

**Minutes of the Meeting
February 17, 2020**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard, on the 17th day of February 2020.

Chair Lebkes called the meeting at 5:35 p.m.

Board members Frachele Scott, Daniel Edwards, and Ryan Urquhart were present. General Manager Niegel Sullivan, Durham County ABC Support Services Director Perlie Davis, Special Agent Sean Hamilton with Alcohol Law Enforcement, Warehouse Manager Rader Dorman, Durham County ABC Financial Officer Lee Keatts, Durham County ABC Operations Coordinator Misty Walters, and Attorney George Miller 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 January 21st Board Meeting minutes. Ms. Scott motioned to approve the January 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

Mr. Keatts reported the summary of income statement results as included in the board meeting packet. Sales increased by 5.47% compared to the previous year due to one extra Friday in January. Retail sales increased by 7.35%. Durham County ABC was ranked 8th among the 9 largest boards. Statewide sales were 9.1% and year-to-date sales growth was 7.39%. Profit before distributions in Jan was \$171,000, compared to the operating budget of \$226,000. Negative overall profit before distribution was 54,000. Gross profit of sales were down \$100,000 in January. He noted that overall, year-to-date is in line with expectations. Keatts said he believed that one blip in a month will eventually level out.

Mr. Sullivan commented that we would, at some point, see an increase in cost of goods sold as we build up inventory purchased at a lesser price. The Board should see cost savings from buying popular items, like Tito's Vodka, in bulk over the next 6 to 12 months.

Support Services

Ms. Davis reported to the Board on Support Services activity for the month. Grant program advertisements are running this week and next week. The application period starts on March 1. There will be a grant information session on March 5. The deadline to apply for grants is April 30. Changes to the grant process documentation that were approved at the last board meeting have also been approved by the ABC Commission. The document is now available on the Durham ABC Board's website. The annual report is complete and under review.

Law Enforcement Report

Special Agent Hamilton reported to the board on law enforcement activity in January 2020. A total of 21 checks were performed at ABC stores; 61 mixed beverage inspections and 47 other inspections. One educational program was held in Durham County. Five violation reports were submitted to the ABC Commission, 62 total arrests, 113 charges at permitted establishments, 7 at non-permitted outlets, a total of 120 misdemeanor charges, and zero felony charges. The investigation did find that one mixed beverage outlet was discovered to have been purchasing some of their alcohol beverages from the Orange County instead of Durham County.

General Managers Report

Racking Project

Mr. Sullivan reported that the additional racking system in the warehouse has more than doubled the previously available pallet spaces.

Recognition

Mr. Sullivan gave an update on how staff is doing with increasing sales in the stores and stated that the staff has taken on the challenge. He acknowledged members of the retail staff for great customer service and pointed out successful "upsells" to customers in recent weeks which resulted in higher dollar sales. Mr. Sullivan reported that recognition helps to create a more competitive spirit between stores.

He also reported that in lieu of a managers meeting this week, the assistant managers will visit Mystic Distillery where they will learn about products and sales. Mr. Sullivan plans to rotate every other month between trainings and meetings.

Project Updates

The Hillsborough Road store parking lot improvement is now complete. There will need to be a budget amendment from \$220,000 to \$228,199.43. CJT has confirmed that everything is complete but we are still awaiting the last invoice for \$12,000 from Ward Construction Company.

Lighting upgrades are also recommended. Mr. Sullivan proposed upgrading two lighting fixtures to LED, like the ones that were added in the Roxboro Road store earlier this year. The total cost will be \$4,945. The quote from Bryant-Durham is good through the end of February.

Sherron Rd:

The Board is retaining final approvals to start construction. The bid will go out in March. DTW will handle the bid process and bids will be opened on May 1. Construction will begin June 1.

Holloway St:

All bids have come in and are being handled by DTW. They recommended that WC Construction Company out of Winston-Salem be awarded the contract. The bid came in at \$1,373,000. Mr. Sullivan reported that WC Construction took all of the allowances to win the bid. Mr. Sullivan also reported that DTW recommended we add an extra 10% to the budget for any unknowns. The total recommended budget would be \$1,510,300. They will need approval from the board tonight and the work on that store will begin March 2.

The Holloway Street store will be vacated on March 1. During the first three days of that week, the fixture contractor will take all fixtures out and move them to the other location. It will take five days to get everything moved to the temporary location, resulting in four days of no business. Mr. Sullivan responded to questions from board members about the store being closed for business for four days. He noted all of the reasons why the closure was unavoidable. He also noted that the public has been made aware of the move by word of mouth and postings in the store. Ms. Davis is working on changing the Google maps search information to the new temporary address.

Ms. Scott recommended we go with 20% for unknowns instead of 10% which is standard for overruns. That makes the recommended budget \$1,647,600. The board then made individual motions for all budget amendments:

- Dr. Urquhart motioned to amend the budget to \$228,199 for the Hillsborough Road location. Motion was seconded by Mr. Edwards. Motion passed.
- Ms. Scott motioned to approve the lighting upgrade at the Hillsborough store in the amount of \$4,945. Motion was seconded by Dr. Urquhart. Motion passed.
- Ms. Scott motioned to award the contract to the bid winner, WC Construction, in the amount of \$1,373,000 with an additional 20% contingency for a total of \$1, 647,600. Motion was seconded by Mr. Edwards. Motion passed.

Board members expressed some additional concern for potential bad press over closing the Holloway Street store for 4 days. They requested that Mr. Sullivan be prepared to respond should that occur. Ms. Walters did acknowledge that similar past projects did not result in bad press nor did it negatively impact overall sales. Mr. Sullivan stated that he would inform the county so they would be aware of what is occurring.

Generator Update

Mr. Sullivan reported that the pad had been laid for the generator that is being installed and the Durham Chapel Hill Blvd. Store. The previous board wanted generators at all locations, however, at \$50,000 per generator, it's not cost effective to do so. It is highly unlikely that our stores would lose a half million in sales due to power outages. This location will get a generator because of shared spaced with Mixed Beverage and the contract commitment had already been made. Another potential location would be the warehouse but the cost effectiveness would have to be considered.

Staffing update

Mr. Sullivan reported that some of the store managers and assistant managers are being moved to different locations. This brings new eyes and new perspectives impacted stores. Two people have applied for the open Roxboro Road manager position and will be interviewed this week. Two full-time clerks were promoted to assistant managers. One outside person was hired for an assistant manager position. One assistant manager is being promoted to manager.

One more full-time staff member is leaving resulting in four open full-time clerk positions. The plan is to hire more part-time staff to fill in the gaps until positions are filled. Mr. Sullivan acknowledged some of the challenges with finding qualified applicants. There was some discussion about minimum wages. Mr. Sullivan recommended that this be considered with the new budget so that an appropriate compensation review could be completed as well. Ms. Scott noted that the draft budget will be reviewed in May, approved in June and effective in July, so we are only looking at a few months.

Our new admin staff member, Jessica Alexander, starts Wednesday. The board requested she come to the next board member to introduce herself. Mr. Sullivan acknowledged Mary Ann Anderson, the temporary hire, who was here to fill the gap until the new admin person arrived.

Closed Session

Dr. Urquhart motioned to go into closed session to discuss property and compensation. Motion was seconded by Ms. Scott. Motion passed and the board moved into closed session.

Adjournment

Board returned to open session. There was no other business. Dr. Urquhart motioned that the meeting be adjourned. Motion was seconded by Ms. Scott. Meeting was adjourned. The next meeting is scheduled for March 23, 2020.

Approved By: _____

