

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
MINUTES OF REGULAR MEETING  
MARCH 27, 2018

The City of Asheville Board of Alcoholic Control (“Board”) held its regular monthly meeting on Tuesday, March 27, 2018 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, Robin Cape and Jan Davis.

MEMBERS ABSENT: Edward Hay, Board member

ALSO PRESENT: Vice Mayor Gwen Wisler, Asheville City Council’s Liaison to the Board; Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Alfred Bottego, Law Enforcement Chief; Jason Thacker, Operations Manager; and Debbie Bradley, Administrative Assistant.

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.” Chairman Isaac identified himself as having a potential conflict of interest as he is a member of the Citizen Advisory Board for BB&T. He asked to be recused from voting on any policy matters pertaining to BB&T. The Board members present acknowledged his request.

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

APPROVAL OF MINUTES FOR REGULAR MEETING: Ms. Cape moved to approve the ABC Board meeting minutes for the February 26, 2018 regular meeting. Mr. Davis seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Chief Bottego reported that in February law enforcement staff conducted 40 permittee inspections, 40 permittee spot checks, 2 RASSP trainings and 12 criminal charges (Mostly larcenies at store #7- Tunnel Road and store #5- Louisiana Avenue).

ROBBERY CASE UPDATE: Mr. Bottego informed the Board that law enforcement had exhausted almost all their leads in the case. In his effort to keep the case open, he and his staff will continue to follow up on leads with other law enforcement agencies.

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ALCOHOL EDUCATION: Chief Bottego reported to the Board on the following:

- Prom Promise campaign: Chief Bottego met with Enka, TC Roberson and Asheville High Schools' prom committees regarding sponsoring their prom event again– there are currently no significant issues to resolve.
- SAGA Radio Messaging - This year several high schools have been assigned the task of writing and producing underage drinking radio spots. Once completed, respective school administrators will choose the top five to go on the air.
- Drink Responsibly Campaign – New coasters, hats and shirts are in the process of being printed. Mr. Bottego briefly explained how such items were distributed.

Chief Bottego is developing an idea to put together a package for the Omni Grove Park, which will combine the Drink Responsibly Campaign with RASSP Training. It is hoped this approach will more comprehensively address over-serving issues. Ms. Cape asked to be kept informed of the progress.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for February to include copies of related financial statements 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 sales were up 6.7% over last February, State sales were up 4.28%. YTD sales are up 7%. Mixed Beverage sales are up 7.7% over last February. State Mixed Beverage sales were up 3.9%. YTD Mixed Beverage sales are up 10.5%. Operating expenses are up 6.8%, YTD up 4%. Net income after tax is up 9.8%, YTD up 13.78%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$1,960,125 through February (up 12.1%). Profit Percentage to Sales through February is 12.45%, compared to last year's 11.78%.

Ms. Hallingse reviewed with the Board each store's gross sales by location for the month of February (compared to February 2017 sales). Sweeten Creek is up 11.4%, Long Shoals is up 12.8% these two stores compete with Fletcher ABC and they were up 4.5%. South Charlotte is up 8.9% an increase of \$45,827. Tunnel Road is up 15.7% an increase of \$55,326. Merrimon Avenue was up 4.8%, which competes with Woodfin ABC and Weaverville ABC. Woodfin was up 3.15% and Weaverville was up 9.16%. The Mixed Beverage Outlet had the only decrease in sales for the month of February at -11.4%. Mr. Thacker did an analysis of the top five bars that had left Store #3 (Mixed Beverage) and went to other outlets for purchase. The number one response was they liked picking up their order on Saturday. Discussion followed.

Ms. Hallingse reviewed the Net Income After Tax by store location. Mixed Beverage, Enka and Leicester Highway stores all had decreases in net income after tax this February compared to last February.

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**BUDGET AMENDMENT #4:** Ms. Hallingse presented Budget Amendment #4 for fiscal year 2017-18 as follows: To move budgeted contingency funds to warehouse capital outlay for major repairs to the gutter and roof over the warehouse. After discussion, Mr. Davis moved to adopt and approve Budget Amendment #4 and to authorize its execution by the Chairman. Mr. Menkes seconded the motion and it carried by a unanimous vote.

**BB&T RESOLUTION:** Ms. Hallingse presented a resolution designating BB&T as an official depository of the ABC Board. After discussion, Ms. Cape moved to approve the resolution and to authorize its execution by the Chairman. Mr. Davis seconded the motion and it carried by a 3-0 vote. The Chairman abstained from voting due to a conflict of interest.

With the recent publication of the N.C. ABC Commission 2017 Annual Report, Ms. Hallingse did some analysis and presented charts showing how Asheville ABC ranked in key categories in comparison to the 167 ABC Boards in North Carolina as follows:

- 1<sup>st</sup> – Profit percentage to sales change over prior year (Boards over \$20M)
- 5<sup>th</sup> – in profit percentage to sales (Boards over \$20M)
- 16<sup>th</sup> – Compared to all Boards in profit percentage to sales
- 4<sup>th</sup> – in State in mixed beverage sales
- 8<sup>th</sup> – Largest ABC Board in State in total sales
- 6<sup>th</sup> – City/County Distributions (\$2,642,333)

Staff expressed great pride in reporting how efficient, profitable and productive the Asheville ABC Board is in comparison to all other systems in North Carolina.

**OPERATIONS REPORT:** Store inventory scanner software was completely installed in all ten stores. They worked very well as designed and will be tested in our work environment this coming week.

**BUY-INS REPORT:** Mr. Thacker reviewed product ‘buy-in’ numbers with the Board. Estimated gross profit through March 24<sup>th</sup> is \$44,994. Year-to-date profit is \$115,537. Fiscal year (since July 2017) profit is \$360,000. He reviewed a visual slide showing the March buy-ins. Discussion followed.

Mr. Thacker reviewed with the Board a visual slide showing the top 10 brand of spirits sold by Asheville ABC Board and the sales in dollars. Tito’s is still ranked (#1) in cases sold in Asheville. Mr. Thacker held discussion on what some bars in Asheville make off a shot of liquor.

**GENERAL MANAGER’S REPORT:** Mr. Combs informed the Board that his credit card expense for the month totaled \$420.14 (Hotel rooms and meals at GM’s meeting in Greensboro). Detailed line item charges were shared with the Chairman.

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Mr. Combs, Chairman Isaac, Ms. Hallingse and Mr. Thacker attended the General Manager's meeting in Greensboro last month and Mr. Combs provided a written hand out to review highlights of the meeting with the Board as follows:

- Zander Guy, Chairman of the NC ABC Commission, emphasized good customer service, sell better spirits and the on-going importance of their statewide Drink Responsibly Campaign. Mr. Combs added that much of what the Asheville ABC Board pioneered was shared and incorporated into the State's Drink Responsibly Campaign.
- There were three (3) customer service presentations and much emphasis was put on the high importance of providing customers excellent service.
- There were two (2) financial and administrative presentations.
- Chairman Isaac discussed key points shared by the Association's lobbyist to the General Assembly as follows:
  - Legislators want to know what we can do to modernize the ABC system;
  - Legislators love both the revenue and control of the current system. N.C. is 7th in the nation in liquor revenues and 44th in consumption (per capita);
  - Legislators listen to their voters. Keep up excellent customer service; and,
  - Keep your appointing authority informed and supportive of your mission.

**24 OLD BREVARD ROAD UPDATE:** On March 5th Mr. Combs and key ABC staff met with the architect and contractor to finalize the building security plan, discuss permit submittals, discuss gas leak repairs, sewer and water meter size, and sign the formal construction contract so that work can begin. On March 16th Asheville ABC took full control of the building, changed locks and distributed keys back to contractor and staff. There was considerable debris consisting of paper files, old mattresses, old pallets, furniture and detritus in general. It is scheduled to be removed by ABC staff in the following weeks.

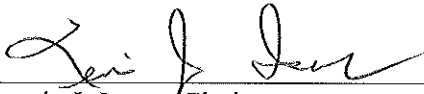
**OLD BUSINESS/NEW BUSINESS:** The ABC Board will lose two of its sitting members in November of this year. Discussion followed regarding who we might recruit in the community to further the good work and leadership of current and past Boards.

**NEXT REGULAR MEETING:** The next regular meeting of the Board will be Tuesday, April 24, 2018, at 8:30 a.m. in the Conference Room at its Administrative Offices at 1 Cherry Street North, Asheville, North Carolina.

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ADJOURNMENT: The meeting was adjourned at 9:46 a.m.

Respectfully submitted,

  
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Lewis J. Isaac, Chairman

