

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
OCTOBER 30, 2018

The City of Asheville Board of Alcoholic Control (“Board”) held its regular monthly meeting on Tuesday, October 30, 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, Edward Hay, Jan Davis and Robin Cape.

MEMBERS ABSENT: None

ALSO PRESENT: Vice Mayor Gwen Wisler, City Council’s Liaison; Mark Combs, General Manager; Diane Hallingse, Chief Financial Officer; Alfred Bottego, Chief Law Enforcement; Jonathan Bass, Interim Operations Manager; Debbie Bradley, Administrative Assistant, and guests Jane Anderson and Charlie Hodge.

Chairman Isaac called the meeting to order.

Chairman Isaac advised Board members of Mr. Thacker’s recent medical challenge which resulted in the GM’s appointment of Jonathan Bass as interim Operations Manager. Mr. Bass presented himself to the Board.

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.

APPROVAL OF MINUTES FOR REGULAR MEETING: Mr. Menkes moved to approve the ABC Board meeting minutes for the September 25, 2018 regular meeting. Mr. Davis seconded the motion, and it carried by a unanimous vote.

LAW ENFORCEMENT REPORT: Chief Bottego reported that in the month of September his staff conducted 40 compliance checks, 40 permittee inspections, and four (4) outside agency assists and criminal charges for violations of the law.

ALCOHOL EDUCATION:

- New “Your last drink” red coasters printed and being distributed to permittees - per input, the coasters are sized larger with new artwork. Hats, shirts, “hoodies” and other items were also produced and are being distributed. The various iterations of “drink responsibly” attire has become so popular that several permittees are issuing them to employees as their uniform. ABC Staff encourages this practice as it promotes our program on an every day basis.

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- Radio spots for the holiday season: 2 new with a total of 18 spots. Chief Bottego stated that Saga Radio Group remains very supportive of our on-going underage & drink responsibly campaigns (depending on time of year) and have a two-for-one deal (we buy one ad, they give us two additional airings at no cost).
- Employee in-service training has been revamped and updated. Chief Bottego and the GM will combine the under development high performance organization education program together and employees will be notified soon.

ALCOHOL –RELATED CRASHES: Chief Bottego presented a slide from a recent newspaper article which included data showing alcohol-related crashes in Asheville and other cities in N.C. Of particular note is that N.C. in general is below national numbers. Discussion followed.

Ed Hay arrived to the meeting at 8:42 a.m.

FINANCIAL REPORT: Ms. Hallingse presented the financial report for September 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 .5% over last September, State sales were down 1.2%, partly due to the hurricanes and losing a sale day. Mixed Beverage sales were down .1% from last September. State Mixed Beverage sales were down 7%. Operating expenses are up 9%. YTD Operating expenses are up 7.3%. Net income after tax was down 10.9%.

Ms. Hallingse also stated that the year-to-date distribution to the City and County is \$769,690 through September (up 4.8%). Profit Percentage to Sales through September is 12.55%, compared to last year's 12.52%.

Ms. Hallingse reviewed with the Board each store's gross sales by location for the month of September (compared to September 2017 sales). The Mixed Beverage Outlet had the biggest decrease in sales for the month of September at 17.3%. Sweeten Creek was up 5.3%, which competes with Fletcher. Fletcher ABC was up 9.5%. Louisiana Avenue was down 2.3%. Merrimon Avenue was down 0.7%, which competes with Weaverville ABC and Woodfin ABC. Weaverville was up 0.3% and Woodfin was up .77%.

Ms. Hallingse reviewed the Net Income After Tax by store location. Six stores had decreases. Mixed Beverage Outlet tracks with their decrease in sales. The other locations were down because of a large bag purchase. Chairman Isaac mentioned that at the last two conferences the Department of Corrections is going to have a system for us to buy our bags through them at a lower rate. As of now, they are still ironing out the wrinkles. Ms. Cape noted her displeasure with this idea. Discussion followed.

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BUDGET AMENDMENT #1: Ms. Hallingse presented Budget Amendment #1 for fiscal year 2018-19 as follows: To amend operating expenses for wage and wage related expenses for the addition of five full-time personnel. To amend capital outlay for the purchase of a warehouse truck and to replenish administrative contingencies to original budgeted amount. To amend other revenue sources related to the purchase rather than lease of a copier/fax/scanner. After discussion, Ms. Cape moved to adopt and approve Budget Amendment #1 and to authorize its execution by the Chairman. Mr. Davis seconded the motion and it carried by a unanimous vote.

OPERATIONS REPORT: Mr. Bass updated the Board on the following:

- All liquor stored at the leased warehouse was being transferred to 24 Old Brevard Road and will be empty and cleaned by the end of the month, as required.
- Mr. Bass informed the Board that a 2007 International 26' used diesel truck was purchased from Greensboro ABC and placed into service by warehouse staff. It holds 820 cases, or 160 more cases than the current truck. The cost was \$12,500.
- General discussion followed on a recent break-in at 24 Old Brevard Road. The burglars took some copper and did not break into the section of the warehouse where spirits are stored. It has a full security system and is well-secured compared to the other sections. Vice-Mayor Wisler asked which police and fire department had jurisdiction at this location. Chief Bottego replied that alarm calls go to Asheville ABC Law Enforcement, but that the location is in Asheville's corporate limits serviced by the Asheville Police Department (APD). The Fire Department is Rocky Ridge.

Mr. Bass reviewed with the Board a visual slide showing the top 10 brand of spirits sold by Asheville ABC Board and the sales in dollars. The top two continue to be Tito's .750 liter and Tito's 1.75 liter, with Jameson ranked #3. The Tito's brand also dominates sales across North Carolina.

Buy-ins Report: Mr. Bass reviewed product 'buy-in' numbers with the Board. Estimated gross profit through October 27th is \$45,000. Year-to-date profit is \$383,680. He reviewed a visual slide showing buy-ins by brand. Discussion followed.

GENERAL MANAGER'S REPORT: 24 Old Brevard Road: Mr. Combs informed the Board that the building's permits were substantially complete and the City's Building Services Division is allowing the demolition process to move forward. Contractors are scheduled to begin this week to begin. Additionally, when Mr. Combs met with the architect to review sub-contractor bids, total project costs amounted to roughly \$200,000 more than originally estimated in August 2017, with electrical work being the most costly; therefore, renovation costs will be approximately \$1.2 Million. Chairman Isaac said he was aware that labor and materials costs have skyrocketed due to two recent hurricanes in eastern N.C. and north Florida.

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Mr. Combs stated that he and Mr. Thacker were working on a 'High Performance' Training Program for full-time staff. The goal is to make it a 2-hour course and will include law enforcement in-service training for the short term.

Mr. Combs advised the Board that for some time part-time staffing has become increasingly difficult; therefore, staff has focused on full-time hiring in consideration of the current operating budget.


Mr. Combs informed the Board that Chairman Isaac and himself will make a presentation to the City Council on December 11th. It will basically report the Board's state of affairs and celebrate drink responsibly campaign, grants, overall system efficiency and increasing distributions back to the City and County.

OLD BUSINESS/NEW BUSINESS: On behalf of all ABC staff, Mr. Combs thanked Mr. Hay and Ms. Cape for their support, diligence and positive contributions while serving for six years on the ABC Board. Remaining Board members and staff present also sincerely thanked them both for their leadership. Both Ms. Cape and Mr. Hay expressed their appreciation and gratitude to the staff and their fellow Board members, further stating that they also thoroughly enjoyed their service to the Board.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, November 27, 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 9:25 a.m.

Respectfully submitted,



Lewis J. Isaac, Chairman