OPEN RECRUITMENT FOR INDEPENDENT CONTRACTORS

EXPANDING THE NUMBER OF OREGON’S LIQUOR RETAIL LOCATIONS
OPEN RECRUITMENT

• A market-driven open recruitment process for appointing approximately 10 new liquor agent contracts in the Southern Oregon and Washington County areas

• Objective is to improve customer convenience by adding retail liquor locations with a measured, but consistent approach to growth
• 30 years ago, one liquor store for every 12,000 Oregonians
  • (1 to 12,000 ratio statewide)
• 2015, one liquor store for every 16,000 Oregonians*
  • (1 to 16,000 ratio statewide)
• 9-county area is 1 store for 9,800 Oregonians
  • Washington County is in excess of 1:22,400
• Current population (9 Counties) = 609,000*

*Portland State University Population Research Center
**PSU Population Research Center estimates applied to 2016-2021
EXPANSION GOALS

• Increase convenience; decrease distance between retail liquor locations
  • 18 miles = Average distance between liquor stores (Southern 9 counties)
• Maximizing travel & tourism revenue
• Increased market share trend for distilled spirits nationally
• Access to distilled spirits in rural areas
• Moderate growth of stores to maintain public safety goals
Southern Oregon
Phase 4

Counties and Cities by Population per Liquor Store

Phase 4 Retail Expansion
Population per Liquor Store / none
- 2004 - 3660
- 3661 - 9200
- 9201 - 16443
- 16444 - 28225

[Map of Southern Oregon showing population densities for Phase 4 retail expansion]
OREGON SPIRITS
CONSUMER TRENDS

- More sophisticated consumer
- Oregon’s renowned mixology culture
- Greater demand for modern, consumer-friendly shopping
- Higher expectation of convenience
- Desire for wide selection of spirits
  - 2,100 regularly stocked
  - 2,000 special order
DIFFERENCES FROM EXISTING PROCESS

• Applicants may apply for multiple locations
  • Each will be considered separately

• Existing liquor store agents can apply for more than two contracts under Open Recruitment

• Minor control plans
  • Applies to proposals that do not have a separate entrance for spirits OAR 845-015-0148

• Open to a variety of different business models where customers can purchase spirits
  • Could include: adding a spirits section inside existing business, a traditional liquor store, a boutique retail location, etc.
### Types of Retail Locations

1) **Stand-alone** – Sells only distilled spirits and related items or sells distilled spirits, wine, beer and related items

2) **Located in another business**
   a) **No separate entrance** – Under the roof of another business
   b) **Separate entrance** – Under the roof of another business

*Beer and Wine sales need a separate liquor license*
STAND-ALONE LIQUOR STORE

Cedar Mill Liquor Store
Lakeview, OR
Deli, Convenience, & Liquor

Union, OR
Hardware, Espresso & Liquor

Sheridan, OR
Pharmacy & Liquor

Crescent, OR
Sporting Goods & Liquor
MARKET-FOCUSED CREATIVITY

• Innovation
• Entrepreneurs
• All types of retail models
• Widening range of choices for customers
SELECTION CRITERIA

• Business proposal
• Capital investment and financing
• Retail or business experience
• Knowledge of alcohol industry
• Location
  • Impact on existing agents
  • Convenience
• Estimated sales and revenue
• Timeline – detailed opening date
TIMELINE

- Applicant Informational Meetings
- Open Recruitment Period
- Application Review
- Applicant Interviews
- Commission Selection
- Public notice at Commission-approved location
- Final approval of store opening  
  - If no significant public opposition
  - If significant public opposition
- December 5 & 6
  - 12/01/17 to 2/15/18
  - 2/16/18 to 3/15/18
  - 3/16/18 to 4/15/18
- April/May Commission Meeting
- After Commission Selection
- 14 days after posting
- Return before the Commission for final decision
More info on the web: Oregon.gov/OLCC

OLCC Liquor Stores and Products

OLCC’s Distilled Spirits Program

Open Recruitment - Liquor Retail Locations

Overview

Phase 4 of Open Recruitment runs December 1, 2017 through February 15, 2018 for the following counties:

- Coos County
- Curry County
- Douglas County
- Harney County
- Jackson County
- Josephine County
- Klamath County
- Lake County
- Malheur County
- Washington County
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Overview of Retail Liquor Locations:

- Advertisement
- Information Sheet
- Retail Sales Agent Selection Procedure and Criteria
- Frequently Asked Questions - Open Recruitment for Liquor Retail Locations

Application Packets:

- Individual
  - Individual Application
- LLC
  - LLC Application
  - Managing Member - Individual History Packet
  - Premises Manager - Individual History Packet
- Corporation
  - Corporation Application
  - Individual Supervising Premises Manager - Individual History Packet
  - Premises Manager - Individual History Packet

Sign up for email alerts

Application Information
OPENINGS FOR OPERATORS OF NEW RETAIL LIQUOR LOCATIONS

OLCC is recruiting applicants for new retail liquor locations. The open recruitment process is a market-driven effort to improve customer convenience by expanding retail liquor locations with a measured, but consistent amount of growth.

The Oregon Liquor Control Commission is accepting applications and aiming to add new retail liquor locations in the following counties:

Coos County  Harney County  Klamath County  Washington County
Curry County  Jackson County  Lake County  Malheur County
Douglas County  Josephine County

Applicants are evaluated on background, knowledge and work experience in:

- Retail business management
- Inventory/cash management
- Retail sales and operation
- Customer service/public relations in a retail environment
- Financial ability to open and operate a retail liquor location

A detailed business plan will be required as part of the application process.

For additional information on open recruitment for new retail liquor locations and application information, visit: http://www.oregon.gov/OLCC/LIQUORSTORES/Pages/liquorsalesoutlets_openrecruitment.aspx

Questions can be directed to OLCC.RetailServices@oregon.gov or call 503-872-5020 (toll-free 1-800-426-2004, Option #1). Provide your name, email address and phone number. Applications can also be picked up at 9079 SE McLoughlin Blvd., Portland, OR 97222.

An application with a business plan must be received at OLCC’s main office in Portland at the above address, by 5:00 PM, Friday, February 15th, 2018. Applications received after this deadline will not be accepted. Additional open recruitments for these areas and others in the state may occur in the future.
INFORMATION SHEET
FOR NEW RETAIL LIQUOR LOCATIONS

The Commission will consider proposals for retail liquor locations to be operated as exclusive or non-exclusive in Clackamas, Multnomah, and Washington counties. These locations may be:

- Exclusive - Traditional retail liquor locations selling only distilled spirits and authorized related items (i.e. mixers, tobacco, glassware)
- Non-Exclusive - Distilled spirits are sold in conjunction with another business which may include beer, wine and growlers

Keep in mind:
- There are limitations on who can be appointed a retail sales agent. Please review the document “Acknowledgement of Eligibility” in the application packet for further information.
- It may take years to build the business.
- Sales vary within seasons and economic conditions.
- An exclusive liquor store can only sell authorized related items. (This may be limited by leasing restrictions).
- Licensees (i.e. restaurants, bars) are able to purchase distilled spirits at any retail liquor location within the state.
- A separate Off-Premises Sales license must be obtained to sell beer, wine, cider and some vermouths. Sales of beer, wine, cider and vermouth to licensees is prohibited.
- Agents will pay all expenses to operate the liquor store from monthly compensation.
- The state provides the distillers inventory. Retail sales agents do not purchase or own the distilled spirits inventory.
- Cities and counties may require other license types or permits to operate in their jurisdiction.

SALES AND COMPENSATION

Sales will vary based on the location and the number of products available for sale.

<table>
<thead>
<tr>
<th>Exclusive Liquor Store</th>
<th>Non-Exclusive Liquor Store</th>
</tr>
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<tbody>
<tr>
<td>Compensation for an exclusive agent operating this type of store is a fixed monthly base rate based on liquor sales ranging from 14.25% of the first $10,000 of monthly distilled spirit sales to $8,700, plus two variable rates. Currently, the variable rate for consumer sales is 8.15% and for licensees is 0.36%. Variable rates are periodically adjusted during a biennium to meet Legislative mandates.</td>
<td>OR</td>
</tr>
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Please see Compensation for Retail Sales Agents document.

CONDITIONS OF APPOINTMENT

A. Hours of operation to sell distilled spirits: No earlier than 7 a.m. or no later than 10 p.m. any day of the week; required minimum of 8 hours per day Monday-Saturday which must include the hours between 12 noon and 6 p.m. OLCC recommends retail liquor locations be open on Sunday and holidays to meet consumer convenience and demand.

B. Present a Statement of Funding Sources and supporting documentation showing adequate finances for:

1. Start-up costs, operating expenses (rent, payroll, etc.), store improvements, fixtures and equipment, etc.
2. Purchase a point-of-sale cash register computer system or reconfigure an existing computer system to meet reporting requirements to OLCC. The system must transmit daily liquor sales and daily liquor inventory to OLCC beginning on the opening date. The required daily inventory information will also be posted to Oregon Liquor Search. The bank card processing system must be separate from any other computer system and comply with Payment Card Industry Data Security Standards from the opening date.
RETAIL SALES AGENT  
SELECTION PROCEDURE AND CRITERIA

Selection Procedure:

1) When the Commission fills a retail sales agent vacancy, the Commission seeks applications from the public.

2) A vacancy is advertised via a variety of methods, i.e. internet postings, other online media, or newspapers.

3) After an application deadline, applications will be screened according to selection criteria and qualified applicants will be selected for interview. The interview committee scores the applicants and ranks them by qualifications. The interview committee recommends finalists who are most qualified based on the selection criteria. From the finalists, the commission appoints a retail sales agent. A public presentation at a commission meeting will be required.

4) An appointed retail sales agent must submit retail liquor store improvement or business plan for approval, enter into a Retail Sales Agent Agreement, purchase fixtures and equipment, and begin operation of a retail liquor store on the date the Commission specifies.

Selection Criteria:

When the Commission selects a retail sales agent, the Commission evaluates the knowledge, skills and abilities of all applicants in the following areas:

a) Retail business experience including, but not limited to, responsibility for inventory control, cash accountability, supervision of personnel and customer service.

b) Knowledge of retail operations or business management, including study or training in those or related fields;

c) Customer service skills and ability to communicate and work effectively with the public;

d) 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;

e) The applicant's financial ability to purchase or lease and equip the retail liquor store at a Commission approved location which includes but not limited to start-up costs, operating expenses (rent, payroll, etc.), store improvements fixtures and equipment.

(RE 09/15)
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Additional Information:

- Retail Sales Agent Agreement (07/16) - SAMPLE
- Compensation for Retail Sales Agents
- Authorized Related Items List for Exclusive Stores
- Liquor Stores by County (Excel)
- Product Category Sales Data (Excel)
Application Forms

• **Individual Application**
  • Single person applying for a Retail Sales Agent Agreement
  • An Individual Application is required with a detailed business plan

• **LLC Application**
  • LLC applying for a Retail Sales Agent Agreement
  • An LLC Application is required plus:
    • An Individual History packet from one managing member
    • An Individual History packet from the premises manager (if applicable)
    • A detailed business plan

• **Corporation Application**
  • Corporation applying for a Retail Sales Agent Agreement
  • A Corporation Application is required plus:
    • An Individual History packet from one individual who supervises the premises manager (i.e. Regional, District, Area Manager, other)
    • An Individual History packet from the premises manager
    • A detailed business plan
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RETAIL SALES AGENT AGREEMENT FOR STORE NO. _____

This Retail Sales Agent Agreement ("Agreement") is made between the State of Oregon by and through its Oregon Liquor Control Commission ("Commission") and the Retail Sales Agent ("Agent") appointed below.

DEFINITIONS

- "Administrator" means the Administrator of the Commission appointed pursuant to ORS 471.720, and as referred to as Executive Director or Director in OLCC rules and in this Agreement. The term "Directors" in Section 14 refers to all State of Oregon Directors, including the Administrator.
- "Commissioners" means the individuals appointed to the Commission pursuant to ORS 471.705 and meeting pursuant to ORS 471.715.
- "Commission" means the Oregon Liquor Control Commission including Commissioners and any employee of the Commission acting within the course and scope of the duties delegated to that employee by the duly appointed Commissioners.
- "Retail Sales Agent" means an individual person or legal entity appointed by the Commission pursuant to ORS 471.750 and which enters into an Agent Agreement as an independent contractor to sell packaged distilled spirits on behalf of the Commission in a Retail Liquor Store. The term "Agent" is used interchangeably with "Retail Sales Agent" throughout this Agreement, except in section 14.
- "Retail Liquor Store" or "Store" is a premises or a specific area in a premises the Commission approves under section 4 for the sale of packaged distilled liquor (also referred to as distilled spirits or liquor) for off-premises consumption.
- "Agent Agreement" or "Agreement" is a written contract which includes all addenda, amendments and the Retail Operations Manual, between the Commission and a Retail Sales Agent that specifies the terms, conditions, and obligations between the parties.
- "Retail Operations Manual" or "Manual" means the Manual described in section 9 including all revisions adopted by the Commission that governs the operations of a Retail Liquor Store.
- "Proposal" means a new Agent's plan for a Store which is presented during the application process.
- "New Appointment Period" means the first 12 months of this Agreement, but does not apply in the case of a reappointment of Agent.
- "Agent's Representative" means an individual who represents a legal entity in the operations of the Store, and can either be a regional, district, or area manager, managing member, member or a premises manager.

AGREEMENT

1. AGREEMENT APPPOINTS AGENT AS A RETAIL SALES AGENT. Pursuant to its authority under ORS 471.750, the Commission hereby appoints __________________________ as a Retail Sales Agent for the purpose of selling distilled spirits at the Retail Liquor Store location set forth below.

2. DURATION OF AGREEMENT. Unless terminated earlier in accordance with its terms, the duration of this Agreement is from Agent's start date on __________ to __________. This Agreement is effective on __________, which is on or after the date this Agreement has been signed by each party and all necessary State approvals have been obtained.

3. TYPE OF RETAIL LIQUOR STORE. Agent is appointed to operate a Retail Liquor Store for the Commission, to be known as Store No. _______. This Store will be classified as: _______ Exclusive Retail Liquor Store or _______ Non-Exclusive Retail Liquor Store or _______ Non-Exclusive Satellite Retail Liquor Store. If this appointment is to operate a non-exclusive Retail Liquor Store, the nature of the adjunct business is: __________________________. A non-exclusive Agent shall not change the nature of the adjunct business without prior written approval of the Commission.
## COMPENSATION

# EXCLUSIVE AGENT COMPENSATION

<table>
<thead>
<tr>
<th>Store Class/Annual Sales</th>
<th>Fixed Base Allowance</th>
<th>Fixed Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>I  Up to $209,999</td>
<td></td>
<td>14.25% of the first $10,000 monthly sales</td>
</tr>
<tr>
<td>II $210,000 - $449,999</td>
<td>$1,660</td>
<td>$1,920</td>
</tr>
<tr>
<td>III $450,000 - $749,999</td>
<td>$2,348</td>
<td>$2,440</td>
</tr>
<tr>
<td>IV $750,000 - $1,049,999</td>
<td>$2,700</td>
<td></td>
</tr>
<tr>
<td>V  $1,050,000 - $1,649,999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VI $1,650,000 and up</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Variable Sales Commission
Currently, 8.15% consumer and 6.36% licensee.

# NON-EXCLUSIVE AGENT COMPENSATION

### Fixed Base Allowance
Fixed Base Allowance: 14.25% of the first $10,000 monthly sales

### Variable Sales Commission
Currently, 8.15% consumer and 6.36% licensee.
# Compensation Estimates

## Exclusive Liquor Store Compensation

<table>
<thead>
<tr>
<th>Exclusive Store Total Annual Sales</th>
<th>Base Allowance</th>
<th>Variable Sales Commission (percentage column heading reflects Consumer sales as a % of total store sales)</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Up to $209,999</td>
<td>$ 17,100*</td>
<td>$0 - $17,115</td>
</tr>
<tr>
<td>$450,000 - $749,999</td>
<td>$ 23,040</td>
<td>$36,676 - $61,125</td>
</tr>
<tr>
<td>$750,000 - $1,049,999</td>
<td>$ 28,176</td>
<td>$61,126 - $85,575</td>
</tr>
<tr>
<td>$1,050,000 - $1,649,999</td>
<td>$ 29,280</td>
<td>$85,576 - $134,475</td>
</tr>
<tr>
<td>$1,650,000 - $2,000,000</td>
<td>$ 32,400</td>
<td>$134,476 - $163,000</td>
</tr>
<tr>
<td>$2,000,000 - $2,500,000</td>
<td>$ 32,400</td>
<td>$163,001 - $203,750</td>
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<tr>
<td>$2,500,000 - $3,000,000</td>
<td>$ 32,400</td>
<td>$203,751 - $244,500</td>
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## Non-Exclusive Liquor Store Compensation

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*Based on distilled spirit sales of $10,000 per month or more. The fixed base amount will be less when sales are below $10,000 per month.
OTHER BENEFITS

• OLCC pays for shipping from warehouse to the retail location
• OLCC pays for credit card fees associated with spirits sales when using state bankcard system
• OLCC owns the distilled spirits inventory – the liquor agent sells it
• OLCC will ship a split case of products to the retailer
  • Allows retailer to carry small quantities of new or high-end products
  • Allows retail location to offer a wider selection
• Special orders are available to help customers find just the right product
• Uniform pricing across the state
WHAT YOU CAN DO

• Identify location(s)

• Create a detailed business plan
  • Submit completed application before February 15, 2018
  • Include a control plan describing how you will prevent access to minors and theft of distilled spirits

• Contact OLCC Retail Services staff with questions
  • 503-872-5020, OLCC.retailservices@Oregon.gov
  • (Southern Oregon) 541-944-2804 Dave.Owens@Oregon.gov

• Contact local government
  • Check for local zoning, permitting, & business license requirements
Questions?