

**Minutes of the Meeting
August 19, 2019**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard, on the 19th day of August, 2019.

Board Chair, Andy Miller, called the meeting to order at 5:30 p.m.

Board members Lawrence Daye, Donald Lebkes and Beverly Thorpe were present. Interim General Manager Misty Walters, Attorney George W. Miller, Jr., Durham County ABC Support Services Director Perlie Davis, Durham County ABC Finance Officer Lee Keatts and Agent Sean Hamilton with Alcohol Law Enforcement were in attendance. Rader Dorman, Durham County ABC Warehouse Manager, Niegel Sullivan, DCABC General Manager, and Phil Hillsman and Blake Rothwell with Alcoholics Anonymous were also present.

Conflict of Interest Review and Declaration

Chair Miller 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 present verbalized that they have reviewed the agenda and do not have any conflicts.

Consent Items

The first consent item approved was the June 3, 2019 Special Board Meeting Minutes. Mr. Lebkes motioned to approve the meeting minutes as presented. Ms. Thorpe seconded the motion and the Board approved unanimously. The second June 3, 2019 Special Board Meeting Minutes were approved with Mr. Lebkes motioning to approve the minutes and Ms. Thorpe seconding the motion. The Board approved the minutes unanimously. The June 12, 2019 Special Board Meeting Minutes were approved with Ms. Thorpe motioning to approve the minutes and Mr. Lebkes seconding the motion. The Board approved the minutes unanimously. The June 17, 2019 Special Board Meeting Minutes were approved with the addition to specify that the ABC store neighboring a restaurant with a grease leak was on Roxboro Road. Ms. Thorpe motioned to approve the minutes with the addition and Mr. Lebkes seconded the motion. The Board approved the minutes unanimously. Ms. Thorpe motioned to approve the minutes of the June 26, 2019 Board Meeting as presented. Mr. Lebkes seconded the motion and the Board approved unanimously.

General Business

Public Comment

Mr. Hillsman introduced himself to the Board and presented a proposal to display informative AA materials in DCABC retail stores. Mr. Rothwell requested any board members interested in the proposal to reach out to him personally.

At this time, Mr. Daye entered the meeting. Chairman Miller read the Board's conflict of interest review and declaration statement and asked Mr. Daye if he has reviewed the agenda and if he has a conflict of interest with any items coming before the Board. Mr. Daye stated that he has reviewed the agenda and does not have any conflicts of interest with any items coming before the Board.

The Board discussed the proposal. Chair Miller requested an example of the flyers to consider adopting the AA materials into DCABC's educational program. It was agreed that a flyer will be presented to the Board for approval.

Chair Miller introduced Mr. Sullivan as the new General Manager beginning September 3rd. The Board welcomed Mr. Sullivan to DCABC.

Financial Report

June and July Financials

Mr. Keatts reported the summary of income statement results as included in the board meeting packet. He noted that in June, DCABC was ranked 1st in sales out of the nine boards that DCABC considers for comparison purposes. Sales for the year were \$40,317,000, which is an increase of \$2,971,000 or 7.96% over last year. FY2018-19 was the best fiscal year out of the past three years. Net income for the year was \$1,590,000, a 64% increase over the previous year.

DCABC sales in July increased 14.2% over the previous year and ranked 3rd in sales out of the nine boards that DCABC considers for comparison purposes.

The Board discussed the increased sales figures. Ms. Walters and her supporting staff were recognized by the Board for outstanding sales results in June and July. Ms. Walters commended her managers for their efforts including creative store displays.

Budget Amendment

Mr. Keatts presented a budget amendment to the Board as included in the meeting packet. Mr. Lebkes motioned to approve the budget amendment as presented. Mr. Daye seconded the motion and the Board approved unanimously.

Support Services Report

Ms. Davis reported to the Board on support services for the month. She stated that DCABC continues to partner with the ABC Commission to follow up on special order liquor. A spreadsheet entailing the status of all special orders along with a copy of the form letter provided to customers were distributed to the Board. Ms. Davis noted that only one customer completed the survey attached to the letter, which may indicate a lack of customer complaints. The Board discussed the special order liquor process.

Ms. Davis reported that the ability to process electronic payments from mixed beverage customers is scheduled to begin on October 1st. She is working with Dalcom to implement this process and stated that there is a setup fee of approximately \$2,500.

Ms. Davis next reported on the ongoing digital signage project. On September 26th, an electrician is scheduled to pull power to the monitor locations. Dalcom is involved to ensure networking requirements are adequate. Research regarding content allowed on the monitors is underway.

Ms. Davis followed up on several items previously discussed. New gift cards are not issued but cards in circulation are processed. Computer backups are now conducted off-site as opposed to on-site. Outdated POS hardware and the firewalls were recently replaced.

Law Enforcement Report

Agent Hamilton reported to the Board on law enforcement activity in June and July. In June, 101 store checks were performed, 71 mixed beverage inspections, 45 inspections at non-mixed beverage outlets, 12 violation reports were submitted to the ABC Commission, 134 arrests were made, there were 209 charges from permitted establishments and 39 charges from non-permitted establishments totaling 235 misdemeanor charges and 13 felony charges.

In July, 43 store checks were performed, 48 mixed beverage inspections, 56 non-mixed beverage inspections, 21 violation reports were submitted to the ABC Commission, 74 arrests were made, 95 charges from permitted establishments and 64 from non-permitting establishments totaling 151 misdemeanor charges and 6 felony charges.

Throughout the past two months, ALE also conducted alcohol enforcement at multiple residences selling beer and liquor without ABC permits. Additionally, law enforcement removed a mobile methamphetamine lab in the vicinity of an ABC permitted establishment in Durham.

General Manager's Report

Ms. Walters reported to the Board on multiple recent events. An LB&B truck making a liquor delivery backed into the warehouse causing damage. There were two recent incidences of customers attempting to steal liquor bottles at retail stores and in both cases the Durham Police Department were involved. There was a gas leak at the warehouse due to a forklift hitting a ceiling gas pipe. The fire department and Dominion Energy responded and Bryant-Durham Services repaired the pipe. Ms. Walters delivered the June and July special order liquor reports to the County Commissioners. Ms. Walters discovered that CAI offers the service of reviewing policy manuals once annually at no charge and will perform this task for DCABC. Three groups of DCABC employees have toured local distilleries for educational purposes. Ms. Walters has met with numerous distillery representatives and, as a result, DCABC has added twenty new products to stores.

Recommendation for Part-Time Employee Pay Increase

Ms. Walters recommended to the Board that part-time employees with at least one year of service without any disciplinary action receive a \$.50 per hour pay increase. The Board discussed the history of pay increases for part-time employees and whether a percentage of pay versus a flat rate should be considered. Mr. Daye motioned to increase part-time employees' hourly rate by \$.50. The Board discussed increasing employees' pay by 4%. Ms. Thorpe motioned to increase part-time employees' hourly rate by 4% across the board. Mr. Lebkes seconded the motion and the Board approved unanimously.

Building Projects Update – Budget Amendment Hillsborough Road Store

Ms. Walters received three contract bids for parking lot expansion at the Hillsborough Road Store. The lowest bid received was \$204K. A budget amendment is required to accept the bid as only \$150K was budgeted for the project. The project is expected to take sixty days to complete.

The Sherron Road Store permit process is underway and Ms. Walters has met with the architect and site planner to confirm the building plans. The Holloway Street store architectural drawings were received and the permitting process is moving forward. The Guess Road Store landscaping project is now complete.

Ms. Walters recommended to the Board the purchase of flat panel LED lighting at the Roxboro Road Store. The upgrade cost totals approximately \$5K. The Board requested that Ms. Walters research the expected savings for the upgrade.

Generator Update

Ms. Walters continues to research generator costs and plans to follow up on a recent referral for competitive pricing.

Holiday Ordering

Ms. Walters updated the Board that holiday orders were completed prior to the deadline. The Board discussed increasing orders for liquor that sold out last holiday season.

Other Business

- **Review of Durham County ABC Board Compensation**
Chair Miller stated that additional information is needed prior to a discussion regarding DCABC Board compensation.
- **2019/20 Retreat Date Scheduling**
Chair Miller stated that the retreat should be rescheduled after two Board members are replaced.
- **Unused Grant Funds Distribution**
Ten thousand dollars in grant funds were not utilized by a grantee and returned to DCABC. Mr. Keatts explained that there is \$8K in grant funds that DCABC Law Enforcement carried forward and, after the final calculation at the end of the fiscal year, there is an additional \$6,553 available for grant funds. Therefore, a total of approximately \$24K is available for grant distribution. Chair Miller recommended that ALE use the funds for alcohol awareness and education.
- **Dalcom Update**
Ms. Davis previously reported on the Dalcom update.

Closed Session

Ms. Thorpe motioned for the Board to go into closed session to discuss a personnel matter – the general manager, real estate – potential land procurement, and approval of closed session minutes. Mr. Daye seconded the motion and the Board approved without objection.

Open Session

The Board returned to open session. Mr. Lebkes motioned to accept the recommendation of the Board on the real estate land procurement discussed during closed session. Ms. Thorpe seconded the motion and the Board approved unanimously. Ms. Thorpe motioned to accept the Board's recommendation on the executive session minutes from closed session. Mr. Lebkes seconded the motion and the Board approved unanimously.

Adjournment

Mr. Lebkies motioned to adjourn the meeting. Ms. Thorpe seconded the motion and the Board approved without objection.

Approved By: 

