

## **Minutes of the Durham ABC Board's Board Meeting**

**December 20<sup>th</sup>, 2022**

The Durham County ABC Board met at the administrative office, located on 3620 Shannon Road, Suite 200, on the 20<sup>th</sup> day of December, 2022.

Board Chair Daniel Edwards called the meeting to order at 5:30 p.m.

In attendance were Board Chair Daniel Edwards, Board Member Gale Adland, Board Member Donald Lebkes, Board Member Ryan Urquhart, and Board Member Frachele Scott was present via zoom. Also present was General Manager Lou Sordel, Assistant General Manager Deborah Warren, Human Resources Generalist Tristin Coleman, Fiscal Service Director Rachel Wadsworth, Operations Manager Michael Mitchell, Visual Compliance Manager Ikzuri K. Garcia-Banda and Board Attorney, George Miller III were in attendance. ALE Special Agent B. J. DeLello was presented 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 Donald Lebkes requested that we add the fact that Chairman Edwards and Donald Lebkes were also present at the fair held by the Commission and participated in activities. All other Board members stated that they do not have any conflicts.

### **Consent Item**

Chairman Daniel Edwards motioned to approve the November 15<sup>th</sup>, 2022 Board meeting minutes as it is written with the correction requested by Donald Lebkes and Gale Adland second the motion. All other Board members approved with the correction.

### **Public Comment**

No public civilians attended. Ikzuri did mention for the record, we did have someone wanting to join but they did not share all of the information needed to be present for this meeting. I reached out to them again and didn't hear back from them. I just wanted this noted in case they want to join next month.

### **Law Enforcement Report**

Special Agent B.J. DeLello spoke to the Board, stating that agents had a very busy month in November. We conducted 39 mixed beverage inspections, 9 regular ABC outlet inspections, and 1 alcohol education class. We submitted 9 ABC violations to the Commission for the month of November. Total number of arrests were 40. Charges at permitted outlets were 129. Total charges at non-permitted outlets were 19 and of these charges 125 were misdemeanor in nature. There was also 21 were felony charges as well. There are some events that happened in the month of November that we feel the DCABC should know about. On Tuesday November 1<sup>st</sup>, 2022 special agents conducted an ABC inspection at Maverick Smokehouse and Taproom on West Main Street in Durham, while conducting the inspection agents located two bottles of Grey Goose with tax stamps belonging to James Joyce Irish Pub, and a violation

was submitted to the ABC commission. On Tuesday, November 1<sup>st</sup>, 2022 special agents conducted an inspection at Boxcar Arcade on Foster Street in Durham. During the course of the inspection it was determined that the business was not defacing tax on spirituous bottles. A violation was submitted to the ABC Commission. On Thursday November 3<sup>rd</sup>, 2022 Special Agents conducted an inspection at Taylor Restaurant & Bar, located on West Chapel Hill Street in Durham. During the inspection, agents located an employee who had five outstanding arrest warrants for statutory rape of a child. Additionally, the employee was placed under arrest for possession of cocaine and drug paraphernalia items. The subject was served with outstanding warrants, as well as being charged with the felony possession of cocaine, possession of drug paraphernalia, and allowing drug offenses on agency license premises. A violation report was submitted to the Commission for these charges. We're particularly proud of that one because we don't want gentlemen like that working at ABC license establishments here in Durham. On Thursday, November 3<sup>rd</sup> 2022 Special Agents conducted an ABC inspection at Costa Azul. As a result of that inspection, we arrested three patrons on several felony drug offenses, after we found them in possession of methamphetamine. One was also in possession of a concealed firearm. Additionally, during this inspection of this establishment, we located additional bags of more methamphetamine in the kitchen area. A violation report was submitted to the Commission. On Saturday, November 5<sup>th</sup>, Special Agents conducted an agency inspection at LUNA nightclub. Located here in Durham, we received a complaint from the previous night from Durham Police Department that a security guard had discharged a firearm in the parking lot to break up a fight. As a result, of that inspection, we found that they were employing unlicensed armed security. They were also offering bottle service. We submitted a violation report to the Commission. On Saturday, November 5<sup>th</sup> 2022 we conducted enforcement operations in Durham. The purpose of this operation was to address criminal activity in and around ABC permitted establishments. The operation led to approximately one agency violation and 16 arrests consisting of four felony charges and 30 misdemeanor charges filed within the areas around ABC establishments or at ABC permitted establishments. On November 9<sup>th</sup>, 2022 Special Agents conducted an ABC inspection at El Deportista located in Durham, during the course of this inspection, we determined one of the bartenders was an unsuitable employee based on their criminal history of past alcohol violations. We submitted a violation report to the Commission. On November 18<sup>th</sup>, 2022 agents were able to obtain reasonable suspicion for a vehicle leaving the BP gas station, which is an ABC licensed establishment in Durham. As a result, the driver and passengers were found in possession of nearly an ounce of cocaine. Two people were arrested and charged with possession with intent to manufacture, sell, delivered cocaine and possession of drug paraphernalia. Also on November 18<sup>th</sup>, 2022 Special Agents conducted a surveillance at a Shell station in Durham. During that surveillance, Special Agents observed a narcotics transaction between the subject and an unknown male as we approached, subject fled on foot but was apprehended a short distance away. This individual was found in possession of cocaine, marijuana, and drug paraphernalia. We also recovered a handgun, which the subjects had tried to toss while he was running from us. We arrested that subjects and charge them with possession with the intent to manufacture, delivering cocaine, possession of a fire arm and possession of drug paraphernalia and resisting arrest and obstructing the public officer. Also on Friday, we obtain reasonable suspicion to stop a vehicle leaving the freeway BP located Austin Ave in Durham. As a result, the driver was found in possession of open malt beverages and nearly half a pound of marijuana. We charged the individual with possession of open container and possession with intent to manufacture and deliver marijuana and possession of drug paraphernalia. Also on November 18<sup>th</sup>, 2022 Special Agents conducted an inspection of La Parranda nightclub, which is located in Durham off Guess road. During the inspection, the business was found to be unoccupied and the doors were unlocked. The owner said he was unaware that business was left like that. We submitted a violation report to the ABC

commission for that. On November 18<sup>th</sup>, 2022 Special Agents conducted an ABC inspection of the licensed premises of Fayetteville Street grocery, also located in Durham. During the course of that inspection, an employee on duty was found to be intoxicated, we submitted a violation report to the Commission. Additionally, on this day special agents conducted an enforcement operation in Durham and the purpose of the operation was to address criminal activity in and around ABC licensed establishments with a main focus on underage possession, consumption and sales to underage people in Durham. During that operation, we made 19 arrests consisting of 14 felony charges and 33 misdemeanor charges. We additionally seized three firearms and submitted three violation reports to the ABC commission. On Tuesday, November 21<sup>st</sup>, 2022 we also conducted an ABC inspection at Costa Azul on Guess Road in Durham. During this inspection we located three bottles of empty spirituous liquor on the shelf with tax stamps that had not been defaced. And a violation report was submitted to the ABC commission. As you can see we had a busy month in November. There was also an incident located at store 5 on 115 Sherron Road. We had an agent inside, conducting an ABC store check when somebody crashed their car into the front of the store. The DCABC are working on getting this fixed.

We got a lot of stuff we're working on in January. Specifically, working on illegal outlets in Durham. This is important work because it affects the Durham County ABC commission significantly. So getting these illegal elements investigated and shut down is one of our biggest concerns and we are diligently working on them.

Chairman Edwards commended the ALE agents for doing a great job!

**Mrs. Adland, Board Member**

"We visited one of our grantee, El Futuro. I thought the visit went really great. They are located in Lakewood Shopping center. They made a nice handout for us, showing who they serve in Durham and what they are about. For example, they served over a hundred Durham County Latino residents with substance abuse issues, and prevention and treatment services since July of this year. They have served 563 individual Latino residents with mental health services as well. We met with several people from their staff, including Pablo Silva, who was their primary full time substance abuse counselor. His case load is over a hundred people and they are working on hiring another substance abuse counselor. They're really mindful about helping Latino's that need mental health assistance. They have been out doing outreach at churches as well. They have held activities similar to what we saw at the Commission's fair, where you would wear Alcohol Impairment goggles and operate a vehicle. This shows the kids what it would look like if you were drinking and driving. Hopefully, activities like this will deter young people away from drinking. I asked what their greatest need is right now and Mr. Silva stated they would like a golf cart, so they could continue these activities whenever possible. Mrs. Adland suggested that they request this in their grant application for next year. Mrs. Adland also stated that these are the types of organizations we should be supporting. I think they do very good work for the community. Also one of the ways I think you can tell that they're respected by the community is because they receive money from participatory budgeting from Durham County. I think it's really important that we do site visits for all of our grantees. We learn a lot about the grantee by doing onsite visits".

**Mr. Sordel, General Manager**

Mr. Sordel introduced Lisa Gosselin to the board members. We conducted several interviews and Miss Lisa was the most experienced and knowledgeable in our business. She comes with 25 years of experience working with the NH Liquor Commission.

**Mrs. Coleman, Human Resources Generalist**

“This will be the last Durham County ABC board meeting for this calendar year. I would like to recognize the entire staff for what we're doing here and creating an awareness of moving the needle forward with our current staff and that we are not afraid to be progressive. We have some great ideas and concepts for the future and we are striving to be more inclusive. With that being the foundation of how we're engaging with our stores, our store managers, assistant managers and clerks. We did a managers harassment training with Managers. We believe in giving the stores the tools to be great managers is key. Now that we are in December, we're recognizing that our efforts using constructive communicating and trainings like this creates a concise message to our Managers and Assistant Managers. We are changing the narrative in the stores and creating interrelations between our store managers and their entire staff. They are learning how to communicate effectively with each other. We are also changing the mindset of just coming into work, to wanting to come into work. We are also giving them the tools to help increase sales. It's about building a relationships and a culture within the store. With the enthusiasm we are receiving from our stores, we have had two Assistant Store Manager positions opened up. We had five applicants from within apply. This is just a testament of them believing that we're here to support and cultivate from within. We're really excited about the applicants that applied. They all interviewed well, which made choosing really difficult. It also made us more aware that we're on the right path. Currently, we employee 123 team members in the stores, office and warehouse. We are also asking our store managers and assistant managers to hold store meetings to check the pulse of the store. It's like a health check. We also check the culture of the store to make sure they understand what we're doing, why we're doing it and so new team members and existing members understand what DCABC is all about. I'm also getting ready for the end of the year and wrapping year end reports, and helping out my team the best way I can. Since I've started in May we have focused on staying on course and being progressive, being aware and dialing into our team. We're just going to be bigger and better and stronger in 2023. Mrs. Coleman stated, The feedback that we've receiving from the managers, assistants, clerks and other employees has been great and the energy is good. This newer team has different eye and looks through a different lens on how to engage with our employees”.

Mr. Sordel mentioned, in the past we had a hard time filling position internally and now we have a lot of internal candidates apply. I feel we are creating good energy and heading the right direction.

The board praised our efforts on our changes. Chairman Edwards shared a great experience he had in one of our locations and saw our efforts and customer service skills first hand.

**Ms. Garcia-Banda, Visual Compliance Manager**

I'm excited to share with you that we're down to the last two steps in the website process. One is basically getting out of our contracts that we have right now. That's going to take probably another month or so. We are currently working on getting the product search link to work on the new website also. If all goes according to plan, we should have the new website running in early 2023 and that's very exciting to me. Thanks to Rachel and Darby we are meeting with Dalcom tomorrow. During our November meeting we talked about our grant programs and what we do for the community. I've been talking to the team about it and they gave me a lot of great feedback. So thank you to everyone. We put some major facts about our grant programs and what we've done for Durham County on a poster. The poster is now hanging in our main office for everyone to see. We will be putting these posters in our stores to show the community what we are doing for our grantees and Durham County. I'm also working with Durham magazine on getting our Durham County grant recipients advertised in their magazine. We want to expose what we are doing to help out our community.

George Miller stated "we should also send the grant poster to the ABC Commission and the County Commissioner".

**Mr. Mitchell, MXB Operations Manager**

Mike reviewed our MXB sales numbers with the board for the month of November. Our MXB sales were \$1,087,585.00, which means we beat our goal for November. During the month of November we received 5 new mixed Beverage accounts. I want to also update you on our current sales during December. For the first half of December, we have generated \$709,512.18 in MXB sales. And our yearly month to date sales are at 3,154,613.89 in retail sales. I feel we will once again do a repeat for the month of December and do over 1 million dollars in MXB sales. Our MXB sales for the month of November were \$1,087,656.00. We are on track to hit over 5 Million dollars in sales. Stores have finished up inventory and it went well thanks to our stores and Malon. Malon continues to do a great job keeping our stores stocked which means our customers are happy. We have had a huge decrease in customer complaints. Mr. Mitchell talked about how to increase the MXB sales in 2023. We are looking at ideas to help increase sales during the slower months of January and February. We will focus on things that interest our MXB accounts, like barrels buys made exclusively for them with their name on it.

**Ms. Warren, Assistant General Manager**

We are continuing our motto, "Show them who we are". We will also be continuing our in store tastings through the holidays. Most Boards within the ABC have discontinued their in store tastings. We will also be visiting and supporting our grantees, providing great customer service to our customers, and keeping our stores presentable and well stocked. This will show everyone who the Durham County ABC board is. Ms. Warren presented a slide show of some of our most recent events which included, Mrs. Stacey giving her presentation to store managers, several in store tastings, visiting some of our grantees, and our Holiday tree selection. Stacy gave a presentation on the states rules and regulations for our managers and assistant managers. Ms. Warren also talked about the accident at store 5 on Sherron Road in Durham. A customer ran into the front of the building and damaged the wall. Building inspectors inspected the building for any structural damage. There was some damage to product and we had to relocate the vodka section so the engineers could inspect the damaged wall. We are in the process of

getting someone to fix the outside brick wall. The insurance companies are involved and we are awaiting more information from the adjuster.

Mr. Sordel mentioned, that we don't need to wait for the insurance company to come out. We can just go ahead and put it out for a bid and submit any quotes to them. They'll approve it and we can move forward quickly. Paul has taken over and he will be sending a structural engineer out for the first assessment because the gypsum wall on the inside cracked and we want to make sure the structural integrity of the wall was not compromised.

**Mrs. Wadsworth, Fiscal Service Director**

Our sales are looking good and we are ready for the holidays. This is due to great customer service, on the retail and mixed beverage side. YTD we are up 10% over last year and we are already above our goal for year to date. Malon is doing a great job in decreasing our warehouse purchasing, inventory and getting ready for the slower months of January and February. Rachel talked about individual store sales and that most of them have seen a nice increase in sales. She also mentioned that office staff will be meeting with Dalcom tomorrow to review some of the issues we are having. Dalcom is also working on the mixed beverage sales and the issues we have encountered with showing our retail and MXB sales separated. Once this is fixed she will be able to show the income balance sheet more accurately. She extracted the sales information for the Board so they could see the sales information. She is also working with our new bank and we are getting our MXB checks verified more quickly.

Mrs. Wadsworth briefed the Board on the details of the financial report as noted below.

Durham County ABC sales of \$5,681,364 for November increased \$663,306 or 13.22% compared to the prior year. By business line, Retail sales increased \$347,198 or 8.17% and MXB sales increased \$252,815 or 30.31%. Budgeted total sales for November were \$5,122,657 so there was a positive budget variance of \$558,707 or 10.91%. November MXB sales for 2021, 2020 & 2019 were \$834,201, \$311,586, & \$797,023, respectively. The November sales increase for Durham County ABC Board of 11.81% was ranked 3rd among the 9 comparative boards (Cumberland, Orange, Wake, Mecklenburg, New Hanover, Greensboro, Triad and Asheville.). The statewide increase was 7.97%. Year-to-Date Sales Growth Trend – Five Months Ended November 30: 2023 10.57% 2020 8.82% 2022 16.55% 2019 7.83% 2021 11.12% 2018 3.25% For informational purposes, the ANNUAL sales growth trend is shown below for the previous 5 years. Year-Over-Year Sales Increase Trend – For 12 Months Ending June 30: Dollars Sales Increase Percent Sales Increase FY2022 \$6,862,663 13.94% FY2021 \$5,036,536 11.40% FY2020 \$3,880,751 9.63% FY2019 \$2,971,076 7.96% FY2018 \$1,273,763 3.53%.

Mrs. Wadsworth stated we are currently unable to produce 100% accurate Income or Balance Statements due to an error within the accounting software programming. Work is in progress with Dalcom to correct the programing errors causing the mapping issues. It is our hope that this will be corrected by the end of December, and that we will be able to provide previous and current reports at the January board meeting.

Board member Lebkes requested month by month store sales from the past 3 years. Rachel said she would present this request during our retreat.

**Mr. Sordel, General Manager**

**Mr. Sordel** talked about our sales during October and November. He also updated the board on how we are doing so far in December. He feels we will end this year with strong sales numbers. He also mentioned the Bourbon Lottery and that we have received our allocation and we will be contacting the winners in the near future.

He also talked about the General Managers Conference that will be held on March 12-14, 2023 in Wilmington, North Carolina. He also presented a proposal date for our yearly retreat on Feb 11<sup>th</sup> 2023.

**Adjournment: Ask Lou if he remembers who adjourned the meeting**

Board Member Donald Lebkes motioned to adjourn the meeting. Board Member Gale Adland seconded the motion and the Board approved without objection, and the meeting was adjourned at 6:55 PM.

Approved by:  \_\_\_\_\_

Daniel Edwards, Board Chair