

THE CITY OF ASHEVILLE BOARD OF ALCOHOLIC CONTROL
MINUTES OF REGULAR MEETING
FEBRUARY 25, 2025

The City of Asheville Board of Alcoholic Control ("Board") held its regular monthly meeting on Tuesday, February 25, 2025 at 8:31 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: Chappell Carter, Charles Triber and Jan Davis.

MEMBERS ABSENT: Kimberly Collins, Board member.

ALSO, PRESENT: Kim Roney, Asheville City Council Liaison; Mark Combs, General Manager; Hannah Franklin, Chief Financial Officer; Shelley Calloway, Deputy Finance Officer; Jason Thacker, Operations Manager; Jonathan Bass, Assistant Operations Manager; Alfred Bottego, Chief Law Enforcement; Terrie McCracken, Accounts Payable; Debbie Bradley, Administrative Assistant; Meghan Roger's, Asheville Independent Restaurant C.E.O., and Peter Pollay, local restaurant owner.

Chairwomen 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 January 28, 2025 regular meeting with one minor change. Mr. Davis seconded the motion, and it carried by unanimous vote. Ms. Cape thanked Ms. Bradley for her efforts regarding the completeness of the board meeting minutes.

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LAW ENFORCEMENT REPORT: Chief Bottego reported for the month of January that law enforcement staff conducted 24 mixed beverage inspections, 60 spot checks, 1 agency assists, 1 RASSP training and 1 new permit assistance.

Chief Bottego brought a parking sign which will be posted at the parking lot on 133 Broadway. Discussion followed.

Mr. Combs mentioned that the N.C. ABC Commission is working diligently to facilitate mixed beverage permit applications via their web-site. Their goal is provide a convenient, fast process to attain MXB permits. Discussion followed.

ANNUAL LAW ENFORCEMENT REPORT: Chief Bottego presented the Law Enforcement 2024 Annual Report to include store checks, permittee inspections, spot checks, RASSP training, and permittee assistance. He also presented the past five years analysis: arrests, alcohol and drug charges, outside agency assists and warrants served.

Chief Bottego advised Board that Permit inspections, spot checks and store checks were all up compared to last year. Responsible Alcohol Seller Server Program (RASSP) training sessions increased due to MXB employee turnover. He also noted that permit application assistance was up. Chairwoman Cape asked why are all these numbers up so much. Chief Bottego responded that the evening shift part-time agent focused more on spot checks and inspections. Discussion followed.

Chief Bottego spotlighted that arrests were up due to alcohol and drug charges on store properties. A key divisional goal is to move drug-related activities off of our property.

PROGRAMS & CAMPAIGNS: Chief Bottego gave updates on other allied responsibilities to include alcohol & drug education efforts as follows:

- Promotional items focused toward Mixed Beverage customers with designs from local artists
- Radio Program was suspended in October due to drop in revenues
- Prom Promise - Recommends continued funding (approved)

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- Security Equipment Replacement - Imperative to keep system upgraded and reliable.

FINANCIAL REPORT: Ms. Franklin presented the financial report for 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 \$3.3M, down 5%, from prior year and budget was 4% down for the month. Overall budget is down 5%. Mixed Beverage \$1M, down 15%. Operating expense \$727K, 6% over prior year, under budget 5%. Net Income After Tax \$150K, down 39% from prior year. Distribution to City and County \$1.7M down 32% from prior year. We made full quarterly distribution to City and County.

Ms. Franklin reviewed Profit Percentage to Sales. Net Income After Tax is \$2.2M, down 32%. Gross sales year-to-date sales are \$28M, down 10%. Profit Percentage to Sales is 9.09%. Projecting to end year at \$47M in gross sales.

Ms. Franklin reviewed with the Board each store's gross sales for the month of January (compared to 2024 sales). We are down 5% at \$3.3M. The State was up .21%. Across the county: Sweeten Creek was up 6.5%, Fletcher was up 6.2%. Black Mountain was down 10%, Woodfin was up 4.2% and Weaverville was up 26%, probably because of the ski resort opening for the season in Mars Hill. Overall we are #5 in the state for mixed beverage and #9 in total sales. Discussion followed.

Ms. Franklin reviewed the Net Income After Tax (Stores Only), every store was down. Year to date we are at \$3.7M (stores).

Ms. Franklin presented a slide of retail and mixed beverage sales by location. Mixed Beverage sales were down 15% and retail sales were up 3.3% for the month.

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Ms. Franklin reviewed bottle counts with the Board for January. Retail bottles up slightly and Mixed Beverage bottles were down 6,290. Mini bottles were up 3,197.

OPERATIONS REPORT: Mr. Thacker advised the Board that two full-time clerks were recently promoted to assistant managers. An assistant manager unexpectedly passed away in December and another resigned (moved out of state).

Mr. Thacker referred to the articles in the presentation reporting old businesses leaving and new ones opening up. Discussion followed.

BUY-INS: Mr. Thacker advised that the buy-ins for January was \$79K. He also explained potential affects to buy-in revenues related to the changes to special purchase and sales rules per SB527. Discussion followed.

ALLOCATIONS: Mr. Thacker showed the allocation products and amount we received.

TOP 10 SELLERS: Mr. Thacker advised that Tito's vodka remains the number one and two top sellers. He noted there are some lower-priced products appearing on the top ten list. Discussion followed.

GOOGLE RATINGS & REVIEWS: Mr. Bass' presentation regarding customer satisfaction of store visits showed an average Google rating score in 2024 was 4.5 compared to 4.4 in 2022 and 2020. Industry-wide, this is an excellent average score. Discussion followed.

GENERAL MANAGER'S REPORT: Mr. Combs advised the Board that he keeps abreast of national and international trends related to alcoholic beverage sales and trends. For example, 80% of tequila sales are to the United States; however, with dips in sales and potential tariffs, tequila suppliers are looking to expand in the Asian and E.U. Markets. Discussion followed.

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Ms. Franklin presented a handout of the Education and Rehabilitation Distributions noting that the Board met our statutory obligation with one quarter of distributions to go. Ms. Franklin felt it would be unprecedented to change the distribution and requested guidance from the Board with the question: Shall staff suspend the last quarter's payment or meet its grant commitment as awarded in June 2024? Chairwoman Cape felt strongly that the distributions to grant recipients should not be cut. After further discussion it was a consensus of the Board to continue to fulfill grant commitments and fund the Prom promise project.

OLD BUSINESS/NEW BUSINESS: Mr. Combs informed the Board that Mr. Thacker and himself served on the ABC Commission's 90th Birthday Committee.

Mr. Combs informed the Board that Governor Stein has re-appointed Mr. Hank Bauer as Chair to the ABC Commission. Discussion followed.

Chairwoman Cape is on the Legislative Committee for the ABC Association. She said their main focus is on getting the new warehouse in Raleigh.

Mr. Combs advised that the N.C. General Assembly House ABC Committee was announced. In his last term in the General Assembly, Representative Brian Turner championed privatizing alcohol sales. Discussion followed.

Chairwoman Cape advised that the NC ABC Association's lobbyist Jason Joyner conducted some comprehensive research of the marijuana 'landscape' in the USA. He opined that "...it is a nightmare". Discussion followed.

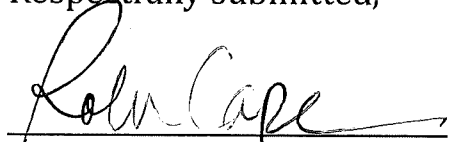
Mr. Combs advised that Ms. McCracken has almost completed hanging photographs of all the stores in the boardroom.

NEXT REGULAR MEETING: The next regular meeting of the Board will be Tuesday, March 25, 2025 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 9:50 a.m.

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Respectfully submitted,



Robin Cape, Chairwoman