

## BOARD MEETING MINUTES: April 20, 2023 ABC Headquarters

### Call Meeting to Order at 9:06\* a.m.

### Attendees

Board Chair Tim Hugo  
Board Vice-Chair Maria Everett  
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  
Chief Transformation Officer, Elizabeth Chu  
Deputy Secretary, Chris Curtis  
Chief Information Officer, Paul Williams  
Office of the Attorney General, Jim Flaherty  
Executive Assistant, Kathleen LaMotte  
Eric Moeller, Chief Transformation Officer, Commonwealth of Virginia,  
Office of the Governor  
Tony Lee, Deputy Transformation Officer, Commonwealth of Virginia  
Office of the Governor

\* Mr. Euille joined at 9:10

### Approval of Minutes

The board reviewed the minutes from the March 20, 2023 board meeting. Vice-Chair Everett recommended some clarification regarding the section regarding the Internal Audit presentation and will provide further clarification regarding the purpose of the closed sessions. Board Vice-Chair Everett moved to accept the minutes as amended, Board Member Rubin seconded the motion. The motion passed on a roll-call vote of 4 – 0. Mr. Euille was not present for this vote.

### Board Creation of Advisory Committee

The Chair introduced visitors from the Governor's office, the Chief Transformation Officer of the Commonwealth Eric Moeller and his Deputy Chief, Tony Lee. Mr. Moeller

Maria Everett reviewed provision § 4.1.-101.01, which states "The Board may also form committees and advisory councils, which may include representatives who are not members of the Board, to undertake more extensive study and discussion of the issues before the Board."

CEO Travis Hill reported that:

- Govern Youngkin’s administration is working with agencies to bring further efficiency and transformation. Mr. Hill stated that the Administration’s focus on areas such as real estate and procurement fit with current Authority efforts to improve efficiencies and processes that are already in motion.
- Mr. Hill and Dave Alfano, the CAO of the Authority, met with the Commonwealth’s Chief Procurement Officer last week to discuss potential opportunities for collaboration on adding effectiveness and efficiency to the procurement process.
- The Authority staff will continue to partner with the Administration as they ask questions and seek to find opportunities to improve service to the Commonwealth going forward.
- The Authority staff defers to the Board on how to formalize any further agreement.

Chair Hugo stated that an advisory committee is not needed, and the Authority shall continue to work with CTO Moeller with a “handshake” agreement.

Vice-Chair Everett agreed that an advisory committee is not warranted at this time, but wants to leave the door open should the Board need to formalize the arrangement if Board needs to limit in scope or add parameters.

A discussion followed concerning the scope of Mr. Moeller’s work with other organizations within the Commonwealth and how the Authority’s independent status warrants a different approach than with a traditional state agency. It remains within the Board’s authority, working with staff, to determine the direction of the organization. Board members also discussed the meetings Mr. Moeller and the Chair had with Authority Directors.

## Approve Recommendations of Real Estate Committee (REC)

Mr. Hill shared an example of the analysis the REC reviews when considering renewing a lease or expanding a store, attached to these minutes as Appendix A. Board Vice-Chair Everett moved to accept the REC’s recommendations as amended for two relocations, Store 136 (Leesburg), and 328 (Chesapeake) and three renewals, Stores 073 (Ashburn), 175 (West Point), and 303 (Warrenton). Board Member Rubin seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote 5–0.

Vice-Chair Everett stated that she attends REC meetings and appreciates the enormity of data collected and the analysis of store space utilization. Deputy CTO Lee agreed that the Authority is demonstrating a thoughtful approach and is doing a good job.

Chief Retail Operations Officer Dunham added that at times a property is not available to expand or move, and analysis may show an area could support an additional store to take pressure off of a high-volume store.

## Procurement Policies

The proposed policy changes were included in the information sent to the Board and the members of the Board were asked to review and send comments or questions to Dave Alfano prior to voting on the procedures at the next business meeting.

## Chief Reports

The Board heard updates from Elizabeth Chu, Chief Transformation Officer, Vida Williams, Chief Digital and Brand Officer, John Daniel, Chief Government Affairs Officer, Tom Kirby, Chief of Law Enforcement, Mark Dunham, Chief Retail Operations Officer, David Alfano, Chief Administrative Officer, Paul Williams, Chief Information Officer, and Travis Hill, Chief Executive Officer.

## CEO Report

Mr. Hill reviewed the monthly management report, attached to these minutes as Appendix B, and the Virginia ABC Turnover summary, attached as Appendix C. Mr. Hill reported that:

- The Retail and Logistics Divisions completed full physical counts of 394 stores and the distribution center in March. Overall, total net shrink looks to be within expectations but there are opportunities to address processes and data collection to improve on tracking and outcomes.
- In FY23 Central Office full-time turnover is down compared to FY21 and FY22, looking to be more in line with FY20.
- The past two years of turnover reflect broader employment market trends of departures peaking in FY22.
- Retail full-time turnover has also come down from prior years.
- Wage turnover, both in Central Office and Retail, remains high. Central Office wage turnover may be inflated due to the departure of summer interns and other temporary workers. Retail wage turnover is trending down in the current fiscal year.
- Other factors to consider when reviewing turnover is whether COVID protocols, vaccine mandates and return to greater in-person work from remote status may have had an impact along with employees moving up retirement dates due to COVID pandemic.
- The Authority does compare favorably to Pennsylvania, which is the most similar control-state model.
- Mr. Hill reviewed efforts surrounding the Authority's pay for performance initiative and evaluations.

The Chair extended congratulations to the accomplishments of the Logistics and Retail divisions for their accomplishments to complete the store inventories.

### Public Comment

Charles Duvall asked if the Commonwealth CTO would be completing an internal study or hiring a consultant. The Chair advised that a consultant would not be hired for this.

### Closed Session

At 12:00 p.m., Vice Chair Everett moved that the Board enter closed session Virginia Code §2.2 37.11(A)(1) to discuss personnel matters and performance and discipline of ABC employees. Board Member Rubin seconded. The motion passed on a roll call vote of 5 – 0. Attending the closed session in full were Tim Hugo, Maria Everett, Greg Holland, Mark Rubin, William Euille, Jim Flaherty, and Travis Hill. Attending in part were Director of Human Resources John Singleton, Dave Alfano, Mark Dunham, and John Daniel.

### Return to Open Session

When the Board returned from Closed session at 1:40, Board Vice-Chair Everett moved to certify that to the best of her knowledge nothing was discussed in the closed sessions but personnel matters and performance and discipline of ABC employees pursuant to §2.2 37.11(A)(1), and only public business matters lawfully exempted from open meeting requirements was discussed. Board Member Euille seconded; the motion passed on a roll-call vote of 5 - 0.

### Comments from the Board

Wednesday, April 26 – Northern Virginia Service Awards

Thursday, April 27 – NABCA Distribution Tour of DC (9:00)

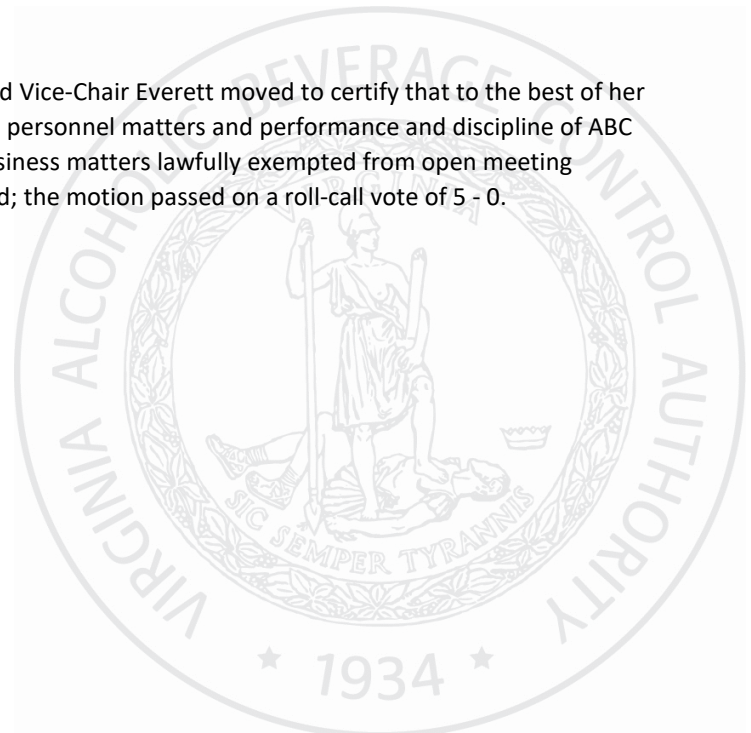
Thursday, May 11 – Tidewater Service Awards

Thursday, June 8 – Board Meeting

Thursday, July 20 – Board Meeting

Tuesday, September 12 – Board Meeting

Wednesday, November 1 – Board Meeting



## Public Comments

None

## Meeting Adjournment

Meeting adjournment at 1:45 p.m.



# S175 Performance

(West Point)

FY22 Year End Results: **\$2,065,452** **9.3%**  
 FY23 YTD Performance: **\$1,375,841** **0.9%**

## Store-At-A-Glance

Store 175 Sq Ft 3,089  
 Address 416 14th Street PD West Point/Mathews  
 Status Supervisor DAVID MILLER - REG 8

	Trans	Bottles Sold	Gross Dollars	%MBLIC Sls	Store Expenses	Adj. Net Profit	Rate of Return	Avg Bt Price	Gross Sls per Cust	Gross \$ per Sq. Ft.	% Store Exp to Sls	Cust/ per Labor Hr
FY2018	61,022	106,659	\$1,486,162	1.8%	\$222,982	\$224,038	31.5	\$13.93	\$24.35	\$481.05	15.0%	7.1
FY2019	59,012	106,676	\$1,499,340	2.7%	\$217,745	\$237,106	32.1	\$14.06	\$25.41	\$485.32	14.5%	7.4
FY2020	64,870	134,088	\$1,751,467	3.1%	\$221,654	\$299,027	33.6	\$13.06	\$27.00	\$566.93	12.7%	8.4
FY2021	61,931	129,784	\$1,893,954	2.7%	\$265,866	\$276,719	31.2	\$14.59	\$30.58	\$613.05	14.0%	6.6
FY2022	65,541	135,106	\$2,075,847	3.3%	\$271,840	\$353,483	33.5	\$15.36	\$31.67	\$671.93	13.1%	7.4

Fig. 1 Gross dollar comparison - Store to PD, and State median preferred trend: ↑↑

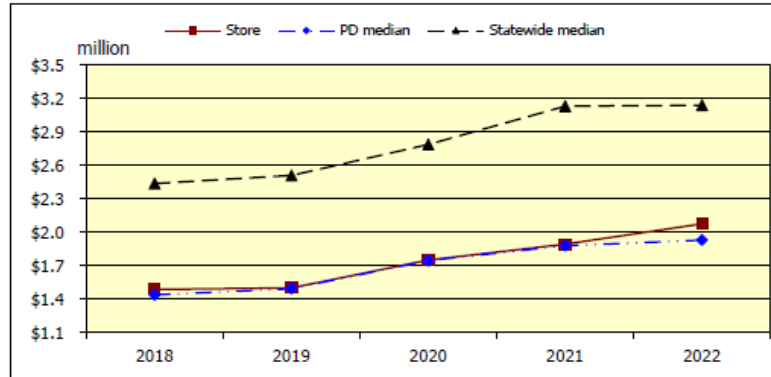


Fig. 2 Gross dollar per sq ft - Store to PD, and State median preferred trend: ↑↑

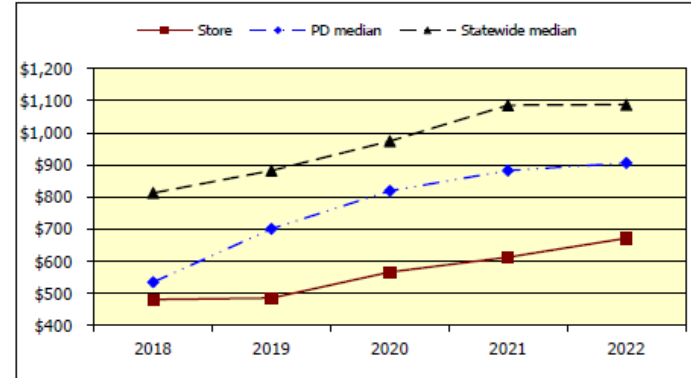


Fig. 3 Expense to gross dollar Store to PD, and State median preferred trend: ↓↓

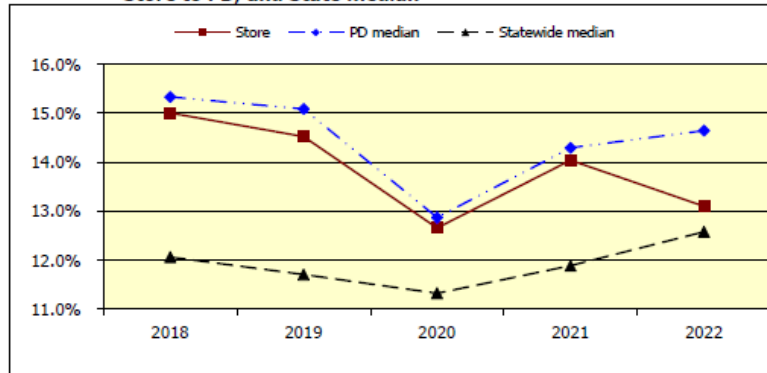
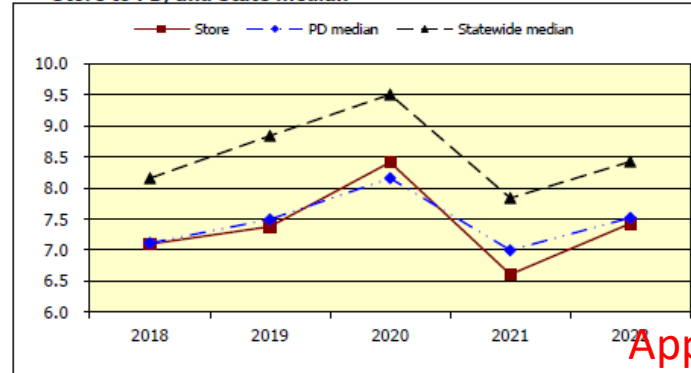


Fig. 4 Customer per Store Labor Hour Store to PD, and State median preferred trend: ↑↑



## FY2022 By Store Space Utilization

Planning District Northern Virginia

Store 136

Shopping Center

Store Hours

Store Op hours per week

Retail Sq Ft 2,806.0

Status

Address 18 Fairfax Street, S.E.

Locality Loudoun County

Comment

Red = Top 10% of All Stores

Yellow = Top 25% of All Stores

Blue = Bottom 10% of all stores

No Color = "Typical" store

### Fiscal Year 2022

Statewide Average

Top 10 Percent

		Statewide Average	Top 10 Percent
Gross sales	\$6,190,598	\$3,421,844	\$5,732,770
Licensee sales as a % of gross sales	25.6%	13.1%	23.5%
Transactions	113,654	91,198	151,894
Customers served per hour	8	8	11
Gross sales per total sq ft	\$1,238	\$1,117	\$1,690
Retail sales per retail sq ft	\$1,672	\$1,567	\$2,342
Gross sales per linear ft	\$4,512	\$2,989	\$4,556
Retail sales per linear ft	\$3,420	\$2,550	\$3,829
Gross sales per total Items	\$3,449	\$2,172	\$3,272
Bldg rent to gross sales	1.7%	2.6%	4.4%
Bottles sold per sq ft	63.0	69	104
Bottles sold per linear ft	229.6	186	281
Inventory turns	12.4	9.8	13.9
# Items per stock sq ft	1.0	1.4	2.1
Stock room ratio to total	53.8%	38.7%	50.5%
Rate of return	36.2%	32.9%	37.4%

# Quarterly Management Review Period Ending March 31, 2023

Virginia ABC  
April 20, 2023

Appendix B



# Table of Contents

1. Accomplishments (Monthly and Quarterly)
2. Financial (Monthly and Quarterly)
3. Major Initiatives for the Month (Monthly and Quarterly)
4. People (Quarterly)
5. Procurement (Quarterly)
6. Objectives and Key Results (Quarterly)

## Appendix

1. External Agency Reports Due in Next 3 Months (Monthly and Quarterly)
2. Risks (Quarterly)
3. Fund Balance Analysis (Quarterly)
4. Audit Findings (Quarterly)





# 1. Accomplishments:

## 1. Significant achievements/milestones for the agency

- On April 12, Virginia ABC held a Grand Opening of its 399th store in Great Falls.
- The Retail team completed 394 store inventories in 38 days. In total, the physical inventory accuracy (% of items with accurate inventory amounts compared to system of record) for all stores as of 3/31/2023 was 89.7%. Total retail shrink/swell was -\$1,127,449 on sales of \$991,534,905 for a shrink number of -0.114% of sales. According to the National Retail Federation the average retail shrink for fiscal year 2021 was 1.4% with about 18% of retailers reporting shrink at .49% or lower.
- A full physical count of the distribution center was completed March 23-25. Staff blind counted 1,027,763 cases, and 42,027 loose bottles in each of the distribution center's 16,029 locations. The inventory resulted in a 5.37% adjustment rate for the distribution center. The bottle or case count showed +0.013% equating to net adjustments of +160 cases and -96 bottles, a monetary value of \$13,680. A good inventory count (based on the calculation of the difference in value at the end of the count versus the original book value of the total inventory) is regarded as anything above 97%. Best in class is considered to be 99.5%. Virginia ABC achieved 99.987%. The 'hit or miss' measurement (the number of adjustments made versus total locations in a distribution center) industry standard target is 95%. Virginia ABC achieved very close to this target at 94.63%.
- Virginia ABC leadership developed strategic objectives for the 3-year strategic plan beginning July 1, 2023, which will inform initiatives and budget requests being developed for the upcoming fiscal year.
- Virginia ABC distributed a news release statewide on April 1 announcing the opening of registration for Virginia ABC's Youth Alcohol and Drug Abuse Prevention Project (YADAPP) on March 31.

## 2. Specific individuals who should be recognized (include contribution)

- Special recognition for Retail and Distribution Center employees for completing a full inventory during the month of March.



# Financial: Management Observations (Accrual Basis)

## Virginia ABC: Store Sales and Profit Comparisons

Mar'23

In \$M	Current Month	Current Month FY'22	Current Month FY'21	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	118.2	111.8	112.0	5.7%	5.5%	2.7%
Profits	15.5	16.5	19.5	-6.3%	-20.6%	-10.9%

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	326.9	308.2	302.9	6.1%	7.9%	3.9%
Profits	42.1	40.7	49.4	3.2%	-14.8%	-7.7%

In \$M	FY to Date	FY'22 to Date	FY'21 to Date	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	1,084.6	1,030.8	990.7	5.2%	9.5%	4.6%
Profits	164.8	169.8	180.5	-2.9%	-8.7%	-4.4%

Source: SmartView



## Overall Results Summary

### Current Month vs Prior Year:

- Favorable net revenues; more than offset by unfavorable operating costs as follows:
- Higher personnel costs due to the state pay increase & comp. adjust. to align with market
- Higher equipment costs principally store shelving for renovations following significant supply chain disruptions

### Quarter-to-date vs Prior Year:

- Favorable net revenues; partially offset by unfavorable operating costs as follows:
- Higher personnel costs due to the state pay increase & comp. adjust. to align with market
- Higher equipment costs principally store shelving for renovations following significant supply chain disruptions

### Year-to-date vs Prior Year:

- Favorable net revenues; more than offset by unfavorable operating costs as follows:
- Higher personnel costs due to the state pay increase & comp. adjust. to align with market
- Impairment charge related to software licenses (perpetual licenses in Licensing group)
- Higher leasing costs due to converted short-term leases to Finance leases with higher amortization expense (GASB 87)
- Higher equipment costs principally store shelving for renovations following significant supply chain disruptions
- Increased outbound freight costs due to an increased contract rate and fuel prices
- Increased media services costs for sales promotions
- Higher contractual services costs related to IT projects



**VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY**  
**Contribution Margin - Income Statement (In Millions)**  
**Fiscal Year 2023 - YTD as of 03/31/2023**

(Accrual Basis)

	FY 2023		FY 2023		FY 2023		FY 2023		FY 2022	
	Actual	Budget	Variance	Percentage	Actual	Variance	Percentage	Actual	Variance	Percentage
<b>Revenue Sources:</b>										
Alcoholic Beverages (Store Sales)	\$ 1,077.8	\$ 1,057.1	\$ 20.7	2.0%	\$ 1,024.4	\$ 53.4	5.2%			
Online Sales	6.8	7.4	(0.6)	-8.1%	6.4	0.4	6.1%			
Other	17.4	16.9	0.5	3.0%	16.4	1.0	6.1%			
<b>Gross Revenue</b>	<b>1,102.0</b>	<b>1,081.4</b>	<b>20.6</b>	<b>1.9%</b>	<b>1,047.2</b>	<b>54.8</b>	<b>5.2%</b>			
Less: Spirits Excise Tax	179.5	176.4	(3.1)	-1.8%	170.5	(9.0)	-5.3%			
<b>Net Revenue</b>	<b>922.5</b>	<b>905.0</b>	<b>17.5</b>	<b>1.9%</b>	<b>876.7</b>	<b>45.8</b>	<b>5.2%</b>			
<b>Variable Operating Costs:</b>										
Cost of Goods Sold	520.0	511.7	(8.3)	-1.6%	493.6	(26.4)	-5.3%			
Variable Administrative Costs	157.9	163.3	5.4	3.3%	147.9	(10.0)	-6.8%			
<b>Total Variable Costs</b>	<b>677.9</b>	<b>675.0</b>	<b>(2.9)</b>	<b>-0.4%</b>	<b>641.5</b>	<b>(36.4)</b>	<b>-5.7%</b>			
<b>Contribution Margin</b>	<b>244.6</b>	<b>230.0</b>	<b>14.6</b>	<b>6.3%</b>	<b>235.2</b>	<b>9.4</b>	<b>4.0%</b>			
Contribution Margin as a % of Store Sales	<b>22.6%</b>	<b>21.6%</b>			<b>22.8%</b>					
<b>Fixed Operating Costs:</b>										
Fixed Administrative Costs	62.7	68.8	6.1	8.9%	50.5	(12.2)	-24.1%			
Regulatory Costs (Enforcement & Hearings)	17.1	23.1	6.0	25.8%	14.9	(2.2)	-15.0%			
<b>Total Fixed Costs</b>	<b>79.8</b>	<b>91.9</b>	<b>12.1</b>	<b>13.1%</b>	<b>65.4</b>	<b>(14.4)</b>	<b>-22.1%</b>			
<b>ABC Net Profit</b>	<b>\$ 164.8</b>	<b>\$ 138.1</b>	<b>\$ 26.7</b>	<b>19.3%</b>	<b>\$ 169.8</b>	<b>\$ (5.0)</b>	<b>-3.0%</b>			
As a % of Store Sales	<b>15.2%</b>	<b>13.0%</b>			<b>16.5%</b>					

● 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.



## 2. Financial:

**Total Expenditures**  
**Public Safety and Homeland Security Secretariat**  
*In Millions of Dollars As Of March 2023 (FY 2023)* **(Cash Basis)**

	<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: Q3 FY 2023</u>			Q3 2023	Q2 2023	Q1 2023	Q4 2022	<u>Approp</u>	<u>As Of Mar 2023</u>		<u>Mar 2023 (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	\$98.980	\$235.572	\$234.416	\$235.572	\$260.439	\$248.198	\$245.199	\$1,012.163	\$307.083	\$744.209	\$33.183	\$80.885
Year Over Year % Change	2.3%	16.4%	11.2%	6.1%			0.5%		0.5%	15.6%	14.4%	7.4%	4.4%		10.0%		-7.8%

**Drivers of Expenditure Increases or Decreases vs the Prior Year:**

**March Expenditure decreases** were driven principally by lower alcohol purchases associated with previous advance purchases and timing and lower merchandise purchase due to prior year reusable bag purchases; partially offset by higher personal services costs due to the impact of the 5% state-pay increase and increased wages due to the implementation of the \$15/hour minimum wage and related compression.

**March YTD Expenditure increases** were driven by higher alcohol purchases associated with increased sales, vendor price increases, and including \$15 million in advance purchases to avoid vendor price increases, higher skilled services costs for projects and higher personal services costs due to 19 salaried payrolls in FY 2023 vs 18 in FY 2022 as well as the impact of the 5% state-pay increase, one-time state bonus and compensation adjustments to align with market pricing.



# Detailed Monthly Data

(Cash Basis)

## Public Safety and Homeland Security Secretariat - Detailed Monthly Expenditure Report

Total Dollars in Thousands As of March 2023 (FY 2023)

	Approp / Operating Plan	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD Tot	YTD Expend Chang	12 Month Expend Total	Monthly Plan Rest of Year	Monthly Expend Avg
<b>Virginia Alcoholic Beverage Control Authority (999)</b>																		
FY 2023: Personnel Expenses	149,723	15,203	13,810	19,161	8,503	13,853	23,249	9,201	14,426	20,301				137,707	9.9%	137,707	4,005	15,301
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	125,254	12.5%	159,972		13,917
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	111,361		145,438		12,373
FY 2023: Contractual Services	41,165	3,311	2,417	2,909	2,622	1,715	3,671	4,118	2,490	2,467				25,721	26.3%	25,721	5,148	2,858
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	20,365	8.5%	28,644		2,263
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	18,773		24,580		2,086
FY 2023: VITA Info Tech/Telecomm		12		10			1	0	0					23	-98.9%	23	-8	3
FY 2022: VITA Info Tech/Telecomm		331	236	188	744	350	30	22		246	13	12		2,148	-77.0%	2,173		239
FY 2021: VITA Info Tech/Telecomm		4,612	485	913	669	110	675	516	1,247	127	876	319	378	9,354		10,927		1,039
FY 2023: Other Info Tech/Telecomm	10,806	1,579	1,241	812	1,369	636	923	714	1,351	1,171				9,798	-35.9%	9,798	336	1,089
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	15,288	-26.8%	19,580		1,699
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	20,890		25,245		2,321
FY 2023: Supplies and Materials	754,139	67,375	49,630	56,790	60,914	60,552	69,352	57,827	56,080	52,444				530,964	10.7%	530,964	74,392	58,996
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	479,652	0.4%	665,512		53,295
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	477,886		649,143		53,098
FY 2023: Transfer Payments	773	79	33	27	1	3	12	3	23	14				194	-30.7%	194	193	22
FY 2022: Transfer Payments		41	67	23	0	57	14	8	17	52	6	31	60	280	-52.4%	377		31
FY 2021: Transfer Payments		34	2	179	1	219	54	16	80	3		7	66	588		661		65
FY 2023: Insurance and Other Continuous Charges	37,914	2,332	456	272	263	650	740	302	371	703				6,089	15.6%	6,089	10,608	677
FY 2022: Insurance and Other Continuous Charges		2,611	332	316	382	264	395	363	263	341	208	363	245	5,267	10.1%	6,083		585
FY 2021: Insurance and Other Continuous Charges		2,295	287	396	377	157	328	239	274	431	218	305	195	4,783		5,501		531
FY 2023: Operating Lease Payments		3,137	3,285	2,921	3,193	2,982	3,315	3,447	3,640	3,694				29,615	11.1%	29,615	-9,872	3,291
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	26,646	-1.1%	36,779		2,961
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	26,933		36,160		2,993
FY 2023: Property and Improvements		1			1		1							3	54.5%	3	-1	0
FY 2022: Property and Improvements								2						2	0.0%	2		0
FY 2021: Property and Improvements																		0
FY 2023: Equipment	17,643	293	152	948	693	331	895	372	319	90				4,095	118.5%	4,095	4,516	455
FY 2022: Equipment		94	99	316	396	46	407	149	259	109	287	407	287	1,874	-14.5%	2,855		208
FY 2021: Equipment		260	169	201	86	221	235	110	237	670	190	244	712	2,191		3,338		243
FY 2023: Bonds, Loans, and Debt Service Expenses															-100.0%			0
FY 2022: Bonds, Loans, and Debt Service Expenses					1									1	0.0%	1		0
FY 2021: Bonds, Loans, and Debt Service Expenses																		0

<b>FY 2023 Total</b>	<b>1,012,163</b>	<b>93,322</b>	<b>71,025</b>	<b>83,850</b>	<b>77,559</b>	<b>80,721</b>	<b>102,159</b>	<b>75,985</b>	<b>78,702</b>	<b>80,885</b>				<b>744,209</b>	<b>10.6%</b>	<b>744,209</b>	<b>89,318</b>	<b>82,690</b>
<b>FY 2023 % Expended</b>		<b>9.2%</b>	<b>7.0%</b>	<b>8.3%</b>	<b>7.7%</b>	<b>8.0%</b>	<b>10.1%</b>	<b>7.5%</b>	<b>7.8%</b>	<b>8.0%</b>				<b>73.5%</b>		<b>73.5%</b>	<b>8.8%</b>	<b>8.2%</b>
<b>FY 2022 Total</b>	<b>969,792</b>	<b>76,015</b>	<b>72,782</b>	<b>68,188</b>	<b>67,346</b>	<b>72,055</b>	<b>85,975</b>	<b>66,433</b>	<b>80,215</b>	<b>87,768</b>	<b>88,611</b>	<b>75,036</b>	<b>81,552</b>	<b>676,776</b>	<b>0.6%</b>	<b>921,976</b>		<b>75,197</b>
<b>FY 2022 % Expended</b>		<b>7.8%</b>	<b>7.5%</b>	<b>7.0%</b>	<b>6.9%</b>	<b>7.4%</b>	<b>8.9%</b>	<b>6.9%</b>	<b>8.3%</b>	<b>9.1%</b>	<b>9.1%</b>	<b>7.7%</b>	<b>8.4%</b>	<b>69.8%</b>		<b>95.1%</b>		<b>7.8%</b>
<b>FY 2021 Total</b>	<b>906,461</b>	<b>86,741</b>	<b>70,650</b>	<b>76,891</b>	<b>70,024</b>	<b>75,605</b>	<b>83,188</b>	<b>76,372</b>	<b>62,211</b>	<b>71,077</b>	<b>78,756</b>	<b>72,929</b>	<b>76,548</b>	<b>672,760</b>		<b>900,993</b>		<b>74,751</b>
<b>FY 2021 % Expended</b>		<b>9.6%</b>	<b>7.8%</b>	<b>8.5%</b>	<b>7.7%</b>	<b>8.3%</b>	<b>9.2%</b>	<b>8.4%</b>	<b>6.9%</b>	<b>7.8%</b>	<b>8.7%</b>	<b>8.0%</b>	<b>8.4%</b>	<b>74.2%</b>		<b>99.4%</b>		<b>8.2%</b>



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

\$ in thousands				
Category of Expenditure	Increase (Decrease) \$ change Mar 23 vs Mar 22	Explanation	Increase (Decrease) \$ change Mar 23YTD vs Mar 22YTD	Explanation
Personnel Expenses	1,898	increased salaries and benefits due to the 5% state pay increase and increased wages due to the implementation of the minimum wage at \$15/hour and related compression	12,453	due to payment timing since January YTD FY23 had 19 salaried payrolls paid vs 18 in FY 2022 and increased salaries and benefits due to the 5% state pay increase, one-time state bonus payments and compensation study impacts
Contractual Services	(103)	lower outbound freight services \$0.9M due to timing and lower manual labor services \$0.5M; partially offset by higher skilled services \$1.0M and higher employee training services \$2.0M	5,356	increased outbound freight services \$0.9M, higher skilled services \$4.8M, higher employee training consulting services \$0.9M and increased media services \$0.6M; partially offset by lower manual labor services \$1.3M and lower custodial services \$0.6M
VITA Info Tech/Telecomm	(246)	decrease due to exit of VITA principally telecom	(2,125)	decrease due to exit of VITA, (\$1.3M for telecom and \$0.8M for infrastructure)
Other Info Tech/Telecomm	(410)	decreased computer software development costs \$0.3M and lower software purchases \$0.2M	(5,490)	decrease due to lower software development costs \$3.1M, lower information mgmt costs \$1.1M, lower computer software purchases \$1.8M and lower net computer equipment \$0.3M; partially offset by higher telecom \$0.3M and computer hardware maintenance \$0.3M
Supplies and Materials	(9,104)	lower alcohol purchases \$8.3M due to timing and previous advance purchases and lower merchandise purchases \$0.9M principally reusable bags in the prior year	51,312	principally higher alcohol purchases which are driven by higher volume and vendor cost increases and includes \$15M in advance buys to save on vendor price increases
Transfer Payments	(37)	lower awards and grant activity	(86)	lower awards and grant activity
Insurance and Other Continuous Charges	362	increased agency services charges	822	increased agency service charges \$1.1M: partially offset by lower workers comp. \$0.2M
Operating Lease Payments	775	increase due to higher computer software and processor rentals \$0.6M and higher equipment rentals \$0.1M	2,969	increased computer software rental \$1.4M, rent escalation \$0.8M, higher equipment rentals \$0.7M and computer processor rentals \$0.1M
Property and Improvements	0		1	
Equipment	(18)		2,221	higher fixture costs \$0.9M, built-in equipment \$0.4M, electronic equipment \$0.2M and motor vehicle equipment \$0.8M
Bonds, Loans, and Debt Service Expenses	0		0	
	(6,883)		67,433	



### 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
<b>E-Commerce Program</b>	<ul style="list-style-type: none"> <li>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 in flight.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Vida Williams</li> </ul>	<ul style="list-style-type: none"> <li>01/01/2022</li> </ul>	<ul style="list-style-type: none"> <li>7/30/2025</li> </ul>	On track
<b>Enterprise Workflow Automation (EWA)</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Keith Russell</li> </ul>	<ul style="list-style-type: none"> <li>03/01/2022</li> </ul>	<ul style="list-style-type: none"> <li>06/30/2023</li> </ul>	On track
<b>Customer Support Process Reengineering</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Keith Russell</li> </ul>	<ul style="list-style-type: none"> <li>01/01/2022</li> </ul>	<ul style="list-style-type: none"> <li>06/30/2023</li> </ul>	On track
<b>Human Resources Modernization - Phase 0</b>	<ul style="list-style-type: none"> <li>The current HR systems do not communicate well with each other and have outlived their support structure. Systems have become outdated in their ability to meet HR operational needs. The goal of the Human Resources Modernization Project is to implement agile tools and improve</li> </ul>	<ul style="list-style-type: none"> <li>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 ABC has outgrown the current capabilities. Systems have become outdated in their ability to meet HR operational needs, needing frequent</li> </ul>	<ul style="list-style-type: none"> <li>John Singleton</li> </ul>	<ul style="list-style-type: none"> <li>07/01/22</li> </ul>	<ul style="list-style-type: none"> <li>05/30/2023</li> </ul>	On track



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
Virginia ABC Licensing (VAL)	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 licensing process.</li> </ul>	<ul style="list-style-type: none"> <li>Tom Kirby</li> </ul>	<ul style="list-style-type: none"> <li>09/20/2017</li> </ul>	<ul style="list-style-type: none"> <li>based on onboarding month-to-month approach</li> </ul>	On track
Pin Pad Upgrade	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The software to VeriFone Model M440 devices running PTS5 (Pin Transaction Security Version 5) will expire April 2024. The equipment and software needs to be upgraded to maintain compliance parameters set by Payment Card Industry (PCI).</li> </ul>	<ul style="list-style-type: none"> <li>David Walker</li> </ul>	<ul style="list-style-type: none"> <li>07/15/2022</li> </ul>	<ul style="list-style-type: none"> <li>09/30/2023</li> </ul>	On track
Phase II Oracle WebLogic Upgrade Migration <i>On-hold</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Upgrade should mitigate security and system downtime risks associated with out-of-date software infrastructure by upgrading WebLogic.</li> </ul>	<ul style="list-style-type: none"> <li>David Kuti</li> </ul>	<ul style="list-style-type: none"> <li>06/10/2022</li> </ul>	<ul style="list-style-type: none"> <li>09/30/2023</li> </ul>	On track
VAL SaaS Migration	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>David Kuti</li> </ul>	<ul style="list-style-type: none"> <li>11/14/2022</li> </ul>	<ul style="list-style-type: none"> <li>10/30/2023</li> </ul>	On track
Pay For Performance	<ul style="list-style-type: none"> <li>This initiative continues the implementation of our strategic goal of investing in our people. The Pay for Performance plan reinforces a more comprehensive performance management structure.</li> <li>Moving to a Pay for Performance approach provides a consistent mechanism to compensate employees based on performance and level of contributions.</li> </ul>	<ul style="list-style-type: none"> <li>The Authority is moving towards a pay for performance program that objectively measures performance and rewards differentiated contribution levels versus the prior year practices where everyone, regardless of contribution levels, receives the same salary increase percentage.</li> <li>Pay for performance is a plan that impacts base pay increases and should not be confused with other existing performance incentive or bonus plans, such as the current Retail and Distribution Center incentive plans</li> </ul>	<ul style="list-style-type: none"> <li>David Alfano</li> </ul>	<ul style="list-style-type: none"> <li>01/30/2022</li> </ul>	<ul style="list-style-type: none"> <li>7/30/2023</li> </ul>	On track





# 4. People

## Virginia ABC

	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023 YTD	Current Year Plan	Last 6 Months Actual Through March					
					October	November	December	January	February	March
<b>Headcount (Actual, End of Period)</b>										
Salaried - Employees	1,336	1,389	1,432	1,432	1,429	1,442	1,445	1,442	1,439	1,432
Hourly - Employees (Expressed as FTE)	2,744	2,423	2,321	2,321	2,272	2,348	2,316	2,251	2,292	2,321
Contract Workers (Expressed as FTE)	58	44	46	46	39	41	44	40	44	46
<b>Total</b>	<b>4,138</b>	<b>3,856</b>	<b>3,799</b>	<b>3,799</b>	<b>3,740</b>	<b>3,831</b>	<b>3,805</b>	<b>3,733</b>	<b>3,775</b>	<b>3,799</b>
<b>Vacancies Funded in the Budget</b>										
Vacancies Being Recruited					100	91	92	99	106	112
Vacancies Not Being Recruited					16	19	18	19	17	17
<b>Total</b>				0	116	110	110	118	123	129
<b>Expenditures</b>										
Salaried Employees	\$68,736,329	\$79,527,465	\$91,193,475		\$3,765,176	\$7,291,063	\$12,775,786	\$3,774,106	\$7,548,565	\$11,399,184
Salaried Benefits	\$30,206,535	\$36,034,122	\$38,794,271		\$1,652,230	\$3,300,111	\$5,108,249	\$1,690,041	\$3,353,258	\$5,024,609
Hourly Employees	\$42,151,108	\$39,839,960	\$45,003,278		\$2,839,080	\$2,952,826	\$4,866,613	\$3,441,101	\$3,110,446	\$3,333,576
Hourly Benefits	\$3,224,560	\$3,047,757	\$3,442,751		\$217,190	\$225,891	\$372,296	\$263,244	\$237,949	\$255,019
Contractor Workers	\$5,251,103	\$3,769,502	\$3,326,737		\$ 357,359.82	\$ 383,574.62	\$ 208,384.83	\$434,002	\$469,553	\$510,533
<b>Total Personnel Costs</b>	<b>\$149,569,634</b>	<b>\$162,218,806</b>	<b>\$181,760,512</b>	<b>\$0</b>	<b>\$8,831,036</b>	<b>\$14,153,466</b>	<b>\$23,331,329</b>	<b>\$9,602,494</b>	<b>\$14,719,772</b>	<b>\$20,522,921</b>

### Significant Hires:

- Michael Skrocki – Director of Internal Audit



# 4. People: Turnover

## Turnover Analysis for the Month of March 2023

Agency VA ABC

Turnover by Length of Service	FY 2021	Turnover %	FY 2022	Turnover %	Year to Date	Turnover %	Month
<i>Length of Service</i>	<b>3,204</b>	<b>78.5%</b>	<b>3,219</b>	<b>84.4%</b>	<b>1,878</b>	<b>50.0%</b>	<b>160</b>
<i>Tenure between 0 and 3 years</i>	2,838	86%	2,882	87%	1,719	51%	140
<i>Tenure more than 3 years and up to and including 5 years</i>	177	32%	159	33%	63	15%	5
<i>Tenure more than 5 years and up to and including 10 years</i>	95	19%	107	21%	57	13%	11
<i>Tenure more than 10 years up to and including 20 years</i>	76	21%	49	14%	26	8%	3
<i>Tenure more than 20 years</i>	18	7%	22	16%	13	11%	1

Year to Date Turnover by Cause	Another Position With		Outside COV (if			Other Termination	Total
	COV	Local Gov't	known)	Retirement	Death		
<i>Length of Service</i>	<b>7</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>2</b>	<b>1,859</b>	<b>1,878</b>
<i>Tenure between 0 and 3 years</i>	4				1	1,714	1,719
<i>Tenure more than 3 years and up to and including 5 years</i>	1					62	63
<i>Tenure more than 5 years and up to and including 10 years</i>	1					56	57
<i>Tenure more than 10 years up to and including 20 years</i>	1			3	1	21	26
<i>Tenure more than 20 years</i>				7		6	13



# Procurement MMR - Virginia Alcoholic Beverage Control Authority

CONFIDENTIAL WORKING PAPERS OF THE GOVERNOR

Last 4 Quarters (L4Q) Top Vendor Spend (\$ in 000)			Contracts Up For Renewal In <6 Months (\$ in 000)				25	Contracts Exited (\$ in 000)	
Vendor Name	L4Q Spend \$	Trend \$ <sup>1</sup>	Vendor Name	Contract Description	Contract Owner	Renewal Date	Vendor Name	Hist. L4Q Spend \$	
Estes Express Lines	8,352,181	497,789	LeisureMedia360 Inc	Quarterly Price List Publication	Virginia ABC	4/30/2023			
Computer Aid Inc	7,721,265	496,428	Starnes Refrigeration & Air Cond Inc	HVAC Services	Virginia ABC	4/30/2023			
Spurrier Group Llc	3,689,326	(195,367)	Mid-Atlantic Controls Corp	Mid-Atlantic Controls Corp (Building	Virginia ABC	5/1/2023			
Reliance Acquisition Llc	2,467,552	(148,542)	Diageo Americas Inc	MOU_NDA for Category Managemen	Virginia ABC	5/6/2023			
Shi International Corp	1,905,947	823,170	Republic National Distributing	MOU Category Management	Virginia ABC	5/14/2023			
Accela Inc	1,864,514	653,714	Ruppert Landscape	Lawn, Grounds Maintenance & Snov	Virginia ABC	5/23/2023			
Manhattan Associates Inc	1,838,373	68,234	ServiceMaster Commercial Cleaning	Service Master Services, Inc. Contr	Virginia ABC	5/23/2023			
Syfel Inc	1,580,111	FALSE	All Phase Building Maintenance	Lawn & Grounds Maitenance - S165	Virginia ABC	5/31/2023			
Dominion Digital Inc	1,534,615	90,603	Atlantic Constructors Inc	Atlantic Constructors Inc	Virginia ABC	5/31/2023			
Cintas Corp	1,262,923	202,209	Dodson Bros Exterminating Co Inc	Dodson Pest Control (Central Office	Virginia ABC	5/31/2023			
3Sixty Holdings Llc	1,233,145	(163,865)	Dodson Bros Exterminating Co Inc	Dodson Pest Control (Enforcement R	Virginia ABC	5/31/2023			
Mythics Inc	1,213,648	(67,658)	ESTES EXPRESS LINES	Estes Express - Hauling Contract	Virginia ABC	5/31/2023			
Madix Inc	1,140,262	61,984	Four Season Recycling & Trading LLC	Recycling Services	Virginia ABC	5/31/2023			
Thought Logic Consulting Llc	1,084,820	40,683	Jim Beam Brands Co	Jim Beam Brands Co	Virginia ABC	5/31/2023			
Duro Hilex Poly Llc	955,396	1,206	Reliable Engineering Services Inc	Reliable Engineering Services Inc	Virginia ABC	5/31/2023			
Accenture Llp	945,231	-	Spurrier Group LLC	Spurrier Group LLC Advertising Servi	Virginia ABC	5/31/2023			
Canon Financial Services Inc	746,372	2,366	ThyssenKrupp Elevator Corporation	Elevator Maintenance and Repair - /	Virginia ABC	5/31/2023			
Onin Staffing Llc	740,921	(68,188)	VA Ctr for Behavioral Rehabilitation	DBHDS-Synar Grants	Virginia ABC	5/31/2023			
Applexus Technologies Llc	709,376	302,054	Southern Glazers Wine and Spirits	Southern Glazer's Wine and Spirits M	Virginia ABC	6/4/2023			
Gk Software Usa Inc	668,097	(14,400)	PLM Landscaping	PLM Landscaping, Inc. - Lawn and G	Virginia ABC	6/22/2023			
Eplus Technology Inc	571,082	(464,189)	BFI Waste Services LLC	Republic Services for Hanover HQ ar	Virginia ABC	6/30/2023			
Sonitrol Of Greater Richmond Inc	540,876	(34,191)	Brinks Inc	Brinks, US (Armored Car Services for	Virginia ABC	6/30/2023			
Sheehy Ford Of Richmond	514,061	(376,978)	Brinks Inc	Brinks Armored Car Services for LRV	Virginia ABC	6/30/2023			
Orbit Logistics Llc	482,069	57,741	Dodson Bros Exterminating Co Inc	Dodson Pest Control (Pest Control Si	Virginia ABC	5/31/2023			
Thirdera Holdings Llc	476,432	(110,284)	Hampton Roads Termite & Pest Control Inc	Hampton Roads Termite & Pest (Pes	Virginia ABC	6/30/2023			

RFPs	
Description	Due Date
Advertising Services	Under Evaluation
Data Governance Consulting Services Program	Under Evaluation
S350 Logo Sign	Under Evaluation

<sup>1</sup>The 'Trend Column' shows Quarter over Quarter spend, noting that a green box means the most recent quarter spend was LESS than the prior quarter spend for the respective Vendor



# 6. Objectives and Key Results

Agency

Virginia ABC

Objective	Key Result	Metric	Unit of measure	Baseline #	2022	2023	2024	2025	Current Actual	OKR status
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	%	74%	71%	100%	100%	100%	100%	Green
Online License Renewal Processing	Provide new online means for licensees to renew their licenses	% of renewals completed online	%	24%	25%	30%	TBD	45%	24%	Green
Maintain Store In-Stock Rate	Keep stores stocked with products that consumers want	Percentage of products that are available in the distribution that are also available in stores	%	95.8%	95.8%	97.0%	TBD	97.0%	95.9%	Green
Underage Alcohol Buyers	Successfully complete underage buyer checks to reduce underage access	Number of underage buyer checks completed	#	2,545	2,545	3,000	TBD	3,500	0	Gray
ABC Store Purchase Age Compliance	Successfully complete underage buyer checks to reduce underage access in the Authority's retail stores	Percentage of sales declined due to age during underage buyer compliance checks	%	97.0%	91.0%	100%	TBD	100%	97.0%	Green
Profit Transfers to General Fund	Meet or exceed required profit transfers to General Fund	Cumulative profits earned (in millions)	\$M	\$197.5M	\$237.3M	\$143.9M	TBD	\$183.2M	\$42.1M	Green
Net Profit as a % of Gross Stores Sales	Manage profit expectations in order to ensure increased profit is delivered to the Commonwealth	% of Profits to Store Sales	%	14.6%	16.8%	10.0%	TBD	12.3%	12.9%	Green
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%	25.0%	28.8%	TBD	28.7%	28.6%	Green
Alcohol Education Prevention Outreach	Increase number of residents reached	Number of residents reached monthly	#M	0.83M	3.43M	1.30M	TBD	2.80M	0.14M	Green
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%	29.1%	30.0%	TBD	30.0%	34.4%	Green






# Appendix



# 1. External Agency Reports Due in Next 3 Months

Agency: Virginia ABC  
 Reports due through Quarter Ending March 31, 2023

<b>Status</b>	
On track	
Some issues	
Off track	

Report Requestor	Subject of Report	Authority for Report	Due Date for Report	Owner	Status
	N/A				



# 2. Risks

## Agency 99900 Risk Assessment Quarter Ending March 31, 2023

	Low	Medium	High
High		Economic Recession Public Safety Cases Loss of Skilled Contractor Resources	Store Larcenies
Medium		Allocated Items Process Breakdown	Supply Chain Interruptions Cybersecurity Event Shortage of qualified candidates to fill open positions
Low		Weather Events	



### 3. Fund Balance Analysis

Not Applicable to Virginia ABC



# 4. Audit Findings

APA Open 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 and Home	2022	Internal Control and Compliance	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	David Kuti
Continue Improving Security Awareness and Training Program	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	Diane Enroughty
Continue Improving Oversight of Third-Party Service Providers	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	Diane Enroughty
Continue Improving Internal Controls over Employment Eligibility	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	John Singleton
Continue Improving Internal Controls over Processing Payments	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	Doug Robinson
Improve Internal Controls over Employee Separation Process	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	John Singleton
Implement a Data/Records Retention Policy and Solution for Automated Recon	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	Doug Robinson
Retain Inventory Documentation	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	<a href="https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf">https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf</a>	6/30/2023	Tom Aruanno



# Virginia ABC Turnover Summary

April 20, 2023

Appendix C



# Turnover Summary

	FY20 (7/1/2019- 06/30/2020)	FY21 (07/01/2020- 06/30/2021)	FY22 (07/01/2021- 06/30/2022)	YTD FY23 (07/01/2022- 04/17/2023)
Central Office FT Turnover %	7.75	9.03	11.42	7.9
Central Office Wage Turnover %	76	46.15	44.44	69.39
Retail FT Turnover %	14.47	18.13	21.75	10.91
Retail Wage Turnover %	79.16	101.27	94.02	57.43

- Virginia ABC's turnover rate for FY23 is trending towards being lower than in FY21 and FY22
- The lower turnover rate from 4/1/2020-10/1/2021 can be attributed to the following:
  - Virginia ABC did not have any pandemic layoffs (many companies had high turnover rates due to layoffs in 2020)
  - Since most central office employees were teleworking, there were less resignations
  - Due to uncertainty with other employers, employees chose to stay.
- Comparatively, Virginia ABC's FT turnover is lower than a similar organization, PA Liquor Control Board

PA Liquor Control Board	2019-2020	2020-2021	2021-2022
Salaried Turnover Rates	9.98%	10.84%	12.79%

