

BOARD MEETING MINUTES: November 30, 2022 ABC Headquarters

Call Meeting to Order at 9:13 a.m.

At Attendees

Board Chair Maria Everett
Board Vice-Chair Beth Hungate-Noland
Board Member Greg Holland
Board Member William Euille
Board Member Mark Rubin
Chief Executive Officer, Travis Hill
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Digital and Brand Officer, Vida Williams
Chief Administrative Officer, David Alfano
Deputy Secretary, Chris Curtis
Chief Information Officer, Paul Williams
Director of Education and Prevention, Katie Crumble
Strategy and Analytics Consultant, Dhara Amin
Strategy and Analytics Program Manager, Barbara Wilson
Hearing & Appeals Legal Counsel, Rachel Yates
Hearing & Appeals Intern, Rebecca Lovelace
Director of HR, John Singleton
Office of the Attorney General, Jim Flaherty
Senior Legal Counsel, Tonya Hucks-Watkins
Executive Assistant, Kathleen LaMotte

Approval of Minutes

Changes were made to the minutes of the October 20, 2022 meeting to clarify the approval of Enactment Clause 14. Board Member Euille moved to accept the minutes as amended, Board Member Rubin seconded the motion. The motion passed on a roll-call vote of 5 – 0.

Regulatory Review

The matrix prepared by the Authority's Office of Legal Counsel comparing the current regulation, the proposed change, the stakeholder position, and ABC's Position as well as an appendix citing applicable Virginia Code sections are attached to these minutes as Appendix A. After discussion and input from members of the public, Board Vice-Chair Hungate-Noland moved to approve the amended proposed regulations to post to Town Hall for further comment. Board member Euille seconded the motion. The motion passed on a roll-call vote of 5 – 0.

Closed Session

- At 11:35 a.m., Board Chair Everett moved that the Board enter closed session for legal advice from counsel concerning violation of a Board order pursuant to 2.2-37.11(A)(8). Board member Rubin seconded, and the motion passed 5 – 0 on a roll-call vote. Attending the closed session in full were Maria Everett, Beth Hungate-

Noland, Greg Holland, Mark Rubin, William Euille, John Daniel, Jim Flaherty, Travis Hill, Rachel Yates, Tonya Hucks-Watkins, Tom Kirby and Chris Curtis.

- When the Board returned from Closed session at 12:42 p.m. Board Vice Chair Hungate-Noland moved to certify that to the best of her knowledge nothing was discussed in the closed session but advice from legal counsel pursuant to 2.2-37.11(A)(8), and only public business matters lawfully exempted from open meeting requirements were discussed. Board Member Euille seconded; the motion passed on a roll-call vote of 5 - 0.

New Business

Approve Recommendations of Real Estate Committee

Board Member Holland moved to accept the REC's recommendations for one new store, Store 528 (Jonesville), one expansion, Store 051 (Lake Monticello), no relocations, and 7 (seven) renewals, Store 069 (Chesapeake – Cahoon Commons), 128 (Norfolk – Ocean View), 147 (Monterey), 108 (Henrico – Crossridge), 134 (Norfolk – Colley Village), 384 (Centreville), and 163 (Orange – Orange Village). Board Member Euille seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote 5– 0.

Approve Background Check Policy

John Singleton presented a revised Background check policy and procedure to align with the Authority's decision to change the vendor used to provide background checks. The new vendor, Hireright, will provide a more comprehensive check in an automated and efficient manner. The Authority's Bureau of Law Enforcement completes a more comprehensive check than the rest of the Authority and will not be impacted by this change. Some more sensitive positions will also undergo more comprehensive background checks.

Board Member Holland moved to approve the proposed policy as amended. Board member Rubin seconded the motion, which passed on a roll call vote of 5 – 0.

Approve Virginia ABC Board of Directors Virtual Meeting Policy

Dhara Amin presented this policy, which was drafted with Chris Curtis' assistance. This policy is a revision of the prior Board Meeting by Electronic Means policy, and confirms with new requirements under FOIA.

Board member Euille moved to approve the Virtual Meeting policy, Board member Holland seconded the motion. The motion passed on a roll-call vote of 5 – 0.

Approve VHESUAC and VOSAP Annual Reports

Katie Crumble discussed the two reports sent to the Board for the Virginia Higher Education Substance Use Advisory Committee and the Virginia Office for Substance Abuse Prevention. Vice-Chair Hungate-Noland moved to approve the reports, Chair Everett seconded, and the motion was approved on a roll-call vote of 5 – 0.

Approve ABC Authority Annual Report

The Board reviewed and discussed the annual report. Edits to the Chair's message will be provided directly to the Communications Department. Vice-Chair Hungate-Noland moved to approve the annual report as Amended, Chair Everett seconded the motion. The motion was approved on a roll call vote of 5 – 0.

Chief Reports

Cortley West, Director of DEI for Elizabeth Chu, Chief Transformation Officer

Mr. West reported that:

- The Transformation office has been doing great work since the last Board meeting. The Change Management Office (CMO) achieved good preliminary tangible results with the Distribution Center's (DC) Holiday readiness project. Turnover is greatly reduced at the DC, and Mr. Dunham added that the DC has achieved a new milestone for the number of days without a safety incident, and a safety management engagement group has been meeting monthly. A celebration will be held when the DC breaks the Authority's record of 118 days without an incident.
- Progress continues on the Authority's cultural evolution – the C-Suite approved a roadmap and values statements, which should be ready to go before the Board in February.
- Mr. West met with Authority leaders to see how the DEI office may support the Authority's Strategic Plan and One Virginia goal as well as solicited suggestions on what they deemed important for DEI to focus upon I. The DEI Sharepoint page is up and running to provide resources to all Authority employees. Two Employee Resource Groups (ERG) for Veterans and Women are up and running, and there have been some inquiries on starting new ERGs.
- The Project Management Office (PMO) reports that 67% of prioritized projects are on schedule. 8 on schedule, 4 are not. Details are listed in the PMO report provided to the Board.
- The Strategy and Analytics office reports that work on the Authority's updated strategic plan are progressing well. Mike Berman will present to the Board in an upcoming meeting.

Chief Digital and Brand Officer Report

Vida Williams reported that:

- There is a joint effort between the Authority's Marketing and Communications departments to utilize the existing "dry-January" timeframe to highlight mocktails and non-alcoholic products, including the gin substitute Seedlip, which is carried in the stores now.
- The Authority has received six responses to the RFP for a new eCommerce platform. Ms. Williams hopes to make a decision in January to select a vendor that will meet the needs of the Authority's customers.
- Data Management and Governance needs are under review to place an RFP with responses due in January.
- Discussions are underway regarding the Commonwealth Data Trust and potential collaboration as an Authority.
- Communications is preparing a media response to address any actions the Authority may take with regards to potential enforcement action regarding a licensee's noncompliance with a court order.

Government Affairs Officer/Chief Counsel Report

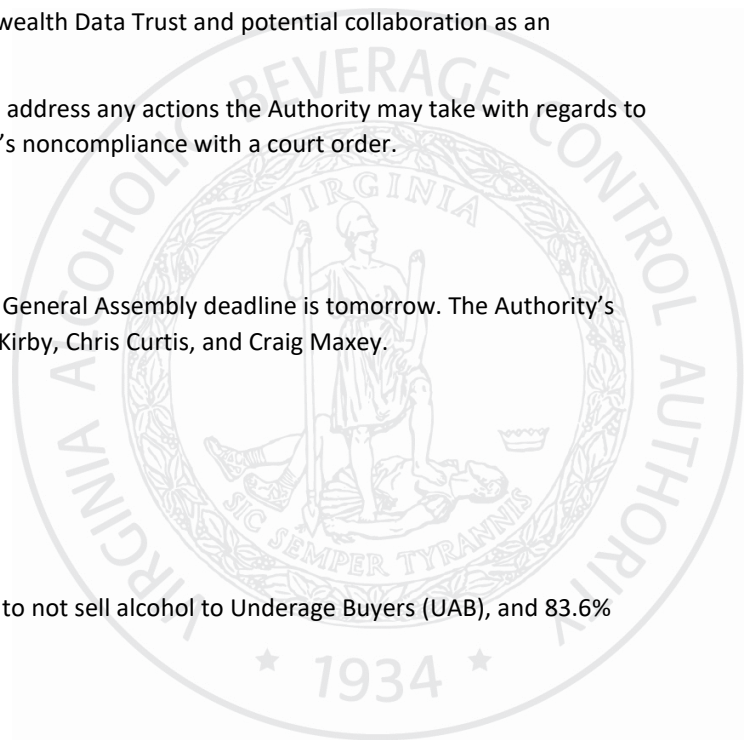
John Daniel reported that

- The prefile deadline for potential new bills for the General Assembly deadline is tomorrow. The Authority's Legislative team is comprised of Mr. Daniel, Chief Kirby, Chris Curtis, and Craig Maxey.
- The Legal Counsel's office is now fully staffed.
- Previously provided report were reviewed.

CLEO Report

Chief Kirby reported that:

- There was an 86.6% compliance rate for licensees to not sell alcohol to Underage Buyers (UAB), and 83.6% compliance rate with tobacco.



- The Authority continues to discuss their continuing role in tobacco checks with the Virginia Department of Behavioral Health and Developmental Services.

Chief Retail Operations Officer Report

Mark Dunham reported that:

- DC Stabilization – in October there was a 20% improvement over the previous month.
- The Authority is reviewing Bailment agreements, many have not kept up with technology.
- Sales are up 2.9%, but up 4% over last year taking into account the end of November. The jump in sales may relate to the doorbusters promotion and holiday marketing campaigns. Preliminary numbers appear to be very positive. Out of stocks are still volatile, but the good news is from an inventory health standpoint, stores are in stock on most in-demand products.
- A sales event is planned for New Year's, and Grand Opening events for stores in Roanoke and Winchester will be scheduled for the new year.

Chief Administrative Officer Report

Dave Alfano reported that:

- Reviewed reports previously provided to the Board. The favorable variances demonstrated are largely driven by the number of open vacancies in the Authority. A new tool was recently developed to give the Authority greater insight into those unfilled positions. The C-Suite will perform a deeper dive to determine what may be done to fill vacant positions faster or determine if they are needed.
- He also previewed findings from APA audit. The Authority submitted the formal responses to the APA and expects to receive their final report later this month.

Chief Information Officer Report

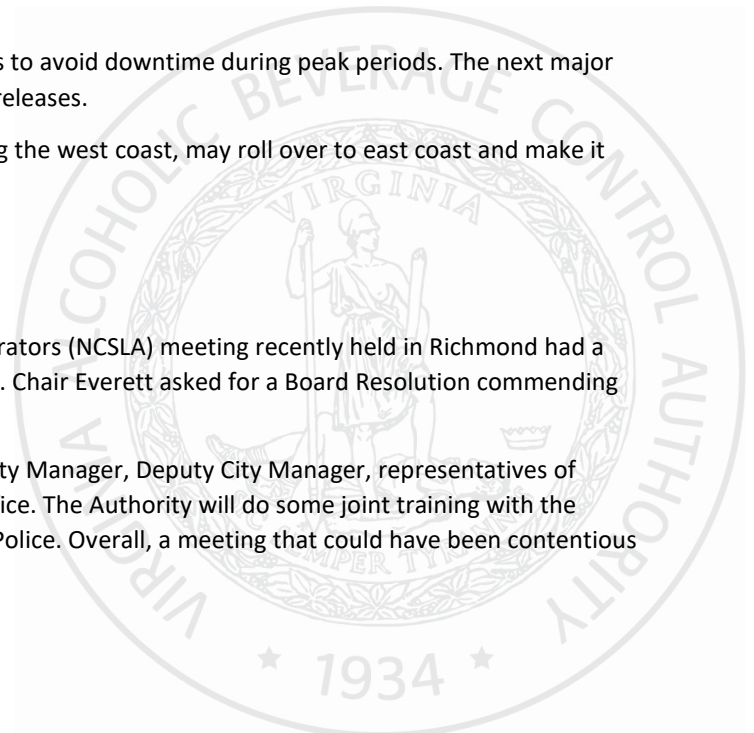
Paul Williams reported that:

- The Authority's reliability since migrating from VITA is 99%. In November there was an Oracle outage that took down most of the Authority's systems.
- The Authority is slowing down major deployments to avoid downtime during peak periods. The next major releases in January for online ordering and other releases.
- There are major layoffs in the tech sector effecting the west coast, may roll over to east coast and make it easier to hire talent in the new year.

CEO Report

Travis Hill reported that:

- The National Conference of State Liquor Administrators (NCSLA) meeting recently held in Richmond had a great turnout with good feedback from attendees. Chair Everett asked for a Board Resolution commending folks involved in NCSLA
- Several ABC representatives met with Norfolk's City Manager, Deputy City Manager, representatives of Norfolk Police Department and City Attorney's office. The Authority will do some joint training with the Norfolk Police and support the efforts of Norfolk Police. Overall, a meeting that could have been contentious was collaborative and thoughtful.



- Mr. Hill provided an update on larcenies of Hampton Roads stores. Police made an arrest of the individual that appeared to be the ringleader of this organized shoplifting ring. ABC will continue to engage with local jurisdictions. Chesapeake police had some concerns about ABC’s position – a planned meeting with that jurisdiction is delayed due to Chesapeake Wal Mart shooting.
- IT is working on upgrading the cameras in some stores and giving BLE faster access to camera feeds.
- The Authority received a FOIA request from the Mattaponi Tribe regarding a planned winery on the tribal land.
- Mr. Hill met with the Commissioner of the Virginia Department of Agricultural and Consumer Services (VDACS), which houses the Virginia Spirit Board.
- Mr. Alfano and Mr. Hill attended the Governor’s Advisory Council on Revenue Estimates (GACRE) meeting. The upcoming budget will reflect a middle of the road approach, as it is uncertain whether or not a recession will begin, and how severe it may be.
- Mr. Hill reviewed the recent Governor’s Monthly Management Review (MMR) Report, which is attached to these minutes as Appendix B.
- Mr. Hill will travel to the NCSLA Board meeting tomorrow and will attend an event in Burnt Chimney next week with Secretary Lohr.

Comments from the Board

Kathleen LaMotte will circulate dates to consider for Board meetings through the remainder of calendar year 2023.

Public Comments

None

Meeting Adjournment

Meeting adjournment at 3:30 p.m.



<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
<p>3 VAC 5-20-40 Advertising; print and electronic media.</p> <p>A. Alcoholic beverage advertising in the print or electronic media is permitted with the following requirements and conditions:</p> <ol style="list-style-type: none"> 1. All alcoholic beverage advertising shall include the name and address (street address optional) of the responsible advertiser. 2. Advertisements of alcoholic beverages are prohibited in publications not of general circulation that are distributed or intended to be distributed primarily to persons under 21 years of age. All advertisements of alcoholic beverages are prohibited in publications distributed or intended to be distributed primarily to a high school or younger age level. <p>B. As used in the section, "electronic media" shall mean any system involving the transfer of signs, signals, writing, images, sounds, data, or intelligence of any nature transmitted in whole or in part by a wire, radio, television, electromagnetic, photo-electronic, or photo-optical system, including, but not limited to, radio, television, electronic mail, and the Internet.</p>	<p>Advertising; print and electronic media.</p> <p>A. Alcoholic beverage advertising in the print or electronic media is permitted with the following requirements and conditions:</p> <ol style="list-style-type: none"> 1. All alcoholic beverage advertising shall include the name and address (street address optional) of the responsible advertiser. 2. Advertisements of alcoholic beverages are prohibited in publications not of general circulation that are distributed or intended to be distributed primarily to persons under 21 years of age. All advertisements of alcoholic beverages are prohibited in publications distributed or intended to be distributed primarily to a high school or younger age level. <p>B. As used in the section, "electronic media" shall mean any system involving the transfer of signs, signals, writing, images, sounds, data, or intelligence of any nature transmitted in whole or in part by a wire, radio, television, electromagnetic, photo-electronic, or photo-optical system, including, but not limited to, radio, television, electronic mail, and the Internet.</p> <ul style="list-style-type: none"> • VA ABC proposes no changes to this regulation; however, the stakeholders would like for revisions to be made to address social media postings. 	<p>Proposed language from Stakeholders:</p> <p>C. (I) The listing of the names, addresses, telephone numbers, email addresses, or Internet Web site addresses, or other electronic media, of an on-sale or off-sale retailers selling beer produced, distributed, or imported by a nonretail industry member does not constitute a thing of value or prohibited inducement to the listed on-sale or off-sale retailer, provided all of the following conditions are met:</p> <ol style="list-style-type: none"> 1. The listing does not also contain the retail price of the product. 2. The listing is the only reference to the on-sale or off-sale retailers in the direct communication. 3. The listing is made, or produced, or paid for, exclusively by the nonretail industry member.” <p>(II) Nonretail industry members that utilize this Section C agree to the following:</p> <ol style="list-style-type: none"> 1. To make advertising services under this Section C available to all retailers as requested. 2. To the extent the information is maintained in the normal course of their business, agree to make available a webpage or via other electronic means, a place where 	<p>VA ABC is concerned about the authority to permit this “thing of value” that on its face is a violation of §4.1-216(C) of the Code without some legislative action/change/exception.</p> <p>VA ABC would prefer that it be open to all retailers.</p>

	<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
			<p>consumers can find the nonretail industry member's products at retailers in their area.</p> <p>D. Manufacturers and wholesalers of alcoholic beverages are responsible for the content of their own paid social media postings and messages to their owned channels. A licensee may promote its own business and products in a lawful manner.</p> <p>E. Manufacturers and wholesalers may post information listing at which retail establishments their products are available for purchase, provided the information is limited to:</p> <ol style="list-style-type: none"> 1. The retailer's logo or name and may include address, telephone number, website address; and <p>F. Manufacturers and wholesalers may post information concerning upcoming events to be held at retail establishments so long as:</p> <ol style="list-style-type: none"> 1. The event involves the products they manufacture or distribute; 2. The manufacturer or wholesaler is authorized by board regulation or statute to be present and participating in the event (i.e., tasting event); 3. The manufacturer or wholesaler intends to participate in the event; and 	

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			<p>4. Any information posted on a social media site is limited to the logo or name, address, telephone number and website address of the retail licensee at which the event is to be held.</p> <ul style="list-style-type: none"> Stakeholders also point to this is an allowable practice by TTB and in 28 states. Stakeholders point out that making the service available to all retailers is impossible. 											
<p>3 VAC 5-30-40</p>	<p>Deposits on containers required; records; redemption of deposits; exceptions.</p> <p>A. Wholesalers shall collect in cash, at or prior to the time of delivery of any beer sold to a retail licensee, the following minimum deposit charges on containers:</p> <table border="1" data-bbox="486 979 1032 1304"> <tr> <td>Bottles having a capacity of not more than 12 oz</td> <td>\$.02</td> </tr> <tr> <td>Bottles having a capacity of more than 12 oz. but not more than 32 oz</td> <td>\$.04</td> </tr> </table>	Bottles having a capacity of not more than 12 oz	\$.02	Bottles having a capacity of more than 12 oz. but not more than 32 oz	\$.04	<p>Deposits on containers required; records; redemption of deposits; exceptions.</p> <p>A. Wholesalers shall collect in cash, at or prior to the time of delivery of any beer sold to a retail licensee; <u>Wholesalers shall charge the same deposit fee for all of their retailers. - the following minimum deposit charges on containers:</u></p> <table border="1" data-bbox="1085 1011 1542 1385"> <tr> <td>- Bottles having a capacity of not more than 12 oz</td> <td>\$.02</td> </tr> <tr> <td>- Bottles having a capacity of more than 12 oz. but not more than 32 oz</td> <td>\$.04</td> </tr> <tr> <td>- Cardboard, fibre or composition cases other than for 1 1/8 or 2 1/4 gallon kegs</td> <td>\$.02</td> </tr> </table>	- Bottles having a capacity of not more than 12 oz	\$.02	- Bottles having a capacity of more than 12 oz. but not more than 32 oz	\$.04	- Cardboard, fibre or composition cases other than for 1 1/8 or 2 1/4 gallon kegs	\$.02	<p>It is the wholesalers' position that mandatory minimums offer protection in that they give a mandatory price that the wholesalers can work from.</p> <p>Instead of the proposed changes, the wholesalers have requested an update of the minimum prices, as the amounts currently in the regulation have not been adjusted since 1994.</p>	<p>It is Virginia ABC's position that the wholesalers are in the best position to understand the market and set appropriate deposit amounts.</p> <p>As such, it is Virginia ABC's position that the proposed change is more efficient than the frequent updates to the regulation that would be required to accommodate a changing market.</p>
Bottles having a capacity of not more than 12 oz	\$.02													
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Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<u>Current Regulation</u>			<u>Proposed Change</u>			
	Cardboard, fibre or composition cases other than for 1 1/8 -or 2 1/4-gallon kegs	\$.02		<ul style="list-style-type: none"> - Cardboard, fibre or composition cases for 1 1/8 -or 2 1/4-gallon kegs \$.50 - Kegs, 1 1/8-gallon \$1.75 - Kegs, 2 1/4-gallon \$3.50 - Kegs, 1/4-barrel \$4.00 - Kegs, 1/2-barrel \$6.00 - Keg covers, 1/4-barrel \$4.00 - Keg covers, 1/2-barrel \$6.00 - Tapping equipment for use by consumers \$10.00 - Cooling tubs for use by consumers \$5.00 - Cold plates for use by consumers \$15.00 			
	Cardboard, fibre or composition cases for 1 1/8- or 2 1/4-gallon kegs	\$.50					
	Kegs, 1 1/8-gallon	\$1.75					
	Kegs, 2 1/4-gallon	\$3.50					
	Kegs, 1/4-barrel	\$4.00					
	Kegs, 1/2-barrel	\$6.00					
	Keg covers, 1/4-barrel	\$4.00					
	Keg covers, 1/2-barrel	\$6.00					
	Tapping equipment for use by consumers	\$10.00					
	Cooling tubs for use by consumers	\$5.00					
					<p>B. The sales ticket or invoice shall reflect the deposit charge and shall be preserved as a part of the licensee's records.</p> <p>C. Deposits shall be refunded upon the return of containers in good condition.</p> <p>D. Deposits shall not be required on containers sold as nonreturnable items.</p>		

<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>		
<table border="1" data-bbox="486 272 1042 386"> <tr> <td data-bbox="486 272 889 386">Cold plates for use by consumers</td> <td data-bbox="889 272 1042 386">\$15.00</td> </tr> </table> <p data-bbox="446 418 1042 516">B. The sales ticket or invoice shall reflect the deposit charge and shall be preserved as a part of the licensee's records.</p> <p data-bbox="446 548 1042 613">C. Deposits shall be refunded upon the return of containers in good condition.</p> <p data-bbox="446 646 1042 716">D. Deposits shall not be required on containers sold as nonreturnable items.</p>	Cold plates for use by consumers	\$15.00			
Cold plates for use by consumers	\$15.00				
<p data-bbox="217 716 424 748">3 VAC 5-50-100</p> <p data-bbox="446 716 1042 813">Definitions and qualifications for retail off-premises wine and beer licenses and off-premises beer....</p> <p data-bbox="446 846 1042 1040">A. Retail off-premises wine and beer licenses may be issued to persons operating the following types of establishments provided the total monthly sales and inventory (cost) of the required commodities listed in the definitions are not less than those shown:</p> <p data-bbox="473 1073 1042 1203">1. "Delicatessen." An establishment which sells a variety of prepared foods or foods requiring little preparation such as cheeses, salads, cooked meats and related condiments:</p> <p data-bbox="446 1235 1042 1300">Monthly sales..... \$2,000</p> <p data-bbox="446 1317 1042 1382">Inventory (cost)..... \$2,000</p>	<p data-bbox="1061 716 1674 846">Definitions and qualifications for retail off-premises wine and beer licenses and off-premises beer; exceptions; further conditions; temporary licenses</p> <p data-bbox="1061 878 1674 1105">A. Retail off-premises wine and beer licenses <u>as listed in 4.1-206.3(C)(1) of the Code of Virginia</u> may be issued to persons operating the following types of those establishments provided the total monthly sales and inventory (cost) of the required commodities listed in the definitions are not less than those shown:</p> <p data-bbox="1061 1138 1674 1203"><u>Monthly sales.....</u> <u>\$2,000</u></p> <p data-bbox="1061 1235 1674 1300"><u>Inventory (cost).....</u> <u>\$2,000</u></p>	<p data-bbox="1688 748 2153 1073">It is the position of the retail stakeholders that the monthly sales and inventory requirements should not be increased from \$1000 to \$2000 for gourmet shop retail licensees. The retail stakeholders believe that this will be unnecessarily burdensome on the impacted licensees, who have been operating under the \$1000 monthly requirements.</p> <p data-bbox="1688 1105 2153 1416">The retail stakeholders support this position by referencing a provision that was previously in the Code of Virginia. The provision expressly set the monthly sales and inventory requirements for gourmet shops at \$1000. <i>See</i> 2008 VA. ACTS., Reg. Sess., Ch. 875 (amended 2020). The retail stakeholders have argued that this</p>	<p data-bbox="2171 748 2491 976">It is the position of Virginia ABC that condensing the current regulation is an effective way to create consistency in the requirements of retail licensees.</p> <p data-bbox="2171 1008 2491 1416">In 2020, the Virginia General Assembly amended § 4.1-209 with and removed the provision on gourmet licenses. <i>See</i> 2020 VA. ACTS, Reg. Sess., ch. III4. The same Act of Assembly created § 4.1-206.3, a section for retail licenses. Virginia ABC interprets Subsection</p>		

<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
<p>2. "Drugstore." An establishment selling medicines prepared by a licensed pharmacist according to prescription and other medicines and articles of home and general use:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>3. "Grocery store." An establishment that sells food and other items intended for human consumption, including a variety of ingredients commonly used in the preparation of meals:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>4. "Convenience grocery store." An establishment that has an enclosed room in a permanent structure where stock is displayed and offered for sale, and maintains an inventory of edible items intended for human consumption, consisting of a variety of such items of the type normally sold in grocery stores:</p> <p>Monthly sales..... \$2,000</p>	<p>1. "Delicatessen." An establishment which sells a variety of prepared foods or foods requiring little preparation such as cheeses, salads, cooked meats and related condiments:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>2. "Drugstore." An establishment selling medicines prepared by a licensed pharmacist according to prescription and other medicines and articles of home and general use:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>3. "Grocery store." An establishment that sells food and other items intended for human consumption, including a variety of ingredients commonly used in the preparation of meals:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>4. "Convenience grocery store." An establishment that has an enclosed room in a permanent structure where stock is displayed</p>	<p>provision is indicative of a legislative intent to keep the requirements at their current amount.</p>	<p>(C)(1) of § 4.1-206.3 to show a legislative intent that supports the proposed changes. The subsection lists convenience grocery store, delicatessen, drugstore, grocery store, and gourmet shop together. <i>Id.</i>; see also Appendix 1. Notably, the subsection states that such retail "licensee[s] shall comply with any food inventory and sales volume requirements established by the board." <i>Id.</i></p> <p>Virginia ABC interprets the legislative intent behind this amendment to be a departure from the previously established sales requirements for gourmet shops and an intent to create consistency amongst the requirements for the enumerated licenses.</p>

<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
<p>Inventory (cost)..... \$2,000</p> <p>In regard to both grocery stores and convenience grocery stores, "edible items" shall mean such items normally used in the preparation of meals, including liquids.</p> <p>5. "Gourmet shop." An establishment provided with adequate inventory, shelving, and storage facilities where, in consideration of payment, substantial amounts of domestic and imported wines and beers of various types and sizes and related products such as cheese and gourmet foods are habitually furnished to persons:</p> <p>Monthly sales..... \$1,000</p> <p>Inventory (cost)..... \$1,000</p> <p>B. The board may grant a license to an establishment not meeting the qualifying figures in subsections A and B of this section provided it affirmatively appears that there is a substantial public demand for such an establishment and that public convenience will be promoted by the issuance of the license.</p> <p>C. The board in determining the eligibility of an establishment for a license shall give consideration to, but shall not be limited to, the following:</p>	<p>and offered for sale, and maintains an inventory of edible items intended for human consumption, consisting of a variety of such items of the type normally sold in grocery stores:</p> <p>Monthly sales..... \$2,000</p> <p>Inventory (cost)..... \$2,000</p> <p>In regard to both grocery stores and convenience grocery stores, "edible items" shall mean such items normally used in the preparation of meals, including liquids.</p> <p>5. "Gourmet shop." An establishment provided with adequate inventory, shelving, and storage facilities where, in consideration of payment, substantial amounts of domestic and imported wines and beers of various types and sizes and related products such as cheese and gourmet foods are habitually furnished to persons:</p> <p>Monthly sales..... \$1,000</p> <p>Inventory (cost)..... \$1,000</p> <p>B. The boardAuthority may grant a license to an establishment not meeting the qualifying figures in subsections A and B of this section provided it affirmatively appears that there is a substantial public demand for such an establishment and that</p>		

<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
<p>1. The extent to which sales of required commodities are secondary or merely incidental to sales of all products sold in such establishment;</p> <p>2. The extent to which a variety of edible items of the types normally found in grocery stores are sold; and</p> <p>3. The extent to which such establishment is constructed, arranged or illuminated to allow reasonable observation of the age and sobriety of purchasers of alcoholic beverages.</p> <p>D. Notwithstanding the above, the board may issue a temporary license for any of the above retail operations. Such licenses may be issued only after application has been filed in accordance with § 4.1-230 of the Code of Virginia and in cases where the sole objection to issuance of a license is that the establishment will not be qualified in terms of the sale of food or edible items. If a temporary license is issued, the board shall conduct an audit of the business after a reasonable period of operation not to exceed 180 days. Should the business be qualified, the license applied for may be issued. If the business is not qualified, the application will become the subject of a hearing if the applicant so desires. No further temporary license shall be issued to the applicant or to any other person with respect to that establishment for a period of one year from the expiration and, once the application becomes the subject of a hearing, no temporary license may be issued.</p>	<p>public convenience will be promoted by the issuance of the license.</p> <p>C. The board In determining the eligibility of an establishment for a license the Authority shall give consideration to, but shall not be limited to, the following:</p> <ol style="list-style-type: none"> 1. The extent to which sales of required commodities are secondary or merely incidental to sales of all products sold in such establishment; 2. The extent to which a variety of edible items of the types normally found in grocery stores are sold; and 3. The extent to which such establishment is constructed, arranged or illuminated to allow reasonable observation of the age and sobriety of purchasers of alcoholic beverages. <p>D. Notwithstanding the above, the board Authority may issue a temporary license for any of the licenses listed in 4.1-206.3(C)(1) of the Code of Virginia above retail operations. Such licenses may be issued only after application has been filed in accordance with § 4.1-230 of the Code of Virginia and in cases where the sole objection to issuance of a license is that the establishment will not be qualified in terms of the sale of food or edible items. If a temporary license is issued, the board Authority shall conduct an audit of the business after a reasonable period of operation not to exceed 180 days. Should the business be qualified, the license applied for may be issued. If the business is not</p>		

	<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
		<p>qualified, the application will become the subject of a hearing if the applicant so desires. No further temporary license shall be issued to the applicant or to any other person with respect to that establishment for a period of one year from the expiration and, once the application becomes the subject of a hearing, no temporary license may be issued.</p>		
<p>3 VAC 5-50-240</p>	<p>Alcoholic energy drinks.</p> <p>A. "Alcoholic energy drink" means an alcoholic beverage that contains caffeine or other stimulants.</p> <p>B. Any establishment licensed to sell beer or wine for off-premises consumption shall display alcoholic energy drinks for sale immediately adjacent to other alcoholic beverage products, and not immediately adjacent to any nonalcoholic beverages.</p>	<p>Alcoholic energy drinks <u>Alcoholic beverage displays.</u></p> <p>A. "Alcoholic energy drink" means an alcoholic beverage that contains caffeine or other stimulants.</p> <p>B. Any establishment licensed to sell beer or wine for off-premises consumption shall display alcoholic energy drinks for sale immediately adjacent to other alcoholic beverage products, and not immediately adjacent to any nonalcoholic beverages.</p> <p><u>Any establishment licensed to sell beer or wine for off-premises consumption and which displays beer and wine for sale outside of a clearly discernable location reserved solely for alcoholic beverage products shall: (i) not place any such alcoholic beverages immediately adjacent to any nonalcoholic beverages containing the same or similar brand name, logo, or packaging; and (ii) install additional signage on the shelving or the floor display to indicate that the product is an alcoholic beverage. Such signage shall be clearly visible to consumers and of sufficient size to notify the consumer of the alcohol contents of the product. Nothing in this section shall prohibit the</u></p>	<p>One of the stakeholders (VA Food Industry Association) representing a grocery store chain proposes the following revision:</p> <p>“Any establishment licensed to sell beer or wine for off-premises consumption and which displays beer and wine for sale outside of a clearly discernible location reserved solely for alcoholic beverage products shall:</p> <p>(i) not place any such alcoholic beverages immediately adjacent to any nonalcoholic beverages containing the same or similar brand name, or logo, or packaging; and (ii) install additional signage on the shelving or the floor display in a conspicuous location to indicate that the product is an alcoholic beverage. Such signage shall be clearly visible to consumers and of</p>	

	<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
		<p><u>sale and display of non-alcoholic beer or wine in the same display or near similarly branded alcoholic beer or wine products.</u></p>	<p>sufficient size to notify the consumer of the alcohol contents of the product contains alcohol. Nothing in this section shall prohibit the sale and display of non-alcoholic beer or wine in the same display or near similarly branded alcoholic beer or wine products.”</p> <p>The wholesalers propose the following revision:</p>	
<p>3 VAC 5-70-220</p>	<p>Wine or beer shipper's licenses, Internet wine retailer licenses, and Internet beer retailer licenses; application process; common carriers; records.</p> <p>E. Wine and beer shipper's licensees and Internet wine and beer retailer's licensees shall maintain for two years complete and accurate records of all shipments made under the privileges of such licenses, including for each shipment:</p> <ol style="list-style-type: none"> 1. Number of containers shipped; 2. Volume of each container shipped; 3. Brand of each container shipped; 4. Names and addresses of recipients; and 5. Price charged. 	<p>Wine or beer shipper's licenses, Internet wine retailer licenses, and Internet beer retailer licenses; application process; common carriers; records.</p> <p>E. Wine and beer shipper's licensees and Internet wine and beer retailer's licensees shall maintain for two years complete and accurate records of all shipments made under the privileges of such licenses, including for each shipment:</p> <ol style="list-style-type: none"> 1. Number of containers shipped; 2. Volume of each container shipped; 3. Brand of each container shipped; 4. Names and addresses of recipients; and 5. Price charged. 	<p>Retail stakeholder believes that Subsection E is unnecessary and should be removed. Stakeholder is opposed to Internet retailers having to file monthly reports.</p>	<p>VA ABC is concerned that removing this requirement creates a commerce clause issue, because out-of-state Internet retailers would still be required to file a monthly report.</p>

	<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
	<p>The records required by this subsection shall be made available for inspection and copying by any member of the board or its special agents upon request.</p>	<p>The records required by this subsection shall be made available for inspection and copying by any member of the board Authority or its special agents upon request.</p>		
<p>3 VAC 5-70-225</p>	<p>Delivery permits; application process; records and reports.</p> <p>C. On or before the 15th day of each month, each delivery permittee and licensees with delivery privileges shall file with the Supervisor, Tax Management Section, a report of activity for the previous calendar month, if any deliveries were made during the month. Such report shall include the following information for each delivery:</p> <ol style="list-style-type: none"> 1. Number of containers delivered; 2. Volume of each container delivered; 3. Brand of each container delivered; 4. Names and addresses of recipients; and 5. Price charged for the wine or beer delivered. <p>Unless previously paid, payment of the appropriate beer or wine tax imposed by § 4.1-234 or 4.1-236 of the Code of Virginia shall accompany each report. If no wine or beer was sold and delivered in any month, the permittee shall not be required to submit a report for that</p>	<p>Delivery permits; application process; records and reports.</p> <p>C. On or before the 15th day of each month, each delivery permittee and licensees with delivery privileges pursuant to § 4.1-212.1 of the Code of Virginia shall file with the Supervisor, Tax Management Section Virginia Alcoholic Beverage Control Authority, a report of activity for the previous calendar month, if any deliveries were made during the month <u>for which the licensee or permittee is required to collect and remit excise taxes due to the Authority pursuant to subsection H of § 4.1-212.1</u>. Such report shall include the following information for each delivery:</p> <ol style="list-style-type: none"> 1. Number of containers delivered; 2. Volume of each container delivered; 3. Brand of each container delivered; 4. Names and addresses of recipients; and 5. Price charged for the wine or beer delivered. <p>Unless previously paid, payment of the appropriate beer or wine tax imposed by § 4.1-234 or 4.1-236 of the Code of Virginia shall accompany</p>	<p>Retail stakeholder thinks that Subsection C is unnecessary believing there would not be an instance where this tax would be paid.</p> <p>Retail stakeholder does not support keeping the labeling requirement in Subsection F because it is not a requirement in the Code when the product is in the manufacturer's original packaging and is confusing as to which licensee is responsible for the label.</p>	<p>VA ABC recognizes that it is an unlikely tax, but the regulation needs to remain and the revisions help to clarify that it is only a requirement in limited situations (i.e. collection and remittance of excise taxes pursuant to §4.1-212.1(H))</p> <p>VA ABC believes the labeling requirement is necessary for Enforcement to be able to ascertain which retail licensee sold the alcohol and believes the revised language clarifies that responsibility falls on the seller licensee.</p>

<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
<p>month; however, every permittee must submit a report no less frequently than once every 12 months even if no sales or deliveries have been made in the preceding 12 months.</p> <p>F. When attempting to deliver wine or beer pursuant to a delivery permit or license privilege, an owner, agent, officer, director, shareholder, or employee of the permittee shall require:</p> <ol style="list-style-type: none"> 1. The recipient to demonstrate, upon delivery, that he is at least 21 years of age; and 2. The recipient to sign an electronic or paper form or other acknowledgment of receipt that allows the maintenance of the records required by this section. <p>The owner, agent, officer, director, shareholder, or employee of the permittee or licensee shall refuse delivery when the proposed recipient appears to be under the age of 21 years and refuses to present valid identifications. All permittees delivering wine or beer pursuant to this section shall affix a conspicuous notice in 16-point type or larger to the outside of each package of wine or beer delivered in the Commonwealth, in a conspicuous location stating: "CONTAINS ALCOHOLIC BEVERAGES; SIGNATURE OF PERSON AGED 21 YEARS OR OLDER REQUIRED FOR DELIVERY." Such notice shall also contain the delivery permit number of the delivering permittee.</p>	<p>each report. If no wine or beer was sold and delivered in any month, the permittee shall not be required to submit a report for that month; however, every permittee must submit a report no less frequently than once every 12 months even if no sales or deliveries have been made in the preceding 12 months.</p> <p>F. When attempting to deliver wine or beer <u>alcoholic beverages</u> pursuant to a delivery permit or license privilege <u>pursuant to Section 4.1-212.1 of the Code of Virginia</u>, an owner, agent, officer, director, shareholder, or employee of the permittee <u>or licensee</u> shall require:</p> <ol style="list-style-type: none"> 1. The recipient to demonstrate, upon delivery, that he is at least 21 years of age; and 2. The recipient to sign an electronic or paper form or other acknowledgment of receipt that allows the maintenance of the records required by this section; <u>however, a signature shall not be required so long as the licensee verifies at the time of delivery that the recipient is 21 years of age or older, ensures that the recipient's bona fide identification, as listed in 3 VAC 5-50-20 (B), bears a photograph that reasonably appears to match the appearance of the recipient, and records the recipient's name and date of birth and the address to which the alcoholic beverages were delivered.</u> <p>The owner, agent, officer, director, shareholder, or employee of the permittee or licensee shall refuse delivery when the proposed recipient appears to be</p>		

	<u>Current Regulation</u>	<u>Proposed Change</u>	<u>Stakeholder Position</u>	<u>Virginia ABC's Position</u>
		<p>under the age of 21 years and refuses to present valid identifications. All permittees <u>or licensees</u> delivering wine or beer<u>alcoholic beverages</u> pursuant to this section shall affix a conspicuous notice in 16-point type or larger to the outside of each package of wine or beer<u>alcoholic beverages</u> delivered in the Commonwealth, in a conspicuous location stating: “CONTAINS ALCOHOLIC BEVERAGES; SIGNATURE OF RECEIPT BY PERSON AGED 21 YEARS OR OLDER REQUIRED FOR DELIVERY.” Such notice shall also contain the delivery permit number of the delivering permittee <u>or license number of the licensee</u>.</p>		

Appendix 1

§ 4.1-206.3. Retail licenses.

C. The Board may grant the following off-premises wine and beer licenses:

1. Retail off-premises wine and beer licenses, which may be granted to a convenience grocery store, delicatessen, drugstore, gift shop, gourmet oyster house, gourmet shop, grocery store, or marina store as defined in § 4.1-100 and Board regulations. Such license shall authorize the licensee to sell wine and beer in closed containers for off-premises consumption and, notwithstanding the provisions of § 4.1-308, to give to any person to whom wine or beer may be lawfully sold a sample of wine or beer for on-premises consumption; however, no single sample shall exceed four ounces of beer or two ounces of wine and no more than 12 ounces of beer or five ounces of wine shall be served to any person per day. The licensee may also give samples of wine and beer in designated areas at events held by the licensee for the purpose of featuring and educating the consuming public about the alcoholic beverages being tasted. With the consent of the licensee, farm wineries, wineries, breweries, and wholesale licensees or authorized representatives of such licensees may participate in such tastings, including the pouring of samples. The licensee shall comply with any food inventory and sales volume requirements established by Board regulation.

§ 4.1-209. Wine and beer license privileges; advertising; tastings.

A. ~~The Board may grant the following licenses relating to wine and beer:~~

~~3. Gourmet shop licenses, which shall authorize the licensee to sell wine and beer in closed containers for off-premises consumption and, the provisions of § 4.1-308 notwithstanding, to give to any person to whom wine or beer may be lawfully sold, (i) a sample of wine, not to exceed two ounces by volume or (ii) a sample of beer not to exceed four ounces by volume, for on-premises consumption. The licensee may also give samples of wine and beer in designated areas at events held by the licensee for the purpose of featuring and educating the consuming public about the alcoholic beverages being tasted. Additionally, with the consent of the licensee, farm wineries, wineries, breweries, and wholesale licensees may participate in tastings held by licensees authorized to conduct tastings, including the pouring of samples to any person to whom alcoholic beverages may be lawfully sold. Notwithstanding Board regulations relating to food sales, the licensee shall maintain each year an average monthly inventory and sales volume of at least \$1,000 in products such as cheeses and gourmet food.~~

~~4. Convenience grocery store licenses, which shall authorize the licensee to sell wine and beer in closed containers for off-premises consumption.~~

~~5. Retail on and off premises wine and beer licenses to persons enumerated in subdivision 1 a, which shall accord all the privileges conferred by retail on premises wine and beer licenses and in addition, shall authorize the licensee to sell wine and beer in closed containers for off premises consumption.~~

~~6. Banquet licenses to persons in charge of banquets, and to duly organized nonprofit corporations or associations in charge of special events, which shall authorize the licensee to sell or give wine and beer in rooms or areas approved by the Board for the occasion for on-premises consumption in such rooms or areas. Licensees who are nonprofit corporations or associations conducting fundraisers (i) shall also be authorized to sell wine, as part of any fundraising activity, in closed containers for off-premises consumption to persons to whom wine may be lawfully sold and (ii) shall~~

be limited to no more than one such fundraiser per year. Except as provided in ~~§ 4.1-215~~, a separate license shall be required for each day of each banquet or special event. For the purposes of this subdivision, when the location named in the original application for a license is outdoors, the application may also name an alternative location in the event of inclement weather. However, no such license shall be required of any hotel, restaurant, or club holding a retail wine and beer license.

~~7. Gift shop licenses, which shall authorize the licensee to sell wine and beer only within the interior premises of the gift shop in closed containers for off-premises consumption and, the provisions of § 4.1-308 notwithstanding, to give to any person to whom wine or beer may be lawfully sold (i) a sample of wine not to exceed two ounces by volume or (ii) a sample of beer not to exceed four ounces by volume for on-premises consumption. The licensee may also give samples of wine and beer in designated areas at events held by the licensee for the purpose of featuring and educating the consuming public about the alcoholic beverages being tasted.~~

~~8. Gourmet brewing shop licenses, which shall authorize the licensee to sell to any person to whom wine or beer may be lawfully sold, ingredients for making wine or brewing beer, including packaging, and to rent to such persons facilities for manufacturing, fermenting, and bottling such wine or beer, for off-premises consumption in accordance with subdivision 6 of § 4.1-200.~~

~~9. Annual banquet licenses, to duly organized private nonprofit fraternal, patriotic or charitable membership organizations that are exempt from state and federal taxation and in charge of banquets conducted exclusively for its members and their guests, which shall authorize the licensee to serve wine and beer in rooms or areas approved by the Board for the occasion for on-premises consumption in such rooms or areas. Such license shall authorize the licensee to conduct no more than 12 banquets per calendar year. For the purposes of this subdivision, when the location named in the original application for a license is outdoors, the application may also name an alternative location in the event of inclement weather. However, no such license shall be required of any hotel, restaurant, or club holding a retail wine and beer license.~~

~~10. Fulfillment warehouse licenses, which shall authorize associations as defined in § 13.1-313 with a place of business located in the Commonwealth to (i) receive deliveries and shipments of wine or beer owned by holders of wine or beer shipper's licenses, (ii) store such wine or beer on behalf of the owner, and (iii) pick, pack, and ship such wine or beer as directed by the owner, all in accordance with Board regulations. No wholesale wine or wholesale beer licensee, whether licensed in the Commonwealth or not, or any person under common control of such licensee, shall acquire or hold any financial interest, direct or indirect, in the business for which any fulfillment warehouse license is issued.~~

~~11. Marketing portal licenses, which shall authorize agricultural cooperative associations organized under the provisions of the Agricultural Cooperative Association Act (§ 13.1-312 et seq.), with a place of business located in the Commonwealth, in accordance with Board regulations, to solicit and receive orders for wine or beer through the use of the Internet from persons in the Commonwealth to whom wine or beer may be lawfully sold, on behalf of holders of wine or beer shipper's licenses. Upon receipt of an order for wine or beer, the licensee shall forward it to a holder of a wine or beer shipper's license for fulfillment. Marketing portal licensees may also accept payment on behalf of the shipper.~~

~~12. Gourmet oyster house licenses, to establishments located on the premises of a commercial marina and permitted by the Department of Health to serve oysters and other fresh seafood for consumption on the premises, where the licensee also offers to the public events for the purpose of featuring and educating the consuming public about local oysters and other seafood products. Such license shall authorize the licensee to (i) give samples of or sell wine and~~

~~beer in designated rooms and outdoor areas approved by the Board for consumption in such approved areas and (ii) sell wine and beer in closed containers for off-premises consumption. Samples of wine shall not exceed two ounces per person. Samples of beer shall not exceed four ounces per person. The Board shall establish a minimum monthly food sale requirement of oysters and other seafood for such license. Additionally, with the consent of the licensee, farm wineries, wineries, and breweries may participate in tastings held by licensees authorized to conduct tastings, including the pouring of samples to any person to whom alcoholic beverages may be lawfully sold.~~

~~B. Notwithstanding any provision of law to the contrary, persons granted a wine and beer license pursuant to this section § 4.1-206.3 may display within their licensed premises point-of-sale advertising materials that incorporate the use of any professional athlete or athletic team, provided that such advertising materials: (i) otherwise comply with the applicable regulations of the ~~Federal~~ *federal* Bureau of Alcohol, Tobacco and Firearms; and (ii) do not depict any athlete consuming or about to consume alcohol prior to or while engaged in an athletic activity; do not depict an athlete consuming alcohol while the athlete is operating or about to operate a motor vehicle or other machinery; and do not imply that the alcoholic beverage so advertised enhances athletic prowess.~~

~~C. Notwithstanding any provision of law to the contrary, persons granted a wine and beer license pursuant to this section may deliver such wine or beer in closed containers for off-premises consumption to such person's vehicle if located in a designated parking area of the retailer's premises where such person has electronically ordered wine or beer in advance of the delivery or (ii) if the licensee holds a delivery permit issued pursuant to § 4.1-212.1, to such other locations as may be permitted by Board regulation.~~

~~D. B. Persons granted retail on-premises and on-and-off-premises wine and beer licenses pursuant to this section or subsection B of § 4.1-210 the following provisions may conduct wine or beer tastings sponsored by the licensee for its customers for on-premises consumption:~~

- ~~1. Subdivision A 1, 4, 5, 6, 7, 8, or 14 of § 4.1-206.3;~~
- ~~2. Subdivision B 1, 2, 4, 5, 6, 7, or 8 of § 4.1-206.3;~~
- ~~3. Subdivision C 1 or 2 of § 4.1-206.3;~~
- ~~4. Subdivision D 1 a, b, or d or 2 a of § 4.1-206.3; or~~
- ~~5. Subdivision F 4 or 5 of § 4.1-206.3.~~

~~Such licensees may sell or give samples of wine and beer in designated areas at events held by the licensee for the purpose of featuring and educating the consuming public about the alcoholic beverages being tasted. Additionally, with the consent of the licensee, farm wineries, wineries, and breweries may participate in tastings held by licensees authorized to conduct tastings, including the pouring of samples to any person to whom alcoholic beverages may be lawfully sold. Samples of wine shall not exceed two ounces per person. Samples of beer shall not exceed four ounces per person. No single sample shall exceed four ounces of beer or two ounces of wine, and no more than 12 ounces of beer or five ounces of wine shall be given or sold to any person per day.~~

Quarterly Management Review

Virginia ABC
November 1, 2022

Appendix B



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1. Accomplishments:

1. Significant achievements/milestones for the agency
 - A. Hosted National Conference of State Liquor Administrators Northern/Southern Regional Conference in Richmond
 - B. Chief Tom Kirby selected as President of National Liquor Law Enforcement Association
 - C. Opened Grayson County's first ABC store in Independence
 - D. ABC Accounts Payable goes paperless (resulting in a reduction of over 500k pages annually)

2. Specific individuals who should be recognized (include contribution)
 - A. Kathy LaMotte, Chris Curtis, John Daniel, Tonya Hucks-Watkins, Sarah Ross, Rachel Yates, Katie Crumble, Meaghan O'Brien – NCSLA event
 - B. Susan Johnson (Real Estate Director), Chase Thurman (District Manager), Carol Mawyer (Communications) – Independence Opening
 - C. ABC Accounts Payable team



2. Financial: Management Observations

Virginia ABC: Store Sales and Profit Comparisons
Sep 2022

In \$M	Current Month	Current Month FY'22	Current Month FY'21	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	115.6	106.1	102.2	8.9%	13.1%	6.3%
Profits	16.8	16.6	20.5	0.9%	-18.0%	-9.4%

In \$M	Quarter to Date	Quarter to Date FY'22	Quarter to Date FY'21	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	346.8	335.1	319.4	3.5%	8.6%	4.2%
Profits	52.5	57.3	60.5	-8.3%	-13.2%	-6.8%

In \$M	FY to Date	FY'22 to Date	FY'21 to Date	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	346.8	335.1	319.4	3.5%	8.6%	4.2%
Profits	52.5	57.3	60.5	-8.3%	-13.2%	-6.8%

Source: SmartView

Overall Result Summary

September Month vs Prior Year:

- Favorable net revenues were partially offset by unfavorable operating costs, including increased personnel costs due to the state pay increase and compensation adjustments to align with market, an unfavorable leave liability adjustment, higher leasing costs due to converted short-term leases to Finance leases with higher amortization expense (GASB 87) and higher outbound freight costs due to an increased contract rate and fuel prices.

September Quarter-to-date vs Prior Year:

- Favorable net revenues were more than offset by unfavorable operating costs, including increased personnel costs due to the state pay increase and compensation adjustments to align with market, an unfavorable leave liability adjustment, increased contractual services costs related to IT projects, higher leasing costs due to converted short-term leases to Finance leases with higher amortization expense (GASB 87), increased Media Services costs for promotions and higher outbound freight costs.

September YTD vs Prior Year:

- Favorable net revenues were more than offset by unfavorable operating costs, including increased personnel costs due to the state pay increase and compensation adjustments to align with market, an unfavorable leave liability adjustment, increased contractual services costs related to IT projects, higher leasing costs due to converted short-term leases to Finance leases with higher amortization expense (GASB 87), increased Media Services costs for promotions and higher outbound freight costs.

2. Financial:

Total Expenditures
Public Safety and Homeland Security Secretariat
In Millions of Dollars As Of September 2022 (FY 2023)

	<u>Annual Expenditure Trends (Completed Fiscal Years)</u>					<u>Completed Quarterly Expenditures</u>			<u>Quarterly Growth</u>				<u>Current Year Approp (FY 2023)</u>	<u>YTD Expenditures As Of Sep 2022</u>		<u>Monthly Expenditures Sep 2022 (FY 2023)</u>	
	2022	2021	2020	2019	2018	5 Yr Avg*	Actual	Prior Year	Q1 2023	Q4 2022	Q3 2022	Q2 2022		5 Yr Avg*	Actual	5 Yr Avg*	Actual
						<u>Last Completed: Q1 FY 2023</u>											
Virginia Alcoholic Beverage Control Authority (999)	\$921.976	\$900.993	\$774.209	\$696.277	\$656.496	\$239.139	\$248.198	\$216.984	\$248.198	\$245.199	\$234.416	\$225.376	\$1,012.163	\$239.139	\$248.198	\$76.555	\$83.850
Year Over Year % Change	2.3%	16.4%	11.2%	6.1%	4.9%		14.4%		14.4%	7.4%	11.8%	-1.5%	4.4%	14.4%		23.0%	

Drivers of Expenditure Increases or Decreases:

September Expenditure increases were driven principally by higher alcohol purchases, higher personnel costs due to 3 salaried payrolls in FY 23 vs 2 in FY 22; partially offset by lower software maintenance services, software development costs and network server costs.

September YTD Expenditure increases were driven by higher alcohol purchases including a \$10 million advance purchase to avoid vendor price increases, higher outbound freight costs, higher skilled services costs for projects and higher personal services costs due to the 5% state-pay increase and compensation adjustments to align with market pricing.

Annual Expenditure increases in FY 2022 were driven principally by higher alcohol purchases in support of revenue growth, higher personnel costs for state and ABC specific compensation adjustments to stay competitive, higher outbound freight costs to move product to our stores and increased manual labor services due to the startup and transition to the new distribution center; partially offset by lower overall IT/Telecom costs due to the exit from VITA.



Public Safety and Homeland Security Secretariat - Detailed Monthly Expenditure Report

Total Dollars in Thousands As of September 2022 (FY 2023)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Tot	YTD Expend Change	12 Month Expend Total	Monthly Expend Avg	Approp Total	Approp % Change
Virginia Alcoholic Beverage Control Authority (999)																		
FY 2023: Personnel Expenses	15,203	13,810	19,161										48,174	8.6%	48,174	16,058		
FY 2022: Personnel Expenses	18,876	12,696	12,793	7,944	12,911	20,088	8,467	13,075	18,403	13,132	8,141	13,445	44,364	13.7%	159,972	14,788		
FY 2021: Personnel Expenses	16,240	11,399	11,374	11,637	11,883	13,126	12,190	11,731	11,782	12,168	13,326	8,582	39,012		145,438	13,004		
FY 2023: Contractual Services	3,311	2,417	2,909										8,638	50.8%	8,638	2,879		
FY 2022: Contractual Services	2,281	1,408	2,041	1,652	1,197	3,481	3,563	2,173	2,570	2,062	2,283	3,933	5,730	-0.6%	28,644	1,910		
FY 2021: Contractual Services	1,984	1,548	2,233	1,657	1,439	2,161	3,381	1,818	2,553	1,756	2,094	1,958	5,764		24,580	1,921		
FY 2023: VITA Info Tech/Telecomm	12		10										22	-97.1%	22	7		
FY 2022: VITA Info Tech/Telecomm	331	236	188	744	350	30	22		246	13	12		755	-87.4%	2,173	252		
FY 2021: VITA Info Tech/Telecomm	4,612	485	913	669	110	675	516	1,247	127	876	319	378	6,010		10,927	2,003		
FY 2023: Other Info Tech/Telecomm	1,579	1,241	812										3,632	-24.0%	3,632	1,211		
FY 2022: Other Info Tech/Telecomm	1,047	1,218	2,518	1,382	2,030	1,504	2,029	1,980	1,581	1,343	1,622	1,327	4,782	-51.0%	19,580	1,594		
FY 2021: Other Info Tech/Telecomm	1,256	3,278	5,227	1,863	2,349	2,459	1,008	1,787	1,663	1,550	1,463	1,342	9,762		25,245	3,254		
FY 2023: Supplies and Materials	67,375	49,630	56,790										173,795	17.3%	173,795	57,932		
FY 2022: Supplies and Materials	50,122	51,590	46,496	52,039	52,250	57,043	48,953	59,613	61,547	68,508	58,145	59,207	148,207	-7.1%	665,512	49,402		
FY 2021: Supplies and Materials	54,867	50,978	53,710	50,948	56,236	61,533	56,115	42,335	51,164	59,017	52,383	59,857	159,556		649,143	53,185		
FY 2023: Transfer Payments	79	33	27										139	5.9%	139	46		
FY 2022: Transfer Payments	41	67	23	0	57	14	8	17	52	6	31	60	131	-39.0%	377	44		
FY 2021: Transfer Payments	34	2	179	1	219	54	16	80	3		7	66	214		661	71		
FY 2023: Insurance and Other Continuous Charges	2,332	456	272										3,060	-6.1%	3,060	1,020		
FY 2022: Insurance and Other Continuous Charges	2,611	332	316	382	264	395	363	263	341	208	363	245	3,259	9.5%	6,083	1,086		
FY 2021: Insurance and Other Continuous Charges	2,295	287	396	377	157	328	239	274	431	218	305	195	2,978		5,501	993		
FY 2023: Operating Lease Payments	3,137	3,285	2,921										9,344	1.0%	9,344	3,115		
FY 2022: Operating Lease Payments	612	5,138	3,498	2,807	2,950	3,013	2,876	2,834	2,919	3,053	4,032	3,048	9,248	-10.7%	36,779	3,083		
FY 2021: Operating Lease Payments	5,192	2,504	2,659	2,786	2,992	2,616	2,798	2,702	2,684	2,981	2,787	3,459	10,355		36,160	3,452		
FY 2023: Property and Improvements	1												1	0.0%	1	0		
FY 2022: Property and Improvements							2							0.0%	2	0		
FY 2021: Property and Improvements																0		
FY 2023: Equipment	293	152	948										1,394	173.6%	1,394	465		
FY 2022: Equipment	94	99	316	396	46	407	149	259	109	287	407	287	509	-19.2%	2,855	170		
FY 2021: Equipment	260	169	201	86	221	235	110	237	670	190	244	712	631		3,338	210		
FY 2023: Bonds, Loans, and Debt Service Expenses														0.0%		0		
FY 2022: Bonds, Loans, and Debt Service Expenses				1										0.0%	1	0		
FY 2021: Bonds, Loans, and Debt Service Expenses																0		
FY 2023 Total	93,322	71,025	83,850										248,198	14.4%	248,198	82,733	1,012,163	4.4%
FY 2023 % Expended	9.2%	7.0%											24.5%		24.5%	8.2%		
FY 2023 Rest of Year Avg				84,885	84,885	84,885	84,885	84,885	84,885	84,885	84,885	84,885						
FY 2023 Rest of Year Avg %				8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%						
FY 2022 Total	76,015	72,782	68,188	67,346	72,055	85,975	66,433	80,215	87,768	88,611	75,036	81,552	216,984	-7.4%	921,976	72,328	969,792	7.0%
FY 2022 % Expended	7.8%	7.5%											22.4%		95.1%	7.5%		
FY 2021 Total	86,741	70,650	76,891	70,024	75,605	83,188	76,372	62,211	71,077	78,756	72,929	76,548	234,282		900,993	78,094	906,461	
FY 2021 % Expended	9.6%	7.8%											25.8%		99.4%	8.6%		



Variance Explanations on the Detailed Monthly Expenditure Report FY 2023 vs FY 2022 (Sep 23 vs Sep 22 and Sep 23 YTD vs Sep 22 YTD)

\$ in thousands				
	Increase (Decrease)		Increase (Decrease)	
Category of Expenditure	\$ change Sep 23 vs Sep 22	Explanation	\$ change Sep 23YTD vs Sep 22YTD	Explanation
Personnel Expenses	6,368	due to payment timing since September FY23 had 3 salaried payrolls paid vs 2 in FY 2022	3,810	increased salaries and benefits due to 5% state pay increase and comp study impact
Contractual Services	868	increased outbound freight services \$0.2M, higher skilled services \$0.3M and increased media services \$0.4M	2,908	increased outbound freight services \$1.4M, higher skilled services \$1.1M and increased manual labor services \$0.4M
VITA Info Tech/Telecomm	(178)	decrease due to exit of VITA, (\$101k for telecom and \$77k for infrastructure)	(733)	decrease due to exit of VITA, (\$305k for telecom and \$423k for infrastructure)
Other Info Tech/Telecomm	(1,706)	decrease due to computer software maintenance services \$0.9M, software development cost \$0.3M and network servers and info mgmt cost \$0.4M	(1,150)	decrease due to computer software maintenance services \$0.2M, software development cost \$0.6M and computer software purchases \$0.4M
Supplies and Materials	10,294	increased alcohol purchases driven by higher volume and vendor cost increases	25,588	higher alcohol purchases including a \$10M advance buy to save on vendor price increases and higher volume and vendor cost increases
Transfer Payments	4	awards and grant activity	8	awards and grant activity
Insurance and Other Continuous Charges	(44)		(199)	lower workers comp. \$0.2M
Operating Lease Payments	(577)	decrease due to lower computer software rentals \$0.7M; partially offset by increase of \$0.1M in building rentals	96	increase due to rent escalation \$0.5M and higher equipment rentals \$0.3; partially offset by lower computer software rentals \$0.7M
Property and Improvements	0		1	
Equipment	632	higher fixture costs	885	higher fixture costs
Bonds, Loans, and Debt Service Expenses	(1)		(1)	
	15,660		31,213	



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2023 - YTD as of 9/30/2022

	FY 2023		FY 2023		FY 2023			FY 2022		
	Actual	Budget	Variance	Percentage	Actual	Variance		Percentage		
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 344.9	\$ 342.0	\$ 2.9	0.8%	●	\$ 333.3	\$ 11.6	3.5%		
Online Sales	1.9	2.3	(0.4)	-15.2%	●	1.7	0.2	10.8%		
Other	6.2	6.2	-	0.0%	●	6.0	0.2	3.6%		
Gross Revenue	353.0	350.5	2.5	0.7%	●	341.0	12.0	3.5%		
Less: Spirits Excise Tax	57.3	57.0	(0.3)	-0.5%	●	55.4	(1.9)	-3.5%		
Net Revenue	295.7	293.5	2.2	0.8%	●	285.6	10.1	3.5%		
Variable Operating Costs:										
Cost of Goods Sold	167.8	165.5	(2.3)	-1.4%	●	160.9	(6.9)	-4.3%		
Variable Administrative Costs	51.3	53.1	1.8	3.3%	●	47.9	(3.4)	-7.2%		
Total Variable Costs	219.1	218.6	(0.5)	-0.2%	●	208.8	(10.3)	-4.9%		
Contribution Margin	76.6	74.9	1.7	2.3%	●	76.8	(0.2)	-0.3%		
Contribution Margin as a % of Store Sales	22.1%	21.7%				22.9%				
Fixed Operating Costs:										
Fixed Administrative Costs	18.3	23.0	4.7	20.6%	●	14.7	(3.6)	-24.4%		
Regulatory Costs (Enforcement & Hearings)	5.8	7.7	1.9	24.3%	●	4.8	(1.0)	-21.1%		
Total Fixed Costs	24.1	30.7	6.6	21.3%	●	19.5	(4.6)	-23.6%		
ABC Net Profit	\$ 52.5	\$ 44.2	\$ 8.3	18.9%	●	\$ 57.3	\$ (4.8)	-8.4%		
As a % of Store Sales	15.1%	12.8%				17.1%				

- Favorable Variance
- Unfavorable Variance

NM = Not Meaningful

Notes: Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth. Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.

Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



3. Major Initiatives for the Month

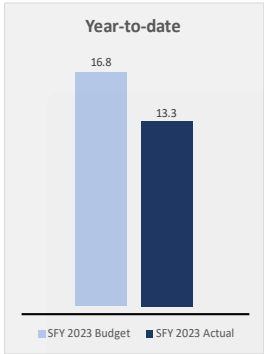
Status	
On track	
Some issues	
On-hold	

Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
E-Commerce Program	<ul style="list-style-type: none"> The eCommerce program is foundational for Virginia ABC to transform from a split, multi-channel retail environment to a real-time, omnichannel retail environment. This transformation not only provides Virginia ABC with increased operational efficiency and revenue opportunities, but also provides for the best possible customer experience. Currently Online Ordering and Product Data initiatives are 	<ul style="list-style-type: none"> eCommerce is growing significantly. This growth is not only in response to the pandemic, but projections indicate that eCommerce will continue to grow over the next five years, with a conservative increase of annual online orders to 1.8M, representing a 5x to 10x growth over current levels. Virginia ABC cannot hope to support even a fraction of this demand, including concomitant increases in customer service needs, without a program for expanding our infrastructure, eCommerce, and order management capabilities. 	<ul style="list-style-type: none"> Vida Williams 	<ul style="list-style-type: none"> 1/1/2022 	<ul style="list-style-type: none"> 7/30/2025 	
Enterprise Workflow Automation (EWA)	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from ABC functional platforms. 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Travis Hill 	<ul style="list-style-type: none"> 03/01/2022 	<ul style="list-style-type: none"> 06/30/2023 	
Customer Support Process Reengineering	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from ABC functional platforms. 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Travis Hill 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 04/30/2023 	
Human Resources Modernization - Phase 0	<ul style="list-style-type: none"> The systems do not communicate well with each other and have outlived their useful lives. Systems have become outdated in their ability to meet HR operational needs. The goal of the Human Resources Modernization Project is to implement tools and improve processes for all stakeholders. 	<ul style="list-style-type: none"> The current HR technology environment at Virginia ABC is a complex mix of internally developed, "homegrown" ABC systems and mandated integration with Commonwealth of Virginia state systems. The systems do not communicate well with each other and have outlived their useful lives. Systems have become outdated in their ability to meet HR operational needs, needing frequent customizations and updates by HR and IT resources. 	<ul style="list-style-type: none"> Travis Hill 	<ul style="list-style-type: none"> 07/01/22 	<ul style="list-style-type: none"> TBD 	
Virginia ABC Licensing (VAL)	<ul style="list-style-type: none"> Virginia ABC Licensing (VAL) System Licensee Onboarding is an effort to roll out the new web-based licensing system that allows ABC license business transactions to occur on-line, any time. 	<ul style="list-style-type: none"> The web based licensing system will reduce manual processes and paperwork not only for the Authority but more importantly for our customers. Allowing customers to apply online and track their application through the process. 	<ul style="list-style-type: none"> Tom Kirby 	<ul style="list-style-type: none"> 09/20/2017 	<ul style="list-style-type: none"> based on onboarding month-to-month approach 	
Pin Pad Upgrade	<ul style="list-style-type: none"> The project will upgrade all in-store VeriFone MX915 EMV (Europay, MasterCard and Visa) devices running PTS4 (Pin Transaction Security Version 4) software to VeriFone M440 EMV devices running PTS5 (Pin Transaction Security Version 5) software. 	<ul style="list-style-type: none"> The software to VeriFone Model M440 devices running PTS5 (Pin Transaction Security Version 5) will expire April 2023. The equipment and software needs to be upgraded to maintain compliance parameters set by Payment Card Industry (PCI). 	<ul style="list-style-type: none"> Mark Dunham 	<ul style="list-style-type: none"> 07/15/2022 	<ul style="list-style-type: none"> 01/30/2024 	
Oracle 19c Upgrade - Phase I	<ul style="list-style-type: none"> Oracle Database 19c upgrade includes new features and enhancements, as well as a long-term support commitment, that makes it an attractive upgrade target for existing Oracle databases. Oracle Database 19c supports the efforts that include moving to a cloud-based architecture within the authority. 	<ul style="list-style-type: none"> Upgrade should mitigate security and system downtime risks associated with out-of-date software infrastructure by upgrading to Oracle 19c. Oracle changed their versioning method used in the product release cycle for new versions beyond 12c. Instead of following an ordered numbering scheme like 9i, 10g, 11g, and 12c, Oracle now uses annual releases with an updated version each year using the nomenclature 18c, 19c, and 20c dictated by release year going forward. 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 06/10/2022 	<ul style="list-style-type: none"> 10/30/2022 	

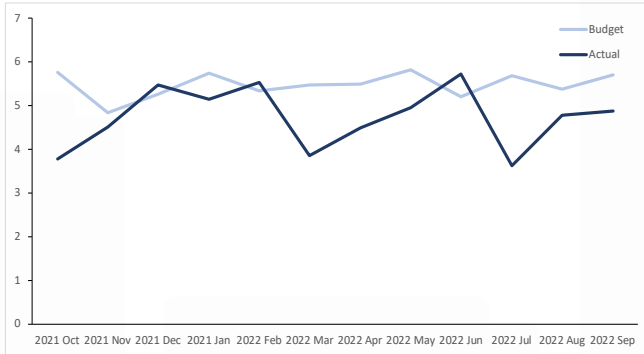


4. Procurement - September 2022

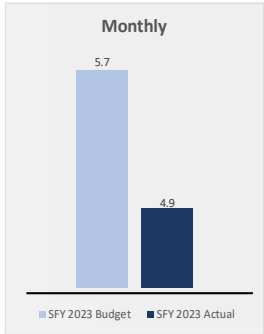
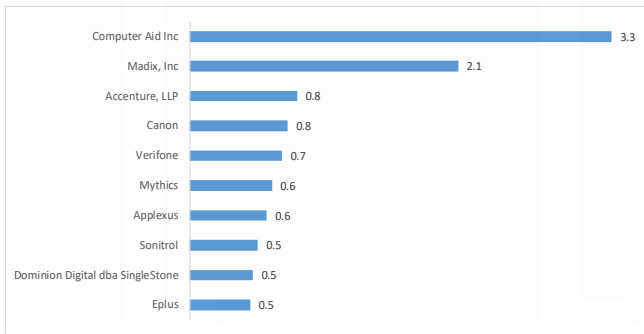
Budget vs actual
Millions



Last 12 months agency procurement spend - monthly trends
Millions



Monthly agency spend by vendor - Top 10
Millions



Top contracts for renewal in next 6 months

Contract	Vendor	SFY 2022 Spend
Supply Warehouse	Orbit	\$560,000
Cardboard Boxes	Pratt Industries	\$180,000
SAP - POS Support	SAP	\$491,700
Staffing Services	Robert Half	~\$2,500,000
Store Counters	Treo Enterprises	\$200,000
Store Flooring	Hodgman's	\$900,000
Store Signs	Talley Sign Company	\$175,000

New contracts signed

Contract	Vendor	Fcst SFY 2023 spend
Change Management Consultant Support	SingleStone	\$234,000
S&A Policy Consultant Support	Guidehouse	\$140,800
Acela Support	Acela	\$155,000
Product Data Hub Consulting Services	Thought Logic	\$95,000

Contracts exited

Contract	Vendor	SFY 2022 Spend
None		

RFPs outstanding

Contract	Vendor	Fcst SFY 2023 spend
HRIS Consulting RFP	TBD	~\$300,000
HRIS Platform/Implementation	TBD	\$8-10M
eCommerce Platform	TBD	\$3-4M



5. Reg. Reduction

New Regulations [The list of all regulations currently in the Secretary's queue; not in the agencies queue]

Agency	Title of Regulation	Date Review Began	Projected End Date	Days of Review	Under 14 Day Target?	Owner
New Regulations						
Agency A	Regulation A					
	Regulation B					
	Regulation C					
Agency B	Regulation A					
	Regulation B					
	Regulation C					

Exempt

Existing Regulations [the top 5-10 regs or guidance docs older than four years that are high priority for review, for the entire Secretariat]

Agency	Title of Regulation	Date Last Reviewed	Last Reviewed Over 4 Years Ago?	Projected Review Start Date	Projected Review End Date	Owner
Agency A	Regulation A					
	Regulation B					
	Regulation C					
Agency B	Regulation A					
	Regulation B					
	Regulation C					

Regulatory Requirements to be Eliminated [the top 5-10 regs or guidance documents targeted for reg reduction across entire Secretariat]

Agency	Title of Regulation	Date Last Reviewed	Number of Reg Requirements	Aspect of Regulatory Reduction	Date Proposed for Final Elimination	Owner
Agency A	Regulation A					
	Regulation B					
	Regulation C					
Agency B	Regulation A					
	Regulation B					
	Regulation C					



6. External Agency Reports Due in Next 3 Months

Agency 999

Reports due through Quarter Ending December 2022

Status
On track
Some issues
Off track

Report Requestor	Subject of Report	Authority for Report	Due Date for Report	Owner	Status
Code of Virginia	Enactment Clause 14 - Financial Performance of Virginia ABC	Enactment Clause 14 of Chapter 730 - 2015 Acts of Assembly	15-Oct	Doug Robinson, Director of Finance	On track
Code of Virginia	Virginia ABC Annual Report - Financial Performance and Activities of Virginia ABC	§4.1-115	15-Dec	Doug Robinson, Director of Finance; Nick Schimick, Director of Communications	On track
Code of Virginia	Annual Activities of Virginia Office of Substance Abuse Prevention (VOSAP)	§4.1-103.01	1-Dec	Katie Crumble, Director of Education and Prevention	On track
Department of Taxation	Governor's Advisory Counsel on Revenue Estimates (GACRE) - Five-Year Financial Forecast for Virginia ABC	Departments of Taxation and Planning and Budget Development of Governor's Introduced Budget	28-Oct	Doug Robinson, Director of Finance	On track
Code of Virginia	Annual Activities of Virginia Higher Education Substance Use Advisory Council (VHESUAC)	§4.1-103.01	1-Dec	Katie Crumble, Director of Education and Prevention	On track



7. People

Virginia ABC

	Fiscal Year 2021	Fiscal Year 2022	YTD, Annualized*	Current Year Plan	Last 6 Months Actual Through September					
					September	August	July	June	May	April
Headcount (Actual, End of Period)										
Salaried - Employees	1336	1389	1424		1424	1414	1397	1389	1390	1383
Hourly - Employees (Expressed as FTE)	2744	2423	2287		2287	2286	2393	2423	2364	2329
Contract Workers (Expressed as FTE)	58	44	37		37	45	43	44	39	41
Total	4138	3856	3748	0	3748	3745	3833	3856	3793	3753
Open Positions	84	79			67	71	77	79	65	71
MEL	1427	1556	1643		1643	1641	1641	1556	1556	1556
Expenditures										
Salaried Employees	\$68,736,329	\$79,527,465	\$87,846,286		\$10,980,786	\$7,235,935	\$6,894,247	\$6,996,346	\$3,400,000	\$6,822,694
Salaried Benefits	\$29,643,901	\$35,259,830	\$36,935,003		\$4,768,528	\$3,129,272	\$3,105,938	\$3,036,999	\$1,517,048	\$2,987,453
Hourly Employees	\$42,151,108	\$39,839,960	\$38,926,903		\$2,883,474	\$3,030,909	\$4,629,512	\$3,031,440	\$2,912,001	\$2,927,435
Hourly Benefits	\$3,224,560	\$3,047,757	\$2,977,908		\$220,586	\$231,865	\$354,158	\$231,905	\$222,768	\$223,949
Contractor Workers	\$5,251,103	\$3,769,502	\$4,579,139		\$381,595	\$336,530	\$245,205	\$279,951	\$266,864	\$283,898
Total Personnel Costs	\$149,007,000	\$161,444,514	\$171,265,239	\$0	\$19,234,969	\$13,964,510	\$15,229,060	\$13,576,641	\$8,318,682	\$13,245,429
Average Cost Per Person (\$) [Computed based on data above]										
Salaried Employees	\$73,638	\$82,640	\$87,627	\$0	\$11,060	\$7,330	\$7,158	\$7,223	\$3,537	\$7,093
Hourly Employees	\$16,536	\$17,700	\$18,323	\$0	\$1,357	\$1,427	\$2,083	\$1,347	\$1,326	\$1,353
Contractor Employees	\$90,536	\$85,670	\$123,761	\$0	\$10,313	\$7,478	\$5,702	\$6,363	\$6,843	\$6,924
Weighted Average Cost	\$36,008	\$41,868	\$45,695	\$0	\$5,132	\$3,729	\$3,973	\$3,521	\$2,193	\$3,529

* Calculated per 24 pay periods in FY 23 for salaried and 27 pay periods for wage earners

Key Personnel Issues:

- Full-time turnover – Likely attributed to low unemployment (3.5%).
- Enforcement recruitment due to a limited candidate pool.

7. People: Turnover

Turnover by Length of Service	FY 2021	Turnover %	FY 2022	Turnover %	Year to Date	Turnover %	Month
<i>Length of Service</i>	3,204	100.0%	3,219.0	100.0%	734	100.0%	209
<i>Tenure between 0 and 3 years</i>	2,838	88.6%	2,882.0	89.5%	661	90.1%	189
<i>Tenure more than 3 years and up to and including 5 years</i>	177	5.5%	159.0	4.9%	32	4.4%	10
<i>Tenure more than 5 years and up to and including 10 years</i>	95	3.0%	107.0	3.3%	23	3.1%	7
<i>Tenure more than 10 years up to and including 20 years</i>	76	2.4%	49.0	1.5%	13	1.8%	3
<i>Tenure more than 20 years</i>	18	0.6%	22.0	0.7%	5	0.7%	0

Year to Date Turnover by Cause	<u>Another Position With</u>		Outside COV		Other		Total
	COV	Local Gov't	(if known)	Retirement	Death	Termination	
<i>Length of Service</i>	3	0	0	6	1	724	734
<i>Tenure between 0 and 3 years</i>	1	0	*	0	0	660	661
<i>Tenure more than 1 years and up to and including 5 years</i>	0	0	*	0	0	32	32
<i>Tenure more than 5 years and up to and including 10 years</i>	1	0	*	0	1	21	23
<i>Tenure more than 10 years up to and including 20 years</i>	0	0	*	2	0	11	13
<i>Tenure more than 20 years</i>	1	0	*	4	0	0	5

During FY2021, FY2022 and year to date, the turnover length of service numbers represent all wage and full-time active, newly hired, rehired, and separated employees. Retail employees are the majority of those who resign, and are rehired during the course of the fiscal year. Note: The * (asterisk represents data that isn't tracked because departing employees rarely share this information.

This Turnover Analysis was not created using Cardinal data, because Cardinal conversion data provided incorrect termination dates during FY2021.









8. Risks

Agency 99900 Risk Assessment Quarter Ending September 30, 2022

		Impact		
		Low	Medium	High
Probability	High		Economic Recession Public Safety Cases Weather Events Loss of Contractor Resources	
	Medium		Store Larcenies Allocated Items Process Breakdown	Supply Chain Interruptions Cybersecurity Event Shortage of qualified candidates to fill open positions
	Low			Newly Assigned Responsibilities around Tobacco or Games of Skill

Status	
On track	
Some issues	
Off track	

OKR Detail

Agency Objective	Key Result	Metric	Baseline FY	Targets			OKR Status
			'19	CY'22 EOY	CY'25	Sep Actual	
Licensee/Permittee Onboarding Progress	Roll out new online service to current license and permit holder population for application renewal	% of licensees that have been communicated to and received an enrollment letter to set up their account	0%	71%	100%	47%	
Online License Renewal Processing	Provide new online means for licensees to renew their licenses	% of renewals completed online	0%	25%	45%	24%	
Online Banquet Application Processing	Replace the aging online banquet license system and maintain user base	% of banquet applications completed online	72%	72%	N/A	72%	
Underage Alcohol Buyers	Successfully complete underage buyer checks to reduce underage access	Number of underage buyer checks completed	3,858	2,545	4,000	2,208	
Profit Transfers to General Fund	Meet or exceed required profit transfers to General Fund	Cumulative profits earned (in millions)	\$197.5M	\$203.8M	\$183.2M	\$167.1M	
Operating Costs as a % of Revenue	Manage operating expense in order to ensure increased profit is delivered to the Commonwealth	% of Operating Costs to Revenues	22.3%	27.1%	28.7%	25.5%	
Alcohol Education Prevention Outreach	Increase number of residents reached	Number of residents reached monthly	0.352M	0.109M	0.688M	0.045M	
Utilize small business, women owned business, and minority owned business for Authority operating expense	Increase SWaM vendor spend	Percentage of cumulative operating expense in SWaM vendors	23.9%	30.0%	30.0%	28.8%	

10. Fund Balance Analysis – no results

11. Audit Findings

APA Audit Findings									
Finding_Title	Agency_Name	Secretariat	Year	Finding_Type	Severity	Report_URL	Due Date	Owner	
Continue Improving Database Security	Virginia Alcoholic Beverage Control Authority;#292	Public Safety & Homeland S	2021	Internal Control and Compliance	Significant Deficiency	http://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2021.pdf	6/30/2022	Paul Williams, Chief Information Officer	
Improve Security Awareness Training Program	Virginia Alcoholic Beverage Control Authority;#292	Public Safety & Homeland S	2021	Internal Control and Compliance	Significant Deficiency	http://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2021.pdf	6/30/2022	Diane Enroughty, Information Security Officer	
Improve Oversight of Third-Party Service Providers	Virginia Alcoholic Beverage Control Authority;#292	Public Safety & Homeland S	2021	Internal Control and Compliance	Significant Deficiency	http://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2021.pdf	12/31/2022	Diane Enroughty, Information Security Officer	
Improve Internal Controls over Employment Eligibility Process	Virginia Alcoholic Beverage Control Authority;#292	Public Safety & Homeland S	2021	Internal Control and Compliance	Significant Deficiency	http://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2021.pdf	6/30/2022	John Singleton, Director of Human Resources	
Improve Internal Controls over Processing Payments	Virginia Alcoholic Beverage Control Authority;#292	Public Safety & Homeland S	2021	Internal Control	Significant Deficiency	http://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2021.pdf	6/30/2022	Douglas Robinson, Director of Finance	

Afterword

Decisions made in this meeting (running list kept during the meeting)

- Decided to XXX
- Decided to YYY
- Decided ZZZ

Action item tracker

- assigned accountabilities and status where follow-up is required (includes items carried over from last month plus actions agreed during the meeting)

Workstream:	Agency / Project Name	Last Updated:	19-Apr		
#	Date Created	Action Item	Responsible	Due Date	Status
1	1-Feb	Do this	Bob Smith	8-Feb	Late
2	1-Feb	Do that	Jim Jones	13-Feb	Completed
3	1-Feb	Complete the XYZ for the ABC from the NBA on CBS	Betty Frank	14-Feb	Late
4	1-Mar	Do Exactly What	Exactly Who	29-Apr	Due