

Frequently Asked Questions

Open Recruitment for Retail Liquor Locations

(Meetings Held on 10/01/15 and 10/02/15)

Q: What is a retail sales agent agreement?

A: When a retail sales agent agreement is awarded by the OLCC Commissioners, it allows the sale of unopened bottles of distilled spirits direct to the consumer as well as to liquor-licensed businesses such as bars, restaurants, or caterers. The OLCC owns the distilled spirits inventory inside the retail liquor location and pays the owner (retail sales agent) a commission based on sales. A retail sales agent agreement is initially approved for five years, and is evaluated annually by OLCC staff.

Q: Is the relationship between OLCC and the agent contractual?

A: Yes, unlike a liquor license (bars, restaurants, caterers), the contractual agreement between the retail liquor agent and the OLCC is awarded by the Commissioners and is initially approved for five years.

Q: What is the timeline for Open Recruitment?

A: The Open Recruitment period is from October 16, 2015 through 5:00 p.m. January 15, 2016. The Commissioners are expected to select retail sales agents at the February Commission meeting. After the Commission selection, a public notice will be posted at each location for 14 days. If a location receives no significant public opposition, final approval for the location can be granted after the 14-day public notice. Any locations that receive significant public opposition will be required to go before the Commissioners at the March Commission meeting for final location determination.

APPLICATION

Q: Where and when can I get an application?

A: Applications are available on [OLCC's web site](#). Applications are sorted by Individual, LLC, and Corporation.

Q: What needs to be included in a business plan?

A: A detailed business plan MUST accompany each submitted application. Content at a minimum must include the following:

- Proposed retail liquor location including address
- Type of business to be operated in conjunction with the retail liquor location (if applying for a non-exclusive)

- A summary of how the liquor location will improve convenience to the public
- Distance from the proposed location to a school, house of worship or an alcohol treatment center (if location is within 1000 feet)
- Control plan describing how the applicant will prevent access to minors and reduce opportunities for theft
- Expected consumer demand (with supporting data and sources) at the location including:
 - Population count (21 and older) within a one mile radius
 - Traffic patterns and traffic count
 - Estimated distilled spirits sales
 - Potential impact to existing liquor stores
 - Other relevant business factors to be considered
- Hours of operation (distilled spirits sales can only be from 7 a.m. to 10 p.m.)
- Photographs of proposed location (exterior/interior) and if applicable any architectural renderings of upgrades to the proposed location or new construction
- Configuration of retail location including:
 - Total square feet dedicated to the proposed distilled spirits area and stockroom; total linear feet of sales floor shelving dedicated to distilled spirits
 - Detailed floor plan (including stockroom) indicating where the distilled spirits categories will be located
 - Detailed description of exterior signage and internal fixtures and equipment that will be used to merchandise and account for distilled spirits sales and inventory
- Product selection:
 - Number of products in each distilled spirits category
 - List of products and sizes in each distilled spirits category
- Detailed description and estimated cost breakdown for start-up costs, payroll, rent, site improvements, fixtures and equipment, etc. that will be used to merchandise and account for distilled spirits sales and inventory. Supply financial documentation that shows source of funds to accomplish the build-out. Note: If applying for more than one location, financial documents must show sufficient funds for each.

Q: Can I have business partners? There are two of us; can we apply together?

A: Yes. An application can be submitted by an individual, an LLC, and/or a corporation. OLCC does not have a limit to how many members can be part of an LLC or corporate principals in a corporation. Remember, a legal entity must be registered with the Oregon Secretary of State.

Q: Is there a listed process for scoring applicants?

A: Each application will be evaluated on a case-by-case basis. The application and business plan will be evaluated based on but not limited to, capital investment and financing, retail or business experience, knowledge of the alcohol industry, and proposed location's convenience for customers and potential impact on existing liquor agents.

Q: Experience seems to play a big role. Would liquor agents have the advantage?

A: Previous experience in an Oregon retail liquor location would be a benefit. However, various levels of retail and business experience are encouraged. Many managerial and sales skills are transferrable from one business model to another.

Q: How do I complete a Profit and Loss (P & L) statement for the business plan? Does my P & L statement relate only to the liquor or to the whole business?

A: The business plan is up to you. When developing a P & L for a business it is important to include all revenue streams and expenditures. As a reminder, all other profits from sales beyond distilled spirits is profit to a retail sales agent.

Q: How does public opposition affect selection?

A: After the February 2016 Commission meeting, OLCC staff will post a public notice at all of the sites selected. The appointed agent will be required to hand out a public notice flyer (content provided by OLCC) to all residents, schools, businesses, house of worships, etc., within 500 feet. The public has 14 days to comment. If there is significant public opposition, the final determination on the proposed location will need to go back before the Commissioners at the March 2016 Commission meeting.

INVESTMENT/FINANCING

Q: What startup costs can I expect?

A: There are no costs associated with the purchase of distilled spirits inventory, since the OLCC owns the product. The retail sales agent is responsible for leasing/purchasing retail space, insurance, Point of Sale computer system, fixtures and equipment, utilities, inventory purchase of other non-distilled spirits inventory, and costs associated with staffing. If your business plan also includes beer, wine, cider and some vermouth sales, there is a separate licensing fee and application for an Off-premises liquor license. Beer, wine, cider and some vermouths are a C.O.D. payment upon delivery from a distributor.

Q: Does the state offer an opportunity for financing?

A: The state of Oregon recently announced a pilot program to help small Oregon companies finance their growth. How the loans work: The Small Business Expansion Program provides an alternative to conventional debt and equity financing by allowing businesses to make periodic revenue payments as a percentage of net sales, combined with traditional monthly payments. Business Oregon will begin accepting applications Dec. 1. To learn how to apply and for details about the program, visit oregon4biz.com/Revenue.

Q: Do you have a guideline for credit and background checks? What would disqualify an applicant?

A: Credit and criminal background check results are evaluated on a case by case basis. The applicant's and/or representative's record of felony conviction, conviction of crime relating to money management

fraud, or a history of conviction of crimes relating to the abuse of alcohol or controlled substances are reviewed.

Q: Would you background check the landlord or other tenant in the case of store within a store?

A: The landlord and other tenant typically do not get background checked unless they are involved in the management of the retail liquor location.

Q: Can you provide information on Point Of Sale computer providers?

A: There are a number of independent Point of Sale computer providers currently being used in retail liquor locations and meet OLCC reporting requirements. However, we do not endorse any specific providers. Specifications for computer coding can be requested by emailing OLCC.retailservices@oregon.gov.

LOCATIONS

Q: Where can I place my retail liquor location? Is the OLCC looking at other areas?

A: The OLCC will be accepting applications from October 16, 2015 through January 15, 2016 for retail liquor locations in the Portland metro area (Clackamas, Multnomah, and Washington Counties). If this open recruitment is successful, the OLCC will expand to other parts of the state.

Q: Do you need to purchase or lease space prior to applying?

A: Your proposed location is a necessary element in your business plan. Some applicants may be placing the retail liquor location in an existing business or owned property while other applicants will need to secure a location with a commercial real estate broker or a landlord. The OLCC will accept your application if your lease is contingent upon being appointed.

Q: How close can my location be to another retail liquor location?

A: There is a [spreadsheet available on our web site](#) that lists all of the existing retail liquor locations in the Portland metro area. Each application will be examined individually. Proximity to an existing retail liquor location is one of the considerations that will be taken into account. Proximity will be evaluated in conjunction with the market conditions and type of location proposed. Density of population will also be considered when retail liquor locations are added to an area.

Q: Can I list more than one potential lease location address on my application if they're in close proximity to one another? Would I need to have different applications for each potential location?

A: You can submit more than one application. Each location needs to be submitted on a separate application with a business plan for each location. Each application will be evaluated independently.

Q: Are you willing to allow liquor to be sold in large grocery stores as it is in other states?

A: Corporations and LLC's in addition to individuals can apply for a retail sales agent agreement. Currently, large retailers, including grocery stores, can apply. Under the Open Recruitment process, large retailers can submit applications for business models that add a spirits section to existing retail merchandise or a separate retail liquor location within a larger retail store.

LIQUOR LICENSE

Q: I already have a liquor license. Do I have to relinquish it if I get a retail sales agent agreement?

A: That depends. You can have an Off-premises liquor license to sell beer, cider, and wine "to-go" in conjunction with a retail sales agent agreement to sell distilled spirits. However, you cannot have a liquor license to sell distilled spirits by the glass, such as a Full-Commercial, Full-Catering, Full-Private Club in conjunction with a retail sales agent agreement. A Limited license to sell beer or wine by the glass in conjunction with a retail sales agent agreement is also prohibited if the limited license is in the same name as what appears on the retail sales agent application.

Q: Do I need a liquor license to have a retail liquor location?

A: No. A retail sales agent agreement allows the retail sales agent to sell distilled spirits by the bottle to individual consumers and liquor license holders (bars, restaurants, caterers). A retail liquor location that has a non-exclusive designation can apply for an Off-premises liquor license to sell beer, wine, cider and some vermouths to go.

Q: Where do I get more information on applying for an Off-premises liquor license (beer and wine sales)?

A: Information on applying for a liquor license is available on [OLCC's web page](#). You can also call the headquarters office to speak with licensing division staff, 503-872-5070.

Q: Can I sell growlers as a retail sales agent or do I need a liquor license?

A: A retail sales agent agreement does not come with the authority to sell growlers. However, you can apply for an Off-premises sales license to use in conjunction with the retail sales agent agreement to be able to fill and sell growlers to go. The person operating the growler fill station, and anyone managing that individual, must have a valid Alcohol Service Permit.

DISTILLED SPIRITS PRODUCT

Q: Does the retail sales agent own/lease the location and equipment and OLCC owns the liquor?

A: Yes. OLCC owns the distilled spirits product inside the retail liquor location. The retail sales agent owns or leases the retail space, and owns all of the fixtures, equipment, and non-liquor products sold.

Q: Do you set the price of the liquor (including items “on sale”) or can I do that?

A: The price of distilled spirits is uniform statewide. The OLCC uses a formula to mark up the price of distilled spirits on a monthly basis. Items go on sale when the manufacturer changes their base price to the OLCC. Monthly price lists are available on [OLCC’s web page](#).

Q: What is the distinction between the words alcohol, liquor, distilled spirits, beer, and wine?

A: Alcohol generally refers to all alcoholic beverages including wine, beer, malt beverages, cider, and distilled spirits. Distilled spirits is the hard liquor that can only be sold by the bottle by an appointed retail sales agent or by the glass from a business with a Full-On premises liquor license. Wine, beer, malt beverages, and cider can all be sold in unopened containers from a business with an Off-premises liquor license or by the glass from a business with a Limited liquor license. Liquor can often be interchanged with the word alcohol – such as a liquor license or a retail liquor location. However, when we refer to liquor sales at retail liquor locations, it is specifically meant in reference to distilled spirits.

Q: What type of retail liquor location should it be, does it have to be liquor only?

A: Under this Open Recruitment process, applicants are encouraged to submit innovative proposals. This includes a wide variety of business models such as a free-standing, traditional liquor location, a retail liquor location located within a larger retail business, a boutique or niche retail liquor location, adding a distilled spirits section to an already existing beer and wine section, adding a distilled spirits section to another type of business (i.e.: pharmacy, lumber, etc.). *Businesses interested in selling beer wine, cider and some vermouths must apply for a separate Off-premises liquor license.

The two different pay structures available are exclusive and non-exclusive. An exclusive retail liquor location can sell distilled spirits by the bottle and related items from an approved list (mixers, ice, stemware, tobacco, etc.). A non-exclusive retail liquor location can sell distilled spirits by the bottle and does not have a limit on the other items that are sold (can sell anything from groceries to lawnmowers and anything in between). See OLCC’s website for [estimated compensation](#).

Q: Can I sell recreational marijuana in my retail liquor location?

A: No. Marijuana and distilled spirits cannot be sold in the same business.

Q: Do bars and restaurants have to purchase their distilled spirits from a retail liquor location or can they purchase directly from OLCC?

A: Businesses with a liquor license to sell distilled spirits by the glass must purchase their distilled spirits from an Oregon retail liquor location. Liquor licensees receive a 5% discount on distilled spirits products. Many retail liquor locations offer delivery services to bars and restaurants. Retail liquor locations with an Off-premises cannot sell beer, wine, cider or some vermouth directly to a bar or restaurant.

OLCC RETAIL SERVICES STAFF SUPPORT

Q: Is there an annual review process?

A: Yes. Once a year, OLCC's Retail Services staff will evaluate each retail liquor location based on the areas of customer service, store appearance, merchandising, record keeping and fiscal practices, inventory management, compliance with law and policy.

Q: Is there help from the OLCC to support new retail locations?

A: Yes. OLCC Retail Services Division has a team of experienced district managers who work with retail liquor agents to provide oversight and direction for the business processes. This includes orienting new agents to OLCC's policies and procedures, visiting the locations to oversee processes, assess compliance, promote customer service, and enforce the retail sales agent agreement. They help the agent in controlling and taking inventory; ordering and merchandising product; improving store layout and signage; using computer systems; handling cash; preventing theft; following OLCC's banking procedures; or other agent concerns. They also recommend appropriate store hours and days of operation to meet customer demand. They are the liaison between the agent and OLCC.

Q: What happens if I want to terminate my retail sales agent agreement?

A: A formal process begins when an existing retail sales agent wants to resign. This process can take up to 120 days to advertise the opening and allow time for the Commission to appoint a new operator.

Q: Can I sell my retail liquor location?

A: The OLCC owns the distilled spirits inventory inside the retail liquor location, therefore, the outgoing agent cannot sell the distilled spirits inventory. The outgoing liquor agent cannot sell the retail sales agent agreement to sell distilled spirits. If the business is to remain a retail liquor location, the OLCC Commissioners must appoint a new liquor agent through the formal resignation process. The existing retail sales agent can sell fixtures, displays, and other non-distilled spirits products to a new owner.

Q: Does the outgoing agent negotiate with an incoming agent for buyout price?

A: There is a process for outgoing retail sales agents. An independent third party appraiser will be contacted to establish the value of the fixtures and equipment related to the sale of distilled spirits. The outgoing agent will independently negotiate the sale of all other fixtures and non-distilled spirits inventory with the buyer.

Q: Is there any protection if privatization occurs? What if I haven't had my liquor location for five years?

A: Recent legislation has created a process where existing liquor agents would be compensated a percentage of their business if total system privatization occurred. The amount of compensation is based on four percent of the average annual gross distilled spirits sales for the last five years or if less than five years, four percent of the average annual gross distilled spirit sales of the average of the years in operation.

Q: Can I talk to someone and get more information?

A: Yes. You can call the OLCC Retail Services Division at 503-872-5020 or email at OLCC.retailservices@oregon.gov. Our offices are open Monday-Friday from 8:00 a.m. to 5:00 p.m. PST.

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(Meeting Held on 12/15/15)

Q: Do we need a signed lease?

A: Yes, upon appointment and after the public opinion process, a signed lease is required (unless the real estate is owned by the agent). For the application process, a signed lease would be acceptable, but not required. For the application a letter of intent is acceptable.

Q: If a letter of intent falls through, through no fault of my own, would I be able to move forward with my appointment?

A: If the agreement falls through, a new location, serving the same area, would need to be secured within a reasonable amount of time. The new location would need to be approved by the Commission.

Q: Are there any expectations or requirements for how long a store should be up and running once appointment is granted?

A: Your opening date will depend on the timeline in your business plan and will vary based on the complexity of your store's build out. OLCC is flexible and will work with each applicant to ensure the store is opened within a reasonable amount of time.

Q: Are there any guidelines for allocation of sales floor space vs. storage room space?

A: No. Industry standards vary depending on the type of business (i.e. 70% sales floor vs. 30% stockroom).

Q: How do licensees (bars and restaurants) purchase distilled spirits?

A: Licensee sales must be made through a liquor store. The licensee may choose where they shop which makes the process competitive. Because of the competitive nature of the licensee sales, stores will need to provide a high level of service to earn/retain accounts and may offer delivery.

Q: How much will the commission consider impact to existing liquor stores?

A: Impact to existing stores will be considered as part of the application process. The goal is to increase density, convenience and access in the tri-county area with minimal impact to existing stores.

Q: Does the commission have a preference for agent type? (Individual, LLC or Corporate)

A: No.

Q: Are the contracts renewable?

A: Yes, based on the agents annual performance evaluation. Contracts are renewed in 1, 5 or 10 year periods depending on the overall evaluation.

Q: Can an existing liquor store be sold and have the contract automatically transfer to the new owner?

A: The OLCC owns the distilled spirits inventory inside the retail liquor location, therefore, the outgoing agent cannot sell the distilled spirits inventory. The outgoing liquor agent cannot sell the retail sales agent agreement to sell distilled spirits. If the business is to remain a retail liquor location, the OLCC Commissioners must appoint a new liquor agent through the formal resignation process. The existing retail sales agent can sell fixtures, displays and other non-distilled spirits products to a new owner.

Q: Does OLCC control the buyout amount?

A: The buyout amount is tied to the administrative rule, which OLCC staff executes. Based on the agent's annual evaluation the buyout is either 3% or 4% of their last 5 year sales average of distilled spirits.

Q: Since all liquor inventory is provided by the state, does an agent have to pay for it?

A: No, the liquor is owned by the state. The agent is responsible for safeguarding the state's inventory, protecting it from theft and must pay for any inventory shortages discovered during the OLCC inventory audit.

Q: How long typically does it take for a liquor store to be self-sufficient?

A: Depends on the business plan, location, and dedication of the agent.

Q: What is the minimum amount for an order? How does the delivery schedule work?

A: There is no set minimum, but sales volume will dictate the size of an order. Typically, OLCC will make one delivery per week. Stores with a low volume will take deliveries every other week and stores with a high volume will take multiple deliveries each week.