



Committee: PS
Committee Review: Completed
Staff: Naeem M. Mia, Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #ABS

AGENDA ITEM #26
 May 12, 2021
Worksession

SUBJECT

Alcohol and Beverage Services (ABS) FY22 Operating Budget

EXPECTED ATTENDEES

None

FY22 COUNTY EXECUTIVE RECOMMENDATION

Alcohol and Beverage Services	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
Liquor Control Fund	\$63,556,354	\$66,348,075	4.4%
Personnel Costs	\$36,628,614 442.50 FTEs	\$38,470,464 443.80 FTEs	5.0% 1.3 FTEs
Operating Costs/Capital Outlay	\$17,680,090	\$17,046,611	-3.6%
Debt Service	\$9,247,650	\$10,831,000	17.1%
Total Expenditures (All Funds)	\$63,556,354 442.50 FTEs	\$66,348,075 443.80 FTEs	4.4% 0.3%

COMMITTEE RECOMMENDATIONS

- Committee recommends approval as submitted by the County Executive.

This report contains:

Staff Report

Pages 1-13

Alternative format requests for people with disabilities. If you need assistance accessing this report you may [submit alternative format requests](#) to the ADA Compliance Manager. The ADA Compliance Manager can also be reached at 240-777-6197 (TTY 240-777-6196) or at adacompliance@montgomerycountymd.gov



FY22 Operating Budget: Committee Consent Calendar

PS Committee #4F

April 29, 2021

Department/Office: Alcohol and Beverage Services (ABS)

Staff: Naeem M. Mia, Legislative Analyst

1. Staff Recommendation

Council staff recommends approval of the FY22 Alcohol and Beverage Services as submitted by the County Executive.

2. Summary of FY22 Recommended Budget

The County Executive’s complete FY22 Recommended Operating Budget for ABS is attached at ©1-10.

Alcohol and Beverage Services	FY21 Approved	FY22 CE Recommended	Change from FY21 Approved
Liquor Control Fund	\$63,556,354	\$66,348,075	4.4%
Personnel Costs	\$36,628,614 442.50 FTEs	\$38,470,464 443.80 FTEs	5.0% 1.3 FTEs
Operating Costs/Capital Outlay	\$17,680,090	\$17,046,611	-3.6%
Debt Service	\$9,247,650	\$10,831,000	17.1%
Total Expenditures (All Funds)	\$63,556,354 442.50 FTEs	\$66,348,075 443.80 FTEs	4.4% 0.3%

3. Summary of FY22 Recommended Changes/Adjustments

Liquor Control Fund - With Service Impact

- Purchase of a new delivery truck in FY22 for \$150,000 (one-time funding in FY22); this purchase was originally scheduled for FY21 but deferred due to the pandemic.

Liquor Control Fund – No Service Impact

- Cost increase of \$572,329 for the implementation of a new point-of-sale (POS) system. The total cost of the system is \$1,103,040 (split between FY21 and). ABS is in the final stages of the RFP process and are close to selecting the vendor to provide the new POS system. We are anticipating implementation mid to late FY22.
- Cost increase of \$1,583,350 for debt service. In 2019, the County refunded a series of outstanding ABS Revenue Bonds achieving significant debt service savings. Due to the economic climate of the County at the time, it was chosen to frontload the

savings in the earlier 2 years (FY20 and FY21). In FY22, the debt schedule is effectively 'normalized' representing a removal of those savings. Debt services is for Liquor Control Revenue Bonds and Master Lease Agreements for Forklifts, Delivery Trucks, and Enterprise Resource Planning (ERP) systems.

- A total of 10 FTEs will be reallocated as part of a staffing shift, including 2.0 FTEs each from Administrative and Marketing to Retail Operations and 6.0 FTEs from Delivery to Warehouse Operations. There is no cost change.
- An increase of \$ 1,707,131 for FY21 and FY22 compensation adjustments.
- An increase of \$214,650 for annualization of two new positions added in FY21 to support retail operations (these positions were unfunded).
- A decrease of \$150,760 for retirement and Other Post-Employment Benefits (OPEB) adjustments.
- A decrease of \$1,376,520 for one-time costs in FY21, including one new delivery truck, new retail (spirits-only) store buildouts, and the first half of the POS system implementation.
- An increase of \$25,133 for increased retail store lease costs and \$66,499 for motor pool and print and mail charges.

Estimated Revenues, General Fund Transfer and Year-End Reserves

	FY21 Estimated (2nd Quarter)	FY22 CE Recommended
Revenues	\$97,134,099	\$101,221,073
General Fund Transfer	\$31,674,153	\$31,779,243
Year-End Fund Balance	\$10,322,296	\$12,313,078
Fund Balance as % of Resources	14.0%	15.4%

- Net revenues are expected to increase by approximately \$4.0M in FY22 (or 4.2%) vs. FY21 estimated primarily due to expected increase in liquor sales (from an estimated \$94.8M to \$99.7M (and partially offset by an assumed reduction of approximately \$500,000 in liquor licensing fees (from an estimated \$1,724,222 to \$1,206,955). Revenues from fines/forfeitures is also reduced from \$168,000 to \$63,383.
- The General Fund Transfer is increased by \$105,090 over FY21 estimates.
- Year-End Fund Balance is projected to increase by \$1,990,782 over FY21 estimates.

4. Suggested Discussion Items for Fall Overview Session

Racial Equity & Social Justice

Beginning later this year, as Council staff works to develop its Racial Equity and Social Justice Action Plan, we will evaluate what information departments are utilizing, or could utilize, to apply a racial equity lens to budget decisions. Council staff will also coordinate with ABS, Office of Management and Budget (OMB) and the Office of Racial Equity and Social Justice (ORESJ) to help inform a more robust analysis for FY23 and future budget cycles.

Profitability and Impact of Sales Due to the Pandemic

Departmental and Council staff will comprehensively review gross sales and profitability of retail and warehouse operations during the summer of 2021.

A number of factors relating to profitability and gross sales will be examined, including:

- The impact on sales due to the pandemic in FY21 and projected impacts due to economic re-opening in FY22;
- The receipt (if any) of personnel costs reimbursements from FEMA (estimated at \$1.5M in FY21);
- The actual cost impact of HB 428 (which refunds certain FY21 licensing fees; the County estimated a revenue impact of \$1.5M in FY21); and
- Personnel cost changes (including the transition from full-time to part-time employees).




Alcohol Beverage Services

RECOMMENDED FY22 BUDGET

\$66,348,075

FULL TIME EQUIVALENTS

443.80

 KATHIE DURBIN, ACTING 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 in the oversight provided by the Montgomery County Government.

BUDGET OVERVIEW

The total recommended FY22 Operating Budget for the Alcohol Beverage Services is \$66,348,075, an increase of \$2,791,721 or 4.39 percent from the FY21 Approved Budget of \$63,556,354. Personnel Costs comprise 57.98 percent of the budget for 332 full-time position(s) and 130 part-time position(s), and a total of 443.80 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 42.02 percent of the FY22 budget.

In FY22, Alcohol Beverage Services will transfer \$31.8 million to the General Fund and make \$10.8 million in debt service payments on Liquor Control Revenue Bonds for a total contribution of \$42.6 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:

 **A Growing Economy**

-
- ◆ **A Greener County**
 - ◆ **Safe Neighborhoods**
 - ◆ **Effective, Sustainable Government**

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.
- ★ Issue temporary permits to allow the sale of carryout drinks for restaurants during the COVID-19 emergency; 460 businesses have been approved through February 2021.
- ★ Create a COVID-19-specific Safety Alliance to partner with other County agencies to visit and provide resources to businesses.

INNOVATIONS AND PRODUCTIVITY IMPROVEMENTS

- ★ Expanded marketing and outreach efforts to promote many of the existing features of ABS.
- ★ ABS opened its first "spirits only" store to provide convenient spirits access to residents in an underserved area of the County.
- ★ Implemented an online alcohol licensing program.

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 FY21 estimates reflect funding based on the FY21 Approved Budget. The FY22 and FY23 figures are performance targets based on the FY22 Recommended Budget and funding for comparable service levels in FY23.

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 FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Total sales overall	\$293,663,852	\$304,492,379	\$300,981,505	\$310,010,950	\$313,111,060
Transfer to General Fund	\$22,975,809	\$26,474,980	\$27,926,172	\$27,926,172	\$27,926,172
Gross Profit	\$88,573,116	\$95,300,046	\$94,809,174	99,717,347	99,717,347
Average Licensee Satisfaction Score from Annual Survey (scale of 1-5) ¹	3.2	3.7	3.7	3.7	3.8

¹ The Annual Licensee Customer Satisfaction Survey (FY18-FY20) has had a response rate of 8-11%. The Department has committed to increasing the response rate through active outreach to Licensees in FY21-FY22.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	13,782,082	25.20
Increase Cost: Debt Service	1,583,350	0.00
Increase Cost: IT Systems and Point of Sale (POS)	572,329	0.00
Re-align: Reallocation of FTEs from Administration to Retail	(210,692)	(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.	779,237	0.00
FY22 Recommended	16,506,306	23.20

Delivery Operations

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

Program Performance Measures	Actual FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of unique licensees affected by a delivery discrepancy (monthly average) - licensees only	502	418	415	410	400
Number of unique licensees affected by a delivery discrepancy of stock Items (monthly average) - licensees only	408	381	375	350	300
Number of unique licensees affected by a delivery discrepancy of special order Items (monthly average) - licensees only	294	179	170	160	150
Percent of items shipped on time and intact - licensees only	97.9%	97.8%	98.0%	98.0%	98.0%

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	7,028,028	83.00
Re-align: Reallocation of FTEs from Delivery Operations to Warehouse Operations	(439,518)	(6.00)
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	13,626	0.00
FY22 Recommended	6,602,136	77.00

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 FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Number of annual alcohol compliance checks to minors (under 21) ¹	400	88	300	350	400
Number of licensed business inspections ²	3,884	333	3,500	4,000	4,000
Number of valid licensed businesses registered with ABS	1,046	1,028	1,010	1,020	1,030
Percent of licensees that fail compliance checks (Number of establishments that fail / Number of total compliance checks)	30.0%	26.0%	28.0%	28.0%	27.0%
Rating of licensed businesses satisfied with ALERT training (scale of 1-5)	4.8	4.8	4.8	4.8	4.8
Rating of licensees satisfied with Licensing Application Process (scale of 1-5)	4.8	4.8	4.9	4.9	4.9

¹ Decreases in FY20 are due to the limited in-person dining and on-premise alcohol sales caused by the COVID-19 virus.

² Decreases in FY20 are due to the limited in-person dining and on-premise alcohol sales caused by the COVID-19 virus.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	1,892,629	10.39
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(11,390)	0.00
FY22 Recommended	1,881,239	10.39

Marketing

This program leads the marketing efforts for the department, including design and branding, advertising, internal and external communications, events, and promotions.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	901,656	4.00
Re-align: Reallocation of FTEs from Marketing to Retail	(217,129)	(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.	16,332	0.00
FY22 Recommended	700,859	2.00

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 FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Total retail stores sales	\$140,865,450	\$139,790,523	\$136,702,858	\$139,436,915	\$142,225,653
Same Store Sales Year over Year	\$149,039,371	\$139,790,523	\$136,702,858	\$139,436,915	\$142,225,653
Average Licensee Satisfaction Score from Annual Survey - Retail Operations (scale of 1-5) ¹	3.7	3.7	3.7	3.7	3.8

¹ The Annual Licensee Customer Satisfaction Survey (FY18-FY20) has had a response rate of 8-11%. The Department has committed to increasing the response rate through active outreach to Licensees in FY21-FY22.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	30,408,999	224.68

FY22 Recommended Changes	Expenditures	FTEs
Re-align: Reallocation of FTEs from Marketing to Retail	217,129	2.00
Re-align: Reallocation of FTEs from Administration to Retail	210,692	2.00
Increase Cost: Retail Store Leases	25,133	0.00
Technical Adj: Conversion of Retail Clerk Positions	0	1.30
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	(238,213)	0.00
FY22 Recommended	30,623,740	229.98

☀ 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 FY19	Actual FY20	Estimated FY21	Target FY22	Target FY23
Percent of shipped items returned	0.8%	0.6%	0.4%	0.4%	0.4%
Percent of items shipped on time and intact - stock products - licensees only	98.5%	97.9%	98.5%	99.0%	99.0%
Percent of items shipped on time and intact - special order products - licensees only	90.8%	95.9%	96.0%	97.0%	97.0%
Average licensee satisfaction score from annual survey - Wholesale Operations (scale of 1-5) ¹	3.6	3.8	3.8	3.8	3.9

¹ The Annual Licensee Customer Satisfaction Survey (FY18-FY20) has had a response rate of 8-11%. The Department has committed to increasing the response rate through active outreach to Licensees in FY21-FY22.

FY22 Recommended Changes	Expenditures	FTEs
FY21 Approved	9,542,960	95.23
Re-align: Reallocation of FTEs from Delivery Operations to Warehouse Operations	439,518	6.00
Enhance: New ABS Delivery Truck	150,000	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.	(98,683)	0.00
FY22 Recommended	10,033,795	101.23

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
LIQUOR CONTROL					
EXPENDITURES					
Salaries and Wages	28,654,999	26,745,635	25,749,244	28,543,742	6.7 %
Employee Benefits	9,731,086	9,882,979	9,472,106	9,926,722	0.4 %
Liquor Control Personnel Costs	38,386,085	36,628,614	35,221,350	38,470,464	5.0 %
Operating Expenses	19,104,164	16,754,290	16,740,500	16,795,811	0.3 %
Capital Outlay	157,634	925,800	925,800	250,800	-72.9 %
Debt Service G.O Bonds	7,703,323	0	0	0	—
Debt Service Other	0	9,247,650	9,247,650	10,831,000	17.1 %
Liquor Control Expenditures	65,351,206	63,556,354	62,135,300	66,348,075	4.4 %

BUDGET SUMMARY

	Actual FY20	Budget FY21	Estimate FY21	Recommended FY22	%Chg Bud/Rec
PERSONNEL					
Full-Time	302	312	312	332	6.4 %
Part-Time	138	144	144	130	-9.7 %
FTEs	427.70	442.50	442.50	443.80	0.3 %
REVENUES					
Bag Tax	7,179	0	0	0	—
Investment Income	133,707	91,900	91,900	91,900	—
Liquor Licenses	166,012	1,724,222	1,724,222	1,206,955	-30.0 %
Liquor Sales	95,052,306	96,812,959	94,809,174	99,717,348	3.0 %
Miscellaneous Revenues	114,033	0	0	0	—
Other Charges/Fees	12,121	23,887	23,887	23,887	—
Other Fines/Forfeitures	150,188	316,916	316,916	63,383	-80.0 %
Other Licenses/Permits	51,400	168,000	168,000	117,600	-30.0 %
Liquor Control Revenues	95,686,946	99,137,884	97,134,099	101,221,073	2.1 %
GRANT FUND - MCG					
EXPENDITURES					
Salaries and Wages	(82)	0	0	0	—
Employee Benefits	(6)	0	0	0	—
Grant Fund - MCG Personnel Costs	(88)	0	0	0	—
Grant Fund - MCG Expenditures	(88)	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	65,351,118	63,556,354	62,135,300	66,348,075	4.4 %
Total Full-Time Positions	302	312	312	332	6.4 %
Total Part-Time Positions	138	144	144	130	-9.7 %
Total FTEs	427.70	442.50	442.50	443.80	0.3 %
Total Revenues	95,686,946	99,137,884	97,134,099	101,221,073	2.1 %

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
LIQUOR CONTROL		
	FY21 ORIGINAL APPROPRIATION	63,556,354 442.50

FY22 RECOMMENDED CHANGES

	Expenditures	FTEs
<u>Changes (with service impacts)</u>		
Enhance: New ABS Delivery Truck [Warehouse Operations]	150,000	0.00
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: Debt Service [Administration]	1,583,350	0.00
Increase Cost: FY21 Compensation Adjustment	1,093,708	0.00
Increase Cost: FY22 Compensation Adjustment	613,423	0.00
Increase Cost: IT Systems and Point of Sale (POS) [Administration]	572,329	0.00
Re-align: Reallocation of FTEs from Delivery Operations to Warehouse Operations [Warehouse Operations]	439,518	6.00
Re-align: Reallocation of FTEs from Marketing to Retail [Retail Sales Operations]	217,129	2.00
Increase Cost: Annualization of FY21 Lapsed Positions	214,560	0.00
Re-align: Reallocation of FTEs from Administration to Retail [Retail Sales Operations]	210,692	2.00
Increase Cost: Motor Pool Adjustment	60,246	0.00
Increase Cost: Retail Store Leases [Retail Sales Operations]	25,133	0.00
Increase Cost: Print and Mail Adjustment	6,253	0.00
Technical Adj: Conversion of Retail Clerk Positions [Retail Sales Operations]	0	1.30
Decrease Cost: OPEB Adjustment	(70,920)	0.00
Decrease Cost: Retirement Adjustment	(79,841)	0.00
Re-align: Reallocation of FTEs from Administration to Retail [Administration]	(210,692)	(2.00)
Re-align: Reallocation of FTEs from Marketing to Retail [Marketing]	(217,129)	(2.00)
Re-align: Reallocation of FTEs from Delivery Operations to Warehouse Operations [Delivery Operations]	(439,518)	(6.00)
Decrease Cost: Elimination of One-Time Items Approved in FY21	(1,376,520)	0.00
FY22 RECOMMENDED	66,348,075	443.80

PROGRAM SUMMARY

Program Name	FY21 APPR Expenditures	FY21 APPR FTEs	FY22 REC Expenditures	FY22 REC FTEs
Administration	13,782,082	25.20	16,506,306	23.20
Delivery Operations	7,028,028	83.00	6,602,136	77.00
Licensure, Regulation and Education	1,892,629	10.39	1,881,239	10.39
Marketing	901,656	4.00	700,859	2.00
Retail Sales Operations	30,408,999	224.68	30,623,740	229.98
Warehouse Operations	9,542,960	95.23	10,033,795	101.23
Total	63,556,354	442.50	66,348,075	443.80

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
-------	------	------	------	------	------	------

FUNDING PARAMETER ITEMS

CE RECOMMENDED (\$000S)

Title	FY22	FY23	FY24	FY25	FY26	FY27
LIQUOR CONTROL						
EXPENDITURES						
FY22 Recommended	66,348	66,348	66,348	66,348	66,348	66,348
No inflation or compensation change is included in outyear projections.						
Elimination of One-Time Items Recommended in FY22	0	(150)	(150)	(150)	(150)	(150)
Items recommended for one-time funding in FY22, including one delivery truck, will be eliminated from the base in the outyears.						
Debt Service	0	(374)	(585)	(645)	(1,020)	(1,020)
Debt service estimates include Liquor Control Revenue Bonds, Master Lease Agreements for Forklifts, Delivery Trucks, and ERP system.						
Retiree Health Insurance Pre-funding	0	(1)	(2)	(3)	(4)	(4)
Labor Contracts	0	884	884	884	884	884
These figures represent the estimated annualized cost of general wage adjustments, service increments, and other negotiated items.						
Subtotal Expenditures	66,348	66,706	66,494	66,433	66,057	66,057

FY22-27 PUBLIC SERVICES PROGRAM: FISCAL PLAN			Alcohol Beverage Services				
FISCAL PROJECTIONS	FY21 ESTIMATE	FY22 REC	FY23 PROJECTION	FY24 PROJECTION	FY25 PROJECTION	FY26 PROJECTION	FY27 PROJECTION
BEGINNING FUND BALANCE	8,550,573	10,332,296	12,313,078	11,964,843	11,563,940	9,347,811	6,907,624
REVENUES							
Licenses & Permits	1,892,222	1,324,555	1,350,913	1,383,606	1,417,366	1,451,949	1,487,376
Charges For Services	23,887	23,887	24,362	24,952	25,561	26,185	26,824
Fines & Forfeitures	316,916	63,383	64,644	66,208	67,823	69,478	71,173
Miscellaneous	94,901,074	99,809,248	99,809,248	99,809,248	99,809,248	99,809,248	99,809,248
Subtotal Revenues	97,134,099	101,221,073	101,249,167	101,284,014	101,319,998	101,356,860	101,394,621
INTERFUND TRANSFERS (Net Non-CIP)	(31,674,153)	(31,779,243)	(31,867,625)	(31,941,453)	(32,941,453)	(33,941,453)	(33,941,453)
Transfers To The General Fund	(31,674,153)	(31,779,243)	(31,867,625)	(31,941,453)	(32,941,453)	(33,941,453)	(33,941,453)
Indirect Costs	(3,747,981)	(3,853,071)	(3,941,453)	(3,941,453)	(3,941,453)	(3,941,453)	(3,941,453)
Earnings Transfer	(27,926,172)	(27,926,172)	(27,926,172)	(28,000,000)	(29,000,000)	(30,000,000)	(30,000,000)
TOTAL RESOURCES	74,010,519	79,774,126	81,694,620	81,307,404	79,942,485	76,763,218	74,360,792
CIP CURRENT REVENUE APPROP.	(1,785,000)	(1,267,000)	(781,000)	(957,000)	(1,435,000)	(607,000)	(1,149,260)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(52,887,650)	(55,517,075)	(55,517,075)	(55,517,075)	(55,517,075)	(55,517,075)	(55,517,075)
Debt Service: Other (Non-Tax Funds only)	(9,247,650)	(10,831,000)	(10,831,000)	(10,831,000)	(10,831,000)	(10,831,000)	(10,831,000)
* CPI-Fiscal Year for OE			(338,030)	(757,280)	(1,190,220)	(1,633,730)	(2,088,060)
* Compensation Adjustment			(1,537,375)	(1,537,375)	(1,537,375)	(1,537,375)	(1,537,375)
Labor Agreement	n/a	0	(883,824)	(883,824)	(883,824)	(883,824)	(883,824)
Annualizations and One-Time	n/a	n/a	150,000	150,000	150,000	150,000	150,000
Retiree Health Insurance Pre-funding			1,130	2,240	3,430	3,670	3,670
Debt Service			375,050	587,850	646,390	1,000,740	1,000,340
Subtotal PSP Oper Budget Approp / Exp's	(62,135,300)	(66,348,075)	(68,581,124)	(68,786,464)	(69,159,674)	(69,248,594)	(69,703,324)
OTHER CLAIMS ON FUND BALANCE	242,077	154,027	(367,653)	0	0	0	0
TOTAL USE OF RESOURCES	(63,678,223)	(67,461,048)	(69,729,777)	(69,743,464)	(70,594,674)	(69,855,594)	(70,852,584)
YEAR END FUND BALANCE	10,332,296	12,313,078	11,964,843	11,563,940	9,347,811	6,907,624	3,508,208
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	14.0%	15.4%	14.6%	14.2%	11.7%	9.0%	4.7%

Assumptions:

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

THIS PAGE INTENTIONALLY LEFT BLANK