

Part 1 – Agency Profile

Agency Overview

The Idaho State Liquor Dispensary was established in 1935, following the repeal of prohibition, as a means of providing greater control over the distribution, sale, and consumption of alcoholic beverages. Idaho is one of 20 jurisdictions that control the sale of alcoholic beverages. (Eighteen control states plus two Maryland counties). These jurisdictions account for almost one-third of the U.S. population, and regulate their own retail and/or wholesale distribution of alcoholic beverages.

Organizationally, the Dispensary has been a division of the Office of the Governor since 1974. Dyke Nally, Superintendent, is appointed by the Governor.

The Dispensary's Central Office and Warehouse are located in Boise. All aspects of the business, including purchasing, accounting, information technology, human resources, contracts, and store supervision are administered by a Central Office staff of 25, along with four District Managers. Fifteen warehouse personnel, co-located within the administrative office, receive, store and distribute more than 840,000 cases annually over a geographic area of 83,000 square miles. The warehouse typically inventories about 180,000 cases valued at \$9 million to \$10 million.

At fiscal year-end, the Dispensary operated 163 retail outlets throughout the State. Of those, 61 were state liquor stores staffed and operated by Dispensary employees; 102 were contract agencies. Stores are typically open from 11:00 a.m. to 7:00 p.m., although some stores have extended hours to enhance customer service. Selected stores in 27 of Idaho's 44 counties have added limited Sunday hours as an additional customer service feature. Each state and contract store is stocked and maintained to meet the needs of customers, who also include liquor-by-the-drink establishments. Outlets feature a selection of products specific to the tastes and lifestyles of the local communities they serve. All products are priced uniformly throughout the state. Idaho's system of liquor control provides benefits to all of the State's citizens. Moderation and temperance in control states generally reduce social costs associated with alcoholic beverage consumption. Additionally, Idaho law provides for the distribution of liquor profits to State programs, 44 counties and 200 cities. Over the previous decade, \$277 million was distributed to state programs, and to counties and cities, including a record \$40.2 million in FY 2008.

Core Functions/Idaho Code

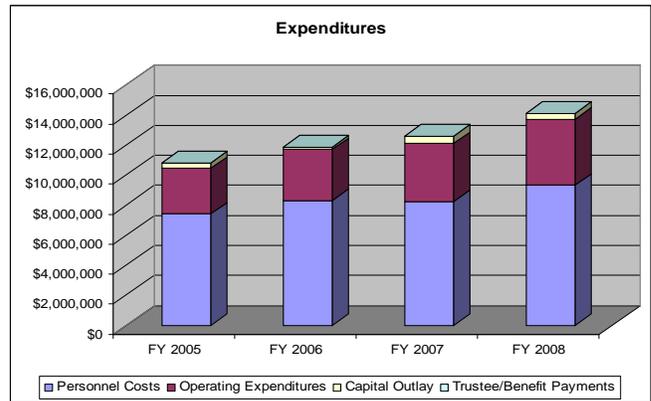
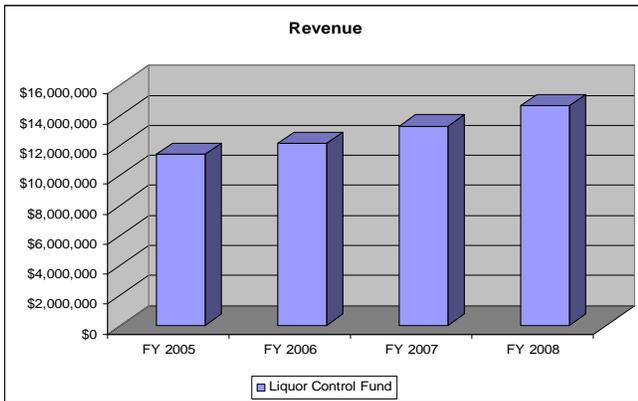
The Idaho State Liquor Dispensary statutory authority is stated in Title 23 of the *Idaho Code*.

The primary functions of the agency as stated in *Idaho Code 23-203* include but are not limited to:

- **Regulation of liquor traffic:** to permit, license, inspect and regulate the manufacture, importation, transportation, storage, sale and delivery of alcoholic liquor;
- **Traffic in Liquor:** to buy, import, transport, store, sell and deliver alcoholic liquor;
- **Operation of Liquor Stores:** to establish, maintain and discontinue warehouses, state liquor stores, and distribution stations [contract liquor stores];
- **Acquisition of Real Estate:** to acquire, buy and lease real estate, and to improve and equip the same for the conduct of its business;
- **Acquisition of Personal Property:** to acquire, buy and lease personal property necessary and convenient for the conduct of business;
- **Making Reports:** to report to the Governor annually, and at such other times as he may require, concerning the condition, management, and financial transactions of the Dispensary.

Revenue and Expenditures (Appropriation vs. Actual Expenditures)

Total Revenue (Appropriation)	FY 2005	FY 2006	FY 2007	FY 2008
Liquor Control Fund	\$11,397,500	\$12,139,400	\$13,270,800	\$14,640,900
Total	\$11,397,500	\$12,139,400	\$13,270,800	\$14,690,900
Total Expenditures	FY 2005	FY 2006	FY 2007	FY 2008
Personnel Costs	\$7,432,800	\$8,327,000	\$8,251,100	\$9,343,500
Operating Expenditures	\$3,048,200	\$3,396,200	\$3,872,600	\$4,402,500
Capital Outlay	\$350,500	\$161,700	\$486,300	\$415,600
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
Total	\$10,831,500	\$11,884,900	\$12,610,000	\$14,161,600



Profile of Key Services Provided

Key Services Provided	FY 2005	FY 2006	FY 2007	FY 2008
Number of Bottles Sold	7,641,200	8,600,018	9,168,812	9,616,974
Total Dollar Sales	\$95,213,921	\$109,604,223	\$121,623,148	\$130,815,006
Net Income	\$32,163,891	\$37,153,806	\$42,357,974	\$45,090,209
Profit Distributions	\$33,826,157	\$33,459,463	\$39,152,572	\$40,164,193

Performance Highlights

Following is a summary of highlights for FY 2008:

- Sales increased \$9.2 million from \$121.6 million to \$130.8 million-up 7.6%.
- Net Profit increased \$2.7 million from \$42.4 million to \$45.1 million-up 6.5%.
- Sunday sales are increasing in popularity.
 - 27 of the 44 Counties have approved Sunday sales.
 - Some of the resort area stores report more sales on Sundays than on their typically large Friday and Saturday sales.
 - Sunday gross sales revenue was \$3.0 million during FY 2008.

Rapid growth continues to be the number one ISLD challenge. The Dispensary has experienced five straight years of 7% to 15% annual dollar sales growth, with annual sales more than doubling over the past decade. The largest growth is occurring in Ada, Kootenai, and Canyon counties, which directly correlates to the economies in those areas, and large increases in population. Consumption in Idaho remains below other control states and well below the national average consumption rate.

This surge in growth is putting increased demands on employees throughout the Dispensary. The Dispensary will be requesting funding for new and existing stores, and additional personnel as needed to operate efficiently.

Part II – Performance Measures

Industry Best Practices

Performance Measure	2005	2006	2007	2008	Benchmark
Low Per Capita Consumption	1.09	1.10	1.26	1.29	1.35
Number of Listing Meetings	2	2	2	3	2
High Sales Per Employee	\$595,000	\$660,000	\$676,000	\$678,000	\$600,000
Low Employee Costs per Sale Dollar	7.9%	7.3%	6.8%	7.2%	7.5%
High Net Income Per Employee	\$201,000	\$224,000	\$235,000	\$234,000	\$225,000
High Sales Per Employee	\$595,000	\$660,000	\$676,000	\$678,000	\$600,000

For More Information Contact

Dyke Nally, Superintendent
Idaho State Liquor Dispensary
1349 E. Beechcraft Ct.
PO Box 179001
Boise, ID 83717-9001
Phone: (208) 947-9402
E-mail: dyke.nally@liquor.idaho.gov