

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
FEBRUARY 27, 2024

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, February 27, 2024 at 8:30 a.m. in the Conference Room at its administrative office at 24 Old Brevard Road, Asheville, North Carolina.

MEMBERS PRESENT: Robin Cape, Board Chair; Board members: Max Haner , Chappell Carter and Charles Triber.

MEMBERS ABSENT: Nian Avery, Board member

ALSO, PRESENT: District 115 State Representative Lindsey Prather; Kim Roney, Asheville City Council Liaison; Mark Combs, General Manager; Hannah Franklin, Chief Financial Officer; Jason Thacker, Operations Manager; Alfred Bottego, Chief Law Enforcement Agent; Jonathan Bass, Assistant Operations Manager; Terrie McCracken, Purchasing Coordinator; Debbie Bradley, Administrative Assistant; Meghan Rogers, Asheville Independent Restaurant C.E.O. and Peter Pollay, local restaurant owner.

Chairman Cape called the meeting to order and welcomed all present and introduced and thanked Lindsey Prather, N.C. State Representative of District 115 for attending the meeting. Ms. Prather shared her background and what factors took her in to politics. Board members introduced themselves and also shared their experience and decisions to serve the public.

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. Carter moved to approve the Board meeting minutes for the January 30, 2024 regular meeting. Mr. Haner seconded the motion, and it carried by unanimous vote.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
FEBRUARY 27, 2024 REGULAR MEETING
PAGE TWO

LAW ENFORCEMENT REPORT: Chief Bottego reported for the month of December that law enforcement staff conducted 250 store visits (regular route via night agent) 26 permittee inspections, 29 permittee spot checks, 4 re-stamps (usually restaurant mergers), 3 outside agency assists and 1 criminal charge (larceny). Discussion followed.

Chair Cape added details about the law enforcement component of the ABC System to Representative Prather, especially the statutory requirement that ABC Boards shall appropriate funding for both law enforcement and education and rehabilitation. Staff added that our alcohol laws enforcement strategy is to focus on helping alcohol license permittees be successful first and issuing notices of violation only if necessary. Mr. Haner asked how many boards in N.C. employ their own agents. Chief Bottego stated 17 out of 171 boards, typically larger boards. Discussion followed.

ANNUAL LAW ENFORCEMENT REPORT: Chief Bottego presented his annual comprehensive law enforcement report to include store checks, permittee inspections, spot checks, RASSP (Responsible Alcohol Seller Server Program) training, and permittee assists. Chief Bottego also produced a benchmark slide which compared staffing levels, mixed beverage permits, mixed beverage inspections, spot checks, criminal charges and agency assists in Wake County, New Hanover County, Triad Municipal, and Cumberland County. Discussion followed.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
FEBRUARY 27, 2024 REGULAR MEETING
PAGE THREE

FINANCIAL REPORT: Ms. Franklin presented the financial report for the month of January 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. Total sales were \$3.5M, up .41% from the prior year and up 3.24% in retail sales. Mixed Beverage sales are \$1.2M, down -4.55% compared to the prior year. Under budget for the month 21%. Year to date under budget 1%. MXB sales are \$1.2M. Operating Expenses were \$684K, up 1.96% from prior year and year to date under 2.8%. Net income after tax was \$248K, down -6.32% from prior year and year to date up 5%. Year to date Distribution to City and County was \$2.6M, which is 7.53% less than last year. We distribute 75% of our profits to the City and 25% to the County.

Ms. Franklin reviewed Profit Percentage to Sales. Net Income After Tax is \$3.3M compared to \$3.5M prior year. Prior year to date ending 6/30/23 at \$5.7M. Gross year-to-date sales are \$31.5M compared to \$31.3M last year, up a very modest 0.41%. Profit Percentage to Sales was 11.81%, marginally lower than last year, mainly due to increased labor expenses. Chair Cape added that 'profit percentage to sales' is a measure of a board's overall efficiency.

Ms. Franklin reviewed with the Board each store's gross sales for the month of January (compared to 2023 sales). The mixed beverage sales at Charlotte Street and Tunnel Road were down due to shifting those sales to the new Mixed Beverage Outlet at Store #3. N.C.'s gross sales were up 3.45% overall. All Boards in Buncombe County, Fletcher was up 3.82%, Black Mountain was up 6.2%, Weaverville was up 6.25%, Woodfin was down -.3%. Of the Boards across the state included comparisons with New Hanover (up 5.56%) and Durham (down 1.29%). Ms. Franklin added that excluding behemoth Mecklenburg County, Asheville ABC is number one in N.C. in the ratio of mixed beverage-to-retail sales at 33.91%. Asheville ABC is the state's 8th biggest board in total sales and 4th in mixed beverage sales.

Ms. Franklin advised that Net Income After Tax for the stores was \$476K compared to \$481K the prior year. All stores were up except Leicester, Tunnel Road and Charlotte Street.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
FEBRUARY 27, 2024 REGULAR MEETING
PAGE FOUR

Ms. Franklin presented a slide of the retail and mixed beverage sales by location. Three locations provide both retail and mixed beverage, and one location provides only mixed beverage sales (Broadway). Tunnel Road is the highest in retail sales at 17.1% while Enka and Louisiana are both at 12%. The Broadway mixed beverage outlet does 75% of the mixed beverage sales.

Chair Cape mentioned that Louisiana Avenue store in West Asheville is the next store that needs to be updated and larger. Ms. Prather asked if the road diet (bicycle lane) caused any impact on sales at the Charlotte Street location. Chair Cape advised that staff provided some prior analysis showing that Merrimon store sales were indeed impacted. Discussion followed.

Ms. Franklin informed the Board that the regular bottles sold for the month were up a paltry 293, mixed beverage bottles were down 1,700 and miniatures were up 7,100.

BUDGET AMENDMENT #3: Ms. Franklin presented Budget Amendment #3 for fiscal year 2023-2024 as follows: To amend to increase expected repairs general expenses in stores; increase to administration training expenses for system-wide cyber security training/monitoring; increase in warehouse capital outlay for purchase of CONEX containers for storage. After discussion, Mr. Triber moved to adopt and approve Budget Amendment #3 and to authorize its execution by the Chair. Mr. Carter seconded the motion, and it carried by unanimous vote.

OPERATIONS REPORT: Mr. Thacker advised that staffing challenges persist due in part by retirement, a resignation, dismissal and three on long-term medical leave. Two new full-time employees were hired. Discussion followed.

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
FEBRUARY 27, 2024 REGULAR MEETING
PAGE FIVE

Mr. Thacker informed the Board that 975 lottery tickets were distributed at the February 8th Bourbon Lottery at 50 Asbury Road (Enka store location). Sufficient parking was a key issue with neighboring businesses. The event ended about 11:00 A.M. with \$20K in sales (lottery bourbons) and an additional \$24K in retail sales at that location. Mr. Thacker opined that we will not do a similar style lottery with the potential to disrupt neighboring businesses. Staff will look at alternatives prior to conducting the next one. Lengthy discussion followed.

Ms. Roney was of the opinion that in the future North Carolina will legalize the sale of marijuana and believes the ABC System should be considered the best set-up for marijuana retail sales in light of existing law enforcement, drug & alcohol grants and programs, and quality (restricted) customer service. Discussion followed.

BUY-INS REPORT: Mr. Thacker reviewed the estimated gross profit for the month of January was \$77K. Mr. Thacker explained to Representative Prather how our buy-ins program makes this profit. Mr. Haner noted that buy-in efforts are a challenge for smaller ABC systems due to the need for warehouse space. Chair Cape concurred that purchasing the present HQ/ warehouse resulted in an additional profit of \$1.2M in 2023. Lastly, Mr. Thacker explained the allocations, limited distributions and barrel drops. Discussion followed.

TOP SELLING BRANDS: Mr. Thacker presented a chart of the top ten selling brands in Asheville. Anecdotally, Mr. Thacker stated that from the changes in top ten sales in the past months, it appears less expensive products are being purchased. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs informed the Board that the budget process will be starting soon. Health Insurance costs will be an on-going challenge in addition to overall inflation.

Mr. Combs advised that the Asheville Independent Restaurants Association will have their annual meeting on March 6th. ABC was graciously invited by Ms. Rogers to speak, and this year staff will feature the new mixed beverage location on Broadway (intersection with Cherry Street).

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
FEBRUARY 27, 2024 REGULAR MEETING
PAGE SIX

Mr. Combs put in the board packet an information sheet from Hank Bauer, Chairman of ABC Commission, providing facts for a new alcohol distribution warehouse. Chair Cape said the General Assembly and ABC Commission is promoting and passing statutes to modernize the system, yet the 'bottle-neck' to speed deliveries, improve product lines is on the State to do. Chair Bauer's desire is to reach out to all citizens and their state representatives to inform them of the need to modernize. Discussion followed.

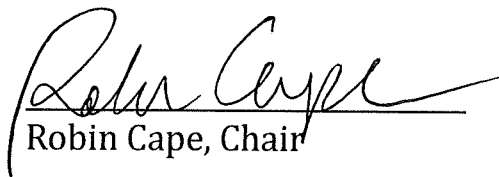
OLD BUSINESS/NEW BUSINESS: Mr. Combs informed the Board that March 25-27th, Chair Cape and three staff will be attending the General Manager's Meeting in Greenville, N.C. He reminded Board that the Board meeting was changed from Tuesday, March 26th to Thursday, March 21st.

Mr. Combs stated that the General Manager at Rutherfordton ABC Board was recently indicted for embezzlement. Discussion followed regarding how we have a robust segregation of duties.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Thursday, March 21, 2024 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 10:05 a.m.

Respectfully submitted,


Robin Cape, Chair