

GOVERNMENTAL OPERATIONS

Agency 195

Liquor Control Board

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2005-07 Expenditure Authority	1,042.9	3,459	196,071	199,530
Total Maintenance Level	1,030.7	3,435	196,873	200,308
Difference	(12.2)	(24)	802	778
Percent Change from Current Biennium	(1.2)%	(0.7)%	0.4%	0.4%
Performance Changes				
Vehicle Replacement Program			1,502	1,502
Retail Division Enhancement	6.0		1,253	1,253
Information Technology Weekend Coverage for Stores	.6		86	86
Replace Trucks and Forklifts			884	884
Replace Store Equipment			884	884
Liquor Store Risk Management			2,902	2,902
Retail Business Operations	107.5		11,262	11,262
Distribution Center Support Staff	3.0		275	275
Liquor Enforcement Training Academy			432	432
Data Warehouse System	1.0		1,468	1,468
Increase Information Technology Service Support	8.0		1,277	1,277
Revise Pension Gain-Sharing #		(4)	(293)	(297)
Nonrepresented Staff Health Benefit		1	107	108
WPEA Collective Bargaining Agreement		414	4,814	5,228
UFCW Collective Bargaining Agreement			3,004	3,004
Nonrepresented Staff Salary Change		8	1,234	1,242
Self Insurance Premium			36	36
Subtotal	126.1	419	31,127	31,546
Total Proposed Budget	1,156.8	3,854	228,000	231,854
Difference	114.0	395	31,929	32,324
Percent Change from Current Biennium	10.9%	11.4%	16.3%	16.2%
Total Proposed Budget by Activity				
Administrative Activity	93.4	51	31,262	31,313
Alcohol Server Training	1.1		107	107
Contract Liquor Store Operations	2.5		22,331	22,331
Enforcement of Liquor Control Laws	82.8		11,049	11,049
Liquor Licensing and Permits	46.4		5,687	5,687
Liquor Purchasing and Merchandising	15.6		1,817	1,817
Liquor Warehouse Operations and Distribution	84.1		20,593	20,593
Regulation of Manufacturers, Importers and Wholesalers	15.0		1,797	1,797
State Liquor Store Operations	791.3		122,374	122,374
Tobacco Tax Enforcement	20.6	3,275	125	3,400

GOVERNMENTAL OPERATIONS

	Annual FTEs	General Fund State	Other Funds	Total Funds
Youth Access to Tobacco	4.0			
Other Statewide Adjustments		528	10,858	11,386
Total Proposed Budget	1,156.8	3,854	228,000	231,854

PERFORMANCE LEVEL CHANGE DESCRIPTIONS

Vehicle Replacement Program

The Liquor Control Board's (LCB) enforcement vehicle fleet will be replaced by vehicles on a contract with the Department of General Administration. Funding is also increased for the use of non-enforcement motor pool vehicles. (Liquor Revolving Account-State)

Retail Division Enhancement

The Retail Division's Point of Sale (POS) system was developed and placed in liquor stores between 2003 and 2006. Funding is provided to enhance the system. Three one-time FTE staff are needed to complete POS upgrades, and two permanent staff are needed to support daily operations. The upgrades will maximize profitability, increase customer satisfaction, and provide another line of defense against underage sales through identification scanning. (Liquor Revolving Account-State)

Information Technology Weekend Coverage for Stores

The agency will add 0.60 FTE staff to provide information technology assistance to liquor stores on weekends. The agency received 0.40 of an FTE staff as part of the Sunday sales project approved by the 2004 Legislature, but additional support is needed. (Liquor Revolving Account-State)

Replace Trucks and Forklifts

The Distribution Center will purchase two forklifts and lease ten turret trucks. The turret trucks currently owned by the Board will exceed their useful life in the next biennium. They need to be replaced in order to reduce downtime and ensure a safe work environment for employees. The truck leases will include maintenance and be renewed every three years. Forklifts have an expected life of at least ten years and relatively low maintenance costs. They will be purchased rather than leased. (Liquor Revolving Account-State)

Replace Store Equipment

Coolers will be replaced in 150 liquor stores and other store fixtures will be purchased. Coolers provide customers with chilled spirits, wine, and malt-based products that require refrigeration. Upgrades for signage and fixtures will enhance customer service and increase revenue by consistent product presentation in the stores. Only fixtures for relocated stores will be an ongoing expense. (Liquor Revolving Account-State)

Liquor Store Risk Management

Armored car services, increased store security, and additional video surveillance will increase the safety of employees and citizens. Liquor stores are mandated by law to deposit receipts within 24 hours. Currently, store personnel walk or drive to the bank to make deposits. Armored car services for all 161 state liquor stores and an increase in off-duty police or private security officers are ongoing costs. Installment of front store safes and cameras are one-time costs. These security measures will reduce the risk of robbery and shoplifting. (Liquor Revolving Account-State)

Retail Business Operations

Funding is provided to improve the efficiency and effectiveness of the retail business operations. Additional store hours, support staff for store operations, and employee training will help the agency continue a major, strategic upgrade begun in the current biennium. Staffing hours will be added in all 161 stores. Funding for this investment will come from a five percent increase in gross sales that was already anticipated, along with an expected \$19 million increase in gross sales that will result from this additional staffing. (Liquor Revolving Account-State)

Distribution Center Support Staff

Three additional FTE staff will help keep up with the Distribution Center's increased workload. Between 2001 and 2005, case shipments have increased by 11 percent. (Liquor Revolving Account-State)

Liquor Enforcement Training Academy

A new Liquor Control Board officer training program will be created at the Criminal Justice Training Commission (CJTC) Basic Law Enforcement Academy. The Liquor Enforcement Officer Academy will reduce turnover and improve operations by training officers in basic law enforcement skills and knowledge directly related to their specific duties. Graduates of this program would be certified by CJTC as LCB officers. (Liquor Revolving Account-State)

Data Warehouse System

A data warehouse system will be created to provide access to accurate information and a computerized system for random and targeted liquor compliance checks. The Board does not currently have the capability to retrieve data to analyze trends and identify opportunities for increased revenue or to support other decision-making needs. An outside consultant will use the Department of Information Services' project management framework to recommend a management information system. Automating compliance checks will minimize labor while restricting access to alcohol by underage drinkers. (Liquor Revolving Account-State)

Increase Information Technology Service Support

Additional information technology (IT) staff will support the planned growth in retail operations. Currently the Retail Division uses 85 percent of IT staff time. More staff will reduce the risk of frequent and prolonged service outages. (Liquor Revolving Account-State)

Self Insurance Premium

Funding for the Board's self insurance premium is increased to reflect claims experience. (Liquor Revolving Account-State)

ACTIVITY DESCRIPTIONS

Administrative Activity

The Liquor Control Board (LCB) establishes policies for the sale of alcoholic beverages and tobacco products throughout the state. Activities funded in this category include costs for the overall management of agency employees, and oversight of administrative and policy duties.

Alcohol Server Training

State law mandates training for servers in establishments that sell liquor for on-site consumption. This activity is commonly referred to as Mandatory Alcohol Server Training (MAST). (Liquor Revolving Account)

Contract Liquor Store Operations

The purpose of this activity is to pay commissions and minor operating expenses for contract liquor store retail outlets located in communities that do not have large enough populations to support the operational expenses of a state-operated store. The Liquor Control Board, with recommendations from its Retail Division, appoints local business owners to sell products under contractual and code regulations. Supporting functions also include contract store supervision.

Enforcement of Liquor Control Laws

The Enforcement and Education Division is charged with investigating and prosecuting all law violations relating to the transportation, possession, distribution, and sale of liquor. The primary responsibility of the division is to ensure public safety by preventing over-service and to reduce underage drinking at liquor license locations and unlicensed events such as keggers, college parties, and community gatherings where alcohol is available. In addition, liquor and tobacco agents perform liquor premise inspections, investigate complaints against liquor licensees, conduct random compliance checks, and educate citizens on the adverse effects of alcohol.

GOVERNMENTAL OPERATIONS

Liquor Licensing and Permits

The Program Administration, License Investigation, License Processing, and Customer Service Units review and report on all license applications, permit applications, and business modification requests from current license holders; approve all liquor license and permit applications and renewals except those involving extensive investigation or requiring a board decision; maintain official licensing records and make documents available for court, administrative action, and public records requests; and provide licensing information for applicants and the general public.

Liquor Purchasing and Merchandising

The Purchasing Division's function is to provide citizens a wide selection of alcoholic beverages at reasonable prices. The division recommends product listings to the board and manages inventory in the Distribution Center. The Special Order Program allows customers to obtain products that are not in general listings.

Liquor Warehouse Operations and Distribution

The Board operates a warehouse for the storage and shipment of liquor. Located in Seattle, the warehouse receives products from suppliers and ships products to state liquor stores and contract liquor stores throughout the state.

Regulation of Manufacturers, Importers and Wholesalers

The Manufacturers, Importers, and Wholesalers (MIW) Section administers state laws and administrative rules applicable to beer, wine, and spirit manufacturers, importers, distributors, and interstate common carriers (ICCs). MIW works closely with the agency's Administrative Services Program to ensure proper and timely payment of beer and wine taxes. The section provides education, training, and other technical assistance to manufacturers, importers, distributors, and ICCs; investigates complaints and violations involving non-retail licensees; maintains and monitors a price-posting program; provides a product and label approval program for beer and wine products for sale in Washington; reviews and approves liquor advertising; and maintains a Criminal History Record Information (CHRI) Office for conducting checks of license applicants.

State Liquor Store Operations

The purpose of state liquor stores is the controlled distribution of products sought by qualified customers. Store personnel are trained to identify and deny sale to underage or intoxicated customers. Store managers place weekly orders to replenish store inventory; they also schedule part-time help to manage fluctuating volumes of sales. Supporting functions also include strategic planning, store remodels and maintenance, store site selection, negotiation of leases, and supervision of state liquor stores.

Tobacco Tax Enforcement

Liquor and tobacco agents enforce state tax laws and applicable federal statutes related to cigarettes and other tobacco products to promote voluntary compliance and increase excise tax collections. Liquor and tobacco agents work to ensure that excise taxes are collected because revenue is lost to the state each year due to tax evasion on cigarette and tobacco products.

Youth Access to Tobacco

The Enforcement and Education division oversees state compliance of the federal law mandating states to restrict the sale of tobacco products to persons under 18 years of age. The Division is responsible for conducting tobacco premise inspections, investigating complaints against tobacco licensees, and conducting random compliance checks on tobacco licensees. This activity is funded through an interagency agreement with the Department of Health.

Other Statewide Adjustments

This item reflects proposed compensation and other adjustments that were not allocated to individual agency activities. The agency will assign these costs to the proper activities after the budget is enacted.