

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
JUNE 25, 2024

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, June 25, 2024 at 8:32 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 (arrived at 8:45 a.m.)

MEMBERS ABSENT: Nian Avery, Board member

ALSO, PRESENT: Kim Roney, Asheville City Council Liaison; Mark Combs, General Manager; Hannah Franklin, Chief Financial Officer; Alfred Bottego, Chief Law Enforcement Agent; Shelley Calloway, Deputy Finance Officer; Terrie McCracken; Debbie Bradley, Administrative Assistant and Meghan Rogers, Director of Asheville Independent Restaurants Association (A.I.R).

Chairman Cape 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. Carter moved to approve the Board meeting minutes for the May 28, 2024 regular meeting. Mr. Haner seconded the motion, and it carried by unanimous vote.

Chair Cape informed the Board that Mr. Thacker and Mr. Bass were presently in Kentucky at the Luxco Distillery picking 4 barrels to be bottled and sold in our stores. Mr. Combs stated that 'barrel picks' are both popular with customers and profitable for the Board. Mr. Haner asked how many barrels are available. Ms. Cape advised that major distillers limit the annual number (to keep them exclusive) and are typically by invitation only.

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LAW ENFORCEMENT REPORT: Chief Bottego reported for the month of May that law enforcement staff conducted 42 permittee inspections (picked up for summer season), 20 compliance checks, 2 alcohol education and 4 more on schedule, 2 criminal charges (retail locations) and 3 outside agency assists (Asheville Police Department, Highway Patrol and Buncombe County Sheriff Department).

Chief Bottego advised the Board that the 'Be Responsible' campaign is moving forward and shirts, hats, etc. being distributed to permittee establishments. Chief Bottego brought samples. The new graphic designs are from a local artist. Discussion followed.

Mr. Haner asked Chief Bottego how staff determines which bottles to mark when doing an inspection. Chief Bottego stated that the stamps placed on each MXB bottle has a date and order number on it. They typically will mark high-volume bottles with an older date on the stamp and mark the bottle to ascertain if it is or is not being refilled from other (unstamped) bottles purchased privately to get around the MXB surcharge. Discussion followed.

GRANTS COMMITTEE: Mr. Haner chaired this year's Grants Committee and began his presentation by informing the Board that ABC Boards in N.C. are required to designate a minimum of 7% of their profits for alcohol education, prevention and rehabilitation programs. The Grants Committee convened on June 20th to evaluate grant submittals, discuss each grant's merits, and recommending funding to the full ABC Board in accordance with section 18B-805(h) of the General Statutes of North Carolina. There were a total of thirteen (13) grants submitted, of which three (3) were new. Committee member Chappell Carter stated he carefully reviewed the financials to include overhead and executive director salaries. Discussion followed. The Grants Committee's funding recommendation were as follows:

- First at Blue Ridge \$25,000
- Pivot Point of WNC \$15,000
- Asheville 12-Step \$35,000
- Our Voice, Inc. \$5,000
- NAMI Western Carolina \$10,000

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• Delta House Life Development	\$10,000
• Next Step Recovery	\$60,000
• Western Carolina Rescue Ministries	\$5,000
• ARC of Buncombe County	\$35,000
• Caring for Children	\$5,000
• Helpmate, Inc.	\$30,000
• Asheville ABC Board (Campaigns)	<u>\$30,000</u>
	\$265,000

It was the consensus of the Board to fund the programs as recommended by the Grants Committee. Mr. Combs advised that the grants package will be included in the formal adoption of the budget (later in the meeting). Ms. Cape thanked staff and Board members for all their hard work on the grants.

FY2024-2025 ABC BOARD BUDGET: Ms. Franklin provided budget highlights.

- Modest Projected growth in sales of 1% (\$53.3M)
- Working Capital (as of March 1st): \$5.3M
- Employees: Pay Plan Adjustment (formally adopted in May)
- 59 full time positions, 16 part time + 1 part time retention
- Health Insurance: No significant changes in benefits; cost increase

Lastly, Ms. Franklin advised that there were three line item changes in the present formal document from May's budget presentation: Repairs & Maintenance was increased, General & Liability Insurance (5.51% increase from prior year), and Capital Outlay was increased to add electrical upgrades (\$55K).

After discussion, Mr. Triber moved to approve the Fiscal Year 2024-2025 ABC Board Operating Budget. Mr. Carter seconded the motion, and it carried by unanimous vote.

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FINANCIAL REPORT: Ms. Franklin presented the financial report for the month of May 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 \$4.6M, up 2.65% from the prior year, over budget for the month and year to date down 4.1%. Mixed Beverage sales are \$1.8M, up 5.83%. Operating Expenses were \$686K, up 1.12% from prior year and year to date under budget 3.9%. Net income after tax was \$508K, up 3.67% from prior year and year to date is up 6%. Year to date Distribution to City and County was \$3.9M, which is -8.33% less than last year. Discussion followed.

Ms. Franklin reviewed Profit Percentage to Sales. Net Income After Tax is \$4.9M, down 8.33% from prior year. Gross year-to-date sales are \$48M. Profit Percentage to Sales is 11.66%. Interest and other Income breakdown: \$27K is interest income on savings account, \$3,500 on two vehicles sold and \$23K in delivery fees.

Ms. Franklin reviewed with the Board each store's gross sales for the month of May (compared to 2023 sales). Total sales \$4.6M for all stores, down 2.7%. Total Retail sales were .7% up \$19K and the Mixed Beverage sales were up \$100K, 5.83% Every store was down in sales except Biltmore, Enka and Leicester. Charlotte Street and Tunnel Road stores were down only because there mixed beverage sales were moved to Cherry Street - Mixed beverage Outlet. We were up 2.7%. The state was up 4.88%. Of all the mixed beverage sales around the state we did the most at 39.4%, Mecklenburg did 38%. Our surrounding ABC Boards: Black Mountain was up 4.5%, Fletcher was up 4.3%, Weaverville was up 2.8% and Woodfin was down 4.9%. Boards our size High Point ABC and New Hanover ABC were up 7%. Mr. Carter asked why Sweeten Creek was down \$18K. Ms. Franklin advised that she believes the difference was a barrel drop the year before. Also, she will keep an eye on Sweeten Creek if sales continue to decline. Discussion followed.

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Ms. Franklin presented a slide of May's retail and mixed beverage sales by location. Retail sales are \$2.8M. Tunnel Road is doing 17% of retail sales. Enka is doing 12.4%, Louisiana 12.9%, Sweeten Creek and Biltmore are at 11% of the total sales. The Mixed Beverage sales were up 100K for the month. We do 82% of the total sales in Buncombe County. 94% of the retail sales and 76% of the mixed beverage sales. Black Mountain does 6% of the total sales, Weaverville does 7% of the total sales and Woodfin does 4% of the total sales.

Ms. Cape informed the Board that the N.C. ABC Commission is heavily in favor of consolidating small, single-store board into to larger, county-sized boards for financial (economies-of-scale) and customer service advantages. Most recently A.I.R has spearheaded an effort to find a means whereby restaurants in unincorporated areas of Buncombe County can sell spiritous liquor. After discussion, Ms. Cape directed staff to draft a proposal on how consolidation of the County's ABC Boards might happen. Mr. Combs stated that while shipping warehousing, distributions, administrative overhead and general financial economies-of-scale are all good business practices, the key issue will be the political will to do it. Getting the other boards to the table will be daunting. Mr. Carter asked A.I.R Executive Director Meghan Rogers if Buncombe County was interested in such a consolidation. Ms. Rogers replied that A.I.R.'s desire is simply to allow restaurants and other establishments to be able to sell mixed beverages in unincorporated areas. A.I.R's goal is to promote a positive economic impact, business development and job growth. Discussion followed.

Ms. Franklin informed the Board that May's regular bottle counts were down 978 and mixed beverage bottles and miniature bottles were up 3,327 and 6,195, respectively.

OPERATIONS REPORT: Mr. Combs advised that Mr. Thacker is attending the 1st Annual Distillery Barrel Selection Event in Kentucky. Four barrel picks, Remus Single Barrel, Penelope Toasted, Ezra Brooks Single Barrel and Ezra Brooks Rye Single Barrel will be purchased by the Board, bottled by the distiller, then shipped to us for sale to our customers.

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BUY-INS: Mr. Combs reported that we bought 4 truck loads of Tito's .750L Willet Family Distillery products are now available in North Carolina. Buffalo Trace is being shipped in 1-liter bottles for MXB customers, and buy-ins totaled \$81K in May and \$390K year-to-date.

TOP 10 BRANDS: Mr. Combs advised that Tito's is still number one and Espolon Blanco is a robust number 4 on our list.

Mr. Combs informed the Board that we made \$21K on the last Barrel drop of Eagle Rare, which sold out very quickly.

GENERAL MANAGER'S REPORT: Mr. Combs advised Board that according to alcoholic beverage industry analysts, the global and national projection for sales in the next fiscal year will be 'Rosy'. Worldwide sales have been very 'flat' for the past three quarters.

Mr. Combs thanked Mr. Haner, Mr. Carter and Mr. Thacker for their participation in the grant committee. He also thanked Ms. Franklin and finance staff for their hard work in preparing the operating budget, and Mr. Thacker and Ms. Franklin for adjustments to the pay plan (adopted in May) and health insurance negotiations, research and planning.

OLD BUSINESS/NEW BUSINESS: Mr. Combs advised that the North Carolina Association of ABC Boards meeting is in July. The Board traditionally does not meet in July; however, staff would still issue its typical monthly financial report which includes fiscal year totals. It was the consensus of the Board to not meet in July.

CLOSED SESSION: At 9:49 a.m. Mr. Haner moved to go into closed session, pursuant to Section 143-318.11(a) (5) of the General Statutes of North Carolina in order establish and/or instruct the Board's staff concerning the position to be taken by and/or on behalf of the Board in negotiating the price and other material terms of a contract or proposed contract for the acquisition of real property by purchase or lease. The motion was seconded by Mr. Triber and it carried by a unanimous vote. The open session resumed at 10:07 a.m.

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NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, August 27, 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 10:07 a.m.

Respectfully submitted,



Robin Cape, Chair

