

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
NOVEMBER 24, 2020

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, November 24, 2020 at 8:30 a.m. conducted via "Zoom" video conferencing.

MEMBERS PRESENT: Jan Davis, Chairman; Board members: Max Haner, Robin Cape and Januarie West.

MEMBERS ABSENT: None

ALSO, PRESENT: Mark Combs, General Manager; Hannah Franklin, Chief Financial Officer; Jason Thacker, Operations Manager; Jonathan Bass, Assistant Operations Manager; Alfred Bottego, Chief Law Enforcement and Debbie Bradley, Administrative Assistant.

Chairman Davis called the meeting to order and welcomed all present.

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. Haner moved to approve the Board meeting minutes for the October 27, 2020 regular meeting. Ms. Cape seconded the motion, and it carried by unanimous vote.

LAW ENFORCEMENT REPORT: Chief Bottego reported for the month of October that his staff conducted 18 compliance checks and 4 permittee inspections. Law enforcement also reported 10 criminal charges and 1 outside agency assist. Chief Bottego shared that during the Holiday season he concentrated his staff's presence to stores with highest retail sales.

NEW ABC AGENT: Chief Bottego informed the Board that new agent Brandon Mellen has been hired to his staff. Agent Mellen is a 6 year veteran and was recently employed at the Asheville Police Department. He has been a fast learner and has been productive since his employment.

OUTSIDE LAW ENFORCEMENT AGENCIES 'USE OF FORCE': Chief Bottego reviewed several other agencies' "Use of Force Policy". Based upon those reviews, he was of the opinion that the ABC Board's Policy is current and not in need of updating. For example, ABC agents are not issue nor do they use stick instruments, tasers or tear gas. The State of N.C. recently put out new training information for annual training. It consists of dealing with special populations, people who are hearing impaired, emotionally challenged, can't speak, etc. His agents just completed this training module.

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NEW LAW ENFORCEMENT VEHICLE: Chief Bottego informed the Board that law enforcement took delivery of a new vehicle to replace one that was damaged beyond repair. It is a 2021 4x4 Chevrolet Traverse with darkened windows and a law enforcement light package (presented pictures). It was purchased through the N.C. state contract.

Ms. Cape asked for information regarding any follow-up meetings with other agencies. Chief Bottego stated there were some communication issues regarding radio communication and it was straightened out. The City Police and County Sheriff's departments are having staffing issues which through inexperience caused some challenges.

FINANCIAL REPORT: Ms. Franklin presented current monthly financial highlights for October to include copies of related financial statements presented for the Board's review and/or action. She advised and explained various entries and matters with respect thereto, such as total sales, sales by store, operating expenses, net income after tax, cash distributions and profit percentage to sales. Ms. Franklin reported that for the month of October Total Sales were \$4.13M, 3.35M budgeted, up 12.86% over prior year. Mixed Beverage Sales were \$1.18M (-22.45%) over prior year. Operating expenses were \$536K compared to \$509K, up 5.16% over prior year, budgeted amount was \$537K. Hazard Pay to employees contributed to high operating expense. Net Income after Tax is \$532K compared to \$467K, up 13.92% over the prior year, budgeted amount was \$321K. YTD Distributions to City and County is \$1.2M down (-6.32%) under prior year.

Ms. Franklin reported Net Income After Tax year to date is \$1.5M compared to \$1.6M down (-6.3%) over prior year. Gross Sales is \$14M compared to \$13.7M up 2.9% over prior year. Profit Percentage to Sales through 10/31/20 is 12.4% compared to 13.7% over prior year, however it is trending in the right direction.

Ms. Franklin reviewed gross sales by store locations for the month of October (compared to October 2019 sales). Total gross sales was \$4.13M, up 12.9% over prior year. All retail locations had increases in sales except for the mixed beverage outlet, which is still closed but available for Grove Park Inn. Mixed Beverage Outlet's gross sales of \$107K were all Grove Park Inn. Louisiana Ave gross sales were up 48.9%. State was up 25.53% in gross sales, or down in Mixed Beverage 22.34% and retail was 38.3%. Our neighboring ABC Boards gross sales for the month compared to our stores close by: Sweeten Creek was up 26.8%, Long shoals was up 20.7% and Fletcher was up 45.6%. Merrimon was up 35.7% compared to Weaverville was up 27%, Woodfin was up 34%. Black mountain was up 28%. Mixed beverage across the state is down. We were 3rd in mixed beverage sales for the month of October behind Mecklenburg and Wake County. Ms. Cape asked if the increase was hotels buying more. Ms. Franklin stated tourism was up.

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Ms. Franklin reviewed Net Income After Tax by store location for the month of October. The Board ended the month at \$714K, an increase of \$50K over the prior year. YTD was \$2.2M. Every location was up except Mixed Beverage Outlet and Tunnel Road.

COVID-19 FINANCIAL IMPACT: Ms. Franklin gave the new numbers for October 2020 COVID-19 Impact. Total sales \$4.13M, Mixed Beverage \$1.18M Year-to-date Distributions \$1,205,732 (-6.32%), Net Income After Tax (-6.3%) and Profit Percentage to Sales 12.40%. She noted that overall numbers are trending back up. Chairman Davis advised that Mr. Combs had gave him some national numbers. In September to October off premise sales were up 17.6% compared to last year and ultra premium spirit sales are up 50%. Discussion followed.

OPERATIONS REPORT: Mr. Thacker informed the Board that the holiday season is starting. Thanks to abundant warehouse space all stores are well stocked compared to some smaller boards who are unable to store just-in-time stock to keep shelves full.

COVID 19 RESTRICTIONS: Mr. Thacker advised the Board that he presided over a store managers meeting last week and reviewed the new COVID-19 restrictions as ordered by the Governor or local authorities. Both the GM and he were receiving emails complaining about employees not wearing a mask. We have four (4) employees at two locations who provided medical notes exempting them from wearing a mask. Ms. Cape asked how we were managing the complaints? Mr. Thacker said they are responding to each complaint to explain specific circumstances and are following all orders to the letter; however many customers are very upset and many simply do not care about following directives. Mr. Combs said they have to protect employee exemption rights. Mr. Thacker added that a sign was posted in the stores stating the exemption and why employee(s) are not wearing a mask. Chairman Davis asked why are they not wearing a face shield. Mr. Thacker said they were asked but refused our suggestion. Chairman Davis said he wants it to be known that he has an issue with staff not wearing a mask. He stated if you have a medical condition that prevents you from wearing a mask then you should wear a face shield. Ms. West asked how many employees have medical notes to not wear a mask. Ms. Cape asked if these employees were salary or hourly employees and could they be transferred to slower stores. Mr. Thacker replied all the medical exemption employees were hourly and that all store locations are busy during the holiday season. He stated that cloth masks with the ABC logo will soon be made available to all employees (2 per employee). Discussion followed.

RETIREMENTS & PERSONNEL SHUFFLING: Mr. Thacker advised that Board that an assistant Manager retired and will fill the position quickly and continues to look for part time employees.

TOP 10 SELLERS: Mr. Thacker reviewed a visual slide showing October's top 10 brands of spirits sold by the Asheville ABC Board compared to the State's top 10. Tito's .75L vodka was the top seller with Tito's 1.75L the second top seller.

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BUY-INS REPORT: Estimated gross profit for the month of October was \$83K. Since January this program has netted \$490K in profits, \$550K hopefully by the end of the year. Chairman Davis thanked staff for directing the necessary funds to do buy in volume for maximum profit. Ms. Cape stated that the additional profit will undoubtedly help the Board off-set MXB profit losses.

JONATHAN BASS, ASSISTANT OPERATIONS MGR. - INSIGHTS: Mr. Bass stated that he is learning quickly has been overwhelmed by the workload, especially personnel scheduling. He complimented his immediate supervisor for providing training & guidance in allowing him to do his job, and was astonished that he performed his duties for so long by himself. Ms. Cape asked him to explain his duties. Mr. Bass stated he did part-time employee scheduling (and substitutes for full store staffing), hiring of part-time employees, store inspections, technical help on point-of-sale system, training, coaching, coordination with purchasing officer to get supplies and keep facilities working properly, emergency substitute for store managers, and any other task Mr. Thacker needs him to do.

GENERAL MANAGER'S REPORT: Mr. Combs advised the Board that the deadline to apply for three (3) ABC Board vacancies was yesterday (11/23). After City Council appoints new members, Mr. Combs will meet with them (orientation) and Debbie will ensure their iPads are ready to receive monthly Board presentations. Mr. Combs was hopeful that Ms. Cape will get re-appointed and looked forward to working with a new board.

DRUG DECRIMINALIZATION: Mr. Combs stated that there is a lot of talk at the federal level about decriminalizing cannabis. Staff will continue to keep up with current events to include additional research on the retail distribution of such products. Mr. Combs opined that North Carolina would not be proactive in supporting the decriminalization of it at the Federal level. Mr. Combs said if the time comes where it is legalized and sold, he hopes the ABC System will be given the opportunity to do the retail sales of it. Ms. Cape said the Governor recently appointed a joint judicial task force on Social Equity in the Criminal Justice System, and they are recommending decriminalizing up to 1.5 ounces. Ms. Cape is working on a letter to the N.C. Chief Justice regarding the advantages of the North Carolina ABC System being involved in retail sales of cannabis. Chairman Davis asked if Miles Davis, President of the ABC Boards Association, is putting together an Association committee to poise us for this potential. Mr. Combs was not aware of any efforts but will look into it. Discussion followed.

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1 CHERRY STREET RENOVATION: Mr. Combs informed the Board that he did not have any success regarding selling/swapping the Cherry Street property with the City, so he is going to move forward with the renovation of the property to convert it to both a retail and mixed-beverage outlet. Architect Carroll Hughes drew up conceptual plans and Mr. Combs presented them with explanations. Mr. Combs will put a presentation together for the January meeting which will necessarily include estimated costs. Chairman Davis commented that Mr. Combs has worked hard to attempt a mutually advantageous swap but now that time has passed and we must move forward. He thinks we are going in the right direction.

Chairman Davis thanked staff for all they are doing during this difficult time. It has been traditional for the Board to not meet in the month of December. The Board concurred and no meeting will be held in December. Lastly, Chairman Davis will forward an email he received from the City regarding an upcoming workshop on racial tensions and staff diversity.

Ms. West told all present that it was a pleasure getting to know board members and staff to work together to keep the ABC system running smoothly and efficiently. She also wished everyone a Happy Holiday. Mr. Combs, Staff and Board members all thanked her for her service to the Board.

Lastly, Ms. Cape wished everyone a Happy Holiday and thanked staff and Board for all they do.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, January 26, 2020 at 8:30 a.m. in the Conference Room at its Administrative Offices at 24 Old Brevard Road, Asheville, North Carolina.

ADJOURNMENT: The meeting was adjourned at 9:26 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jan Davis", is written over a horizontal line.

Jan Davis, Chairman

