

Liquor Control

MISSION STATEMENT

The mission of the Department of Liquor Control (DLC) is to provide efficient and quality wholesale and retail sales of beverage alcohol products while promoting moderation and responsible behavior in all phases of distribution and consumption. The department diligently promotes 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 approved FY06 Operating Budget for the Department of Liquor Control is \$29,963,000, a decrease of \$2,372,340 or 7.3 percent from the FY05 Approved Budget of \$32,335,340. Personnel Costs comprise 65.1 percent of the budget for 242 full-time positions and 60 part-time positions for 321.2 workyears. Operating Expenses and Capital Outlay account for the remaining 34.9 percent of the FY06 budget.

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

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

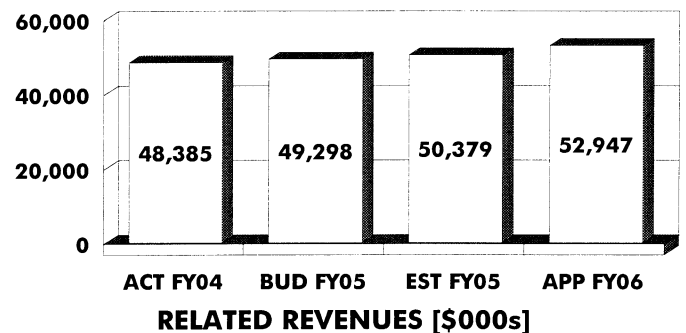
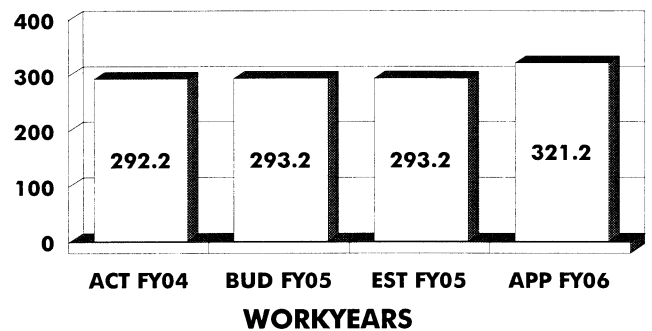
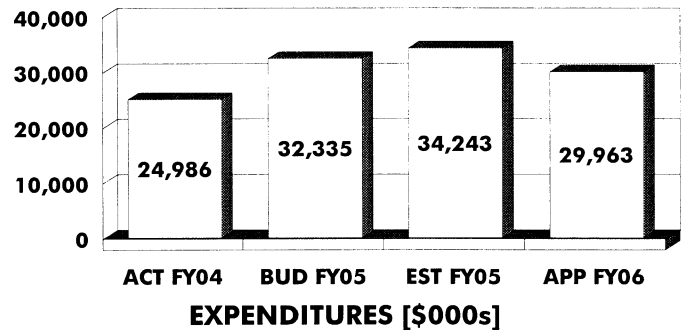
HIGHLIGHTS

- ❖ *Launched a public-education campaign designed to combat teen drinking. The two-year campaign titled "Parents Who Host, Lose the Most: Don't be a Party to Underaged Drinking" focuses on efforts to persuade parents and other adults not to provide alcohol for teenage parties.*
- ❖ *Provided free yearly spring training for wholesalers and other interested parties on a wide range of topics including; how to spot a fake ID; pairing wine with foods; how to promote responsible sales and service; and how to protect oneself as a business owner.*
- ❖ *Launched Ombudsman program to explore suggestions from employees, customers, citizens, and other stakeholders for possible implementation; investigate and work to bring about a fair resolution to any concerns.*
- ❖ *Implemented Virtual Private Network - VPN which allows offsite computers a secure connection to the*

Program Summary

	Expenditures	WYs
Warehouse Operations	6,282,760	66.9
Delivery Operations	5,083,200	72.7
Retail Sales Operations	14,213,490	148.6
Retail Contracted Operations	185,100	0.0
Community Outreach	157,570	1.8
Accounting and Inventory Systems	1,915,310	19.1
Information Management	1,375,120	9.6
Administration	750,450	2.5
Totals	29,963,000	321.2

Trends



Montgomery County Government domain. Contractors and key employees will be able to access the computer systems from remote locations.

PROGRAM CONTACTS

Contact Andrew Brown of the Department of Liquor Control at 240.777.1956 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Warehouse Operations

This program involves management of the County's beverage alcohol warehouse and includes the purchase, receipt, and storage of over 14,000 different stock and special order items.

FY06 Changes

	Expenditures	WYs
FY05 Approved	5,560,210	59.7
FY06 Approved	6,282,760	66.9

Delivery Operations

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

FY06 Changes

	Expenditures	WYs
FY05 Approved	4,799,780	76.2
FY06 Approved	5,083,200	72.7

Retail Sales Operations

This program oversees sales of distilled spirits, wine, and beer to off-sale retail customers through the operation of retail stores (22 County-staffed and operated and three contractor operated) located throughout Montgomery County.

FY06 Changes

- On January 30, 2005, the Pike Store reverted to County operation. The estimated reversion date for the Muddy Branch Store is March 27, 2005. In FY06, there will be 24 County-staffed and operated retail stores and the Flower Avenue store will be the only contractor-staffed and operated store in Montgomery County.

	Expenditures	WYs
FY05 Approved	12,237,040	125.1
FY06 Approved	14,213,490	148.6

Retail Contracted Operations

Article 2B of the Annotated Code of Maryland allows the County to hire contractors to operate County liquor stores. The County must retain title to all retail stock until sold. The County Council adopted Council Resolution No. 12-452 on November 12, 1991, mandating that the County contract with qualified contractors to operate selected stores. The Kensington, Muddy Branch, and the Pike sites were selected for contracting, and in the Fall of 1992, contractor staff replaced the County

employees. In Fall 1994, the Flower Avenue store became a contractor-operated facility. In December 2000, the Kensington store reverted to County operation. State legislation allows the Director of the Department of Liquor Control to contract the operation of a retail outlet only with those persons who had a contract in effect on January 1, 1997.

FY06 Changes

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	Expenditures	WYs
FY05 Approved	660,000	0.0
FY06 Approved	185,100	0.0

Community Outreach

This program defines issues and strategies and monitors 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.

FY06 Changes

- A Program Manager Position has been added to assist the Community Outreach Manager in meeting with the public, making presentations, and designing and assessing new programs.

	Expenditures	WYs
FY05 Approved	99,090	1.0
FY06 Approved	157,570	1.8

Accounting and Inventory Systems

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

FY06 Changes

	Expenditures	WYs
FY05 Approved	1,976,010	19.1
FY06 Approved	1,915,310	19.1

Information Management

This program provides for the operation, maintenance, and protection of all information technology initiatives of the department. These initiatives include, but are not limited to, the warehouse inventory system, the retail point-of-sale system, and numerous personal computer applications.

FY06 Changes

	Expenditures	WYs
FY05 Approved	6,315,300	9.6
FY06 Approved	1,375,120	9.6

Administration

This program provides overall direction, administration, and supervision for the department.

FY06 Changes

	Expenditures	WYs
FY05 Approved	687,910	2.5
FY06 Approved	750,450	2.5

BUDGET SUMMARY

	Actual FY04	Budget FY05	Estimated FY05	Approved FY06	% Chg Bud/App
LIQUOR CONTROL					
EXPENDITURES					
Salaries and Wages	12,441,882	12,800,080	13,056,270	14,342,490	12.1%
Employee Benefits	3,682,396	4,365,750	4,466,260	5,156,770	18.1%
Liquor Control Personnel Costs	16,124,278	17,165,830	17,522,530	19,499,260	13.6%
Operating Expenses	8,229,769	14,626,510	16,050,980	9,871,740	-32.5%
Capital Outlay	632,431	543,000	669,680	592,000	9.0%
Liquor Control Expenditures	24,986,478	32,335,340	34,243,190	29,963,000	-7.3%
PERSONNEL					
Full-Time	233	234	234	242	3.4%
Part-Time	55	55	55	60	9.1%
Workyears	292.2	293.2	293.2	321.2	9.5%
REVENUES					
Miscellaneous/Investment Income	4,712	0	49,400	80,000	—
Operating Revenue	48,380,783	49,298,480	50,330,000	52,867,000	7.2%
Liquor Control Revenues	48,385,495	49,298,480	50,379,400	52,947,000	7.4%

FY06 APPROVED CHANGES CROSSWALK

	Expenditures	WYs
LIQUOR CONTROL		
FY05 ORIGINAL APPROPRIATION	32,335,340	293.2
Changes (with service impacts)		
Add: Staffing of Two Contract Stores [Retail Sales Operations \$726,740] and [Retail Contracted Operations -\$488,400]	238,340	12.2
Enhance: Community Outreach Position - Program Manager [Community Outreach]	50,410	0.8
Other Adjustments (with no service impacts)		
Increase Cost: Debt Service - Controlled Environment Whse. [Accounting and Inventory Systems]	861,000	0.0
Increase Cost: FY06 Compensation	594,450	0.0
Increase Cost: Annualization of FY05 Personnel Costs	290,010	0.0
Increase Cost: FY06 Group Insurance Rate Adjustments	220,030	0.0
Increase Cost: Utilities	214,000	0.0
Increase Cost: Store Rent [Retail Sales Operations]	211,540	0.0
Increase Cost: FY06 Retirement Rate Adjustments	207,110	0.0
Increase Cost: Risk Management Chargebacks	168,560	0.0
Increase Cost: Beer Loading Contractor Fees [Warehouse Operations]	166,500	0.0
Increase Cost: Overtime	138,150	2.9
Increase Cost: Floor Covering in Ten Retail Stores [Retail Sales Operations]	80,000	0.0
Increase Cost: Telephone Ordering System [Information Management]	50,000	0.0
Increase Cost: Part Time Personnel - Additional Workyears/Wholesale Group Position [Warehouse Operations]	33,820	1.2
Increase Cost: Motor Pool Charges	29,260	0.0
Increase Cost: Annualization of FY05 Operating Expenses	29,250	0.0

	Expenditures	WYs
Increase Cost: Reclassification of Truck Driver Substitutes	25,960	0.0
Increase Cost: Records Management Fee [Administration]	25,280	0.0
Increase Cost: Retail Administrative Personnel [Retail Sales Operations]	25,220	0.6
Increase Cost: Shift Differential [Warehouse Operations]	21,530	0.0
Increase Cost: Printing & Mailing	20,000	0.0
Increase Cost: Advertising [Retail Sales Operations]	15,000	0.0
Increase Cost: Contract Store Commissions [Retail Contracted Operations]	13,500	0.0
Increase Cost: Leisure World Store Layout [Retail Sales Operations]	8,000	0.0
Increase Cost: Part-time Liquor Store Clerk I - Group Position - Technical Adjustment [Retail Sales Operations]	0	10.3
Decrease Cost: Solid Waste System Benefit Charge Adjustment	-9,920	0.0
Decrease Cost: Printers [Information Management]	-14,000	0.0
Shift: Warehouse Debt Service from Operating Expense to Transfer Fund [Accounting and Inventory Systems]	-1,050,000	0.0
Decrease Cost: Elimination of One - Time Items Approved in FY05	-5,035,340	0.0
FY06 APPROVED:	29,963,000	321.2