delivery and fleet										
M15		6.A	Review current metrics	Short	4/20/2015	6/15/2015	Complete	Complete	DLC, CountyStat	
M15		6.B	Create new metrics based on new processes	Short	5/18/2015	8/31/2016	In Progress	In Progress	DLC, CountyStat	
	<i>M15</i>	6.C	Track and report on new metrics	Medium	7/1/2015	Ongoing	Not Started	Not Started	DLC, CountyStat	OMB
	<i>M15</i>	6.D	Implement DLCStat meetings occurring monthly	Short	5/29/2015	Ongoing	In Progress	In Progress	DLC, CountyStat	OMB, ERP, FIN, CAO

VI. Improve Financial Controls and General Operations Action Plan

Milestone Updates	Milestone Date	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
<p>M16 <u>Complete remaining post implementation FY15 transaction processing</u> Major Accomplishments (What have we accomplished in the last month?): N/A Upcoming major actions (What do we expect to accomplish in the next month?): N/A Current Risks (Current or expected items that need CAO/CAAO attention): N/A</p>	8/31/2015	Complete	Complete	DLC	Finance, ERP
<p>M17 <u>Implement improvements in financial and internal controls across DLC operations</u> Major Accomplishments (What have we accomplished in the last month?): * Completed analysis and implementation of maximum automation of ZBA sweep activity * Implemented DLC formal monthly reconciliations of inventory module/accounts to the general ledger; documentation of reconciliation processes are in progress Upcoming major actions (What do we expect to accomplish in the next month: * Complete development and begin testing of enhancements to the POS to Oracle sales and tender inbound interface * Complete development and documentation of formal reconciliation processes over DLC modules to DLC general ledger Current Risks (Current or expected items that need CAO/CAAO attention): *None at this time.</p>	6/30/2016	On Schedule	On Schedule	DLC	Finance, ERP
<p>M18 <u>Implement best practices: workforce planning, standard operating procedures, and process improvements</u> Major Accomplishments (What have we accomplished in the last month?): * The Department of Finance Accounts Payable (A/P) Shared Services Program will be implemented for DLC effective May 1, where Finance will be responsible for performing invoice processing, payment, and related customer service support for DLC suppliers; transition activities are currently underway, including configuration of invoice approval workflow, changes to related business processes, coordination with affected employees, and training of A/P staff; under the Shared Services model, staff responsible for DLC invoice payments will participate in A/P cross training requirements, and continuing education and professional development opportunities * Completed development of front-end interface to improve three-way matching for long complex DLC A/P invoices * For the long-term OCR project relating to large complex supplier invoices, based on the results of proof-of-concept and other related work, initiation of this project will commence after the project charter has been signed by the implementing departments and once the A/P Shared Services program is implemented in May * For the related enterprise end-to-end A/P workflow requirement, one solution has been selected for proof-of-concept after completion of reference checks, and a demo of another solution is scheduled for May * Proof of concept conducted for use of iSupplier for submission of supplier invoices; results confirmed significant application development effort, supplier training and change of internal business process would be required; may still be opportunity for enhanced supplier use for accessing and viewing paid invoices and other relevant information * To display A/P invoice documents in iSupplier, making them available to suppliers, a prototype application has been developed to pull stored images based on invoice ID; additional design and development is in process * Planning for April full interim physical count of warehouse, incorporating lessons learned feedback from the January interim and June 2015 year-end full physical count processes; operational and process improvements noted in Sections II and III are also contributing to anticipated improvements in the count processes and related count results * Implemented a reengineered LRE cash receipt process, in time for the annual LRE license renewal cycle, for direct entry into Oracle by LRE staff at point of receipt</p>	12/31/2016	On Schedule	On Schedule	DLC	Finance, ERP

Upcoming major actions (What do we expect to accomplish in the next month?): * Initiation of the OCR project * Proof-of-concept and demos on long-term enterprise end-to-end A/P workflow solutions * Training of Accounts Payable staff and go-live implementation of front-end interface to improve three-way matching for long complex DLC A/P invoices * Conduct final interim full physical count of the warehouse, incorporating improved processes also planned for year-end counts * Finalize and document policies over timing, frequency, and purpose of the components of the inventory count program * Continued reevaluation, reengineering, and documentation of daily monitoring and control procedures over inventory * Begin development of a formal inventory cycle count program, for implementation in FY17 * Rollout of training and reengineered warehouse cash receipt process in next several months

Current Risks (Current or expected items that need CAO/CAO attention): *None at this time.

Primary Support	Milestone	Action Item	Term	Start Date	Expected Completion Date*	2/29/2016 Status	3/31/2016 Status	Lead Party	Supporting Party(ies)
	1. Improve Cash Management by increasing automation of DLC bank account reconciliations								
M17	1.A	Resolve POS Auto-Invoice-Receipt matching differences	Long	4/15/2015	6/30/2016	Complete	Complete	ERP	DOF - Williams
M16	1.B	Eliminate unrecorded daily warehouse receipts from February - current. (See 2A)	Short	4/15/2015	6/30/2015	Complete	Complete	Pandya	DOF - Metzger
M16	1.C	Eliminate unrecorded LRE receipts from February - current. (See 2B)	Short	4/15/2015	6/30/2015	Complete	Complete	Pandya	DOF - Metzger
M16	1.D	Update the reconciliation status of ACH transactions in AP module	Medium	4/15/2015	7/31/2015	Complete	Complete	ERP	DOF - Williams
M16	1.E	Eliminate unrecorded ZBA transfers and implement interim manual process	Medium	4/15/2015	9/30/2015	Complete	Complete	DOF - Williams	ERP
M17	1.F	Resolve issue with ZBA Transfer automation by loading Oracle RUP patch and completing the full implementation of automated accounting for sweeps	Long	9/1/2015	3/31/2016	In Progress	Complete	ERP	DOF - Williams
M17	1.G	Improve control and standardization over recording and collecting on ACH rejections by documenting procedures.	Medium	4/15/2015	10/31/2015	Complete	Complete	Pandya	DOF - Williams
M17	1.H	Eliminate FY16 unrecorded daily warehouse receipts from July until permanent solution(s) implemented. (See 2A and 2.O)	Long	7/1/2015	/31/16 (after 2A)	In Progress	Complete	DLC - Utermohle	DOF - Metzger
M17	1.I	Eliminate FY16 unrecorded LRE receipts from July until permanent solution(s) implemented. (See 2B and 2.O)	Long	7/1/2015	/31/16 (after 2E)	Complete	Complete	DLC - Pandya	DOF - Metzger
M18	1.J	Update the reconciliation status of ACH transactions in AP module - automated solution	Medium	8/1/2015	9/30/2015	Complete	Complete	ERP	DOF - Williams

2. Improve Accounts Receivable function by optimizing business processes and automation									
M17	2.A	Develop daily warehouse receipts template, test and implement for uploading to Oracle	Long	4/15/2015	5/31/2016	In Progress	In Progress	ERP	DLC, DOF - Metzger
M17	2.B	Develop LRE receipt template, test and implement for uploading to Oracle	Long	4/15/2015	1/31/2016	Complete	Complete	ERP	DLC, DOF - Metzger
M17	2.C	Develop and implement notification of credit card interface	Medium	4/15/2015	7/31/2015	Complete	Complete	ERP	DOF - Metzger
M17	2.D	Implement ACH rejection and collection processes (see 1G)	Medium	4/15/2015	9/30/2015	Complete	Complete	Pandya	DOF - Metzger, Williams
M17	2.E	Develop procedures on creating LRE customers into Oracle AR Module	Medium	4/15/2015	10/31/2015	Complete	Complete	Pandya	DOF - Metzger
M17	2.F	Develop procedure for LRE invoices to be recorded using Oracle AR Module	Medium	4/15/2015	10/31/2015	Complete	Complete	Pandya	DOF - Metzger
M17	2.G	Develop procedures for receipt reversals	Medium	4/15/2015	12/31/2015	Complete	Complete	ERP	DLC, DOF - Metzger
M17	2.H	Develop and implement revised procedures for Credit Card Reconciliation	Medium	7/13/2015	11/30/2015	Complete	Complete	DOF-Metzger	DLC-Pandya
M17	2.I	Develop and implement revised procedures/policies/reporting for Credit Memos (RMA) - Returns	Long	4/15/2015	6/30/2016	In Progress	In Progress	DLC-Utermohle	DOF - Metzger/ERP
M17	2.J	Develop and implement revised procedures/policies/reporting for Credit Memos (RMA) - Promotional Discounts <u>(this was the old 3.A - Improve controls over how promotional credits will be applied to Licensee.)</u>	Long	4/15/2015	6/30/2016	In Progress	In Progress	DLC-Utermohle	DOF - Metzger/ERP
M17	2.K	Resolve remaining issues preventing application of credit memos against A/R invoices	Medium	6/4/2015	5/31/2016	In Progress	In Progress	DLC-Utermohle	DOF - Metzger/ERP
M17	2.L	Review and update policies/procedures (limited rights, second signature above certain threshold, etc) over A/R discounted transactions to ensure transactions are appropriately authorized prior to processing	Long	10/5/2015	6/30/2016	Not Started	Not Started	DLC - Utermohle/Zeltner	DOF - Metzger
M17	2.M	Improve timeliness/Control of recording A/R transactions by automating Create Accounting for AR	Medium	4/15/2015	7/31/2015	Complete	Complete	ERP	DOF - Metzger
M17	2.N	Ensure accurate A/R transactions by validating Accounts Receivable data (SLA to GL)	Long	4/15/2015	3/31/2016	Complete	Complete	DOF - Williams	DLC
M18	2.O	Reevaluate further reengineering/streamlining of LRE & Warehouse cash receipt recording process for direct entry to Oracle at point of receipt	Long	1/4/2016	6/30/2016	In Progress	In Progress	DOF-Metzger	DLC/ERP
M17	2.P	Develop and implement revised procedures for ensuring one invoice generated per delivery date	Medium	7/20/2015	8/31/2015	Complete	Complete	ERP	DLC, DOF - Metzger
M18	2.Q	Identify, implement, and document improvements to the billback and claims processes.	Long		9/30/2016	In Progress	In Progress	DLC-Utermohle/DOF	

3. Improve Accounts Payable function by optimizing business processes and automation									
M17	3.A	Improve timeliness/Control of recording A/P transactions by automating Create Accounting for AP	Short	4/15/2015	4/20/2015	Complete	Complete	ERP	DOF - Shabani
M17	3.B	Improve controls over A/P function by further defining and aligning duties to Oracle access for A/P Staff	Short	4/15/2015	4/30/2015	Complete	Complete	DLC/ERP	DOF - Shabani
M17	3.C	Increase accuracy of monthly A/P closings by fixing configuration of the AP Trial Balance for DLC	Medium	4/15/2015	12/31/2015	Complete	Complete	ERP	DOF - Shabani
M18	3.D	Eliminate bottlenecks with invoice processing by implementing an OCR solution to handle large, multi-line invoices	Long	4/30/2015	6/30/2016	In Progress	In Progress	ERP-Utermohle/DOF-Shabani	DLC-Utermohle
M18	3.E	Make imaged A/P invoice documents available to suppliers through iSupplier (similar to Oracle workbench)	Long	9/30/2015	7/31/2016	In Progress	In Progress	ERP/DOF - Shabani	DLC-Utermohle
M18	3.F	Improve current manual three-way matching process through development of front-end interface	Medium	10/1/2015	4/30/2016	In Progress	In Progress	DLC-Utermohle/ERP	DOF - Shabani
M17	3.G	Implement internal automation of three-way matching process to eliminate manual transmission, validating, and processing	Long	2/1/2016	6/30/2016	Not Started	Not Started		
M17	3.H	Resolve issues preventing automated application/linking of credit memos to Purchase Order, A/P inventory invoices, and Receiving during invoice processing	Medium	6/4/2015	6/30/2016	In Progress	In Progress	ERP/DOF - Shabani	DLC-Utermohle
M17	3.I	Not used							
M17	3.J	Reevaluate process for resolving receiving holds	Medium	10/1/2015	6/30/2016	In Progress	In Progress	-Utermohle/Zeltner/I	DOF - Shabani
M17	3.K	Reevaluate policies and procedures for direct payment of items short-paid on invoices	Long	12/1/2015	6/30/2016	Not Started	Not Started	DLC-Utermohle	DOF - Shabani/ERP
M18	3.L	Crosstraining of A/P staff	Long	1/1/2016	5/31/2016	Not Started	In Progress	DOF-Shabani	DLC-Utermohle
M17	3.M	Conduct refresher training for DLC A/P staff on PO supplier selection and pricing to reduce errors/discrepancies	Medium	10/1/2015	12/31/2015	Complete	Complete	DLC-Pandya	DOF - Shabani
M18	3.N	Develop and implement centralized and standardized supplier invoice submission and DLC intake of mail (invoices, receiving, etc) processes	Long	6/30/2016	12/31/2016	Not Started	Not Started	DLC-Utermohle	DOF - Shabani
M18	3.O	Evaluate feasibility and implement initial phasing of EDI invoice submission by large vendors	Long	6/30/2016	12/31/2016	Not Started	Not Started	DLC-Utermohle	DOF - Shabani/ERP
M18	3.P	Implement policies and procedures requiring supplier item numbers on supplier invoices	Long	10/1/2015	12/31/2016	Not Started	Not Started	DLC-Utermohle	DOF - Shabani
M18	3.Q	Evaluate and implement proof of concept for use of iSupplier for submission of vendor invoices	Long	7/1/2016	12/31/2016	In Progress	In Progress	DLC-Utermohle/ERP	DOF - Shabani
M18	3.R	Implement standard approval workflow for DLC A/P invoices	Medium	10/1/2015	5/31/2016	Not Started	In Progress	DOF-Shabani/ERP	DLC-Utermohle

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4. Improve financial reporting by more complete and accurate general and subsidiary ledgers									
M17	4.A	Not used - was a duplicate	Short	4/15/2015	6/30/2015			DOF - Williams	DLC
M17	4.B	Improve timeliness/Control of recording A/P transactions by automating Create Accounting for AP	Short	4/15/2015	4/20/2015	Complete	Complete	ERP	DOF - Shabani
M17	4.C	Improve timeliness/Control of recording A/R transactions by automating Create Accounting for AR	Medium	4/15/2015	7/31/2015	Complete	Complete	ERP	DOF - Metzger
M17	4.D	Not used - was a duplicate	Medium	4/15/2015	7/31/2015			ERP	DOF - Shabani
M18	4.E	Improve completeness and accuracy of MCG Ledger reporting by automating consolidation of DLC ledger to MCG ledger - interim progress	Medium	4/15/2015	7/31/2015	Complete	Complete	ERP	DOF - Williams
M17	4.F	Improve controls over DLC inventory/warehouse accounting by documenting and implement reconciliation process of DLC inventory and ledgers	Long	4/15/2015	6/30/2016	In Progress	In Progress	DOF - Williams	
M18	4.G	Improve completeness and accuracy of MCG Ledger reporting by automating consolidation of DLC ledger to MCG ledger - permanent automated process	Long	TBD	6/30/2016	eevaluated N/C/eevaluated N/C/		ERP	DOF - Williams
5. Complete One Time Pre-Audit Validations									
M17	5.A	AR Process - Document ordering and ACH from vendors	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DOF - Williams	ERP
M17	5.B	AR Process - Document paradigm interface with tables	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DOF - Williams	ERP
M17	5.C	AR Process - Document order management vs. AR not reconciling	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DOF - Williams	ERP
M17	5.D	AR Process - Document data fix	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DOF - Williams	ERP
M17	5.E	AR Process - Reconciliation of Order Management to AR for delayed processing issue	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DLC - Pandya	DOF - Williams/ERP
M16	5.F	Inventory Process - Reconcile inventory count (1-24-15) to inventory balance populated in Oracle (2-1-15)	Short	4/15/2015	6/30/2015	eevaluated N/C/eevaluated N/C/		DLC - Pandya	DOF - Williams
M16	5.G	Implement the revised inventory consolidation entry for Feb 1 go-live balance	Short	4/15/2015	6/30/2015	Complete	Complete	DOF - Williams/DLC	ERP
M16	5.H	FIFO Testing - final post-implementation test to ensure prior year audit comments have been resolved	Medium	4/15/2015	8/31/2015	Complete	Complete	DOF - Williams	DLC, ERP

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6. Improve Controls over Inventory									
M18	6.A	Warehouse Inventory -- Reestablish interim/quarterly full physical inventory counts, and related process and control improvements, until daily procedures and count processes have been sufficiently strengthened to allow for effective use of cycle counts in lieu of interim full counts	Long	6/1/2015	6/30/2016	In Progress	In Progress	DLC - Utermohle	DOF - Williams / ERP
M18	6.B	Warehouse Inventory -- Design, document and implement an effective cycle count program, after daily inventory transaction processing and periodic full physical inventory counts, and related internal controls, have been optimized.	Long	7/1/2015	7/31/2016	In Progress	In Progress	LC - Zeltner/Utermoh	DOF - Williams
M17	6.C	Warehouse Inventory -- 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.) *	Long	7/1/2015	5/31/2016	In Progress	In Progress	DLC/ERP	DOF - Williams
M17	6.D	Warehouse Inventory -- Document and further standardize policies and procedure regarding the use of "quarantine."	Long	4/15/2015	5/31/2016	In Progress	In Progress	DLC - Utermohle	DOF - Williams
M18	6.E	Warehouse Inventory -- Reevaluate and implement optimized daily procedures and controls (monitoring, reconciliation, etc) over inventory.	Long	7/1/2015	9/30/2016	In Progress	In Progress	D.O. DLC	
M17	6.F	Warehouse Inventory -- Review, reevaluate, and strengthen policies, procedures, and internal controls over inventory counts.	Long	9/1/2015	4/30/2016	In Progress	In Progress	LC - Zeltner/Utermoh	DOF - Williams
M18	6.G	Assess the need and options for a loss prevention specialist in DLC	Long	10/1/2015	12/31/2016	Not Started	In Progress	DLC - DO/Zeltner	
M18	6.H	Assess the need for a review process for DLC orders, taking into account Oracle's min/max capabilities for DLC orders	Long	9/30/2015	9/30/2016	In Progress	In Progress	DLC - Utermohle	ERP/DOF - Williams
M18	6.I	Warehouse Inventory -- Resolve subinventory transfer process issues	Long	5/26/2015	5/31/2016	In Progress	In Progress	DLC - Utermohle	DOF - Williams
M18	6.J	Review, reevaluate, and strengthen policies, procedures, and internal controls over retail inventory counts.	Long	10/1/2015	6/30/2016	Not Started	Not Started	DLC - Utermohle/Wurdem an	DOF - Williams/ERP
7. Other Internal Control Improvements									
M17	7.A	Enhance/increase financial management/accounting resources - short-term	Medium	4/18/2015	7/31/2015	Complete	Complete	DLC - Pandya	DOF - Moore
M18	7.B	Evaluate financial management/accounting resources/structure - long-term	Medium	4/18/2015	5/30/16 (est)	In Progress	In Progress	DLC - Utermohle	DOF - Moore
M18	7.C	Develop and implement a plan to enhance continuing education and professional development of financial staff	Medium	7/1/2015	6/30/16 (est)	Not Started	In Progress	DLC - Utermohle	DOF - Williams/Shabani
M18	7.D	Develop and implement a plan for ongoing communication, monitoring, and feedback on the effectiveness of operating controls	Medium	7/1/2015	12/31/16 (est)	In Progress	In Progress	DLC - Utermohle	DOF - Williams

8. Strengthen Internal Controls over Retail financial transactions									
M16	8.A	Reconcile FY 15 cash receipts	Medium	4/15/2015	7/31/2015	Complete	Complete	DOF-Williams	ERP, DLC Fin
M17	8.B	Develop and implement updated training on Gift Card processing to reduce volume of errors	Medium	8/1/2015	12/31/2015	Complete	Complete	Pandya/Montes de Oca	DOF - Metzger / Williams
M17	8.C	Develop and implement revised procedures for Gift Card processing/error corrections	Medium	4/15/2015	TBD	Complete	Complete	DOF-Metzger	DLC-Pandya / ERP
M16	8.D	Eliminate FY15 unrecorded over/shorts from February - current. (See 8F)	Short	4/15/2015	6/30/2015	Complete	Complete	DLC - Pandya	DOF - Metzger/ERP
M17	8.E	Eliminate FY16 unrecorded over/shorts from July until permanent solution(s) implemented. (See 8F)	Long	7/1/2015	5/30/2016	In Progress	In Progress	DLC - Utermohle	DOF - Metzger/ERP
M17	8.F	Develop and implement revised procedures, any system changes, and updated training for Over/Shorts from POS to bank/Oracle	Long	4/15/2015	4/30/2016	In Progress	In Progress	Utermohle/Wurderma	DOF - Metzger/ERP
M17	8.G	Resolve remaining issues with the POS automated interface	Long	5/27/2015	4/30/2016	In Progress	In Progress	ERP	DOF - Metzger/DLC
M17	8.H	Develop and implement POS control totals and enhanced reporting for reconciliation to bank/Oracle	Long	8/1/2015	4/30/2016	In Progress	In Progress	ERP	DLC, DOF - Metzger
M17	8.I	Develop and implement automated notification of POS interface errors/issues	Long	6/24/2015	4/30/2016	Complete	Complete	ERP	DLC, DOF - Metzger
9. Analyze posting of licensee accounts to smooth deliveries									
M18	9.A	Review historical data on orders from Licensees	Medium	6/1/2015	10/31/2015	Complete	Complete	DO / Pandya	
10. Review and renew DLC policies and procedures annually									
M18	10.A	Identify policies and procedures in need of documentation	Medium	6/1/2015	4/30/16 (est)	In Progress	In Progress	DO/Section Chiefs	DOF - Williams/Metzger/Shabani
M18	10.B	Document DLC policies and procedures and determine the needed frequency of a review cycle (must be at least annually)	Medium	On-going	8/31/16 (est)	In Progress	In Progress	Div. Chiefs	
M18	10.C	Identify DLC policies that require ongoing coordination with Finance due to Charter/Code provisions.	Medium	9/1/2015	6/30/16 (est)	Not Started	Not Started	DOF-Moore	DLC
M18	10.D	Participate in County-wide cash receipt policy/procedure review with focus on DLC-specific policies/procedures, and incorporate results to DLC practices/documentation	Long	11/1/2015	6/30/2016	In Progress	In Progress	DOF-Metzger	DLC
M18	10.E	Schedule annual reviews of policies and procedures including dept. org structure, operational procedures, performance metrics, and employee performance standards.	Long	10/1/2015	9/30/2016	Not Started	Not Started	DO / Div. Chiefs	DOF-Williams
11. Implement succession planning across the department									
M18	11.A	Identify key positions	Medium	7/1/2015	10/1/2015	Complete	Complete	DO / Div. Chiefs	
M18	11.B	develop succession plans for key positions	Medium	10/2/2015	6/30/16 (est.)	In Progress	In Progress	DO / Div. Chiefs	
12. Track performance improvements and examine different organization models: Authority, Enterprise Fund, etc. as necessary									
M18	12.A	Review the performance impacts of the DLC action plan and OHR process improvements	Short	ongoing	ongoing	Complete	Complete	DLC/ERP/DOF/CountyStat	
M18	12.B	Consider a different organizational model as a potential option as necessary	Long	TBD	TBD	Not Started	Not Started	CEX/DLC	DOF/OMB
13. Track Return volume by customer, reasons and determine appropriateness of re-stocking fee									
M18	13.A	Discuss options for tracking with ERP - Oracle team	Medium	6/15/2015	10/31/2015	Complete	Complete	DO	ERP
M18	13.B	Track data and evaluate options for restocking fees	Long	10/1/2015	3/31/16 (est.)	In Progress	In Progress	DO	ERP / DOF-Williams

