
MEMORANDUM

Legislative Fiscal Office
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To: Members of the Joint Ways and Means Subcommittee on
Transportation and Economic Development

From: Michelle Deister, Legislative Fiscal Office
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Date: May 20, 2015

Subject: SB 5520 Oregon Liquor Control Commission
Work Session Recommendations

Oregon Liquor Control Commission – Agency Totals for Liquor Related expenses

	2011-13 Actuals	2013-15 Legislatively Approved	2015-17 Current Service Level	2015-17 LFO Recommended*
Other Funds	137,037,933	151,875,699	156,820,358	170,614,219
Total Funds	\$137,037,933	\$151,875,699	\$156,820,358	\$170,614,219
Positions	236	230	230	230
FTE	231.00	225.13	225.50	225.50

*Liquor regulation only. Marijuana-related expenditures and positions are not included in this total.

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Liquor Control Commission to date. The recommendation is comprised of the following:

- Recommendations are for agency expenditures, public safety and administration related to the regulation of distilled spirits, beer and wine. Recommendations related to 2015-17 expenditures to implement Ballot Measure 91 (recreational marijuana) will be included in a subsequent bill, after policy determinations are made by the Senate and Joint Committees on Implementing Measure 91.
- The LFO recommendation assumes continuation of the \$0.50 per bottle surcharge, which generates an additional \$33,776,300 in revenue. As in previous biennia, the Co-Chair's budget framework has designated this revenue for distribution to the state General Fund. The surcharge generates the need for an additional \$3 million in expenditure limitation for agent's compensation, and \$314,626 for bank card fees.

The Legislative Fiscal Office recommendation results in \$467,154,242 in net alcohol-related revenue for distribution as follows*:

- \$629,000 to the Oregon Wine Board
- \$17,996,500 for Mental Health/drug and alcohol treatment
- \$232,261,368 in regular distributions to the General Fund plus \$33.8 million in per bottle surcharge revenue;
- \$82,950,489 to cities;
- \$58,065,341 to counties; and
- \$41,475,244 to city revenue sharing

*These amounts will eventually be modified to include revenue borrowed and repaid from the liquor fund at 2% interest, for start-up expenses related to OLCC's implementation of Measure 91.

The Legislative Fiscal Office Recommendation results in agent's compensation at an average rate of 8.93% of sales.

Adjustments to Current Service Level:

Packages are included in the budget to:

- Increase OLCC distilled spirit shipping capacity;
- Provide for training costs for OLCC inspectors and public safety personnel;
- Make repairs to OLCC facilities;
- Provide for e-commerce and e-licensing capabilities;
- Upgrade telephone systems; and
- Increase expenditure limitation for agent's compensation, to eliminate compensation formula disadvantages for those agents that operate non-exclusive liquor stores.

See attached "Work Session Presentation Report" dated May 19, 2015.

Accept LFO Recommendation

Move the LFO recommendation to SB 5520.

OR

Change LFO recommendation

Move the LFO recommendation to SB 5520, with modifications.

Performance Measures

See attached "Legislatively Proposed 2015-17 Key Performance Measures" form.

Accept LFO Recommendation

Move the LFO recommendation on Key Performance Measures

OR

Change LFO recommendation

Move the LFO recommendation on Key Performance Measures, with modifications.

Budget Notes

The Legislative Fiscal Office proposes a budget note as follows:

In order to achieve efficiencies and promote cross-training to enhance staff expertise, it is expected that OLCC will integrate positions approved for the implementation of Ballot Measure 91 into existing divisions where appropriate. However, the Oregon Liquor Control Commission is directed to work with the Legislative Fiscal Office and the Department of Administrative Services in preparing a 2017-19 agency budget that provides for the following:

- Inclusion of a cost allocation plan for marijuana-related central agency administrative services;
- Differentiation of revenue received from the regulation of alcoholic beverages and related licensees, and revenue derived from regulation of marijuana and related licensees; and
- 2017-19 budgeted expenses and information on actual 2015-17 expenses, that illustrates the extent to which agency resources and personnel are devoted to the regulation of alcohol and marijuana, respectively.

Accept LFO Recommendation

Move the LFO recommended budget note

OR

Change LFO recommendation – any changes must be approved by the co-chairs

Move the LFO recommended budget note, with modifications.

Recommended Changes to Appropriation Bill:

The Legislative Fiscal Office recommends a budget of \$170,614,219 Other Funds and 230 positions (225.50 FTE) for expenses associated with distribution, public safety and administration of distilled spirits, beer and wine, and that Senate Bill 5520 be amended accordingly.

It is also recommended that expenditure limitation for 2013-15 (the current biennium) be amended, increasing expenditure limitation related to agent's compensation by \$350,000 to maintain agent's compensation at an average rate of 8.88% of sales for the 2013-15 biennium, due to liquor sales in excess of the agency's forecast.

Approve a motion to amend Senate Bill 5520 by the following:

Section 1

Line 10: Delete [~~\$52,391,248~~] and insert \$63,652,074.

Delete Line 11 (Subsection 2) and renumber remaining subsections.

Line 12: Delete [\$101,958,335] and insert \$102,570,335;

Line 13: Delete [\$2,850,810] and insert \$4,391,810.

Add a new Section to SB 5520, and insert:

“Notwithstanding any other law limiting expenditures, the limitation on expenditures established by section 1 (2), Chapter 667 Oregon Laws 2013 (Enrolled HB 5023), for the biennium beginning July 1, 2013 as the maximum limit for payment of expenses from fees, money or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Oregon Liquor Control Commission, is increased by \$350,000.”

SB 5520 Final Subcommittee Action:

Final Motion:

If changed the bill requires changes

Move SB 5520 to the full committee with a “do pass” recommendation, as amended.

OR

If the bill requires no changes

Move SB 5520 to the full committee with a “do pass” recommendation.

LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 84500-000-00-00-00000
Oregon Liquor Control Comm

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	150,626,250	-	-	-	150,626,250	233	227.63
2013-15 Ebds, SS & Admin Act	-	-	1,832,449	-	-	-	1,832,449	1	(1.42)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	152,458,699	-	-	-	152,458,699	234	226.21
2013-15 Leg Approved Budget (Base)	-	-	151,875,699	-	-	-	151,875,699	230	225.13
Summary of Base Adjustments	-	-	116,247	-	-	-	116,247	-	0.37
2015-17 Base Budget	-	-	151,991,946	-	-	-	151,991,946	230	225.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(217,380)	-	-	-	(217,380)	-	-
030: Inflation & Price List Adjustments	-	-	5,045,792	-	-	-	5,045,792	-	-
2015-17 Current Service Level	-	-	156,820,358	-	-	-	156,820,358	230	225.50
Adjusted 2015-17 Current Service Level	-	-	156,820,358	-	-	-	156,820,358	230	225.50
Total LFO Recommended Packages	-	-	13,793,861	-	-	-	13,793,861	-	-
2015-17 Legislative Actions	-	-	170,614,219	-	-	-	170,614,219	230	225.50
Net change from 2013-15 Leg Approved Budget	-	-	18,155,520	-	-	-	18,155,520	(4)	(0.71)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	11.9%	0.0%	0.0%	0.0%	11.9%	(1.7%)	(0.3%)
Net change from 2015-17 Current Service Level	-	-	13,793,861	-	-	-	13,793,861	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	8.8%	0.0%	0.0%	0.0%	8.8%	0.0%	0.0%

LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 84500-001-00-00-00000
Distilled Spirits Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	20,869,469	-	-	-	20,869,469	71	68.00
2013-15 Ebds, SS & Admin Act	-	-	347,280	-	-	-	347,280	(1)	(0.50)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	21,216,749	-	-	-	21,216,749	70	67.50
2013-15 Leg Approved Budget (Base)	-	-	21,216,749	-	-	-	21,216,749	70	67.50
Summary of Base Adjustments	-	-	(216,650)	-	-	-	(216,650)	(1)	(1.00)
2015-17 Base Budget	-	-	21,000,099	-	-	-	21,000,099	69	66.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	22,828	-	-	-	22,828	-	-
030: Inflation & Price List Adjustments	-	-	310,225	-	-	-	310,225	-	-
2015-17 Current Service Level	-	-	21,333,152	-	-	-	21,333,152	69	66.50
Adjusted 2015-17 Current Service Level	-	-	21,333,152	-	-	-	21,333,152	69	66.50
Total LFO Recommended Packages	-	-	5,389,626	-	-	-	5,389,626	-	-
2015-17 Legislative Actions	-	-	26,722,778	-	-	-	26,722,778	69	66.50
Net change from 2013-15 Leg Approved Budget	-	-	5,506,029	-	-	-	5,506,029	(1)	(1.00)
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	26.0%	0.0%	0.0%	0.0%	26.0%	(1.4%)	(1.5%)
Net change from 2015-17 Current Service Level	-	-	5,389,626	-	-	-	5,389,626	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	25.3%	0.0%	0.0%	0.0%	25.3%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 104 Increase OLCC Shipping Capacity - Upgrade Equipment

Package Description This package provides one-time expenditure limitation of \$5,020,000 Other Funds to modernize the conveyor system in the OLCC warehouse. The package provides for simultaneous order fulfillment and shipping through multiple doors. OLCC has effectively maximized its existing capacity shipping capacity of six million cases per biennium with its current configuration of one door, and cannot move more cases without adding additional staffing to a swing shift, which would only meet anticipated demand through the 2015-17 biennium. Demand is expected to reach 7.4 million cases per biennium by 2023.

LFO Recommendation Approve. The package provides for a longer-term, cost effective solution, and requires no bonding or borrowing, as the improvements would be made with liquor revenue, projected at \$1.1 billion in gross sales for 2015-17 (not including an additional estimated \$33.7 million attributable to a per-bottle surcharge of 0.50 cents). This amount is equivalent to two and one-half days of total revenue, or one week of net revenue.

This increase in shipping capacity is expected meet customer demand for at least the next decade.

LFO Analyst Notes No FTE are associated with this package, and ongoing costs associated with software licensing are anticipated to be \$110,000 in subsequent biennia.

LFO Recommended	-	-	5,020,000	-	-	-	5,020,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 303 Provide Online and E-Commerce Licensing

Package Description This package provides Other Funds expenditure limitation associated with a new, e-commerce licensing system, which will allow for on-line payment of OLCC licensing fees. The limitation in the distilled spirits program is associated with fees OLCC pays for bank card use associated with an e-commerce payment system.

LFO Recommendation Approve.

LFO Recommended	-	-	55,000	-	-	-	55,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description OLCC's adoption of the \$0.50 per bottle surcharge drives a need for additional expenditure limitation related to fees charged to the agency for customers' use of bank cards, amounting to \$314,626.

LFO Recommendation Approve.

LFO Recommended	-	-	314,626	-	-	-	314,626	-	-
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LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 84500-002-00-00-00000
Public Safety Services Program

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	17,027,683	-	-	-	17,027,683	94	92.00
2013-15 Ebds, SS & Admin Act	-	-	467,409	-	-	-	467,409	(1)	(1.00)
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	17,495,092	-	-	-	17,495,092	93	91.00
2013-15 Leg Approved Budget (Base)	-	-	17,495,092	-	-	-	17,495,092	93	91.00
Summary of Base Adjustments	-	-	251,542	-	-	-	251,542	-	-
2015-17 Base Budget	-	-	17,746,634	-	-	-	17,746,634	93	91.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(92,403)	-	-	-	(92,403)	-	-
030: Inflation & Price List Adjustments	-	-	8,341	-	-	-	8,341	-	-
2015-17 Current Service Level	-	-	17,662,572	-	-	-	17,662,572	93	91.00
Adjusted 2015-17 Current Service Level	-	-	17,662,572	-	-	-	17,662,572	93	91.00
Total LFO Recommended Packages	-	-	260,900	-	-	-	260,900	-	-
2015-17 Legislative Actions	-	-	17,923,472	-	-	-	17,923,472	93	91.00
Net change from 2013-15 Leg Approved Budget	-	-	428,380	-	-	-	428,380	-	-
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%	2.5%	0.0%	0.0%
Net change from 2015-17 Current Service Level	-	-	260,900	-	-	-	260,900	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	1.5%	0.0%	0.0%	0.0%	1.5%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 202 Meet Peace Officer Training Requirements

Package Description SB 1528 (2012 Legislative Session) clarified that OLCC enforcement staff were classified as peace officers. That decision results in the need for additional training and certification from the Oregon Department of Public Safety Standards and Training (DPSST). Package 202 provides for additional expenditure limitation to pay DPSST for the costs of the training, and for additional equipment needed by OLCC inspectors. The cost is on a per class – not per inspector – basis.

LFO Recommendation Approve. It's anticipated that 17 liquor inspectors will eventually receive training and certification, and between 9 and 13 inspectors hired as result of recreational marijuana legalization. The legislative fiscal office recommends \$260,900 for this package.

LFO Analyst Notes Continuing education of 28 hours per year per peace officer will be required to maintain certification. Currently, the agency has \$18,344 budgeted for employee training in this program, and the Legislative Fiscal Office anticipates ongoing costs associated with continuing education to maintain peace officer certification.

LFO Recommended	-	-	260,900	-	-	-	260,900	-	-
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LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 84500-003-00-00-00000
Administration and Support

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	17,357,690	-	-	-	17,357,690	68	67.63
2013-15 Ebds, SS & Admin Act	-	-	1,017,760	-	-	-	1,017,760	3	0.08
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	18,375,450	-	-	-	18,375,450	71	67.71
2013-15 Leg Approved Budget (Base)	-	-	17,792,450	-	-	-	17,792,450	67	66.63
Summary of Base Adjustments	-	-	81,355	-	-	-	81,355	1	1.37
2015-17 Base Budget	-	-	17,873,805	-	-	-	17,873,805	68	68.00
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(147,805)	-	-	-	(147,805)	-	-
030: Inflation & Price List Adjustments	-	-	919,824	-	-	-	919,824	-	-
2015-17 Current Service Level	-	-	18,645,824	-	-	-	18,645,824	68	68.00
Adjusted 2015-17 Current Service Level	-	-	18,645,824	-	-	-	18,645,824	68	68.00
Total LFO Recommended Packages	-	-	360,000	-	-	-	360,000	-	-
2015-17 Legislative Actions	-	-	19,005,824	-	-	-	19,005,824	68	68.00
Net change from 2013-15 Leg Approved Budget	-	-	630,374	-	-	-	630,374	(3)	0.29
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	3.4%	0.0%	0.0%	0.0%	3.4%	(4.2%)	0.4%
Net change from 2015-17 Current Service Level	-	-	360,000	-	-	-	360,000	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 303 Provide Online and E-Commerce Licensing

Package Description This package provides one-time resources for contracting IT expertise to develop enhancements to the existing licensing system, which will enable applicants for licenses to apply and make payment online. The expectation is that the OLCC will develop a deliverables-based contract that will result in online application and payment functionality.

LFO Recommendation The LFO recommends that OLCC revise this project from its original request, which assumed the agency would build the majority of the enhancements to the system themselves. However, since the Agency Request Budget was developed, OLCC has contracted with a vendor to develop on-line and ecommerce licensing capabilities for its forthcoming recreational marijuana program. The Legislative Fiscal Office recommends one-time Other Funds expenditure limitation in the amount of \$250,000 in Other Funds expenditure limitation for the Administration and Support division, with the understanding that the Department of Administrative Services will unschedule the limitation until necessary business case and foundational project management documents are developed, submitted for review, and approved by the State Chief Information Officer and Legislative Fiscal Office, as required per the Joint State CIO/LFO Stage Gate Review process.

LFO Analyst Notes No positions or FTE are associated with this request.

LFO Recommended	-	-	250,000	-	-	-	250,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 308 Upgrade Phone System

Package Description This package provides one-time resources to purchase a new phone system. The current system is thirty years old, unsupported, and relays on floppy discs and tape for backup. The new system will include new handsets and utilize Voice Over Internet Protocol, consistent with DAS's efforts to consolidate voice communications systems.

LFO Recommendation Approve.

LFO Recommended	-	-	110,000	-	-	-	110,000	-	-
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LFO102 - Work Session Presentation Report
2015-17 BienniumVersion: L - 01 - LFO Analyst Recommended
Cross Reference: 84500-005-00-00-00000
Store Operating Expenses

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	95,158,000	-	-	-	95,158,000	-	-
2013-15 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	95,158,000	-	-	-	95,158,000	-	-
2013-15 Leg Approved Budget (Base)	-	-	95,158,000	-	-	-	95,158,000	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2015-17 Base Budget	-	-	95,158,000	-	-	-	95,158,000	-	-
030: Inflation & Price List Adjustments	-	-	3,801,000	-	-	-	3,801,000	-	-
2015-17 Current Service Level	-	-	98,959,000	-	-	-	98,959,000	-	-
Adjusted 2015-17 Current Service Level	-	-	98,959,000	-	-	-	98,959,000	-	-
Total LFO Recommended Packages	-	-	3,611,335	-	-	-	3,611,335	-	-
2015-17 Legislative Actions	-	-	102,570,335	-	-	-	102,570,335	-	-
Net change from 2013-15 Leg Approved Budget	-	-	7,412,335	-	-	-	7,412,335	-	-
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	7.8%	0.0%	0.0%	0.0%	7.8%	0.0%	0.0%
Net change from 2015-17 Current Service Level	-	-	3,611,335	-	-	-	3,611,335	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	3.7%	0.0%	0.0%	0.0%	3.7%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description OLCC adoption of the \$0.50 per bottle surcharge drives a need for additional expenditure limitation to maintain the average rate of compensation of sales for liquor agents. The additional expenditure limitation required is calculated at \$2,999,335.

LFO Recommendation Approve.

LFO Recommended	-	-	2,999,335	-	-	-	2,999,335	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 803 Non Exclusive Store Differential

Package Description Package 803 - Non-Exclusive Store Differential - Package 803 is an analyst adjustment for store operating expenses to remove the compensation formula distinction between exclusive and non-exclusive stores. This formula change is anticipated to be ongoing in subsequent biennia.

LFO Recommendation Approve.

LFO Recommended	-	-	612,000	-	-	-	612,000	-	-
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LFO102 - Work Session Presentation Report
2015-17 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 84500-088-00-00-00000

Capital Improvements

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2013-15 Agy. Leg. Adopted	-	-	213,408	-	-	-	213,408	-	-
2013-15 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2013-15 Leg Approved Budget	-	-	213,408	-	-	-	213,408	-	-
2013-15 Leg Approved Budget (Base)	-	-	213,408	-	-	-	213,408	-	-
Summary of Base Adjustments	-	-	-	-	-	-	-	-	-
2015-17 Base Budget	-	-	213,408	-	-	-	213,408	-	-
030: Inflation & Price List Adjustments	-	-	6,402	-	-	-	6,402	-	-
2015-17 Current Service Level	-	-	219,810	-	-	-	219,810	-	-
Adjusted 2015-17 Current Service Level	-	-	219,810	-	-	-	219,810	-	-
Total LFO Recommended Packages	-	-	4,172,000	-	-	-	4,172,000	-	-
2015-17 Legislative Actions	-	-	4,391,810	-	-	-	4,391,810	-	-
Net change from 2013-15 Leg Approved Budget	-	-	4,178,402	-	-	-	4,178,402	-	-
Percent change from 2013-15 Leg Approved Budget	0.0%	0.0%	1957.9%	0.0%	0.0%	0.0%	1957.9%	0.0%	0.0%
Net change from 2015-17 Current Service Level	-	-	4,172,000	-	-	-	4,172,000	-	-
Percent change from 2015-17 Current Service Level	0.0%	0.0%	1898.0%	0.0%	0.0%	0.0%	1898.0%	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 301 Repair OLCC Facilities

Package Description This package addresses the most pressing facilities needs and includes the following: repair and replacement of several sections of roof over the OLCC's office and warehouse buildings and affected HVAC units; replacement of aging boilers and piping; wall and flooring repair (due to water damage); and replacing a portion of the fire alarm system.

LFO Recommendation Approve. These investments are necessary to protect employee health and safety, as well as distilled spirits inventory with a wholesale value of \$41 million. Left unaddressed, permanent damage to building structures will result, which will in turn be even more costly to repair and replace.

LFO Analyst Notes The original building complex dates to 1954, with expansions added in 1977 and again in 1989-91. The ten year facilities plan anticipates future requests for other sections of roof and HVAC repair and replacement, door and window repair and replacement, expansion joint repairs, seismic upgrades, security system improvements, overhead door replacement, lighting, wiring, asbestos removal, flooring repair and replacement, and parking lot maintenance.

LFO Recommended	-	-	4,172,000	-	-	-	4,172,000	-	-
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Legislatively Proposed 2015-2017 Key Performance Measures

Agency: LIQUOR CONTROL COMMISSION, OREGON

Mission: To promote the public interest through the responsible sale and service of alcoholic beverages.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
1 - Sales to Minors – Percentage of licensees who refuse to sell to minor decoys.		Approved KPM	81.00	82.00	82.00
2 - RATE OF SECOND VIOLATION – Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.		Approved KPM	13.10	12.00	12.00
3 - Licensing Time – Average days from application receipt to license issuance.		Approved KPM	76.00	75.00	75.00
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Accuracy	Approved KPM	77.00	85.00	85.00
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Availability of Information	Approved KPM	72.00	85.00	85.00
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Expertise	Approved KPM	81.00	85.00	85.00
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Helpfulness	Approved KPM	80.00	85.00	85.00
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Overall	Approved KPM	77.00	85.00	85.00

Agency: LIQUOR CONTROL COMMISSION, OREGON

Mission: To promote the public interest through the responsible sale and service of alcoholic beverages.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
4 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	Timeliness	Approved KPM	74.00	85.00	85.00
5 - OLCC Rate of Return - Net OLCC distribution divided by actual expenses.		Approved KPM	2.94	2.70	2.70
6 - Best Practices: Percent of total best practices met by the Board.		Approved KPM	100.00	100.00	100.00

LFO Recommendation:

The Legislative Fiscal Office recommends the Key Performance Measures as presented. It is further recommended that the Commission work with the Legislative Fiscal Office to devise appropriate KPMs related to the regulation of recreational marijuana, to be submitted in conjunction with the 2017-19 Governor's recommended budget.

Sub-Committee Action:

**PROPOSED AMENDMENTS TO
SENATE BILL 5520**

1 In line 10 of the printed bill, delete “\$52,391,248” and insert
2 “\$63,652,074”.

3 Delete line 11.

4 In line 12, delete “(3)” and insert “(2)” and delete “\$101,958,335” and insert
5 “\$102,570,335”.

6 In line 13, delete “(4)” and insert “(3)” and delete “\$2,850,810” and insert
7 “\$4,391,810”.

8 Delete lines 16 through 18 and insert:

9 **“SECTION 3. Notwithstanding any other law limiting expenditures,
10 the limitation on expenditures established by section 1 (2), chapter 667,
11 Oregon Laws 2013, as modified by legislative or Emergency Board
12 action, for the biennium beginning July 1, 2013, as the maximum limit
13 for payment of expenses from fees, moneys or other revenues, includ-
14 ing Miscellaneous Receipts, but excluding lottery funds and federal
15 funds, collected or received by the Oregon Liquor Control Commission,
16 is increased by \$350,000 for agents’ compensation.**

17 **“SECTION 4. This 2015 Act being necessary for the immediate
18 preservation of the public peace, health and safety, an emergency is
19 declared to exist, and this 2015 Act takes effect on its passage.”.**