

OLCC LIQUOR AGENT ISSUES

BY DAN MINER, AGENT 1182, HOLLYWOOD BEVERAGE

AGENCY 1182 – HOLLYWOOD BEVERAGE

- Oldest liquor store in Oregon – opened March '34
 - Appointed in 2008, sales were \$1.65M, 92nd in state for liquor volume
 - One of 4 pilot stores to convert to non-exclusive in 2012, adding beer and wine
 - Moved to current location in 2012, tripling space
 - Added large walk-in beer cooler
 - Added growler station, third growler station in PDX
 - Became #1 liquor store in state by sales volume in 2015, currently #2
 - 55% counter sales, 45% licensee
 - Commission is approximately 7.7% net, due to structure of compensation formula (larger stores subsidize smaller stores, some of which receive 20+% commission)
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IMPACT OF MIN WAGE INCREASES

- For every full-time employee (40/hrs per week)
 - Minimum wage increasing from \$9.75/hr to \$14.75/hr (PDX)
 - Currently \$12/hr (PDX)
- Chart does not include payroll taxes, W/C insurance



Increase/hr	\$	5.00		
		Month		Year
Labor Hours		200		2040
Labor Cost	\$	1,000	\$	10,200
Sales increase required	\$	12,987	\$	132,468
Increased Rev to OR★	\$	4,675	\$	47,688

★ Based on 36% net, OLCC data

ADDITIONAL SALES TO BREAK EVEN (PER EMPLOYEE!)

- Jameson Irish Whiskey (750mL) is highest \$\$ sales in Oregon
 - Current price is \$29.95 per 750mL bottle
 - Often on post off for \$26.95 (3-4 m,onths/year)
- To break even on \$5/hr wage increase, must achieve these sales:

	Month		Year	
	\$29.95	\$ 26.95	\$29.95	\$ 26.95
Bottles Jameson	434	482	4,423	4,915
cases	36	40	369	410



42 CASES OF JAMESON 750ML

- 36-40 cases increased sales needed monthly for EVERY employee enjoying \$5/hr min wage increase!



1182 HOLLYWOOD 3 YEAR PERFORMANCE

	Counter	Licensee	Total	Year Over Year Growth			Total	Comp Increase
				Counter	Licensee			
2016	\$ 6,371,820	\$4,646,314	\$11,018,134					
2017	\$ 6,509,900	\$4,943,378	\$11,453,278	\$ 138,080	\$297,064	3.9%	\$ 435,144	\$ 33,506.09
2018	\$ 6,755,836	\$4,918,678	\$11,674,514	\$ 245,936	(\$24,700)	1.9%	\$ 221,236	\$ 17,035.17

- Average commission to 1182 is 7.7%, not 8.93%
- Annual sales are 2 times #18 ranked store
- \$245K growth is more than annual sales at 40+ agencies!
- Oregon revenue increase in 2017 was \$156K, \$79K for 2018

1182 HOLLYWOOD

- Sample Cost Increases

	Wages	Increase		Rent	Increase
2016	\$ 398,098			\$ 159,832	
2017	\$ 414,649	\$ 16,551		\$ 177,012	\$ 17,180
2018	\$ 482,633	\$ 67,984		\$ 199,138	\$ 22,126

- In 2018, increased commission from liquor sales improvements was \$73,074 LESS than increases in labor and rent alone!

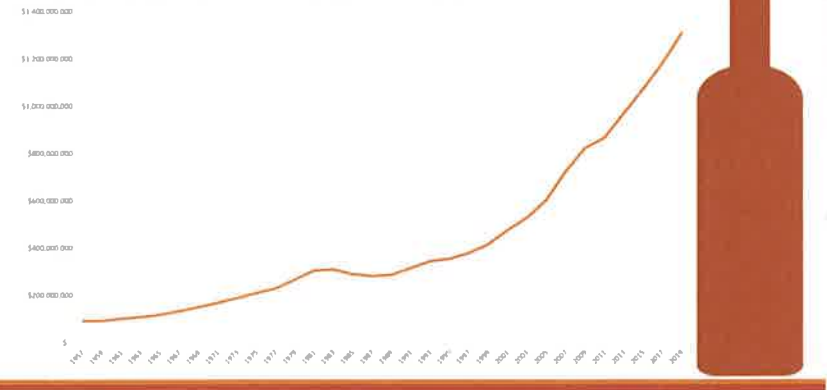
SUMMARY

- Oregon Liquor Agents generate significant revenue for Oregonians, while beer and wine taxes or license fees are relatively miniscule
 - Agent compensation has not increased substantially for decades, despite growing sales
 - Compensation formulas used by OLCC do not equitably distribute commissions and larger stores effectively subsidize smaller stores
 - Legislated increased labor costs and other business expenses will impact Liquor Agents who do not control their prices and cannot react like other industries
 - Providing increased compensation to account for legislated costs can be funded through organic growth and still provide record-high revenues
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CONCLUSION

- Oregon liquor agents have significantly grown sales and tax revenue to Oregon resulting over the past decade. The State benefits from this growth more than 4 times compared to the agent. Oregon liquor agents need more compensation to address rising costs, attract and retain a skilled workforce, and to continue to invest in improvements. There is plenty of room to share growth with liquor agents and continue to grow tax revenues.

HISTORICAL BIENNIUM LIQUOR SALES



PROJECTED ALCOHOL NET REVENUE DISTRIBUTION (GRB)
2019-2021 Biennium (GRB) - All Revenue Sources

