

**Minutes of the Meeting  
October 18<sup>th</sup>, 2021**

The Durham County ABC Board met at the administrative office, 3620 Shannon Road, Suite 200, on the 18th day of October, 2021.

**Board Chair, Daniel Edwards, called the meeting to order at 5:38 p.m.**

Board Chair Daniel Edwards, Board members Donald Lebkes and Gale Adland, Durham County ABC General Manager Niegel Sullivan, Operations Director Misty Walters, Board Attorney George Miller III, Fiscal Services Director Phil Bair, Durham ABC real estate agent Mark O'Neal, and one person from the public were in attendance. Board members Frachele Scott, ALE Special Agent Brian Doward, Human Resources Generalist Wendy Thomas-Wilder were virtually present via Zoom.

**Conflict of Interest Review and Declaration**

Chair Edwards 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 first consent item approved was the September 20th, 2021 Board Meeting Minutes. Board Chair Edwards motioned to approve the meeting minutes as presented. Board Member Adland seconded the motion and the Board approved unanimously.

**Public Comment**

The member of the public presents himself as Nick Johnson, who (along with his wife) is the owner of Cast Iron Grill in Downtown Durham. Mr. Johnson explained how he came to the Durham County ABC Board two and a half years ago with a complaint about prior management. At this meeting, he returned to commend the excellent work that has been getting done recently, praising the Board for the change in management. He is very satisfied with the work of General Manager Niegel Sullivan, and feels Mr. Sullivan has provided tremendous efficiency and positive change to the workings of DCABC since his tenure. As a permittee who has been working in Durham since age 18, Mr. Johnson states he has seen more efficiency, accountability, and a more effective response since Mr. Sullivan became General Manager than ever before in his experience. As a business owner, Mr. Johnson believes DCABC has gotten much better under Mr. Sullivan's management, and praises Mr. Sullivan on making the changes that he believes had been "needed to be made since 1997." Furthermore, he applauded the Board for their support of the General Manager, and encouraged all members to continue their support of Mr. Sullivan's endeavors in making Durham County ABC more effective, further voicing his opinion that these improvements have "changed the way [businesses] have been able to operate for the better".

Board Chair Edwards uses the opportunity to ask Mr. Johnson, in his experience as a local and experienced business owner, about opportunities for improvement. Mr. Johnson mentioned he would appreciate some time to contemplate the issue further, and agreed he will email a list of items that he believes could be enhanced for the Board's review. Mr. Johnson goes on to reassure the Board that a lot of the issues he used to come across, he does not come across now. He called the Durham County ABC system "a prime example for other counties to follow".

The Board thanks him for his participation. No other public comments at this time.

### **Law Enforcement Report**

No questions were received from the Board and there were no other questions presented at this time. Mr. Sullivan recognized Law Enforcement's efforts not just in improved surveillance, but for helping reinforce overall security in all of DCABC's retail locations. Mr. Sullivan mentioned their work increases not only the safety of DCABC employees, but of all citizens of Durham County.

### **Financial Report**

#### **September 2021 Financials**

Fiscal Services Director Bair reported the summary of income statement results as included in the board meeting packet for September 2021. Retail sales decreased by \$93,672 or +2.74%. Mixed Beverage sales saw an increase of \$488,192 or +159.68%. Budgeted total sales for September were \$4,166,685 so there was a positive budget variance of \$143,401 or 3.44%.

The September sales increase for Durham County ABC Board of 15.61% was ranked 4th among the 9 comparative boards. The statewide increase was 10.27%.

Mr. Bair discussed profit distribution with the Board:

Profit before distributions for September was \$462,658 compared to the Operating Budget amount of \$338,187 giving a positive budget variance of \$124,471 or 36.81%.

Total September accrued Profit Distributions (based on Sales) were \$209,640 versus \$184,756 the prior year, an increase of \$24,884 or 13.47%. The BUDGETED Profit Distributions were \$205,708 so the actual for September was \$3,932 or 1.91% more than budgeted.

The year-to-date Net Income at September 30, 2021 was \$715,345 (Three months). This represents \$317,906 higher year-to-date net income than what was expected in the Operating Budget. Last year the same time period the three months ended September 30 we were over budget in YTD Net Income by \$656,972. Last year the budget was adopted with a very conservative goal regarding sales due to the uncertainty of how the pandemic would impact the company. This year's budget was approved anticipating modest growth from the prior year and that is currently what we are seeing in the first quarter of this fiscal year.

Board Member Adland voiced concern over the numbers presented for Mixed Beverage, suggesting the Board begin comparing this year's financials with pre-pandemic numbers as opposed to those from the prior year, 2020, for a more accurate idea of DCABC's progress. Mr.

Sullivan agreed that next month the Board will have pre-pandemic numbers as a comparison, but assured the Board that, even compared with pre-pandemic numbers, DCABC was on track to outpace Boards statewide.

Mr. Bair went on to congratulate store managers and the warehouse team for a “phenomenal” job on their inventory control, and further praised them for taking ownership of their inventory. Mr. Sullivan also commemorated the management and store teams who help each other through inventories. Operations Director Misty Walters noted excitement amongst separate store teams, who are working together to develop the inventory system, learn each other’s stores, and help each other succeed in making the inventory process concise. General Manager Sullivan also informed the Board that each location received three new wands to help with inventory. The new tools help each team do their job more effectively.

#### **Audit Report**

Mr. Bair concluded with the topic of a believed discrepancy in Page 3 of the Audit Report as presented in the September Board Meeting, disclosing that the calculation was correct and no edit was needed after all. Mr. Sullivan further reinforced that they were confident the percentage thought to be incorrect was indeed accurate. Hence, the audit has been submitted to the ABC commission as it was presented and without edit.

#### **General Manager’s Report**

General Manager Sullivan presented the Board with updates on DCABC locations:

##### **The Evolution of the Highway 55 Location:**

The Board viewed progress photos of the construction site on Highway 55. Construction of the location is moving at a rapid pace, and includes a visible frame of what will be a fully enclosed loading dock, which Mr. Sullivan explained will heighten the security of the staff.

##### **Comparative Sale Numbers of Stores**

Regarding the location on Holloway Street (Store 1): Mr. Sullivan reminded the Board of the gas leak that took time to fix in that store and the road work being done around the site, which he pinpointed as the culprits for their decreased numbers.

Hillsborough Road (Store 3) is doing a fantastic job, said Mr. Sullivan, and exclaimed Duke students and Duke’s parent weekend brought in great business.

The store on T.W. Alexander (Store 4) is holding comparable numbers to the Wake County store nearby.

The location in Sherron Road (Store 5) is doing well, but General Manager Sullivan believes its sales are inhibited by the lack of monument signage. Mr. Sullivan is hoping the issue will be resolved by the end of the year, noting he had a scheduled meeting between himself and the property management of Ravenstone Commons – the shopping center where Store 5 is located. This, he stated, will help improve visibility.

According to Mr. Sullivan, the store on Roxboro Street (Store 8) is doing well but has lost business to the DCABC location on North Pointe. Nevertheless, Mr. Sullivan praised this store's excellence in getting special orders for customers.

Mixed Beverage (Store 9) continues to do a great job, and the innovation of new procedures proves efficient as of yet. Friday mornings, previously their busiest mornings, have become a lot more manageable.

Inventory in Store 11 on Chapel Hill Boulevard is having issues, resulting in losses. Mr. Sullivan elaborated that there is a high probability that this is because of transfers made from Store 11 to Mixed Beverage. To alleviate these inconsistencies, Mr. Sullivan has challenged Mixed Beverage to drill down on the transferring procedures in hopes that the more accurate those procedures get, the more the system can keep up.

The numbers for the location on Highway 55 (Store 10) are climbing back up steadily. Recently promoted manager, Christa, received a praise from General Manager Sullivan, as "doing a great job merchandising and helping the store move". Mr. Sullivan emphasized to the Board that not much investment is going into this store as of late because the location is anticipated to move in the next nine months.

Mr. Sullivan stated his belief that the North Pointe store's (Store 12) decrease in numbers are only a matter of timing. The public is slowly becoming aware of this new location. As more citizens and local students become aware of its presence, the more the numbers for the store will climb.

Hope Valley (Store 14) was down slightly last month. Out of stock items impacted their numbers a bit, but Mr. Sullivan believes the staff has done a nice job working around those issues.

In closing these updates, Mr. Sullivan commended the staff in all stores, and stated that for retail numbers to be up at all is a "phenomenal feat" when you consider the widespread product shortages.

### **October**

Mr. Sullivan highlights that our retail sales in October are up 10%+ over last year. Mixed Beverage is continuing to trend 20%+ and up. Predicting another hiccup in the supply chain in the coming months, DCABC is stocking up on inventory. This will continue to keep us ahead of the curb and prevent us from scrambling for products to offer our customers, including popular, regular products that may usually be offered in Holiday Packs.

Mr. Sullivan gives kudos to the Board for raising wages for staff. The decision to raise wages, explained Mr. Sullivan, has assured DCABC is sufficiently staffed in the stores when other counties are losing employees.

### **Rebranding**

In closing, Mr. Sullivan presented the Board with DCABC's rebranding efforts. Mr. Sullivan commended Office Technology Assistant Ikzuri K. Garcia-Banda on her design of a new

DCABC logo and business cards for the Administrative Staff and Board. The updated logo consists of a bull head, representative of Durham's reputation as the Bull City, putting an emphasis on Durham's independence as its own municipal and not solely a part of the Research Triangle. The new logo colors are gold and a dark shade of teal. Each member of the staff in every store is receiving new, high-quality shirt embedded with the new logo. The rebrand presentation is highly commended by Board Member Adland.

**Closed Session**

Board Member Adland moved for the Board to go into closed session. Don Lebkes seconded the motion. The Board approved unanimously. The Board went into closed session.

**Adjournment**

Mr. Edwards motioned to adjourn the meeting. Mr. Lebkes seconded the motion and the Board approved without objection.

Approved By: 