

# 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, 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 approved FY07 Operating Budget for the Department of Liquor Control is \$33,517,970, an increase of \$3,554,970 or 11.9 percent from the FY06 Approved Budget of \$29,963,000. Personnel Costs comprise 64.0 percent of the budget for 252 full-time positions and 60 part-time positions for 329.8 workyears. Operating Expenses and Capital Outlay account for the remaining 36.0 percent of the FY07 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

### ❖ PRODUCTIVITY ENHANCEMENTS

*-Continue to design and implement an enterprise-wide IT system that will centralize all business functions and improve customer service.*

## PROGRAM CONTACTS

Contact Lynn Duncan of the Department of Liquor Control at 240.777.1915 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

## PROGRAM DESCRIPTIONS

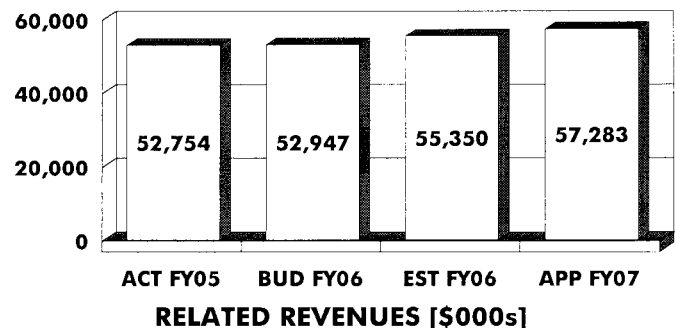
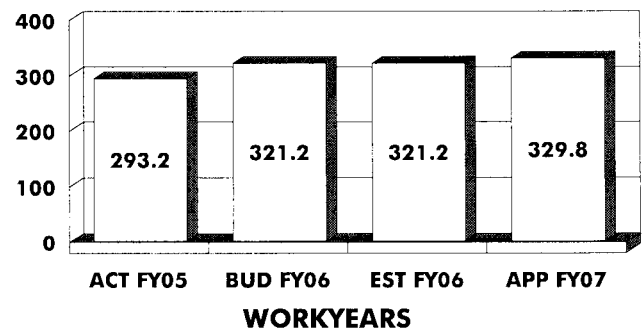
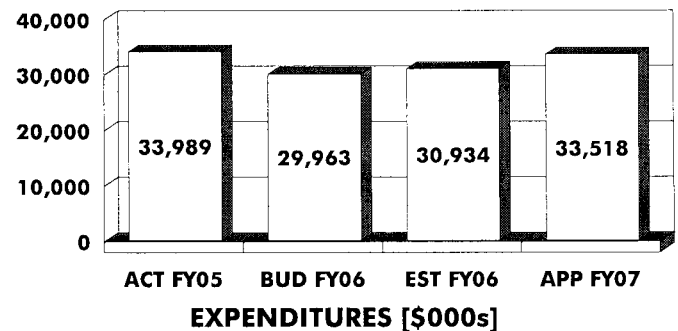
### Warehouse Operations

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

## Program Summary

	Expenditures	WYs
Warehouse Operations	6,131,740	57.2
Delivery Operations	6,258,720	84.0
Retail Sales Operations	15,350,990	150.6
Retail Contracted Operations	190,650	0.0
Community Outreach	223,250	2.0
Accounting and Inventory Systems	2,178,060	18.9
Information Management	2,411,170	14.6
Administration	773,390	2.5
<b>Totals</b>	<b>33,517,970</b>	<b>329.8</b>

## Trends



## FY07 Changes

	Expenditures	WYs
FY06 Approved	6,282,760	66.9
FY07 Approved	6,131,740	57.2

## Delivery Operations

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

### FY07 Changes

- Add two additional Truck Driver/Warehouse Worker positions to ensure continued timely deliveries to wholesale and retail customers for a total of 38 truck drivers.

	Expenditures	WYs
FY06 Approved	5,083,200	72.7
FY07 Approved	6,258,720	84.0

## Retail Sales Operations

This program oversees sales of distilled spirits, wine, and beer to off-sale retail customers through the operation of retail stores (24 County-staffed and operated and one contractor operated) located throughout Montgomery County.

### FY07 Changes

- Add two additional Clerk II positions to meet staffing requirements as a result of reverting two contract managed stores to County management for a total of 29 clerks.

	Expenditures	WYs
FY06 Approved	14,213,490	148.6
FY07 Approved	15,350,990	150.6

## 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. In fiscal year 2005, two of the three contractor operated facilities (Rockville Pike and Muddy Branch) reverted to County staffed and operated stores. Flower Avenue remains as the sole contractor operated retail store.

### FY07 Changes

	Expenditures	WYs
FY06 Approved	185,100	0.0
FY07 Approved	190,650	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.

### FY07 Changes

- Develop a more comprehensive and effective training program for retailers that serve and sell beverage alcohol.

	Expenditures	WYs
FY06 Approved	157,570	1.8
FY07 Approved	223,250	2.0

## 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.

### FY07 Changes

- Create a Property Assets Manager to oversee the liquor warehouse and 25 retail liquor stores, manage construction and renovations, and to oversee departmental assets.

	Expenditures	WYs
FY06 Approved	1,915,310	19.1
FY07 Approved	2,178,060	18.9

## Information Management

This program provides for the design, operation, maintenance, and protection of all information technology initiatives of the department. These initiatives include the warehouse inventory system, the retail point-of-sale system, and numerous personal computer applications.

### FY07 Changes

- Create a Report Writer position to maintain reporting requirements as a result of the IT systems upgrade.

	Expenditures	WYs
FY06 Approved	1,375,120	9.6
FY07 Approved	2,411,170	14.6

## Administration

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

### FY07 Changes

	Expenditures	WYs
FY06 Approved	750,450	2.5
FY07 Approved	773,390	2.5

## BUDGET SUMMARY

	Actual FY05	Budget FY06	Estimated FY06	Approved FY07	% Chg Bud/App
<b>LIQUOR CONTROL</b>					
<b>EXPENDITURES</b>					
Salaries and Wages	13,232,547	14,342,490	14,502,050	15,730,220	9.7%
Employee Benefits	4,259,881	5,156,770	4,956,170	5,725,630	11.0%
<b>Liquor Control Personnel Costs</b>	<b>17,492,428</b>	<b>19,499,260</b>	<b>19,458,220</b>	<b>21,455,850</b>	<b>10.0%</b>
Operating Expenses	13,612,376	9,871,740	10,052,780	10,947,520	10.9%
Capital Outlay	2,884,170	592,000	1,423,000	1,114,600	88.3%
<b>Liquor Control Expenditures</b>	<b>33,988,974</b>	<b>29,963,000</b>	<b>30,934,000</b>	<b>33,517,970</b>	<b>11.9%</b>
<b>PERSONNEL</b>					
Full-Time	234	242	242	252	4.1%
Part-Time	55	60	60	60	—
Workyears	293.2	321.2	321.2	329.8	2.7%
<b>REVENUES</b>					
Miscellaneous/Investment Income	54,489	80,000	20,000	53,000	-33.8%
Operating Revenue	52,699,537	52,867,000	55,330,000	57,230,000	8.3%
<b>Liquor Control Revenues</b>	<b>52,754,026</b>	<b>52,947,000</b>	<b>55,350,000</b>	<b>57,283,000</b>	<b>8.2%</b>

## FY07 APPROVED CHANGES

	Expenditures	WYs
<b>LIQUOR CONTROL</b>		
<b>FY06 ORIGINAL APPROPRIATION</b>	<b>29,963,000</b>	<b>321.2</b>
<b>Changes (with service impacts)</b>		
Enhance: Create five IT positions to oversee and operate the IT systems upgrade [Information Management]	343,200	4.0
Enhance: Forms needed as a result of the new IT system to mark cases for scanning [Information Management]	140,000	0.0
Enhance: Create one Report Writer position to maintain the reporting requirements needed as a result of the IT systems upgrade [Information Management]	74,300	1.0
Enhance: Create a Property and Asset Manager to oversee the liquor warehouse and 25 retail liquor stores, manage construction and renovations, and oversee departmental assets [Administration]	70,938	0.8
Enhance: Create two Truck Driver/Warehouse Worker positions to ensure timely deliveries to licensees for a total of 38 truck drivers [Delivery Operations]	67,692	1.6
Enhance: Create two Clerk II positions needed as a result of reverting two stores to County management for a total of 29 clerks [Retail Sales Operations]	64,980	1.6
<b>Other Adjustments (with no service impacts)</b>		
Increase Cost: FY07 Compensation	743,740	0.0
Increase Cost: IT Support [Information Management]	486,500	0.0
Increase Cost: Relocate existing store [Retail Sales Operations]	415,000	0.0
Increase Cost: Group Insurance Adjustment	318,360	0.0
Increase Cost: Annualization of FY06 Personnel Costs	222,970	0.0
Increase Cost: Retail store leases [Retail Sales Operations]	193,420	0.0
Increase Cost: Warehouse Debt Service [Warehouse Operations]	190,000	0.0
Increase Cost: Non-professional services	175,550	0.0
Increase Cost: Two Delivery Trucks [Delivery Operations]	170,000	0.0
Increase Cost: Utilities	163,000	0.0
Increase Cost: Retirement Adjustment	130,990	0.0
Increase Cost: Motor pool	96,790	0.0
Increase Cost: IT Maintenance [Information Management]	65,600	0.0
Increase Cost: Annualization of FY06 Lapsed Positions	32,780	0.6
Increase Cost: IT Training for the IT systems upgrade [Information Management]	30,000	0.0
Increase Cost: Supplies and materials	15,010	0.0
Increase Cost: Purchase Oracle Licenses for IT systems upgrade [Information Management]	15,000	0.0
Increase Cost: New store and building improvements [Retail Sales Operations]	10,000	0.0
Increase Cost: Records Management Fee	5,320	0.0
Decrease Cost: Communications services	-19,300	0.0
Decrease Cost: Net Miscellaneous Operating Expenses	-25,600	0.0
Decrease Cost: Education and training	-45,130	0.0
Shift: Transfer IT Specialist Position to DTS [Information Management]	-113,360	-1.0

	<b>Expenditures</b>	<b>WYs</b>
Decrease Cost: Elimination of One-Time Items Approved in FY06	-150,640	0.0
Decrease Cost: Charges from other departments	-332,140	0.0
<b>FY07 APPROVED:</b>	<b>33,517,970</b>	<b>329.8</b>