

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
MINUTES OF REGULAR MEETING  
FEBRUARY 28, 2017

The City of Asheville Board of Alcoholic Control ("Board") held a regular meeting on Tuesday, February 28, 2017 at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North in Asheville, North Carolina.

MEMBERS PRESENT: Lewis Isaac, Chairman; Board members: John Menkes, Edward Hay, Robin Cape and Jan Davis.

MEMBERS ABSENT: None

ALSO PRESENT: Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Alfred Bottego, Law Enforcement Chief; Jason Thacker, Operations Manager, and Debbie Bradley, Administrative Coordinator.

Chairman Isaac called the meeting to order.

READING OF THE CONFLICT OF INTEREST STATEMENT BY THE CHAIRMAN: "In accordance with General Statute 18B-201, it is the duty of every Board member to avoid conflicts of interest and appearance of conflicts. Does any member have any known conflict of interest or appearance of conflict with respect to any matters coming before the Board today? If so, please identify the conflict or appearance of conflict and refrain from any undue participation in the particular matter." There were none.

ADDITION (S) TO AGENDA: The Chairman asked if there were any additions to the agenda. There were none.

APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Hay moved to approve the minutes for the January 31, 2017 regular meeting. Mr. Davis seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Mr. Bottego reported that in January law enforcement staff conducted 40 Permittee Inspections, 40 Compliance Checks, 6 ABC Violations, 2 RASSP training sessions, 11 criminal charges and 2 Agency Assists.

Mr. Bottego informed the Board that the six (6) ABC violations were two businesses, one a private club. Mr. Hay asked Chief if he could illustrate a typical violation. Mr. Bottego used the private club as the example. The club failed to issue membership cards and was not keeping required records of sales for re-sale of alcohol as required by statute. His staff provided them guidance for a compliant filing system; however, they did not implement the necessary changes to keep from being cited.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
FEBRUARY 28, 2017 REGULAR MEETING  
PAGE TWO

Mr. Bottego advised the Board that ABC Law Enforcement expanded RASSP Training sessions and content to accommodate the beer breweries/restaurants in the area.

Mr. Bottego discussed the 11 arrests reported, most of which were larcenies and bad (drunken) conduct. Mr. Gallion (based on an article published in the Citizen-Times newspaper) was captured on video stealing liquor and a warrant was issued for his arrest. When ABC officers located the suspect (and called for back-up), he was subsequently arrested by force with multiple charges including possession of a firearm by a felon, possession of an open container of alcohol in a vehicle, resisting a public officer, assault on a government official and allied charges related to his driver's license and insurance. Six officers were required to restrain and arrest him. Mr. Combs added that this publicity is good for the ABC Board regarding how zealous we are to apprehend and arrest persons who steal liquor.

ALCOHOL EDUCATION: Mr. Bottego advised the Board that the Prom Promise Campaign is in full swing and going well. Asheville High, A.C. Reynolds, T.C. Roberson and hopefully Enka High Schools will be the focus this year.

The ABC Board's educational 'Red Card' Program has been received well by permittees and the public. We would like to continue this program and update the cards; however, staff asked for any input Board members might have. Ms. Cape suggested looking at the possibility of having local artists assist in the next design. Discussion followed.

Mr. Bottego informed the Board that up to eight new radio spots for the spring graduation and Prom season are under development. The current crops of ads are dated and need to be freshened up. Discussion followed.

Mr. Bottego discussed how Asheville ABC Law Enforcement partners with new permittees and helps them with permit requirements and anything they need to get open and run a legal operation. Another burgeoning area is new distilleries moving to our area.

Mr. Combs asked Mr. Bottego what he is hearing around North Carolina regarding the N.C. ABC Law Enforcement arm of the State. ABC Commission Chair Jim Gardner resigned and for the past four years has focused on strict enforcement and large fines (for violations). Mr. Bottego stated new Governor Roy Cooper stated he is supportive of local ABC Boards enforcement and was not especially supportive of current N.C. ALE's priorities and tactics. Discussion followed.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
FEBRUARY 28, 2017 REGULAR MEETING  
PAGE THREE

Chairman Isaac asked about the status of new alarm systems at our stores. Mr. Bottego stated, for example, that the new system at Long Shoals has better contacts on doors, sophisticated motion detectors, and superior camera resolution. Fundamentally, security technology is better, less expensive and more sophisticated than ever. Leicester Highway (store #10) and Long Shoals (store #8) have been completed. Tunnel Road store (store #7) is next to get new system, and the replacement of old systems will continue into future fiscal years, as funded. Discussion followed.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for January and copies of the related financial statements were presented for the Board's review. She advised and explained various entries and matters with respect thereto, such as total sales, sales by stores, operating expenses, net income after tax, cash distributions and profit percentage to sales. Ms. Hallingse advised Board sales were up 6.1% over last January. State sales were up 6.15%. Our Mixed Beverage sales are up 14.91% over last January. State Mixed Beverage sales were up 11%. Operating expense was up 7.98% and YTD 6%. Net income after tax is up 8%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$1,543,333 through January (up 16.25%). Our sales YTD are up 8%. Profit Percentage to Sales through January is 11.8%.

Ms. Hallingse reviewed with the Board each store's sales for the month of January 2017 (compared to January 2016 sales). The biggest decrease in sales this January was the Sweeten Creek Road Store at 13.9%. Due to flooding the store was closed January 10<sup>th</sup>, 11<sup>th</sup> and most of the 12<sup>th</sup>. Fletcher ABC store sales were up 21.5% for January. Long Shoals Road store was also down 1.7% due to car incident and closed for one day. Ms. Hallingse pointed out that Leicester Highway is up 11%.

Ms. Hallingse reviewed with the Board the Net Income After Tax (stores only). Sweeten Creek, Biltmore, Louisiana and Long Shoals all had decreases. Biltmore store decrease is due to two high salary personnel in that store. Louisiana store we have an additional full-time staff at the location and Long Shoals store lost a day in sales.

OPERATIONS REPORT: Mr. Thacker presented staff photographs of the following locations: Mixed Beverage store (store #3), Sweeten Creek Road store (store #1) and Long Shoals Road store (store #8). Due to retirement, he has been hiring and moving staff around throughout the system. Ms. Cape asked how many full-time staff do we have at each store? Mr. Thacker stated every store has a manager and an assistant manager, and busier stores also have full-time clerk(s) depending on times and days. We also employ 34 part-time staff and the vast majority of them have set hours.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
FEBRUARY 28, 2017 REGULAR MEETING  
PAGE FOUR

Mr. Thacker presented the security camera video of the vehicle that crashed through the front of the store at Long Shoals Road (store #8). Total damages are estimated at \$27,000 to include \$2,700 in product loss (about 400 bottles) Staff is still in negotiations with the person's insurance company. Discussion followed.

Mr. Thacker advised the Board that the flood repairs at the Sweeten Creek Road store have been completed and the Board was reimbursed by the City of Asheville for clean up expenses; however, while repairs were in progress for current damage, mold was discovered and surmised to be from a prior water line break (and store flooding) in 2013. The City of Asheville has denied the additional claim stating the statute of limitation time, and the ABC Board's insurance excludes such damages; therefore the ABC Board will bear expenses for mold mitigation.

Mr. Thacker reviewed product 'buy-in' numbers with the Board. January and February totals amounted to \$54,900.20 in gross profit. Discussion followed.

Mr. Thacker reviewed with the Board a presentation slide showing the top 10 brands of spirits sold last month in Asheville and in comparison to the State's top ten. Discussion followed.

Mr. Thacker presented Citizen –Times article about Asheville Distilling Company (Troy & Sons) owner Troy Ball publishing her memoir. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs provided a written report with the following information:

1. Credit Card Purchases:

a) Microsoft Corporation	\$272.00
b) Jan Davis Tire – Car Inspection	\$30.00
c) Adobe Systems, Inc.	\$10.69
d) Ole Guacamoles, Inc.	\$50.00
e) Fudduckers	\$47.86

2. Administration:

- a) "We do more than sell a bottle" cards printed and distributed
- b) ABC Board Travel Policy approved by City Council Feb. 14<sup>th</sup>
- c) Damages settlement with City of Asheville RE: Flooding of store #1
- d) Damages estimates RE: Car crash at store #8 to insurance adjuster
- e) Staff promotions (store manager, assistant manager, full-time clerk) completed
- f) Continuing photography of ABC Staff (by store)

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
FEBRUARY 28, 2017 REGULAR MEETING  
PAGE FIVE

- g) Buck Shoals (adjacent to store #1) resurfaced February 14<sup>th</sup>
- h) ABC "TUNE UP" Class January 23<sup>rd</sup> [Summary in packet]
- i) N.C. ABC Association General Managers Meeting March 28-29
  - Pending/potential changes in Labor Laws
  - Customer service training
- j) Memorandum from N.C. ABC Association [In packet]
  - N.C. House ABC Committee named
  - Chair (1 of 3): Chuck McGrady (Henderson)
  - Member: Brain Turner (Buncombe)
- k) NABCA National Convention
  - May 22-25, Marco Island, FL
  - Who is going?
- l) March ABC Board Meeting changed to Monday, March 27<sup>th</sup>

Mr. Combs informed the Board it is time again for a system-wide pay plan study. Stephen Murphy with Carolina HR Partners was retained to look at the local labor market, inflation, CPI and other factors and make a presentation to the Board in April. Ms. Cape asked if every two years was too often. Chairman Isaac advised that most industries do them often to stay on top of the market to hire, retain and fairly pay their employees, and it was a sound business practice to update the pay plan as often as necessary.

Mr. Isaac initiated a discussion regarding Mr. Combs' status as a contracted employee and retired LGERS employee, and by LGERS rules any increases to his compensation is limited to annual Consumer Price Index (CPI) increases based on the prior twelve months, or as declared by the LGERS (which has formally approved a 2% increase). After discussion, Mr. Davis moved to approve a 2% merit raise for Mr. Combs effective the date of this meeting. Ms. Cape seconded the motion and it carried by a unanimous vote.

Mr. Combs presented copies of new Information Cards that will be distributed in the stores for customers to see where various percentages of a dollar spent at an Asheville ABC store goes. Ms. Cape suggested putting the locations and hours of operation of the Asheville stores on the back of future printings. The Board concurred.

Mr. Combs discussed the N.C. ABC Commission's 'Tune Up' session attended by key staff in Rutherfordton, N.C. subjects discussed were:

- Special order split case sales and stocking
- Products that Boards cannot move – request to sell at (approved) discount
- ABC Board employee cannot receive samples of alcohol but an ABC Board can purchase alcohol for off premise tastings and it has to be documented.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
FEBRUARY 28, 2017 REGULAR MEETING  
PAGE SIX

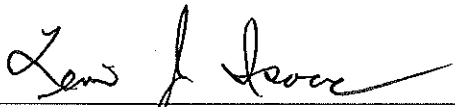
Mr. Combs informed the Board that the N.C. Association of ABC Boards General Managers meeting is March 28-29, which is normally the Board's regular meeting date. He respectfully requested the Board change our regular meeting date from Tuesday, March 28 to Monday, March 27<sup>th</sup> so that staff can attend the meeting. Board members concurred.

Mr. Combs informed the Board that the NABCA Annual Conference would be May 22-25 in Marco Island, Florida. After discussion Chairman Isaac and three Board members will coordinate with staff to attend the conference.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, ~~March 28~~, 2017, at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North, Asheville, North Carolina.

ADJOURNMENT: The meeting was adjourned at 9:45 a.m.

Respectfully submitted,

  
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Lewis J. Isaac, Chairman