



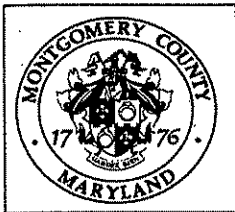
MONTGOMERY COUNTY EXECUTIVE ORDER

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject	FY12 Amended Appropriation and Transfer	Executive Order No.	84-12	Subject Suffix	
Originating Department	Department of Liquor Control	Department Number		Effective Date	4/13/2012

BACKGROUND

1. State law provides for the Director of Finance and the Director of the Department of Liquor Control (DLC), with the approval of the County Executive, to determine the amount of working capital required by the Department and to retain from the Department's net profits (before making any deposit into the General Fund of the County) the funds necessary to service DLC-related debt and provide adequate working capital for the operation of the DLC. Because of this State law, both the County Attorney and the Attorney General have advised that the determination of the amount of funds required for these purposes is within the exclusive province of the County Executive, and is not subject to the County budget process.
2. In FY09, Capital Improvement Project #850900-DLC Liquor Warehouse was approved by the County Executive and the County Council approved the issuance of debt (Resolution 16-683) for the State Transportation Participation project, Bethesda Metro Station South Entrance, and Glenmont Metro Parking Expansion, as well as the Liquor Warehouse. The DLC Liquor Warehouse project provides for the consolidation of all Department of Liquor Control functions into the 200,000 square foot Finmarc building on Edison Park Drive in Gaithersburg, MD.
3. In 2012, the Department of Finance delayed the debt issuance date, therefore reducing the amount of debt service payable from Department of Liquor Control pledged revenues by \$348,035, from \$6,703,490 to \$6,355,455.
4. In November 2011, the Department of Liquor Control implemented a pilot project extending hours of operation of their existing retail stores to include Sundays. Sunday hours of operation have been extended into FY12. Funding for Sunday hours of operation is not included in DLC's FY12 approved Personnel Costs. The Director, Department of Liquor Control, requests an appropriation guideline increase of \$895,000 in FY12 for the anticipated Personnel Costs associated with the additional hours of operation.
5. In 2009 DLC implemented a Point of Sale (POS) retail system. In FY12, DLC is implementing Phase II of the POS system which includes gift cards and a check verification program. DLC's FY12 approved budget does not include funding for Phase II of the project. The Director, Department of Liquor Control, is requesting an appropriation guideline increase of \$409,600 in FY12 to cover costs associated with implementation of Phase II the of the POS system.
6. In FY12 funding for changes to employee benefits and retirement contributions was placed in a Non-Departmental Account and subsequently reallocated to departments. The amount allocated to the Department of Liquor Control was \$390,677.
7. In FY12, the Department of Liquor Control requested, and was approved, to retain one Manager and one Assistant Manager position that were slated to be abolished due to the closing of the Diamond Square Store. The Director, Department of Liquor Control, requests an appropriation guideline increase of \$131,000 for anticipated Personnel Costs associated with retaining the two positions.
8. In January 2012, DLC received an NABCA Educational Award in support of the following projects: MD Statewide Beverage Alcohol Forum; Regulating Network; Responsible Retailing Forum, Maryland Alcohol Licensing Association and Institute of Police Technology and Management Police Media Relations Course; and



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Silver Spring Community Forum. The Director, Department of Liquor Control, requests an appropriation guideline increase of \$10,000 in FY12 to apply the proceeds of the award to the identified projects.

- Pursuant to Article 2B, Section 15-207(e) of the Maryland Annotated Code, the County Executive establishes the FY12 Department of Liquor Control working capital and contribution to the County's General Fund, as set forth below.

ACTION

- It is ordered that the FY12 Department of Liquor Control working capital is as follows: Personnel Costs - \$24,228,677, Operating Expense - \$44,561,845. Total working capital is \$68,790,522. This appropriation includes \$20,419,000 in Operating Expenses, which will be paid from the proceeds of the Revenue Bond debt issuance. This appropriation does not include funding for the lease at Burtonsville Crossing. This appropriation may be used to fund a new lease to permit DLC to remain at Burtonsville Crossing for a period not exceeding 6 months provided that the amount of the new lease does not exceed \$76,000.
- It is ordered that the Director of Finance transfer from the Liquor Control fund to the General Fund, at the end of each of the first three quarters of the fiscal year, an amount equal to one fourth of the amount of \$25,066,800. This amount includes the transfer for: earnings of \$22,411,610; technology modernization costs of \$373,990; and overhead costs of \$2,281,200. The County Executive on the advice of the Department of Liquor Control, the Office of Management and Budget, and the Department of Finance will determine the final quarterly transfer at the end of the fiscal year.
- It is ordered that a portion of the amount transferred to the general fund relating to debt service (\$6,355,455) payable from DLC pledged revenues, be transferred directly to U.S. Bank National Association, in accordance with the amounts and timeframes stipulated in the Trust Indenture.

Isiah Leggett
County Executive

Approved as to Form and Legality

Walter E. Wilson

County Attorney

Date 4/13/12