

**Durham County ABC Board
Minutes of the Meeting
August 20, 2012**

The Durham County ABC Board met at the administrative office, 3620 Durham Chapel Hill Boulevard on the 20th day of August 2012.

Board Chair Kim Shaw called the meeting to order at 5:30 PM.

Newly appointed Board Member Wayland Burton, as well as board members Deirdre Guion, Kevin Nelson and Erroll Reese were in attendance. General Manager Emily Page and Attorney George W. Miller, Jr. were also present.

Ms. Shaw read the Board's Conflict of Interest Review and Declaration statement. She asked board members to declare that they had no conflicts of interest with any items coming before the board and, if so, that they would recuse themselves from voting. All board members declared their agreement.

Consent Items

Consent agenda items included the Board Attendance Report, Adoption of Agenda, Minutes of the July 16, 2012 Emergency Meeting of the Grant Committee and the Minutes of the July 16, 2012 regular meeting. Mr. Nelson motioned for the consent agenda items to be accepted and Mr. Burton seconded the motion. The motion was approved unanimously by the board.

Ms. Shaw presented an opportunity for everyone to introduce themselves and to provide information on their background given that a new board member had joined since the last meeting. After the introductions, Ms. Shaw proceeded with the remainder of the agenda.

Law Enforcement Report and the Financial Reports for July 2012

- **Law Enforcement Report for July 2012**

In July, there were 13 ABC law violations, 6 controlled substance violations, 4 traffic offenses and 1 criminal offense. Law Enforcement provided alcohol education to 12 groups, assisted other agencies during 17 incidents, conducted 86 inspections, and 102 compliance checks.

- **Financial Reports for July 2012**

The July retail sales were down 2.66% compared to last year. MXB sales were up 1.22% compared to last year.

Ms. Page stated that July 2012 had one less Friday and one less Saturday than the previous year which probably accounts for the lower numbers across several boards in the state. Although the July numbers are down slightly, the numbers are still on budget.

Total sales for the month and the year were \$1,868,534, representing a decrease of \$36,009 which is 1.89% below last year in July. Monthly and year-to-date sales were above the budget projections by \$71,815, a positive variance of 4.00%.

Monthly and year-to-date profit before distributions of \$116,132 was above budget by \$60,780, representing a positive variance of 109.81%.

After profit distributions totaling \$52,633, there was a loss of \$1,138, a negative variance of \$1,852 under budget. Year-to-date, net income of \$63,499 was above budget by \$62,632.

Compared to last year, July net income decreased \$6,853.

Recommendation for Capital Expenditure

Ms. Page called the Board's attention to the Warehouse Improvement Recommendation that was distributed to the Board on 8/17/12. A copy of the recommendation is included as Appendix A.

With respect to the proposed air conditioning unit, after discussion about the brands of units and length of warranties being offered, the Board requested that Ms. Page make an inquiry to the various contractors to request longer warranties.

Mr. Nelson motioned to accept the \$25K offer from Comfort Engineers with a condition regarding the brand of equipment being Carrier, Trane or other established brand and the length of the warranty being 10 years on parts. Once those conditions are satisfied, then the motion would give Ms. Page the authority to approve the expenditure. The motion was seconded by Mr. Reese and then Dr. Guion declared that she was not ready for a vote. Dr. Guion questioned what the appropriate maximum price would be for an established brand such as Carrier that should be included in the proposal. Mr. Burton suggested that Mr. Nelson could serve in the capacity of consulting Ms. Page during the process since he has expertise in this area. This would allow Mr. Nelson to advise her if additional questions came up during her conversations with the contractors and eliminate the need to call for a full board meeting in order to move forward. Dr. Guion suggested that the motion be amended to give the General Manager authority to move forward with up to \$27K-\$30K to purchase the air conditioning unit under the advisement of Board Member Kevin Nelson. After further discussion, Mr. Nelson suggested that the recommendation tabled until the conclusion of the agenda items.

Annual Travel Policy Adoption Request

Ms. Page had distributed an adaption of the County of Durham's updated travel policy to the Board Members via email on August 17. She noted that the proposed policy mirrors the County of Durham's policy with the exception of appropriate references to titles and departments such as General Manager versus County Manager.

Ms. Page reminded the Board that NC Statute requires that the Board of County Commissioners approved Durham County ABC's use of the County travel policy annually. Mr. Burton moved that Ms. Page submit the DCABC travel policy to the County Commissioners for approval. The motion was seconded by Dr. Guion and approved by the Board without objection.

Strategic Planning and General Manager's Report

Ms. Page provided the Strategic Planning and General Manager's Report in the board meeting packet which was distributed prior to the meeting.

Ms. Page highlighted that two items on the report required a decision or action from the Board. First, she provided information on the National ABC Association Administrator's Conference in October. She proposed she attend the Conference with two Directors because the topics to be covered will be beneficial to the management of DCABC. The board supported the proposal.

Second, the board agreed that they would like to attend the Durham County Public School Board meeting on Thursday, August 23, 2012 to present the additional grant of \$14K that was awarded to the school system. Ms. Shaw and Mr. Burton indicated that they will attend meeting. Ms. Shaw also suggested that a press release also go out about the grant that was awarded to Durham County Public Schools

The following items were also discussed from the report:

- The old Holloway Street site
- ABC Commission Performance Audit
- The Technology System Update
- North Carolina ABC system-wide Customer Service Report Annual Report.

Other Business

Ms. Page asked the Board if they would like to honor former Board Member Connie White for her years of service. Attorney Miller suggested that the group be very modest in what they do since there are not any definitive guidelines from the Commission or through legislation to follow for this type of event. The members agreed that they would all meet Ms. White for lunch and she would be presented with a DCABC shirt. Ms. Page will check with Ms. White about dates she is available for the celebration.

FY2013 Grant Program Planning

The existing criteria for the Major Grant Program were distributed prior to the meeting. The topic of the annual grant program is due to be discussed in August per the Board's monthly meeting schedule.

The group agreed that a sub-committee should be formed to look at grant program planning and report back to the entire Board. Mr. Burton made a motion that a sub-committee be established to evaluate the grant program procedures, criteria and processes which was seconded by Dr. Guion. The motion was unanimously approved. Mr. Burton and Mr. Nelson volunteered to serve on this sub-committee and will report back to the group at the next meeting.

Closed Business

Mr. Reese made a motion for the Board to go into closed session per GS 143-318.11(a): (3) consult with attorney (5) facility leases or purchases (6) personnel matters which was seconded by Dr. Guion and approved unanimously by the board.

The board came out of closed session and went back to the discussion of the Warehouse Improvement Recommendation that had been tabled earlier. Mr. Nelson indicated that he would like to withdraw his motion so that he could ask more questions about the proposed equipment. Mr. Nelson will work with Ms. Page to learn more about the specification of the equipment being proposed. The decision will be brought forward again at the next meeting.

Durham County ABC

Adjournment

On motion by Mr. Reese, seconded by Dr. Guion, the meeting was adjourned without objection.

Approved By: 

Kim Shaw, Board Chair

APPENDIX A



To: Durham County ABC Board Members
From: Emily Page, General Manager
Subject: Recommendation for Capital Expenditure – Warehouse Improvement
Date: August 15, 2012

This recommends that \$25,125 be expended for the installation of air conditioning to enable climate control at our warehouse location during summer months. This expenditure will be made from the \$365,746 that was budgeted for "Other Facility/Equipment Requirements" in FY2013. If approved, two 10-ton AC units will be installed by Comfort Engineering in the approximately 12,000 square foot building. This is the lowest of three estimates obtained for this potential project.

This expenditure is being recommended as an advisable investment for the following reasons:

Product Loss and Protection

- The warehouse staff has reported breakage loss of approximately \$1000 - \$1300 dollars per month during the summer months due to high humidity. The humidity causes the corrugated cardboard boxes to soften and become unglued which results in bottles falling over from lack of support.
- Some products are better protected against spoilage in cooler temperatures.

Staff Productivity and Comfort

- Without climate control, excessive heat conditions outside in the summer produce less than ideal conditions inside the warehouse for the maximum productivity and comfort of the staff.
- We have very large fans throughout the warehouse but the ability to cool the temperature inside will be a more effective means for climate control.

Return on Investment

- We anticipate that the warehouse is large enough to continue to meet our needs for at least another five to seven unless very rapid expansion takes place via new store openings or expansion at current locations. We predict that the current warehouse can accommodate our needs for up to approximately twelve stores though the rapid addition of new products could impact this estimate.
- Assuming conservatively that breakage is at least \$2K per year due to humid conditions over the next 5 years, \$10K could potentially be lost in inventory damage making the net the investment approximately \$15K above the anticipatable loss or \$3K per year over five years.
- The installation of a climate control system will improve the property's market value if relocation to a larger facility becomes necessary and the property is put up for sale in the future.