

As of 5/27/2009

195 - Liquor Control Board

A001 Administrative Activity

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

In addition to providing quality leadership and infrastructure support, the agency will work on additional policy development and implementation, process improvement, and employee training during the 2005-07 Biennium. Other major goals include implementing civil service reform and technology improvement.

A002 Alcohol Server Training

Statewide Result Area: Improve the safety of people and property

Statewide Strategy: Support crime investigation

Expected Results

At the end of Fiscal Year 2004, there were 147,000 active servers in LCB's database of MAST permit holders. LCB certifies the training curriculum of the private sector providers who provide this training. Currently, there are 24 MAST providers, with more than 1,000 trainers statewide. The number of providers is expected to reach 30 by the end of the next biennium, based on an increase of two new providers per year. Additionally, the certification of 13 current providers will be expiring in the 2005-07 Biennium, requiring resubmission and LCB review of their curriculum if they wish to continue to train.

A003 Contract Liquor Store Operations

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

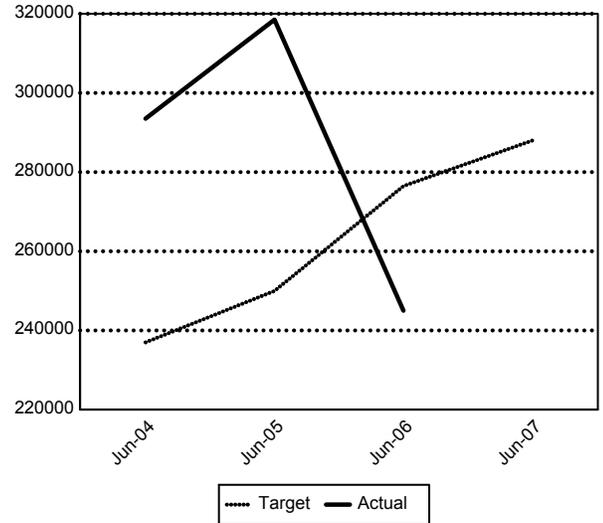
Statewide Strategy: Provide state financial services and resources

Expected Results

Contract stores serve community needs in rural areas (155 locations statewide). Annual sales for the 2005-07 Biennium are projected to be \$83 million per year, producing tax revenues of \$21 million and net profits of \$6.5 million. Commissions are paid on sales, and thus, will vary as sales increase or decrease.

As of 5/27/2009

Liquor Control Board revenues distributed to state and local governments.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$287,770		
	4th Qtr	\$276,318	\$245,136	\$(31,182)
2003-05	8th Qtr	\$249,934	\$318,657	\$68,723
	4th Qtr	\$236,771	\$293,745	\$56,974



(RCW 66.08.190) Distributed revenues include General Fund-State and revenue to various local governments.

Date Measured: 6/22/2006

Comment: Per the 4th quarter distribution of excess funds

A004 Enforcement of Liquor Control Laws

Statewide Result Area: Improve the safety of people and property

Statewide Strategy: Enforce the law

Expected Results

The Enforcement Division will provide saturation patrols for 10 community events yearly. The division will target Mardi Gras, Seafair, Water Folies concerts, and other large events. Liquor and Tobacco Officers will conduct over 50,000 liquor premise inspections each year of the 2005-07 Biennium, providing licensees with enabling techniques that increase compliance with state liquor laws. Officers will annually conduct 20 fatality and serious injury post-crash investigations requested by state and local law enforcement agencies to help establish the source of alcohol (such as on-premise liquor license location, overservice, or service to minors). Liquor and Tobacco Officers will conduct over 1,600 random liquor compliance checks each year to ensure that licensees are not providing alcohol products to minors. They also will provide training to approximately 15,000 licensees/employees on responsible liquor sales methods and the consequences of selling alcohol products to minors.

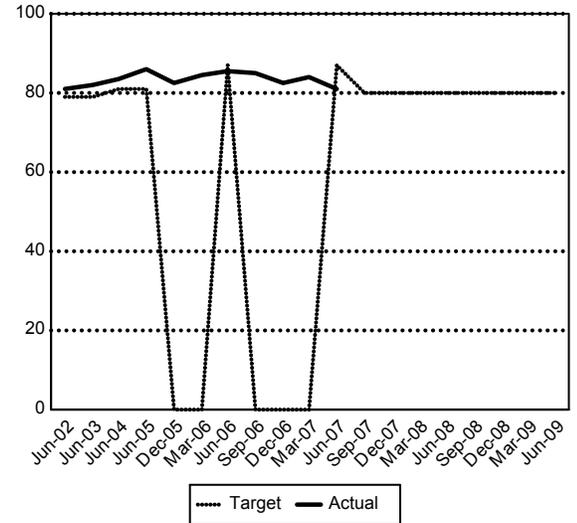
As of 5/27/2009

Percentage of licensed businesses in compliance with underage drinking laws.*				
Biennium	Period	Target	Actual	Variance
2007-09	8th Qtr	80%		
	7th Qtr	80%		
	6th Qtr	80%		
	5th Qtr	80%		
	4th Qtr	80%		
	3rd Qtr	80%		
	2nd Qtr	80%		
	1st Qtr	80%		
2005-07	8th Qtr	87%	81%	(6)%
	7th Qtr	0%	84%	84%
	6th Qtr	0%	82.6%	82.6%
	5th Qtr	0%	85%	85%
	4th Qtr	87%	85.3%	(1.7)%
	3rd Qtr	0%	84.6%	84.6%
	2nd Qtr	0%	82.5%	82.5%
2003-05	8th Qtr	81%	85.8%	4.8%
	4th Qtr	81%	83.3%	2.3%

(RCW 66.08.010) This percentage is for tested businesses.

Date Measured: 10/8/2007

Comment: 1253 Checks and 238 Sales



A006 Financing of the Seattle Warehouse and Materials Handling System

Statewide Result Area: **Unknown**
 Statewide Strategy: **Unknown Strategy**

Expected Results

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A007 Liquor Licensing and Permits

Statewide Result Area: **Improve the economic vitality of businesses and individuals**
 Statewide Strategy: **Regulate the economy to ensure fairness, security and efficiency**

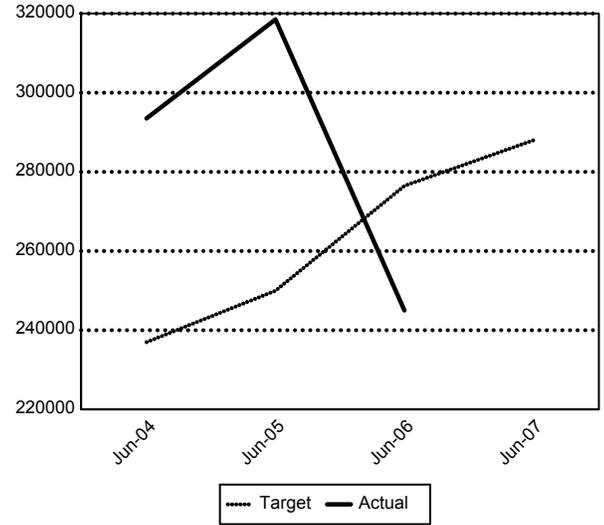
Expected Results

As of 5/27/2009

At the end of Fiscal Year 2004, licensing staff provided service to 12,100 retail liquor licensees by maintaining official licensing information, providing technical assistance on liquor laws and regulations, and taking administrative action related to liquor violations or non-renewal requests from local government officials. In Fiscal Year 2004, the agency processed approximately 6,000 liquor license applications and alcohol permits. Based on a 7 percent annual increase, the number of applications will reach almost 7,000 by the end of the next biennium. This activity contributes to the revenue increase measure listed with the Contract Liquor Store Operations activity.

Liquor Control Board revenues distributed to state and local governments.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$287,770		
	4th Qtr	\$276,318	\$245,136	\$(31,182)
2003-05	8th Qtr	\$249,934	\$318,657	\$68,723
	4th Qtr	\$236,771	\$293,745	\$56,974

(RCW 66.08.190) Distributed revenues include General Fund-State and revenue to various local governments.



Date Measured: 6/22/2006

Comment: Per the 4th quarter distribution of excess funds

A008 Liquor Purchasing and Merchandising

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Maintain a selection of over 1,900 alcohol beverage items for liquor stores, contract stores, and licensees. Evaluate proposed new products to carry, as well as low-performing items to discontinue, in order to ensure consumer trends are captured and customer expectations are met. Ensure that customer needs are met through the special order program for items not listed by the Board. Review and manage inventory forecasts and sales data to ensure an in-stock level of 95 percent. Maintain trend of increasing sales and revenues to the state. Continue to expand the number of products and suppliers participating in the bailment inventory management system which allows us to lower the cost of goods sold and delay payment on products until they are withdrawn from bailment inventory and shipped to retail outlets. (Approximately 87 percent of the LCB's case inventory is under the bailment system.) Increase return on investment by purchasing discounted stock during sale periods and selling at full margin, adding approximately \$2.5 million in additional revenues annually. Expand the vendor managed inventory (VMI) program in order to reduce the LCB effort required for the generation of purchase orders. Implement shelf management and product display programs intended to encourage consumer trade-up and increase revenue. Process industrial alcohol orders for special permit holders such as hospitals, medical laboratories, and universities.

As of 5/27/2009

A009 Liquor Warehouse Operations and Distribution

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

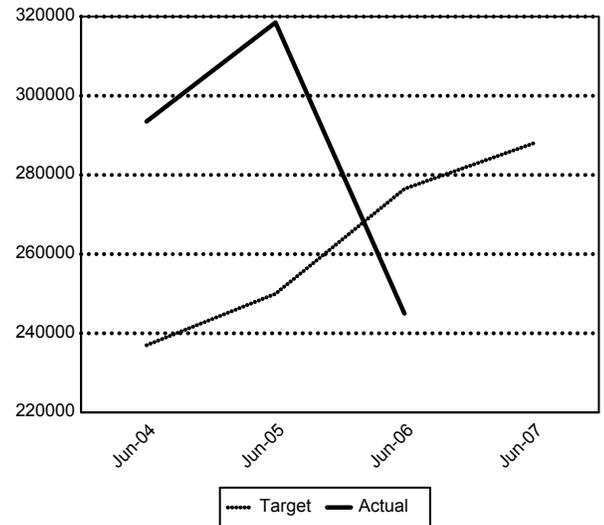
Statewide Strategy: Provide state financial services and resources

Expected Results

The distribution center is the core of the Liquor Board operations. Recently, store orders have reached the maximum design capability of the warehouse operations, and increased funding is needed for any additional growth. During the 2005-07 Biennium, the distribution center will receive, process, and ship over 4 million cases annually to the network of state-owned stores, contract liquor stores, military bases, and tribal outlets. Daily shipments average 17,000 cases, with peak daily shipments reaching 30,000+ cases during November and December. Daily inventory levels of between 330,000 to 450,000 cases valued at cost of \$4.5 million are maintained. Special orders amounting to 22,000 cases a year are provided as a service to our customers without additional cost. This activity contributes to the revenue increase measure listed with the Contract Liquor Store Operations activity.

Liquor Control Board revenues distributed to state and local governments.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$287,770		
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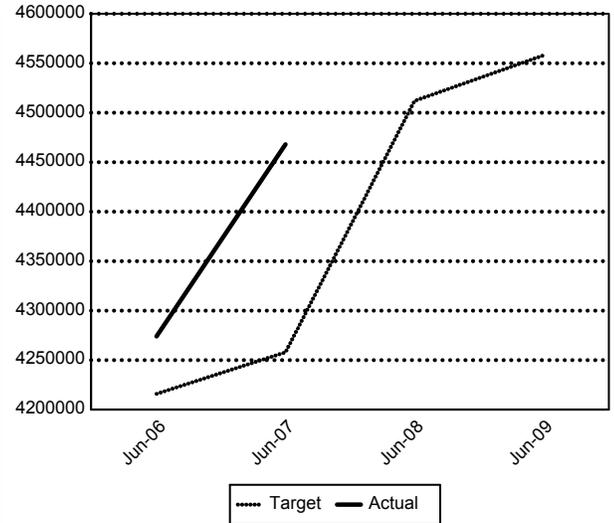
Date Measured: 6/22/2006

Comment: Per the 4th quarter distribution of excess funds

As of 5/27/2009

Number of cases shipped annually from the Liquor Control Board's distribution center.				
Biennium	Period	Target	Actual	Variance
2007-09	8th Qtr	4,558,060		
	4th Qtr	4,512,930		
2005-07	8th Qtr	4,258,436	4,468,247	209,811
	4th Qtr	4,216,273	4,273,399	57,126
<i>Estimated cases shipped.</i>				

Date Measured: 10/8/2007



A010 Regulation of Manufacturers, Importers and Wholesalers

Statewide Result Area: Improve the economic vitality of businesses and individuals
Statewide Strategy: Regulate the economy to ensure fairness, security and efficiency

Expected Results

At the end of Fiscal Year 2004, there were almost 1,400 licensed alcohol manufacturers, importers, and distributors. This number is expected to double in the 2005-07 Biennium for two reasons: (1) the number of Certificate of Approval licensees will increase from 766 to approximately 1,800 upon implementation of a law passed in 2004, which required importers of foreign-produced beer and wine to be licensed as a Certificate of Approval holder and subject to price posting requirements; and (2) the number of wineries will exceed 500 if the trend continues based on an annual 19 percent increase.

A012 State Liquor Store Operations

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively
Statewide Strategy: Provide state financial services and resources

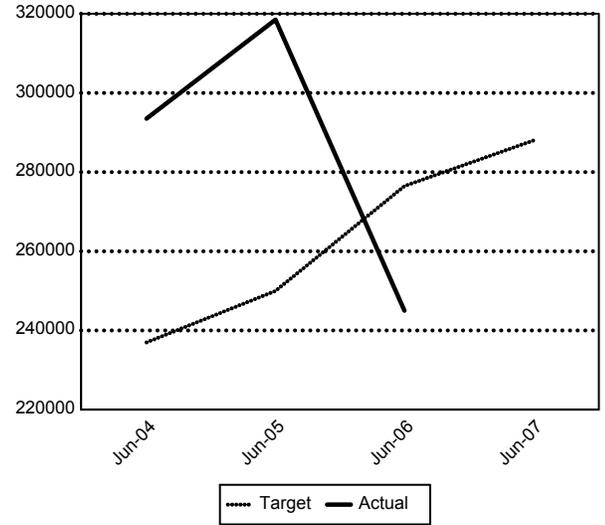
Expected Results

Funding is needed to expand shipping capability to stores. Stores also are in need of funding for additional staffing. From 1996 to 2004, bottle counts increased by 26 percent with no increase in staffing levels. State store sales were \$498 million in Fiscal Year 2004, and with additional funding, sales during the 2005-07 Biennium are expected to grow by 4.8 percent per year, or nearly \$24 million per year. Current tax revenues produced are \$125 million with net profits of \$42 million. Stores manage inventory valued at \$22 million. Over 31 million bottles of liquor and wine are sold annually through the state's 161 stores. During the 2005-07 Biennium, 40 store leases will be renewed. This activity contributes to the revenue increase measure listed with the Contract Liquor Store Operations activity.

As of 5/27/2009

Liquor Control Board revenues distributed to state and local governments.				
Biennium	Period	Target	Actual	Variance
2005-07	8th Qtr	\$287,770		
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(RCW 66.08.190) Distributed revenues include General Fund-State and revenue to various local governments.



Date Measured: 6/22/2006

Comment: Per the 4th quarter distribution of excess funds

A014 Tobacco Tax Enforcement

Statewide Result Area: Strengthen government's ability to achieve results efficiently and effectively

Statewide Strategy: Provide state financial services and resources

Expected Results

Liquor and Tobacco Enforcement Officers conduct random, unannounced inspections of licensed wholesale and retail businesses in order to encourage voluntary compliance with the tobacco tax laws. (Each officer averages 300 inspections per year.) While these inspections ensure compliance with the tax laws, they also detect and remove products which fail to carry the U.S. Surgeon General's warning, have not successfully complied with requirements of the Master Settlement Agreement, or are either themselves counterfeit or bear counterfeit state tax indicia. The officers educate new licensees and others on the tax requirements or restrictions on sales placed on cigarettes and other tobacco products, which results in the successful collection of taxes and reduced illegal sales. In addition, the officers investigate complaints of non-licensed businesses selling illegal product. Another major function is conducting investigations that result in interdictions of in-bound shipments of untaxed cigarettes. Many of these investigations escalate into complex organized crime cases which require the involvement of federal agencies since products are being moved across state lines or originate at locations beyond the agency's jurisdiction. Major criminal investigations are still underway involving several large trafficking operations. This activity also contributes to the compliance measure listed with the Youth Access to Tobacco activity.

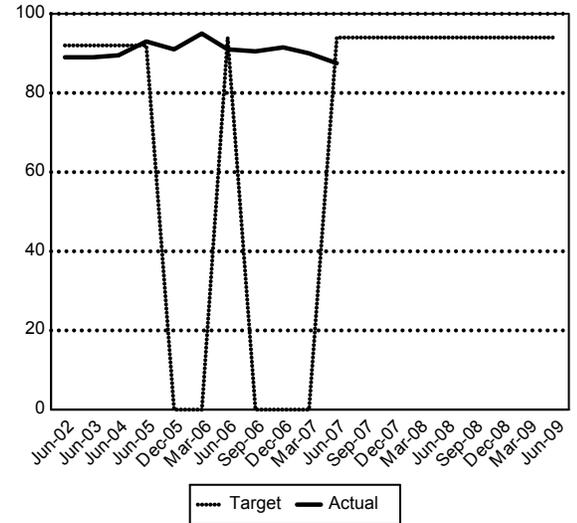
As of 5/27/2009

Percentage of licensed businesses in compliance with laws prohibiting tobacco sales to persons under age 18.*				
Biennium	Period	Target	Actual	Variance
2007-09	8th Qtr	94%		
	7th Qtr	94%		
	6th Qtr	94%		
	5th Qtr	94%		
	4th Qtr	94%		
	3rd Qtr	94%		
	2nd Qtr	94%		
	1st Qtr	94%		
2005-07	8th Qtr	94%	87.6%	(6.4)%
	7th Qtr	0%	90.2%	90.2%
	6th Qtr	0%	91.3%	91.3%
	5th Qtr	0%	90.5%	90.5%
	4th Qtr	94%	90.9%	(3.1)%
	3rd Qtr	0%	95%	95%
	2nd Qtr	0%	91%	91%
2003-05	8th Qtr	92%	93.2%	1.2%
	4th Qtr	92%	89.6%	(2.4)%

(RCW 70.155.080) This estimated percentage is for tested businesses.

Date Measured: 10/8/2007

Comment: 1486 Checks and 184 Sales



A015 Youth Access to Tobacco

Statewide Result Area: Improve the health of Washingtonians

Statewide Strategy: Increase healthy behaviors

Expected Results

Each year during the 2005-07 Biennium, Liquor and Tobacco Officers will conduct over 30,000 tobacco premise inspections that increase licensee compliance with state liquor and tobacco laws. These officers will annually conduct over 3,000 random tobacco compliance checks, which are effective in increasing licensee compliance on laws restricting youth access to tobacco products. Liquor and Tobacco Officers will provide training to approximately 7,000 tobacco licensees/employees yearly to educate store clerks on how to check identification and alert them of the consequences of selling tobacco to persons under age 18. The Liquor Control Board also is responsible for regulating tobacco sampling. The officers conduct several unannounced random inspections at sampling events in the state to prevent tobacco access to persons under 18 years of age.

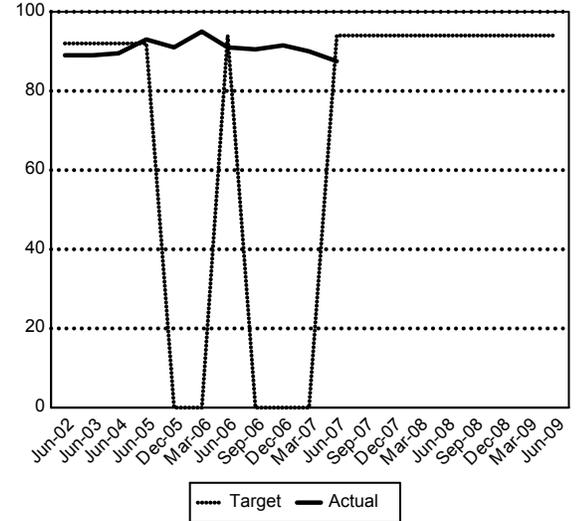
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	6th Qtr	0%	91.3%	91.3%
	5th Qtr	0%	90.5%	90.5%
	4th Qtr	94%	90.9%	(3.1)%
	3rd Qtr	0%	95%	95%
	2nd Qtr	0%	91%	91%
2003-05	8th Qtr	92%	93.2%	1.2%
	4th Qtr	92%	89.6%	(2.4)%

(RCW 70.155.080) This estimated percentage is for tested businesses.

Date Measured: 10/8/2007

Comment: 1486 Checks and 184 Sales



A011 Retail Liquor Sales Administration

Statewide Result Area: **Unknown**
 Statewide Strategy: **Unknown Strategy**

Expected Results

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ZZZX Other Statewide Adjustments

Statewide Result Area: **Strengthen government's ability to achieve results efficiently and effectively**
 Statewide Strategy: **Provide state financial services and resources**