

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL  
MINUTES OF REGULAR MEETING  
MAY 31, 2018

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Thursday, May 31, 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: Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Alfred Bottego, Law Enforcement Chief 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." No conflicts were reported.

PUBLIC HEARING: The Asheville Board of Alcoholic Control held a Public Hearing on May 31, 2018 at 8:32 a.m. regarding the proposed operating budget for fiscal year 2018-2019. Chairman Isaac asked if there was anyone with a comment. There was no one from the public present. The Chairman moved to close the Public Hearing at 8:33 a.m.

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. Davis moved to approve the ABC Board meeting minutes for the April 24, 2018 regular meeting. Mr. Menkes seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Chief Bottego reported that in April law enforcement staff conducted 250 store visits, 40 outlets inspected, 40 permittee spot checks, and 2-larceny arrest.

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Mr. Bottego advised the Board that one of our law enforcement agents, Matthew Oberlin, was recently in an accident at his home that caused him to lose his right eye. He also updated the Board on his medical prognosis. Chief Bottego spoke with the director at the Criminal Justice Training and Standards Division regarding his pending vision constraints and was advised that he didn't see his vision loss as a challenge to keeping his law enforcement certification. The Board sent their best wishes to agent Oberlin. Discussion followed.

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

- Drink Responsibly Campaign – Law Enforcement is looking to re-invent the campaign with new partnerships for future programs with local permittees. Discussion followed.
- Prom Promise Campaign - All of the high schools sponsored by ABC did a great job administering their respective proms. Chief Bottego will attend two meetings with the prom coordinators this summer to review events and discuss new ideas for next year. Also invited are the various vendors serving the events.
- WLOS – For the Underage Drinking Campaign television advertising is being considered. In the past it has been too costly for our budget. Chairman Isaac emphasized analyzing demographics with WLOS' viewers to ensure the right age group is watching. Ms. Cape saw a presentation at the NABCA conference where kids produced video P.S.A.'s to put on 'you tube', movie theaters or other places their peers would see them. Discussion followed.

USE OF FORCE: Mr. Bottego advised the Board that Asheville ABC has a written policy on 'Use of Force.' It was included in this month's board packet. Within the U.S. and the State of N.C. written use of force policies & training are very inconsistent. N.C.'s Justice and Standards Division are assigned the task to develop draft policies and recommendations for law enforcement agencies. Discussion followed. ABC Law enforcement has completed the Annual 24 hours of in-service training, which is based on use of force issues focusing on less-than-lethal techniques. Long discussion followed regarding the daunting challenge of changing the culture of distrust of law enforcement based on past institutional biases. Mr. Davis stated, "Leadership starts at the top". He emphasized that law enforcement is very difficult and is supportive of Chief Bottego and his agents.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for April 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 7.2% over last April, State sales were up 2.1%. YTD sales are up 7.5%. Mixed Beverage sales are up 13.5% over last April. State Mixed Beverage sales were up 11.1%. YTD Mixed Beverage sales are up 11.4%. Operating expenses are up 11.1%, YTD up 5.6%. Net income after tax is up 6.4%, YTD up 12.7%.

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Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$2,478,618 through April (up 12.7%). Profit Percentage to Sales through April is 12.56%, compared to last year's 11.96%.

Ms. Hallingse reviewed with the Board store gross sales by location for the month of April (compared to April 2017 sales). Mixed Beverage Outlet is down 8.6%. Merrimon Avenue was down 2.1%, which competes with Woodfin ABC and Weaverville ABC. Weaverville was up 6.2% and Woodfin was up 3.2%. Tunnel Road was up 18.3% with an increase of \$70,315, which \$54,000 of that was mixed beverage sales. Sweeten Creek is up 4.5%, this store competes with Fletcher ABC and they were up 8.3%.

Ms. Hallingse reviewed the Net Income After Tax by store location. Sweeten Creek, Mixed Beverage Outlet, Louisiana, Merrimon, Enka and Leicester all had decreases in net income after tax this April compared to last April. Adding full-time people caused some of these decreases. Discussion followed.

2018-2019 OPERATING BUDGET: Ms. Hallingse presented the 2018-2019 Proposed Annual Operating Budget to the Board. The following are budget highlights: 6% sales increase projected, no additional debt - \$1.6M construction financing in place, current CIP funding via internal sources, capital: \$1.2M to renovate 24 Old Brevard Road, \$64K for Stores, \$52K administration, \$25K for server, \$7K for warehouse. Employees: 3.5% merit package, 1% 401(k), new Deputy Finance Director position, and overall 6.3% increase in operating expenses. Discussion followed. Staff will present the updated budget at the June meeting for formal approval and in accordance with state regulations.

OPERATIONS REPORT: Mr. Combs advised the Board that store inventories remained a challenge in regards to the new electronic system, thus Mr. Thacker's absence from the meeting. Staff remains confident the problems can be worked out.

Mr. Combs informed the Board that Kelly Brockwell was promoted to Store Manager and was assigned to Store #1 (Sweeten Creek), Timothy Guagliardo was promoted to Assistant Manager and assigned to Store #7 (Tunnel Road), and Greg Wright was promoted to full-time Sales Clerk and assigned to Store #4 (Charlotte Street).

BUY-INS REPORT: Mr. Combs reviewed product 'buy-in' numbers with the Board. Estimated gross profit for month of May (through the 28<sup>th</sup>) was \$19,296. Year-to-date profit is \$187,205. He reviewed a visual slide showing the May buy-ins. Discussion followed.

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Mr. Combs reviewed with the Board a visual slide showing the top 10 brand of spirits sold by Asheville ABC Board. Tito's is still ranked #1 in cases sold in Asheville. Jameson ranked #2 and Fireball is no longer in the top ten. Mr. Combs also pointed out that on Asheville's top ten best sellers list five of the products are vodka, three are 'browns' and two are tequilas. In comparison, the State's top ten list seven vodka products and three 'browns'.

GENERAL MANAGER'S REPORT: Mr. Combs reviewed with the Board the credit card charges for the month totaling \$992.07. This total is from the five (5) employees who are issued ABC Board credit cards. It was mutually agreed upon by both the Board and staff that in consideration of recent issues at Buncombe County government, it was in the best interest of all to share more detail regarding credit card purchases. Discussion followed.

24 OLD BREVARD ROAD: Mr. Combs presented the most current architectural plans to the Board. It was determined that due to age the current HVAC system should be replaced. Also, the electrical system in the building is a challenge to the engineers and must also be overhauled. There was further detailed discussion especially regarding the timetable and costs of renovation. Mark Combs stated he would have architect Carroll Hughes attend the June Board meeting to update and answer questions.

GRANT COMMITTEE: Mr. Combs advised the Board that eleven (11) Grants were received by the deadline. The Grant Committee will meet prior to the next Board meeting and present their recommendation to the full ABC Board for formal adoption.

NABCA CONFERENCE: Mr. Combs compiled written notes from the North American Beverage Control Association Conference and reviewed them with the Board.

OLD BUSINESS/NEW BUSINESS: Chairman Isaac is on the Board of Directors for the N.C. Association of ABC Boards and had good news to share with all. He announced that next year's N.C. Association General Managers Meeting would be at the Crowne Plaza Resort in Asheville. Since this meeting will be held in the Western part of N.C., it is likely the Annual Association Conference will be held in Pinehurst or Wilmington. Discussion followed.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, June 26, 2018, 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 10:15 a.m.

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Respectfully submitted,

  
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Lewis J. Isaac, Chairman

