



Staff: Craig Howard, Deputy Director
Purpose: Review – straw vote expected
Keywords: FY21 Operating Budget

AGENDA ITEM #2
 May 6, 2020
Worksession

SUBJECT

FY21 Operating Budget: Alcohol Beverage Services (ABS)

EXPECTED ATTENDEES

Robert Dorfman, Director, Alcohol Beverage Services
 Marty Utermohle, Alcohol Beverage Services
 Courtney Orsini, Alcohol Beverage Services
 Estela Boronat de Gomes, Office of Management and Budget

EXECUTIVE RECOMMENDATION

FY21 Executive Recommendation	\$64,707,546	442.50 FTE
Increase (Decrease) from FY20	\$664,765 1.0%	14.80 FTE 3.5%

- **FY21 Transfer to General Fund: \$30,522,961.** Increase of \$2.1 million or 7.5% from FY20 budget. \$26.8 million of transfer is unrestricted.
- **FY21 Debt Service Payments: \$9,247,650.** Decrease of \$17,150 of 0.2% from FY20 budget.

COUNCIL AUTHORITY – ABS BUDGET

Based on a written opinion by the State of Maryland Attorney General, the Council can make recommendations on the ABS budget, but final decisions are subject to the authority of the County Executive. However, Council staff notes that any Council decisions on employee compensation and benefit adjustments do apply to ABS no different than any other County department.

COUNCIL STAFF RECOMMENDATION – CONTINUITY OF SERVICES BUDGET

FY21 Council Staff Recommendation	\$63,666,841	442.50 FTE
Increase (Decrease) from FY20	(\$375,940) (0.6%)	14.80 FTE 3.5%
Increase (Decrease) from CE FY21 Rec	(\$1,040,705) (1.6%)	0.0 FTE --

- The Council could request that the Executive use any ABS expenditure reductions from a continuity of services budget to increase the FY21 General Fund transfer.

EXECUTIVE RECOMMENDED ITEMS NOT INCLUDED IN CONTINUITY OF SERVICES

- **This budget included FY21 compensation adjustments of \$740,705.** The Council will review and discuss compensation and benefits for all the County Government separately.

- **Increase of \$150,000 to add a new truck to the delivery fleet.** ABS' budget includes a \$300,000 increase for two new trucks, but one of the new trucks is now needed to replace an existing truck due to a recent accident. As a result, staff considered one of the proposed trucks as needed to for continuity of services and the second truck as an enhancement. Given the current fiscal situation, ABS and the Executive are willing to delay the purchase of one truck until FY22.
- **Increase of \$150,000 to improve the warehouse conveyor system.** ABS reports that this expenditure is intended to help reduce the delivery error rate (0.98% in FY19). Given the current fiscal situation, ABS and the Executive are willing to postpone the conveyor system improvement to FY22. ABS notes that any delay in this expenditure may lead to a corresponding delay in delivery error rate improvements.

CONTINUITY OF SERVICES FROM FY20

- **Increase of \$1,433,681 and 12.80 FTEs to open two new spirits only retail stores in FY21.** ABS is examining locations but has yet to sign leases for these stores. ABS notes that these stores are intended to generate long-term revenue to increase transfers to the General Fund. While this increase is an enhancement, ABS and the Executive have indicated that they still plan to move ahead with the two new stores in FY21 under the continuity of services framework.
- **Increase of \$551,520 for a retail point of sale system.** ABS' current retail point of sale system will reach the end of its "technological life" in July, where it will no longer be updated or supported by the vendor. Given the operational and security issues this could pose, staff considers this increase consistent with continuity of services.
- **Increase of \$150,000 to add a new truck to the delivery fleet.** As described above, one of the new trucks is needed to replace an existing truck that is no longer operational.
- Decrease of \$1,335,881 due to shifting funding for retail store improvements to the CIP.
- Decrease of \$1,195,530 due to reduction in OPEB expenditures based on an updated actuarial valuation.
- Net decrease of \$676,879 due to annualization of FY20 operating expenses, debt service, motor pool adjustments, retirement adjustments, and annualization of FY20 personnel costs.
- Net increase of \$697,149 due to annualization of FY20 compensation increases and lapsed positions, risk management adjustment, retail store leases, and print and mail adjustment.

POTENTIAL REDUCTIONS

- None identified.

POTENTIAL ITEMS RELATED TO COVID-19

- None identified.

This report contains:

County Executive's FY21 Recommended Operating Budget: Alcohol Beverage Services

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Alcohol Beverage Services

RECOMMENDED FY21 BUDGET

\$64,707,546

FULL TIME EQUIVALENTS

442.50

ROBERT DORFMAN, DIRECTOR

MISSION STATEMENT

The mission of Alcohol Beverage Services (ABS) 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. The Department strives to provide its customers with the added benefits inherent with the oversight provided by the Montgomery County Government.

BUDGET OVERVIEW

The total recommended FY21 Operating Budget for the Alcohol Beverage Services is \$64,707,546, an increase of \$664,765 or 1.04 percent from the FY20 Approved Budget of \$64,042,781. Personnel Costs comprise 57.92 percent of the budget for 312 full-time position(s) and 144 part-time position(s), and a total of 442.50 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 42.08 percent of the FY21 budget.

In FY21, Alcohol Beverage Services will transfer \$30.5 million to the General Fund and make \$9.3 million in debt service payments on Liquor Control Revenue Bonds for a total contribution of \$39.8 million.

The above projections and proposed expenditures form the basis for working capital decisions concerning the ABS 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.





COUNTY PRIORITY OUTCOMES

While this program area supports all seven of the County Executive's Priority Outcomes, the following are emphasized:







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-  **Effective, Sustainable Government**
 -  **Safe Neighborhoods**
 -  **A Growing Economy**

INITIATIVES

-  Enhance store operations by renovating select stores, piloting new store concepts, and implementing a retail training program.
-  Implement technology such as proof of delivery and electronic eyes in our Warehouse to improve delivery accuracy and efficiency.
-  Addition of a Loss Prevention Specialist to reduce inventory shrinkage and improve overall security.
-  Implementation of new point of sale system across all retail stores to improve customer experience.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

-  Full implementation of voice picking technology that has significantly expedited the loading of products and reduced errors in the process.
-  Implemented the Top 1,800 program to ensure all retail stores are stocked with our customers' most demanded products.
-  Expanded marketing and outreach efforts to promote many of the existing features of Alcohol Beverage Services.
-  Implemented a customer service tracking system that allows for real time tracking of the customer satisfaction in the stores.

PROGRAM CONTACTS

Contact Courtney Orsini of the Alcohol Beverage Services at 240.777.1921 or Estela Boronat de Gomes of the Office of Management and Budget at 240.777.2785 for more information regarding this department's operating budget.

PROGRAM 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 FY20 estimates reflect funding based on the FY20 Approved Budget. The FY21 and FY22 figures are performance targets based on the FY21 Recommended Budget and funding for comparable service levels in FY22.

PROGRAM DESCRIPTIONS

Administration

The Administration Program provides comprehensive leadership for the Department including strategic planning, policy development and implementation, accountability, maintenance of partnerships with non-governmental service providers and human resource management. This program also provides all accounting, financial, procurement and information technology services for the department. Finance and accounting staff perform special analyses, reporting, and preparation and monitoring of

the department's budget, as well as oversight of procurement and contract management. Information and technology staff provide the design, operation, maintenance, and protection of all information technology initiatives for the department.

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Total sales overall	\$294,864,912	\$293,663,852	\$300,993,163	\$305,138,498	\$309,506,226
Transfer to General Fund	\$21,163,320	\$22,975,809	\$26,474,980	26,774,980	\$26,000,000
Gross Profit	\$88,700,748	\$88,573,116	\$91,180,293	\$96,812,959	\$98,749,218
Average Licensee Satisfaction Score from Annual Survey (scale of 1-5) ¹	3.5	3.2	3.8	3.9	4.0

¹ The Annual Licensee Customer Satisfaction Survey (FY17-FY19) has had a response rate of 8.4-10.6%. The Department has committed to increasing the response rate through active outreach to Licensees in FY20-FY21.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	13,641,311	21.20
Realignment of Programs	770,357	2.00
Shift: New Positions Approved in FY20 Budget from Retail sales operations and Licensure, Regulation and Education	158,388	2.00
Decrease Cost: Debt Service	(17,150)	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.	80,368	0.00
FY21 Recommended	14,633,274	25.20

Delivery Operations

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

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Number of unique licensees affected by a delivery discrepancy (monthly average)- licensees only	494	502	498	498	498
Number of unique licensees affected by a delivery discrepancy of stock Items (monthly average)- licensees only	395	408	403	400	395
Number of unique licensees affected by a delivery discrepancy of special order Items (monthly average)- licensees only	299	294	281	271	260
Percent of items shipped on time and intact- licensees only	98.1%	97.9%	98.0%	98.1%	98.2%

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	7,182,371	83.00
Enhance: Upgrade Delivery Fleet (Two New Trucks)	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.	(454,343)	0.00
FY21 Recommended	7,028,028	83.00

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 FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Number of annual alcohol compliance checks to minors (under 21)	400	400	400	400	400
Number of licensed business inspections	4,567	3,884	4,000	4,000	4,000
Number of valid licensed businesses registered with ABS	1,048	1,046	1,050	1,050	1,050
Percent of licensees that fail compliance checks (Number of establishments that fail/Number of total compliance checks)	28.0%	30.0%	28.0%	27.0%	25.0%
Rating of licensed businesses satisfied with ALERT training (scale of 1-5)	4.6	4.8	4.8	4.9	4.9
Rating of licensees satisfied with Licensing Application Process (scale of 1-5)	4.5	4.8	4.8	4.9	4.9

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	1,938,327	11.39
Shift: New Positions Approved in FY20 Budget - Reallocation to Administration Program	(79,194)	(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.	33,496	0.00
FY21 Recommended	1,892,629	10.39

Marketing

This program leads the marketing efforts for the Department, including design and branding, advertising, internal and external communications, merchandising, retail pricing, events, promotions, and highly allocated product selection.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	0	0.00
Shift: Transfer from Warehouse Personnel to New Marketing Program	200,638	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.	701,018	2.00
FY21 Recommended	901,656	4.00

Retail Sales Operations

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

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Total retail stores sales	\$145,175,253	\$140,865,450	\$149,719,157	\$154,286,348	\$159,286,348
Same Store Sales Year over Year	\$144,735,894	\$149,039,371	\$156,450,000	\$160,987,000	\$165,655,000
Average Licensee Satisfaction Score from Annual Survey- Retail Operations (scale of 1-5) ¹	3.63	3.65	3.70	3.75	3.80

¹ The Annual Licensee Customer Satisfaction Survey (FY17-FY19) has had a response rate of 8.4-10.6%. The Department has committed to increasing the response rate through active outreach to Licensees in FY20-FY21.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	30,139,807	210.88

FY21 Recommended Changes	Expenditures	FTEs
Enhance: Two New Retail Stores - Spirit Only	1,433,681	12.80
Enhance: Retail Point of Sale System	551,520	0.00
Increase Cost: Retail Store Leases	807	0.00
Add: Retail Staffing Plan	0	2.00
Shift: Approved with FY20 Budget - Reallocation to Administration Program	(79,194)	(1.00)
Shift: Transfer Building Improvements to CIP - ABS Retail Stores Refresh	(1,335,881)	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.	(301,741)	0.00
FY21 Recommended	30,408,999	224.68

Warehouse Operations

This program involves management of the County's beverage alcohol warehouse and includes the purchase, receipt, and storage of over 35,000 different stock and special order items.

Program Performance Measures	Actual FY18	Actual FY19	Estimated FY20	Target FY21	Target FY22
Percent of shipped items returned - licensees only	1.0%	0.8%	0.8%	0.8%	0.7%
Percent of items shipped on time and intact- stock products- licensees only	98.7%	98.5%	98.7%	98.8%	98.9%
Percent of items shipped on time and intact- special order products- licensees only	90.2%	90.8%	91.0%	92.0%	93.0%
Average licensee satisfaction score from annual survey- Wholesale Operations (scale of 1-5) ¹	3.59	3.56	3.70	3.75	3.80

¹ The Annual Licensee Customer Satisfaction Survey (FY17-FY19) has had a response rate of 8.4-10.6%. The Department has committed to increasing the response rate through active outreach to Licensees in FY20-FY21.

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	9,741,825	97.23
Enhance: Improvement of Warehouse Conveyor System	150,000	0.00
Shift: Transfer Warehouse Existing Personnel to New Marketing Program	(200,638)	(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.	151,773	0.00
FY21 Recommended	9,842,960	95.23

REALIGNED PROGRAMS

Funding in the following programs has been realigned to other programs within this department.

Office of the Director

FY21 Recommended Changes	Expenditures	FTEs
FY20 Approved	1,399,140	4.00
Realignment of Programs	(1,399,140)	(4.00)
FY21 Recommended	0	0.00

BUDGET SUMMARY

	Actual FY19	Budget FY20	Estimate FY20	Recommended FY21	%Chg Bud/Rec
LIQUOR CONTROL					
EXPENDITURES					
Salaries and Wages	26,836,360	26,110,171	26,632,945	27,596,827	5.7 %
Employee Benefits	9,273,096	9,995,920	9,669,631	9,882,979	-1.1 %
Liquor Control Personnel Costs	36,109,456	36,106,091	36,302,576	37,479,806	3.8 %
Operating Expenses	18,096,007	17,235,209	17,302,321	16,754,290	-2.8 %
Capital Outlay	174,439	1,436,681	1,436,681	1,225,800	-14.7 %
Debt Service Other	9,836,714	9,264,800	8,850,750	9,247,650	-0.2 %
Liquor Control Expenditures	64,216,616	64,042,781	63,892,328	64,707,546	1.0 %
PERSONNEL					
Full-Time	307	302	302	312	3.3 %
Part-Time	148	138	138	144	4.4 %
FTEs	442.20	427.70	427.70	442.50	3.5 %
REVENUES					
Bag Tax	7,019	0	0	0	—
Investment Income	145,294	41,410	41,410	91,900	121.9 %
Liquor Licenses	1,744,540	1,732,993	1,732,993	1,724,222	-0.5 %
Liquor Sales	88,573,116	90,446,885	91,180,293	96,812,959	7.0 %
Miscellaneous Revenues	102,145	0	0	0	—
Other Charges/Fees	19,519	23,418	23,418	23,887	2.0 %
Other Fines/Forfeitures	255,830	316,916	316,916	316,916	—
Other Licenses/Permits	73,200	159,229	159,229	168,000	5.5 %
Liquor Control Revenues	90,920,663	92,720,851	93,454,259	99,137,884	6.9 %
GRANT FUND - MCG					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund - MCG Personnel Costs	0	0	0	0	—
Operating Expenses	18,708	0	0	0	—
Grant Fund - MCG Expenditures	18,708	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	—
Grant Fund - MCG Revenues	0	0	0	0	—
DEPARTMENT TOTALS					
Total Expenditures	64,235,324	64,042,781	63,892,328	64,707,546	1.0 %
Total Full-Time Positions	307	302	302	312	3.3 %

Total Part-Time Positions	148	138	138	144	4.3 %
Total FTEs	442.20	427.70	427.70	442.50	3.5 %
Total Revenues	90,920,663	92,720,851	93,454,259	99,137,884	6.9 %

FY21 RECOMMENDED CHANGES

Expenditures	FTEs
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LIQUOR CONTROL

FY20 ORIGINAL APPROPRIATION	64,042,781	427.70
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Changes (with service impacts)

Enhance: Two New Retail Stores - Spirit Only [Retail Sales Operations]	1,433,681	12.80
Enhance: Retail Point of Sale System [Retail Sales Operations]	551,520	0.00
Enhance: Upgrade Delivery Fleet (Two New Trucks) [Delivery Operations]	300,000	0.00
Enhance: Improvement of Warehouse Conveyor System [Warehouse Operations]	150,000	0.00
Add: Retail Staffing Plan [Retail Sales Operations]	0	2.00

Other Adjustments (with no service impacts)

Increase Cost: FY21 Compensation Adjustment	740,705	0.00
Increase Cost: Annualization of FY20 Compensation Increases	519,226	0.00
Shift: Transfer from Warehouse Personnel to New Marketing Program [Marketing]	200,638	2.00
Shift: New Positions Approved in FY20 Budget from Retail sales operations and Licensure, Regulation and Education [Administration]	158,388	2.00
Increase Cost: Risk Management Adjustment	92,530	0.00
Increase Cost: Annualization of FY20 Lapsed Positions	69,537	0.00
Increase Cost: MLS Pay for Performance (Increase to Base Pay)	14,630	0.00
Increase Cost: Retail Store Leases [Retail Sales Operations]	807	0.00
Increase Cost: Print and Mail Adjustment	419	0.00
Decrease Cost: Annualization of FY20 Operating Expenses	(7,390)	0.00
Decrease Cost: Debt Service [Administration]	(17,150)	0.00
Decrease Cost: Motor Pool Adjustment	(38,275)	0.00
Shift: Approved with FY20 Budget - Reallocation to Administration Program [Retail Sales Operations]	(79,194)	(1.00)
Shift: New Positions Approved in FY20 Budget - Reallocation to Administration Program [Licensure, Regulation and Education]	(79,194)	(1.00)
Shift: Transfer Warehouse Existing Personnel to New Marketing Program [Warehouse Operations]	(200,638)	(2.00)
Decrease Cost: Retirement Adjustment	(260,566)	0.00
Decrease Cost: Annualization of FY20 Personnel Costs	(353,498)	0.00
Decrease Cost: OPEB Adjustment	(1,195,530)	0.00
Shift: Transfer Building Improvements to CIP - ABS Retail Stores Refresh [Retail Sales Operations]	(1,335,881)	0.00

FY21 RECOMMENDED	64,707,546	442.50
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GRANT FUND - MCG

FY20 ORIGINAL APPROPRIATION	0	0.00
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FY21 RECOMMENDED CHANGES

	Expenditures	FTEs
FY21 RECOMMENDED	0	0.00

PROGRAM SUMMARY

Program Name	FY20 APPR Expenditures	FY20 APPR FTEs	FY21 REC Expenditures	FY21 REC FTEs
Administration	13,641,311	21.20	14,633,274	25.20
Delivery Operations	7,182,371	83.00	7,028,028	83.00
Licensure, Regulation and Education	1,938,327	11.39	1,892,629	10.39
Marketing	0	0.00	901,656	4.00
Office of the Director	1,399,140	4.00	0	0.00
Retail Sales Operations	30,139,807	210.88	30,408,999	224.68
Warehouse Operations	9,741,825	97.23	9,842,960	95.23
Total	64,042,781	427.70	64,707,546	442.50

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY21	FY22	FY23	FY24	FY25	FY26
LIQUOR CONTROL						
EXPENDITURES						
FY21 Recommended	64,708	64,708	64,708	64,708	64,708	64,708
No inflation or compensation change is included in outyear projections.						
Annualization of Positions Recommended in FY21	0	215	215	215	215	215
New positions in the FY21 budget are generally assumed to be filled at least two months after the fiscal year begins. Therefore, the above amounts reflect annualization of these positions in the outyears.						
Elimination of One-Time Items Recommended in FY21	0	(1,677)	(1,677)	(1,677)	(1,677)	(1,677)
Items recommended for one-time funding in FY21, including (fill in major item names based on your Competition List), will be eliminated from the base in the outyears.						
Debt Service	0	1,603	1,229	1,018	959	583
Debt service estimates include Liquor Control Revenue Bonds, Master Lease Agreements for Forklifts, Delivery Trucks, and ERP system.						
Retiree Health Insurance Pre-funding	0	(71)	(166)	(163)	(174)	(36)
Labor Contracts	0	351	351	351	351	351
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	64,708	65,129	64,660	64,452	64,382	64,144

ANNUALIZATION OF FULL PERSONNEL COSTS

	FY21 Recommended		FY22 Annualized	
	Expenditures	FTEs	Expenditures	FTEs
Two New Retail Stores - Spirit Only	643,681	12.80	858,241	12.80
Total	643,681	12.80	858,241	12.80

FY21-26 PUBLIC SERVICES PROGRAM: FISCAL PLAN		Alcohol Beverage Services					
FISCAL PROJECTIONS	FY20 ESTIMATE	FY21 REC	FY22 PROJECTION	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION
BEGINNING FUND BALANCE	2,282,883	1,376,262	3,130,986	6,067,268	9,299,636	12,268,820	14,164,909
REVENUES							
Licenses & Permits	1,892,222	1,892,222	1,922,687	1,953,450	1,984,314	2,015,269	2,046,304
Charges For Services	23,418	23,887	24,272	24,660	25,050	25,441	25,833
Fines & Forfeitures	316,916	316,916	322,018	327,170	332,339	337,523	342,721
Miscellaneous	91,221,703	96,904,859	98,837,838	100,812,823	102,827,307	104,882,080	106,977,950
Subtotal Revenues	93,454,259	99,137,884	101,106,815	103,118,103	105,169,010	107,260,313	109,328,808
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To The General Fund	(30,100,899)	(30,522,961)	(29,783,097)	(30,783,097)	(31,783,097)	(32,783,097)	(33,783,097)
Indirect Costs	(3,625,919)	(3,747,981)	(3,783,097)	(3,783,097)	(3,783,097)	(3,783,097)	(3,783,097)
Earnings Transfer	(26,474,980)	(26,774,980)	(26,000,000)	(27,000,000)	(28,000,000)	(29,000,000)	(30,000,000)
TOTAL RESOURCES	65,636,243	69,991,185	74,454,704	78,402,274	82,685,548	86,746,037	89,774,619
CIP CURRENT REVENUE APPROP.	0	(1,785,000)	(1,267,000)	(781,000)	(957,000)	(1,435,000)	(607,000)
PSP OPER. BUDGET APPROP/ EXP'S							
Operating Budget	(55,041,578)	(55,459,896)	(57,082,657)	(58,753,019)	(60,486,562)	(62,224,142)	(64,026,603)
Debt Service: Other (Non-Tax Funds only)	(8,650,750)	(9,247,650)	(9,247,650)	(9,247,650)	(9,247,650)	(9,247,650)	(9,247,650)
Labor Agreement	n/a	0	(351,166)	(351,166)	(351,166)	(351,166)	(351,166)
Annualizations and One-Time	n/a	n/a	1,461,520	1,461,520	1,461,520	1,461,520	1,461,520
Retiree Health Insurance Pre-funding	n/a	n/a	70,920	165,930	162,530	174,470	35,860
Debt Service	n/a	n/a	(1,603,750)	(1,229,600)	(1,018,400)	(959,160)	(582,610)
Subtotal PSP Oper Budget Approp/ Exp's	(63,892,328)	(64,707,546)	(66,752,783)	(67,953,985)	(69,459,728)	(71,146,128)	(72,710,629)
OTHER CLAIMS ON FUND BALANCE	(367,653)	(367,653)	(367,653)	(367,653)	0	0	0
TOTAL USE OF RESOURCES	(64,259,981)	(66,860,199)	(68,387,436)	(69,102,638)	(70,416,728)	(72,581,128)	(73,317,629)
YEAR END FUND BALANCE	1,376,262	3,130,986	6,067,268	9,299,636	12,268,820	14,164,909	16,456,990
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.1%	4.5%	8.1%	11.9%	14.8%	16.3%	18.3%

Assumptions:

- These projections are based on the Executive's recommended 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.
- Fund balance policy equals one month's operating expenses, one payroll, and \$1,500,000 for inventory in cash balance.
- Operating expenditures grow with CPI. Revenues projections reflect ABS gross profit forecasts.
- OPEB Liability 5 year allocation is shown as a claim on fund balance in FY20-FY23.