

**Minutes of the Meeting
January 2020**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard, on the 21st day of January 2020.

Chair Lebkes called the meeting to order at 5:33 p.m.

Board members Beverly Thorpe and Frachele Scott were present. General Manager Niegel Sullivan, Attorney George Miller, Warehouse Manager Rader Dorman, Durham County ABC Support Services Director Perlie Davis, Durham County ABC Financial Officer Lee Keatts, Durham County ABC Operations Coordinator Misty Walters, Special Agent Sean Hamilton with Alcohol Law Enforcement, and Durham County ABC Assistant Manager, Tracy Price were also present.

Conflict of Interest Review and Declaration

Chair Lebkes read the Board's Conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items coming before the Board and, if so, does the Board member wish to recuse him or herself from deliberating and voting on the matter. All Board members verbalized that they have reviewed the agenda and do not have any conflicts.

Consent Item

The consent item was the December 16th Board Meeting Minutes. Ms. Scott motioned to approve the December Board Meeting Minutes as presented and the Board approved unanimously.

General Business

Public Comment

There were no members of the public signed up for public comment.

Financial Report

December Financials

Mr. Keatts reported the summary of income statement results as included in the board meeting packet. He noted that sales were \$4,673,000, an increase of \$159,000 or 3.54% compared to the previous year. There was one less Saturday this December which had an effect on sales. State wide sales increased 4% over December 2018 and DCABC was ranked 7th out of the nine boards that DCABC considers for comparison purposes. YTD Net Income is \$1,473,000 which is \$700,000 more than budgeted. Currently, the statutory amount for grants calculates to \$300,000 which can change.

Mr. Sullivan noted that a few stores had negative comps for December and discussed factors that impacted sales at those stores. Those factors included road construction at Holloway Street, and parking lot construction at Hillsborough Road. Due to improved distribution and selection in all stores, the sales at the Chapel Hill Boulevard store were "cannibalized" a bit, resulting in a slight reduction in sales. Orange County recently opened a new store which could also be affecting sales at the Chapel Hill Boulevard store. Another factor was the system issue with transfers which

resulted in incorrect inventory numbers for some stores. That affected ordering causing some products to run out. Dalcom has since resolved the issue.

Mr. Lebkes asked if the \$300,000 projection in grant funds would be close to the final number. Mr. Keatts offered that it would be, but could go up or down as much as \$10,000. He also noted that a clearer number would emerge by mid-July. Mr. Sullivan noted that Mixed Beverage had an excellent month with sales up 13%.

Support Services Report

Ms. Davis reported to the Board on Support Services activity for the month. She gave an update on special orders. Ms. Davis commented that now that customers no longer have to pay up front and can now purchase in bottles instead of cases, we are seeing an increase in orders in Durham County. The same is happening at the state level but that is magnified by the number of boards they must manage. As a result, we are seeing issues with receiving special orders in a timely manner. It may take some time to “iron out all the kinks,” but the staff remains vigilant about tracking and resolving order issues with frequent communications with the state and even re-ordering product when needed to fulfill customer requests.

Ms. Davis also reported on the Grant Program. The ad campaign will start in February and the announcements are going out to the local media including Spanish outlets. Recommended changes to the grant process documentation (tabled from last year) were discussed. The changes included the distribution of grant funds in two equal payments to occur in July and February, and a decrease to the number of grant reports from 3 to 2 to be due January 31st and April 30th. Ms. Thorpe suggested the final report be due May 31st instead. Ms. Thorpe motioned that the two changes be implemented to the FY2020 grant application process documentation: 1) distribute grant funds in 2 equal payments instead of 1 lump sum with distributions to occur in July and February, and 2) reduce the number of grant reports from 3 to 2 to be required on January 31st and May 31st. Motion was seconded by Ms. Scott. Motion was approved. Ms. Davis will forward the revisions to the NC ABC Commission for their approval.

Law Enforcement Report

Special Agent Hamilton reported to the Board on law enforcement activity in December 2019: 168 ABC store checks were performed; 30 mixed beverage inspections; 35 inspections at non-mixed beverage outlets; 4 bars programs at ABC permitted establishments; 3 violation reports were submitted to the ABC Commission; 92 arrests were made; 177 charges from permitted establishments and 6 charges from non-permitted establishments; 175 misdemeanor charges and 8 felony charges. In conjunction with the Sheriff's Department, one operation (search warrant) was conducted on an illegal establishment selling alcohol without a permit, resulting in 3 felony drug arrests in the parking lot and other alcoholic charges inside the establishment. Mr. Sullivan thanked ALE for their support and visibility in our stores during the holidays and on peak days.

General Manager's Report

- **Building Projects Update**
 - **Hillsborough Road**

Mr. Sullivan reported that the Hillsborough Road store parking lot project has been completed, (photos were shown). A final adjustment will need to be approved since the project ran over budget due to unanticipated work on the

gravel. The staff has been cleaning the store, the ducts will be replaced, the floors will be waxed and buffed, and adjustments will be made to lighting.

○ **Highway 55**

The evaluation period for the new property needs to be done by December 4, 2021. The site was approved by the NCABC Commission for the sale of alcohol. Mr. Sullivan recommended using Coulter Jewell Thames, PA for site design and consulting. The scope of service was distributed at the meeting. We have worked successfully with them on the Hillsborough Road project as well. They are aware of our timelines with meeting county requirements and they would handle negotiations with the contractor directly. The bid for this project would most likely occur around this time in 2021. The start date is projected to be March 2021 with an opening in 2022. This project will require a budget amendment for \$91,000.

○ **Sherron Road**

The architect firm is DTW Architects and Planners. They will handle planning for plumbing, electrical, mechanical and structural work. Their total cost will be \$90,000. The goal is to get this project out to bid by April 2020 for a May 2020 start date and an April/May 2021 opening. This project will require a budget amendment.

○ **Holloway Street**

The Holloway Street store project will require a temporary location during the renovation which was not included in the FY2020 budget. This will require a budget amendment. The project is expected to be complete in twelve months with a March, 2020 start date. A temporary store location has been identified in the Village Shopping Center across the street from the existing store. Store size will increase from 2500 sq. ft. to 4000 sq. ft. Some items require approval. Lease has been negotiated but needs review by the attorney. Financials look good. Some costs associated with the move will require a budget amendment. Mr. Sullivan noted each expense and that one final estimate for moving security equipment and installing alarm system is still outstanding.

Work on the temporary location will start February 17th, 2020. Last day of business in the current location will be February 29th with an expected re-opening in the temporary location on Friday, March 6th. It will be a two year lease with a clause that allows us to terminate the lease with a 90 day notice after 12 months. The project is expected to take 12 months but could run longer. This lease allows for potential overrun. The cost of the base lease the first year will be \$52,858, with month 13 through 24 costing \$54,443.74. To get on the agenda for the ABC Commission's February meeting, all information must be submitted to the ABC Investigator by Friday, January 24th.

There was discussion about the 4-day closure for the store. Mr. Sullivan noted that staffing and fixture transfers would prohibit having two stores open at once.

The question was raised as to whether a guaranteed re-opening by March 6th was in the contract with Design Plus. It was noted that Design Plus has significant experience with NC ABC stores and we have used them on numerous projects. Barring weather conditions, there should be no problem meeting the March 6th date. Concern was raised over the customer's inconvenience during the 4-day closure. Ms. Davis noted that there would be announcements on our website as well as flyers directing the customers to the nearest locations for purchases.

- Each project's budget was reviewed individually so a motion could be made for each amount.
 - Hwy 55: \$91,000
 - Sherron Road: \$90,000
 - Holloway Street space prep: \$11,495 (excluding security)
 - Holloway Street Lease: Year 1: \$52,858; Year 2: \$54,443.74

Ms. Thorpe motioned that we amend the Sherron Road project to \$90,000. Seconded by Ms. Scott. Motion was approved.

Ms. Thorpe motioned that we amend the Hwy 55 project to \$91,000. Seconded by Ms. Scott. Motion was approved.

Ms. Thorpe motioned that we amend the Holloway Street project to \$11,495. Seconded by Ms. Scott. Motion was approved.

Ms. Thorpe motioned that we amend the Holloway Street lease for year 1 and 2 to \$107,291. Seconded by Ms. Scott. Motion was approved.

- **Warehouse**
 - Bryant Durham Electric was called out to install a new system to accommodate the new lift. Cost was \$4,837.50 for the extensive 2-day project. A budget amendment is required for this expense. A motion to approve was made by Ms. Thorpe. Motion was approved.
 - The racking system for the warehouse will be installed next week.
- **Staffing**

Lori Ford-Taylor will be retiring at the end of the month. Mr. Sullivan and Ms. Davis have 2 potential candidates to fill her position. Interviews will soon begin for 2 assistant manager positions to replace Elizabeth Harris who will be retiring at the end of the month and one other assistant manager who will be stepping down. Store Manager Robin Roberts will be retiring in July. The new store will also require a new store manager. Mr. Sullivan and Ms. Walters are continuing to address other vacancies.

Announcements

Mr. Lebkjes noted the upcoming conferences and meetings including the board retreat on Saturday, February 8th.

Closed Session

Ms. Thorpe motioned to go into closed session. Motion was approved.

Adjournment

Meeting was adjourned following closed session. The next meeting is scheduled for Monday, February 17, 2020.

Approved By: _____