

January 11, 2023 Board Meeting

Virginia ABC Board of Directors



Agenda

- Call to Order & Welcome
- Approval of Minutes
 - *Approve minutes from November 30, 2022 and December 8, 2022 board meetings*
- ABC Product Management Processes (John Shiffer)
- General Assembly Update
 - Pending legislation
 - Budget Actions
- Financial Updates
- New Business
 - *Approve recommendations of Real Estate Committee (REC) from December 2022 (Hill)*
 - *Review Summary Suspension Order*
 - *Review APA Audit*
- *OND Update*
- *Resolution for Wiley Ruth*
- Chief Reports
 - *CTO – Elizabeth Chu*
 - *CDBO – Vida Williams*
 - *GAO – John Daniel*
 - *CLEO – Tom Kirby*
 - *CROO – Mark Dunham*
 - *CAO – David Alfano*
 - *CIO – Paul Williams*
 - *CEO – Travis Hill*
- Comments from the Board
- Public Comments
- Adjournment



Glossary

CSPR	Customer Support Process Reengineering	MIPS	Management of Inventory and Product Sales
CAGR	Compound Annual Growth Rate	MOU	Memorandum of Understanding
DOA	Department of Accounts	NABCA	National Alcohol Beverage Control Association
DPB	Department of Planning and Budget	OMS	Order Management System
EBR	Enrolled Bill Review	PDH	Product Master Data
EWA	Enterprise Workflow Automation	PIM	Product Inventory Management
EWPs	Employee Work Profiles	POS	Point of Sale
FIS	Fiscal Impact Statement	REC	Real Estate Committee
FLSA	Fair Labor Standards Act	RSVP	Responsible Sellers & Servers: Virginia's Program
FOIA	Freedom of Information Act	SNDA Agreement	Subordination, Non-disturbance and Attornment Agreement
FSM	Field Service Management	SOLO	Store Online Order
GA	General Assembly	SOW	Statement of Work
GACRE	Governor's Advisory Council on Revenue Estimates	STC	Ship to Customer
HCM	Human Capital Management	STS	Ship to Store
HRIS	Human Resource Information System(s)	TAL	Time and Labor
HRM	Human Resources Modernization	TA&O	Talent, Acquisition and Onboarding
ITAM	IT Asset Management	TP&C	Talent, Performance and Compensation
ITOM	IT Operations Management	VACALC	Virginia College Alcohol Leadership Council
ITSM	IT Service Management	VAL	Virginia ABC Licensing System
L&T	Learning and Training	VHESUAC	Virginia Higher Education Substance Use Advisory Committee
LA	Limited Availability	VITA	Virginia Information Technologies Agency
LAS	Legislative Action Statement	VOSAP	Virginia Office for Substance Abuse Prevention
LRM	License Records Management	VRS	Virginia Retirement System
MART	Managers Alcohol Responsibility Training	VSDP	Virginia Sickness and Disability Program
MBAR	Mixed Beverage Annual Review		

WOLO

Warehouse Online Ordering

YADAPP

Youth Alcohol & Drug Abuse
Prevention Program

Minutes: November 30, 2022 and December 8, 2022

Required Action

Approval of Minutes from November 30, 2022 and December 8, 2022 meetings

MINUTES: December 8, 2022

Call Meeting to Order at 2:15 p.m.

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
Attorney General's Office Representative, Jim Flaherty
Legal Liaison, Tonya Hucks-Watkins
Chief Digital and Brand Officer, Vida Williams
Chief of Law Enforcement, Tom Kirby
Deputy Secretary, Chris Curtis
Executive Assistant, Kathleen LaMotte

Mr. Euille participated telephonically pursuant to 2.2-3708.3(A)(3)

Amend Virtual Meeting Policy

At the November 30, 2022 meeting the Board voted to approve a Virtual meeting policy. Vice-Chair Hungate-Noland moved to amend the policy to note the effective date as December 8, 2022. Board Member Holland seconded the motion. The motion passed on a roll-call vote of 4 – 0. Board Member Euille did not participate in this vote.

Closed Session

- At 2:17 p.m., Board Chair Everett moved that the Board enter closed session for discussion of actual or probable litigation regarding pending enforcement actions pursuant to 2.2-37.11(A)(7). Board member Holland 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, Vida Williams, Tom Kirby, Tonya Hucks-Watkins and Chris Curtis.
- From 2:45 p.m. to 3:05 p.m., Vice-Chair Hungate-Noland participated via telephone
- When the Board returned from Closed session at 3:32, Board Member Rubin moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but discussion of actual or probable litigation regarding an enforcement action pursuant to 2.2-37.11(A)(7), and only public business matters lawfully exempted from open meeting requirements was discussed. Board Member Holland seconded; the motion passed on a roll-call vote of 4 - 0.

Comments from the Board

None

Public Comments

None

Meeting Adjournment

The meeting adjourned at 3:30 pm.

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 concerning violation of a Board order with counsel 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>

Appendix A

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

			<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	

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

			<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 1034 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="1104 1011 1545 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													
Bottles having a capacity of more than 12 oz. but not more than 32 oz	\$.04													
- 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													

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

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 		
Cardboard, fibre or composition cases for 1 1/8- or 2 1/4-gallon kegs	\$.50	<ul style="list-style-type: none"> - 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 		
Kegs, 1 1/8-gallon	\$1.75	<ul style="list-style-type: none"> - Tapping equipment for use by consumers \$10.00 - Cooling tubs for use by consumers \$5.00 		
Kegs, 2 1/4-gallon	\$3.50	<ul style="list-style-type: none"> - Cold plates for use by consumers \$15.00 		
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			

B. The sales ticket or invoice shall reflect the deposit charge and shall be preserved as a part of the licensee's records.

C. Deposits shall be refunded upon the return of containers in good condition.

D. Deposits shall not be required on containers sold as nonreturnable items.

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">Cold plates for use by consumers</td> <td style="width: 20%; text-align: center;">\$15.00</td> </tr> </table> <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>	Cold plates for use by consumers	\$15.00			
Cold plates for use by consumers	\$15.00					
<p>3 VAC 5-50-100</p>	<p>Definitions and qualifications for retail off-premises wine and beer licenses and off-premises beer....</p> <p>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 style="padding-left: 20px;">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>Definitions and qualifications for retail off-premises wine and beer licenses and off-premises beer; exceptions; further conditions; temporary licenses</p> <p>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><u>Monthly sales.....</u> <u>\$2,000</u></p> <p><u>Inventory (cost).....</u> <u>\$2,000</u></p>	<p>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>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>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>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>		

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<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>
--	---	---	--	--

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<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 board<u>Authority</u> 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>		
--	--	--	--	--

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<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> <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 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>		
--	---	---	--	--

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

		<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>	

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

		<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; and5. 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; and5. 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>
	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.	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.		
3 VAC 5-70-225	<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>

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

	<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; and2. 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; and2. 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>		
--	---	--	--	--

Current Regulation

Proposed Change

Stakeholder Position

Virginia ABC's Position

		<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



Table of Contents

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.

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</u>	<u>YTD Expenditures</u>		<u>Monthly Expenditures</u>	
	2022	2021	2020	2019	2018	<u>Last Completed: Q1 FY 2023</u>			Q1 2023	Q4 2022	Q3 2022	Q2 2022	<u>Approp</u>	<u>As Of Sep 2022</u>		<u>Sep 2022 (FY 2023)</u>	
						5 Yr Avg*	Actual	Prior Year					(FY 2023)	5 Yr Avg*	Actual	5 Yr Avg*	Actual
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	0.0%	2	0		
FY 2021: Property and Improvements													0		0	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	25.8%	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 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

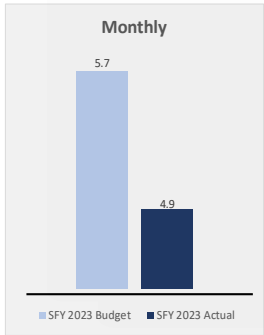
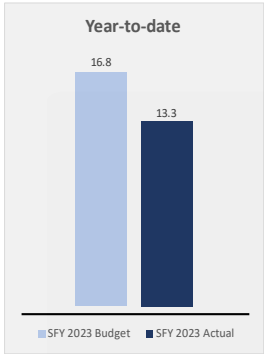
Status	
On track	
Some issues	
On-hold	

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 	

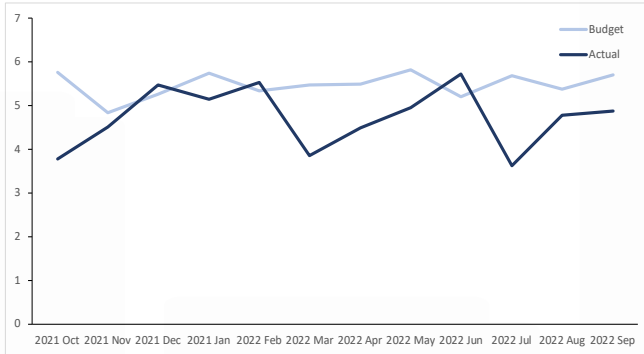


4. Procurement - September 2022

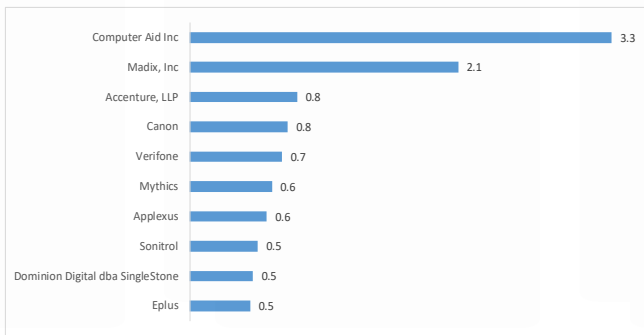
Budget vs actual
Millions



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

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

____ Secretariat
Regulatory 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		30			
	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



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.



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

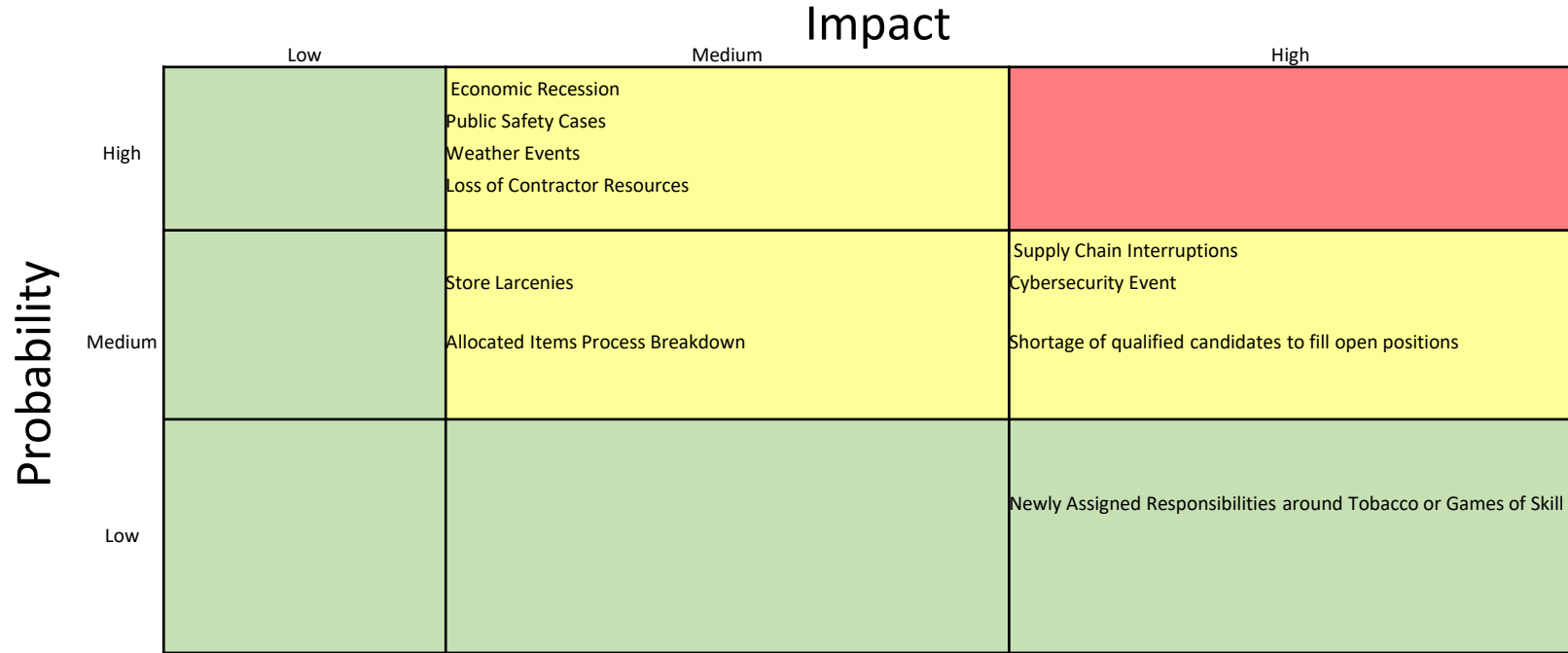
Year to Date Turnover by Cause	<u>Another Position With</u>		<u>Outside COV</u>		<u>Other</u>		<u>Total</u>
	<u>COV</u>	<u>Local Gov't</u>	<u>(if known)</u>	<u>Retirement</u>	<u>Death</u>	<u>Termination</u>	
<i>Length of Service</i>	3	0	0	6	1	724	734
<i>Tenure between 0 and 3 years</i>	1	0	*	0	0	660	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.









Agency 99900 Risk Assessment

Quarter Ending September 30, 2022



Status	
On track	
Some issues	
Off track	

OKR Detail

Agency Objective	Key Result	Metric	Baseline FY '19	Targets			OKR Status
				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%	

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	

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

Special Reports

Update: Review Product Management Process, *John Shiffer*

Update: General Assembly Update

ABC Product Management Processes



Agenda

- Product management data tools
- Virginia-specific price tiers
- Listings
- Delisting & distribution contraction
- Product distribution

Product Management Data Tools

Strategy & Analysis provides data analytics to facilitate data-driven decision making across various product management processes

Annual price tier updates

Listings

Quarterly by category analysis of a listed products: sales, sales/attached store, year-over-year change

Quarterly by category, by price tier guardrails

Delistings/contractions

Quarterly by category, by price tier delist candidates

Quarterly by product, by store sales/attached store for distribution contraction

New product distribution

Quarterly by product, by store distribution recommendations

Product Management Data Tools

Logistics provides data analytics to facilitate data-driven decision making across various product management processes

Listings

- Supplier scorecard

- Supplier out of stock report

Delistings

- Supplier out of stock report

Virginia-Specific Price Tiers

Virginia-specific price tiers are the foundation for listings, delistings, and distribution

- More reflective of Virginia than previously used Nielsen national averages
- Based on Cost-Per-Liter by merchandising category so can be translated to each size
- Five price tiers: Value, Premium, Super Premium, Ultra Premium, and Luxury
- Assignment to a price tier is determined by a statistical analysis of a SKU's position within the range of prices in its respective merchandising category
- Updated annually in OND

Virginia-Specific Price Tiers

ABC provides a spreadsheet to suppliers that can be sorted by bottle size to identify a product's price tier

- A product's price tier assignment is based on October regular shelf price
- Price tier assignments remain the same until annual OND update

EXAMPLE

Bottle Size (mL):	750									
Category	Prices (Max-Min by Bottle Size)									
	Luxury	Ultra Premium		Super		Premium		Value		
AMERICAN WHISKEY	N/A	\$61.52	\$61.51	\$42.30	\$42.30	\$23.09	\$23.08	\$13.47	\$13.47	N/A
BRANDY & COGNAC	N/A	\$63.77	\$63.76	\$43.67	\$43.66	\$23.58	\$23.57	\$13.53	\$13.52	N/A
CANADIAN	N/A	\$41.10	\$41.09	\$28.06	\$28.06	\$15.03	\$15.03	\$8.51	\$8.51	N/A
CCHS	N/A	\$7.57	\$7.57	\$6.64	\$6.64	\$5.71	\$5.70	\$5.24	\$5.24	N/A
COCKTAILS	N/A	\$12.71	\$12.70	\$10.14	\$10.13	\$7.56	\$7.55	\$6.27	\$6.26	N/A
CORDIALS	N/A	\$41.56	\$41.56	\$30.02	\$30.01	\$18.47	\$18.46	\$12.69	\$12.69	N/A
GIN	N/A	\$47.52	\$47.51	\$34.56	\$34.55	\$21.59	\$21.58	\$15.10	\$15.10	N/A
IRISH	N/A	\$45.42	\$45.42	\$36.47	\$36.46	\$27.52	\$27.51	\$23.04	\$23.03	N/A
MINIATURES	N/A	\$58.99	\$58.98	\$41.48	\$41.48	\$23.98	\$23.97	\$15.23	\$15.22	N/A
MIXERS	N/A	\$24.83	\$24.82	\$15.20	\$15.19	\$5.57	\$5.56	\$0.75	\$0.74	N/A
MOONSHINE	N/A	\$29.84	\$29.83	\$25.74	\$25.73	\$21.64	\$21.63	\$19.58	\$19.58	N/A
RUMF	N/A	\$23.01	\$23.00	\$18.41	\$18.40	\$13.81	\$13.80	\$11.51	\$11.50	N/A
RUMS	N/A	\$29.75	\$29.74	\$22.54	\$22.53	\$15.32	\$15.32	\$11.71	\$11.71	N/A
RUMU	N/A	\$45.14	\$45.13	\$32.00	\$31.99	\$18.86	\$18.85	\$12.28	\$12.28	N/A
SCOTCH	N/A	\$93.28	\$93.28	\$64.53	\$64.53	\$35.78	\$35.77	\$21.40	\$21.40	N/A
TEQUILA	N/A	\$71.59	\$71.58	\$50.99	\$50.98	\$30.39	\$30.38	\$20.08	\$20.08	N/A
VIRGINIA WINE	N/A	\$26.93	\$26.92	\$20.39	\$20.38	\$13.84	\$13.83	\$10.56	\$10.56	N/A
VERMOUTH	N/A	\$23.19	\$23.18	\$16.21	\$16.21	\$9.24	\$9.23	\$5.75	\$5.74	N/A
VODKA	N/A	\$30.37	\$30.37	\$22.11	\$22.10	\$13.85	\$13.84	\$9.71	\$9.70	N/A



Listings

Until recently ABC has added new products quarterly

January on-shelf eliminated starting with January 2024

- Discontinued January on-shelf period, so suppliers and ABC can focus on holiday inventory demands in November-December
- Reviewed with key suppliers, who supported the change
- We expect to list the same number of products per year by listing more in each of the three quarters than previously in each of the four quarters
- Will entertain first quarter launches on an ad hoc basis if there is a sound business reason to do so, e.g., launching a new Irish whiskey before St. Patrick’s Day

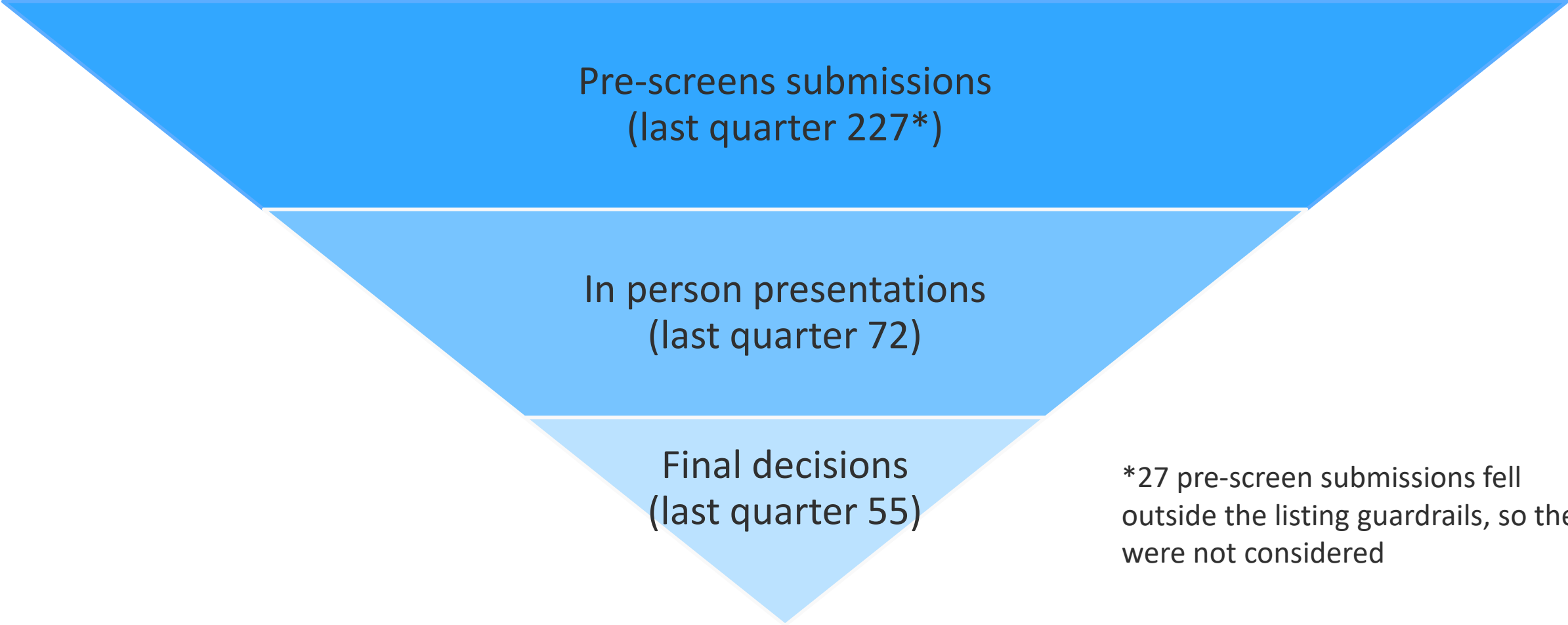
Listings Meetings	On-Shelf Date
September	January
December	April 1
March	July 1
June	October 1



Listings Process

	Responsibility	Q1	Q2	Q4
Distribute updated listings guardrails	ABC	12/26/22	3/27/23	9/18/22
Prescreen submissions	Suppliers	1/23-2/3/23	4/24-5/5/23	10/16-27/22
Complete prescreen	ABC	2/17/23	5/19/23	11/10/22
Notify suppliers/brokers of items accepted for presentation	ABC	2/20/23	5/22/23	11/13/22
In-Person meetings	ABC	3/13/23	6/12/23	12/4/22
On-shelf	ABC	7/1/23	10/1/23	4/1/24





Pre-screens submissions
(last quarter 227*)

In person presentations
(last quarter 72)

Final decisions
(last quarter 55)

*27 pre-screen submissions fell outside the listing guardrails, so they were not considered

Listings Guardrails

Guardrails focus on the best sales growth opportunities, while making the processes more effective and more efficient for both Virginia ABC and supplier partners.

- Guardrail implemented for the first time in December 2022 (April on-shelf) – previously suppliers submitted whatever they wanted
- ABC provides direction on the products that the Authority needs based on categories and price tiers where consumer spend is growing
- Suppliers can be more prudent in what products they propose for listing, saving time and effort on products that have a low likelihood of success
- Save supplier and ABC team time. Avoid submitting/considering products that are redundant to products currently in the Authority's portfolio and/or in categories and price tiers that are over-SKUed

Listings Guardrails Process

- Strategy & Analytics (S&A) updates guardrails each quarter to reflect most current market conditions
- Marketing & Merchandising (M&M) shares guardrails with suppliers at least four weeks in advance of the pre-screen submission period
- Only products in the desired categories/price tiers should be submitted
 - Submitted products that fall outside the selected categories/price tiers are not be considered except as noted on the following slides
- All submissions will still be subject to pre-screening process (including performance on the supplier scorecard)

Listings Guardrails Target Growing Categories/Tiers

1. YOY revenue growth is determined for each category/price tier segment
2. Revenue growth for each segment is compared to the overall revenue growth of the Authority
3. Green arrow: market segments that are growing at or above the overall ABC revenue growth rate (in this case 3.33%)
4. Yellow arrow: market segments which are growing below the overall rate but at least 75% of the overall growth rate ($\geq 2.5\%$)
5. Red arrow: market segments which are growing below 75% of the overall revenue growth rate ($< 2.5\%$)


Listings Guardrails December '20 - November '21 vs. December '21 - November '22			
Row Labels	Sum of Total Gross Dollars (DWH) - TY	Sum of Total Gross Dollars (DWH) - LY	Sum of TGD% ▲
⊕ American Whiskey	\$284,849,203.64	\$268,091,862.83	↑ 6.25%
⊕ Brandy & Cognac	\$98,204,298.06	\$113,892,518.07	↓ -13.77%
⊕ Canadian	\$59,218,935.47	\$59,944,587.63	↓ -1.21%
⊕ CCHS	\$4,441,241.30	\$2,235,899.12	↑ 98.63%
⊕ Cocktails	\$12,200,752.92	\$13,049,949.68	↓ -6.51%
⊕ Cordials	\$77,082,775.43	\$77,952,969.00	↓ -1.12%
⊕ Gin	\$46,080,187.25	\$45,755,526.38	↓ 0.71%
⊕ Irish	\$31,001,556.31	\$31,081,577.43	↓ -0.26%
⊕ Miniatures	\$43,334,222.46	\$40,088,116.49	↑ 8.10%
⊕ Mixers	\$9,094,979.20	\$8,791,720.03	↑ 3.45%
⊕ Moonshine	\$7,609,541.82	\$6,110,026.81	↑ 24.54%
⊕ RumF	\$18,914,362.50	\$19,848,630.38	↓ -4.71%
⊕ RumS	\$21,981,295.18	\$22,939,072.92	↓ -4.18%
⊕ RumU	\$40,917,758.44	\$41,203,242.29	↓ -0.69%
⊕ Scotch	\$66,086,499.48	\$65,147,351.95	↓ 1.44%
⊕ Tequila	\$212,871,244.42	\$173,079,519.39	↑ 22.99%
⊕ Vermouth	\$2,292,281.32	\$2,455,231.84	↓ -6.64%
⊕ Virginia Wine	\$2,793,009.96	\$2,930,713.75	↓ -4.70%
⊕ Vodka	\$256,746,490.02	\$259,384,288.57	↓ -1.02%
Grand Total	\$1,295,720,635.18	\$1,253,982,804.56	↑ 3.33%

Listings Guardrails Target Growing Categories/Tiers

Category is the first level of priority, then price tier:

- Green: categories growing at or above the total Authority growth rate – submissions in all price tiers allowed.
- Yellow: categories close to the total growth rate – only products in green and yellow tiers allowed. (Tier is showing reasonable growth despite slower category growth.)
- Red: categories well below the total growth rate – only products in green tiers allowed. (Tier must show strong growth despite slow category growth.)

Prices (Max-Min by Cost Per Liter)										
Category	Luxury	Ultra Premium	Super	Premium	Value					
AMERICAN WHISKEY	N/A	\$82.03	\$82.02	\$56.41	\$56.40	\$30.78	\$30.77	\$17.96	\$17.95	N/A
BRANDY & COGNAC	N/A	\$85.02	\$85.01	\$58.23	\$58.22	\$31.44	\$31.43	\$18.04	\$18.03	N/A
CANADIAN	N/A	\$54.80	\$54.79	\$37.42	\$37.41	\$20.04	\$20.03	\$11.35	\$11.34	N/A
CCHS	N/A	\$10.10	\$10.09	\$8.86	\$8.85	\$7.62	\$7.61	\$6.99	\$6.98	N/A
COCKTAILS	N/A	\$16.95	\$16.94	\$13.51	\$13.50	\$10.08	\$10.07	\$8.36	\$8.35	N/A
CORDIALS	N/A	\$55.42	\$55.41	\$40.02	\$40.01	\$24.63	\$24.62	\$16.92	\$16.91	N/A
GIN	N/A	\$63.36	\$63.35	\$46.07	\$46.06	\$28.79	\$28.78	\$20.14	\$20.13	N/A
IRISH	N/A	\$60.57	\$60.56	\$48.63	\$48.62	\$36.69	\$36.68	\$30.72	\$30.71	N/A
MINIATURES	N/A	\$78.65	\$78.64	\$55.31	\$55.30	\$31.97	\$31.96	\$20.30	\$20.29	N/A
MIXERS	N/A	\$33.11	\$33.10	\$20.27	\$20.26	\$7.42	\$7.41	\$1.00	\$0.99	N/A
MOONSHINE	N/A	\$39.79	\$39.78	\$34.32	\$34.31	\$28.85	\$28.84	\$26.11	\$26.10	N/A
RUMF	N/A	\$30.68	\$30.67	\$24.55	\$24.54	\$18.41	\$18.40	\$15.34	\$15.33	N/A
RUMS	N/A	\$39.67	\$39.66	\$30.05	\$30.04	\$20.43	\$20.42	\$15.62	\$15.61	N/A
RUMU	N/A	\$60.18	\$60.17	\$42.66	\$42.65	\$25.14	\$25.13	\$16.38	\$16.37	N/A
SCOTCH	N/A	\$124.38	\$124.37	\$86.04	\$86.03	\$47.71	\$47.70	\$28.54	\$28.53	N/A
TEQUILA	N/A	\$95.45	\$95.44	\$67.99	\$67.98	\$40.52	\$40.51	\$26.78	\$26.77	N/A
VIRGINIA WINE	N/A	\$35.91	\$35.90	\$27.18	\$27.17	\$18.45	\$18.44	\$14.08	\$14.07	N/A
VERMOUTH	N/A	\$30.92	\$30.91	\$21.62	\$21.61	\$12.32	\$12.31	\$7.66	\$7.65	N/A
VODKA	N/A	\$40.50	\$40.49	\$29.48	\$29.47	\$18.46	\$18.45	\$12.95	\$12.94	N/A



Category Color Key	All Submissions Allowed
	Only Submissions in Green or Yellow Price Tiers Allowed
	Only Submissions in Green Price Tiers Pass Allowed



Listings Guardrails Target Growing Categories/Tiers

Exceptions to the guardrails:

A new product from a brand in top 25 brands/top 50% of ABC sales even if in a slow growth category (updated quarterly with guardrails)

A true “new to the world” product (e.g. Skrewball)

A new Virginia distillery

Top 25 Brands/Top 50% of ABC sales	
Tito's	Don Julio
Crown Royal	Ciroc
Hennessy	Fireball
Jack Daniel's	Woodford Reserve
Jim Beam	Absolut
Patron	Evan Williams
Jose Cuervo	Grey Goose
Smirnoff	Captain Morgan
Bacardi	Lunazul
1800	Johnnie Walker
Maker's Mark	Aristocrat
Casamigos	New Amsterdam
Jameson	



Listings Guardrails Target Growing Categories/Tiers

ABC provides a spreadsheet that can be sorted by bottle size to identify approved category/price tiers.

Bottle Size (mL):	750	Prices (Max-Min by Bottle Size)									
Category	50 200 375 750 1000 1420 1750	Ultra Premium	Ultra Premium	Super	Super	Premium	Premium	Value	Value		
AMERICAN WHISKY		\$61.52	\$61.51	\$42.30	\$42.30	\$23.09	\$23.08	\$13.47	\$13.47	N/A	
BRANDY & COGNAC		\$63.77	\$63.76	\$43.67	\$43.66	\$23.58	\$23.57	\$13.53	\$13.52	N/A	
CANADIAN		\$41.10	\$41.09	\$28.06	\$28.06	\$15.03	\$15.03	\$8.51	\$8.51	N/A	
CCHS		\$7.57	\$7.57	\$6.64	\$6.64	\$5.71	\$5.70	\$5.24	\$5.24	N/A	
COCKTAILS	N/A	\$12.71	\$12.70	\$10.14	\$10.13	\$7.56	\$7.55	\$6.27	\$6.26	N/A	
CORDIALS	N/A	\$41.56	\$41.56	\$30.02	\$30.01	\$18.47	\$18.46	\$12.69	\$12.69	N/A	
GIN	N/A	\$47.52	\$47.51	\$34.56	\$34.55	\$21.59	\$21.58	\$15.10	\$15.10	N/A	
IRISH	N/A	\$45.42	\$45.42	\$36.47	\$36.46	\$27.52	\$27.51	\$23.04	\$23.03	N/A	
MINIATURES	N/A	\$58.99	\$58.98	\$41.48	\$41.48	\$23.98	\$23.97	\$15.23	\$15.22	N/A	
MIXERS	N/A	\$24.83	\$24.82	\$15.20	\$15.19	\$5.57	\$5.56	\$0.75	\$0.74	N/A	
MOONSHINE	N/A	\$29.84	\$29.83	\$25.74	\$25.73	\$21.64	\$21.63	\$19.58	\$19.58	N/A	
RUMF	N/A	\$23.01	\$23.00	\$18.41	\$18.40	\$13.81	\$13.80	\$11.51	\$11.50	N/A	
RUMS	N/A	\$29.75	\$29.74	\$22.54	\$22.53	\$15.32	\$15.32	\$11.71	\$11.71	N/A	
RUMU	N/A	\$45.14	\$45.13	\$32.00	\$31.99	\$18.86	\$18.85	\$12.28	\$12.28	N/A	
SCOTCH	N/A	\$93.28	\$93.28	\$64.53	\$64.53	\$35.78	\$35.77	\$21.40	\$21.40	N/A	
TEQUILA	N/A	\$71.59	\$71.58	\$50.99	\$50.98	\$30.39	\$30.38	\$20.08	\$20.08	N/A	
VIRGINIA WINE	N/A	\$26.93	\$26.92	\$20.39	\$20.38	\$13.84	\$13.83	\$10.56	\$10.56	N/A	
VERMOUTH	N/A	\$23.19	\$23.18	\$16.21	\$16.21	\$9.24	\$9.23	\$5.75	\$5.74	N/A	
VODKA	N/A	\$30.37	\$30.37	\$22.11	\$22.10	\$13.85	\$13.84	\$9.71	\$9.70	N/A	



Listings Pre-Screen

- Suppliers submit +/- 225 products each quarter using ABC-developed form
- Cross functional team (M&M, Logistics, Special Order) evaluate each submission based on:

Metric	Weighted Importance	Basis
Brand Strength	High	Team experience & judgement
Merchandising/Flavor Category Price Tier Need	High	Sales analysis
Category Trends (YoY Growth)	Medium	Sales analysis
Customer Demand (SOC/SONC/OTB revenue)	Medium	Sales analysis
Packaging	Medium	Team experience & judgement
Intuition (sales/performance of brand's current SKUs, past experience with comparable products, sales in other states)	Medium	Team experience & judgement
Marketing Support/Strategy	Low	Team experience & judgement
VA Product	Low	Yes/No



Listings Pre-Screen Scoring Matrix

Metric	Rank	5 points	4 Points	3 Points	2 Points	1 Point	0 Points	Max Score	Priority Multiplier	Max Points	Score Weight
Brand Strength	High	Category Leader: Brand is among top 5 in category (past year).	Very popular brand: Sold nationally or internationally with several product expressions available.	Frequently seen, Well know brand	Heard of brand, may have seen infrequently	New brand/never heard of	Brand has negative reputation	5	2	10	14.29%
Merchandising/Flavor Category Price Tier Need	High	Category price tier empty: No similar products available in merchandising category.	Category price tier is significantly under SKUed	Category price tier would benefit from additional SKUs	Category price tier is currently adequately SKUed	Category price tier is currently over SKUed	Category price tier is significantly over SKUed	5	4	20	28.57%
Category Trends (YoY Growth)	Medium	11%+	8-10%	5-7%	2-4%	<2%	Negative growth	5	1.5	7.5	10.71%
Customer Demand (SOC/SONC/OTB revenue)	Medium	>\$100K in SOC/SONC/OTB sales	>\$75K in SOC/SONC/OTB sales	>\$50K in SOC/SONC/OTB sales	>\$25K in SOC/SONC/OTB sales	<\$25K in SOC/SONC/OTB sales	No SOC/SONC/OTB sales	5	1.5	7.5	10.71%
Packaging	Medium	Unique bottle with eye catching label.	N/A	Average bottle, label contains product info and some visual attraction	N/A	Average bottle, basic label with product info only, no visual attraction	Packaging is not ready at time of listings presentation	5	1.5	7.5	10.71%
Intuition (sales/performance of brand's current SKUs, past experience with comparable products, sales in other states)	Medium	Positive expectation	N/A	Neutral expectation	N/A	N/A	Negative expectation	5	1.5	7.5	10.71%
Marketing Support/Strategy	Low	Product specific national advertising, e.g. TV, radio, digital Social media Consumer promotions: rebates, sweepstakes In-store sampling & events Periodic price discounts In-store POS On-premise support Other: celebrity endorsements, etc.	N/A	Social media Consumer promotions: rebates, sweepstakes In-store sampling & events Periodic price discounts In-store POS On-premise support	N/A	Social media Periodic price discounts In-store POS	None	5	1	5	7.14%
VA Product	Low	Yes	N/A	N/A 65	N/A	N/A	No	5	1	5	7.14%
Totals								40		70	100.00%



Listings Pre-Screen Scoring

- Products ranked on total weighted score (see following slide)
- Team determines cutoff for in-person presentation
 - Varies by quarter
 - Generally, around score of 35 and +/-80 products



Listings Pre-Screen Scoring

Products ranked on total weighted score



Supplier Name	Broker Representative	Product/ NABCA Code	Product Name	Product Description	Product Size	Suggested Retail Price	Proof	Product Origin	Virginia Product?	Merchandising Category	Category Description	Marketing Support Summary	Brand Strength	Merchandising/Flavor Category Need	Price Comparison/Price Tier Need	Packaging	Category Trends (YoY Growth)	Customer Demand (SOC/SONC/OTB revenue)	Intuition (sales/performance of brand's current)	Marketing Support/Strategy	VA Product	High	Medium	Low	Weighted Total
Casamigos	SGWS		Casamigos Reposado	Aged for 7 months. Soft, slightly oaky with hints of caramel and cocoa. It has a silky texture with a medium to long smooth finish.	1.75L	\$119.99	80	Jalisco	No	Tequila	Reposado	Casamigos is willing to participate in VABC marketing programs such as end cap displays and PODS as	5	3	4	3	5	5	5	3	0	12	18	3	54
Casamigos	SGWS	87290 OTB	Casamigos Anejo	Aged for 14 months. Pure and complex aroma, with soft caramel and vanilla notes. Perfect balance of sweetness from the Blue Weber agaves.	375ml	\$36.99	80	Jalisco	No	Tequila	Anejo	Casamigos is willing to participate in VABC marketing programs such as end cap displays and PODS as	5	3	3	3	5	5	5	3	0	11	18	3	52
Ole Smoky Distilling	SGWS	80374 OTB	Ole Smoky Mountain Java Cream Moonshine	Mountain Java will fill the niche your customers have shown, with the increase in specialty coffee drinks and creams.	750ml	\$25.99	35	TN	No	Moonshine	Cream	All OSD items will receive the full support of OSD Mid Atlantic for sales and marketing support as	4	3	3	3	5	5	3	0	10	18	3	50	
Casamigos	SGWS	88530 OTB	Casamigos Blanco	Rests for 2 months. Crisp and clean with hints of citrus, vanilla and sweet agave, with a long smooth finish.	1.75L	\$109.99	80	Jalisco	No	Tequila	Silver/Blanco	Casamigos is willing to participate in VABC marketing programs such as end cap displays and PODS as	5	3	1	3	5	5	3	0	9	18	3	48	
Ole Smoky Distilling	SGWS	86781 OTB	Ole Smoky Moonshine Peaches (Fruit included)	<ul style="list-style-type: none"> Moonshine Peaches is a jar full of vibrant, juicy peaches soaked in moonshine Moonshine Peaches is the second shine' released from (Size Extension request) 	750ml	\$25.99	65	TN	No	Moonshine	Corn	All OSD items will receive the full support of OSD Mid Atlantic for sales and marketing support as	4	2	3	3	5	5	3	0	9	18	3	48	
Diageo	SGWS - Coastal Pacific	5753 Standard/Seasonal	Johnnie Walker Blue	PURPOSE Recruit new consumers into Johnnie Walker by making trial more affordable	50ml	\$19.99	80	Scotland	No	Miniatures	Blended		5	3	3	3	4	5	5	0	0	11	17	0	47.5
Beam Suntory	SGWS		Tres Generaciones Plata	Tres Generaciones Plata is an un-aged, crystal clear tequila made from 100% blue agave. It is triple-distilled, giving it a unique, pure agave taste and	375ml	\$24.99	80	Mexico	No	Tequila	Silver	Local Brand support - 75k. We will support with Samplings, ONP focus, Starcom, Spirited Virginia	4	3	3	5	5	0	5	4	0	10	15	4	46.5
Beam Suntory	SGWS		Tres Generaciones Reposado	Tres Generaciones Reposado is naturally made from 100% blue agave. It is triple-distilled for smoothness, then rested in American Oak barrels for at	375ml	\$27.99	80	Mexico	No	Tequila	Reposado	Local Brand support - 75k. We will support with Samplings, ONP focus, Starcom, Spirited Virginia	4	3	3	5	5	0	5	4	0	10	15	4	46.5
Diageo	SGWS - Coastal Pacific	88163	Don Julio Primavera	In his true innovative spirit, Don Julio González was a pioneer in creating ultra premium tequila and believed reposado tequila was tequila at	750ml	\$149.99	80	Mexico	No	Tequila	Fruit		4	3	2	5	5	0	5	3	0	9	15	3	43.5



Listings Pre-Screen Scoring

Supplier scorecard considered in pre-screen decisions

In most recent quarter, declined 18 products from four suppliers due to poor scorecard performance

Bacardi 5

Hotaling 7

Park Street/Codigo 2

Piedmont 4

Listings In-Person Meetings

- Team meets with selected suppliers to review detailed presentation using ABC-developed presentation template (see appendix)
- Team meets to discuss presentation, review S&A listings analysis, make final decisions on what to accept/decline based on ABC portfolio need



Delisting

- All standard products that have been on shelf for 14 months or more are subject to review (except OTBs, VAPs, Seasonal, Allocated, 190 proof grain alcohol)
- Data-based metrics
 - Thresholds begin at bottom 5% of category/price tier (with one exception)
 - Sales/attached store thresholds created for every category/price tier
 - Products that equal or fall below threshold are recommended for delisting
 - Requirements for Virginia products are half of the normal threshold to remain on shelves
- Qualitative review of delist candidates for extenuating circumstances, e.g., out of stocks, high share of sales from licensees
- Suppliers have opportunity for appeal
- Process repeated quarterly as the lead-in to the quarterly listings process
- Thresholds updated annually in OND with price tiers

Delisting Process

	Responsibility	Q1	Q2	Q3	Q4
12-month data ending	ABC	12/31/22	3/31/23	6/30/23	9/29/23
Notify suppliers	ABC	1/27/23	4/28/23	7/28/23	10/27/23
Supplier appeals due	Suppliers	2/3/23	5/5/23	8/4/23	11/3/23
Final delist decisions/notify suppliers	ABC	2/10/23	5/12/23	8/11/23	11/10/23
Distribute annual price tier and delist % thresholds update	ABC	---	---	---	11/10/23



Delisting Improvements

ABC recently made several process improvements, effective January 2023.

	Old Process	New Process	Benefit
Price Tiers Based On	750ml size	Cost-Per-Liter	Enables translation to size specific thresholds
Thresholds	Sales Dollars and Sales Dollars per Store	Sales per <u>Attached</u> Store	Removes one-off “special order” purchases that can skew results
Pricing	Nielsen US national averages	Virginia specific pricing	Increased accuracy
Data Alignment	Different databases for listing and delisting	Use one category/price tier database	Both listing and delisting processes rely on exact same data



Process starts with a standardized threshold for each price tier of each category.

The thresholds are initially set at the bottom 5% of the category price tier, except for Value, which is set at the bottom 10% to encourage/target premiumization trends

Luxury	• 95%
Ultra Premium	• 95%
Super Premium	• 95%
Premium	• 95%
Value	• 90% (Premiumization)

Delisting

ABC publishes thresholds by category and price tier based on dollar sales/attached store

- Products that equal or fall below threshold are evaluated for delisting or distribution contraction
- Contraction: a delist candidate can remain in distribution if, after all stores that perform equal to or below the threshold are detached, the product remains in distribution in at least ~100 stores (25% of total stores)

Delist Thresholds: Sales Per Attached Store					
Category	Luxury	Ultra Premium	Super Premium	Premium	Value
AMERICAN WHISKEY	\$633	\$414	\$439	\$311	\$478
BRANDY & COGNAC	\$891	\$262	\$278	\$470	\$655
CANADIAN	\$457	\$679	\$486	\$458	\$750
CCHS	\$91	\$147	\$74	N/A	\$159
COCKTAILS	\$497	\$449	\$347	\$286	\$517
CORDIALS	\$410	\$334	\$312	\$360	\$409
GIN	\$467	\$605	\$601	\$530	\$478
IRISH	\$760	\$698	\$496	\$535	\$803
MINIATURES	\$70	\$179	\$211	\$94	\$213
MIXERS	\$114	\$109	\$146	\$185	N/A
MOONSHINE	N/A	\$493	\$415	\$464	\$557
RUMF	\$243	\$467	\$460	N/A	\$1,091
RUMS	N/A	\$332	\$463	\$495	\$600
RUMU	\$456	\$341	\$334	\$651	\$513
SCOTCH	\$744	\$694	\$470	\$656	\$410
TEQUILA	\$887	\$601	\$486	\$901	\$672
VIRGINIA WINE	\$168	\$88	\$91	\$105	\$137
VERMOUTH	\$747	\$657	\$507	\$701	\$309
VODKA	\$896	\$212	\$415	\$394	\$479

SAMPLE DATA FOR ILLUSTRATION ONLY



New Product Distribution

Until recently, new product distribution was based on store clusters

- Store clusters are based on sales trends and skews overlaid with demographic data for greater customer insight and are standard retail practice

Cluster 1	Cluster 2	Cluster 3	Cluster 4	Cluster 5	Total Stores
Luxury Lifestyle	Beaches & Bases	Urban Mix	Traditional Suburbs	Country Living	
106	62	74	82	71	395
27%	16%	19%	21%	18%	
Over-Index in Scotch and Irish	Over-Index in Rum	Over-Index in Gin	Over-Index in North American Whiskey (bourbon, blends, Canadian, moonshine)	Over-Index in North American Whiskey (bourbon, blends, Canadian, moonshine)	
Over-index in Premium, Super Prem and Ultra Prem+ price tiers	Located near tourism destination or beach	Over-Index in Brandy and Cognac	Average to above average income levels among households in retail area	Over-Index in Cocktails	
Greater concentration of affluent households in retail area vs. state average				Over-index in Value price tier	
				Below Average income levels among households in retail area	



New Product Distribution

Effective April 1, we will further refine the approach using the same category/price tier/expression data to provide a more granular and accurate approach to product assignment

- New products from power brands (e.g., Crown Royal) will go to all stores
- New products from new brands (e.g., a new brand of blanco tequila) will be assigned to stores accounting for 50% of the total revenue or top 100 stores for the merchandising category/price tier/expression, whichever yields the higher store count
- Flavor extensions of an existing brand will be treated like a new brand and will be assigned to stores accounting for 50% of the total revenue or top 100 stores for the merchandising category/price tier/expression, whichever yields the higher store count
- Size extension to an existing brand not covered by #1 will be assigned to stores accounting for 50% of the total revenue or top 100 stores for the existing sizes of that label only, whichever yields the higher store count

Distribution Expansion

- Currently, suppliers can make ad hoc product expansion requests
 - S&A analyzes the product and identifies opportunity stores and detach candidates
- M&M and S&A are collaborating to develop a periodic data-driven expansion process to proactively capture expansion opportunities without supplier requests

Appendix

In-Person Presentation Template



Virginia ABC New Product Listings

**Listing Period: March 2023 meetings for
July 2023 on-shelf**

*Your Brand Here
Date*



Product Details

Product Name:

Size(s):

Are 50mls/single cans available?

If so, are you interested in participating in the Mini Monday program?

Is this a size extension?

Does the product have an expiration date?

Brand Strength & Recognition

How well known is your brand?



Pricing & Shelving

What is the suggested retail price?

(Note: If accepted, the product must go on the shelf at the price agreed upon in listings. Price adjustments between listing acceptance and on-shelf are not permitted without discussion with Virginia ABC.)

What are the competitive products and their respective retail prices? List all competitive products with retail prices within +/- \$2.00.

In what category do you suggest it be shelved in Virginia ABC stores?

CATEGORIES					
American Whiskey	Canned Cocktails & Hard Seltzers	Gin & Vermouth	Mixers	Rum – Spiced	Tequila
Brandy & Cognac	RTD Cocktails	Irish Whiskey	Moonshine	Rum – Unflavored	Virginia Wine
Canadian Whisky	Cordials	Miniatures	Rum – Flavored	Scotch Whisky	Vodka

Category Need

Why does Virginia ABC need the product?

What is your product's point of difference that makes it unique?

What makes it appealing to customers?

How does the product provide customers with meaningful variety and not simply duplicate products already on Virginia ABC store shelves? (For example, Virginia ABC carries 159 unflavored vodka SKUs. Why do we need another one?)



Category Need

How will this product grow Virginia ABC sales?

Many products will sell, but if they simply take sales from a comparably priced product Virginia ABC will not grow sales.

1. What is your first 12 month **DOLLAR (NOT 9L)** sales forecast?
2. Why will the product generate incremental sales, e.g. trade up, additional purchase, etc.?
3. What data do you have to support your estimate?

Marketing Strategy & Support

Who is the target audience?

What is your plan to create consumer awareness and trial of this product?

- National and Virginia budget? Is this specific to this product or part of a parent brand's support?
- Advertising /media plan: media channels, spending by media, flighting
- Social media: media choices, frequency, timing
- In-store sampling & events: number of stores, frequency, timing
- Periodic price discounts: amount/bottle, frequency, timing
- Consumer promotions: offer, frequency, timing
- Other: celebrity endorsements, etc.
- On-premise support: activity, number of accounts, frequency, timing



Distribution

Virginia ABC assigns new products to stores in which the category/price tier/expression perform well to give the new product the best opportunity for success.

Distribution recommendations are welcome but not required. If you choose, to make a recommendation, please provide supporting rationale/data.

Are you planning any regional marketing efforts that would necessitate regional distribution?

Sales History

Do you have any sales history – sales in other markets, Virginia ABC special order sales, distillery store sales – that demonstrate the product's potential?

- If so, what are the sales and in how many stores (i.e. what are the sales per point of distribution)?
- Sales should be expressed in dollars, not 9L cases.



Other Information

Is there any other information that it is important for Virginia ABC to know as we consider this product?

Required Information

(not part of the presentation)

The information on the following slide will be

1. Used for the product description and photo for the Virginia ABC website
2. Sent to Virginia ABC store personnel to educate them on your new product



Product Name Goes Here Can Fit Into Two Lines

Product Description

Suggested selling/tasting notes:

- Expressions
- describe how the product is made
- primary ingredients
- Mash bill
- Distilling technique
- Age
- State/country of origin (if Virginia, add the county)
- Tasting notes
- Other relevant information

Recommended Recipe

Recipe Name Here

Ingredients and instructions

Sizes/Prices	--ml, \$00.00
Proof	00 Proof
NABCA Code	
Origin	State or Country

High-res product image*



*See the Virginia ABC website for photo specs,
[Product Listing Information \(virginia.gov\)](http://virginia.gov)

EXAMPLE

John's Most Excellent Vodka

Product Description

Lovingly distilled from the tears of a clown in a copper pot still and then aged for 15 minutes in plastic milk jugs.

JME vodka is one-of-a-kind. The spicy hint of scrapple compliments the citrus notes of cheddar cheese and horseradish. Drink it neat or in your favorite cocktail. You'll never forget it!

Recommended Recipe

JME Mule

1 ½ oz. JME Vodka

3 oz. Ginger Beer

Mix all ingredients in a chilled copper mug. Garnish with a lime wedge. Enjoy!

Sizes/Prices	750ml, \$49.99
Proof	86 Proof
NABCA Code	123456
Origin	Parts Unknown



General Assembly Update

Financial Update

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2023 - Month of November

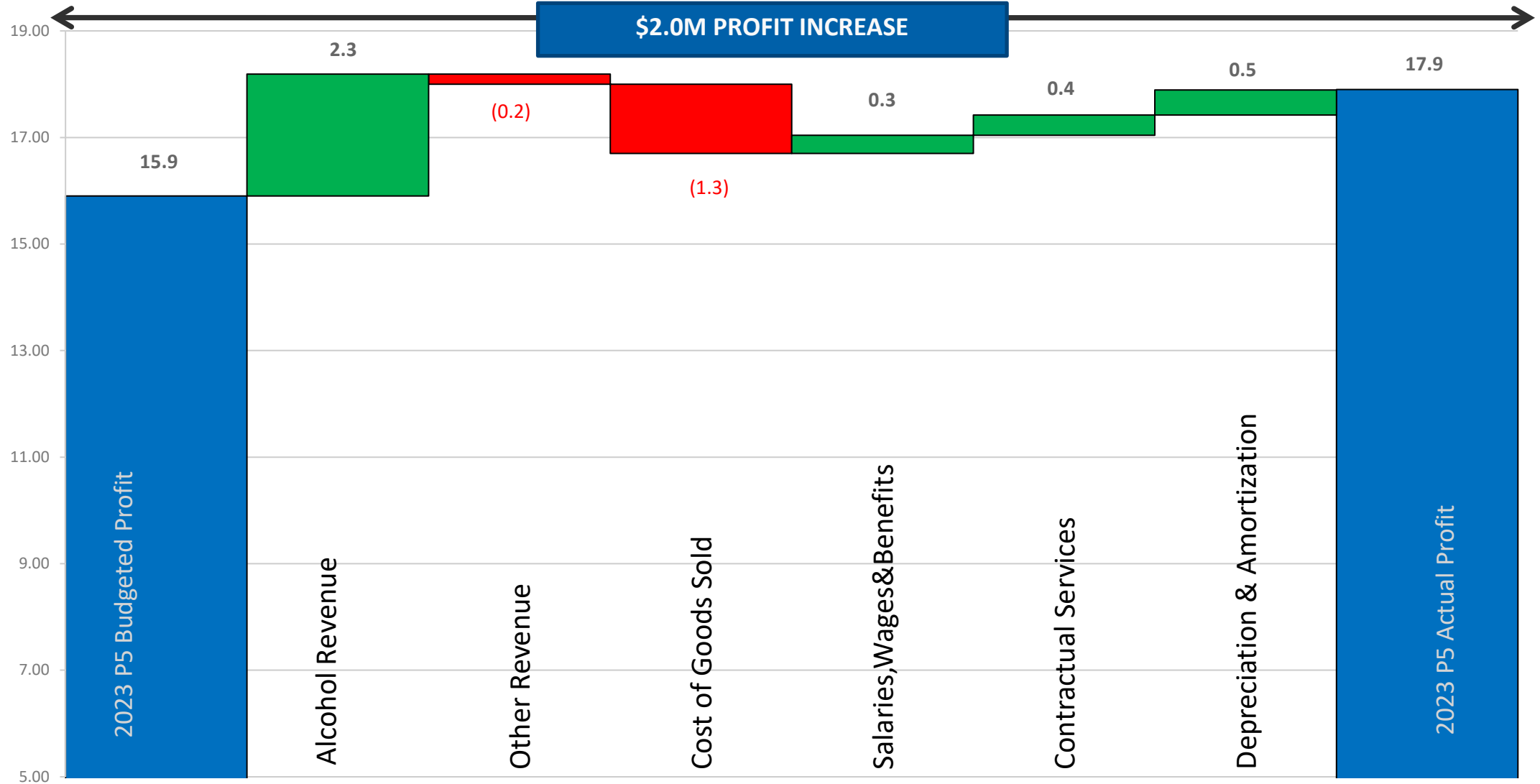
	FY 2023		FY 2023		FY 2023	FY 2023		FY 2022			
	Actual		Budget		Variance	Percentage		Actual		Variance	Percentage
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 123.5		\$ 120.8		\$ 2.7	2.2%	●	\$ 116.1		\$ 7.4	6.4%
Online Sales	0.9		0.8		0.1	NM		0.7		0.2	28.6%
Other	1.2		1.4		(0.2)	-14.3%	●	1.7		(0.5)	-28.5%
Gross Revenue	125.6		123.0		2.6	2.1%	●	118.5		7.1	6.0%
Less: Spirits Excise Tax	20.6		20.1		(0.5)	-2.5%	●	19.3		(1.3)	-6.7%
Net Revenue	105.0		102.9		2.1	2.0%	●	99.2		5.8	5.8%
Variable Operating Costs:											
Cost of Goods Sold	59.7	48.0%	58.4	48.0%	(1.3)	-2.2%	●	57.0	48.8%	(2.7)	-4.7%
Variable Administrative Costs	18.0		18.3		0.3	1.5%	●	16.1		(1.9)	-12.0%
Total Variable Costs	77.7		76.7		(1.1)	-1.4%	●	73.1		(4.6)	-6.3%
Contribution Margin	27.3		26.2		1.1	4.1%	●	26.1		1.2	4.5%
Contribution Margin as a % of Store Sales	21.9%		21.5%					22.3%			
Fixed Operating Costs:											
Fixed Administrative Costs	7.5		7.8		0.3	3.9%	●	5.6		(1.9)	-33.6%
Regulatory Costs (Enforcement & Hearings)	1.9		2.5		0.6	24.5%	●	1.6		(0.3)	-19.4%
Total Fixed Costs	9.4		10.3		0.9	8.9%	●	7.2		(2.2)	-30.3%
ABC Net Profit	\$ 17.9		\$ 15.9		\$ 2.0	12.5%	●	\$ 18.9		\$ (1.0)	-5.1%
As a % of Store Sales	14.4%		13.1%					16.1%			

● Favorable Variance
● Unfavorable Variance
NM = Not Meaningful

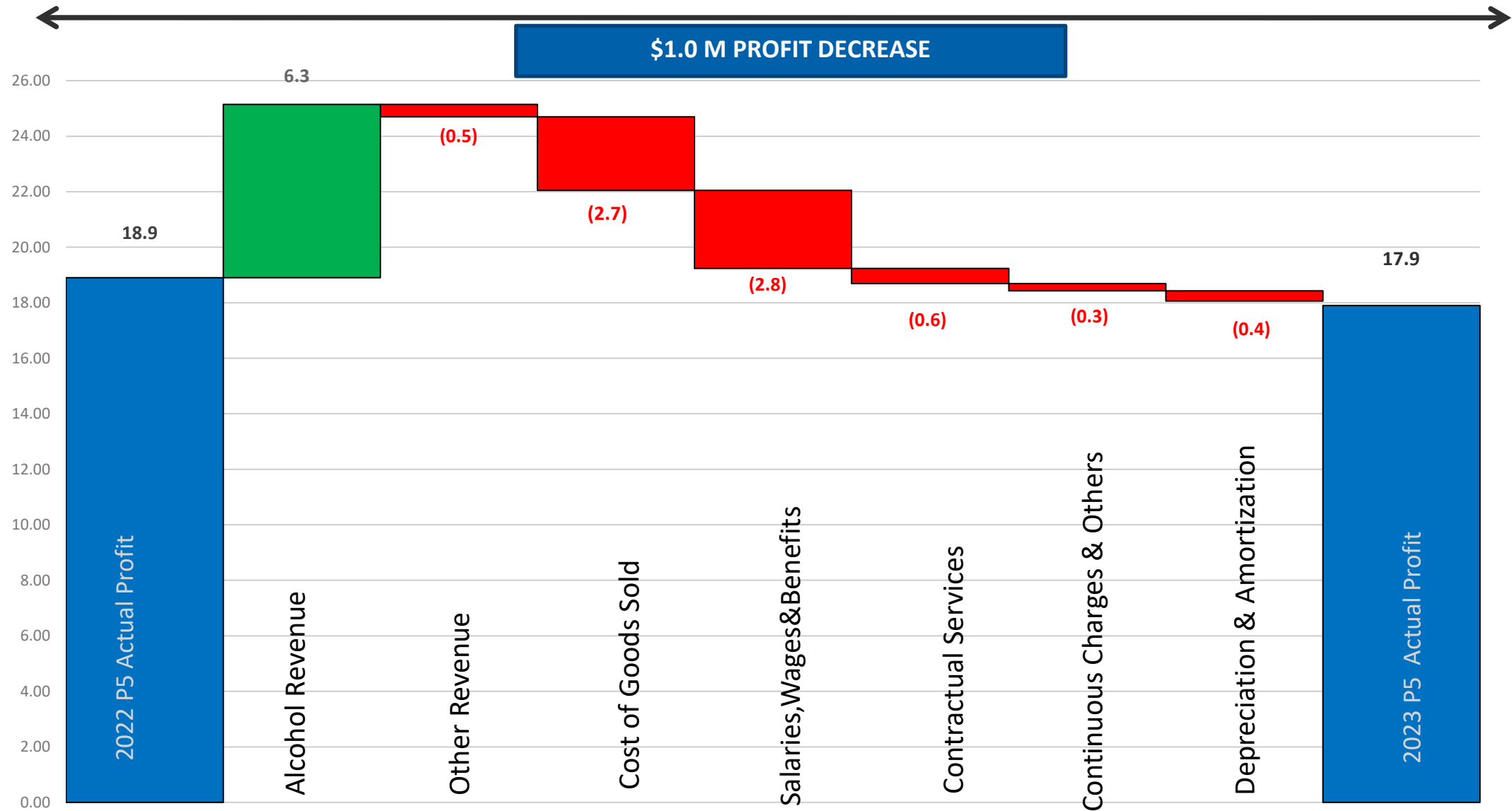
Notes: Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.
Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.
Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



FY23-P5 Actual vs FY23-P5 Budget



FY23-P5 Actual vs FY22-P5 Actual

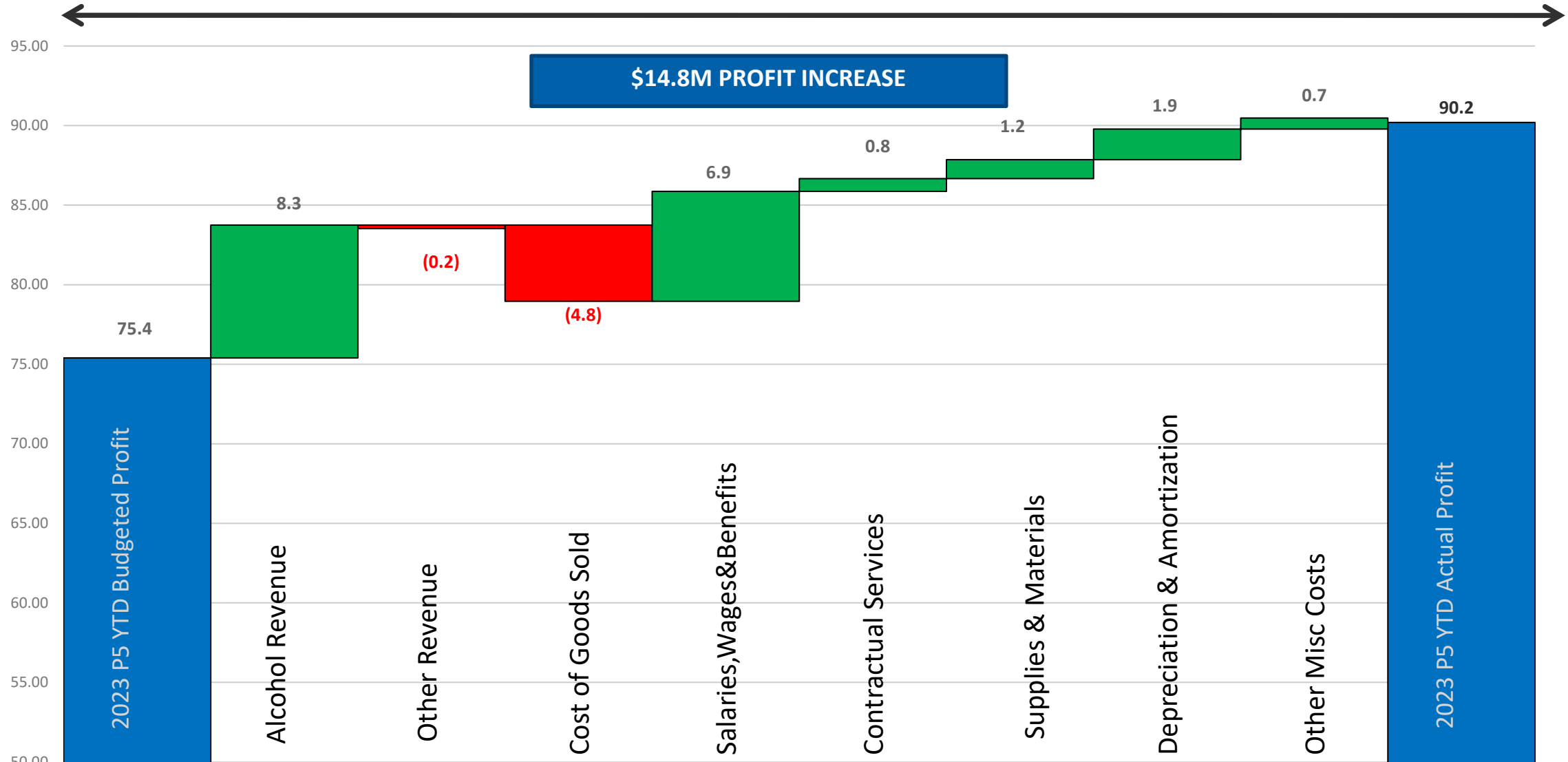


VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2023 - YTD as of 11/30/2022

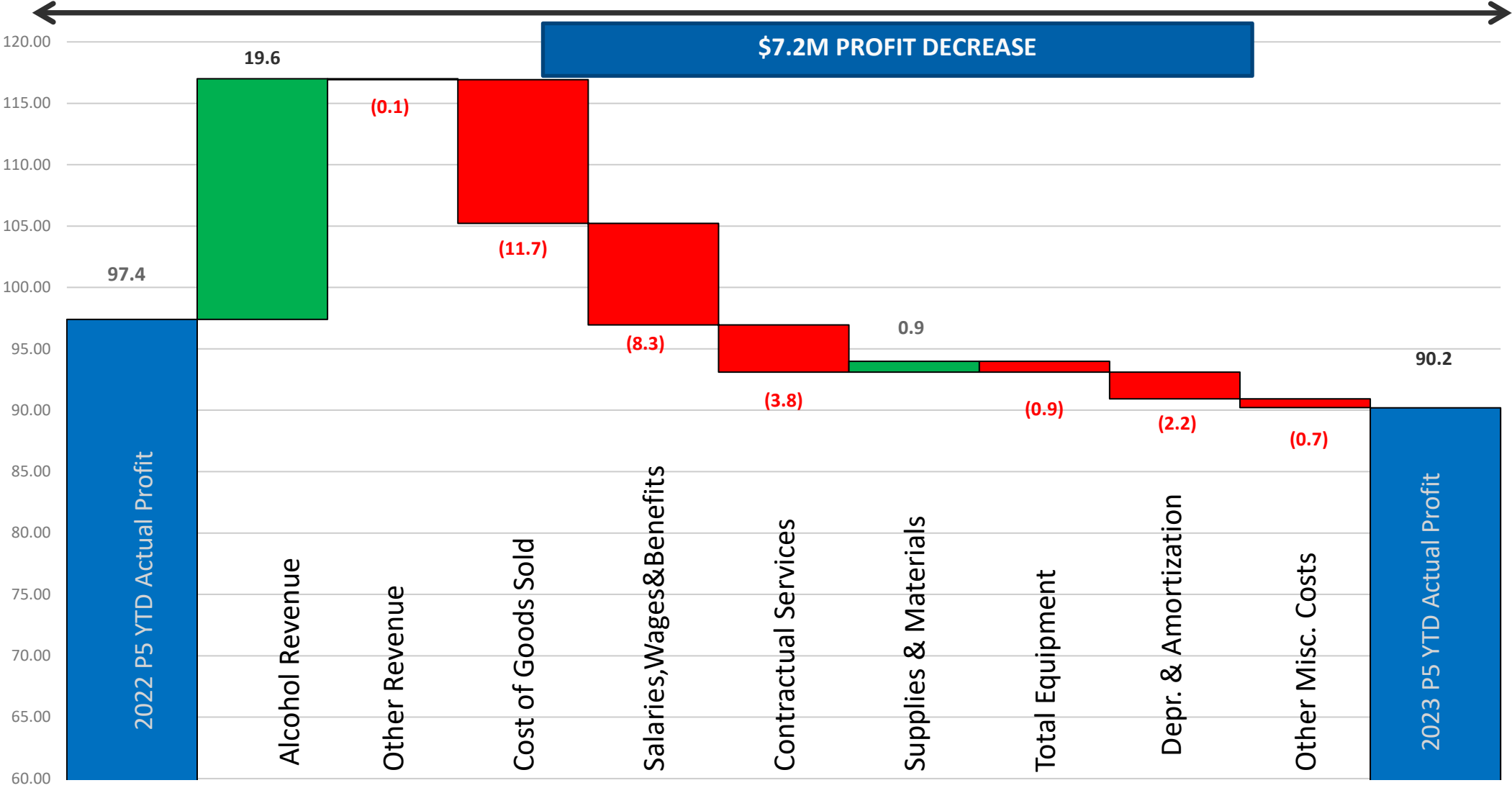
	FY 2023		FY 2023		FY 2023		FY 2023		FY 2022	
	Actual	Budget	Variance	Percentage	Actual	Variance	Percentage	Actual	Variance	Percentage
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 589.5	\$ 579.6	\$ 9.9	1.7%	●	\$ 566.7	\$ 22.8	4.0%		
Online Sales	3.7	3.9	(0.2)	-3.8%	●	3.0	0.7	23.3%		
Other	9.1	9.3	(0.2)	-2.2%	●	9.2	(0.1)	-1.2%		
Gross Revenue	602.3	592.8	9.5	1.6%	●	578.9	23.4	4.0%		
Less: Spirits Excise Tax	98.1	96.7	(1.4)	-1.4%	●	94.2	(3.9)	-4.1%		
Net Revenue	504.2	496.1	8.1	1.6%	●	484.7	19.5	4.0%		
Variable Operating Costs:										
Cost of Goods Sold	285.3	280.5	(4.8)	-1.7%	●	273.6	(11.7)	-4.3%		
Variable Administrative Costs	86.6	89.1	2.5	2.8%	●	80.4	(6.2)	-7.8%		
Total Variable Costs	371.9	369.6	(2.3)	-0.6%	●	354.0	(17.9)	-5.1%		
Contribution Margin	132.3	126.5	5.8	4.6%	●	130.7	1.6	1.2%		
Contribution Margin as a % of Store Sales	22.3%	21.7%				22.9%				
Fixed Operating Costs:										
Fixed Administrative Costs	32.6	38.3	5.7	14.9%	●	25.3	(7.3)	-28.8%		
Regulatory Costs (Enforcement & Hearings)	9.5	12.8	3.3	25.6%	●	8.0	(1.5)	-19.1%		
Total Fixed Costs	42.1	51.1	9.0	17.6%	●	33.3	(8.8)	-26.5%		
ABC Net Profit	\$ 90.2	\$ 75.4	\$ 14.8	19.6%	●	\$ 97.4	\$ (7.2)	-7.4%		
As a % of Store Sales	15.2%	12.9%				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.									



FY23-P5YTD Actual vs FY23-P5YTD Budget



FY23-P5YTD Actual vs FY22-P5YTD Actual



New Business

Board Review: Real Estate Recommendations

Board Review: Summary Suspension Order

Board Review: APA Audit

Board Review: OND Update, Tyler Moore

Board Review: Resolution for Wiley Ruth



Real Estate Committee Recommendations

Overview

December:

- 3 New Stores
- 2 Relocations
- 1 Expansion
- 2 Renewals

Action

Approve Real Estate Recommendations

Real Estate Committee Recommendations

ACTION	COMMENTS
December 2022	
New Stores	
Alexandria (825 South Washington Street)	3700 square feet at \$35 per square foot with 3% annual increases (Landlord initially proposed \$42 per square foot); this will be Store #529
Leesburg (Compass Creek)	2000 square feet; REC voted for this new location contingent on RE obtaining rental rate in the \$30s; RE is awaiting confirmation on rental rate; this will be Store #530
Lovettsville (Lovettsville Town Square)	1741 or 1850 square feet; REC voted for this new location contingent upon Landlord providing rear delivery; as there are issues with delivery, RE is still in discussions with Landlord; this will have to go back for REC discussion in January, so it has not been assigned a number
Relocations	
Store #044 (Ladysmith)	Relocation to new development on Ladysmith Road right off I-95; 3000 square feet in the low \$20s (Landlord initially proposed \$36 per square foot)
Store #058 (Bristol)	Relocation to The Falls; 3360 square feet at \$19.43 per square foot; however, RE may be able to negotiate a lower rate
Expansions	
Store #190 (Chesterfield – Village at Swift Creek)	Expanding by 1297 square feet to service licensee customers; we currently lease 4570 square feet; RE negotiating with Landlord on rental rate
Renewals	
Store #082 (Sterling – Cedar Lakes)	5525 square feet at \$25.62 per square foot, with 3% annual escalations, for a 5 year term; also, one month rent abatement; Landlord has also installed new HVAC units
Store #205 (Henrico – Colley Village)	2200 square feet at \$23.75 per square foot, flat for a 5 year term (this is less than the current rental rate)

Summary Suspensions

Overview

EL TENAMPA BAR & GRILL, INC.
T/A EL TENAMPA
9015 CENTREVILLE ROAD
MANASSAS, VIRGINIA 20110-5257

LICENSE NO:
91724 - WINE AND BEER ON PREMISE
91724 - MIXED BEVERAGE RESTAURANT

ABC INCIDENT NO:
22-02442

Action

Review Order

COMMONWEALTH OF VIRGINIA
ALCOHOLIC BEVERAGE CONTROL AUTHORITY
VIRGINIA ALCOHOLIC BEVERAGE CONTROL BOARD

IN THE MATTER OF: EL TENAMPA BAR & GRILL, INC.
 T/A EL TENAMPA
 9015 CENTREVILLE ROAD
 MANASSAS, VIRGINIA 20110-5257
 SENT VIA CERTIFIED MAIL, E-MAIL & PERSONAL SERVICE

LICENSE NO.: **91724 – WINE AND BEER ON PREMISE**
 91724 – MIXED BEVERAGE RESTAURANT

ABC INCIDENT NO.: **22-02442**

ORDER OF SUMMARY SUSPENSION

Upon completion of an initial investigation commenced on Monday December 19, 2022, and a review of all findings, pursuant to Section 4.1-225.1 of the Code of Virginia, the Virginia Alcoholic Beverage Control Board (“Board”) finds that it has reasonable cause to believe that at approximately 12:10 a.m. on December 19, 2022, an act of violence occurred at the licensed premises resulting in an individual suffering serious bodily injury from a stabbing. Interviews with the licensee, witnesses, and the Manassas City Police Department (“MCPD”) indicated that an altercation began between patrons inside of the establishment. MCPD is investigating the matter; and a suspect has been charged with Aggravated Malicious Wounding and has been apprehended. MCPD has expressed their support in Summarily Suspending the Virginia ABC licenses for this establishment.

The license for this establishment was issued on September 25, 2018. In the previous eighteen (18) months, there have been additional reports of violence associated with the establishment. On July 18, 2021, it was determined that an employee stabbed an individual in the parking lot of the licensed premises. The July 18, 2021, stabbing resulted in an agreement that the licensee would take reasonable measures to protect the public, including, hiring certified security officers, performing security checks for patrons entering the establishment, training for staff and managers, installation of video recording devices, and a 1:30 a.m. closing time. The investigation revealed that the licensee had failed to secure certified DCJS security officers, failed to appropriately train staff, and failed to employ security measures for patrons entering the establishment.

On March 20, 2022, there was an altercation in the licensed establishment’s parking lot in which an unlicensed security guard and three patrons were involved in a fight. On June 17, 2022, an altercation occurred in the parking lot between an intoxicated individual and staff at the licensed establishment. On August 12, 2022, MCPD responded to the licensed establishment regarding a domestic violence incident in which an employee of the licensee deployed pepper spray upon the patrons. On September 23, 2022, MCPD responded to the licensed establishment in reference to an additional physical altercation between two patrons.

During the December 19, 2022, inspection following the stabbing incident, it was determined that the licensee failed to comply with several of the reasonable measures previously agreed upon.

Additionally, the licensee failed to obliterate the mixed beverage stamps as required for three bottles of spirits. The initial investigation also revealed concerns with the licensee's refusal to cooperate with requests point of sale and investigative records.

IT IS ORDERED that any and all privileges granted by the above-referenced license. shall be suspended, effective immediately, and the suspension shall remain in effect pending the results of a formal investigation and any resulting proceedings for disciplinary review. Once the suspension has been in effect for forty-eight (48) hours, as required by Section 4.1-225.1(B), the licensee may petition the Board for a restricted license pending the results of the formal investigation and any proceedings for disciplinary review. The Board may deny the petition for a restricted license and the summary suspension shall continue until the conclusion of the disciplinary review; however, if the Board determines that a restricted license is warranted, the Board shall have discretion to impose appropriate restrictions based on facts presented.

IT IS FURTHER ORDERED that upon issuance of this Order, ABC Enforcement is directed to immediately commence a formal investigation. The formal investigation shall be completed within ten (10) days of its commencement, and the findings shall be immediately reported to the Secretary of the Board. If following the formal investigation, the Secretary of the Board determines that suspension of the license is warranted, a hearing shall be held within five (5) days of the completion of the formal investigation.

IT IS FINALLY ORDERED that a special agent of the Board shall serve a true copy of this order in person and by certified mail to the licensee. The order of suspension shall take effect immediately upon service.

AS PROVIDED BY SECTIONS 4.1-225.1(A) AND 2.2-4018(4) OF THE CODE OF VIRGINIA, THIS SUMMARY ORDER OF TEMPORARY SUSPENSION IS FINAL AND IS NOT SUBJECT TO APPEAL OR JUDICIAL REVIEW.

VIRGINIA ALCOHOLIC BEVERAGE CONTROL
BOARD



Chief Executive Officer

December 20, 2022

Date

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
PROOF OF SERVICE

IN THE MATTER OF: EI Tenampa
LICENSE NO.: 91724
INCIDENT NO.: 22-02442

This order was received by SA Baker on 12/20/22 1614.
(agent) (date/time)

I personally served a true copy of the order on Lesbia Nencia Owner
(name and position of person served)
at 905 Centre Rd, Manassas, VA 20110 on 12/20/2022 1745.
(location) (date/time)

SPECIAL AGENT: J Baker Date: 12/20/2022 1745

Receipt is hereby acknowledged of the sum of _____ (\$ _____) provided for in the order.

SECRETARY, ASSISTANT SECRETARY, SPECIAL AGENT, OR ADMINISTRATIVE ASSISTANT

Date Received: _____

This is to certify that the licensee elected to submit to the suspension provided for in this order on the dates shown below.

Start Date: _____ End Date: _____

SPECIAL AGENT: _____ Date: _____

I was unable to serve the order on the licensee at their residence or usual place of business and mailed by certified mail, return receipt requested, on _____ to the following address: _____ (date)
At the time of mailing, I received the following tracking number: _____

SPECIAL AGENT: _____ Date: _____

PLEASE RETURN THIS FORM TO HEARINGS AND APPEALS NO LATER THAN 30 DAYS AFTER SERVING THE ORDER.



City of Manassas, Virginia

Integrity, Respect, Public Service and Professional Standing

Colonel
Douglas W. Keen
Chief of Police

December 20, 2022

Rodney Perkins, Assistant Special Agent in Charge
Virginia ABC Bureau of Law Enforcement
6308 Grovedale Drive
Alexandria, VA 22310

Captain
Tara M. Petty
Assistant Chief of Police
Patrol Services
Division Commander

Re: El Tenampa Bar & Grill, 9015 Centreville Road, Manassas, VA 20110

Captain
Jake W. Martz
Assistant Chief of Police
Administrative Services
Division Commander

Mr. Perkins,

The Manassas City Police Department fully supports the decision to summarily suspend the ABC License of the El Tenampa Bar & Grill located at 9015 Centreville Road in the City of Manassas while an investigation is conducted into the stabbing that occurred on December 18, 2022.

Captain
Tina P. Laguna
Assistant Chief of Police
Investigative Services
Division Commander

If I can be of further assistance, please don't hesitate to reach out to me at 703-257-8001.

Thank you,

Douglas W. Keen
Chief of Police

"A Nationally Accredited Law Enforcement Agency"



City of Manassas Police Department
9518 Fairview Avenue
Manassas, Virginia 20110
703-257-8000 / Fax: 703-368-6966
www.manassascity.org



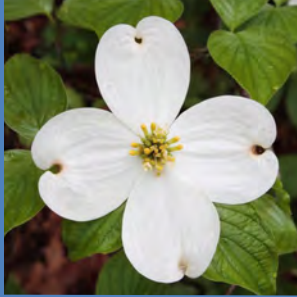
APA AUDITS

Overview

Report on audit for year ended June 30, 2022

Action

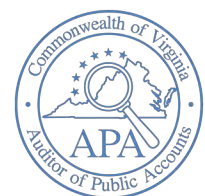
Review Audit



VIRGINIA
ALCOHOLIC BEVERAGE CONTROL
AUTHORITY

REPORT ON AUDIT
FOR YEAR ENDED
JUNE 30, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA
www.apa.virginia.gov
(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of the Virginia Alcoholic Beverage Control Authority (Authority) as of and for the year ended June 30, 2022, and issued our report thereon, dated November 17, 2022. Our report is included in the Authority's Annual Report that it anticipates releasing in December 2022.

Our audit of the Authority found:

- the financial statements are presented fairly, in all material respects;
- eight internal control findings requiring management's attention; however, we do not consider them to be material weaknesses; and
- four instances of noncompliance or other matters required to be reported under Government Auditing Standards.

The Authority has not taken adequate corrective action with respect to previously reported findings. Accordingly, we designated these findings with a "repeat" label in the section titled "Internal Control and Compliance Findings and Recommendations."

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS	1-7
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	8-10
AUTHORITY RESPONSE	11-14
AUTHORITY OFFICIALS	15

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Continue Improving Database Security

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued in fiscal year 2019)

The Alcoholic Beverage Control Authority (Authority) continues to improve security for the database that supports its human resource system in accordance with the National Institute of Standards and Technology Standard, 800-53 (NIST Standard), and industry best practices. While the Authority has made limited progress since the prior year, five weaknesses remain.

We communicated the control weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under § 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. The NIST Standard and industry best practices require the implementation of certain controls to reduce unnecessary risk to data confidentiality, integrity, and availability in systems processing or storing sensitive information. The weaknesses continue to exist due to limited staffing as well as the absence of some documented processes and consistent implementation of those processes.

The Authority should dedicate the necessary resources to ensure database configurations, controls, and processes align with the requirements in its policies, the NIST Standard, and industry best practices. This will help maintain the confidentiality, integrity, and availability of mission-critical data.

Continue Improving Security Awareness and Training Program

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Partial (first issued in fiscal year 2019)

Prior Title: Improve Security Awareness Training Program

The Authority continues to improve its information security awareness and training program to ensure all users complete training related to the Authority's policies for accessing its information systems and controls that protect the confidentiality, integrity, and availability of sensitive data.

Since the prior year audit, the Authority partially resolved one of the two weaknesses by revising its policies and procedures to define target completion rates for its Central Office, Enforcement and Retail employees based on organizational risk and user group. Defining the completion goals for the two employee groups with access to information systems allows the Authority to monitor training completion while also taking into consideration certain circumstances like staff turnover within the retail stores. Target completion rates also allow the Authority to determine whether management should take further enforcement measures for users to complete security awareness training to reduce risk to the Authority's sensitive information. However, the Authority continues to not define which training modules it requires each employee group to complete, or address whether its Warehouse employees,

who do not have access to information systems, must receive training as it relates to their roles and responsibilities on a time-specific basis.

The Authority's Security Awareness and Training Policy, which aligns with the NIST Standard, requires all users to complete security awareness training within 30 days of receiving access to the Authority's resources. Additionally, the policy requires users to annually attend security awareness refresher training and sign an acknowledgement stating they have read and understand the Authority's acceptable use policy. Furthermore, the Authority's Security Awareness and Training Policy requires the Authority to provide its staff sufficient training and supporting reference materials to allow them to protect the Authority's data and assets.

By not clearly defining its requirements for training assignments to specific employee groups, the Authority cannot ensure that each employee group is receiving the required training curriculum on a consistent basis. Also, without a consistent process to monitor and enforce users to complete security awareness and role-based training within the required timeframe, the Authority increases the risk that users will be more susceptible to malicious attempts to compromise physical access to sensitive data, such as ransomware, phishing, and social engineering. The Authority's Information Security Officer (ISO) left in December 2021, and the position remained vacant for six months until the Authority hired a new ISO in June 2022, which contributed to the delay of the Authority revising its policies and procedures and training curriculum.

The Authority should continue revising its policies and procedures to clearly document its requirements and process to assign training to specific employee groups. Additionally, the Authority should continue monitoring the employees' completion of training to determine whether it has met its target completion rates. If the Authority does not meet its target completion rates, the Authority should implement other enforcement measures for employees to complete training and reduce the risk to the Authority's sensitive information. The Authority should also continue improving its training curriculum for its Warehouse employees and implement a process for consistently administering this training. Improving and implementing the security awareness and training program will help protect the Authority from malicious attempts to compromise the confidentiality, integrity, and availability of sensitive data and assets. The Authority assigned the revised training to its Central Office and Retail employees at the end of June 2022 with a required completion date of December 2022. We will review the implementation of the revised training and target rates during our next audit.

Continue Improving Oversight of Third-Party Service Providers

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued in 2020)

Prior Title: Improve Oversight of Third-Party Service Providers

The Authority continues to develop a formal and consistent process to oversee and manage its third-party service providers in accordance with the NIST Standard. Due to the departure of the ISO in December 2021, the Authority was unable to perform corrective actions during fiscal year 2022 to resolve the prior year's three weaknesses. However, the new ISO, hired in June 2022, has begun drafting

a new policy and process for managing third-party providers with an expected implementation during 2023.

The NIST Standard requires the Authority to employ methods to monitor security control compliance by the providers on an ongoing basis. Without a formal and consistent process to gain assurance that its providers implement information security controls, and that they operate effectively, the Authority cannot guarantee its data is secure in accordance with its policies and the NIST Standard.

The Authority should continue developing and implementing formal policies and procedures to oversee and manage its third-party service providers and address the three weaknesses in the prior report. Additionally, the Authority should enforce its new process to ensure consistent oversight of providers. This will ensure the providers adhere to the same security controls that govern the Authority's internal information technology systems and confirm overall compliance with the requirements outlined in the NIST Standard.

Continue Improving Internal Controls over Employment Eligibility

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued in 2021)

Prior Title: Improve Internal Controls over Employment Eligibility Process

The Authority's Human Resources department has not completed Employment Eligibility Verification (I-9) forms in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security. Our sample of 25 employees hired by the Authority during fiscal year 2022 found:

- Human Resources did not use the correct I-9 Form for one of 25 employees (4%).
- Three of 25 employees (12%) did not sign Section 1 of the form by the first day of employment.
- Human Resources did not complete Section 2 properly for one of 25 employees (4%).
- Human Resources did not complete Section 2 of the I-9 form timely for two of 25 employees (8%).
- Human Resources did not create a case in the E-Verify system within three days of the first day of employment for nine of 25 employees (36%).
- Human Resources did not complete a case in the E-Verify system for one of 25 employees (4%).

Failure to correctly and timely complete I-9 forms can result in penalties. Additionally, § 40.1-11.2 of the Code of Virginia requires the use of the E-Verify system. The Human Resources Director should ensure that Human Resources staff receive proper training on the U.S. Department of Homeland Security's guidelines and use of the E-Verify system. Internal policies should clearly address use of the E-Verify system and the Human Resources Director should ensure that staff follow those guidelines.

Continue Improving Internal Controls over Processing Payments

Type: Internal Control

Severity: Significant Deficiency

Repeat: Partial (first issued in fiscal year 2021)

Prior Title: Improve Internal Controls Over Processing Payments

The Authority did not process payments in compliance with the Authority's Signature Authority & Procurement Responsibility policy. During fiscal year 2022, the Authority processed approximately 18,000 payments. Over 9,000 of these payments are related to the purchase of spirits through the bailment inventory process, distillery payments, or rent payments. Since the Authority's inventory system internally generates the bailment statements, and distillery and rent payments do not follow the standard accounts payable process, we excluded these payments from our review of vendor invoices.

In our sample of 30 payments, for which prompt payment requirements were applicable, we identified six instances in which the Authority did not process payment within the required 30 days. In addition, we identified four instances in which dates on supporting documentation did not match dates entered in the system. Per the Authority's policy, Accounts Payable establishes the required payment due date based on the terms of the contract; or if a contract is not in existence, 30 calendar days after the receipt of a proper invoice, or 30 days after the receipt of goods or services, whichever is later. By not ensuring timely payments, the Authority may harm their reputation as a buyer, damage relationships with vendors, and could incur late fees.

Late payments were primarily the result of individuals responsible for receiving goods and services not performing their duties timely. Accounts Payable's process requires a three-way match before processing payment; therefore, Accounts Payable cannot process payments for respective vendor charges until the receiver marks the purchase as received in the Commonwealth's procurement system.

Accounts Payable identified a category of utility bills which historically had a higher risk of late payments. The Authority implemented a new process related to these utility bills in March 2022, which has improved the timeliness of payments. The Authority should continue to improve processes to ensure that departments mark items as received within the Commonwealth's procurement system and submit required documentation in a timely manner to Accounts Payable to ensure the Authority makes all payments within the 30-day period. Additionally, the Authority should ensure staff enters accurate dates into the Commonwealth's procurement system, so that the Authority can properly monitor adherence to its policy.

Improve Internal Controls over Employee Separation Process

Type: Internal Control

Severity: Significant Deficiency

Repeat: No

The Authority does not have adequate internal controls over the completion of off-boarding checklists or removing access for terminated employees. Our sample of 27 terminated employees during fiscal year 2022 found:

- Two of 27 (7%) separation checklists remained incomplete 80 and 117 business days after the employees' termination date.
- Supervisors completed ten of 27 (37%) checklists six to 90 business days after the employees' termination date.
- For 10 of 27 (37%) employees, the Authority removed system access seven to 66 business days after the employees' termination date. Two instances were related to the Authority's active directory and eight instances were related to the Commonwealth's electronic procurement system.
- Seventeen of 27 (63%) of the dates on the checklist did not agree to the date the Authority removed the employee's system access.

The Authority's human resource system generates an off-boarding checklist with multiple sections for completion by various departments. The five-day timeframe within the separation procedure is specific only to the section of the checklist the direct supervisor must complete. The policy does not define specific timeframes for the completion of other sections, which includes human resources, payroll, and information systems, nor does it define a timeframe for system removal. This makes it difficult to enforce adherence to policy and ensure timeliness of completion. Additionally, Human Resources has not updated the separation checklist to reflect changes in systems (system retirements and new system implementations) to ensure system access is properly removed.

The Authority relies on active directory system access removal for removal of access to many of the Authority's critical systems, including the financial management system and the inventory and logistics system. Therefore, Human Resources does not track the removal of system access outside of the Authority's active directory. This leaves systems outside of the Authority's active directory, such as the Commonwealth's statewide systems, at risk for the Authority not removing access timely.

A critical function of completed checklists is to ensure the timely removal of access to the Authority's systems and return of property. The Authority should review their current termination practices to ensure their policy is reasonable and effective internal controls are in place. Additionally, due to their unique structure, the Authority should define specific procedures for retail store employees, enforcement employees, and headquarter employees as access levels and risks are inherently different. This will enable Human Resources to better monitor and hold supervisors accountable for timely completion of the employee checklist and access removal.

Implement a Data/Records Retention Policy and Solution for Automated Reconciliations

Type: Internal Control

Severity: Significant Deficiency

Repeat: No

The Authority's information system environment includes various systems which periodically interface with each other. The Authority relies on automated system reconciliations to ensure the data interface between various systems is complete and accurate. During fiscal year 2022, the Authority did not retain complete documentation for the following automated reconciliations:

- Point of Sale System to the Customer Activity Repository
- Licensing and Fees System to the Customer Activity Repository
- Customer Activity Repository to the Financial Management System

The Authority's newly implemented Customer Activity Repository only retains reconciliation reports for 90 days. As a result, we were unable to review reconciliation reports for the first three quarters of fiscal year 2022. The Commonwealth's Accounting Policies and Procedures Manual (CAPP Manual) Section 20900 – Reconciliation Procedures, prescribes the level of detail at which agencies must reconcile records, accounts, and logs depending on the nature of the transactions. If recorded in multiple systems, transactions should be traceable from one system to another, any variance between accounting data should be traceable to specific transactions, and agencies should explain and justify all variances. Additionally, agencies should maintain documentation that enables accountants to follow an audit trail through the accounting process from each transaction to appropriate reports and other output. Although the Authority is exempt from CAPP Manual requirements, we feel these requirements are an appropriate basis for industry best practices.

By not retaining documentation and support for automated reconciliations, the Authority may have difficulty investigating discrepancies between systems, and may be unable to show that two systems reconciled as of a specific date. The Authority should implement a process to ensure the various systems retain all automated reconciliation reports. Additionally, the Authority should consider implementing a control to log when employees review the automated reconciliation reports in accordance with Authority's policies and procedures.

Retain Inventory Documentation

Type: Internal Control

Severity: Significant Deficiency

Repeat: No

The Authority conducts inventory counts at all retail stores and makes necessary adjustments in the inventory system to ensure the quantities in the system are complete and accurate. During fiscal year 2022, the Authority did not retain records of the actual counts for the retail store inventories. Due to system limitations, the Authority only retains the electronic data generated from the counts for 60 days. As a result of not retaining the inventory count data, we were unable to review support for the manual adjustments in the inventory system resulting from the inventory counts.

CAPP Manual Section 21000 – Records Retention/Disposition, requires agencies to preserve and maintain records such that they are accessible throughout their lifecycle. Although the Authority is exempt from CAPP Manual requirements, we feel these requirements are an appropriate basis for industry best practices. The Authority should retain documentation and support for all inventory adjustments, including the electronic records of each inventory count. This will help establish an audit trail and reduce the risk of errors in the manual adjustment process. The documentation for each inventory adjustment should include the quantity counted, the employee who conducted the count, and management review. Without inventory count documentation, the Authority may have difficulty investigating discrepancies and ensuring that complete inventories occur. The Authority should establish a new data retention process for inventory counts and update the inventory policy to address the retention of inventory documentation.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 17, 2022

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Alcoholic Beverage Control Board
Virginia Alcoholic Beverage Control Authority

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the **Virginia Alcoholic Beverage Control Authority** (Authority) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 17, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control titled “Continue Improving Database Security,” “Continue Improving Security Awareness and Training Program,” “Continue Improving Oversight of Third-Party Service Providers,” “Continue Improving Internal Controls over Employment Eligibility Process,” “Continue Improving Internal Controls over Processing Payments,” “Improve Internal Controls over Employee Separation Process,” “Implement a Data/Records Retention Policy and Solution for Automated Reconciliations,” and “Retain Inventory Documentation,” which are described in the section titled “Internal Control and Compliance Findings and Recommendations,” that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under Government Auditing Standards and which are described in the section titled “Internal Control and Compliance Findings and Recommendations” in the findings titled “Continue Improving Database Security,” “Continue Improving Security Awareness and Training Program,” “Continue Improving Oversight of Third-Party Service Providers” and “Continue Improving Internal Controls over Employment Eligibility.”

The Authority’s Response to Findings

We discussed this report with management at an exit conference held on November 18, 2022. Government Auditing Standards require the auditor to perform limited procedures on the Authority’s response to the findings identified in our audit and described in the accompanying section titled “Authority Response.” The Authority’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Status of Prior Findings

The Authority has not taken adequate corrective action with respect to the previously reported findings “Continue Improving Database Security,” “Improve Security Awareness Training Program,” “Improve Oversight of Third-Party Service Providers,” “Improve Internal Controls over Employment Eligibility Process,” and “Continue Improving Internal Controls over Processing Payments.” Accordingly, we included these findings in the section entitled “Internal Control and Compliance Findings and Recommendations.”

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/vks

Virginia Alcoholic Beverage Control Authority

Chief Executive Officer
Travis G. Hill



Chair
Maria J. K. Everett

Vice Chair
Beth G. Hungate-Noland

Board of Directors
William D. Euille
Gregory F. Holland
Mark E. Rubin

November 17, 2022

Ms. Staci A. Henshaw, CPA
Auditor of Public Accounts
101 N. 14th Street
Richmond, VA 23219

Dear Ms. Henshaw,

Attached are the Virginia Alcohol Beverage Control Authority ("VA ABC," the "Authority") responses to the audit for fiscal year ended June 30, 2022. The Authority appreciates the opportunity to respond to the findings noted, and to strengthen our controls based on the recommendations. Our responses to the findings in the Report on Internal Controls follow.

Continue Improving Database Security

The Authority agrees that it will dedicate the necessary resources to continue to make progress ensuring database configurations, controls, and processes align with the requirements in its policies, the National Institute of Standards and Technology (NIST), and industry best practices. The Authority's investments continue to make progress in maintaining the confidentiality, integrity, and availability of mission critical data. As VA ABC retires legacy systems, we will continue to assess internal controls to make improvements and progress.

Improve Security Awareness Training Program

The Authority agrees that its security awareness training program (SAT) was only partially implemented during the fiscal year in audit. The Authority has since fully implemented the program, including adding the target group completion rate by specific defined groups within its policy. During the last two calendar years we developed our own training modules, including role-based training, and are refining our process for deployment and monitoring of the training modules. The Authority also added the Distribution Center employees to its SAT scope, which had previously been excluded in the SAT program. We continue to look for ways to improve the monitoring and reporting process. VA ABC's policy does allow for enforcement measures to ensure users complete required training, although VA ABC uses these as a last resort.

Improve Oversight of Third-Party Service Providers

The Authority agrees with the finding and will develop an IT Third Party Management Policy to include requirements for IT Security considerations. The Information Security Officer (ISO) will work with the Chief Information Officer (CIO) and with the Procurement division to define and identify the requirements for IT vendor risk and control Reporting reviews. The Authority will incorporate the IT Security requirements into the contract process review for new contracts, which will include documenting associated risks resulting from decisions to remove security requirements.

The Authority will work with Procurement to identify the current inventory of service providers and develop an IT risk review schedule. Information Security & Governance will review the current process with procurement to address the completion of provider IT risk reviews and will develop a process that is sustainable and includes ongoing monitoring and compliance.

Improve Internal Controls over Employment Eligibility Process

The Authority concurs with the exceptions noted and will enhance controls over completion and review of Employment Eligibility Verification (I-9) forms, to ensure compliance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security. HR will create a daily I-9 control checklist report that will include all the required and appropriate information to assist in determining if an employee's I-9 is completed in accordance with Federal regulations. HR will ensure increased compliance as well as provide additional training for our Retail Hiring managers on the accurate completion and timely submission of the I-9 documents and will conduct weekly I-9 and e-verify audits to ensure increased compliance. Lastly, we will review all policies and divisional standard operating



www.abc.virginia.gov | 7450 Freight Way Mechanicsville, VA 23116 | (804) 213-4400

procedures to ensure they clearly address the use of the e-verify system, and we will re-educate the HR team on compliance obligations related to the U.S. Department of Homeland Security's guidelines and use of the e-verify system.

Improve Internal Controls Over Processing Payments

The Authority concurs that the Authority did not process payments on the exceptions noted by APA on vendor-initiated invoices which excludes payments for spirits and mixers, distillery payments and rent payments, within the required 30 days. The Division of Financial Management Services' Accounts Payable (AP) department will retrain and continue to reinforce, amongst the Authority's designated department receivers, the importance of confirming and approving receipt of goods and services in a timely manner to ensure that the Authority can make all payments within the 30-day period. Accounts Payable's Assistant Manager will continue to monitor and report payment delays by sending out weekly reminders to receivers, with a copy of the reminder to their respective supervisors on the third notification. Expenses that are not approved and submitted by receivers in the Commonwealth's Procurement System by the third reminder, will be escalated to the Assistant Controller and Director of Finance. Lastly, the AP department will update their review process to ensure that accounts payable analysts are reviewing accuracy of dates input by designated receivers into the Commonwealth's Procurement System, so that the Authority can properly monitor adherence to policy.

Improve Internal Controls over Employee Separation Process

The Authority concurs with the exceptions noted and will enhance controls over employee separation process. The Authority will reassess our current processes and ensure all responsible leaders are following the guidelines related to the separation checklist. Furthermore, the Authority will provide additional training and support to the responsible leaders and will conduct quarterly audits to ensure compliance.

Implement a Data/Records Retention Policy and Solution

The Authority concurs with the exceptions noted and will improve its process to ensure that the various systems retain all automated reconciliation reports, and that applicable records are available for review in a clear and concise manner. Additionally, the Authority will implement a control to log when employees review the automated reconciliation reports in accordance with Authority's policies and procedures.



Retain Inventory Documentation

The Authority concurs with the exceptions noted and will retain documentation for inventory adjustments, including the electronic records of inventory counts to support proper audit trail and reduce the risk of errors in the manual adjustment process. Retail division will work with the Information Technology division to establish a new data retention process to support the documentation of each inventory adjustment including the quantity counted, the employee who conducted the count, and management review.

The Authority relies on its automated system when performing inventory counts and believes features of the system sufficiently enables the Authority to investigate discrepancies. The Authority also believes that it has sufficient oversight review to ensure that complete and proper inventory counts are conducted by the stores and that sufficient mitigating controls exist to ensure an accurate count of its inventory.

Sincerely,



Travis G. Hill
Chief Executive Officer



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY

As of June 30, 2022

BOARD OF DIRECTORS

Maria J. K. Everett
Chair

Beth Hungate-Noland
Vice Chair

Gregory F. Holland
Member

Mark Rubin
Member

William “Bill” Euille
Member

OFFICIALS

Travis Hill
Chief Executive Officer

Jerome Fowlkes
Chief Administrative Officer

Eddie Wirt
Chief Communications and Research Officer

Thomas Kirby
Chief Bureau of Law Enforcement

John Daniel
Chief Government Affairs Officer and General Counsel

Paul Williams
Chief Information Officer

Mark Dunham
Chief Retail Operating Officer

Elizabeth Chu
Chief Transformation Officer

OND Update

Overview

Review of preliminary holiday season numbers



OND Update: Retail Sales Summary

Sales:

Preliminary Holiday

- November 1-January 2, 2023, is \$291,475,317 up \$18,701,839 or 6.9% when compared to last year. Comparing current sales to target from November 1-January 2, 2023, sales are \$4,254,149 or 1.5% above target.

Year to Date

- Fiscal year-to-date (July 1-January 2, 2023) sales total is \$760,561,712, up \$34,918,028 or 4.8% when compared to the same period last year. Fiscal year-to-date, sales are \$11,441,202 or 1.5% above target.

	FY2023		FY2022		Date Comparison		FYTD Comparison	
	Nov 1-Jan 2, 2023	July 1-Jan 2, 2023	Nov 1-Jan 2, 2022	July 1-Jan 2, 2022	this year vs last year		this year vs last year	
	Daily Sales	Fiscal Year to Date	Daily Sales	Fiscal Year to Date				
Holiday Sales*	\$291,475,317	\$760,561,712	\$272,773,478	\$725,643,684	6.9%	\$18,701,839	4.8%	\$34,918,028
On line Orders	\$2,326,978	\$5,114,714	\$1,926,094	\$4,208,925	20.8%	\$400,884	21.5%	\$905,789

*Sales include on-line order sales





QND Update: Distribution Center Stabilization

Average cases shipped daily in December
28,490 with a peak day of 37,347

Month	Cases Shipped Daily Avg.	Peak Day
Jan	24,534	34,621
Feb	25,740	31,489
Mar	28,764	36,556
Apr	25,538	30,011
May	24,974	30,753
Jun	25,090	36,093
Jul	25,292	34,323
Aug	23,377	30,802
Sep	25,149	30,623
Oct	25,903	31,400
Nov	26,914	32,698
Dec	28,490	37,347
Average 2022	25,814	33,060

Accomplishments:

- Safety** - broke all-time safety record with 128+ days without an incident
- **Productivity improvement**
 - 37,347 cases shipped in an 8-hour shift
 - **Cases picked per hour**
 - 70 CPH in August
 - 123 CPH in December

Team

Engagement

Month	No of Team Members	AVG CPH	Cases per man hour
Aug	149	70	25.99
Sep	139	96	27.11
Oct	134	116	30.47
Nov	133	117	32.37
Dec	132	119	35.73

% Improvement **37.5%**

Turnover

October 1 - December 31			
Classification	2022	2021	% Change
Full-time	1.80%	7.14%	-5.34%
Temp	9.84%	25.32%	-15.48%
Part-time	0.00%	31.82%	-31.82%



Resolution for Wiley Ruth

Overview

CELEBRATING the contributions of Earl Wiley Ruth to the distilled spirits industry.

CELEBRATING
the contributions of
Earl Wiley Ruth
to
the distilled spirits industry
January 2023

WHEREAS Wiley brought more than 40 years of experience in advancing the interests and successful promotion of spirits in the Commonwealth of Virginia; and

WHEREAS Wiley earned a Bachelor's degree from Catawba College and completed a Master's degree in education as well as studies toward a doctorate at UNC Greensboro; and

WHEREAS Wiley joined the distilled spirits industry in 1977 with **John Sims Associates**, eventually becoming the **company's president** in 2007; and

WHEREAS Wiley served as an advocate for distilled spirits to numerous Virginia legislative sessions and worked to elevate the industry with more than 10 governors; and

WHEREAS Wiley played an active role in representing Virginia spirits and the interests of Virginia ABC at countless meetings and trade shows at the national level with the National Alcohol Beverage Control Association and the National Conference of State Liquor Administrators; and

WHEREAS Wiley interacted with numerous Virginia ABC Board chairs including Maria J.K. Everett, Jeff Painter, Neal Insley, Susan Swecker and others before retiring in 2018 following an impressive career; and

WHEREAS Wiley founded the Virginia Spirits Association in 2011 to promote the common interests of distilleries and brokers of distilleries authorized to do business in the Commonwealth of Virginia; and

WHEREAS Wiley's mantra of spontaneous service rippled across the industry inspiring others to do good things; and

WHEREAS his in-depth knowledge and love of the spirits industry impacted every colleague with whom he worked; and

WHEREAS he brought a joyful and lively attitude to listing presentations at Virginia ABC; and

WHEREAS Wiley's contributions will leave a legacy of excellence and pride among all spirits manufacturers, distributors, retailers and consumers;

NOW, THEREFORE, BE IT RESOLVED

to commend and honor Wiley Ruth's lifetime contributions to Virginia ABC and the distilled spirits industry.

Chief Reports

CROO – Mark Dunham

CTO – Elizabeth Chu

CBDO – Vida Williams

GAO – John Daniel

CLEO – Tom Kirby

CAO – David Alfano

CIO – Paul Williams

CEO – Travis Hill

CROO Report – Mark Dunham

Retail Sales Summary

Distribution Center Stabilization

Marketing and Merchandizing

Real Estate and Facilities

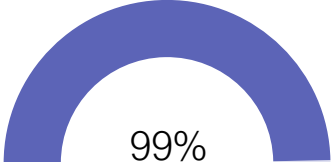


Strategic Priorities

DC Stabilization



DC Stabilization



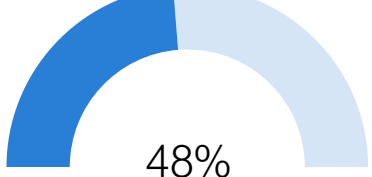
Continue to build out analytical capabilities that will enable VA ABC to better measure progress and objectives as they align to the Strategic plan.

Hire DC Manager	100%
Hire Assistant DC manager	100%
DC Leadership training	100%
Train Operators on job responsibilities	100%
Restore to "normal" levels those operational aspects within ABC control	100%
Logistics team has full responsibility for DC operations	100%
Develop OND outbound delivery plan	100%
Develop workforce optimization plan and align to budget	95%

Logistics Bailment Agreement



Logistics



Continue to build out analytical capabilities that will enable VA ABC to better measure progress and objectives as they align to the Strategic plan.

Team W.O.W. deliverables	75%
Bailment Agreement - review finalized agreement	100%
Update Supplier Manual	100%
Bailment Agreement - pilot process with ten suppliers	10%
Bailment Agreement - Initiate process to update agreement with all suppliers	0%
Bailment Agreement - develop bailment process for new suppliers	0%



Retail Sales Summary

Sales:

Preliminary Holiday

- November 1-January 2, 2023, is \$291,475,317 up \$18,701,839 or 6.9% when compared to last year. Comparing current sales to target from November 1-January 2, 2023, sales are \$4,254,149 or 1.5% above target.

Year to Date

- Fiscal year-to-date (July 1-January 2, 2023) sales total is \$760,561,712, up \$34,918,028 or 4.8% when compared to the same period last year. Fiscal year-to-date, sales are \$11,441,202 or 1.5% above target.

	FY2023		FY2022		Date Comparison		FYTD Comparison	
	Nov 1-Jan 2, 2023	July 1-Jan 2, 2023	Nov 1-Jan 2, 2022	July 1-Jan 2, 2022	this year vs last year		this year vs last year	
	Daily Sales	Fiscal Year to Date	Daily Sales	Fiscal Year to Date				
Holiday Sales*	\$291,475,317	\$760,561,712	\$272,773,478	\$725,643,684	6.9%	\$18,701,839	4.8%	\$34,918,028
On line Orders	\$2,326,978	\$5,114,714	\$1,926,094	\$4,208,925	20.8%	\$400,884	21.5%	\$905,789

*Sales include on-line order sales

Retail Sales Summary

Sales Front Door and Licensee YTD

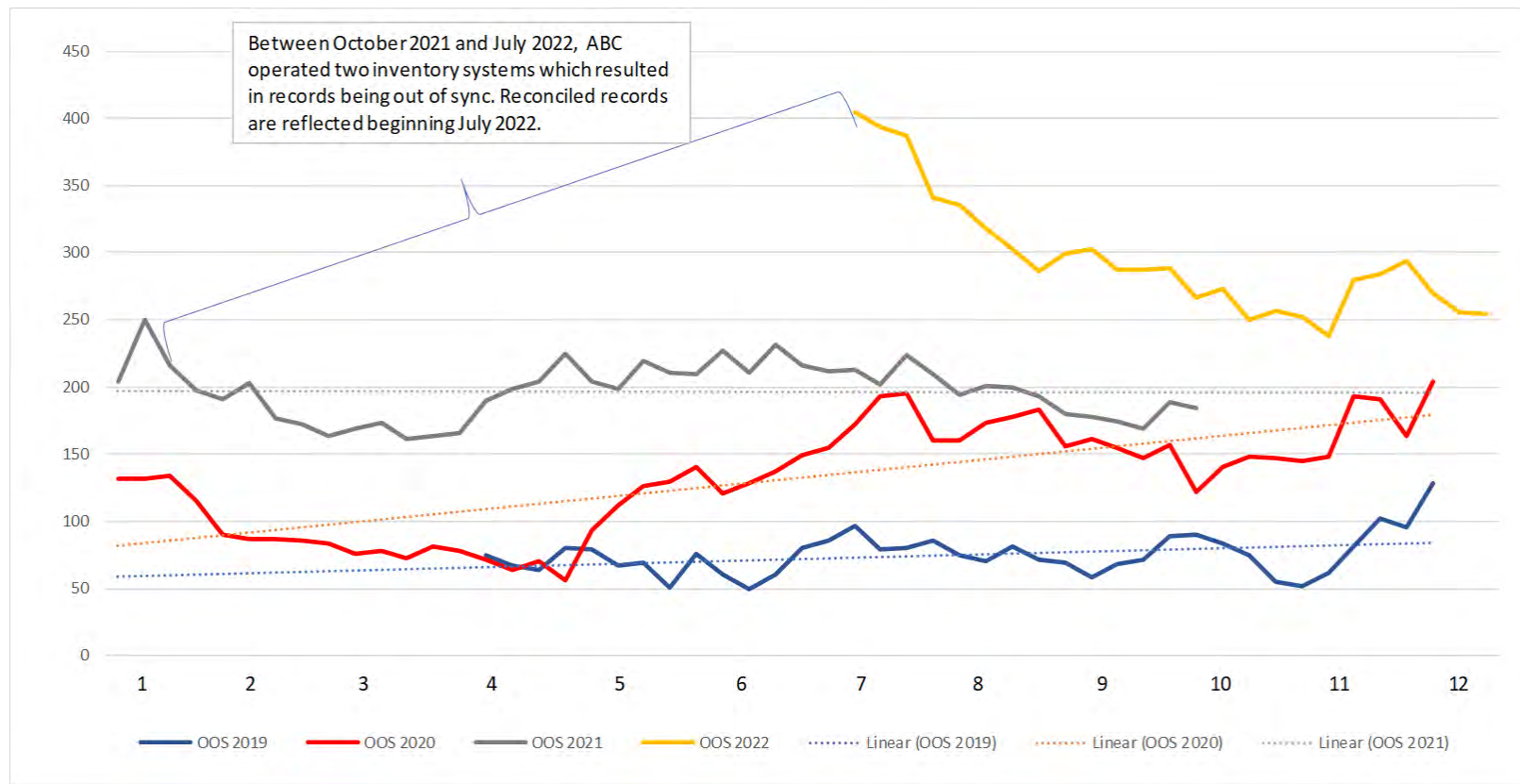
16%	YTD Lic %	Sales Trend (% and \$)			YTD Sales Target MAX	7.2%
End date of reporting 12/29/2022		Current Month sales 12/29/2022	Current Qtr. to date	YTD sales		
Total sales		4.9%	4.9%	4.4%		
2023		\$145,998,521	\$389,158,942	\$732,876,461		
2022		\$139,189,128	\$371,117,704	\$702,233,652		
Front store sales		3.8%	4.1%	3.7%		
2023		\$126,772,089	\$330,637,175	\$613,026,250		
2022		\$122,111,546	\$317,710,164	\$591,327,443		
Licensee Sales		12.6%	9.6%	8.1%		
2023		\$19,226,432	\$58,521,767	\$119,850,211		
2022		\$17,077,582	\$53,407,540	\$110,906,209		

Sales by Department YTD

	Brandy	Cocktails	Cordials	Gin	Mixers	Rum	Schnapps	Tequila	Vermouth	Virginia	Vodka	Whiskey
2023	\$51,334,433	\$9,429,390	\$51,516,970	\$25,315,560	\$4,164,269	\$44,378,978	\$5,466,141	\$122,530,094	\$1,173,351	\$1,558,273	\$141,081,053	\$272,200,880
2022	\$58,628,862	\$8,299,727	\$48,041,398	\$24,703,249	\$3,865,981	\$45,577,561	\$5,212,528	\$101,050,716	\$1,066,835	\$1,558,971	\$142,574,502	\$258,867,849
% change	-12.4%	13.6%	7.2%	2.5%	7.7%	-2.6%	4.9%	21.3%	10.0%	0.0%	-1.0%	5.2%
% of total	7%	1%	7%	3%	1%	6%	1%	17%	0%	0%	19%	37%

Distribution Center Out of Stocks

DC OOS continue to be higher than historical averages. OOS spiked mid-December and are trending down.



Retail Store Out of Stocks

Retail Store Out-of-Stocks:

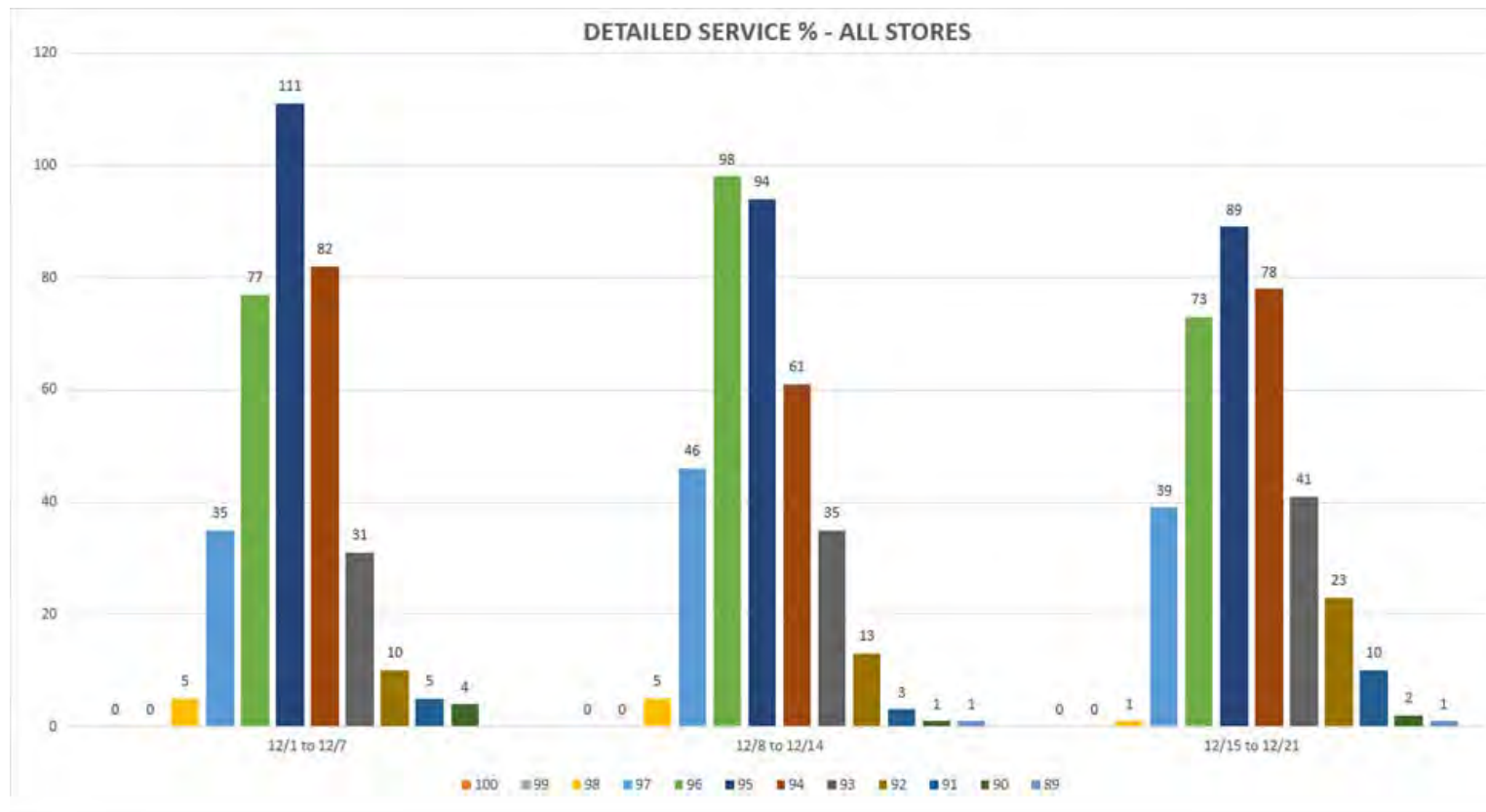
- 158 stores were below 94% last week compared to 119 in November

Top 100 Outs by Area	Thrive and Ordering	Outs Due to Warehouse Execution	Outs Due to Vendors	Totals
Out of Stock Goal for Each Area	7	7	N/A at this Time	
Outs Per Store	30	0	57	87
% of Total	34.21%	0.09%	65.70%	100.0%
Total Outs State Wide	9,884	26	18,978	28,888

Retail Store Out of Stocks

Retail Store In-stock - December

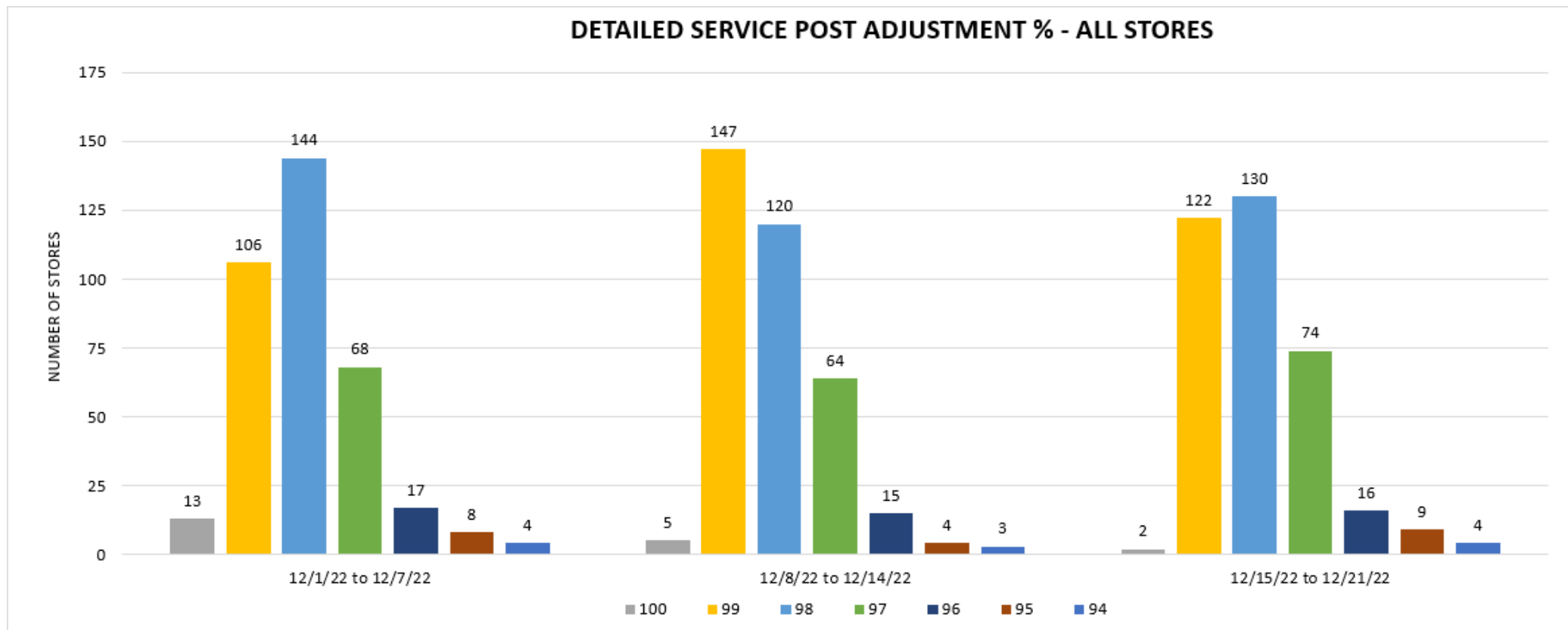
77 stores below 94% compared to 53 in November.



Retail Store Out of Stocks

Retail Store In-stock goal is 97%.

The below chart shows the same in-stock percentage for stores with DC out of stocks removed. This reduces stores below 97% in-stock to 29.





Distribution Center Stabilization

Average cases shipped daily in December
28,490 with a peak day of 37,347

Month	Cases Shipped Daily Avg.	Peak Day
Jan	24,534	34,621
Feb	25,740	31,489
Mar	28,764	36,556
Apr	25,538	30,011
May	24,974	30,753
Jun	25,090	36,093
Jul	25,292	34,323
Aug	23,377	30,802
Sep	25,149	30,623
Oct	25,903	31,400
Nov	26,914	32,698
Dec	28,490	37,347
Average 2022	25,814	33,060

Accomplishments:

- Safety** - broke all-time safety record with 128+ days without an incident
- **Productivity improvement**
 - 37,347 cases shipped in an 8-hour shift
 - **Cases picked per hour**
 - 70 CPH in August
 - 123 CPH in December

Team

Engagement

Month	No of Team Members	AVG CPH	Cases per man hour
Aug	149	70	25.99
Sep	139	96	27.11
Oct	134	116	30.47
Nov	133	117	32.37
Dec	132	119	35.73

% Improvement **37.5%**

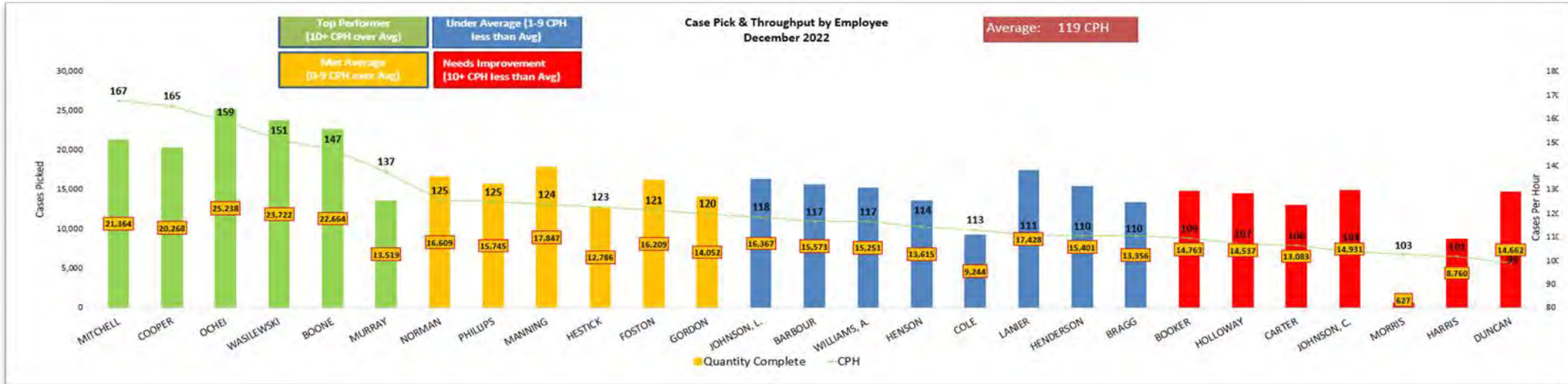
Turnover

October 1 - December 31			
Classification	2022	2021	% Change
Full-time	1.80%	7.14%	-5.34%
Temp	9.84%	25.32%	-15.48%
Part-time	0.00%	31.82%	-31.82%





Distribution Center Stabilization



Marketing Update

Black Friday – Cyber Monday Doorbuster Sale:

Sales increased \$1,018,868 or 176%. Bottle sales were up 30,451 or 166% versus a year ago. The top five items make up nearly half of the overall sales revenue \$736,000 of the \$1,597,970. Results include both in-store and online sales.

Black Friday - Cyber Monday Doorbuster Results				
Product	2022 Dollars	2021 Dollars	Dollar Increase	% Dollar Increase
1800 Tequila Reposado 750ml	\$39,863	\$8,952	\$30,911	345%
Absolut Vodka 1.75L	\$79,031	\$43,149	\$35,882	83%
Baileys Original Irish Cream 1.75L	\$82,531	\$23,741	\$58,790	248%
Bombay Sapphire Gin 1.75L	\$79,050	\$19,058	\$59,992	315%
Bulleit Rye Whiskey 1.75L	\$79,691	\$18,037	\$61,654	342%
Courvoisier VS Cognac 750ml	\$43,250	\$40,230	\$3,021	8%
D'usse VSOP 750ml	\$116,772	\$18,717	\$98,055	524%
Elijah Craig Small Batch Bourbon 1.75L	\$137,779	\$22,106	\$115,673	523%
Grand Marnier 750ml	\$53,126	\$19,339	\$33,787	175%
Grey Goose Vodka 1.75L	\$176,676	\$26,036	\$150,640	579%
Jagermeister 750ml	\$24,697	\$15,546	\$9,151	59%
Jameson Irish Whiskey 750ml	\$126,434	\$91,787	\$34,647	38%
Johnnie Walker Black Scotch 1.75L	\$103,840	\$10,159	\$93,681	922%
Jose Cuervo Especial Tequila 1.75L	\$67,892	\$32,747	\$35,144	107%
Patron Tequila Silver Anejo 750ml	\$63,480	\$1,755	\$61,725	3518%
Sailor Jerry Spiced Rum 1.75L	\$25,597	\$11,576	\$14,021	121%
Skrewball Peanut Butter Whiskey 750ml	\$60,683	\$29,687	\$30,996	104%
The Botanist Islay Dry Gin 750ml	\$33,833	\$8,118	\$25,715	317%
Tito's Handmade Vodka 750ml	\$178,116	\$122,958	\$55,158	45%
Wild Turkey American Honey 750ml	\$25,627	\$15,403	\$10,224	66%
Totals	\$1,597,970	\$579,102	\$1,018,868	176%

Marketing Update

December Spirited Thursday (Bourbon)

Sales increased \$355,337 or 810%. Bottle sales were up 10,614 or 906% versus a year ago. The ten products in this event accounted for 31% of all 1.75L sales in Virginia. Total results quoted above include both in-store and online sales.

- Store performance increased 763% is sales year over year
- Compared to all of ABC 4.2% in sales year over year
- 77% of online sales contained a spirited Thursday product
- For the bourbon category 34% of product sales in Virginia were Spirited Thursday products

December 8th, Spirited Thursday Store Results

Product	12/8/2022 Dollars	12/9/2021 Dollars	Dollar Increase	% Dollar Increase
Old Forester 1920 Craft Bourbon 750ml	\$98,974	\$5,664	\$93,310	1647%
Blade And Bow Bourbon 750ml	\$89,718	\$7,419	\$82,299	1109%
Four Roses Small Batch Bourbon 750ml	\$84,454	\$11,057	\$73,397	664%
Bulleit Bourbon 750ml	\$79,965	\$17,460	\$62,505	358%
Evan Williams White Bourbon 750ml	\$17,195	\$1,311	\$15,884	1212%
TOTAL	\$370,306	\$42,911	\$327,395	763%

December 8th, Spirited Thursday Online Order Results

	12/8/2022 Dollars	12/9/2021 Dollars	Dollar Increase	% Dollar Increase
Old Forester 1920 Craft Bourbon 750ml	\$12,477	\$495	\$11,982	2421%
Blade And Bow Bourbon 750ml	\$6,198	\$50	\$6,148	12299%
Four Roses Small Batch Bourbon 750ml	\$5,987	\$280	\$5,707	2039%
Bulleit Bourbon 750ml	\$3,196	\$140	\$3,056	2183%
Evan Williams White Bourbon 750ml	\$1,048	\$0	\$1,048	
TOTAL	\$28,906	\$965	\$27,942	2896%



Marketing Update

December Spirited Thursday (Scotch)

Sales increased \$86,782 or 126%. Bottle sales were up 2,740 or 188% versus a year ago. Total results quoted above include both in-store and online sales.

- Store performance increased 120% is sales year over year
- Compared to all of ABC -10.9% in sales year over year
- 37% of online sales contained a spirited Thursday product
- For the scotch category 39% of product sales in Virginia were Spirited Thursday products

December 15th Spirited Thursday Store Results				
	12/15/202 2 Dollars	12/16/202 1 Dollars	Dollar Increase	% Dollar Increase
Laphroaig Single Malt Scotch 750ml	\$48,946	\$51,448	(\$2,502)	-5%
Glenmorangie 10 Year Scotch 750ml	\$33,238	\$2,665	\$30,573	1147%
Buchanan's Deluxe 12 Year Scotch 750ml	\$13,790	\$1,548	\$12,242	791%
Chivas Regal 12 Year Scotch 750ml	\$17,914	\$2,479	\$15,435	623%
Monkey Shoulder Scotch 750ml	\$27,951	\$6,400	\$21,551	337%
TOTAL	\$141,839	\$64,540	\$77,299	120%

December 15th Spirited Thursday Online Orders Results				
	12/15/202 2 Dollars	12/16/202 1 Dollars	Dollar Increase	% Dollar Increase
Laphroaig Single Malt Scotch 750ml	\$5,593	\$3,880	\$1,713	44%
Glenmorangie 10 Year Scotch 750ml	\$3,783	\$86	\$3,697	4300%
Buchanan's Deluxe 12 Year Scotch 750ml	\$1,032	\$0	\$1,032	
Chivas Regal 12 Year Scotch 750ml	\$1,280	\$0	\$1,280	
Monkey Shoulder Scotch 750ml	\$1,894	\$132	\$1,762	1335%
TOTAL	\$13,581	\$4,098	\$9,483	231%



Real Estate and Facilities Update

New Store Update:

Store 302 (Powhatan)	Awaiting completion of space by Landlord; anticipated Commencement Date March 2023
Store 405 (Norfolk)	Awaiting completion of space by Landlord; anticipated Commencement Date February 2023
Store 442 (Hanover)	Awaiting completion of space by Landlord; anticipated Commencement Date July 2023
Store 523 (Great Falls)	Awaiting completion of space by Landlord; anticipated Commencement Date December 2022
Store 524 (Roanoke)	Awaiting store opening
Store 525 (Winchester)	Revised draft Lease is with the Landlord for review; we have no anticipated Commencement Date at this time
Store 526 (Chesterfield)	Draft Lease is with the Landlord for review; anticipated Commencement Date October 2023
Store 527 (MOCK STORE)	Awaiting delivery of fixtures for this location
Store 528 (Jonesville)	Draft Lease is with Landlord for review

Project Type No. of Stores

Expansions	5
Modernizations	4
Relocations	8

Store 095 Massaponax - Walk-thru conducted, but space not accepted; anticipated Acceptance Date January 2023

Stores 110 Portsmouth — Awaiting completion of space by Landlord; anticipated Acceptance Date January 2023

Store 169 Richmond - Space accepted and fixture installation will be scheduled for January

CTO Report – Elizabeth Chu

Change Management Office
Diversity Equity and Inclusion
Project Management Office
Strategy and Analytics



Change Management Office

CMO Progress & Priorities

- **4 change contractors serving 8 efforts - New Contractor starts 1/9/23; internal Change Specialist starts 1/24/23**
 - BDB under consideration for more senior change talent, in keeping with complexity of existing and emerging transformations
- **Retail DC Change Plan – Distribution Center Breaking Records! Customer: Chief Dunham)**
 - Cross-authority Change Team covering multiple disciplines from Operations to Safety to Training
 - Broke all-time safety record with 128+ day without an incident
 - Boosted productivity with less staff
 - New record: 37,000 in 8 hours
 - Enhanced Case Pick Throughput
 - 70.24 CPH in August
 - 123 CPH in December
 - Reduced Turnover in all categories: F/T TO down 100%; Wage TO down 74%; Contractors TO down 54%
- **3 Year Change Roadmap for Performance Management Approved** (Customer: Chief Alfano)
- **Renewed Values Statements C-Suite Approved** (Customer: Travis Hill)
- **CMO site is live** – Includes Team Info, Offerings, Testimonials
- **Additional work underway:** VAL, eCommerce, Customer Support (Serving Chiefs Williams & Kirby)
- **VABC Change Analysis Complete:** Execution an asset; opportunity to enhance start-up & sustainability practices



Diversity Equity and Inclusion Office

Priorities and Progress

- **DEI Practitioner Position**

- First round interviews began on December 12, 2022, will conclude on January 6, 2023.
- Four candidates will be invited back for 2nd interview

- **Leadership Training (5 Phase Approach)**

(Proposed training timeframe: February 27, 2023 – March 3, 2023)

- Research and content review
- Spark Diversity & Ignite Inclusion: C-Suite
- Spark Diversity & Ignite Inclusion: Directors
- Shared goals and accountability
- Innovate

Potential Training Topics

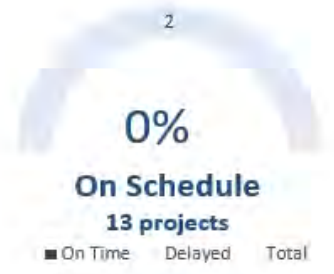
- Psychological Safety
- Dimensions of Diversity
- The Basics and Biases
- Inclusive Communication
- Allyship & Advocacy
- Hiring & Onboarding

- **DEI Council**

- Charter and Application ready for review, finalizing initial candidate list (based on recommendations, initial reach out to 10)

- **DEIO SharePoint page is live and can be accessed via mixer!**

Total # Projects	Total Budget	Total # Resources
2	814,077	21



ON-SCHEDULE

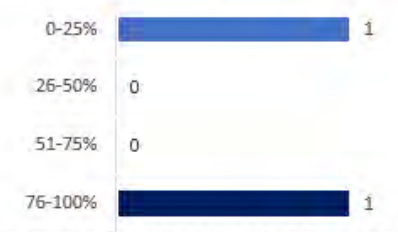
OVERALL PROJECT PROGRESS



PROJECT PHASES



PROJECT % COMPLETE



ON-BUDGET

BUDGET vs ACTUAL



BUDGET SPENT



BUDGET PHASE

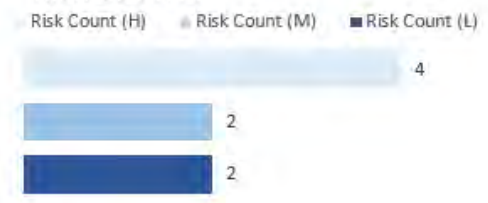


ON-SCOPE

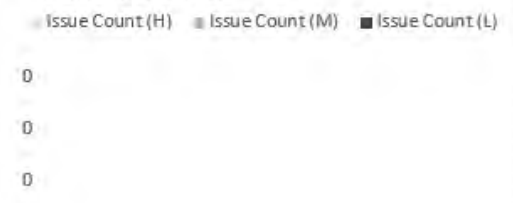
CURRENT PROJECT HEALTH



RISK COUNTS



ISSUE COUNTS



Strategy and Analytics Office

Priorities and Progress

- **Strategic Plan**
 - Framework for strategic goals has been drafted, and socialization/feedback process under development for both executive leadership and Board members
 - Strategic Plan document drafting is in process
 - Monitoring plan development is next major workstream, followed by rollout process development
- **Data Management**
 - Data Management RFP issued for external consulting support to design right sized approach, process, timelines, and resource needs
 - In partnership with Data Services, ongoing efforts to build out online reporting and data visualization capabilities nearing fruition, forthcoming availability of direct product sales transactions in usable format will transform ability to deliver actionable insights
- **Analytics Team**
 - Build out of Analytics team nearing completion, Analytics Manager promoted from within, presently seeking to backfill that newly vacated Business Analyst role

Appendix - CTO

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 	<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"> Keith Russell 	<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"> Keith Russell 	<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 	<ul style="list-style-type: none"> John Singleton 	<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"> David Walker 	<ul style="list-style-type: none"> 07/15/2022 01/30/2024
Phase II Oracle WebLogic Upgrade Migration	<ul style="list-style-type: none"> During the Oracle database migration, WebLogic was moved to Oracle Cloud Infrastructure (OCI), but it was not upgraded. Much of the same team is needed to complete the application server upgrade. ABC's current version of WebLogic will end support in December 2023 and continuing the effort ensures that we will complete the upgrade ahead of time and have ample time to schedule the production upgrade when it is least impactful to the business. 	<ul style="list-style-type: none"> Upgrade should mitigate security and system downtime risks associated with out-of-date software infrastructure by upgrading WebLogic. 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 06/10/2022 04/30/2023
VAL SaaS Migration	<ul style="list-style-type: none"> In 2021, Virginia ABC decided not to continue with the on-premises model and migrate to Accela's SaaS solution. It is a stated strategic goal of IT to migrate to SaaS models where appropriate. 	<ul style="list-style-type: none"> Virginia ABC is running version 20.2.0 of the Accela Civic Platform on Virginia ABC managed infrastructure- end-of-life (EOL) Oracle 12c database and Windows 2012 servers nearing their end of support 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 11/14/2022 10/30/2023

CDBO Report – Vida Williams

eCommerce/Digital Program Update

Press Releases

Education and Prevention

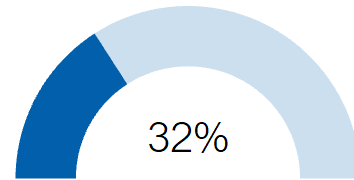


eCommerce/Digital



Digital Transformation: eCommerce

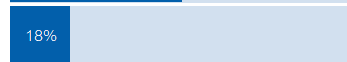
Expand the eCommerce effort into a more comprehensive, enterprise Digital Transformation for VA ABC.



Strategic Plan for Digital Transformation



Build capability to launch Digital Transformation Phase 1



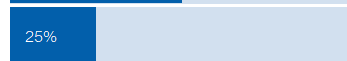
eCommerce: Selection of SiteCore replacement



eCommerce: Build capacity of existing eCommerce channels



DT: Domain Roadmap detailing Systems and Capability Maturity



DT: Data Governance and Data Management

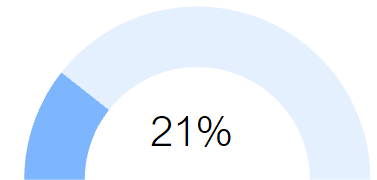


x



Customer Support Program

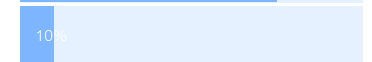
Create a model for ensuring that customer experience includes seamless issue resolution.



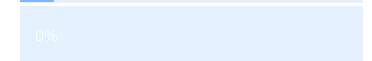
Complete Enterprise Workflow Automation (EWA) project to replace Footprints



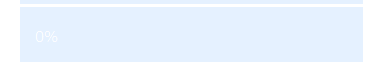
Initiate Customer Support Process Reengineering project



Define business needs relating to customer support and document processes



Initiate Organizational Design for Support project



Communications

“Sip Responsibly”

In a collaborative effort between Communications, Marketing & Merchandising, Digital & Web and Education & Prevention, Virginia ABC launched the authority’s first ever “Sip responsibly” campaign, which underscores Virginia ABC’s effort to empower its customers to make mindful choices about alcohol. Whether it’s knowing what a standard size drink is, understanding alcohol by volume (ABV) percentage on alcoholic beverages, having options for low-alcohol or even no-alcohol products to choose from, we strive to provide the information and resources to keep Virginians safe and healthy.

NBC29 reporter, Isabel Cleary, inquired if someone was available for a quick zoom interview on Virginia ABC liquor sales in the Charlottesville area ahead of New Year’s Eve. Cleary said that questions would focus on the products with the most sales and which products are difficult to obtain. PR Specialist Pat Kane offered an interview, with the caveat that city or regional data would not be available. Reporter was pulled to a different story that day and never got back to us.

WHSV-TV reporter, Cora Dickey, inquired about Virginia ABC January sales and Dry January. Communications conducted a Zoom interview on January 3, focused on Sip Responsibly and yearly sales trends provided by Research & Planning). WHSV aired the ABC story in its 6 p.m. newscast and posted a web version:

<https://www.wHSV.com/2023/01/03/virginia-abc-launches-campaign-encourage-dry-january-decisions>.



Education and Prevention

	Q1 to date	Q2 to date	Q3 to date	Q4 to date	FY23 to date
Total Events	● 17	● 20			37
Total Participants	● 3,100	● 2,472			5,572
Total Reach	● 137,390	● 217,400			354,790
Resources Distributed	● 12,268	● 5,408			17,676
Grants Distributed	● 14	● 0			14
Grant Amount Distributed	● \$41,979.35	● 0			\$41,979.35
% of Schools	● 2.97%	● 6.59%			6.59%
% of CSBs/Community Coalitions	● 7.06%	● 8.24%			8.24%
% of State Agencies	● 50.00%	● 50.00%			50.00%
Evaluation Response Rate	● 3%	● 56%			56%

GAO Report – John Daniel

Legislative Update

Legal Update

Hearings Summary

FOIA Requests



Hearings

Administrative Hearings Status Report

ADMINISTRATIVE HEARINGS

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
El Gato Sports Bar & Restaurant (Richmond)	1 – After hours consumption of alcoholic beverage on premises 2/12/222 2 – After hours sale of alcoholic beverages on premises 2/12/222 3 - After hours consumption of alcoholic beverage on premises 6/5/22	PHC – 9/22/22 @ 10am HR – 9/29/22 @ 10am *BLE not agreeable to negotiation or mediation	Hanover	ALJ – Page OLC – Ross	All charges substantiated - 10/12/2022
Old Trade Brewery (Brandy Station)	Failed to file malt beverage wholesalers tax report (late filing of July 2021 report)	PHC – 9/23/22 at 11am HR – 9/30/22 at 11am *Licensee declined ECO	Charlottesville	ALJ – Maxey OLC – Hucks-Watkins	**RESOLVED THROUGH NEGOTIATIONS \$2,000
A Buck or 2 (Richmond)	Fails to qualify as a M/B Restaurant	PHC – 9/26/22 at 9am HR – 10/3/22 at 9am	Hanover	ALJ – Maxey	Substantiated – Granted with restrictions 10/19/2022
Foxtail Winery (Hampton)	Request for approval/disapproval of designated manager	PHC – 10/5/22 @ 10am HR – 10/12/22 @ 10am	Hampton	ALJ – Richardson Hampton C.A. Office	Disapproved as a designated manager & member – 11/10/22
The Pier (Culpeper)	Fail to comply with a Board Order	PHC – 10/10/22 @ 11am HR – 10/17/22 @ 11am	Charlottesville	ALJ – Page OLC – Ross	**RESOLVED THROUGH NEGOTIATIONS License surrendered as revoked

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Everest Grocery and Gift Shop (Front Royal)	1 – Qualification to retain license “Convenience Grocery Store” 2 – Kept or allowed to be kept unauthorized alcoholic beverage	PHC – 10/11/22 @ 10am HR – 10/18/22 @ 10am	Staunton	ALJ – Maxey OLC – Ross	**RESOLVED THROUGH NEGOTIATIONS License surrendered as revoked
7 Eleven 21325 C (Vienna)	UAB	PHC – 10/11/22 @ 10am HR – 10/18/22 @ 10am	Alexandria	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$2,500
7 Eleven 2581 10671B (Leesburg)	UAB	PHC – 10/11/22 @ 11am HR – 10/18/22 @ 11am	Alexandria	ALJ – Griffin Barbara Milfelt, Esq.	**RESOLVED THROUGH NEGOTIATIONS \$2,500
Ricks on the River (King George)	1 – Qualification to retain M/B license 2 – Failed to comply with ABC laws and regulations	PHC – 10/24/22 @ 9am HR – 10/31/22 @ 9am	Hanover	ALJ – Page	All charges substantiated – 11/21/2022
Market Place 21 (N. Chesterfield)	1 – Illegal use or sale of controlled substances 2 – Cause Exists – Convicted of maintaining a common nuisance and keeping unauthorized alcoholic beverages	PHC – 10/21/22 @ 10am HR – 11/4/22 @ 10am	Hanover	ALJ – Richardson	All charges substantiated – licenses REVOKED 12/2/2022
Planthouse (Virginia Beach)	Qualification to retain W/B license – Restaurant -	PHC – 10/19/22 @ 10am HR – 11/8/22 @ 10am	Chesapeake	ALJ – Maxey OLC – Ross Mike Joynes, Esq.	Charge substantiated – license REVOKED 12/14/2022
Vinifera Distributing of Virginia (Springfield)	Failed to file wine wholesalers tax report	PHC – 11/2/22 @ 10am HR – 11/9/22 @ 10am	Alexandria	ALJ – Richardson	*Licensee accepted ECO \$1,000

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Malakhi Lounge & Jamaican Restaurant (Manassas)	Delinquent in paying local taxes, penalties or interest	PHC – 11/2/22 @ 11am HR – 11/9/22 @ 11am	Alexandria	ALJ – Richardson	Charge substantiated 12/7/2022
Hillsborough Farm Brewery (Hillsboro)	Failed to file malt beverage wholesalers tax report	PHC – 11/2/22 at 10am HR – 11/9/2/22	Alexandria	ALJ – Richardson	Charge substantiated 12/9/2022
Banquet Hearing – Stephanie Lee		PHC – 10/24/22 at 11am HR – 11/15/22 at 1pm	Roanoke	ALJ – Page James Steele, Esq.	Applicant withdrew application
Banquet Hearing - Chris England Event date: 11/19/22	Board is not authorized/empowered to issue the license	HR – 11/15/22 at 11am	Lynchburg	ALJ – Maxey No OLC	Application denied (ruled from the bench)
Banquet Hearing – Kathy Byrd Event date: 11/19/22	Board is not authorized/empowered to issue the license	HR – 11/16/22 at 9am	Fredericksburg/ Hanover	ALJ – Page	Applicant withdrew application
Harlem Beer Distributing Southern VA (Lynchburg)	Failed to file malt beverage wholesalers tax report	PHC – 11/10/22 @ 10am HR – 11/17/22 @ 11am	Lynchburg	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS 7- day suspension
1781 Brewing Co. (Spotsylvania)	Failed to file malt beverage wholesalers tax report	PHC – 11/10/22 @ 9am HR – 11/18/22 @ 9am *Declined ECO	Hanover	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS \$750
Royal Fuels (Ruther Glen)	UAB	PHC – 11/21/22 @ 9am HR – 11/28/22 @ 9am *Declined ECO	Hanover	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$2,500

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
7-Eleven Store 27837A (Hampton)	UAB	PHC –11/22/22 @ 10am HR – 12/1/22 @ 10am	Hampton	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$5,000 / 5-day suspension / Training / 1-year probation
Macados (Roanoke)	1 – Consumption of alcoholic beverage by intoxicated person 2 – Sale of alcoholic beverage to an intoxicated person	PHC – 11/29/22 @ 11am HR – 12/6/22 @ 11am	Roanoke	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS 7- day suspension
Onyx Cigar Lounge (Stafford)	1 – Demonstrated a lack of respect for law and order (Police Record) 2 – Convicted felon of any crime/offense involving moral turpitude	PHC – 11/29/22 @ 9am HR – 12/6/22 @ 9am	Hanover	ALJ – Page	Objection 1 – Not substantiated Objection 2 – Substantiated 12/22/2022
Crisp Salad and Juice Bar (Public Safety) (Lynchburg)	1 – Failed to take reasonable measure to prevent act of violence causing death or bodily injury 2 – Failed to take reasonable measures to prevent premises from becoming a threat to public safety 3 – Failed to keep records	PHC –12/2/22 @ 10am HR – 12/12/22 @10am * On 9/22/22 ALJ granted a continuance * On 10/21/22 ALJ granted 2 nd continuance PHC originally set for 9/23/22 HR originally set for 9/30/22	Lynchburg	ALJ – Page OLC – Yates Travis Graham, Esq.	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Mirandas Grill, LLC (Public Safety) (Ruckersville)	1 – Establishment does not conform to requirements of governing body – Sanitation, health, construction or equipment 2 – Licensee/employee intoxicated/impaired upon premises 3 - UAB	PHC – 12/2/22 @ 11am HR – 12/16/22 @ 10am *Request for continuance granted. Original HR date 12/9/22	Charlottesville	ALJ – Richardson OLC - Ross	
Family Dollar 478 (Hampton)	2 nd UAB w/in 5 years	PHC – 12/5/22 @ 10am HR – 12/12/22 @ 10am *Declined ECO	Hampton	ALJ – Griffin	
Stop & Go (Hampton)	UAB	PHC – 12/5/22 @ 11am HR – 12/12/22 @ 11am	Hampton	ALJ – Griffin	**RESOLVED THROUGH ECO \$2,500
Country Mart (Swords Creek)	UAB	PHC – 11/30/22 @ 11am HR – 12/13/22 @ 1pm	Abingdon	ALJ – Griffin	
Foxtail Winery, LLC (Hampton)	Bad check to the Board	PHC – 12/8/22 @ 10am HR – 12/15/22 @ 10am	Hampton	ALJ – Richardson	**RESOLVED THROUGH NEGOTIATIONS \$500
Los Garreberos Barra (Staunton)	Demonstrated a lack of respect for law and order (Police Record)	PHC – 12/8/22 @ 10am HR – 12/15/22 @ 10am	Staunton	ALJ – Page OLC - Ross	Charges withdrawn
El Tenampa (Manassas)	Summary Suspension	HR – 1/3/23 @ 10am	Alexandria	ALJ – Page OLC – Ross	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Gaskins Shell (Henrico)	1 – UAB 2 – Designated manager not on duty	PHC – 1/3/23 @ 9am HR – 1/10/23@ 9am	Hanover	ALJ – Griffin	
TTs One Stop Shop (Chesapeake)	1 – UAB	PHC – 1/5/23 @ 10am HR – 1/12/23@ 10am	Chesapeake	ALJ – Griffin	
Food Craft (Yorktown)	1 – Selling/Sold alcoholic beverages with application pending 2 – Keeping alcoholic beverages with application pending	PHC – 1/6/23 @ 10am HR – 1/13/23 @ 10am	Hampton	ALJ – Maxey	
El Maguey Restaurante (Culpeper)	Qualifications - Failed to qualify as a “restaurant”	PHC – 10/25/22 @ 11am HR – 1/13/23 @ 11am	Charlottesville	ALJ – Richardson OLC – Ross Robert Byrne, Esq.	** Licensee surrendered their license
Carolina Express (Richmond)	1 – So situated with respect to residence/area 2 – Failed to comply with ABC Laws & Regulations 3 – So located – violations	PHC – 1/10/23 @ 9am HR – 1/17/23 @ 9am	Hanover	ALJ – Maxey OLC – Yates	
Dayton Catering (Bridgewater)	UAB	PHC – 1/11/23 @ 10am HR – 1/18/23 @ 10am	Staunton	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS 10-day suspension
The 4 Cyber Café (Richmond) Public Safety	1 – Consumption of unauthorized alcoholic beverage 2 – Sold unauthorized alcoholic beverage 3 – Financial responsibility 4 – Kept unauthorized alcohol 5 – Fail to comply w/ Board Order	PHC – 1/13/23 @ 10am HR – 1/20/23 @ 10am	Hanover	ALJ – Richardson OLC - Ross	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
7 Eleven Store 2554 (Lorton)	UAB	PHC – 12/29/22 @ 10am HR – 1/26/23 @ 10am *Declined ECO	Alexandria	ALJ – Griffin	
Tammies Place (Buchanan)	1 – Conviction of a felony or crime involving moral turpitude	PHC – 1/19/23 @ 11am HR – 1/26/23 @ 11am	Roanoke	ALJ – Richardson	
WR Brews (Roanoke)	1 – Qualification to retain MB 2 – Failed to keep records 3 – Defrauded or attempted to defraud the Board 4 – Failed to submit MBAR	PHC – 1/25/23 @ 11am HR – 2/1/23 @ 11am	Roanoke	ALJ – Richardson OLC - Ross	
Jefferson Ale House (Ashburn)	UAB	PHC – 1/31/23 @ 10am HR – 2/7/23 @ 10am	Alexandria	ALJ – Griffin	
Hilton Garden Inn Reagan Nat. Airport (Arlington)	UAB	PHC – 1/31/23 @ 11am HR – 2/7/23 @ 11am *Declined ECO	Alexandria	ALJ – Griffin	

FRANCHISE

Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Franchise Matter – Chateau La Tour De By v. Palladion Signature Imports Ltd.	Request for termination due to no payment after wine delivery – 4/11/22	PHC – 8/11/22 HR – 11/14/22	Virtual	ALJ – Page For Palladion - Billy Starkey For Chateau La Tour De By - Benjamin Richer de Forge, Co-Owner, Frederic Le Clerc, General Manager & Nicolas Dornic	Order Granting Joint Motion for Voluntary Dismissal with Prejudice – 11/11/22
Premium Distributors of Virginia and Blue Ridge Beverage Company v. The Boston Beer Company	Distribution matter “Dual distribution”	11/16/22 – ABC asked the parties to agree to a schedule for any written or oral submissions regarding pending motions for a default judgment from the petitioner wholesalers and for leave to file late responsive pleadings from the respondent supplier. 11/17/22 – Petitioners Premium and Blue Ridge withdrew their motion for entry of default judgment in their franchise complaint. Upon receipt of responsive pleadings from Boston Beer, expected on or before November 30, 2022, an initial conference will be scheduled. ~ Informal Conference set for December 12, 2022, at 10 a.m. ~ Hearing scheduled for May 1 – 3, 2023		Kevin McNally, Esq. for Premium Distributors & Blue Ridge Beverage Brian Wainger, Esq. w/ Kaleo Legal for Boston Beer Company	

Negotiations

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Royal Fuels, LLC t/a Royal Fuels	13185981	On 8/31/2022 at approximately 8:20 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age.	\$2,500 civil penalty	Richmond	11/22/2022
Family Dollar Stores of Virginia, Inc. t/a Family Dollar 478	098274	On July 20, 2022 at approximately 5:11 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age	\$2,500 civil penalty	Hampton	11/30/2022
Dayton Tavern, LLC t/a Dayton Catering Co.	754696	On August 23, 2022 at approximately 1248 hours, the licensee sold alcoholic beveragesf to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age.	10-day suspension	Staunton	12/1/2022
Macados, Inc. t/a Macados	047253	1. On April 6, 2022 between approximately 7:00 p.m. and 8:30 p.m., the licensee allowed the consumption of alcoholic beverages upon the licensed premises by a person who the licensee knew or had reason to believe was intoxicated. 2. On April 6, 2022 between approximately 7:00 p.m. and 8:30 p.m., the licensee sold alchoholic beverages to a person who the licensee knew or had reason at the time to believe was intoxicated.	1. Licensee agrees to pay a civil penalty of \$2,500 per license or a total of \$5,000 2. Licensee agrees to have all current and future staff successfully complete the responsible sellers and servers training (RSVP) and the managers alcohol responsibility training (MART); future staff shall receive this training within 30 days of hire; 3. Licensee agrees to a 5-day suspension person of the licensed privileges; and 4. Licensee agrees to serve a one-year probationary period	Roanoke	12/5/2022
Foxtail Winery, LLC t/a Foxtail Winery	751859	On June 25, 2022, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank.	\$500 civil penalty	Hampton	12/6/2022
C & C Entertainment, LLC t/a Coopers Restaurant & Lounge	13191081	Licensee chose to surrender licenses as revoked	Voluntarily surrender licenses as revoked	Chesapeake	12/22/2022

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
MIC AL, LLC t/a WR Brews	750585	<p>1. During the preceding license year (July 2021 through June 2022), based on the gross receipts from the sale of food and nonalcoholic beverages and the gross receipts from the sale of mixed beverages, the licensed establishment did not meet the requirements for a mixed beverage restaurant license.</p> <p>2. Between May 5, 2020 and June 30, 2022, the licensee failed to keep complete, accurate and separate records at the place of business and available for inspection by special agents of the Board.</p> <p>3. On August 15, 2022, the licensee defrauded or attempted to defraud the Board by making or filing a report or document or tax return required by statute or regulation which is fraudulent or contains a willful or knowing false representation of a material fact.</p> <p>4. The licensee failed to submit to the Board a complete and accurate annual review report for the year ending June 30, 2022.</p>	<p>1. For charge 1, the licensee agrees to pay a civil penalty of \$1,000 + investigative costs in the amount of \$777;</p> <p>2. For charge 2, the licensee agrees to either pay a civil penalty of \$750 or to serve a 7-day suspension period of all licensed privileges;</p> <p>3. For charge 3, the licensee agrees to pay a civil penalty of \$1,000 + investigative costs in the amount of \$777;</p> <p>4. For charge 4, the licensee agrees to pay the sum of \$750 as a civil penalty; and</p> <p>5. In addition, exercising the privileges of the license shall be subject to a 12-month probationary period, during such time, if the licensee is found by an representative of VA ABC to be in violation of any laws of the Commonwealth, the terms of this Agreement, or the regulations of the Virginia ABC Board, the license shall be voluntarily surrendered as revoked.</p>	Roanoke	12/29/2022
			<p>Total civil penalties: \$ 13,250.00* (see WR Brews) Total costs of investigation paid: \$ 1,554.00 Total days of suspension: 12 days (see WR Brews) Licensees providing certified training: 1 12-month probationary period: 2 Voluntary surrender as revoked: 1</p>		

Negotiations Accepted

LICENSEE NAME	ABC LICENSE #	VIOLATION DATE	DISPOSITION DATE	CIVIL PENALTY (\$)	SUSPENSION Days	OTHER
EL MAGUEY RESTAURANTE	751810	9/20/22; 10/08/2022; 10/18/2022	11/23/2022			Revoked
ROYAL FUELS	13185981	68/31/2022	11/23/2022	\$2,500		
MACADOS	47253	4/6/2022	12/5/2022	\$5,000	5	
FOXTAIL WINERY	751859	6/25/2022	12/7/2022	\$500		
DAYTON CATERING CO.	754696	8/23/2022	12/20/2022		10	
			TOTAL	\$8,000	15	

ECOs

**Expedited Consent Orders Accepted/Completed
November 16, 2022 - January 2, 2023**

	A	B	C	D	E	F	G
1	Licensee (Trading As)	Lic. Num.	Charge(s)	Civil Penalty	Suspension Accepted (# of days)	Date Order Received	Region
2	CARY ST MINI MART	62257	UAB	\$2,500		11/15/2022	RICHMOND
3	WESTIN ARLINGTON GATEWAY	90320	UAB	\$2,500		11/22/2022	ALEXANDRIA
4	LEGACY MARKETS CULPEPER	94899	UAB	\$2,500		11/22/2022	CHARLOTTESVILLE
5	HOMWOOD SUITES ARLINGTON ROSSLYN KEY BRIDGE	94001	UAB	\$2,500		11/22/2022	ALEXANDRIA
6	HOMWOOD SUITES	753448	UAB	\$2,500		11/22/2022	ALEXANDRIA
7	7 ELEVEN 35882 B	753925	UAB	\$2,500		11/22/2022	RICHMOND
8	7 ELEVEN 24488 K	753193	UAB	\$2,500		11/22/2022	CHESAPEAKE
9	ASHLAND MARKET	92428	UAB	\$2,500		11/22/2022	RICHMOND
10	SPRING HILL SUITES BY MARRIOTT DULLES AIRPORT	47701	UAB	\$2,500		11/22/2022	ALEXANDRIA
11	WALLACES SUPERMARKET	753510	Bad Check	\$1,000		11/22/2022	RICHMOND
12	BANA MINI MART	754512	UAB	\$2,500		11/28/2022	RICHMOND
13	FAIRFIELD INN & SUITES	66845	UAB		25	12/8/2022	HAMPTON
14	EARTH FARE	753620	UAB	\$2,500		12/9/2022	HAMPTON
15	SPEED MART	754178	UAB	\$2,500		12/12/2022	HAMPTON
16	7 ELEVEN STORE 2516 34066 H	50316	UAB	\$2,500		12/13/2022	HAMPTON
17	MARINOS LUNCH	13144700	UAB	\$2,500		12/15/2022	STAUNTON
18	PAYTONS GROCERY	53099	UAB	\$2,500		12/15/2022	STAUNTON
19	DUDLEY'S SPORT & ALE	89903		\$1,000		12/15/2022	ALEXANDRIA
20	HAMPTON INN & SUITES HERNDON	13144717	UAB	\$2,500		12/15/2022	ALEXANDRIA
21	SMILEYS CORNER STORE	755231	UAB		25	12/21/2022	CHESAPEAKE
22	FOOD LION 1555	9910	UAB	\$4,000		12/21/2022	CHESAPEAKE
23	7 ELEVEN STORE 2581 21476 A	50153	UAB	\$2,500		12/27/2022	ALEXANDRIA
24	WAWA MARKET 8633	86597	UAB	\$2,500		12/27/2022	CHESAPEAKE
25	PIGGLY WIGGLY	3175	UAB	\$2,500		12/28/2022	CHESAPEAKE
26	RESIDENCE INN ARLINGTON CAPITAL VIEW HOTEL	13160080	UAB	\$2,500		12/29/2022	ALEXANDRIA

OLC Status

Office of Legal Counsel Status Report

JUDICIAL MATTERS

Style of Case	Court	Charges/Violations/ Complaint	Status of Case	Parties/Opposing Counsel Involved	Decision
Commonwealth v. Vinoshipper.com	Virginia Court of Appeals	Out-of-state wine shipper shipping from unlicensed locations	No new filings as of 1/3/2023	Rachel Yates and Mark Shuford	N/A
7 Eleven Store Number 17697B and Five Brothers Corporation v. Commonwealth	City of Hampton Circuit Court	Sale to an underage buyer	Trial continued to 2/21/2023 at 9:00 a.m.	Christopher Reagan/Jim Flaherty-AG's office (Sarah Ross is support counsel)	N/A
The Food Group, Inc. (Hard Times) v. Commonwealth	City of Fredericksburg Circuit Court	Reasonable measures charge arising from an argument that occurred inside the licensed premises that was taken outside where a shooting occurred.	no change in status as of 1/3/2023	C. David Sands/AG's office (Maureen Mshar support counsel)	N/A
Sadler Brothers Oil Company, et al v. Commonwealth	Greensville County Circuit Court	Skill games	no new filing as of 1/3/2023	William Stanley/AG's office (Tonya Hucks-Watkins support counsel)	N/A
Falu Patel v. Commonwealth	City of Roanoke Circuit Court	Skill games	no new filing as of 1/3/2023	Stephen Heretick/AG's office (Tonya Hucks-Watkins support counsel)	N/A
Club Truth VA, LLC	Hanover County Circuit Court	Denial of Application for a License	No new filings as of 1/3/2023; docket call will be January 17, 2023 at 2:30 p.m.	Joseph R. Sanzone, II-Club Truth's attorney and Lindsay R. Horne for Lynchburg PD/Rachel Yates/Maureen Mshar first chair	N/A

Administrative Hearings

Administrative Hearings Status Report

ADMINISTRATIVE HEARINGS

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
El Gato Sports Bar & Restaurant (Richmond)	1 – After hours consumption of alcoholic beverage on premises 2/12/222 2 – After hours sale of alcoholic beverages on premises 2/12/222 3 - After hours consumption of alcoholic beverage on premises 6/5/22	PHC – 9/22/22 @ 10am HR – 9/29/22 @ 10am *BLE not agreeable to negotiation or mediation	Hanover	ALJ – Page OLC – Ross	All charges substantiated - 10/12/2022
Old Trade Brewery (Brandy Station)	Failed to file malt beverage wholesalers tax report (late filing of July 2021 report)	PHC – 9/23/22 at 11am HR – 9/30/22 at 11am *Licensee declined ECO	Charlottesville	ALJ – Maxey OLC – Hucks-Watkins	**RESOLVED THROUGH NEGOTIATIONS \$2,000
A Buck or 2 (Richmond)	Fails to qualify as a M/B Restaurant	PHC – 9/26/22 at 9am HR – 10/3/22 at 9am	Hanover	ALJ – Maxey	Substantiated – Granted with restrictions 10/19/2022
Foxtail Winery (Hampton)	Request for approval/disapproval of designated manager	PHC – 10/5/22 @ 10am HR – 10/12/22 @ 10am	Hampton	ALJ – Richardson Hampton C.A. Office	Disapproved as a designated manager & member – 11/10/22
The Pier (Culpeper)	Fail to comply with a Board Order	PHC – 10/10/22 @ 11am HR – 10/17/22 @ 11am	Charlottesville	ALJ – Page OLC – Ross	**RESOLVED THROUGH NEGOTIATIONS License surrendered as revoked

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Everest Grocery and Gift Shop (Front Royal)	1 – Qualification to retain license “Convenience Grocery Store” 2 – Kept or allowed to be kept unauthorized alcoholic beverage	PHC – 10/11/22 @ 10am HR – 10/18/22 @ 10am	Staunton	ALJ – Maxey OLC – Ross	**RESOLVED THROUGH NEGOTIATIONS License surrendered as revoked
7 Eleven 21325 C (Vienna)	UAB	PHC – 10/11/22 @ 10am HR – 10/18/22 @ 10am	Alexandria	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$2,500
7 Eleven 2581 10671B (Leesburg)	UAB	PHC – 10/11/22 @ 11am HR – 10/18/22 @ 11am	Alexandria	ALJ – Griffin Barbara Milfelt, Esq.	**RESOLVED THROUGH NEGOTIATIONS \$2,500
Ricks on the River (King George)	1 – Qualification to retain M/B license 2 – Failed to comply with ABC laws and regulations	PHC – 10/24/22 @ 9am HR – 10/31/22 @ 9am	Hanover	ALJ – Page	All charges substantiated – 11/21/2022
Market Place 21 (N. Chesterfield)	1 – Illegal use or sale of controlled substances 2 – Cause Exists – Convicted of maintaining a common nuisance and keeping unauthorized alcoholic beverages	PHC – 10/21/22 @ 10am HR – 11/4/22 @ 10am	Hanover	ALJ – Richardson	All charges substantiated – licenses REVOKED 12/2/2022
Planthouse (Virginia Beach)	Qualification to retain W/B license – Restaurant -	PHC – 10/19/22 @ 10am HR – 11/8/22 @ 10am	Chesapeake	ALJ – Maxey OLC – Ross Mike Joynes, Esq.	Charge substantiated – license REVOKED 12/14/2022
Vinifera Distributing of Virginia (Springfield)	Failed to file wine wholesalers tax report	PHC – 11/2/22 @ 10am HR – 11/9/22 @ 10am	Alexandria	ALJ – Richardson	*Licensee accepted ECO \$1,000

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Malakhi Lounge & Jamaican Restaurant (Manassas)	Delinquent in paying local taxes, penalties or interest	PHC – 11/2/22 @ 11am HR – 11/9/22 @ 11am	Alexandria	ALJ – Richardson	Charge substantiated 12/7/2022
Hillsborough Farm Brewery (Hillsboro)	Failed to file malt beverage wholesalers tax report	PHC – 11/2/22 at 10am HR – 11/9/2/22	Alexandria	ALJ – Richardson	Charge substantiated 12/9/2022
Banquet Hearing – Stephanie Lee		PHC – 10/24/22 at 11am HR – 11/15/22 at 1pm	Roanoke	ALJ – Page James Steele, Esq.	Applicant withdrew application
Banquet Hearing - Chris England Event date: 11/19/22	Board is not authorized/empowered to issue the license	HR – 11/15/22 at 11am	Lynchburg	ALJ – Maxey No OLC	Application denied (ruled from the bench)
Banquet Hearing – Kathy Byrd Event date: 11/19/22	Board is not authorized/empowered to issue the license	HR – 11/16/22 at 9am	Fredericksburg/ Hanover	ALJ – Page	Applicant withdrew application
Harlem Beer Distributing Southern VA (Lynchburg)	Failed to file malt beverage wholesalers tax report	PHC – 11/10/22 @ 10am HR – 11/17/22 @ 11am	Lynchburg	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS 7- day suspension
1781 Brewing Co. (Spotsylvania)	Failed to file malt beverage wholesalers tax report	PHC – 11/10/22 @ 9am HR – 11/18/22 @ 9am *Declined ECO	Hanover	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS \$750
Royal Fuels (Ruther Glen)	UAB	PHC – 11/21/22 @ 9am HR – 11/28/22 @ 9am *Declined ECO	Hanover	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$2,500

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
7-Eleven Store 27837A (Hampton)	UAB	PHC –11/22/22 @ 10am HR – 12/1/22 @ 10am	Hampton	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS \$5,000 / 5-day suspension / Training / 1-year probation
Macados (Roanoke)	1 – Consumption of alcoholic beverage by intoxicated person 2 – Sale of alcoholic beverage to an intoxicated person	PHC – 11/29/22 @ 11am HR – 12/6/22 @ 11am	Roanoke	ALJ – Maxey	**RESOLVED THROUGH NEGOTIATIONS 7- day suspension
Onyx Cigar Lounge (Stafford)	1 – Demonstrated a lack of respect for law and order (Police Record) 2 – Convicted felon of any crime/offense involving moral turpitude	PHC – 11/29/22 @ 9am HR – 12/6/22 @ 9am	Hanover	ALJ – Page	Objection 1 – Not substantiated Objection 2 – Substantiated 12/22/2022
Crisp Salad and Juice Bar (Public Safety) (Lynchburg)	1 – Failed to take reasonable measure to prevent act of violence causing death or bodily injury 2 – Failed to take reasonable measures to prevent premises from becoming a threat to public safety 3 – Failed to keep records	PHC –12/2/22 @ 10am HR – 12/12/22 @10am * On 9/22/22 ALJ granted a continuance * On 10/21/22 ALJ granted 2 nd continuance PHC originally set for 9/23/22 HR originally set for 9/30/22	Lynchburg	ALJ – Page OLC – Yates Travis Graham, Esq.	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Mirandas Grill, LLC (Public Safety) (Ruckersville)	1 – Establishment does not conform to requirements of governing body – Sanitation, health, construction or equipment 2 – Licensee/employee intoxicated/impaired upon premises 3 - UAB	PHC –12/2/22 @ 11am HR – 12/16/22 @10am *Request for continuance granted. Original HR date 12/9/22	Charlottesville	ALJ – Richardson OLC - Ross	
Family Dollar 478 (Hampton)	2 nd UAB w/in 5 years	PHC – 12/5/22 @ 10am HR – 12/12/22 @ 10am *Declined ECO	Hampton	ALJ – Griffin	
Stop & Go (Hampton)	UAB	PHC – 12/5/22 @ 11am HR – 12/12/22 @ 11am	Hampton	ALJ – Griffin	**RESOLVED THROUGH ECO \$2,500
Country Mart (Swords Creek)	UAB	PHC – 11/30/22 @ 11am HR – 12/13/22 @ 1pm	Abingdon	ALJ – Griffin	
Foxtail Winery, LLC (Hampton)	Bad check to the Board	PHC – 12/8/22 @ 10am HR – 12/15/22 @ 10am	Hampton	ALJ – Richardson	**RESOLVED THROUGH NEGOTIATIONS \$500
Los Garreberos Barra (Staunton)	Demonstrated a lack of respect for law and order (Police Record)	PHC – 12/8/22 @ 10am HR – 12/15/22 @ 10am	Staunton	ALJ – Page OLC - Ross	Charges withdrawn
El Tenampa (Manassas)	Summary Suspension	HR – 1/3/23 @ 10am	Alexandria	ALJ – Page OLC – Ross	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Gaskins Shell (Henrico)	1 – UAB 2 – Designated manager not on duty	PHC – 1/3/23 @ 9am HR – 1/10/23@ 9am	Hanover	ALJ – Griffin	
TTs One Stop Shop (Chesapeake)	1 – UAB	PHC – 1/5/23 @ 10am HR – 1/12/23@ 10am	Chesapeake	ALJ – Griffin	
Food Craft (Yorktown)	1 – Selling/Sold alcoholic beverages with application pending 2 – Keeping alcoholic beverages with application pending	PHC – 1/6/23 @ 10am HR – 1/13/23 @ 10am	Hampton	ALJ – Maxey	
El Maguey Restaurante (Culpeper)	Qualifications - Failed to qualify as a “restaurant”	PHC – 10/25/22 @ 11am HR – 1/13/23 @ 11am	Charlottesville	ALJ – Richardson OLC – Ross Robert Byrne, Esq.	** Licensee surrendered their license
Carolina Express (Richmond)	1 – So situated with respect to residence/area 2 – Failed to comply with ABC Laws & Regulations 3 – So located – violations	PHC – 1/10/23 @ 9am HR – 1/17/23 @ 9am	Hanover	ALJ – Maxey OLC – Yates	
Dayton Catering (Bridgewater)	UAB	PHC – 1/11/23 @ 10am HR – 1/18/23 @ 10am	Staunton	ALJ – Griffin	**RESOLVED THROUGH NEGOTIATIONS 10-day suspension
The 4 Cyber Café (Richmond) Public Safety	1 – Consumption of unauthorized alcoholic beverage 2 – Sold unauthorized alcoholic beverage 3 – Financial responsibility 4 – Kept unauthorized alcohol 5 – Fail to comply w/ Board Order	PHC – 1/13/23 @ 10am HR – 1/20/23 @ 10am	Hanover	ALJ – Richardson OLC - Ross	

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
7 Eleven Store 2554 (Lorton)	UAB	PHC – 12/29/22 @ 10am HR – 1/26/23 @ 10am *Declined ECO	Alexandria	ALJ – Griffin	
Tammies Place (Buchanan)	1 – Conviction of a felony or crime involving moral turpitude	PHC – 1/19/23 @ 11am HR – 1/26/23 @ 11am	Roanoke	ALJ – Richardson	
WR Brews (Roanoke)	1 – Qualification to retain MB 2 – Failed to keep records 3 – Defrauded or attempted to defraud the Board 4 – Failed to submit MBAR	PHC – 1/25/23 @ 11am HR – 2/1/23 @ 11am	Roanoke	ALJ – Richardson OLC - Ross	
Jefferson Ale House (Ashburn)	UAB	PHC – 1/31/23 @ 10am HR – 2/7/23 @ 10am	Alexandria	ALJ – Griffin	
Hilton Garden Inn Reagan Nat. Airport (Arlington)	UAB	PHC – 1/31/23 @ 11am HR – 2/7/23 @ 11am *Declined ECO	Alexandria	ALJ – Griffin	

FRANCHISE

Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Franchise Matter – Chateau La Tour De By v. Palladion Signature Imports Ltd.	Request for termination due to no payment after wine delivery – 4/11/22	PHC – 8/11/22 HR – 11/14/22	Virtual	ALJ – Page For Palladion - Billy Starkey For Chateau La Tour De By - Benjamin Richer de Forge, Co-Owner, Frederic Le Clerc, General Manager & Nicolas Dornic	Order Granting Joint Motion for Voluntary Dismissal with Prejudice – 11/11/22
Premium Distributors of Virginia and Blue Ridge Beverage Company v. The Boston Beer Company	Distribution matter “Dual distribution”	11/16/22 – ABC asked the parties to agree to a schedule for any written or oral submissions regarding pending motions for a default judgment from the petitioner wholesalers and for leave to file late responsive pleadings from the respondent supplier. 11/17/22 – Petitioners Premium and Blue Ridge withdrew their motion for entry of default judgment in their franchise complaint. Upon receipt of responsive pleadings from Boston Beer, expected on or before November 30, 2022, an initial conference will be scheduled. ~ Informal Conference set for December 12, 2022, at 10 a.m. ~ Hearing scheduled for May 1 – 3, 2023		Kevin McNally, Esq. for Premium Distributors & Blue Ridge Beverage Brian Wainger, Esq. w/ Kaleo Legal for Boston Beer Company	

FOIA



Virginia ABC FOIA Report
November 15, 2022 - January 3, 2023

Date Received	Requestor	Subject	Responsible Division	Status
11/15/2022	Tadric Page Citizen 10122 Elys Ford Rd	Req for surr lic 49540 records	License Records Mgt	Completed
11/16/2022	Colt Riley Underwriter Auto Owners Ins PO Box 2609 Forest VA	Req for violation history lic 62654	License Records Mgt	Completed
11/16/2022	Colt Riley Underwriter Auto Owners Ins PO Box 2609 Forest VA	Req for violation history lic 013138328	License Records Mgt	Completed
11/28/2022	Eric Medin Citizen 11455 Galliec Street Fairfax, Virginia 22030	For the links that are now included as part of Spirited Virginia's announcements of new "drops" (one such example being https://www.abc.virginia.gov/limited/allocated_stores_11_22_2022_05_15_pm3wfnGzqKA3QIzjXGTlrbsfN.html): 1) The source code file or files that are responsible for generating the contents of the HTML page 2) The source code file or files that are responsible for the naming of the HTML page ("allocated_stores_11_22_2022_05_15_pm3wfnGzqKA3QIzjXGTlrbsfN.html" in the example given) 3) The source code file or files that invoke any related functions contained in #1 and #2 for the purpose of generating the file and its name.	OLC	Pending (requester agreed to extended timeline for response)
11/28/2022	Isaac McDonald Citizen 1261 Raynor Dr. N. Chesterfield VA 23235	I would like to request any / all details related to the following items for the business named below: Business Name: Daddy Rabbits Business Address: 3206 E Broad Rock Rd, Richmond, VA 23224 Details requested: - the current ABC licensure status - All details regarding past or current ABC infractions (regardless of final decision)	License Records Mgt	Completed
11/29/2022	David Libengood Citizen 605 Luray Terr. Chesapeake, VA 23322	Breeze Airlines	License Records Mgt	Completed
11/29/2022	David Libengood Citizen 605 Luray Terr. Chesapeake, VA 23322	DORA	OLC	Completed
11/29/2022	Chris M Windham Underwriter Auto Owners Ins PO Box 2609 Forest VA	Req for violation history lic 755621	License Records Mgt	Completed
11/30/2022	Wayne Biggs Attorney Dycio & Biggs 10533 Main Street Fairfax, Virginia 22030		License Records Mgt	Completed
12/6/2022	Elizabeth Law Tobacco Tax Auditor Senior Virginia Department of Taxation PO Box 175 Richmond, Virginia 23218	Retail applications for 6 convenience stores	License Records Mgt	Completed
12/7/2022	Uriah Kiser Reporter The Potomac Local News Company Prince William/Stafford, Virginia	a copy of the search warrant for Gourmeltz carried out December 2, 2022	OLC	Completed

Virginia ABC FOIA Report
November 15, 2022 - January 3, 2023

Date Received	Requestor	Subject	Responsible Division	Status
12/8/2022	George Harben Assistant Director of Commercial Land Development Services Prince William County Department of Development Services	I work for Prince William County and we received a Virginia ABC notice for a distribution center. I request that application number 12325917.	License Records Mgt	Completed
12/8/2022	Wayne Printz Citizen 336 West Washington Avenue Elkton, Virginia 22827	Country Side Market Place	License Records Mgt	Completed
12/9/2022	Bonnie McLean Citizen P.O. Box 1112 Orange, VA 22960	Memoranda, letters, reports, logs, meeting notes, voicemail messages, emails, text messages, messaging apps messages, and telecommunication notes; electronic records including, but not limited to, emails and text messages sent and received from personal phones, and personal email accounts and phone numbers; and communications sent and received via other personal and public and work/office messaging apps (including, but not limited to, audio recordings, direct messages (DMs), instant messages (IMs), Facebook Messenger messages, and any other text messaging apps); related to or making any mention of or reference to Gourmeltz, Gourmeltz LLC, Matt Strickland, Strickland, or Matthew Strickland, between January 1, 2021 and December 6, 2022. Specifically, any and all such records as specified above, made, sent or received by the following persons and staff: <ul style="list-style-type: none"> • Maria JK Everett, also known as Maria J. K. Everett • Beth G. Hungate-Noland • Mark E. Rubin • William Darnell Euille 	OLC	Pending - estimate/request for deposit sent
12/9/2022	Bonnie McLean Citizen P.O. Box 1112 Orange, VA 22960	<ul style="list-style-type: none"> • The minutes of the hearing the Board held regarding Gourmeltz. (Not to be confused with the Board's regular business meetings.) 	OLC	Completed
12/12/2022	Sharon Lambert Citizen 9031 Lawyers Road Spotsylvania, Virginia 22551	Memoranda, letters, reports, logs, meeting notes, voicemail messages, emails, text messages, messaging apps messages, and telecommunication notes; electronic records including, but not limited to, emails and text messages sent and received from personal phones, and personal email accounts and phone numbers; and communications sent and received via other personal and public and work/office messaging apps (including, but not limited to, audio recordings, direct messages (DMs), instant messages (IMs), Facebook Messenger messages, and any other text messaging apps); related to or making any mention of or reference to Gourmeltz, Gourmeltz LLC, Matt Strickland, Strickland, or Matthew Strickland, between October 1, 2022 and December 11, 2022.	OLC	Pending - estimate/request for deposit sent
12/14/2022	Peggy Coburn Citizen	I am requesting information on the Volume of beer which is brewed on site in the micro brewery located inside Bull & Bones Brewhaus & Grill sold per year from: Bull & Bones Brewhaus & Grill in Blacksburg, VA from 2009- 2022. I believe the volume is reported in barrels per year.	OLC	Pending
12/14/2022	Bonnie McLean Citizen P.O. Box 1112 Orange, VA 22960	Memoranda, letters, reports, logs, meeting notes, voicemail messages, emails, text messages, messaging apps messages, and telecommunication notes; electronic records including, but not limited to, emails and text messages sent and received from personal phones, and personal email accounts and phone numbers; and communications sent and received via other personal and public and work/office messaging apps (including, but not limited to, audio recordings, direct messages (DMs), instant messages (IMs), Facebook Messenger messages, and any other text messaging apps); related to or making any mention of or	OLC	Pending
12/14/2022	David Sullivan Attorney Kaleo Legal 4456 Corporation Lane, Suite 135 Virginia Beach, Virginia 23462	My firm represents a respondent in a recently filed Complaint before the Virginia Alcoholic Beverage Control Board. In preparation for the hearing, we are researching the relevant legal issues. In this process, I have not been able to locate initial decisions of administrative law judges or final decisions of the ABC Board. I have found civil actions in various courts litigating issues that were decided previously by the Virginia ABC Board, so I believe these records are available, but I cannot locate them.	OLC	Completed
12/15/2022	Alan Thibault Citizen/Licensee Ashton Creek Vineyard	I would like to request all correspondence from Dave Yost, Caryn Yost, or Michael Mullenhauer reference "Riverside Vines" or "Ashton Creek Vineyard" in the last 24 months along with ABC responses to their inquiries.	OLC	Pending
12/15/2022	David Yost Citizen Sutherland, VA	I am inquiring if ABC has received remote licence [sic] request, banquet licence [sic] or a licence [sic] request from Ashton Creek Winery Chesterfield VA or Thibault Enterprises or Riverside Vines for a location at the following addresses: a. 4112 Leonards Lane, Sutherland VA 23885 b. 4108 Leonards Lane, Sutherland VA, 23885, c. 3415 Leonards Lane, Sutherland, VA, 23885.	License Records Mgt	Completed

**Virginia ABC FOIA Report
November 15, 2022 - January 3, 2023**

Date Received	Requestor	Subject	Responsible Division	Status
12/16/2022	David Yost Citizen Sutherland, VA	Re: banquet special event license issued for 3415 Leonards Ln, Sutherland, VA 23885 for 12/14/2022 a. the identity of the caterer be confirmed, b. whether the issuing of the license violated any ABC regulations; c. if so, what penalties or other administrative action will be taken; d. why were my and others concerns not addressed by a hearing before issuing the license; and e. who was the final issuing authority for the banquet license.	OLC	Completed
12/19/2022	Austin Cano Assistant County Attorney Frederick County, Virginia 107 North Kent Street Winchester, VA 22601	West Oaks Farm Market	License Records Mgt	Completed
12/27/2022	Donna Williams Citizen	Speedy Transmission and Towing license	License Records Mgt	Pending
12/27/2022	Scott Nystrom Citizen 207 Ruggles Pl Richmond, VA 23229	Please provide any single record(s) showing all ABC email addresses and telephone number(s) used by Maria JK Everett.	OLC	Pending
12/27/2022	David Yost Citizen Sutherland, VA	a. all documents, permits, emails, notes or any other information concerning Permit #013305464; and b. all documents, permits, or emails between Aston Creek Vineyard and their associates between ABC and themselves from 01 January 2022 to 23 December 2022.	OLC	Pending
12/28/2022	F. Sullivan Callahan Attorney Law Office of F. Sullivan Callahan, PLC 327 Duke Street Norfolk, VA 23510	any info concerning Harry's Lounge, Inc.	License Records Mgt	Pending
12/29/2022	Tom Lisk Attorney Cozen O'Connor Two James Center 1021 E Cary Street, Suite 1420 Richmond, VA 23219	Can you provide me with a copy of any response by Boston Beer Company to the franchise complaint filed by Blue Ridge and Premium? I also would like to receive copies of any additional filings by the parties, and any communications by the Virginia ABC in response to these filings.	OLC	Completed

CLEO Report – Chief Tom Kirby

CAO Report – David Alfano

Summary of Delegated Items

Financial Summary: September/October

Summary of Delegated Items

HUMAN RESOURCES						
Requestor: 12/01/2022 - 12/31/2022 Approver: David Alfano						
Working Title	Position	Pay	Reason Needed	Date Approved	Notes	Approver: CAO
N/A	N/A	N/A	N/A	N/A	N/A	
ITEM: Travel Authorization Reports (3 or more people or excess of \$5000)						
	Participants	Meeting Information/Name	Location and Dates	Cost	Reason Travel Required	Approver: CAO
3+	Johnnie (Keith) Russell	Gartner IT Conference	Las Vegas, NV- Dec. 6-8, 2022	\$4667.50	to acquire operational framework to navigate transformation to cloud-based environment	J. Singleton -(approved 9/2022)
	Jennifer Wade	Gartner IT Conference	Las Vegas, NV- Dec. 6-8, 2022	\$4667.50	to acquire operational framework to navigate transformation to cloud-based environment	J. Singleton -(approved 9/2022)
	Joseph Sattelmaier	Gartner IT Conference	Las Vegas, NV- Dec. 6-8, 2022	\$4667.50	to acquire operational framework to navigate transformation to cloud-based environment	J. Singleton -(approved 9/2022)
	Braxton Williams	Gartner IT Conference	Las Vegas, NV- Dec. 6-8, 2022	\$4667.50	to acquire operational framework to navigate transformation to cloud-based environment	J. Singleton -(approved 9/2022)
ITEM: Recognition/Rewards of \$750 or higher						
	Employee to receive	Manager	Reasoning	Amount	Notes	Approver: CAO
Cash Award	BRUSTER, MELISSA	Schmidt, Nick	Performance	1,000.00		ALFANO, DAVID - Chief Administrative Officer
Cash Award	VANDELOECHT, NICHOLAS	Mawyer, Carol	Service	750.00		N/A



CIO Report – Paul Williams

IT Monthly Summary

IT KPIs (Work in Progress)

IT Support Summary

IT Monthly Summary

Introduction

This is the first month in over a year we have not exceeded 99.9% systems availability. We took a 5-hour hit from an Oracle SaaS data center service misconfiguration during the month (0.7% of available monthly hours). Although several systems survived (BAR, POS, Website) all services relying on Account Central for authentication or authentication passthrough were down (Web Ordering, Inventory, Pickit, VAL, HR).

External messaging about the outage issue could have been made sooner. We were fortunate that the time of day/day of week (midweek and 11-4) had only a small volume of customer negative communication.

We continue to work on improved KPI's this month – especially enterprise workload / performance – downtime is such a small % we will focus more on downtime events than a metric that rarely moves off the 99.9% constant.

IT Performance

Although we have migrated to Oracle Cloud services, we will have to rebuild the cloud web services to correctly assign the transfer of on premise to cloud licensing. This should be invisible to users. We are still having some network issues (resilience) in our connectivity to the Oracle cloud, separately from the major outage above.

We continue to remediate vulnerabilities both from scanning and the assessments. The work to mitigate the DMWH machines in the warehouse is taking an extended time – mainly because we cannot risk disruptions to peak shipping activity.

We have resolved the Stars issue with file security with retail redesigning the worksheets. It looks to have been fully mitigated, but updates to retail machines are being held to January to avoid service disruptions

We will commence roll out to a number of stores new Security Cameras and Video controls (two separate features). Macro will be used to support the new Camera deployment.

People

The staff resourcing environment remains challenging, but we are seeing industry signs it should start to improve. We are seeing that the historic salary differential between NOVA and Richmond for tech pay rates (was ~ 15%) has almost been eliminated.

We have made significant progress in hiring and have reduced our open positions below 10% (15 down to 9 open). Market conditions continue to be a problem for Contractor Conversion.

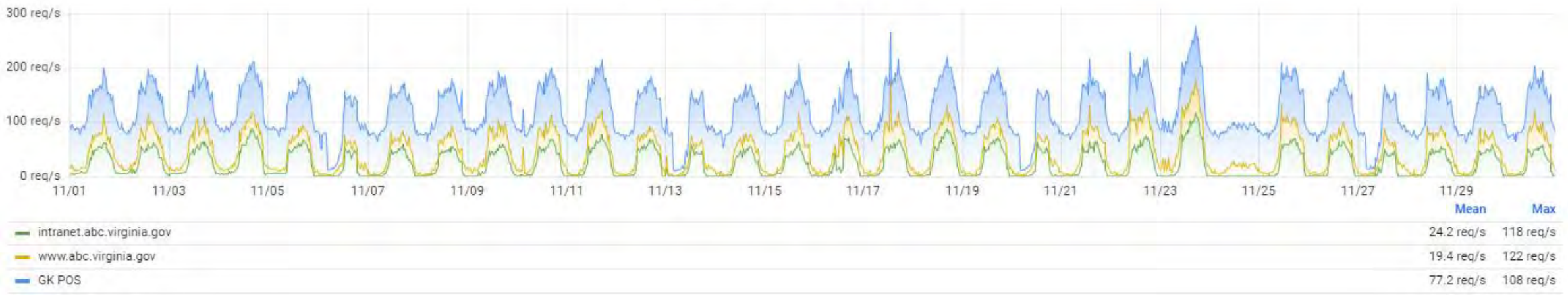


0/2022 IT KPI's (Work in progress)

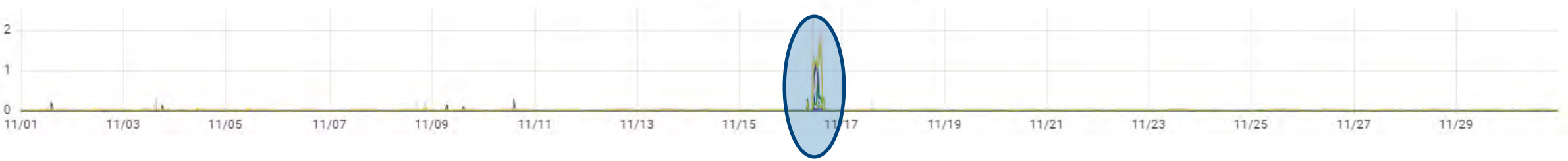
Measure	Indicator	Current	C-1	C-2	C-3	Comments
Staffing (MEL)	Open + Exits (10,2)	9/1	15/2	16/1	14/0	Marked improvement in November
Reliability – Core	Ops hrs uptime (99.9%)	99.3%	99.9%	99.9%	99.9%	5 hours downtime due to Oracle (.7% of service hours for the month see P12)
Reliability POS	Lost Hours (per register)	0.5 hrs	0	22.6	1	2 stores with 15 min each of POS downtime during November
Operational Support Requests	Total Footprints tkts, PST external calls & Emails	6,351	6,889	6,974	6,782	Overall touchpoints dropped 1% from previous month
Registered Users	Domain Accounts	4,690	4,657	4,551	4,688	
Project Allocation	Hours Target / Alloc	5,000/3,672	5,000/6,130	5,000/4,380	5,000/5,888	Holiday OOO impacts resource availability for projects / BNB this month
First contact ticket resolution	Tickets closed on 1 touch	95.04%	93.55%	93.21%	93.75%	70% is industry standard
Calls accepted	Answered calls	97.33%	97.54%	96.21%	97.18%	90% of calls answered is target
Average wait time	Customer wait time	28 sec.	24 sec.	32 sec.	31 sec.	1 minute max target. Increased wait time drives call abandonment.
Daily ticket average	Footprint tickets	78	81	94	80	
Average call handle time	Time to resolve	3.9 min.	4.03 min.	4.58 min	4.11 min	15-minute target / estimate (industry)

Enterprise Server Infrastructure Performance

HTTP (web) requests per second at load balancer



WebLogic Applications Error Response Rate



Servers and Services Managed	
Microsoft Azure	93
AISN	54
Oracle Cloud	14
On-premise	15



CEO Report

Real Estate Leases







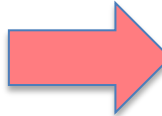



KPI Update

New Distillery Stores



9 out of 10 KPIs are green, In-Stock Position remains below historical norms

In-Stock Position has slowly improved over the past six months, but is expected to drop over next couple months during the holiday season. All remaining KPIs are trending in the appropriate direction.

<p>Profit vs Forecast</p>  <p><i>YTD Profits exceed budget by \$15M</i></p>	<p>Sales vs Forecast</p>  <p><i>YTD Sales exceed budget by \$12M</i></p>	<p>Operating Costs as a % of Net Revenue</p>  <p><i>Below budget</i></p>	<p>Number of Transactions</p>  <p><i>Transactions as expected</i></p>	<p>Average Basket Ring</p>  <p><i>Average basket as expected</i></p>
<p>Number of OLO Transactions</p>  <p><i>Transactions growing</i></p>	<p>Retail Store In-Stock Position</p>  <p><i>In-Stock Position steady</i></p>	<p>Employee Turnover Rate</p>  <p><i>Wage and staff declining</i></p>	<p>Time to Fill</p>  <p><i>Time to fill stable</i></p>	<p>SWaM Spend</p>  <p><i>SWaM % above goal</i></p>

Data thru November 2022

Real Estate Leases Signed

DECEMBER 2022				
Store Number and Location	Leased Space	Term	REC Vote	Board Approval
Renewal of Store #345 (Pulaski) New River Plaza Shopping Center 5423 Alexander Road Pulaski, Virginia 24084	3500 square feet	10 years	11-16-21	12-14-22
Relocation of Store #355 (Chesapeake) Crossroads at Chesapeake Square 4107 Portsmouth Boulevard Suite 119-A Chesapeake, Virginia 23321	5631 square feet	10 years	6-21-22	7-12-22

Distillery Stores

New Distillery Stores

Requestor: Finance

Approver: Travis Hill

ITEM: Agreements with Distillery Stores	Approval Date	Store Number/Distillery Name	License Number	Location/Zip
ABW Virginia Beach, LLC DBA New Realm Distilling Company	11/30/22	652/ New Realm Distilling Company	013144744	Virginia Beach/23454
Creek Bottom Brewing, LLC	11/10/22	653/ Creek Bottom Brewing	013238276	Galax/24333
Salty Stash Distillery, LLC	11/1/22	491/ Salty Stash Distillery	753200	Dublin/24084
Waterman Spirits LLC	10/18/22	651 / Waterman Spirits	013265526	Virginia Beach, 23451

Board Commentary



Public Comments

Meeting Adjournment