

**Board Retreat Minutes  
February 8, 2020**

The February 8, 2020 Board Retreat was called to order at 9:06am by Board Chair Donald Lebkjes.

Board members Frachele Scott and Ryan Urquhart were present. General Manager Niegel Sullivan, Operations Coordinator Misty Walters, Support Services Director Perlie Davis, Financial Officer Lee Keatts and Attorney George Miller were in attendance.

**Conflict of Interest Review and Declaration**

Chair Lebkjes 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.

**Introduction**

Chair Lebkjes said the Board was holding this retreat as a strategic planning meeting for the Durham County ABC Board. The board members and admin staff took this time to introduce themselves and talk about their backgrounds.

**Company Overview**

Mr. Sullivan thanks ABC staff that has been planning the retreat for 2 months and gives an overview of what the board does.

**Retail**

The main functions of retail are to sell alcohol products to the public, receive and stock those products and maintain the stores through stocking, shelving and cleaning. Merchandising will be a main focus this year, as will world class customer service, through setting expectations. Each store has one store manager, one assistant manager, and two full-time clerks. Two staff members are required to be in each store at all times for security reasons. All stores are open from 9 a.m. to 9 p.m. Staff usually arrives between 8:00 a.m. and 8:30 a.m. and leaves by 9:30 p.m. Stores fill in as needed with part-time staff. There are currently 47 to 50 part-time employees that float between stores.

**Mixed Bev**

There has to be a Mixed Beverage Department to sell products to mixed beverage customers. Permitted establishments that sell mixed beverages can only purchase products from Durham County ABC. The Board must make sure that the department has what the mixed beverage customers need to sell in their establishments. Mixed Beverage receives orders and customers pick up their orders up at the Mixed Beverage store. There is an online ordering system. Sullivan explains the importance of maintaining relations with customers and establishments to drive

sales. At Mixed Beverage, there is one manager, one assistant manager, one full-time clerk, and part-time staff that does all of the order pulling.

### **Warehouse**

The warehouse orders and receives all product for the company. Orders are system-driven, and products with increasing trends, like bourbon, tequila, and pre-mixed products are viewed as premium selections.

Dr. Urquhart asked if there was a way to track peaks in sales of the premium selections. Mr. Sullivan responded that the Board has to wait two months to get that info from the state. They are working with Dalcom to have access to that information in real time. Sullivan also noted that they are looking at changing the truck schedule with the state. The Board currently gets a truck each Monday. The state is willing to send one truck on Monday, followed by trucks on Wednesday and Thursday, making that two full deliveries a week to stores and one sub-order. They are waiting on the state to give them a timeline.

The manager is required to have a CDL license, the assistant manager is only recommended to have one. There are six full-time warehouse clerks and one is required to have a CDL. Warehouse has one panel truck and two Toyota Highlanders. Sullivan recommends that the Board reviews the fleet over the next few months.

### **Administration Staff:**

Admin staff includes General Manager Niegel Sullivan, Financial Officer Lee Keatts, Support Services Director Perlie Davis, Operations Manager Misty Walters, Accountant Jackie Woody and Financial Assistant Denise Taylor. Lori Ford-Taylor just retired from the Office and Technology Assistant position, and her replacement will be starting on February 19. Staffing recommendations over the next couple months include adding an Administrative Coordinator. There has been a significant increase in special orders and Ms. Davis is managing them all. Mr. Sullivan also recommends outsourcing Human Resource functions. He wants the Board to offer risk management training, especially with having a warehouse. Ms. Woody handles most of the HR tasks. It affects her core role and he wants to be able to reduce her work load. To outsource would be relatively cost effective.

### **Background/History:**

Attorney Miller advises the Board that it has authority to obtain legal counsel and that counsel represents the board collectively, not individual members. He introduced a book about laws of sales and use of alcohol in state, and talks about the legal structure of the ABC Commission.

Mr. Sullivan mentions the Policy and Procedures Manual. The manual is a tool the Board uses for performance management. Mr. Sullivan reviews changes that need to be made, including an outdated six-day suspension policy for sexual harassment. He recommends updating and changing some policies in the manual to protect employees, staff and the company as a whole.

Dr. Urquhart asked if new hires receive training regarding sexual harassment, safety, etc. Mr. Sullivan responds that they currently do not, and that policies are enforced mainly from the manual.

Mr. Sullivan shows board members the current organization chart. When compared to three other boards, he recommends review for efficiency. He notes his concern with how many people are directly reporting to him. Instead of everyone reporting to him, he recommends having an Operations Director between himself and all of the stores and the warehouse.

Attorney Miller reviews the ABC Board's Operations Manual—a tool put together by the state for the purpose of helping the local boards run the day-to-day operations.

### **Tastings**

Attorney Miller said that the present law restricts stores to sell liquor by the drink. Distillers wanted to have tasting of products in local ABC stores where a permittee comes in during the day and uses a section during designated time to give patrons a small (.25 oz.) taste on-site. The distiller is only permitted to have two products for tasting. Patrons cannot buy from the distiller, and still must buy from the ABC store. Mr. Sullivan noted that there are ten tastings scheduled for February 21.

Chair Lebkes asked if stores advertise the tastings. Attorney Miller said he would review the statute.

### **10-Minute Break**

After reviewing the statute during break, Attorney Miller clarifies that the law allows a permit holder to provide point of sale advertising, but should not conduct sale of any product. The local board may post information about a consumer tasting event at a local administration office or any other ABC store within the local board system, and may provide notice to any mixed beverage permittee that purchases from the local board system. No local board shall advertise and no permit holder shall advertise or promote the consumer event to the public, or cause any person to do so on their behalf.

### **Distributions**

Mr. Sullivan noted that designated Board funds are given to local municipalities (Durham County and City of Durham). The state statute percentage is around 3 percent. Durham ABC is budgeted to give \$2.3 million to the county and \$255,000 to the city. Mr. Sullivan shows percentages that other boards give their local governments. Lebkes noted that by percentage, Durham County is #7 out of 9 boards when it comes to the amount it gives to local government. It gives a total of 6.23%. Chair Lebkes would like for the Board to raise the percentage to a

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higher number. Mr. Sullivan said the Board has to give funds to alcohol awareness and substance abuse as well. Last year, it awarded \$286,000 in grants; this year it will award \$301,000. Chair Lebkes recommends assigning a staff member to handle grants. Ms. Scott asked how Board grants are advertised. Ms. Davis responded that the Board runs ads in five or six media outlets for a two-week period, and also posts information on the Board's website. Dr. Urquhart asked how the Board records what grantee are doing with the money. Ms. Davis noted that grant reports are required from grantees. Board members discuss ideas about how grant funding can be better advertised to public.

Dr. Urquhart makes motion to go into closed session. The motion seconded by Ms. Scott. The motion is approved. The public meeting is adjourned and the Board moves into closed session.

The meeting is adjourned following closed session.

Approved By: \_\_\_\_\_

