

March 27, 2024 Board Meeting

Virginia ABC Board of Directors



March 27 Board Meeting Agenda

- 9:00AM Call to Order
- Approval of Minutes
 - Approve minutes from Feb 21, 2024
- Board Information
 - IT Update (Paul Williams)
- New Business
 - Approve REC Recommendations (Tom Kirby)
- 10AM Hearings
 - Fidel Restaurant and Lounge
- New Business
 - C-Suite Updates:
 - Financial Update (David Alfano)
- Closed Session
- Comments from the Board
- Public Comments
- Adjournment

Minutes: February 21, 2024

Required Action

Approval of Minutes from February 21, 2024 Board meeting

BOARD MEETING MINUTES:

February 21, 2024

ABC Headquarters

Call Meeting to Order at 9:03 a.m.

Attendees

Board Chair Tim Hugo
Board Member Greg Holland *
Board Member William Euille
Board Member Mark Rubin
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Administrative Officer, David Alfano
Deputy Secretary, Chris Curtis
Director of Retail, Jennifer Burke
Director of Strategy and Analytics, Mike Berman
Office of the Attorney General, Elizabeth Meyers
Executive Assistant, Kathleen LaMotte
Senior Paralegal, Helen Gordon
Senior Paralegal, Kristie Miles
Paralegal, Stephen Long

** Mr. Holland arrived at 9:10 due to traffic conditions*

Approval of Minutes

The Board reviewed the minutes from the December 13, 2023 and January 9, 2024 board meetings. Board Member Euille moved to approve the minutes from December 13, 2023 as written. Mr. Rubin seconded, and the motion carried on a roll call vote of 3 – 0.

Mr. Rubin moved to accept the January 9, 2024 minutes as written. Mr. Euille seconded, and the motion carried on a roll call vote of 3 – 0.

Announcement from Chair

Chairman Hugo announced that Robert Sledd resigned from the ABC Board, as he has taken a position with Governor Youngkin's office.

Board Member Rubin stated that he appreciated Mr. Sledd's good advice during their brief time on the Board together.

Approve Recommendations of Real Estate Committee

Mr. Kirby reviewed the recommendations from the January and February Real Estate Committee (REC) meetings.

REC recommended the relocation of Store 233 (Gloucester), and the renewals of 11 new stores, stores 038 (New Kent), 192 (Kilmarnock), 287 (Lynchburg), 042 (Mount Vernon), 109 (Rosslyn), 112 (Hampton), 123 (Clifton Forge), 209 (Fredericksburg), 218 (Gate City), 290 (Grafton), and 362 (Sterling).

Mr. Euille moved to accept the REC’s recommendations. Mr. Rubin seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote of 3– 0.

Acting CEO Comment

There is a change to today’s agenda, the planned IT update will be postponed due to the illness of a key staff member scheduled to present.

Legislative Update

Mr. Daniel reported that:

- An updated legislative matrix was passed out to the Board, and is attached to these minutes as Appendix A.
- Several bills which concern the Authority are in the seven-day review category, and several more that may move to that category by the end of the week.
- Several bills have passed concerning licenses for performing arts venues.
- The Authority was successful in changing the process for summary suspensions by allowing an extra day to complete Enforcement’s necessary work, as the precipitating incidents often happen over the weekend.
- The General Assembly approved resolutions honoring former Authority CEO Travis Hill, and a commending resolution for Authority with respect to 90th anniversary.

Board member Rubin asked for an update on Skill Games. Mr. Daniel responded that new legislation will be passed this session, and there appears there is a strong desire to have the games be lawful as early as July 1. The long-term plan may be to have them regulated by the Virginia Lottery while a Gaming Commission gets up and running. The Authority may also regulate skill games for 18 months and there are still several bills still under consideration. The General Assembly is trying to capture initiatives to eliminate the black-market machines, with assurance that machines would be tested to ensure they are doing what they are supposed to with payouts and algorithms matching. These would be new responsibilities beyond what the ABC previously performed when this Authority was charged with the regulation of skill games initially.

Chairman Hugo inquired if the regulation by the Authority would potentially be a short-term proposition, would there be more staff needed? Mr. Daniel responded that the Authority may need to hire as many as 30 positions for 18 months. Solutions are still being considered, it is the hope that the hires would be temporary and then they would transfer to the state agency that will regulate skill games after the ABC. Chief Kirby added that there are still several bills in consideration that are different in nature, and the Authority is preparing for potential outcomes, but the ultimate shape of the future of skill games in the Commonwealth is not final. Per Mr. Daniel, the Authority is being diligent and thoughtful to position ourselves to deliver whatever policy the legislature updates.

- Both chambers reduced the required budget transfer from the Authority. The Senate’s proposed budget language also contains a change relative to the status of this Authority as an independent agency opposed to being under the Secretary of Public Safety and Homeland Security. This could allow the Authority to implement pay for performance that was not permitted under previous budget language.

Mr. Rubin – in the reduction of revenues, is there a caboose budget for this fiscal year or similar adjustments dealing with the two-year budget? Mr. Daniel responded that the adjustments concern the last fiscal year, and more will be covered in Mr. Alfano’s upcoming presentation.

Mr. Rubin remarked that what is required in profit transfer in the two-year budget is still based on a 5% growth rate, which is unrealistic, so it will either require an adjustment or we have to find significant savings to reach that number.

Financial Update

Chief Kirby and Mr. Alfano reported that:

- Chief Kirby reviewed the financial updates for December and January, attached to these minutes as Appendix B
- The Authority has experienced a decline in sales, January's sales were 2.4% less than January 2023, and only up 1.5% for the fiscal year compared to FY2023 and is significantly less than the 5% that was required in the budget forecast.
- For the six months ending December 2023, ABC net profits were \$1.6M favorable to budget.
- The Authority must exercise caution. Examination of data from other control states indicates that other states are experiencing a downturn in sales as well. Increased profitability has been achieved through cost savings measures, which are not sustainable.
- January demonstrated very slow revenue growth. The Authority speculates factors such as the "Dry January" movement, and store closures due to inclement weather negatively impacted sales. About 1,400 hours were lost across the state due to snow and ice.
- The Authority has reviewed every budget, every division, and Mr. Kirby is proud of staff and willingness to look for cost savings measures. The Authority hopes to be very close to what the General Assembly is requiring for profit transfer and plan to hold expenses where they are now and seek to increase revenue.

Mr. Rubin asked about the return on investment for billboard advertising and expanded store hours. The billboards were only in place for four days in December to advertise last-minute deals for the holidays.

Mr. Rubin stated that when the Board and the Authority went through an initial budgeting exercise in 2023, many items were identified to be eliminated. Eric Moeller, the former Commonwealth CTO encouraged the advertising budget should be cut, among other suggestions. While Mr. Rubin is proud of the belt tightening, what is the impact of the expense cutting? What are we losing as a result of the expense cuts? Mr. Alfano responded that the Authority is operating in a lean and efficient manner. In addition to some of the things Mr. Rubin mentioned, such as minimal investments in advertising, the biggest gains are in the personnel category by not filling positions when employees voluntarily separate from the Authority, which puts additional strain on employees that remain. Each position is evaluated to decide if not filling it would impede the organization. Mr. Kirby and Mr. Alfano must approve all positions to be recruited. There are currently three vacant C-Level positions. Mr. Kirby and Mr. Alfano also approve all purchase orders and contracts and expenditures over \$10,000 are subject to second review.

- The Authority is doing what we can to keep stores and distribution center up and running.
- Chief Kirby added that the Authority is not arbitrary in making decisions, and is soliciting information from hiring managers, and considering what happens if job not filled. By scrutinizing every position and trying to find cost savings, the Authority intends to meet the budget. The Authority also intends to increase revenue by increased promotions, billboards, and extended hours. Revenue has plateaued, coming out of January year-over-year growth is below 1.5%. Projects are limited as far as investment in the Authority moving forward.
- The Authority will start planning the next ABC budget in March with updated profit transfers.

Mr. Rubin inquired that if we had gone with original adopted budget, would these conversations still be happening? The reason we are in this spot is because revenue was overpromised to the General Assembly based on an unrealistic growth forecast. Mr. Alfano responded that if the Authority was still at the original budget, we would be going through less of this.

- Chief Kirby returned to the presentation. Every month through June of 2023, the Authority experienced an increase of over 5%. There were cost savings of about 21 million in that previous budget. Starting in July of 2023, sales decreased drastically. The Authority is doing more with less, and employees are taking on additional jobs and taking steps to continue to deliver a reliable revenue stream to the Commonwealth. A million dollar shortage in revenue impacts net profits by about \$350,000.

Mr. Rubin stated that for the future, what happened in that budget discussion is that the CTO was looking backwards, looking at historic 5% growth rate, not looking forward, not looking at threats. In the future, hope that we don't look backwards. Mr. Rubin commented that he understands stretch budgets in private companies, but thinks it is a mistake for a public entity. Mr. Hugo asked if Mr. Rubin voted for the budget. Mr. Rubin stated that he voted for the budget as he was directed to.

Mr. Hugo agreed with Mr. Rubin that the Authority should re-evaluate the spending on advertising.

- Mr. Alfano stated that the Authority forecasted to save an additional \$10.9 million through the end of the fiscal year. The Authority will continue to fill as many positions as needed related to the direct sales of alcohol.

Mr. Hugo read from an email he received from a distilled spirits group that was highly complementary of the Authority's efforts to responsibly sell alcohol and work with industry partners in growing their business and participating in pilot programs. Mr. Hugo agreed with Mr. Rubin that there is a political aspect to the ABC's work but cautioned not to get too process oriented. While sales nationwide are down, we need to economize and focus on selling responsibly. While Mr. Hugo is not sure about billboards, a focus on advertising is worthwhile. Mr. Hugo recognized that the ABC does have a monopoly on spirits, but there is competition with beer and wine for the consumer's dollar.

- Chief Kirby stated that if the Authority can hold at current forecast net profit margins increased to 19.1% versus the budget of 18.9%

Hearings

HOLD FOR INFO FROM KRISTIE MILES

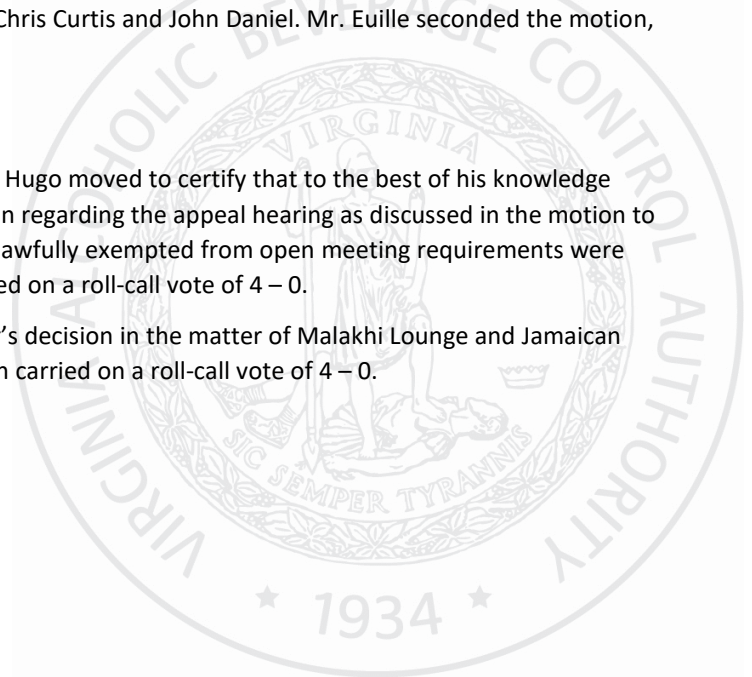
Closed session

At 10:40 Mr. Hugo moved that the Board convene into closed session pursuant to lawfully exempted consultation with legal counsel 2.2-3711(A)(46) to discuss the appeal hearing. Attending the closed session in full were all Board members, Elizabeth Meyers, Kristie Miles, John Daniel, Stephen Long, Chris Curtis and John Daniel. Mr. Euille seconded the motion, and the motion passed on a roll call vote of 4 – 0.

Return to Open Session

When the Board returned from Closed session at 11:00, Mr. Hugo moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but consultation regarding the appeal hearing as discussed in the motion to convene in closed session 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 4 – 0.

Mr. Euille made a motion to substantiate the hearing officer's decision in the matter of Malakhi Lounge and Jamaican Restaurant, which was seconded by Mr. Holland. The motion carried on a roll-call vote of 4 – 0.



Chair Discussion

Upcoming Board meetings will be held on March 27 and April 17. Mr. Euille stated that more timely meetings were needed as opposed to every 45 days to keep the Board engaged with Authority staff. Mr. Holland and Mr. Rubin agreed. The Chair directed Ms. LaMotte to circulate dates to the Board to consider for May and June meeting dates.

Financial Update Continued

Mr. Kirby reported that:

- In January of 2024, ABC closed out January with 1.5% revenue growth year-to-date. This was due to dismal January results.
- Mr. Alfano reviewed the January sales, with a decrease attributed to 1400 hours of sales lost due to weather-related closures and possibly due to “Dry January” trend.
- Administrative hours in the store were over budget and sales were under budget. Finance and retail have had several conversations lately to ensure stores are not over budget for allocated hours again. At the beginning of this fiscal year the Authority exceeded the number of hours and personnel expenses that were budgeted for the stores. This shortfall was narrowed by the end of the calendar year. However, in January more hours were allocated to the stores than were budgeted, and stores exceeded what was allocated to them.
- Finance and retail have had conversations about how to prevent this in the future and will temper variations by reviewing store labor and hours.

Mr. Rubin asked how that could happen with the budget and schedule? Mr. Alfano responded that the Authority developed a schedule for the number of hours allocated to the stores to assist retail in recouping the overspend in July and August.. Stores utilized more hours in January than allocated.

Mr. Rubin asked if this was a function of retail deciding the labor in the store each month. Mr. Alfano responded that the Authority is working with retail constantly to ensure the stores have the manpower and hours they require.

- Finance started conversations with retail to investigate what happened, and looked at how to strengthen controls, ensure correct allocation to stores, and review that stores do not exceed their allocated hours.
- Ms. Burke, the Director of Retail, advised that in March a plan will be put into place to get a good part of the time back. A meeting was held yesterday with district managers, who are struggling to replace full-time employees on PTO with the wage hours allocated to them. Retail overspent by 16,000 hours, but this lines up with PTO for full-time employees.
- Mr. Alfano advised that the Authority will put more real-time monitoring in place to communicate with stores if they are going over budgeted hours. There needs to be some level of approval, if there’s a salaried person out for a period of time that will be covered by wage personnel.
- Ms. Burke advised that retail completed a slim-down of the already slimmed budget and doesn’t have much room to go.
- Mr. Kirby advised that the efforts put in place were effective. With 400 stores operating six days a week, and many operating seven days a week, it is easy to exceed allocated hours. Retail and finance worked together to cure the overage in July and August and put parameters in place to take care of it. Mr. Kirby believed that the actions taken were successful, then in January there was \$500,000 in overage. Retail and finance were asked to work together to determine the hours needed to run the stores and monitor more closely to ensure stores are not exceeding allocation. Reviewing monthly is not enough.

Mr. Holland asked how this occurred. Is the store manager in charge of approving people’s hours? Ms. Burke responded that the Authority does a monthly allocation to store managers, who build their own schedule. In the past, Mavis Reid, who recently retired from ABC, would help monitor that for them. Stores were not understanding that they couldn’t use the hours for a full-time employee who was on leave and give the hours to a wage employee. The hours given to each store are approved by Ms. Burke along with finance.

- Mr. Alfano advised that consequences should go to the managers who overscheduled, not the store wage employees who worked additional hours.
- The Authority was 3.3 million dollars unfavorable at the end of January. The Authority is in an extremely vulnerable position where every dollar really matters and that's why it is being closely watched. There is still vulnerability related to our store sales. Secondarily if there are any unexpected costs, such as a large piece of equipment breaking, it would impact the Authority considerably.

Mr. Holland stated that the Authority is consistently behind on the weekly revenue report. Mr. Alfano responded that the Authority is \$26.8 M behind., Mr. Kirby advised that per data from the National Alcoholic Beverage Control Association (NABCA), while Virginia is down 1.7%, we are faring better than other control states.

Mr. Holland asked if NABCA said about six months ago that they expected revenue to hold flat? Mr. Berman responded that he was unable to confirm that statement.

- Mr. Kirby advised that if the Authority held at a 1.4% revenue growth, there will still be an impact to profit of about \$16.9M. The Authority is projecting to save another \$10.9M from now through June 30th.
- The General Assembly is aware that the ABC is running below forecasted profits and took some action in the budget by reducing the expected profit return. Wanted to call out to our Board that it will be extremely tight and hopefully will meet expectation. ABC is dedicated to meeting these goals as set by the Board.

Mr. Euille requested a breakdown of the \$10.9 additional savings. Mr. Alfano advised that roughly half is related to savings in personnel. Credit card fees will be reduced in line with reduced revenue. The Authority will pull together specifics for the Board.

Mr. Holland advised that he appreciates how much everyone has cut their expenses, but it's looking like it is not enough. Mr. Alfano responded that if sales continue to dip, it will not be.

- Forecasts for FY 25 and 26 have been re-worked based on FY24 efforts. The projection of continued 5% growth in sales is not likely to happen, so the forecasts were lessened to be more accurate.
- Mr. Kirby has heard the Board's concerns about investing in the organization, specifically replacing outdated systems and investing in employees. The future forecast is slim with not a lot of investment, certainly not in the area of compensation and wages.

Mr. Hugo urged the Authority to continue to run like a business. Cutting the budget is what a business does. Next year will be a challenge, it will present an opportunity to the Authority to continue to operate like a business and pump-up revenue.

Mr. Hugo asked about the impact of theft on sales. Mr. Kirby responded that most retailers are facing this issue. The Authority has a hypothesis that over-protecting product effects revenue. If a customer has to wait more than one minute and 45 seconds, they move on. NABCA had slideshow on this topic that Mr. Kirby will share with the Board. While there's not direct competition for spirits, people could go to the supermarket and buy canned cocktails and beer and wine. People are still purchasing premium products but buying smaller bottles.

- Some states with legal marijuana available have seen an impact on sales of alcohol. The GA has several marijuana-related bills under consideration this session.

Public Comment

Mr. Hugo called for any Public Comment, none was received.

Closed Session

At 11:46 a.m., Mr. Hugo moved that the Board enter closed session Virginia Code §2.2 37.11(A)(1)(7)(8) to discuss personnel, legal advice and counsel on probable or actual litigation on cases pending before the Board. Mr. Euille

seconded. The motion passed on a roll call vote of 4 – 0. Attending the closed session in full were Tim Hugo, Greg Holland, Mark Rubin, William Euille, Tom Kirby, Chris Curtis, David Alfano, and Elizabeth Meyers.

Return to Open Session

When the Board returned from Closed session at 12:48pm, Mr. Hugo moved to certify that to the best of his knowledge nothing was discussed in the closed sessions but legal advice and counsel on probable or actual litigation 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.

Meeting Adjournment

Meeting adjournment at 12:50 p.m.





Bill No.	Summary	Chief Patron	Last Action	Scheduled Meeting Date	LAS Submitted	VA ABC Position	Admin Bill	Admin Position	FIS Required	FIS Submitted	FIS	EBR	EBR Submitted	Last VA ABC Action
HB 29	Budget Bill. Amends Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769 of the Acts of Assembly of 2023, as further amended by Chapter 1 of the Acts of Assembly of 2023, Special Session I,	Luke E. Torian	02/20/24 House: Read first time											
HB 30	Budget Bill. Provides for all appropriations of the Budget submitted by the Governor of Virginia in accordance with the provisions of § 2.2-1509 of the Code of Virginia, and provides a portion of revenues for the two years ending respectively on the thirtieth day of June 2025 and the thirtieth day of June 2026.	Luke E. Torian	02/20/24 House: Read first time											
HB 101	Alcoholic beverage control; annual mixed beverage performing arts facility licenses. Allows the Board of Directors of the Virginia Alcoholic Beverage Control Authority to issue annual mixed beverage performing arts facility licenses to persons operating food concessions at any performing arts amphitheater, arena, or similar facility that has a total capacity in excess of 3,000 patrons and is located in the City of Virginia Beach.	Anne Ferrell Tata	01/30/24 House: Tabled in General Laws (21-Y 0-N)		Submitted 01/04/24	No Position			No					
HB 307	Alcoholic beverage control; exemptions from licensure; manufacture of spirits at personal residence for domestic consumption. Exempts from the licensure requirements of the Alcoholic Beverage Control Act any person who, after being granted a permit by the Board of Directors of the Virginia Alcoholic Beverage Control Authority to keep, store, or possess any still or distilling apparatus for the purpose of distilling alcohol, manufactures at his residence for domestic consumption spirits in an amount not to exceed (i) 100 gallons per year if there are two or more persons 21 years of age or older residing in the residence or (ii) 50 gallons per year if there is only one person 21 years of age or older residing in the residence.	Jason S. Ballard	02/13/24 House: Left in General Laws		Submitted 1/8/2024	Oppose		No Position	No					
HB 381	Virginia Public Procurement Act; participation by veteran-owned small businesses. Requires all public bodies to include in their goals for participation by small businesses a minimum of five percent participation by veteran-owned businesses and service disabled veteran-owned businesses. Current law only requires a goal of three percent participation by service disabled veteran-owned businesses and does not impose such goal upon local public bodies. The bill also requires the Department of General Services to update the eVA portal to include a category for veteran-owned and service disabled veteran-owned small businesses that is conspicuous to the general public to easily display and search set-aside opportunities for such businesses.	Michael B. Feggans	02/13/24 House: Left in General Laws											
HB 522	Alcoholic beverage control; advertisements. Directs the Board of Directors of the Virginia Alcoholic Beverage Control Authority to promulgate regulations that prescribe the terms and conditions under which manufacturers, brokers, importers and wholesalers may advertise and promote alcoholic beverages via the Internet, social media, direct-to-consumer electronic communication, or other electronic means.	Paul E. Krizek	02/20/24 Senate: Passed Senate (40-Y 0-N)		Submitted 1/9/24	No Position			No					
HB 559	Alcoholic beverage control; mixed beverage performing arts facility license; Pulaski County. Amends certain provisions related to the granting of a mixed beverage performing arts facility license by the Board of Directors of the Virginia Alcoholic Beverage Control Authority to allow certain facilities in Pulaski County to be eligible for such license.	Jason S. Ballard	02/13/24 House: Left in General Laws		Submitted 1/9/24	No Position			No					
HB 590	Virginia Small Business Economic Development Act established; regulation of skill games; registration; penalties. Establishes the Virginia Small Business Economic Development Act for the purpose of providing a regulatory and registration scheme for skill game machines in the Commonwealth. The bill directs the Virginia Alcoholic Beverage Control Authority to adopt emergency regulations to implement the provisions of the bill and directs the Department of Taxation to collect a monthly tax of 15 percent from the gross revenue of each skill game machine from each skill game distributor.	C.E. Cliff Hayes, Jr.	02/13/24 Senate: Referred to Committee on General Laws and Technology	February 21, 2024 - 30 minutes after adjournment/Senate Room B	Submitted 1/16/24	No Position			Yes	Yes				
HB 688	Alcoholic beverage control; sale and delivery of mixed beverages and pre-mixed wine for off-premises consumption; third-party delivery license; sunset; repeal. Repeals the July 1, 2024, sunset on provisions that allow (i) distillers that have been appointed as agents of the Board of Directors of the Virginia Alcoholic Beverage Control Authority, mixed beverage restaurant licensees, and limited mixed beverage restaurant licensees to sell mixed beverages for off-premises consumption and (ii) farm winery licensees to sell pre-mixed wine for off-premises consumption. The bill also repeals, effective July 1, 2026, third-party delivery licenses. The bill requires the Authority to convene a work group to review third-party delivery licenses and report its findings and recommendations to the Chairmen of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social Services by November 15, 2024.	James A. "Jay" Leftwich	02/20/24 Senate: Passed Senate (40-Y 0-N)		Submitted 1/11/24	No Position		Support						
HB722	Department of Planning and Budget; Regulatory Budget Program established; report. Directs the Department of Planning and Budget to establish a Regulatory Budget Program under which each executive branch agency subject to the Administrative Process Act shall reduce overall regulatory requirements by 30 percent by January 1, 2027. The bill requires the Department to report to the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules on the status of the Program no later than October 1 of each year, beginning October 1, 2025. Finally, the bill provides that the Department, in consultation with the Office of the Governor, shall issue guidance for agencies regarding the Program and how an agency can comply with the requirements of the Program. The bill has an expiration date of January 1, 2027.	Michael J. Webert	01/30/24 House: Stricken from docket by General Laws (22-Y 0-N)											

Bill No.	Summary	Chief Patron	Last Action	Scheduled Meeting Date	LAS Submitted	VA ABC Position	Admin Bill	Admin Position	FIS Required	FIS Submitted	FIS	EBR	EBR Submitted	Last VA ABC Action
HB 774	Alcohol safety action program; local administrative fee. Provides that any county, city, or town, or any combination thereof, that has established and operates an alcohol safety action program and supplements fees collected for the program pursuant to general law by more than 33 percent annually in order to fully fund the program may charge a local administrative fee of no more than \$100 to each person entering such program.	Charniele L. Herring	02/14/24 Senate: Continued to 2025 in Courts of Justice (8-Y 7-N)											
HB 1050	Alcoholic beverage control; confectionery mixed beverage retail license. Creates a confectionery mixed beverage retail license that authorizes the licensee to prepare and sell on the licensed premises for on-and-off premises consumption confectionery that contains five percent or less alcohol by volume. The bill provides that any alcohol contained in such confectionery shall not be in liquid form at the time of sale, unless such confectionery is a frozen dessert, as defined in the bill. The bill also sets the state and local license fee for such confectionery license and repeals the provisions of alcoholic beverage control law that created an off-premises wine and beer confectionery license.	Amanda E. Batten	02/13/24 House: Left in General Laws											
HB 1095	Commonwealth information security requirements. Requires state public bodies, defined in the bill, to (i) comply with the Commonwealth's security policies and standards, (ii) ensure each of their employees completes information security training, (iii) conduct regular security audits, (iv) report the results of such audits to the appropriate entity, and (v) implement security monitoring and enter into memoranda of understanding with the CIO for sharing information with the Commonwealth's central information security systems. The bill directs the Chief Information Officer of the Commonwealth to (a) publish and maintain a list of the Commonwealth's security policies and standards with which state public bodies are required to comply, (b) ensure that transition meetings with state public bodies occur, and (c) document such transitions and any exemptions from the requirements of the bill.	Delores Oates	02/13/24 House: Left in Communications, Technology and Innovation											
HB 1117	Alcoholic beverage control; mixed beverage performing arts facility license; Cities of Norfolk and Richmond; minimum patron capacity. Reduces from 1,400 to 400 the minimum patron capacity a performing arts facility in the City of Norfolk or Richmond is required to have as one of the conditions for being granted a mixed beverage license by the Board of Directors of the Virginia Alcoholic Beverage Control Authority.	Betsy B. Carr	02/13/24 House: Left in General Laws		Submitted 1/12/24	No Position								
HB 1118	Alcoholic beverage control; annual mixed beverage performing arts facility licenses. Allows the Board of Directors of the Virginia Alcoholic Beverage Control Authority to issue annual mixed beverage performing arts facility licenses to persons operating food concessions at any (i) performing arts facility located in the City of Charlottesville, provided that the performing arts facility (a) is occupied under a bona fide long-term lease or concession agreement, the original term of which was more than five years; (b) has a total capacity in excess of 550 patrons; and (c) has been rehabilitated in accordance with historic preservation standards; (ii) outdoor performing arts amphitheater, arena, or similar facility that has seating for more than 5,000 persons and is located in the City of Richmond; or (iii) outdoor performing arts amphitheater, arena, or similar facility that has seating for more than 2,500 persons and is located in the City of Charlottesville.	Betsy B. Carr	02/13/24 House: Left in General Laws		Submitted 1/12/24	No Position								
HB 1192	State debt collection; statute of limitations. Establishes a seven year statute of limitations on the commencement of any action by a state agency or institution to collect past due accounts receivable due to the Commonwealth.	Phillip A. Scott	02/08/24 House: Continued to 2025 in General Laws by voice vote											
HB 1298	Retail licenses.	Wren M. Williams	02/13/24 House: Left in General Laws		Submitted 1/15/24	Amend								
HB 1349	Alcoholic beverage control; annual mixed beverage performing arts facility licenses; on-and-off premises wine and beer licenses. Defines performing arts facility and standardizes the eligibility criteria for annual mixed beverage performing arts facility licenses and on-and-off-premises wine and beer licenses for performing arts food concessionaires. Under current law, the eligibility criteria for such licenses varies by location and includes inconsistent ownership, lease, capacity, and seating requirements.	Paul E. Krizek	02/20/24 Senate: Passed Senate (40-Y 0-N)		Submitted 1/15/24	No Position								

Bill No.	Summary	Chief Patron	Last Action	Scheduled Meeting Date	LAS Submitted	VA ABC Position	Admin Bill	Admin Position	FIS Required	FIS Submitted	FIS	EBR	EBR Submitted	Last VA ABC Action
HB 1509	Restrictions on the sale of nicotine vapor products containing liquid nicotine and hemp products intended for smoking; civil penalties. Provides restrictions and prohibitions on certain retail sales that include (i) restrictions on the number of nicotine vapor products containing liquid nicotine, liquid nicotine containers, and hemp products intended for smoking, as such terms are defined in the bill, that may be sold in one transaction to a consumer; (ii) packaging, labeling, and signage requirements for those selling any nicotine vapor products containing liquid nicotine or hemp products intended for smoking; (iii) advertising and marketing requirements for those selling any nicotine vapor products containing liquid nicotine or hemp products intended for smoking; (iv) education requirements for employees at retail establishments selling nicotine vapor products containing liquid nicotine or hemp products intended for smoking; and (v) online delivery sale requirements of nicotine vapor products containing liquid nicotine or hemp products intended for smoking. The Virginia Alcoholic Beverage Control Authority and the Virginia Department of Agriculture and Consumer Services, as applicable, shall enforce such requirements and restrictions and shall impose civil penalties on violations thereof.	Holly M. Seibold	02/13/24 House: Left in Appropriations			No Position			Yes	Yes				
HB 1547	Alcohol safety action program; entry into program; fee. Increases from \$300 to \$400 the maximum fee a person may be required to pay when entering a court-ordered alcohol safety action program.	Thomas C. Wright, Jr.	02/13/24 House: Left in Courts of Justice											
HJ 104	Commending Travis G. Hill.	Paul E. Krizek	02/08/24 Senate: Agreed to by Senate by voice vote											
SB 26	Alcoholic beverage control; public consumption; exemption. Provides that the prohibition on drinking or offering to another an alcoholic beverage in public shall not apply when such acts are conducted on the premises of a campground located on private property at which a majority of the campers use travel or tent trailers, pickup campers, or motor homes or similar recreational vehicles.	William M. Stanley, Jr.	02/14/24 House: Assigned GL sub: ABC/Gaming		Submitted 12/22/23	No Position			No					
SB 29	Budget Bill. Amends Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769 of the Acts of Assembly of 2023, as further amended by Chapter 1 of the Acts of Assembly of 2023, Special Session I.	L. Louise Lucas	02/20/24 Senate: Read first time											
SB 30	Budget Bill. Provides for all appropriations of the Budget submitted by the Governor of Virginia in accordance with the provisions of § 2.2-1509 of the Code of Virginia, and provides a portion of revenues for the two years ending respectively on the thirtieth day of June 2025 and the thirtieth day of June 2026.	L. Louise Lucas	02/20/24 Senate: Read first time											
SB 57	Carrying a concealed handgun onto the premises of any restaurant; penalty. Makes it a Class 2 misdemeanor for any person, except for active and qualified retired law-enforcement officers, to carry a concealed handgun onto the premises of any restaurant or club for which a license to sell and serve alcoholic beverages for on-premises consumption has been granted by the Virginia Alcoholic Beverage Control Authority. Under current law, a concealed handgun permit holder may carry a concealed handgun onto the premises of any restaurant or club that sells alcoholic beverages, but he is guilty of a Class 2 misdemeanor if he consumes an alcoholic beverage while on the premises.	Saddam Azlan Salim	02/14/24 House: Assigned PS sub: Firearms	02/22/2024 07:30 AM - House North Subcommittee Room - 200										
SB 95	Preliminary analysis of breath to determine alcoholic content of blood; failure to advise person of rights. Provides that if a police officer or a member of any sheriff's department fails to adequately advise a person of his rights to refuse a preliminary breath test, any preliminary breath test sample shall not be admissible for the purpose of determining probable cause.	William M. Stanley, Jr.	02/19/24 House: Subcommittee recommends reporting with amendments (8-Y 0-N)											
SB 168	Alcoholic beverage control; food-to-beverage ratio. Reduces the current 45 percent food-to-beverage ratio for certain mixed beverage licensees. The bill requires that a mixed beverage restaurant, caterer's, or limited caterer's licensee meet or exceed the following: (i) for such licensees with monthly food sales of at least \$4,000 but less than \$10,000, the food-to-beverage ratio shall be 35 percent and (ii) for such licensees with monthly food sales of at least \$10,000, there shall be no food-to-beverage ratio requirement imposed.	Bryce E. Reeves	02/14/24 House: Assigned GL sub: ABC/Gaming		Submitted 1/9/24	No Position			No					
SB 180	Alcoholic beverage control; annual mixed beverage performing arts facility licenses. Allows the Board of Directors of the Virginia Alcoholic Beverage Control Authority to issue annual mixed beverage performing arts facility licenses to persons operating food concessions at any performing arts amphitheater, arena, or similar facility that has a total capacity in excess of 3,000 patrons and is located in the City of Virginia Beach.	Bill DeSteph	02/20/24 House: Subcommittee recommends reporting with substitute (7-Y 0-N)		Submitted 1/9/24	No Position			No					
SB 182	Alcoholic beverage control; advertisements. Directs the Board of Directors of the Virginia Alcoholic Beverage Control Authority to promulgate regulations that prescribe the terms and conditions under which manufacturers, brokers, importers and wholesalers may advertise and promote alcoholic beverages via the Internet, social media, direct-to-consumer electronic communication, or other electronic means.	Aaron R. Rouse	02/20/24 House: Passed House (90-Y 7-N)		Submitted 1/9/24	No Position			No					
SB 212	Virginia Small Business Economic Development Act established; regulation of skill games; registration; penalties. Establishes the Virginia Small Business Economic Development Act for the purpose of providing a regulatory and registration scheme for skill game machines in the Commonwealth. The bill directs the Virginia Alcoholic Beverage Control Authority to adopt emergency regulations to implement the provisions of the bill and directs the Department of Taxation to collect a monthly tax of 15 percent from the gross revenue of each skill game machine from each skill game distributor.	Aaron R. Rouse	02/20/24 House: Reported from General Laws with substitute (15-Y 6-N)		Submitted 1/12/24	No Position	No Position	Yes						

Bill No.	Summary	Chief Patron	Last Action	Scheduled Meeting Date	LAS Submitted	VA ABC Position	Admin Bill	Admin Position	FIS Required	FIS Submitted	FIS	EBR	EBR Submitted	Last VA ABC Action
SB 222	Commonwealth information security requirements. Requires state public bodies, defined in the bill, to (i) comply with the Commonwealth's security policies and standards, (ii) ensure each of its employees completes information security training, (iii) conduct regular security audits, and (iv) report the results of such audits to the appropriate entity. The bill directs the Chief Information Officer of the Commonwealth to (a) publish and maintain a list of the Commonwealth's security policies and standards with which state public bodies are required to comply, (b) ensure that transition meetings with state public bodies occur, and (c) document such transitions and any exemptions from the requirements of the bill.	John J. McGuire, III	02/19/24 House: Reported from Communications, Technology and Innovation (22-Y 0-N); Assigned App. sub: General Government and Capital Outlay											
SB 307	Regulation of electronic gaming devices; penalties. Authorizes and specifies the licensing requirements for the manufacture, distribution, operation, servicing, hosting, and play of electronic gaming devices, as defined in the bill. The bill provides that electronic gaming devices are regulated by the Virginia Lottery Board and requires employees of such licensees to be registered with the Virginia Lottery. The bill imposes criminal and civil penalties for violations of the law and regulations related to electronic gaming devices. The bill imposes a 34 percent tax on all gross profits from the play of such gaming devices and provides for the use of such tax proceeds, with most being deposited into the general fund.	Jeremy S. McPike	02/14/24 Senate: Left in General Laws and Technology											
SB 317	Alcoholic beverage control; farm winery licenses; requirements and privileges. Exempts from certain requirements imposed on farm winery licensees by prior legislation persons that hold a farm winery license that was granted on or before July 1, 2020, and has continuously remained valid and active subsequent to its issuance if requested by such licensee. Such requirements relate to the characteristics of and tasks to be performed on the licensed premises, license qualifications, manufacturing and sale requirements and limitations, and utilization of contract winemaking services.	Richard H. Stuart	01/26/24 Senate: Stricken at request of Patron in Rehabilitation and Social Services (10-Y 0-N)		Submitted 1/11/24	No Position								
SB 400	Alcoholic beverage control; annual mixed beverage performing arts facility licenses. Allows the Board of Directors of the Virginia Alcoholic Beverage Control Authority to issue annual mixed beverage performing arts facility licenses to persons operating food concessions at any (i) performing arts facility located in the City of Charlottesville, provided that the performing arts facility (a) is occupied under a bona fide long-term lease or concession agreement, the original term of which was more than five years; (b) has a total capacity in excess of 550 patrons; and (c) has been rehabilitated in accordance with historic preservation standards; (ii) outdoor performing arts amphitheater, arena, or similar facility that has seating for more than 5,000 persons and is located in the City of Richmond; or (iii) outdoor performing arts amphitheater, arena, or similar facility that has seating for more than 2,500 persons and is located in the City of Charlottesville.	R. Craig Deeds	02/20/24 House: Subcommittee recommends reporting with substitute (7-Y 0-N)		Submitted 1/12/24	No Position								
SB 416	Alcoholic beverage control; tied house exception. Allows a manufacturer, bottler, broker, importer, or wholesaler to sponsor or provide support, including equipment, staff, financial, and other support, for a special event for which a nonprofit organization has been issued a banquet license and partners with a governmental entity that holds a mixed beverage caterer's license, provided that the mixed beverage caterer's license held by the governmental entity is not used in coordination with such special event.	Christopher T. Head	01/26/24 Senate: Stricken at request of Patron in Rehabilitation and Social Services (10-Y 0-N)		Submitted 1/13/14	No Position								
SB 582	Registration of tobacco products retailers; purchase, possession, and sale of retail tobacco products; retail tobacco products and liquid nicotine tax; penalties. Prohibits any person from selling any retail tobacco product, as defined in the bill, at retail without first obtaining a permit from the Department of Taxation and prohibits such sale at a location within 1,000 feet of a youth-oriented facility, as defined in the bill. The bill prohibits Internet sales of retail tobacco products, except to a permit-holding retailer, and prohibits the sale of retail tobacco products from vending machines. Under the bill, permits are subject to annual renewal and subject to revocation for violations of federal, state, or local laws related to tobacco products. The bill imposes recordkeeping requirements and makes it a Class 1 misdemeanor to engage in fraud or misrepresentation in connection with an application for a permit.	Adam P. Ebbin	02/20/24 House: Reported from General Laws with substitute (21-Y 0-N)					No Position	Yes	Yes				
SB 635	Alcoholic beverage control; sale and delivery of mixed beverages and pre-mixed wine for off-premises consumption; third-party delivery license; sunset; repeal. Repeals the July 1, 2024, sunset on provisions that allow (i) distillers that have been appointed as agents of the Board of Directors of the Virginia Alcoholic Beverage Control Authority, mixed beverage restaurant licensees, and limited mixed beverage restaurant licensees to sell mixed beverages for off-premises consumption and (ii) farm winery licensees to sell pre-mixed wine for off-premises consumption. The bill also repeals, effective July 1, 2026, third-party delivery licenses. The bill requires the Authority to convene a work group to review third-party delivery licenses and report its findings and recommendations to the Chairmen of the House Committee on General Laws and the Senate Committee on Rehabilitation and Social Services by November 15, 2024.	Aaron R. Rouse	02/20/24 House: Passed House (82-Y 16-N)		Submitted 1/15/24	No Position								

Bill No.	Summary	Chief Patron	Last Action	Scheduled Meeting Date	LAS Submitted	VA ABC Position	Admin Bill	Admin Position	FIS Required	FIS Submitted	FIS	EBR	EBR Submitted	Last VA ABC Action
SB 657	Alcoholic beverage control; annual mixed beverage performing arts facility licenses; on-and-off premises wine and beer licenses. Defines performing arts facility and standardizes the eligibility criteria for annual mixed beverage performing arts facility licenses and on-and-off-premises wine and beer licenses for performing arts food concessionaires. Under current law, the eligibility criteria for such licenses varies by location and includes inconsistent ownership, lease, capacity, and seating requirements.	Bryce E. Reeves	02/20/24 House: Subcommittee recommends reporting with substitute (7-Y 0-N)		Submitted 1/16/24	No Position								
SB 658	Alcoholic beverage control; summary suspension; timeline. Provides that when special agents of the Board of Directors of the Virginia Alcoholic Beverage Control Authority are conducting an initial investigation for purposes of summary suspension and the 48-hour time limit for such initial investigation expires on a Saturday, Sunday, or legal holiday, the special agents may submit their findings from such initial investigation any time prior to the close of business on the next day that is not a Saturday, Sunday, or legal holiday.	Bryce E. Reeves	02/20/24 House: Subcommittee recommends reporting (6-Y 1-N)		Submitted 1/16/24	Support		Support						
SB 690	Virginia Alcohol Safety Action Program; fee. Raises from \$300 to \$350 the maximum fee that may be charged to a person required by the court to enter the Virginia Alcohol Safety Action Program upon conviction of certain offenses related to driving a motor vehicle or commercial vehicle while intoxicated, operating a boat while intoxicated, or refusing to have samples of breath taken for chemical tests to determine alcohol content of blood.	Mark D. Obenshain	02/05/24 Senate: Stricken at request of Patron in Courts of Justice (15-Y 0-N)			No Position								
SB 694	Skill games; exceptions. Clarifies that skill games are a form of illegal gambling except where relevant Code provides otherwise.	William M. Stanley, Jr.	01/24/24 Senate: Continued to 2025 in General Laws and Technology (15-Y 0-N)											
SB 724	Alcoholic beverage control; annual mixed beverage performing arts facility license. Allows the Board of Directors of the Virginia Alcoholic Beverage Control Authority to issue an annual mixed beverage performing arts facility license to persons operating food concessions at any outdoor performing arts amphitheater, arena, or similar facility that has seating or capacity for more than 5,000 persons and is located in Floyd County.	William M. Stanley, Jr.	02/20/24 House: Subcommittee recommends reporting with substitute (7-Y 0-N)			No Position								
SJ 12	Virginia Gaming Commission, Joint Subcommittee studying feasibility of establishing; continued. Continues the Joint Subcommittee to Study the Feasibility of Establishing the Virginia Gaming Commission for two additional years, through November 30, 2025.	Bryce E. Reeves	02/15/24 House: Referred to Committee on Rules											
SJ 76	Commending Travis G. Hill.	Bryce E. Reeves	02/05/24 Senate: Bill text as passed Senate and House (SJ76ER)											
SJ 123	Commending the Virginia Alcoholic Beverage Control Authority.	Barbara A. Favola	02/19/24 Senate: Laid on Clerk's Desk											



Virginia ABC Financial Update

FY 2024

As of December 31, 2023

APPENDIX B

Purpose and Contents

Purpose of Discussion

Update the ABC Board on December YTD financial performance and seek approval on revised FY 2024-2026 forecasts.

Contents

Section 1 - December 2023 Financial Results (Month and YTD)

Section 2 - Store Sales Revenue Impacts and NABCA Comparison

Section 3 - Revised Forecast for FY 2024 - 2026

Section 1

December 2023 Financial Results (Month and YTD)

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - Month of December

	FY 2024		FY 2024		FY 2024	FY 2024		FY 2023		
	Actual		Budget		Variance	Percentage		Actual		Variance Percentage
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 169.6		\$ 168.6		\$ 1.0	0.6%	●	\$ 163.3		\$ 6.3 3.9%
Online Sales	1.3		1.4		(0.1)	-3.7%	●	1.3		- 0.0%
Other	2.2		1.9		0.3	15.8%	●	1.8		0.4 22.5%
Gross Revenue	173.1		171.9		1.2	0.7%	●	166.4		6.7 4.1%
Less: Spirits Excise Tax	28.3		28.2		(0.1)	-0.4%	●	27.3		(1.0) -3.7%
Net Revenue	144.8		143.7		1.1	0.8%	●	139.1		5.7 4.1%
Variable Operating Costs:										
Cost of Goods Sold	81.4	47.6%	81.6	48.0%	0.2	0.2%	●	77.3	47.0%	(4.1) -5.3%
Variable Administrative Costs	18.4		19.6		1.2	5.9%	●	19.2		0.8 4.0%
Total Variable Costs	99.8		101.2		1.4	1.3%	●	96.5		(3.3) -3.5%
Contribution Margin	45.0		42.5		2.5	6.0%	●	42.6		2.4 5.5%
Contribution Margin as a % of Store Sales	26.3%		25.0%					25.9%		
Fixed Operating Costs:										
Fixed Administrative Costs	6.4		7.2		0.8	11.1%	●	8.3		1.9 22.8%
Regulatory Costs (Enforcement & Hearings)	2.2		2.2		-	0.0%	●	1.8		(0.4) -22.2%
Total Fixed Costs	8.6		9.4		0.8	8.5%	●	10.1		1.5 14.8%
ABC Net Profit	\$ 36.4		\$ 33.1		\$ 3.3	10.1%	●	\$ 32.5		\$ 3.9 12.0%
Net Profit as a % of Store Sales	21.3%		19.4%					19.7%		
Net Profit as a % of Net Sales	25.1%		23.0%					23.4%		

● Favorable Variance
● Unfavorable Variance



December Actual Variance Analysis vs Budget

December(month):

- **Net Revenues** are \$1.1M or 0.8% above budget mainly due to higher net store sales of \$0.8M and higher than planned licensee revenue of \$0.3M.
- **Cost of Goods Sold** favorability of \$0.2M due to favorable vendor-paid promotions from November recorded on a one-month lag in December.
- **Variable Administrative Costs** are \$1.2M lower than budget due to the following:
 - \$1.2M Favorable wage/benefit costs due primarily to efforts to adjust store labor hours to the appropriate operating levels.
- **Fixed Administrative and Regulatory Costs** are \$0.8M favorable to budget mainly due to the following:
 - \$0.3M Favorable agency service charges following a 5-month catchup adjustment made in November, the full year will still be unfavorable
 - \$0.3M Favorable computer software development costs in line with lower IT project activity
 - \$0.2M Favorable computer software rentals given tight budget constraints
- **December Net Profits** of \$36.4M are \$3.3M or 10.1% favorable to budget.

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Contribution Margin - Income Statement (In Millions)

Fiscal Year 2024 - YTD as of 12/31/2023

	FY 2024		FY 2024		FY 2024	FY 2024		FY 2023			
	Actual		Budget		Variance	Percentage		Actual		Variance	Percentage
Revenue Sources:											
Alcoholic Beverages (Store Sales)	\$ 767.7		\$ 785.3		\$ (17.6)	-2.2%	●	\$ 752.8		\$ 14.9	2.0%
Online Sales	5.0		5.1		(0.1)	-2.0%	●	4.9		0.1	2.0%
Other	12.6		10.8		1.8	16.7%	●	10.9		1.7	15.9%
Gross Revenue	785.3		801.2		(15.9)	-2.0%	●	768.6		16.7	2.2%
Less: Spirits Excise Tax	127.8		130.9		3.1	2.4%	●	125.3		(2.5)	-2.0%
Net Revenue	657.5		670.3		(12.8)	-1.9%	●	643.3		14.2	2.2%
Variable Operating Costs:											
Cost of Goods Sold	370.6	48.0%	379.4	48.0%	8.8	2.3%	●	362.7	47.9%	(7.9)	-2.2%
Variable Administrative Costs	107.0		107.2		0.2	0.1%	●	105.7		(1.3)	-1.3%
Total Variable Costs	477.6		486.6		9.0	1.8%	●	468.4		(9.2)	-2.0%
Contribution Margin	179.9		183.7		(3.8)	-2.1%	●	174.9		5.0	2.8%
Contribution Margin as a % of Store Sales	23.3%		23.2%					23.1%			
Fixed Operating Costs:											
Fixed Administrative Costs	34.3		40.1		5.8	14.5%	●	40.9		6.6	16.1%
Regulatory Costs (Enforcement & Hearings)	12.7		12.3		(0.4)	-3.3%	●	11.3		(1.4)	-12.4%
Total Fixed Costs	47.0		52.4		5.4	10.3%	●	52.2		5.2	9.9%
ABC Net Profit	\$ 132.9		\$ 131.3		\$ 1.6	1.2%	●	\$ 122.7		\$ 10.2	8.3%
Net Profit as a % of Store Sales	17.2%		16.6%					16.2%			
Net Profit as a % of Net Sales	20.2%		19.6%					19.1%			

● Favorable Variance
● Unfavorable Variance



December YTD Actual Variance Analysis vs Budget

December (YTD):

- **Net Revenues** are \$12.8M or 1.9% below budget mainly due to lower net store sales of \$14.6M, partially offset by higher than planned licensee revenue of \$1.8M.
- **Cost of Goods Sold** favorability of \$8.8M is directly attributable to the lower sales and remains consistent at roughly 48.0% of store and online sales.
- **Variable Administrative Costs** are \$0.2M lower than budget due to the following:
 - \$0.7M Favorable credit card fees in line with unfavorable sales vs budget
 - (\$0.2M) Unfavorable personal services costs mainly due to an overallocation of store wage hours for July and August. As noted above, December personnel costs were favorable and reflects efforts to make-up for the Q1 variance and get back to budget.
 - (\$0.3M) Unfavorable custodial services and material costs
- **Fixed Administrative Costs** are \$5.8M or 14.5% favorable to budget mainly due to the following:
 - \$0.6M Favorable leave liability adjustment due to higher PTO usage YTD
 - \$1.8M Favorable computer software development costs in line with lower IT project activity
 - \$1.0M Lower than anticipated network server costs
 - \$0.5M Lower than anticipated computer software purchases
 - \$0.5M Lower store fixture costs for new stores versus budget (related to timing)
 - \$0.4M Lower employee training versus budget (related to timing)
 - \$1.2M Lower personal services related to ABC budgeted funding for bonuses/2% pay increase (related to timing)
- **Regulatory Costs** of \$12.7M are \$0.4M unfavorable mainly due to lower than anticipated attrition rates.
- **YTD Net Profits** of \$132.9M are \$1.6M or 1.2% favorable to budget.



Section 2

Store Sales Revenue Impacts and NABCA Comparison

Virginia ABC is feeling the effect of an industry-wide sales slowdown

Including the tentative results for Jan'24 sales, Virginia ABC's store sales revenue is 2.9% below budget. Spirits sales have slowed across the United States, in both "open" and control states, leading to suppliers publicly revising sales estimates downwards.

Virginia ABC: FY'24 Store Sales Revenue Tracking								
<i>In \$M</i>	Jul'23	Aug'23	Sep'23	Oct'23	Nov'23	Dec'23	Jan'24 (tent.)	FY'24 YTD
Actual	121.8	115.2	116.1	124.5	127.0	171.9	99.7	876.2
Budget	121.4	119.8	122.8	126.3	132.2	170.6	109.6	902.7
Variance B/(W)	0.4	(4.6)	(6.7)	(1.8)	(5.2)	1.3	(9.9)	(26.5)
<i>FY'23 Actual</i>	<i>119.4</i>	<i>112.5</i>	<i>116.0</i>	<i>122.4</i>	<i>124.8</i>	<i>165.3</i>	<i>102.8</i>	<i>863.1</i>
<i>Growth vs FY'23</i>	<i>2.0%</i>	<i>2.4%</i>	<i>0.1%</i>	<i>1.7%</i>	<i>1.8%</i>	<i>4.0%</i>	<i>-3.0%</i>	<i>1.5%</i>

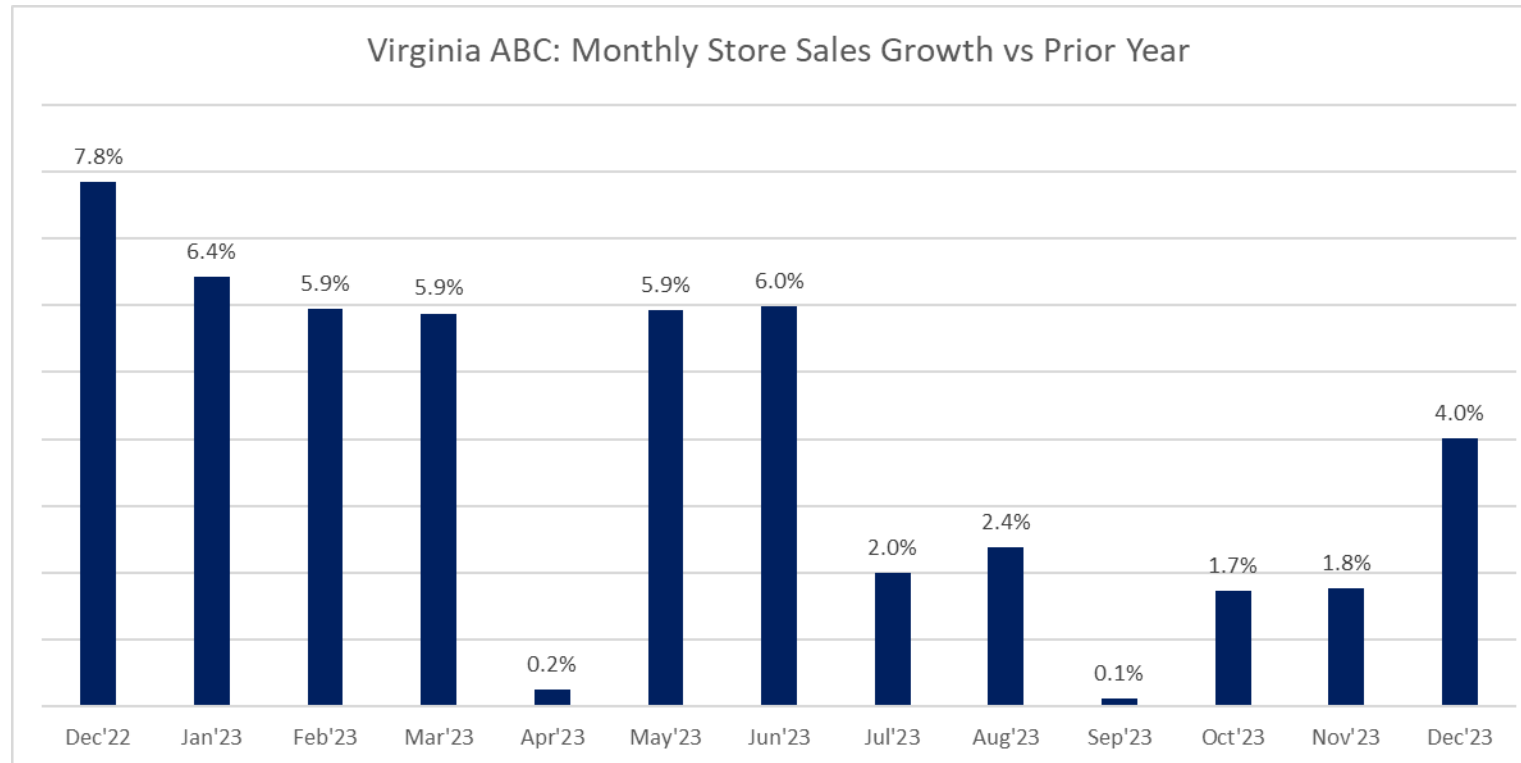
Source: SmartView and Oracle BI

↓

In addition to general economic and industry trends, January store sales have been heavily impacted by inclement weather, increased participation in "Dry January" initiatives, and potential stock up activities in Dec'23, resulting in material sales declines versus FY'23

This sales downturn began affecting Virginia ABC store sales in July

Virginia ABC store sales had 4.9% growth in FY'23, but there was a material shift in monthly growth rates that occurred in Jul'23 that has resulted in lower-than-expected sales levels that are driving budget unfavorability.

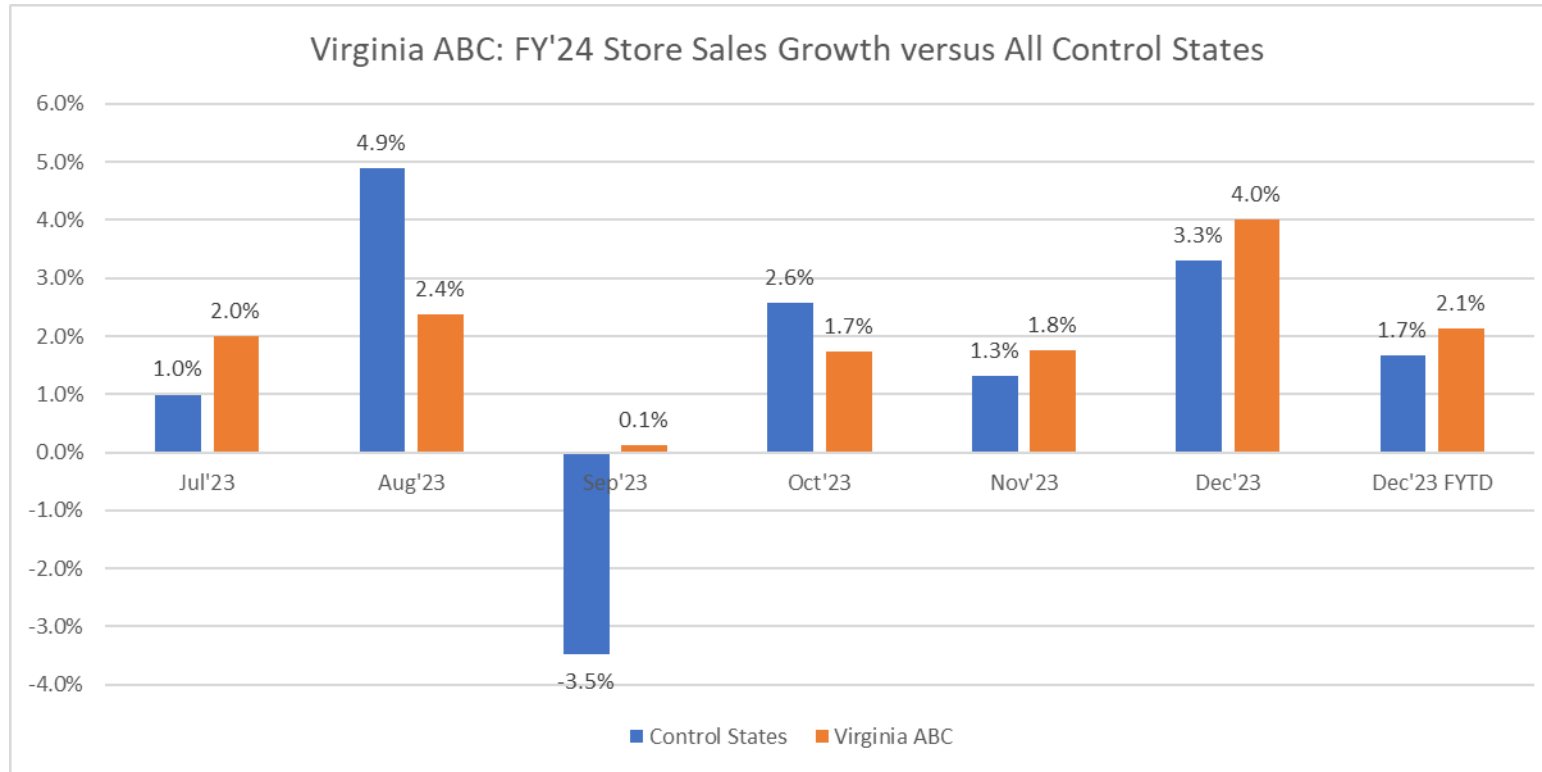


Source: SmartView and Oracle BI

Note: Apr'23 materially impacted by change in days versus prior year, Apr'22 had 5 Fridays and 4 Sundays, whereas Apr'23 had 4 Fridays and 5 Sundays

Virginia isn't the only control state experiencing low growth rates

The 17 control states in aggregate had 1.7% growth between Jul'23 and Dec'23, demonstrating that Virginia isn't isolated in the current low growth rates. Virginia ABC's growth during this time of 2.1% was 27.8% higher than all control states.




Source: SmartView and NABCA Control State Results


Multiple industry suppliers have recently highlighted low growth

Major industry suppliers Brown-Forman, Pernod Ricard, and Moët Hennessey have all recently highlighted lower demand for spirits as driving down spirits sales.

Jack Daniel's owner Brown-Forman reported “slower than anticipated” sales for the first half of its 2024 fiscal year; dragged down by whiskey and Tequila declines. The US firm reported a sales increase of 1% to US\$2.1 billion for the six months to 31 October 2023, with operating income rising by 1% to US\$666 million. Dec 7, 2023


 The Spirits Business
<https://www.thespiritsbusiness.com> › 2023/12 › brown-f...

The French drinks group said Thursday that sales came in at 3.04 billion euros (\$3.20 billion) in the three months to the end of September, down 8% on the year in reported terms and 2% organically. Oct 19, 2023

 Wall Street Journal
<https://www.wsj.com> › Economy › Consumers

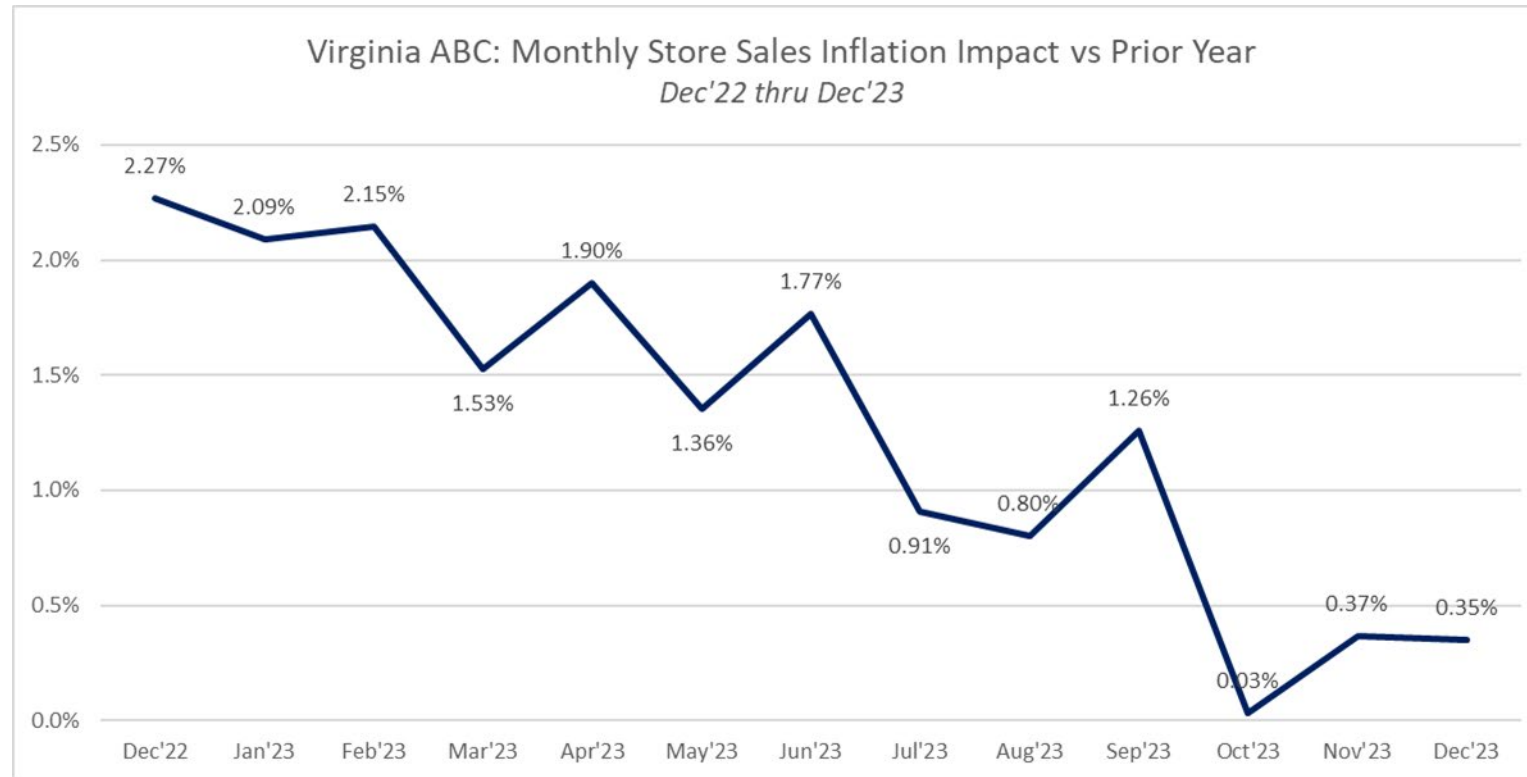
Pernod Ricard Sales Fall as Americans Drink Less - WSJ

Moët Hennessey, the wine and spirits arm of luxury conglomerate LVMH, saw organic revenue drop by 7% to €4.7 billion (US\$4.98bn) in the first nine months of 2023. The subsidiary's sales for the third quarter fell by 14% to €1.5bn (US\$1.6bn). Oct 11, 2023

 The Spirits Business
<https://www.thespiritsbusiness.com> › 2023/10 › lvmh-spi...

Lower supplier driven inflation is impacting Virginia ABC revenues

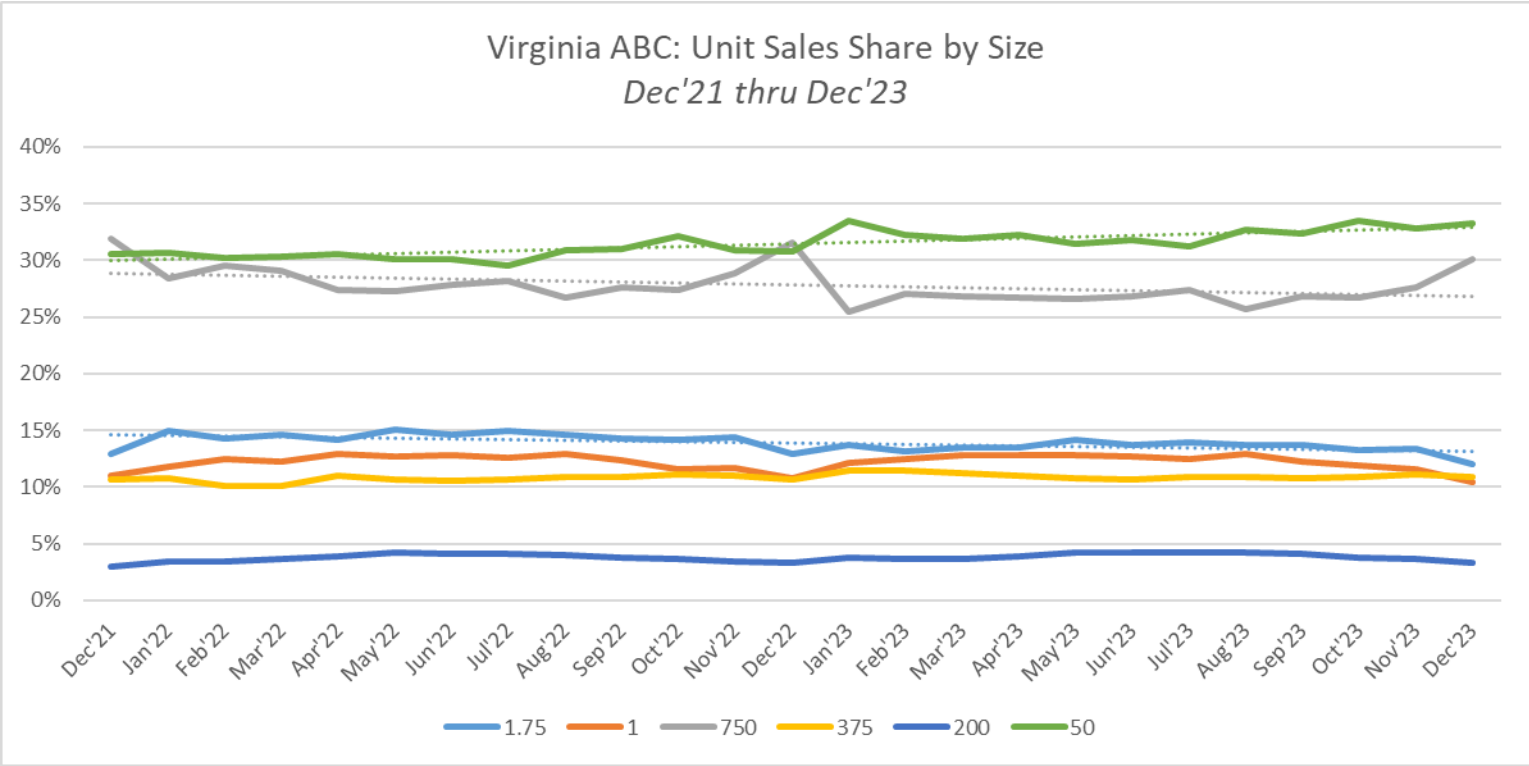
As suppliers become more concerned about sales levels, they lower shelf prices and offer discounts as they try to maintain share. This is good for consumers but lowers Virginia ABC's store sales revenues.



Source: Oracle BI, SmartView, and Strategy & Analytics internal analysis

Consumers are shifting to buying smaller sized spirits products

Rather than moving down the shelf, we're seeing customers moving to smaller bottle sizes. Both the 1.75L and 750ml sizes are seeing declines, while the 50ml is increasing. Some of this is unwinding COVID impacts, but goes beyond pre-COVID norms.

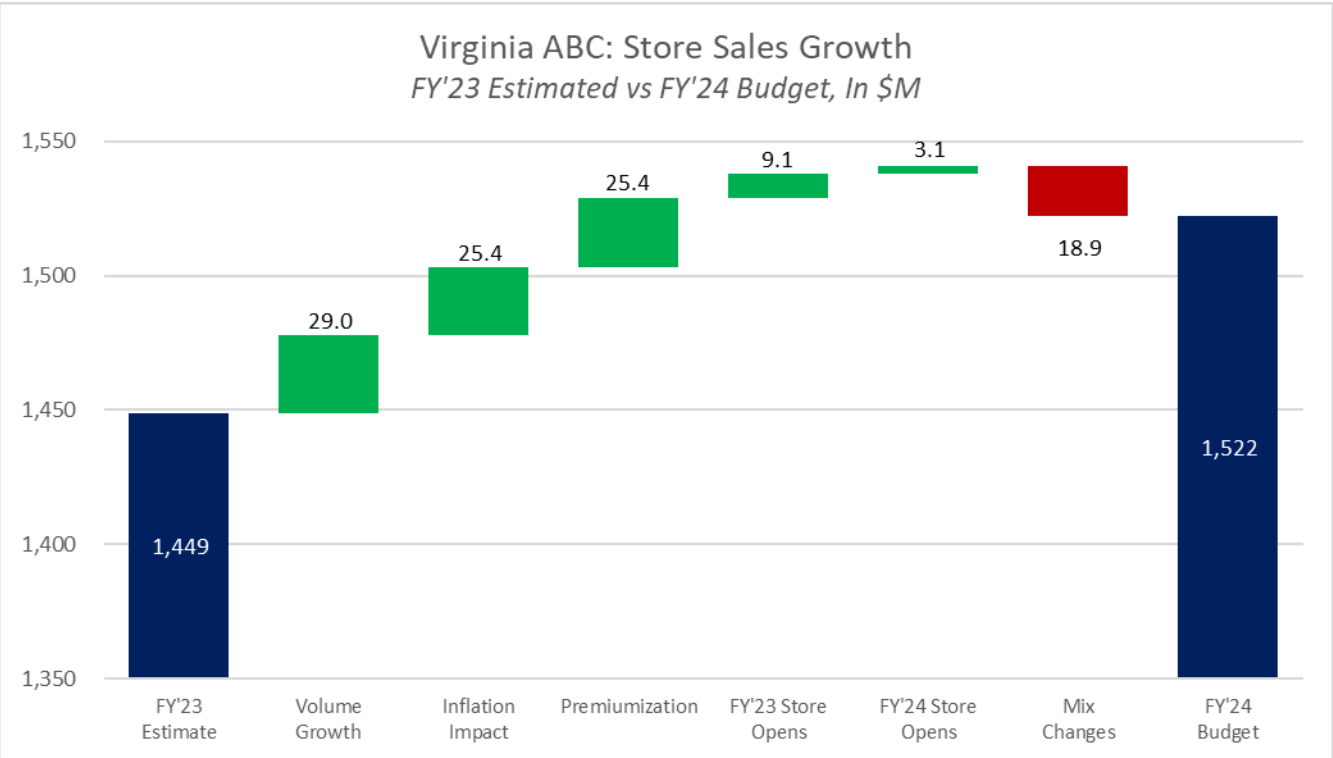


Source: Oracle BI



Store Sales Revenues: Budgeting 5.1% growth in FY'24

Growth in FY'24 primarily driven by premiumization, inflation, and volume growth; economic downturn and volume growth are the biggest risks to achieving this forecast.



Source: SmartView, Data Warehouse, Strategy & Analytics analysis

Assumptions:

- Volume Growth* – 2.0% increase in bottle volumes
- Inflation Impact* – 1.75% increase in average bottle pricing
- Premiumization* – 1.75% increase from consumer price selection
- FY'23 Store Opens* – Net impact @ \$225K/month, 4 stores
- FY'24 Store Opens* – \$65K/month, 8 stores, midyear average open
- Mix Changes* – Ongoing shift into larger sizes, resulting in lower price per liter, and trading down activity into smaller sizes

Risks:

- Economic Downturn* – spirits industry is recession resilient, but drives consumers down shelf (dep premiumization), purchase larger sizes, and reduced licensee sales from restaurant visit declines
- Volume Growth* – Volumes have been stagnant across industry post-pandemic, and declined in April; investor analysts recommending “hold” on supplier stocks due to slow/no growth
- Store Openings* – Identification and buildout of 8 locations that meet Authority goals for new stores

Opportunities:

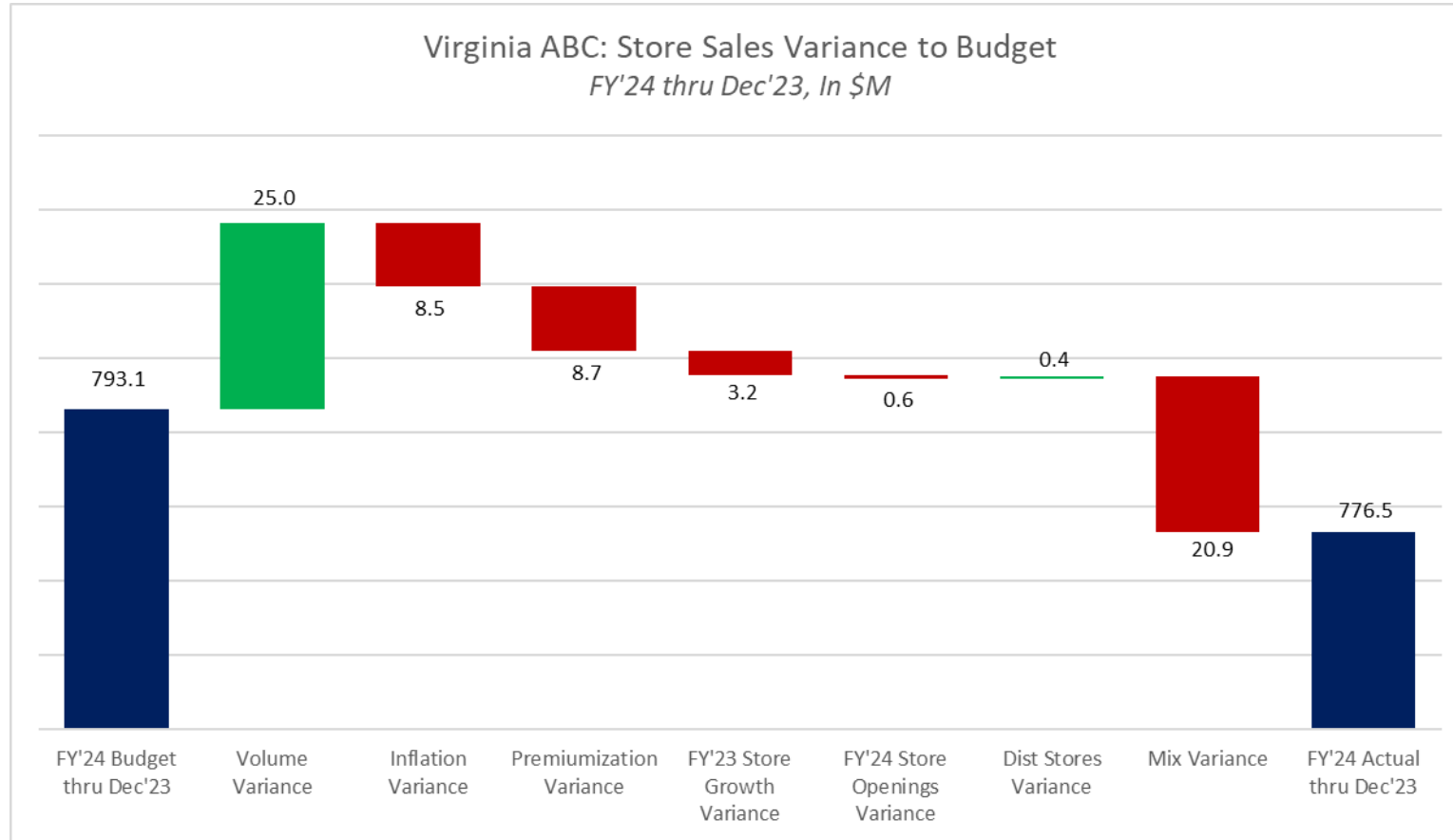
- Inflation* – supplier context suggests fewer price increases in FY'24, above 1.75% could deliver greater revenues
- Marketing* – Potential to seek out marketing opportunities to reverse the mix declines
- Online Cross Sell* – Moving limited availability products to online sales could result in additional cross sell opportunities as consumers check out their transactions



This slide is directly out of the FY'24 budget materials, explaining budget thinking at the time

The changed sales environment is impacting every budget assumption.

Lower inflation and the mix shift to smaller sizes are driving 63% of the budgeted store sales shortfall. New stores opened in FY'23 are not selling at same rate as stores opened in FY'22, volume and premiumization growth are below budget as well.



<i>Assumption</i>	2.0%	1.75%	1.75%	\$225k/mo
<i>Actual</i>	5.3%	0.61%	0.59%	\$92k/mo

Source: Oracle BI, SmartView, and Strategy & Analytics internal analysis
 Note 1: Represents Gross Store Sales before any offsets such as over/shorts



We have focused attention to increase revenue and customer engagement

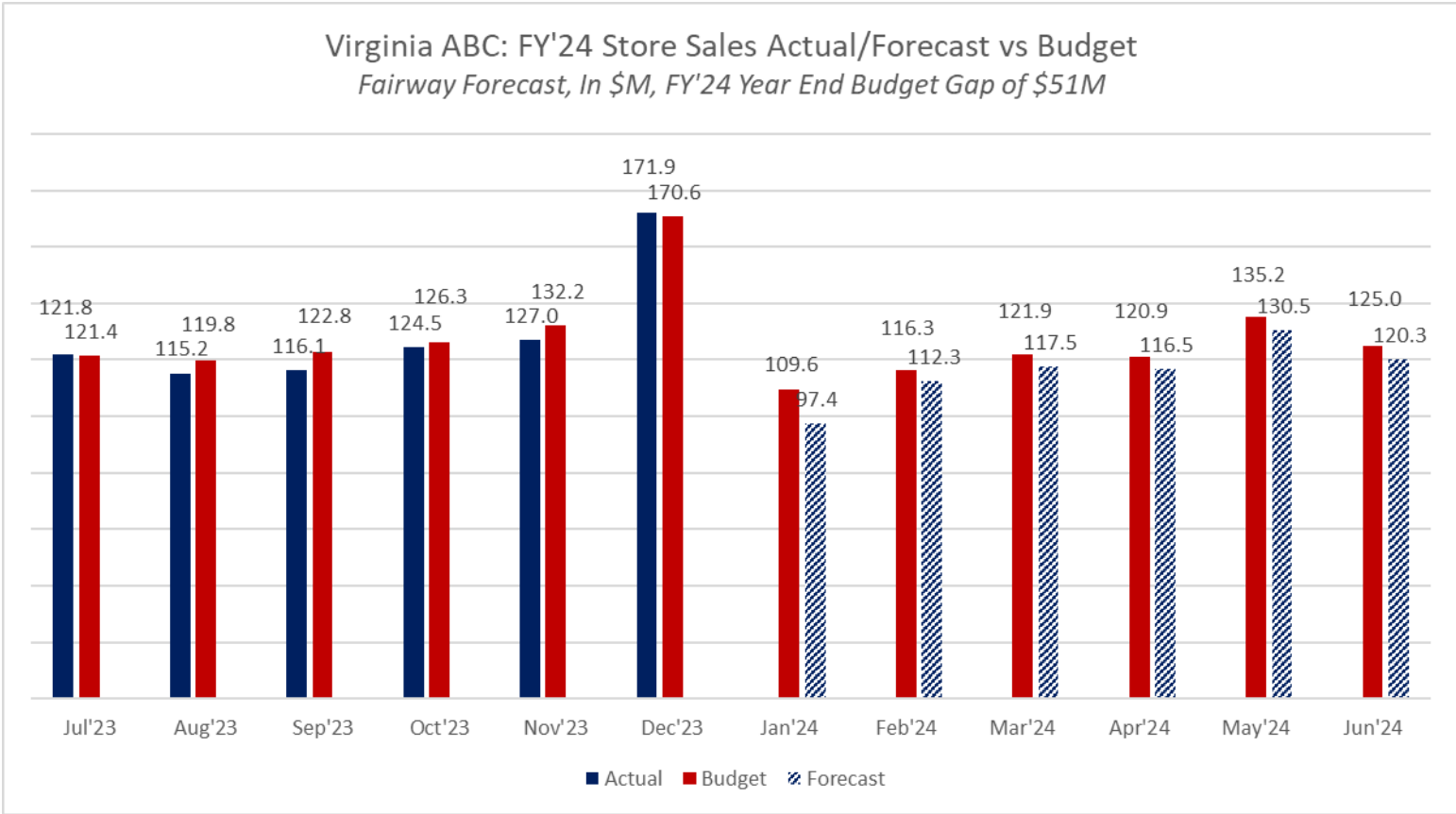
New and creative retailing promotions have been implemented to increase customers visits to ABC stores and improve the level of engagement to maximize sales opportunities.

- Established weekly revenue calls with the administration CTO to identify opportunities to increase revenue.
 - Standardized sales data used for analysis and decisioning
 - Identified and implemented additional doorbuster/flash sale promotion events
- Maximized frequency and inventory levels for allocated drop promotion events.
 - 10/14/23 Allocated Drop \$4.1M (69,703 bottles sold; 76% sell through)
 - 12/02/23 Willett Barrel Release \$0.7M (10,584 bottles sold; 95% sell through)
 - 12/09/23 Barrel Release \$1.0M (12,742 bottles sold; 64% sell through)
 - 12/16/23 Allocated Drop \$3.2M (58,457 bottles sold; 83% sell through)
- Collaborated with suppliers to secure additional limited availability products (Buffalo Trace/Cream minis).
 - 11/21 – 12/28/23 \$834K
- Rolled out a new Compass tool with daily system updates to increase data flow and help Retail leaders to drive revenue; cross-divisional collaboration with Retail leaders continues to drive increased learnings from the tool.
- Focused effort on maximizing inventory levels to address retail out-of-stock situations.
- Extended store hours during the holiday season to maximize sales opportunities.
- Developed a holiday ambassador program to strengthen relationships between HQ and retail staff; additional store support enabled retail employees more dedicated time for enhanced customer service.
- Met with NABCA executives to enhance VAABC and NABCA partnership especially in areas around data, regulatory/enforcement, and supplier relationships.



Current forecast falls short of FY'24 store sales budget by \$51M

January's unexpected unfavorability drives a change in expectations, especially with winter not yet over. We remain hopeful that we will beat this forecast, and every \$1M in store sales revenue drives an additional ~\$0.35M in additional profit.



Source: SmartView and Strategy & Analytics internal analysis
 Note 1: Represents Gross Store Sales before any offsets such as over/shorts; after including these offsets, the gap is \$52.8M



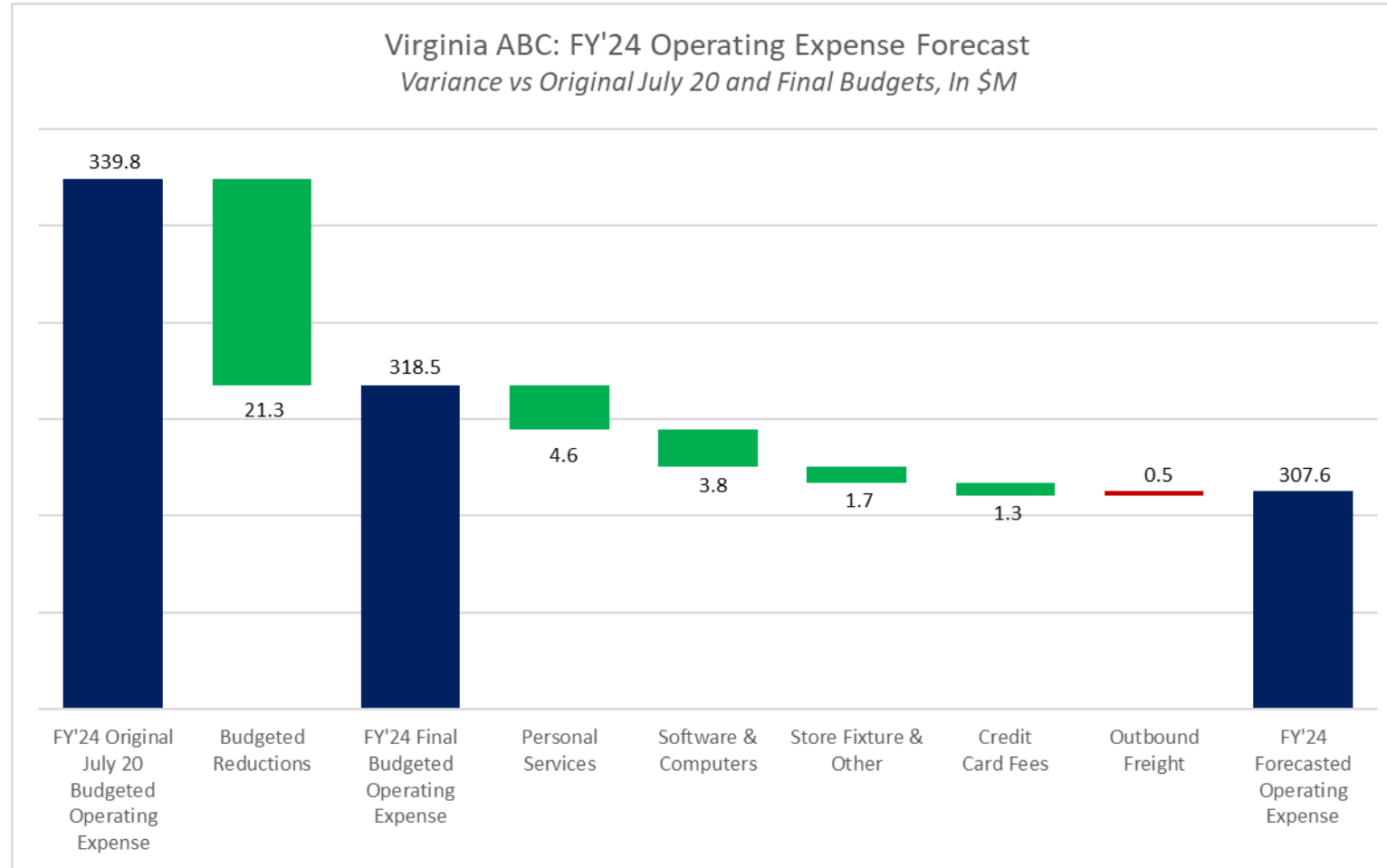
Ongoing expense management is offsetting some of the revenue shortfalls

In addition to the cost cutting efforts implemented into the FY'24 budget, we have been aggressively managing expenditures to help offset lost profits from lower than budgeted store sales.

- All vacated positions are being critically evaluated with only retail, enforcement and critical need positions being backfilled.
- Two vacated C-Suite positions are not currently planned to be backfilled. Functional reporting responsibilities have been reassigned to other C-Suite members.
- Initiated weekly spend review meetings to analyze procurement requests and invoices greater than \$10K to further identify opportunities for spending efficiencies.
- Modified large scale contracts to reduce operational costs.
 - Transitioned from paper bags to biodegradable plastic bags (approx. \$140K per month saving)
 - Modified Cintas replenishment strategy for retail store supplies to reduce excess supplies on-hand

Those aggressive actions have saved \$32M on Operating Costs overall.

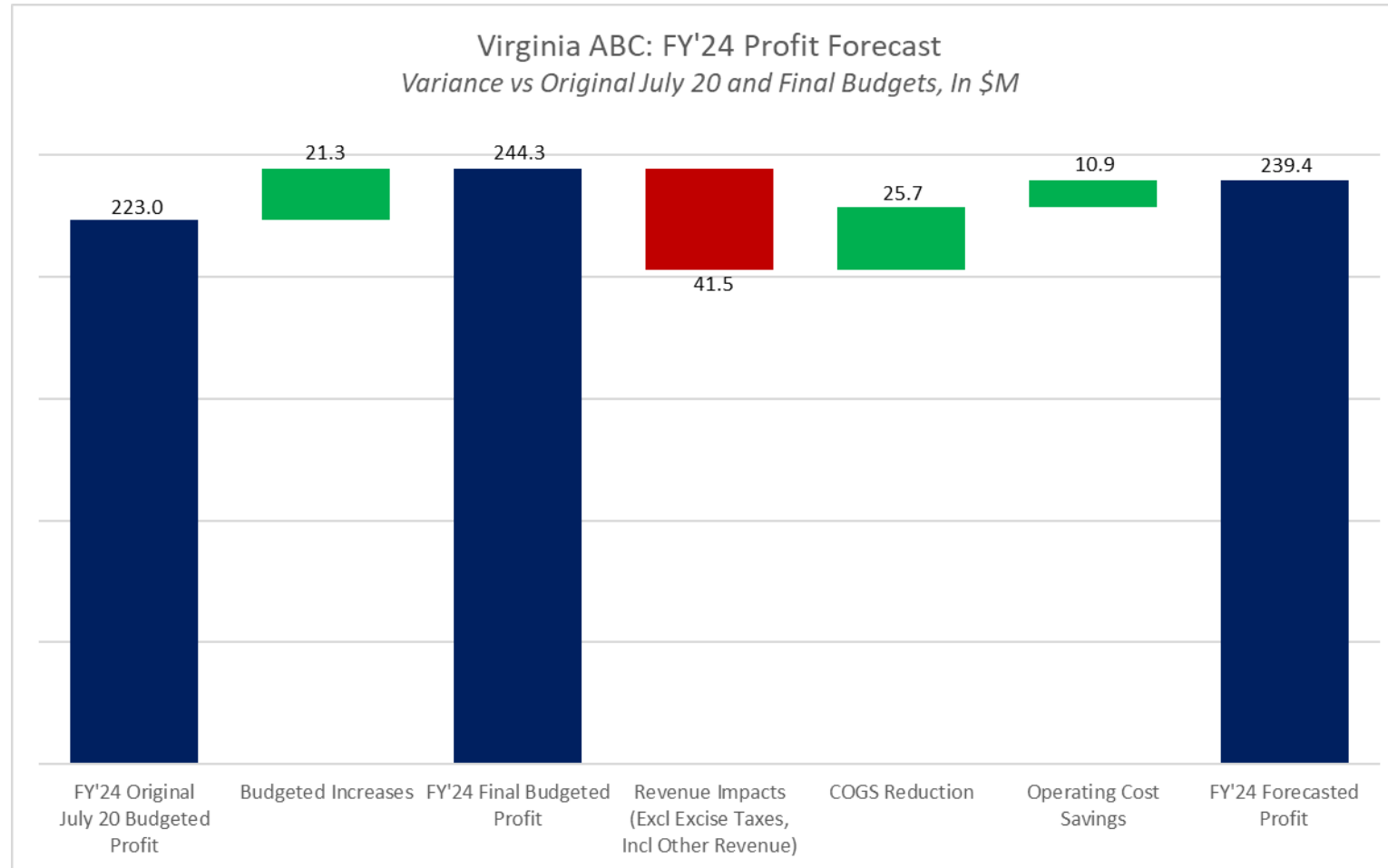
After the initial reduction of \$21.3M incorporated into the final budget, ongoing actions have saved an additional \$10.9M, primarily in personnel related costs and software and computer related equipment. We will continue to focus on costs.



Source: Finance internal analysis

Ultimately, we are forecasting a \$4.9M unfavorable variance to profit

After excise taxes and cost of goods sold, the revenue impact on profits is \$15.8M, but the aggressive savings on operating cost claws back \$10.9M of that impact, leaving an unfavorable variance of \$4.9M versus the final budget.



Source: Finance and Strategy & Analytics internal analysis

Section 3

Revised FY 2024 – 2026 Forecast

FY 2024 – 2026 Budget/GACRE Recap

- In FY 2024, ABC budgeted sales growth in the retail segment at 5.1% due to volume increases of 2%, pricing impacts of 1.75% and premiumization of 1.75%, partially offset by anticipated changes in product mix.
- Similar revenue growth of 5% was anticipated in both fiscal years 2025 and 2026.
- ABC's FY 2024 budgeted net profit of \$244.3M reflected a net profit increase of \$23.7M over FY 2023 and was based on aggressively controlling spending (eliminating reliance on 3rd part vendors, minimizing discretionary expenditures, eliminating non-critical open positions, etc.), and leveraging operational efficiencies.
- FY 2025 – 2026 GACRE focused on increasing profit margins with minimal investments in new technology/infrastructure.
- ABC's budgeted 1% salary increase in FY 2025 – 2026 may be at risk if the State approves higher increases.

FY 2024 Forecast – as of January 31, 2024

FY 2024 Financial Outlook versus Budget

- ABC’s actual revenue growth through January 2024 is **1.5%**.
- The overall spirits industry is experiencing similar year-over-year declining growth. NABCA data of Controlled States through December 2023 reflects year-over-year revenue growth of only 1.7%.
- The net profit impact of the net store revenue shortfall is \$16.9M. Other sales change options yield the following:

Profit Impact of Sales Change Options	
% Sales Change	Profit Impact in Millions
1.2%	(\$18.2)
1.4%	(\$16.9)
1.6%	(\$16.1)
1.8%	(\$15.0)
2.0%	(\$13.9)

- ABC revised the FY 2024 forecast to reflect anticipated revenue growth of 1.4% representing a \$43.9M shortfall in net store sales versus the budget of 5.1%.
- **ABC’s ongoing cost control actions result in an additional \$10.9M in savings helping to offset the impact of the revenue shortfall.**
- **The revised FY 2024 forecast reflects net profits of \$239.4M or \$4.9M less than budget of \$244.3M.**
- **Overall, net profit margins as a percentage of sales increased to 19.1% versus the 18.9% budget.**

FY'24's effects also impact our forecasts for FY'25 and FY'26

The industry is expecting slower growth, and ABC only budgeted 1% in compensation increases, which is a risk from legislative pay raises. Software amortization rolling off helps reduce operating cost growth in FY'26.

Virginia Alcoholic Beverage Control Authority FY2024, FY2025 and FY 2026 Current Forecast vs. GACRE Forecast (in millions)

		Curr.Fcst. FY 2024	Final Budget FY2024	Variance	Curr.Fcst. FY 2025	GACRE FCST FY2025	Variance	Curr.Fcst. FY 2026	GACRE FCST FY2026	Variance
Revenue Sources	Growth Rate	1.4%	5.1%	-3.7%	2.0%	5.0%	-3.0%	2.5%	5.0%	-2.5%
Alcoholic Beverages (Store Sales)		1,464.6	1,517.4	(52.8)	1,493.9	1,593.3	(99.4)	1,531.2	1,673.0	(141.8)
Less: State Taxes on Spirits & Wine		242.4	251.3	(8.9)	247.3	263.8	(16.5)	253.6	277.1	(23.5)
Net Store Sales		1,222.2	1,266.1	(43.9)	1,246.6	1,329.5	(82.9)	1,277.6	1,395.9	(118.3)
Other Revenue		27.4	25.0	2.4	25.2	25.2	-	25.5	25.5	-
Total Net Revenue		1,249.6	1,291.1	(41.5)	1,271.8	1,354.7	(82.9)	1,303.1	1,421.4	(118.3)
Cost of Goods Sold:		702.6	728.3	(25.7)	717.1	764.8	(47.7)	734.9	803.0	(68.1)
Operating Costs:		307.6	318.5	(10.9)	312.9	314.3	(1.4)	316.0	318.0	(2.0)
VABC Net Profit		239.4	244.3	(4.9)	241.8	275.6	(33.8)	252.2	300.4	(48.2)
Profit Carryover from Prior Fiscal Year		(0.8)	(0.8)	-	0.0	0.0	-	0.0	0.0	-
Adjusted VABC Profit Including Carryover		238.6	243.5	(4.9)	241.8	275.6	(33.8)	252.2	300.4	(48.2)
Net Profit as % of Net Revenue		19.1%	18.9%		19.0%	20.3%		19.4%	21.1%	

Source: Finance internal analysis



Net profit variances in FY 2025 and 2026 are directly related to lower Store Sales which equate to a 35% profit impact.

Next Steps

1. Request ABC Board approval on revised FY 2024-2026 Forecast
2. Review updates with Senate and House Finance Committees
3. Request updates be reflected in revised Budget Bills

Appendix

Assumptions in GACRE Forecast FY 25 – FY 29

*The FY24 Budget was used as the basis for establishing FY24 GACRE

Assumptions for GACRE in FY 2025 - 2029

	<u>Year over year growth rate</u>				
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
Revenue Assumptions:					
Rev Growth Rate	5.00%	5.00%	5.00%	5.0%	5.0%
Mics. Rev Growth Rate	1.00%	1.00%	1.00%	1.00%	1.00%
Licensing Fee Adjustment	1.00%	1.00%	1.00%	1.00%	1.00%
Expense Assumptions:					
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%
Ongoing Operational Efficiencies to offset Inflationary Impact	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%
Freight Volume Cost Inc	3.00%	3.00%	3.00%	2.00%	2.00%
Healthcare	0.00%	4.00%	0.00%	2.00%	2.00%
Credit Card Fees	1.39%	1.42%	1.45%	1.47%	1.50%
Salary/Wage Increase	1.00%	1.00%	2.00%	2.00%	2.00%
Vacancy Factor - All divisions (except IT & Enforcement)	2%-3%	2%-3%	2%-3%	2%-3%	2%-3%
Vacancy Factor - IT/Enforcement	5%/9%	5%/9%	5%/9%	5%/9%	5%/9%
New Stores (Full year Impact)	4	4	4	4	4
New Store Personnel	8	8	8	8	8
Rent Escalation	3.00%	3.00%	3.00%	2.00%	2.00%

Other Efficiencies factored into GACRE

	YOY Flowthrough FY25 through FY29	YOY Flowthrough FY26 through FY29
Attrition	\$ (4,532,194)	\$ (1,200,000)
Skilled Services Contractor Cost Reduction	\$ (1,100,000)	
Employee Incentive program	\$ 800,000	

January 2024 Financial Performance

Virginia ABC



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - Month of January

	FY 2024		FY 2024		FY 2024		FY 2024		FY 2023				
	Actual		Budget		Variance	Percentage		Actual	Variance	Percentage			
Revenue Sources:													
Alcoholic Beverages (Store Sales)	\$	99.3	\$	108.5	\$	(9.2)	-8.5%	●	\$	101.7	\$	(2.4)	-2.4%
Online Sales		0.5		0.7		(0.2)	-28.6%	●		0.6		(0.1)	-16.7%
Other		2.6		2.3		0.3	13.0%	●		2.5		0.1	2.2%
Gross Revenue		102.4		111.5		(9.1)	-8.2%	●		104.8		(2.4)	-2.3%
Less: Spirits Excise Tax		16.5		18.1		1.6	8.8%	●		17.0		0.5	2.9%
Net Revenue		85.9		93.4		(7.5)	-8.0%	●		87.8		(1.9)	-2.2%
Variable Operating Costs:													
Cost of Goods Sold		48.4	48.5%	52.4	48.0%	4.0	7.6%	●		49.4	48.3%	1.0	2.0%
Variable Administrative Costs		18.0		17.4		(0.6)	-3.4%	●		18.1		0.1	0.6%
Total Variable Costs		66.4		69.8		3.4	4.9%	●		67.5		1.1	1.6%
Contribution Margin		19.5		23.6		(4.1)	-17.4%	●		20.3		(0.8)	-4.2%
Contribution Margin as a % of Store Sales		19.5%		21.6%						19.9%			
Fixed Operating Costs:													
Fixed Administrative Costs		5.6		6.2		0.6	9.7%	●		6.4		0.8	12.5%
Regulatory Costs (Enforcement & Hearings)		2.2		2.4		0.2	8.3%	●		2.0		(0.2)	-10.0%
Total Fixed Costs		7.8		8.6		0.8	9.3%	●		8.4		0.6	7.1%
ABC Net Profit	\$	11.7	\$	15.0	\$	(3.3)	-22.0%	●	\$	11.9	\$	(0.2)	-2.1%
Net Profit as a % of Store Sales		11.7%		13.7%						11.7%			
Net Profit as a % of Net Sales		13.6%		16.1%						13.6%			

● Favorable Variance
● Unfavorable Variance



January Actual Variance Analysis vs Budget

January(month):

- **Net Revenues** are \$7.5M or 8.0% below budget mainly due to lower net store sales of \$7.8M partially offset by higher other income \$0.3M primarily due to higher interest income on ABC's cash balance.
- **Cost of Goods Sold** favorability of \$4.0M due principally to the lower net store sales noted above.
- **Variable Administrative Costs** are \$0.6M higher than budget due to the following:
 - (\$0.5M) Unfavorable wage/benefit costs due to an overallocation of store wage hours in January partially offset by lower retail salary costs due to unfilled positions.
- **Fixed Administrative and Regulatory Costs** are \$0.8M favorable to budget mainly due to the following:
 - \$0.4M Favorable personal services costs due to unfilled positions
 - \$0.3M Favorable computer software development costs in line with lower IT project activity
 - \$0.3M Lower than anticipated network server costs
 - (\$0.2M) Higher computer equipment and software purchases
- **January Net Profits** of \$11.7M are \$3.3M or 22.0% unfavorable to budget.

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2024 - YTD as of 1/31/2024

	FY 2024		FY 2024		FY 2024		FY 2024		FY 2023			
	Actual		Budget		Variance	Percentage			Actual	Variance	Percentage	
Revenue Sources:												
Alcoholic Beverages (Store Sales)	\$ 867.0		\$ 893.8		\$ (26.8)	-3.0%	●		\$ 854.4	\$ 12.6	1.5%	
Online Sales	5.5		5.8		(0.3)	-5.2%	●		5.6	(0.1)	-1.8%	
Other	15.2		13.1		2.1	16.0%	●		13.5	1.7	12.6%	
Gross Revenue	887.7		912.7		(25.0)	-2.7%	●		873.5	14.2	1.6%	
Less: Spirits Excise Tax	144.3		149.0		4.7	3.2%	●		142.3	(2.0)	-1.4%	
Net Revenue	743.4		763.7		(20.3)	-2.7%	●		731.2	12.2	1.7%	
Variable Operating Costs:												
Cost of Goods Sold	419.0	48.0%	431.8	48.0%	12.8	3.0%	●		412.1	47.9%	(6.9)	-1.7%
Variable Administrative Costs	125.1		124.6		(0.5)	-0.4%	●		123.9	(1.2)	-1.0%	
Total Variable Costs	544.1		556.4		12.3	2.2%	●		536.0	(8.1)	-1.5%	
Contribution Margin												
	199.3		207.3		(8.0)	-3.9%	●		195.2	4.1	2.1%	
Contribution Margin as a % of Store Sales	22.8%		23.0%						22.7%			
Fixed Operating Costs:												
Fixed Administrative Costs	39.8		46.3		6.5	14.0%	●		47.3	7.5	15.8%	
Regulatory Costs (Enforcement & Hearings)	14.9		14.7		(0.2)	-1.4%	●		13.3	(1.6)	-12.0%	
Total Fixed Costs	54.7		61.0		6.3	10.3%	●		60.6	5.9	9.7%	
ABC Net Profit												
	\$ 144.6		\$ 146.3		\$ (1.7)	-1.2%	●		\$ 134.6	\$ 10.0	7.4%	
Net Profit as a % of Store Sales	16.6%		16.3%						15.7%			
Net Profit as a % of Net Sales	19.4%		19.2%						18.4%			

● Favorable Variance
● Unfavorable Variance



January YTD Actual Variance Analysis vs Budget

January (YTD):

- **Net Revenues** are \$20.3M or 2.7% below budget mainly due to lower net store sales of \$22.4M, partially offset by higher other income of \$2.1M primarily due to higher interest income on ABC's cash balance and higher than planned licensee revenue.
- **Cost of Goods Sold** favorability of \$12.8M is directly attributable to the lower sales and remains consistent at 48.0% of store and online sales.
- **Variable Administrative Costs** are \$0.5M higher than budget due to the following:
 - (\$0.7M) Unfavorable personal services costs mainly due to an overallocation of store wage hours for July and August and January
 - (\$0.3M) Unfavorable outbound freight services
 - (\$0.3M) Unfavorable custodial services and material costs
 - \$0.8M Favorable credit card fees in line with unfavorable sales vs budget
- **Fixed Administrative Costs** are \$6.5M or 14.5% favorable to budget mainly due to the following:
 - \$2.0M Favorable computer software development costs in line with lower IT project activity
 - \$1.4M Lower personal services primarily related to ABC budgeted funding for bonuses/2% pay increase (related to timing)
 - \$1.1M Lower than anticipated network server costs
 - \$0.8M Favorable leave liability adjustment due to higher PTO usage YTD
 - \$0.6M Lower store fixture costs for new stores versus budget (related to timing)
 - \$0.6M Lower employee training versus budget (related to timing)
 - \$0.3M Lower than anticipated computer software purchases
 - (\$0.3M) Higher agency service costs for Cardinal HCM and Financial systems
- **Regulatory Costs** of \$14.9M are \$0.2M unfavorable mainly due to lower than anticipated attrition rates.
- **YTD Net Profits** of \$144.6M are \$1.7M or 1.2% unfavorable to budget.



New Business

Board Approval:



Real Estate Committee Recommendations

Overview

March:

- 0 New Stores
- 0 Relocations
- 0 Conversions
- 0 Expansions
- 1 Closure
- 6 Renewals

Action

Approve Real Estate Recommendations

Real Estate Committee Recommendations

ACTION	COMMENTS
March 2024	
Closure	
Store #154 (Danville)	Closing effective 5-31-24; Committee determined that 3 stores in Danville is sufficient; Committee also determined that it is too risky to stay, as Landlord is non-responsive to our requests for roof replacement, hasn't paid taxes, and doesn't cash rent checks
Renewals	
Store #053 (Windsor – Isle of Wight) Windsor Commons	1500 square feet at \$16.34 per square foot, with 2% annual escalations, for a 5 year term
Store #084 (Fairfax County) Pender Village	2758 square feet at \$34 per square foot, with 2.5% annual escalations, for a 5 year term
Store #143 (South Hill – Mecklenburg County)	3600 square feet at \$9.57 per square foot, with 2% annual escalations, for a 5 year term
Store #219 (Fairfax County) 8415 Building	6526 square feet at \$42.66 per square foot, with 2% annual escalations, for a 5 year option term
Store #390 (Montpelier – Hanover County) Montpelier Shops	2484 square feet at \$17.93 per square foot (current rental rate), with 3% annual escalations, for a 5 year term
Store #439 (Prince William County) Prince William Square	3063 square feet at \$23.19 per square foot, with 2% annual escalations, for a 5 year option term

New Business

Board Information Item



IT Business Strategy

Hold for IT Business Strategy

Hearings

BOARD APPEAL HEARING DOCKET
7450 FREIGHT WAY, MECHANICSVILLE, VA 23116
March 27, 2024

License/Applicant	Attorney's	Appellant	Complaints/Charges	Trans. No. of Pgs.	Charges/Objections Heard by Administrative Law Judge	Contacts/ Objectors	Date & Time
HEABNA, LLC FIDEL RESTAURANT & LOUNGE 3815 S GEORGE MASON DR UNIT B FALLS CHURCH, VA 22041 Application No.: 013387178 Wine and Beer On & Off Premises Mixed Beverage Restaurant Administrative Case No.: 013433007	<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block; text-align: center; line-height: 20px;">1</div> Maureen Mshar, Esq. Associate Legal Counsel M. Christian Orndorff, Esq. 6059-C Arlington Blvd Falls Church, VA 22044 Counsel for the Applicant	Objectors	1. The place to be occupied by the applicant is so located with respect to a (residence or residential area) that the operation of such place under the license will adversely affect real property values or substantially interfere with the usual quietude and tranquility of such (residence or residential area). REF: Section 4.1-222 2.d. of the Code of Virginia.	89	1. The place to be occupied by the applicant is so located with respect to a (residence or residential area) that the operation of such place under the license will adversely affect real property values or substantially interfere with the usual quietude and tranquility of such (residence or residential area). REF: Section 4.1-222 2.d. of the Code of Virginia.	K. Quarles R. Perkins A. Antoci J. Fleming	03/27/2024 10:00 AM

Chief Reports

CAO – David Alfano

GAO – John Daniel

CIO – Paul Williams

CROO – Mark Dunham

CLEO and Acting CEO – Tom Kirby



CAO Report – David Alfano

Financial Update

HR Update

DEI Update

HOLD FOR FINANCIAL UPDATE

- GACRE Forecast Update
- Updated financial information

HR Report

HUMAN RESOURCES						
Requestor: 06/01/2023 - 06/30/2023 Approver: David Alfano						
Working Title	Position	Pay	Reason Needed	Date Approved	Notes	Approver: CAO
Senior Sales Associate	34603	\$ 43,400.00	New position	2/6/2024		
Store Manager	52901	\$ 69,500.00	New position	2/14/2024		
Senior Sales Associate	41203	\$ 36,300.00	New position	2/5/2024		
ITEM: Travel Authorization Reports (3 or more people or excess of \$5000)	Participants	Meeting Information/Name	Location and Dates	Cost	Reason Travel Required	Approver: CEO
N/A						
ITEM: Recognition/Rewards of \$750 or higher	Employee to receive LAST	Manager	Reasoning	Amount	Notes	Approver: CAO
	WASILEWSKI, DAVID	STRACK, EDWARD	Distribution Center Incentive Bonus	\$1,053.57		
	ROBERTSON, ROBERT	KELLISON, JARED	Distribution Center Incentive Bonus	\$1,225.23		
	OCHEI, PATRICK	STRACK, EDWARD	Distribution Center Incentive Bonus	\$1,210.76		
	JACKSON, MAURICE	KELLISON, JARED	Distribution Center Incentive Bonus	\$782.03		
	CREIGHTON, LINWOOD	KELLISON, JARED	Distribution Center Incentive Bonus	\$788.85		
	DIXON, IRA	KELLISON, JARED	Distribution Center Incentive Bonus	\$977.46		



Pay Changes

CEO APPROVAL FOR PAY CHANGES							
Requestor: Varied							
Approver: Thomas Kirby/Board							
Item: Classification and compensation reviews	Employee/Division	Manager of employee	Current classification/Compensa	Requested Change	Reason?	Date of request	Approver: CEO and Board
Internal Alignment	BOBICH, ZACHARY / 810	SOLODYANKIN, SERGEY	\$ 81,058.00	\$ 85,111.00	5% anniversary/time in position increase for Special Agent 2 to move to Special Agent 3; eff date 2/25/24	2/25/2024	
Internal Alignment	ORTERY, BRYAN JR / 814	HANKS, DAWN	\$ 80,293.00	\$ 84,308.00	5% anniversary/time in position increase for Special Agent 2 to move to Special Agent 3; eff date 2/10/24	2/10/2024	
Internal Alignment	TAYLOR, KYLE / 814	HANKS, DAWN	\$ 80,293.00	\$ 84,308.00	5% anniversary/time in position increase for Special Agent 2 to move to Special Agent 3; eff date 2/10/24	2/10/2024	
Internal Alignment	TAYLOR, ROBERT / 812	MILLER, DAVID	\$ 80,293.00	\$ 84,308.00	5% anniversary/time in position increase for Special Agent 2 to move to Special Agent 3; eff date 2/10/24	2/10/2024	
Item: Performance Pay or Bonus	Employee	Manager of employee	Current Pay	Request for pay change? OR Request for bonus?	Amount of change	Date of request	Approver: CEO
N/A							
Item: In-Band Adjustments/Bonus for director level or above	Employee/Division	Manager of employee	Current Pay	Request for pay adjustment? OR Request for bonus?	Dollar Amount	Date of request	Approver: CEO
N/A							
Item: Pay practices including promotions where salary increase is 15% or more, in-band adjustments, and role changes	Employee/Division	Director/Manager of employee	Current Pay	Request for pay change? OR Request for bonus?	Amount of change	Date of request	Approver: CEO
Promotion	ACHTERFELD, ERIC J / 405	PHILIPSEN, DANIEL	\$ 45,242.00	\$ 52,934.00	17%	2/10/2024	



Project Management Office

- Continuing centralized work effort intake process to evaluate work efforts for the remainder of FY24 and FY25.
- Weekly meeting with Divisions engaged with the PMO to ensure communication, awareness and prioritization of outstanding needs and requests
- Reviewing FY25 recommendations of work efforts with C-Suite with focus on those requiring budget allocation

Appendix - PMO

PMO Project Efforts

Division	Projects	Description	Business Impact
IT Infrastructure	Migrate OBIEE to OAC	Replacing file-based mechanism to load data into and out of BAR with web services	Operational
	GK POS Upgrade	Handheld Android Devices need upgrading post POS Upgrade	Operational
	Account Central Phase I (Switching Web Apps to AD with MFA)	This change aims to redirect users from our custom code (email/user ID + password) to Microsoft authentication where users shall have the ability to log in with their ABC Active Directory credentials.	Risk Reduction Compliance
	GL Shrink	Provide transparency into inventory shrink by creating a dashboard in Power BI reporting shrink for Virginia ABC in Total, break out Retail, Distribution Center, and Monthly Inventory Valuation in separate views.	Revenue Generation Risk Reduction
	Tax Management port to java	ABC's existing tax management system runs on a programming language called PowerBuilder. PowerBuilder is obsolete and we only have one developer who can work with the code. To better support the tax management department, we are rebuilding their PowerBuilder applications using modern tools (primarily Java). Tax management is highly specific to Virginia and isn't an easily configurable using a COTS product. Using third party resources would be expensive and time consuming, and it makes sense to continue to maintain this application in house.	Operational
	Widepoint interface	Widepoint will alleviate Accounts Payable's (A/P) human intervention when transferring payments to BAR. Widepoint will automatically place a batch file on an IFTP server, A/P would log into DRINKS (FACE) and execute the job which will massage the data into BAR acceptable format and process.	Operational



PMO Project Efforts

Division	Projects	Description	Business Impact
Digital / Marketing	WOLO LA	WOLO LA leverages the Ship-to-Store functionality to allow online ordering of Limited Availability (LA) products	Revenue
Finance	ACH Discovery	The goal is to expand on ACH capabilities that expect to be delivered in the DSP project. Specifically, research is needed to resolve issues to make sure ACH transactions enter BAR correctly.	Operational
Retail - Logistics	Estes Contract Renewal	Estes contract renewal to enable Estes to begin charging ABC per case instead of by weight. As a result changes will need to be made in MIPS	Operational



GAO Report – John Daniel

Legislative Update

Legal Update

Hearings Summary

FOIA Requests



Hearings and Appeals Caseload 2/7/24 – 3/14/24

Total number of new referrals from Enforcement	57
Expedited Consent	
Number of expedited consents offered	36
Number of expedited consents accepted/completed	13
Collected \$18,750 in civil penalties	
Collected three (3) suspensions	
Pre-Hearing Conference and Formal Hearing Notice & Opportunity to Negotiate/Mediate Notice	
Number of Notices sent	24
Number of Pre-Hearing Conferences held	12
Number of cases to Formal Hearing held	10
Negotiated Settlements	
Number of negotiated cases executed	8
Collected \$9,950 in civil penalties	
Collected zero (0) suspensions	
Collected two (2) withdrawals/surrenders	
Franchise Matters	
Number of active franchise matters	
1 – Dionysos Imports, Inc. v. Diamond Wine Importers – ALJ Page	1
Appeals to the Board	
Number of initial decisions appealed to the Board	
1 – Fidel #013387178 – 3/27/24	
2 – Vybez Restaurant & Banquet Hall #013180723 – 4/17/24	
3 – Alvaros Market #753807 – 4/17/24	
4 – Murlarkey Distilled Spirits #085216 – 4/17/24	
Number of cases resolved after initial hearing and before appeal hearing	0
Stays Issued	
Blue Ridge, et.al v. Boston Beer Corporation – stay granted until March 17, 2024	1
Cases on appeal from Board to Circuit Courts	
1 – Premium Distributors LLC & Blue Ridge Beverage Inc. v. Boston Beer Corporation	1
Cases on appeal from Circuit Court to Court of Appeal	
	0
Mediated Cases	
Number of cases to mediation	0
Number of cases settled by mediation	0
Summary Suspensions	
	0



Negotiations Accepted

Negotiations Accepted/Completed
February 7, 2023 – March 14, 2024

LICENSEE NAME	ABC LICENSE #	VIOLATION DATE	DISPOSITION DATE	CIVIL PENALTY (\$)	SUSPENSION / OTHER
PAMPLONA	089511	12/12/2023	2/14/2024		Surrendered
DEL RIO OF STEPHENS CITY	066471		2/26/2024		Surrendered
EL RANCHERO MEXICAN RESTAURANT	750847		3/5/2024	\$3,000	CPA must review all MBARS
INGLE KOREAN STEAKHOUSE	01328303		3/5/2024	\$2,000	
O MY HOT POT & BAR	750236		3/13/2024	\$1,200	
COCO BS	013398970		3/13/2024	\$500	
SIMPLE EATS	087552		3/13/2024	\$1,750	CPA must review all MBARS
EL PALENQUE	752406		3/14/2024	\$1,500	
			TOTAL	\$9,950	



Expedited Consent Orders (ECOs)

Licensee (Trading As)	Lic. Num.	Charge(s)	Civil Penalty	Suspension Accepted (# of days)	Disposition Date	Region
FIESTA MAYA GRILL & BAR LLC	013436784	Purchased beer/wine other than from wholesaler	\$ 750.00		2/16/2024	STAUNTON
EL RINCONCITO BAR RESTAURANT	752182	1 - Kept alcoholic beverages not bearing MB stamp 2 - Failed to submit timely MBAR 3 - Failed to submit accurate MBAR	\$ 1,500.00		2/23/2024	FREDERICKSBURG
PLEASURE HOUSE BREWING	752604	3rd bad check in 12 months	\$ 1,000.00		2/26/2024	CHESAPEAKE
LESTERS MARKET	079611	UAB	\$ 2,500.00		2/27/2024	LYNCHBURG
CHIPOLTE MEXICAN GRILL 3528	753553	UAB	\$ 2,500.00		3/6/2024	ROANOKE
NEW RIVER GENERAL STORE	013316779	UAB		25	3/6/2024	ROANOKE
FOOD LION 2539	015135	UAB	\$ 2,500.00		3/6/2024	LYNCHBURG
WESTIN RESTON HEIGHTS	095369	Bad Check	\$ 500.00		3/7/2024	ALEXANDRIA
BLUE RIDGE MART	013467749	UAB	\$ 2,500.00		3/7/2024	LYNCHBURG
SHEETZ	064957	UAB	\$ 2,500.00		3/7/2024	LYNCHBURG
A LITTLE BIT OF EVERYTHING	754932	UAB	\$ 2,500.00		3/12/2024	LYNCHBURG
I-81 TRAVEL PLAZA	013357228	UAB		25	3/12/2024	ROANOKE
FUDDRUCKERS ASHBURN	049293	UAB		25	3/13/2024	ALEXANDRIA



March 14, 2024

Office of Legal Counsel Board Report

JUDICIAL MATTERS

Style of Case	Court	Charges/Violations/ Complaint	Status of Case	Parties/Opposing Counsel Involved	Decision
Falu Patel v. Commonwealth	City of Roanoke Circuit Court	Skill games	Last filing was transfer of matter from Roanoke County to Roanoke City on 1/13/2022; no service listed on court website; no new filing as of 3/13/2024	Stephen Heretick-licensee/Defendants listed as Commonwealth of VA, Mark Herring, and Donald Caldwell (no attorney information showing) (Tonya Hucks-Watkins support counsel)	N/A
Boston Beer Corporation vs Premium Distributors of Virginia and Blue Ridge Beverage Company, Inc.	Hanover Circuit Court	Appeal of board order	Boston Beer filed a notice of appeal on 12/21/23; the petition for appeal was filed in Hanover Circuit Ct on 1/16/2024 (CL24000200-00); a hearing has been set for March 15, 2024 at 10:00 a.m. to set dates for a scheduling order; Appellant is circulating	Kevin McNally for Premium and Blue Ridge MM for ABC Brian Wainger/David Sullivan for Boston Beer	

March 14, 2024

			a draft order to withdraw the appeal with prejudice.		
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Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Del Rio of Stephens City, Inc. t/a Del Rio of Stephens City	066471	On December 1, 2023, the licensee purchased wine or beer other than by cash paid and collected at the time of or prior to delivery, in violation of Sections 4.1-202, 4.1-225 (A)(1)(b) and 4.1-225 (A)(7) of the Code of Virginia and 3VAC5-30-30. (licensee has 2 prior violations of this charge)	Licensee voluntarily surrenders his license	3	2/23/2024
Butchers Cut Tysons, LLC t/a Ingle Korean Steakhouse	13283083	1. On 12/19/2023, at approximately 12:25 p.m., the licensee kept at the place described in the license, alcoholic beverages not bearing mixed beverage stamps, in violation of Sections 4.1-202, 4.1-225 (A)(1)(b) and 4.1-325 (A)(4) of the Code of Virginia and 3VAC5-50-60 (B)(1). (licensee has 1 previous violation of this charge) 2. On 12/19/2023, at approximately 12:25 p.m., the licensee kept or allowed to be kept alcoholic beverages that the licensee was not authorized to sell, in violation of Sections 4.1-202, 4.1-225 (A)(1)(b) and 4.1-324 (A)(7) of the Code of Virginia.	1. Licensee agrees to pay a civil penalty of \$1,000 for charge 1. 2. Licensee agrees to pay a civil penalty of \$1,000 for charge 2.	4	2/28/2024
TBD on Wilson, LLC t/a Coco Bs	13398970	On 1/12/2024 and 1/13/2024, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issue a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202, 4.1-225 (A)(7), and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-30-30. (licensee has 1 prior violation of this charge)	Licensee agrees to pay a civil penalty of \$500	4	2/28/2024
El Rancharo, LLC t/a El Rancharo Mexican Restaurant	750847	1. ☐The Licensee failed to submit to the Board a complete and accurate annual review report for the year ending July 31, 2021, in violation of Sections 4.1-114, 4.1-202, and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-70-90(D). 2. ☐The Licensee failed to submit to the Board a complete and accurate annual review report for the year ending July 31, 2022, in violation of Sections 4.1-114, 4.1-202, and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-70-90(D). 3. ☐The Licensee failed to submit to the Board a complete and accurate annual review report for the year ending July 31, 2023, in violation of Sections 4.1-114, 4.1-202, and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-70-90(D).	1. ☐The Licensee agrees to pay a civil penalty of one thousand dollars (\$1,000) for charge 1. 2. ☐The Licensee agrees to pay a civil penalty of one thousand dollars (\$1,000) for charge 2. 3. ☐The Licensee agrees to pay a civil penalty of one thousand dollars (\$1,000) for charge 3. 4. In addition, the Licensee agrees to have a certified public account (CPA) review and certify all mixed beverage annual review (MBAR) reports going forward.	3	3/1/2024



<p>Mi Pueblo Sports Bar & Grill, Inc. t/a El Palenque</p>	<p>752406</p>	<p>1 On 2/7/24, at approximately 11:20 a.m., the licensee failed to have a designated manager present and in actual charge of the licensed business, in violation of Sections 4.1-202 and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-50-40 (A). 2 On 2/7/24, 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, in violation of Sections 4.1-202, 4.1-204 and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-70-90 and 3VAC5-70-180.</p>	<p>1 The Licensee agrees to pay a civil penalty of seven hundred and fifty dollars (\$750) for charge 1. 2 The Licensee agrees to pay a civil penalty of seven hundred and fifty dollars (\$750) for charge 2.</p>	<p>4</p>	<p>3/1/2024</p>
<p>O My Company, LLC t/a O My Hot Pot & Bar</p>	<p>750236</p>	<p>1. The licensee failed to timely submit to the Board the annual review report for the year ending July 31, 2022, in violation of Sections 4.1-114, 4.1-202 and 4.1-225(A)(1)(b) of the Code of Virginia and 3 VAC 5-70-90(D). The licensee has [0] previous violation(s) of this charge. 2. The licensee failed to timely submit to the Board the annual review report for the year ending July 31, 2023, in violation of Sections 4.1-114, 4.1-202 and 4.1-225(A)(1)(b) of the Code of Virginia and 3 VAC 5-70-90(D). The licensee has [0] previous violation(s) of this charge.</p>	<p>The Licensee agrees to pay a sum of four hundred and fifty dollars (\$450.00) as a civil penalty for Charge 1, and an additional sum of seven hundred and fifty dollars (\$750.00) for Charge 2</p>	<p>4</p>	<p>3/8/2024</p>
<p>Cafe 12, LLC t/a Simple Eats</p>	<p>087552</p>	<p>1 The licensee failed to timely submit to the Board the annual review report for the year ending May 31, 2023, in violation of Sections 4.1-114, 4.1-202 and 4.1-225 (A)(1)(b) of the Code of Virginia and 3 VAC5-70-90(D). 2 The licensee has failed to submit to the Board a complete and accurate annual review report for the year ending May 31, 2023, in violation of Sections 4.1-114, 4.1-202 and 4.1-225 (A)(1)(b) of the Code of Virginia and 3VAC5-70-90(D).</p>	<p>1 The Licensee agrees to pay a civil penalty of seven hundred and fifty dollars (\$750) for charge 1. 2 The Licensee agrees to pay a civil penalty of one thousand dollars (\$1,000) for charge 2. 3 In addition, the Licensee agrees to have a certified public accountant (CPA) review and certify all Mixed Beverage annual review reports going forward.</p>	<p>8</p>	<p>3/12/2024</p>
<p>Total civil penalties: \$ 9,950.00 Total costs of investigation paid: \$ 0.00 Total days of suspension: 0 Licensees providing certified training: 0 12-month probationary period: 0 CPA-Audits: 2 Voluntary Surrender: 1</p>					



Administrative Hearings Status Report

ADMINISTRATIVE HEARINGS

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Family Dollar (Hampton)	UAB – 7/29/2023	RCVD 11/30/2023 PHC – 1/10/24 @ 9am HR – 1/17/24 @ 9am	Hampton	ALJ – Richardson	NOT SUBSTANTIATED 2/15/2024
7-Eleven 34729 J (Smithfield)	UAB – 10/22/2023	RCVD 11/27/2023 PHC – 1/10/24 @ 3pm HR – 1/17/24 @ 3pm	Hampton	ALJ – Richardson	2nd offense UAB – NOT SUBSTANTIATED 1st offense UAB – SUBSTANTIATED 2/23/2024
Holiday Travel L Park (Virginia Beach)	UAB – 10/15/2023	RCVD 11/27/2023 PHC – 1/22/24 @ 10am HR – 1/29/24 @ 10am	Chesapeake	ALJ – Maxey	NOT SUBSTANTIATED 2/26/2024
Shop N Go III (Norfolk)	Bad Check between 11/9/2022 and 7/19/2023	RCVD 12/29/2023 PHC – 1/22/24 @ 1pm HR – 1/29/24 @ 1pm	Chesapeake	ALJ – Maxey	
Crimson Lights Bar (Richmond)	Qualification – Restaurant M/B for 7/1/2023 to 10/31/2023	RCVD 12/21/2023 PHC – 1/24/24 @ 9am HR – 1/31/24 @ 9am	Hanover	ALJ – Maxey	
Food Lion 1625 (Hampton)	UAB – 10/14/2023	RCVD 11/30/2023 PHC – 1/10/24 @ 10am HR – 2/6/24 @ 10am	Hampton	ALJ – Richardson	SUBSTANTIATED 3/1/2024
Food Lion 466 (Hampton)	UAB – 10/14/2023	RCVD 11/30/2023 PHC – 1/10/24 @ 11am HR – 2/6/24 @ 11am	Hampton	ALJ – Richardson	DISMISSED 3/7/2024
Volume (Hampton)	1 – So situated ... residential 2 – Ordinance objection 3 – So located... peace/order Application filed 10/16/2023	RCVD 12/28/2023 PHC – 2/1/24 @ 10am HR – 2/8/24 @ 10am	Hampton	ALJ – Richardson	APPLICANT WITHDREW APPLICATION AT HEARING

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Amphoras Diner (Herndon)	Delinquent in paying local taxes – 12/14/2023	RCVD 1/5/2024 PHC – 2/5/24 @ 10am HR – 2/12/24 @10am	Alexandria	ALJ – Richardson	
Lokee Hookah Lounge (Suffolk)	1 – Bad check on 11/1/2023 2 – Qualification – Restaurant 7/14/2023 to 12/31/2023	RCVD 12/29/2023 PHC – 2/8/24 @ 10am HR – 2/15/24 @ 10am	Hampton	ALJ – Page	RESOLVED THROUGH NEGOTIATIONS
Twisted Pines Vineyard (Staunton)	1 - Situated w/ respect to residence 2 - Not of good moral character 3 - Police record 4 -Reputation for excessive drinking Application rcvd 9/10/2023	RCVD 12/11/2023 PHC – 1/18/24 @ 9am HR – 2/20/24 @ 10am	Staunton	ALJ - Page	NOT SUBSTANTIATED LICENSE GRANTED
Willougby By the Bay (Norfolk)	Bad check on 4/4/2023	RCVD 1/2/2024 PHC – 2/12/24 @ 11am HR – 2/21/24 @ 11am	Chesapeake	ALJ – Maxey	
Fork In The Alley (Roanoke)	1 – Bad check 1/27/23 2 – Bad check 3/3/23 3 – Bad check to Board 7/20/23 4 – Failed to submit MBAR 5/31/23	RCVD 1/16/2024 PHC – 2/14/24 @ 10am HR – 2/21/24 @ 1pm	Roanoke	ALJ – Richardson	RESOLVED THROUGH NEGOTIATIONS
Pamplona (Arlington)	Bad check to the Board 11/20/2023	RCVD 12/19/2023 PHC – 2/16/24 @ 1pm HR – 2/26/24 @ 1pm	Alexandria	ALJ – Page	RESOLVED THROUGH NEGOTIATIONS
El Rinconcito Bar (Fredericksburg)	1 – Failed to submit MBAR for year ending 4/30/2023 2 – Failed to submit accurate MBAR for year ending 4/30/2023 3 – Kept MB not bearing MB stamp 10/5/2023	RCVD 12/7/2023 PHC – 2/22/24 @ 9am HR – 2/28/24 @ 9am	Hanover	ALJ – Maxey	RESOLVED THROUGH NEGOTIATIONS
Your Moms Café & Grill (Ashland)	Conviction of a felony or any crime involving moral turpitude, application filed 12/4/2023	RCVD 1/22/2024 PHC – 2/21/24 @ 9am HR – 2/28/24 @ 11am	Hanover	ALJ – Page	



Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
The Brewery, LLC (Free Union)	Objection to Application 1 – So situated ... residential area 2 – Does not conform to the requirements of governing body Application filed 12/6/2023	RCVD 1/24/2024 PHC – 2/23/24 @ 10am HR – 3/1/24 @ 10am	Charlottesville	ALJ – Page Shuford – Objectors Gentry Locke – Applicant	
Cutlass Grille (Chesapeake)	Bad Check 9/1/2023	RCVD 1/23/2024 PHC – 2/28/24 @ 3pm HR – 3/6/24 @ 11am	Chesapeake	ALJ – Page	ACCEPTED ECO
Ichiban Japanese Rest. (Roanoke)	Failed to submit MBAR – 10/2022 to 9/2023	RCVD 1/3/2024 PHC – 3/1/24 @ 11am HR – 3/8/24 @ 11am	Roanoke	ALJ – Richardson	
Leonore Restaurant (Roanoke)	Bad check to board 9/18/2023	RCVD 12/4/2023 PHC – 3/1/24 @ 1pm HR – 3/8/24 @ 1pm	Roanoke	ALJ – Richardson	
El Rancho (Broadway)	3 MBAR Charges Year ending 7/31/2021 Year ending 7/31/2022 Year ending 7/31/2023	RCVD 1/31/2024 PHC – 3/5/24 @ 10am HR – 3/13/24 @ 10am	Staunton	ALJ – Maxey	RESOLVED THROUGH NEGOTIATIONS
Simple Eats (Virginia Beach)	2 MBAR Charges for year ending 5/31/203	RCVD 2/7/2024 PHC – 3/6/24 @ 10am HR – 3/13/24 @ 10am	Chesapeake	ALJ – Richardson	
Lions Den (Falls Church)	MBAR for year 7/2022 – 7/2023	RCVD 2/9/2024 PHC – 3/7/24 @ 10am HR – 3/14/24 @ 10am	Alexandria	ALJ – Page	
Championnes Sports Bar (Falls Church)	MBAR for year 6/2022 – 5/2023	RCVD 2/9/2024 PHC – 3/7/24 @ 11am HR – 3/14/24 @ 11am	Alexandria	ALJ – Page	
Ingle Korean Steakhouse (Vienna)	Kept MB not bearing MB stamp 12/19/23 Kept unauthorized AB 12/19/2023	RCVD 2/7/2024 PHC – 3/7/24 @ 1pm HR – 3/14/24 @ 1pm	Alexandria	ALJ – Page	RESOLVED THROUGH NEGOTIATIONS



Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Little Mod Hotel (Charlottesville)	1 – Ordinance objection 2 – Does not conform ... sanitation / health etc. 3 – Qualifications – Restaurant Objections rcvd 6/23/23 & 10/5/23	RCVD 12/27/2023 PHC – 2/7/24 @ 10am HR – 2/14/24 @ 10am Cont. granted HR – 3/20/24 @10am	Charlottesville	ALJ – Maxey	
NGM (Richmond)	Bad Check 12/19/2023	RCVD 2/13/2024 PHC – 3/18/24 @ 9am HR – 3/25/24 @ 9am	Hanover	ALJ – Richardson	
Gaskins Shell (Henrico)	3 rd UAB 12/8/2023	RCVD 2/16/2024 PHC – 3/14/24 @ 9am HR – 3/25/24 @ 11am	Hanover	ALJ – Maxey OLC – Ross	WITHDRAWN
Del Rio of Stephens City (Stephens City)	3 rd bad check w/in one year 12/1/2023	RCVD 2/12/2024 PHC – 3/19/24 @ 10am HR – 3/27/24 @ 10am	Staunton	ALJ – Maxey	RESOLVED THROUGH NEGOTIATIONS
Centro Taco Bar (Blacksburg)	Establishment does not conform to requirements of governing body 10/2/2023	RCVD 2/15/2024 PHC – 3/21/24 @ 9am HR – 3/28/24 @ 9am	Roanoke	ALJ – Maxey	
Bowles Corner Market (Bassett)	UAB to 2 persons 8/11/2023	RCVD 2/27/2024 PHC – 3/21/24 @ 10am HR – 3/28/24 @ 10am	Roanoke	ALJ – Maxey	
CoCoBs (Arlington)	Bad Check 1/12/2024 & 1/13/2024	RCVD 2/12/2024 PHC – 3/22/24 @ 10am HR – 3/29/24 @ 10am	Alexandria	ALJ – Richardson	RESOLVED THROUGH NEGOTIATIONS
La Michoacana (Manassas)	1 – MBAR 3/2021 – 2/2022 2 – MBAR 3/2022 – 2/2023	RCVD 2/28/2024 PHC – 3/22/24 @ 11am HR – 3/29/24 @ 11am	Alexandria	ALJ – Richardson	
O My Hot Pot Bar (Annandale)	2 MBAR Charges Year ending 7/31/2022 Year ending 7/31/2023	RCVD 2/16/2024 PHC – 3/22/24 @ 2pm HR – 3/29/24 @ 2pm	Alexandria	ALJ – Richardson	
McFatters (Poquoson)	2 separate cases for bad checks 6/7/2023 6/14/2023	RCVD 2/22/2024 PHC – 3/25/24 @ 10am HR – 4/1/24 @ 10am	Hampton	ALJ – Page	

Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Lovely Market (Chesterfield)	1/31/2024 - Police Record - Convicted by federal jury of conspiracy to commit forced labor, forced labor, harboring for financial gain and document servitude.	RCVD 2/29/2024 PHC – 4/2/24 @ 9am HR – 4/9/24 @ 9am	Hanover	ALJ – Richardson	
El Palenque (Falls Church)	1 - Designated Manager not Posted 2 - Failed to keep Records 2/7/2024	RCVD 2/14/2024 PHC – 3/22/24 @ 11am HR – 4/10/24 @ 10am	Alexandria	ALJ – Richardson	
Peru Fiesta Restaurant (Lorton)	1 – Bad Check 1/26/2024 2 – Designated Manager not on Duty 2/22/2024 3 – MBAR 10/2023 3 Admin Cases	RCVD 2/26/2024 & 2/27/2024 & 3/6/2024 PHC – 4/3/204 @ 9am HR – 4/10/24 @ 1pm	Alexandria	ALJ - Richardson	
City Limits (Mechanicsville)	Failed to comply with Board Order – 1/10/2024 – 2/23/2024	RCVD 3/1/2024 PHC – 4/8/24 @ 9am HR – 4/15/24 @ 9am	Hanover	ALJ – Maxey OLC – Yates	
Sheetz 440 (Forest)	UAB – 2/19/2024	RCVD 2/27/2024 PHC – 4/8/24 @ 10am HR – 4/15/24 @ 10am	Lynchburg	ALJ – Richardson	ACCEPTED ECO
Dutt Export, Inc. (Christiansburg)	UAB – 2/18/2024	RCVD 2/26/2024 PHC – 4/9/24 @ 11am HR – 4/16/24 @ 11am	Roanoke	ALJ – Page	
Stop In Food Stores (Blacksburg)	UAB	RCVD 2/28/2024 PHC – 4/9/24 @ 12pm HR – 4/16/24 @ 12pm	Roanoke	ALJ – Page	
Ridiculous Chicken (Blacksburg)	Does not conform to requirements of governing body. Sanitation/Health/Construction	RCVD 3/7/2024 PHC – 4/9/24 @ 2pm HR – 4/16/24 @ 2pm	Roanoke	ALJ – Page	
Buckos Pantry (Fairlawn)	UAB	RCVD 3/4/2024 PHC – 4/9/24 @ 3pm HR – 4/16/24 @ 3pm	Roanoke	ALJ – Page	
Rakis Café (Falls Church)	MBAR – 11/1/2022 – 10/31/2023	RCVD 3/7/2024 PHC – 4/11/24 @ 10am HR – 4/18/24 @ 10am	Alexandria	ALJ – Maxey	

3/27/2024

Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Maria De La Fleur (Lansdowne)	Application Pending – violated provisions of the ABC Act	RCVD 3/12/2024 PHC – 4/11/24 @ 11am HR – 4/18/24 @ 11am	Alexandria	ALJ – Maxey OLC – Mshar	
Phoebus Dive Bar (Hampton)	MBAR – 6/1/2022 – 5/31/2023	RCVD 3/8/2024 PHC – 4/12/24 @ 10am HR – 4/19/24 @ 10am	Hampton	ALJ – Maxey	
Los Potrillos Restaurant (Culpeper)	1 – Manager not on duty 2 – Manager not posted 10/10/2023	RCVD 1/11/2024 PHC – 2/23/24 @ 10am HR – 3/1/24 @ 10am Rescheduled to PHC – 5/14/24 @ 10am HR – 5/21/24 @ 10am	Charlottesville	ALJ – Page OLC – Ross Robert Byrne, Esq.	

Board Appeals

Style of Case	Type of Matter	Status of Case	Date of Board Appeal Hearing	Parties Involved	Date Board Decision Rendered
Big Al's #038372	UAB	Board hearing was held - Board modified and dismissed the decision	2/21/2024	ALJ – Griffin Mark Dycio, Esq.	2/23/24
Malakhi #093735	Failed to comply with Board Order	Board hearing was held – Board upheld the initial decision to revoke the license	2/21/2024	ALJ – Richardson Reginald Henderson, Esq.	2/23/24
Mt. Torrey #753488	UAB Request for Modification	Board hearing was held – Board modified the initial decision – removed the restrictions	2/21/2024	ALJ – Griffin Pro Se	2/23/24
Fidel #013387178	Objection to Application – so located with respect to residential area	Board received the Board Books on 2/21/24	3/27/2024	ALJ – Maxey M. Christian Orndorff, Esq. for applicant	
Vybez #013180723	1 – Qualification to retain MB license 2 – Qualification to retain MB license (ratio provision) 3 – Qualification to retain wine and beer license	Board Books being prepared and will be distributed at March Board Meeting.	4/17/2024	ALJ – Richardson Pro Se	
Alvaros Market #753807	1 – Obstruct Special Agents 2 – Failed to take reasonable measures to prevent an act of violence causing death/bodily harm	Board Books being prepared and will be distributed at March Board Meeting.	4/17/2024	ALJ – Page Pro Se	

3/27/2024

Style of Case	Type of Matter	Status of Case	Date of Board Appeal Hearing	Parties Involved	Date Board Decision Rendered
Murlarkey Distilled Spirits #085216	UAB	Preparing Board Books, waiting to hear back from licensee on date for appeal hearing	4/17/2024	ALJ – Griffin Pro Se	

FRANCHISE

Style of Case	Type of Matter	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Dionysos Imports, Inc. v. Diamond Wine Importers	Termination of Agreement	2/14/24 – Pre-Hearing Conference 2/23/24 – Scheduling Order due 3/21/24 – Mediation – ALJ Richardson		ALJ – Page T. Wayne Biggs, Esq. for Dionysos Imports, Inc. Kevin Gerow, Esq. for Diamond Wine Importers	
International Cellars, LLC & Lanterna Distribution, Inc. v. Bodega Valduero	Termination of Agreement	9/6/26 – Teleconference 9/7/23 – Scheduling Order forwarded to parties, due 9/20/23 11/20/23 – Virtual Hearing 12/19/23 – Decision rendered		ALJ - Maxey	

Virginia ABC FOIA Report
February 7, 2024 - March 14, 2024

Date Received	Requestor	Request	Status
1/22/2024	Louis N. (Mike) Joynes, II (Attorney, Joynes & Gaidies)	[NOTICE OF APPEARANCE/REQUEST PURSUANT TO VA. CODE 4.1-227] RE: EVERREADY ENT LLC d/b/a Volume Administrative Case No.: 013446873 1) Written or recorded statements made by the licensee or copies thereof or the substance of any oral statements made by the licensee or a previous or present employee of the licensee to any law-enforcement officer, the existence of which is known by the Board and upon which the Board intends to rely as evidence in any adversarial proceeding under this chapter against the licensee. 2) Designated books, papers, documents, tangible objects, buildings, or places, or copies or portions thereof, that are within the possession, custody, or control of the Board and upon which the Board intends to rely as evidence in any adversarial proceeding under this chapter against the licensee. 3) And all other information that referred to the Defendant and licensee pursuant to the code, and all other information that refers to the Defendant and/or potential licensee pursuant to code.	Completed - responsive records provided
1/29/2024	Jack Nellis	I applied to Va ABC in January 2023 and was in the process for a Special Agent position with ABC. I would to request a copy my application records, along with my background process and polygraph data. Any information that goes into the selection process for a candidate.	Completed - responsive records provided in part; withheld in part
2/1/2024	Greg Habeeb (Attorney, Gentry Locke)	Administrative Case No. 013455924 (The Brewery, LLC) All records related to the Brewery, LLC, any ABC application filed by The Brewery, LLC, any Objections filed to any application filed by The Brewery, LLC, any other documents related to the referenced Administrative Case including but not limited to those in the possession of Special Agent Jonathan Pine and/or the ABC Bureau of Law Enforcement.	Completed - responsive records provided
2/1/2024	F. Carter Leake	I looking for all ABC correspondence from January 1, 2023 to January 31, 2024 1) Pippin Hill Farm & Vineyards ABC License #68899 2) Pippin Hill Farm & Vineyards ABC License #84417 3) Pippin Hill Farm & Vineyards ABC License #69636 4) ABC License Request for 5010 Plank Road. The Inn at The Crossroads	Completed - responsive records provided
2/7/2024	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Main Street Bar & Grill Inc. t/a Main Street Bar & Grill, located at 221 Main St., South Boston, Virginia, 24592, ABC license #013301770.	Completed - no responsive records

Virginia ABC FOIA Report
February 7, 2024 - March 14, 2024

Date Received	Requestor	Request Status	
2/8/2024	Jennifer Burke	[A] copy of the most recent and any other internal audit investigations done on or with regards to [Jennifer Burke] as per policy: Distribution of Statements The respondents are entitled to a copy of their statement once Internal Audit personnel have transcribed it. The respondents are entitled to a copy of the investigative report, upon completion of the investigation. The respondent or his counsel should make any such requests to the Director of Internal Audit, who shall provide the requested materials within five workdays. If the Director of Internal Audit is unable to comply within the five-day period, he shall notify the respondent within the five-day period, advising the respondent of the anticipated date of compliance. In all cases, the provisions of the Virginia Freedom of Information Act will be followed.	Completed - responsive records withheld
2/8/2024	Melissa Watts	[A] copy of the report for the investigation that was conducted into my comments at the November CAO meeting.	Completed - responsive records provided with redactions
2/8/2024	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Spring Knoll Pizzeria Inc. t/a Vinny's Italian Grill & Pizzeria, located at 20 Plantation Dr., Ste 135, Fredericksburg, Virginia, 22406, ABC license #25770	Completed - responsive records provided
2/9/2024	Aubrey Nelson (Underwriter, Auto Owners Ins.)	violation history of Lee County Recreational Center Inc. t/a Cedar Hill Country Club, located at 1100 Shannon Evans Rd., Jonesville, Virginia, 24263, ABC License #51619	Completed - no responsive records
2/12/2024	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of The Backyard of Virginia LLC t/a The Backyard, located at 1391 W. Danville St., South Hill, Virginia, 23970, ABC license #013194578	Completed - no responsive records
2/14/2024	Margaret Maupin	[I]nformation regarding application number 013455924 ... [specifically,] the letters of the other objectors and access to their contact information.	Completed - responsive records provided
2/14/2024	Robert Bell (Sergeant, Community Policing, Henrico Police Dept.)	License application and any and all supporting documents for application # 013462755 Boys Li Men M/C d/b/a Boys II Men Motorcycle Club at 2719 Byron Street, Richmond, VA 23223, Private Club, Beer and wine, one and off premises	Completed - responsive records provided

Date Received	Requestor	Request Status	
2/16/2024	Jennifer Burke	<p>A. copy of all the below correspondence in accordance with the Virginia Freedom of Information Act in order to be fully informed in how decisions are being made for the retail division when [Jennifer Burke is] not invited or present so that [Jennifer Burke] may do [her] job fully and be able to explain logic and reasoning to the leaders in the field that must enforce said policies and decisions. ...</p> <p>1. All correspondence emails, text, teams chats and calendar invites pertaining to the following subjects:</p> <ul style="list-style-type: none"> a. Attendance Policy b. SOP c. Transfer Policy d. Dual Manager Policy e. Zero loan transactions f. Internal Audit Process retail <p>The above is requested from the following individuals:</p> <ul style="list-style-type: none"> 1. Emily Granger 2. Marjorie Bisbee 3. Mark Dunham 4. Dave Alfano 5. Candace Frost 6. John Singleton 7. Mike Skrocki 8. Sara Ross 9. Maureen Mshar 10. LaTonya Hucks Watkins 	Completed - responsive records provided in part; withheld in part
2/20/2024	Tom Lisk (Attorney, Cozen O'Connor)	[R]ecords on Merritt Hospitality LLC, t/a Le Meridien Arlington (ABC license #90372)	Completed - responsive records provided
2/21/2024	Tom Lisk (Attorney, Cozen O'Connor)	[A] copy of the Petition for Appeal served on Virginia ABC in the matter of Premium Distributors and Blue Ridge Beverage v. The Boston Beer Company. I also request a copy of any response filed (or soon to be filed) by the Virginia ABC in response to the same Petition.	Completed - responsive records provided

Virginia ABC FOIA Report
February 7, 2024 - March 14, 2024

Date Received	Requestor	Request Status	
2/22/2024	Brendan Ponton (Reporter, WTKR-TV)	In connection with an ongoing federal criminal investigation, we would like to request copies of: the application for ABC license; copy of the ABC License, owner data sheets; copies of any management, purchase, sales agreements or promissory notes provided on behalf of the licensee, lease agreements, copy of business license, sales tax permit, violation reports or written warnings issued against the licensee, listing of ABC Managers, copies of any checks/money orders etc submitted by/ behalf of licensee, and any other records or information provided for or obtained related to the below licensees. We would also like contact information (cell/ office phone, address) for the ABC agents assigned to these licensees as well. This information will be very useful in determining ownership interest in the below businesses (2 LICENSEE BUSINESSES). It is better to get a download of the whole licensee's file or pick and choose particular items? 2) We could also like any registration information or application information filed for "Games of Skill" machines that were located in the below businesses; copies of any monthly statements that were filed showing number of and activity (gross receipts/ payouts/ profits) from those machines; and correspondence between VA ABC and the licensee. 1) IStop & Go Store LLC Address(es): 2328 E Washington St, Petersburg, VA 23803 (City of Petersburg) VA ABC License#: 753355 Original Issue Date: 08/25/2020 2) IStop & Go Store LLC Db a Stop & Go Store 1559 N King St Hampton, VA 23669-1906 (City of Hampton) VA ABC License#: 754392 Original Issue Date: 02/18/2021 Persons/ Businesses: Name: Dickerson, Curtis, James	Completed - responsive records provided
2/23/2024	Amy Griffith	On Sunday, 11 February 2024, I made an online complaint against Revolutions Bar and Grill in Fairfax for selling alcohol to minors. I have been in contact with Agent Hamilton regarding the complaint. I would like to request a copy of my complaint via email to [redacted@redacted].	Completed - responsive records provided
2/26/2024	Thomas Donelson (Account Executive, DCNewsNow.com)	[R]ecords for any wineries in Virginia with active or pending licenses that the establishment type is either a Winery or a Farm Winery. I would like to the complete record information that is included in the Licensee Search Tool results.	Completed
2/26/2024	Thomas Donelson (Account Executive, DCNewsNow.com)	[A] list of licenses that have Establishment Type is Brewery and the Beer/Wine Status is Active or Pending. Please return this to me in excel file format.	Completed

Virginia ABC FOIA Report
February 7, 2024 - March 14, 2024

Date Received	Requestor	Request Status	
2/27/2024	Clifford Clapp, Esq. (Attorney, Dycio & Biggs)	This correspondence shall further constitute a formal request pursuant to Virginia Code § 2.2-3700 et seq., the “Virginia Freedom of Information Act” (hereinafter referred to as “FOIA”). Request is made for documents, information and records in the possession, custody or control of the Commonwealth of Virginia, Virginia Department of Alcoholic Beverage Control (hereinafter “VABC”), its agents and companion law enforcement agencies, including county police and sheriff’s offices. Specifically, this request further encompasses all documents, information and records which relate directly or indirectly to the above licensee, including but not limited to documents from prior investigations or disciplinary proceedings, such as administrative incident narratives or complaints, letters, warnings, notes, inspection reports, photos, correspondence, and other items related to prior incidents. This request is inclusive of those documents provided to the VABC by any law enforcement agency. Response to this request may be made via email at [redacted@redacted], via fax at [redacted], or via mail or courier at [redacted], Fairfax, Virginia 22030. Virginia Code § 4.1-227 prohibits the introduction of evidence of any items the licensee would have lawfully been entitled to inspect or copy but for the Board failing to provide for such copying and inspection after a written request by the licensee. This is inclusive of any documents which the Board may not have in its possession due to the respective VABC agent’s failure to provide such documentation or information to the Board or any other Agency representative. The FOIA request is also intended to function as a written request under § 4.1-227.	Completed - responsive records provided
2/27/2024	Richard Hawkins (Attorney, The Hawkins Law Firm PC)	[A] listing (in whatever your usual format you regularly use) of the bourbon/whiskey inventories for the following ABC stores: 363, 330, and 315. I also request a listing of the bourbon/whiskey inventory for such items as are stored in the main VABC warehouse.	Completed - responsive records provided
2/27/2024	Lindsay Bennett (Underwriter, Auto Owners Ins.)	[T]he liquor report for [the] corporation [with Virginia ABC] license number is 83351 for the Farm Winery establishment type and 754227 for the Winery establishment type.	Completed - responsive records provided
3/1/2024	Aubrey Nelson (Underwriter, Auto Owners Ins.)	[T]he liquor liability report for the following account: 013398613 Roma Casual	Completed - responsive records provided
3/5/2024	Mike Mullin (Attorney, Virginia Beer Wholesalers Assoc.)	[T]he total annual malt beverage excise tax collection for the most recent fiscal year available, preferably 2022.	Completed - responsive records provided
3/5/2024	Jesse Miller (Underwriter, Auto Owners Ins.)	Violation history of Hans Mohler t/a Todd BBQ, located at 1176 Magnolia Ave., Buena Vista, Virginia, 24416, ABC license #11266.	Completed - responsive records provided

Virginia ABC FOIA Report
February 7, 2024 - March 14, 2024

Date Received	Requestor	Request Status	
3/6/2024	Lindsay Bennett (Underwriter, Auto Owners Ins.)	Violation history of J L Hernandez LLC t/a Joes Pizza & Pasta Palace, located at 1217 Carrsville Hwy., Franklin, Virginia, 23851, ABC license #753473.	Completed - responsive records provided
3/7/2024	Jeff Sturgeon (Reporter, The Roanoke Times)	Application/Do you have any idea when the state will decide whether to grant this business an alcohol license? Hanging Rock Tavern 1790 Thompson Memorial Drive Salem VA #013443979 - Restaurant Beer/Wine and Mixed Beverage #013443980 – Brewery	Pending.
3/11/2024	Scott Butler	I am requesting a complete list of all the special order items available through the virginia abc. Please provide the following: <ul style="list-style-type: none"> • Name of the Company • Name of the Product • Product code • Bottle Size • Retail Bottle Price 	Completed - responsive records provided

CIO Report – Paul Williams

IT Monthly Summary

IT KPIs (Work in Progress)

IT Support Summary

IT Monthly Summary

Introduction

Budget - we are 6.1% under budget YTD (was 6.8% last month). Target is +/-5%. GASB accounting is skewing the timing of IT expense recognition and with the slowdown in capital project work the shortfall of Labor capitalization credit has a large negative impact on our budget. We anticipate 3-6% favorable to budget at year end.

Our project planned hours are hugely over target this month (142% of target) however the mix remains mostly noncapital small work efforts so we are \$502K adverse to capitalization budget for Contract and Employees in total. We do not believe this will improve to the year end and anticipate \$750K adverse to budget for Capitalization at year end.

Work on changing the Lottery email to the ACS service continues. We have the first lottery scheduled for the new process in mid March.

IT Performance

Most IT systems have remained stable through February with very few lost sales hours due to Technology issues in stores.

We completed the E&Y security evaluation through February and conclusions are expected to be presented by E&Y in March / April. This could result in remediation work being required of ABC

The PCI audit continues. We believe scope is limited for Retail but are waiting for written confirmation from Elavon.

People

Staffing is stable and the vacancy rate remains stable at 8%. We have 3 Mel, one part time and one backfill contractor we are looking to recruit.

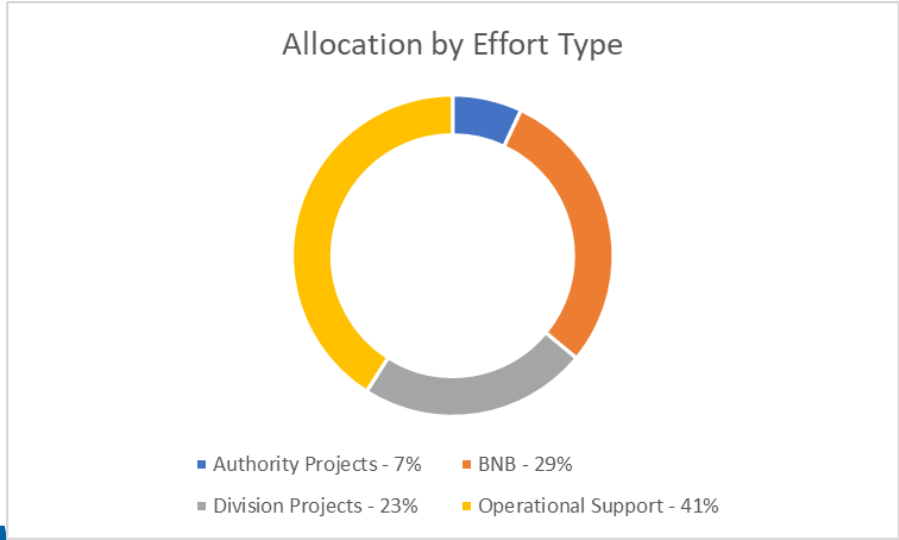
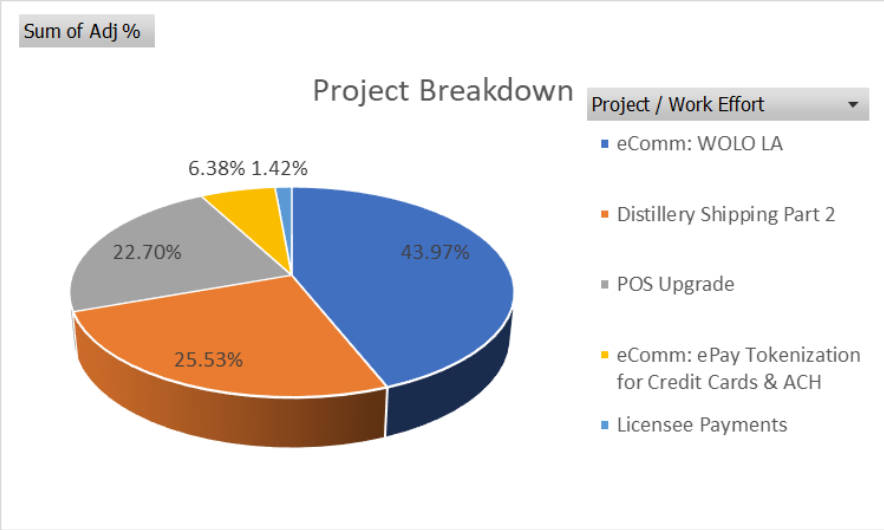
We are working with retail on reducing the telephone lines in stores (this is set to 1 for most stores and 2 for high volume licensee stores). This has been piloted in 10 stores and we should expand the pilot group next month.

Budget vacancy rate target for the year is 8%. Recruiting remains challenging for key positions, and we still have long term contractors in posts we have been unable to recruit into. The job market appears to be deteriorating for more senior IT roles and employee turnover is down across the industry (most notable is an increase in layoffs in the technology industry, specifically social media and Artificial Intelligence shops, although applicant pools for ABC advertised technology positions are weak).

IT Resource Utilization

Allocation Hours KPI: 2666 February Hours: 3809 % to Target: 142%

Staff Type	Base Capacity	Actual Capacity	Projects	BnB	Division Projects	Operational Support
BSA	14	10.3	1.1	4.2	2.6	1.0
Dev	14	10.5	0.7	3.8	3.2	2.6
Data	10	5.6	0	0	0.6	5.6
QA	13	9.9	1.0	3.7	2.8	2.9
Total	51	36.4	2.8	11.7	9.2	12.1

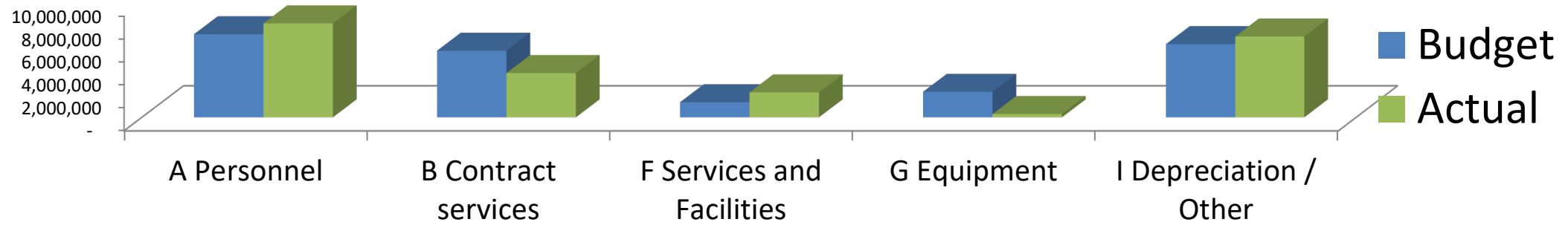


February Allocation Notes

- Target utilization on projects and smaller BnB efforts is 40% of our average allocatable capacity (38.9 WTE / Month or ~ 2,666 hours planned to be available for allocatable work). 3,809 hours (excluding interns) were assigned to allocatable work in February.
- February had 220 hours of PTO.
- Overall capacity has decreased (29.4%) from FY23 due to contingent staffing reductions. The most recent contractor reduction occurred on 12/31/24 for Development.
- The trend of higher allocation to B&B work from Operational Support occurred due to critical needs on B&B.



IT Finance / Budget

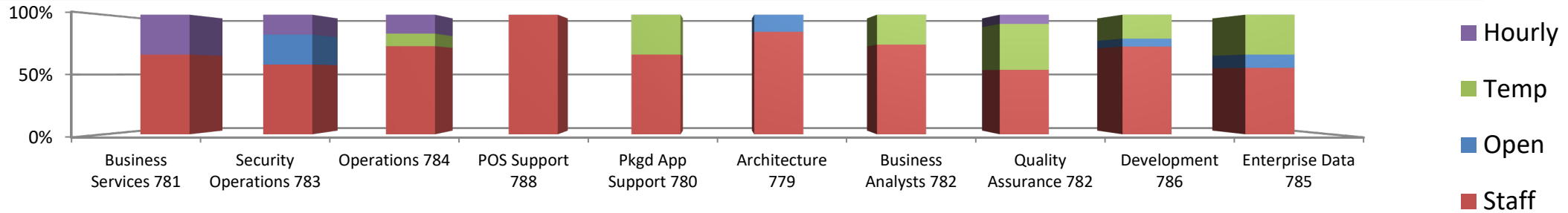
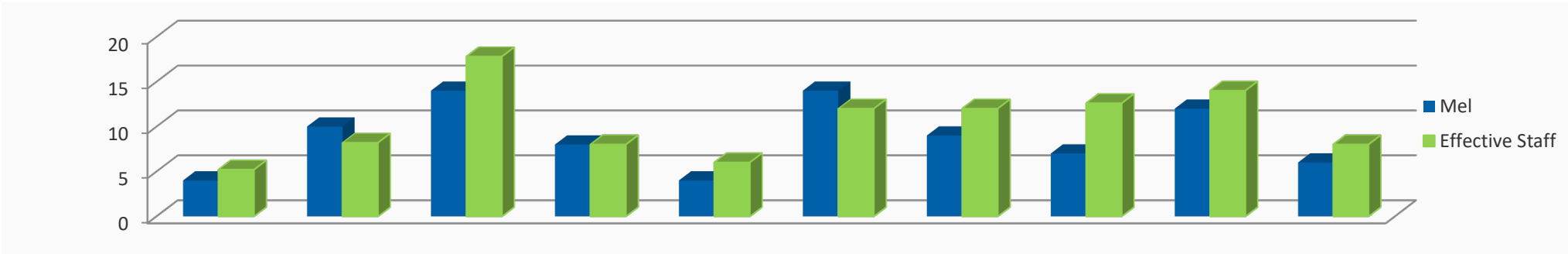


- At February 29 we are 6.1% under budget overall (January was 6.8% under budget). The underspend is now stabilizing, and the budget is somewhat back end loaded so we are likely going to end up within a range of 3%-7% under budget. There are still some significant timing issues that could change this, but we are unlikely to meet any of the major project expenditures we planned for the year.
- Personnel Costs – 13.1% over budget (\$948K). As we are above target for our vacancy rate this should be closer to budget except for capitalization of labor which is behind due to project delays.
 - Benefits and salary / hire dates incorrectly budgeted (\$500k), Shortfall in Capitalized labor (project delays/timing \$325k) ,Carryover unaccrued 2023 costs (\$24k). Even with the 2% raise from January this should improve marginally to the end of the year due to higher budget Jan - June.
- GASB entries are causing an offset between depreciation and contract costs – net near zero as its moving costs from ‘Contracts’ to ‘Depreciation’
 - GASB (Technical accounting entries) are \$1.7 Million (was \$1.1 Million in January) adverse to budget YTD. These are nonoperational financial entries and budget / actual should nearly balance. A large portion is timing – GASB credits are posted when invoices are paid, costs are accrued as services are used. These entries and Capitalization show up in the IT Admin cost center
 - Depreciation is \$665K over budget YTD (\$34K due to GASB, plus Capital WIP depreciation was not budgeted \$200K).
- The GASB timing differences are distorting the ‘by department’ analysis below. We are continuing to work with finance to identify and correct entries and will modify the budget process for next year's budget. The underspend in Infra and SaaS is timing differences (with the offset also largely timing in Telecom / Admin).

Act vs Budget by Dept



Headcount Breakdown

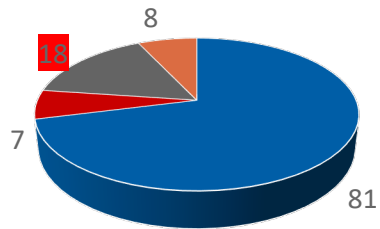


No significant staff changes in February for active staff. We have 7 open positions representing an 8% vacancy rate.

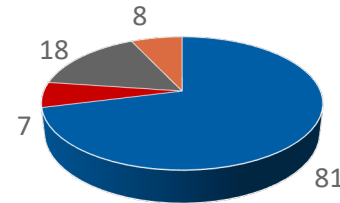
We have 2 active recruitments running at the end of February (was 0 at end of January). An open recruitment for Security operations full time role (down 3 heads) and a Wage recruitment for Customer Support. We are recruiting 2 contractor backfills, and have several more positions going through approval to recruit.

We are not seeing a good candidate flow for the full time position we do have open (few applicants, none qualified so far). Wage positions are generally acceptable.

Staff Breakdown January



Staff Breakdown February



IT KPI's DRAFT (Re-working KPI's for 2024 – separate Metrics from KPIs)

Measure	Indicator	Current	C-1	C-2	C-3	Comments
Staffing (MEL)	Open + Exits (8,2)	7/0	7/0	7/0	8/0	
Finance – Budget Accuracy	+/- 5% target	-6.1%	-6.8%	-6.8%	-7.4%	Still likely to be close to -5% by year end
Reliability – Core	Ops hrs. uptime (99.9%)	99.9%	99.9%	99.9%	99.9%	
Reliability POS	Lost Hours (all registers)	1.75	1.25	0.0	7.8	
Resource Allocation	Hours Target / Alloc	142%	99%	99%	99%	Resource demand was shifted from Operational Support to B&B due to critical needs in February.
First contact ticket resolution	Tickets closed on 1 touch	97.58%	96.97%	98%	95.6%	
Calls accepted	Answered calls	96.98%	96.96%	97.5%	98.6%	
Average wait time	Average wait time	30 sec	23 sec	34 sec	26sec.	
Average call handle time to solve	Industry target is 15 min	4.15 min	4.77 min	4.08	4.45 min	
MFA Progress Sensitive data / Total	% of systems that don't have MFA	18% / 23%	18% / 23%	17% / 32%	17% / 32%	Current work on RMS Interact. Development on Account central

Retail Operations Update

Retail Sales Summary

Out of Stocks

Distribution Center

Marketing

Real Estate



Retail Sales

Summary

Weekly cumulative sales and bottles sold as of March 9th

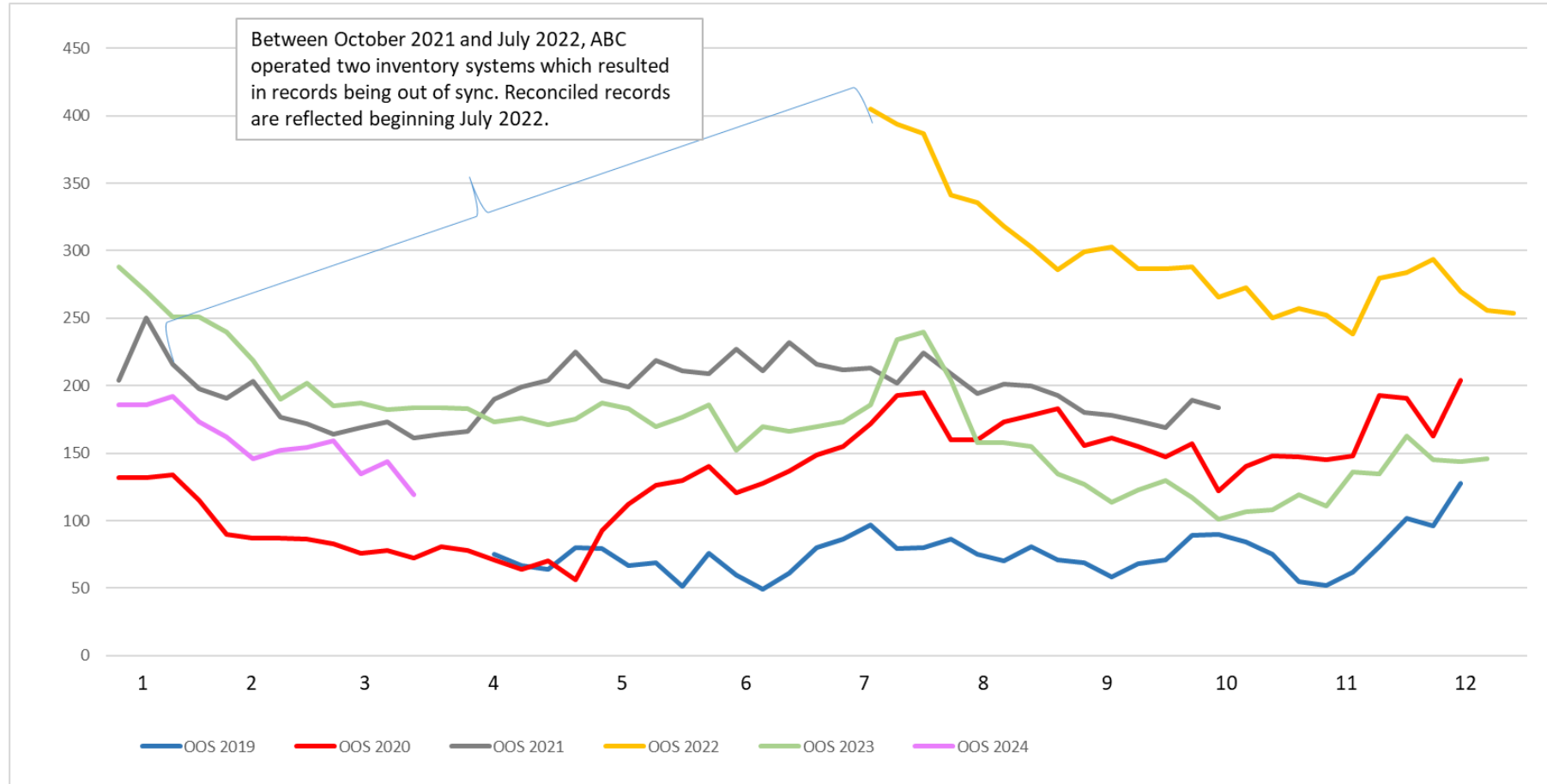
Sales totaling \$1,020,709,708 are up \$9,234,160 or 0.9% when compared to last year and are \$37,480,530 or 3.5% below the \$1,058,190,238 target. Same store sales are up from \$1,010,807,963 last year to \$1,017,180,194 this year, an increase of \$6,372,231 or 0.6%. The weekly cumulative comparison includes 251 sales days this year to 252 last year (1 more Friday last year (avg. sales \$6.3M)). There are currently 401 stores open this year, there were 399 stores open last year.

Bottles sold

Total number of bottles sold increased 3.6%, retail bottles sold increased 4.1%. Mixed beverage licensee bottles sold is flat at (0.3%). Mixed beverage licensee dollars are 17.0% of total sales, up from last year with 16.8% of total sales.

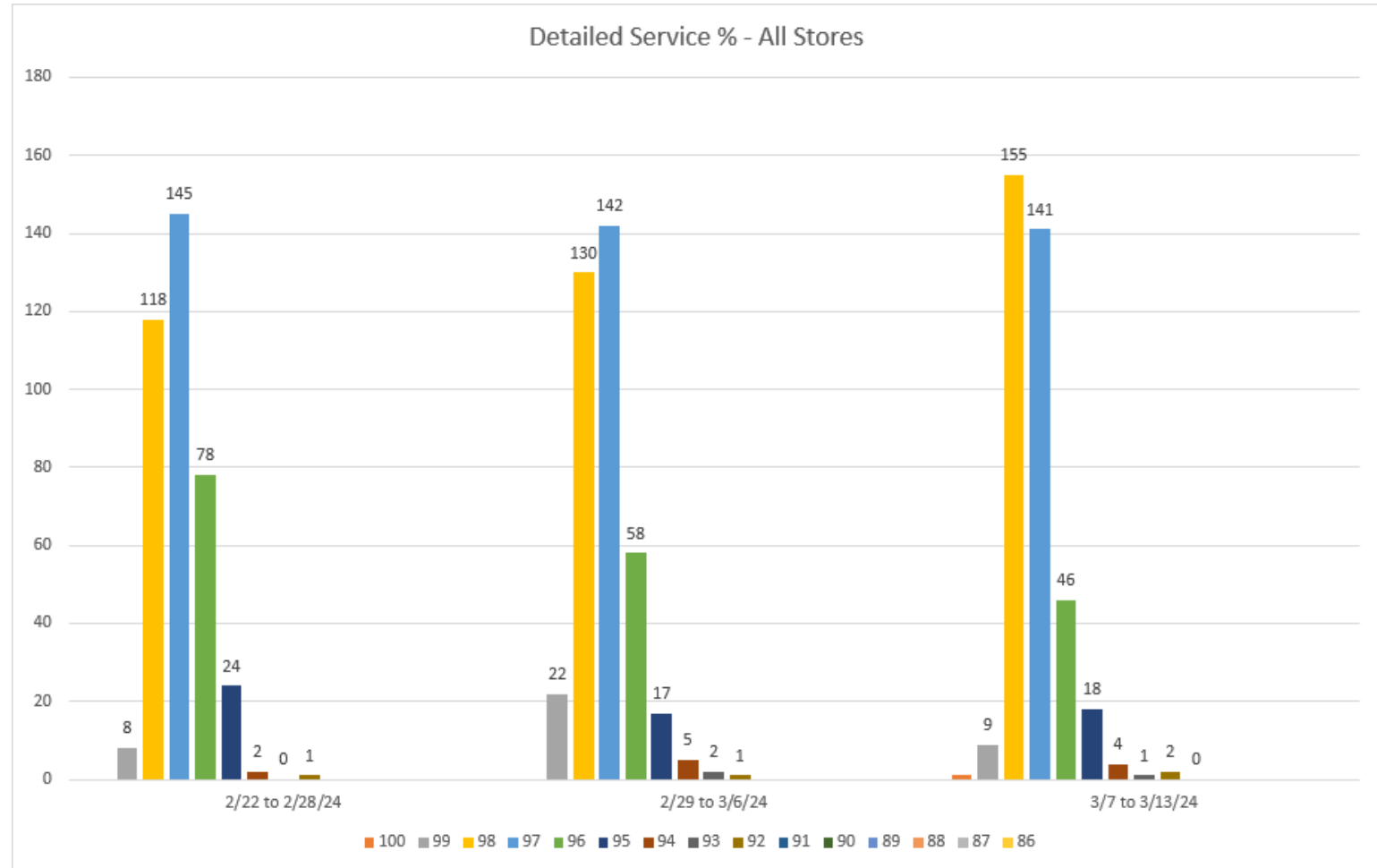
Distribution Center Out of Stocks

In stock goal is 97%. We have 95.12% of standard items in stock in the warehouse. Currently, we have 119 standard products out of stock compared to 144 last week.



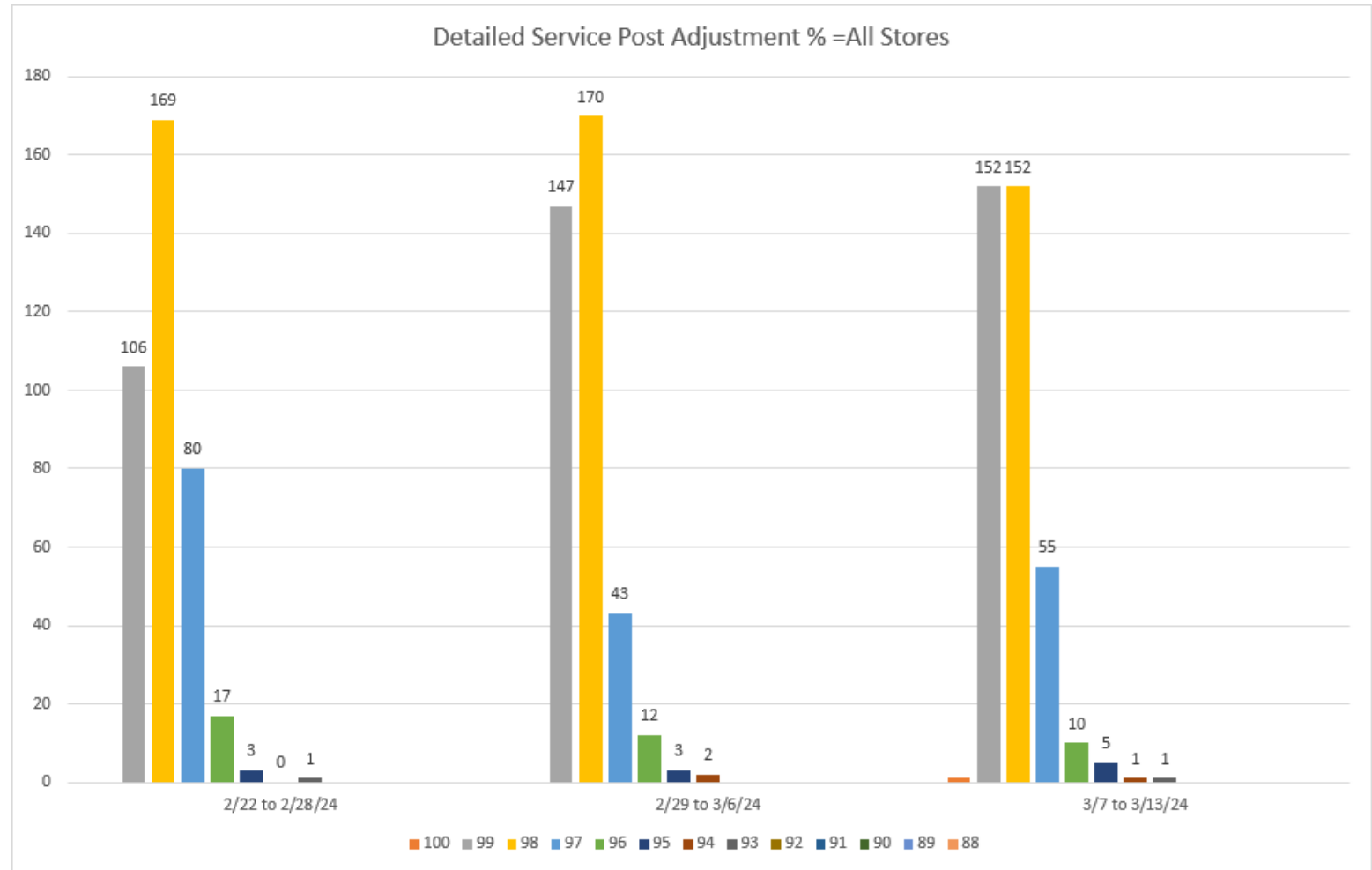
Retail Store Out of Stocks

Retail Store In-stock – Currently 71 stores below 97% compared to 84 in February.



Retail Store Out of Stocks

Retail Store In-stock goal is 97%. The chart shows the same in-stock percentage for stores with DC out of stocks removed. We currently have 17 stores below 97% in stock.



Distribution Center

Average cases shipped daily in February was 24,970 with a peak day of 30,784.

Month	2022		2023		2024		Yearly Comparison		
	Average Cases Shipped Daily	Peak Day	Average Cases Shipped Daily	Peak Day	Average Cases Shipped Daily	Peak Day	2022 CPLH	2023 CPLH	2024 CPLH
Jan	24,534	34,621	23,360	29,165	24,982	30,796	22.85	31.77	38.93
Feb	24,740	31,489	24,819	30,387	24,970	30,784	28.38	33.79	37.36
Mar	28,764	36,556	25,467	34,131			32.67	32.73	
Apr	25,538	30,011	25,472	31,431			28.23	36.35	
May	24,974	30,753	25,296	29,765			27.72	35.10	
Jun	25,090	36,093	27,861	36,052			28.31	38.20	
Jul	25,292	34,323	26,530	36,236			26.96	35.12	
Aug	23,377	30,802	24,141	26,585			25.99	35.22	
Sep	25,149	30,623	26,045	33,352			27.12	37.24	
Oct	25,903	31,400	27,740	27,233			30.47	37.08	
Nov	26,914	32,698	32,331	38,008			32.38	41.84	
Dec	28,490	37,347	30,124	41,635			35.74	40.36	
Yearly Average	25,730	33,060	26,599	32,832	24,976	30,790	¹¹¹ 28.90	36.23	38.15

Distribution Center Productivity:

2024 Cases per Labor Hour

Jan – 38.93

Feb – 37.36

2024 Cases Shipped vs. Forecast

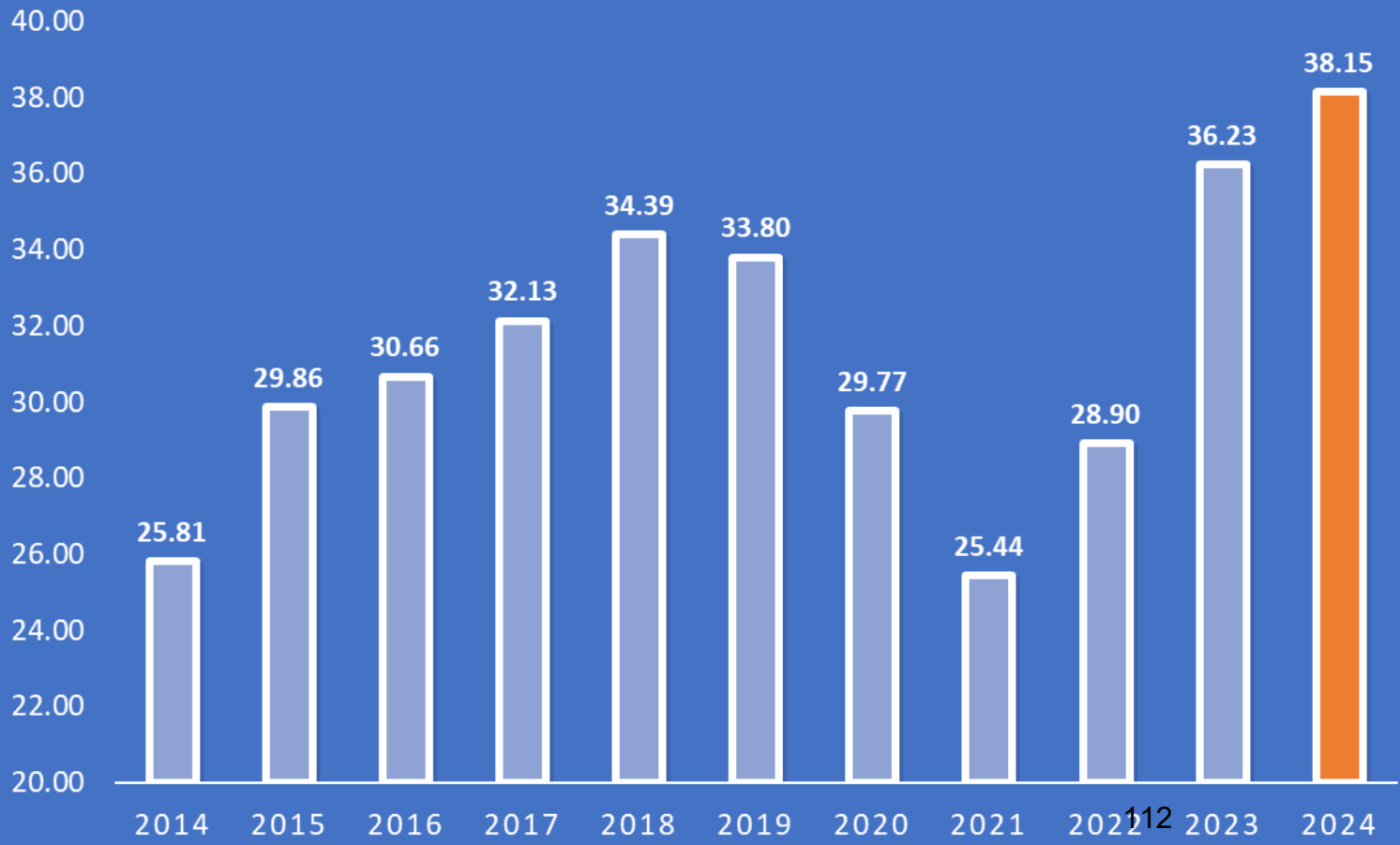
4,386,152 shipped vs.

4,436,812 forecast



Distribution Center

CASES PER LABOR HOUR 2014-2024



- 2018 Hermitage RD productivity peaked
- 2019 two key teammates were pulled out of the warehouse for the Freight Way DC project
- 2020 COVID / social distancing guidelines decreased productivity
- 2021 April split staff between two facilities
- 2022 Team WOW DC stabilization project implemented



Marketing Update

Spirited Thursday Sale (January 18)

20% off 10 750mL products across categories.

Overall sales on promoted products increased \$120,634 or 246% versus 2023 sales.

- Promotional products total revenue was up \$127,414 (48%) for the week vs 2023.
- Purchases made *with* a promotional product as part of the basket ring averaged \$167.34. While purchases made *without* a promotional product as part of the basket ring was \$35.95 (an 152% increase overall).
- Note – Bombay Sapphire was featured on the same day in 2023.
- Discount supplier funded.

JANUARY 18th SPIRITED THURSDAY SALE				
Product	1/18/2024 Dollars	1/19/2023 Dollars	2024 Dollar Increase	2024 % Dollar Increase
Casamigos Tequila Anejo	\$15,719	\$4,963	\$10,755	217%
Patron Anejo Tequila	\$8,526	\$2,470	\$6,057	245%
The Glenlivet 12 Year Single Malt Scotch	\$27,930	\$2,040	\$25,891	1269%
Angel's Envy Port Barrel Bourbon	\$72,533	\$13,298	\$59,235	445%
Milagro Silver Tequila	\$8,420	\$4,106	\$4,314	105%
Frangelico Almond Liqueur	\$3,671	\$1,551	\$2,120	137%
Bombay Sapphire Gin	\$10,112	\$14,173	(\$4,061)	-29%
Jack Daniel's Tennessee Honey	\$8,053	\$2,781	\$5,272	190%
Old Forester Bourbon	\$9,522	\$492	\$9,030	1836%
Deep Eddy Lemon Vodka	\$5,117	\$3,095	\$2,021	65%
TOTAL	\$169,602	\$48,968	\$120,634	246%

FULL WEEK SALES COMPARISON (1/18 - 1/24)				
	2024 Week of Dollar Sales	2023 Week of Dollar Sales	2024 Week of Dollar Increase	2024 Week of % Increase
Totals	\$393,399	\$265,985	\$127,414	48%



Marketing Update

Big Game Savings (February 9-10)

20% off 9 top-selling products across categories leading into the Super Bowl.

Overall sales on promotion products increased \$247,498 or 131% versus same day sales from 2023.

- Promotional products total revenue was up \$245,405 (57%) for the week vs 2023.
- Purchases made *with* a promotional product as part of the basket ring averaged \$97.10. While purchases made *without* a promotional product as part of the basket ring was \$38.59 (an 252% increase overall).
- Discount supplier funded.

TWO -DAY SALE - BIG GAME SAVINGS (FEB. 9-10)				
Product	2024 Sales	2023 Sales	2024 Dollar Increase	2024 % Dollar Increase
Aviation Gin	\$15,646	\$2,100	\$13,547	645%
Bulleit Bourbon	\$89,223	\$20,147	\$69,076	343%
Captain Morgan Original (plastic)	\$53,072	\$22,972	\$30,100	131%
Captain Morgan Original Spiced Rum (closeout)	\$744	\$22,157	-\$21,413	-97%
Crown Royal Whisky	\$105,408	\$46,554	\$58,854	126%
Don Julio Tequila Blanco	\$48,955	\$14,039	\$34,916	249%
Johnnie Walker Red (closeout)	\$1,040	\$8,648	-\$7,609	-88%
Johnnie Walker Red (plastic)	\$25,234	\$0	\$25,234	N/A
Ketel One Vodka	\$96,461	\$51,667	\$44,794	87%
TOTAL	\$435,782	\$188,284	\$247,498	131%

FULL WEEK SALES COMPARISON (2/5 - 2/12)				
	2024 Week of Dollar Sales	2023 Week of Dollar Sales	2024 Week of Dollar Increase	2024 Week of % Increase
TOTAL	\$677,889	\$432,484	\$245,405	57%



Marketing Update

Sweet Savings (February 13 – 14)

20% off 14 top-selling products across categories focusing on

Overall sales on promotion products increased \$98,782 or 196% versus same day sales from 2023.

- Promotional products total revenue was up \$114,283 (54%) for the week vs 2023.
- Purchases made *with* a promotional product as part of the buy made *without* a promotional product as part of the buy
- Discount supplier funded.

TWO-DAY SALE - SWEET SAVINGS (Feb. 13 - 14)				
Product	2024 Sales	2023 Sales	2024 Dollar Increase	Growth
Absolut Grapefruit	\$3,883	\$1,012	\$2,871	284%
Baileys Chocolate	\$13,516	\$0	\$13,516	N/A
Ciroc Red Berry Vodka	\$7,993	\$3,443	\$4,550	132%
Codigo 1530 Tequila Rosa	\$5,251	\$660	\$4,591	696%
Disaronno Amaretto	\$12,956	\$6,186	\$6,769	109%
Four Roses Small Batch Bourbon	\$39,659	\$14,211	\$25,448	179%
Johnnie Walker Red Scotch	\$9,716	\$3,563	\$6,153	173%
Mozart White Chocolate Vanilla Cream Liqueur	\$3,814	\$1,188	\$2,627	221%
Ole Smoky White Chocolate Strawberry Cream	\$7,900	\$2,687	\$5,213	194%
PAMA Pomegranate	\$4,702	\$1,519	\$3,182	209%
SelvaRey Chocolate Rum	\$2,951	\$300	\$2,651	884%
Skrewball Peanut Butter Whiskey	\$16,391	\$11,756	\$4,635	39%
Tequila Komos Reposada Rosa	\$8,527	\$0	\$8,527	N/A
Tequila Rose	\$11,840	\$3,793	\$8,047	212%
TOTAL	\$149,099	\$50,317	\$98,782	196%

FULL WEEK SALES COMPARISON (2/12 - 2/19)				
	2024 Week of Dollar Sales	2023 Week of Dollar Sales	2024 Week of Dollar Increase	2024 Week of % Increase
TOTAL	\$324,719	\$210,436	\$114,283	54%



Real Estate and Facilities Update

New Store Update:

Store 302 (Powhatan)	Landlord is currently going through approval process; square footage of premises has changed slightly; RE drafting Lease Amendment; Landlord breaking ground 6-1-24
Store 405 (Norfolk)	Fixture installation complete; awaiting store opening
Store 442 (Hanover)	Space accepted 3-4-2024 with a small punch list to be completed by 4-3-24; fixture installation scheduled for 4-8-24
Store 525 (Winchester)	Revised draft Lease is with the Landlord for review; we have no anticipated Commencement Date at this time
Store 529 (Alexandria)	Space accepted 3-4-2024; fixture installation is scheduled to commence 4-1-24
Store 531 (Lovettsville)	Awaiting completion of space by Landlord; anticipated Commencement Date is May 2024
Store 532 (McLean)	This deal fell through, as Landlord is having issues recapturing space from current tenant

Project Type No. of Stores

New:	2
Expansions & Modernizations:	2
Relocations:	4

CLEO and CEO Report – Chief Tom Kirby

BLE UAB Report

Real Estate Leases

New Distillery Stores

Communications report

KPI Review

UAB Report

Calendar Year 2024	ALCOHOL		TOBACCO	
As of 3/19/2024	1 st Cycle (2/1 – 5/31)	Calendar Year To Date	DBHDS Grant	DBHDS Supplemental
Scheduled	989	989	0	212
No sale	285	285	0	157
Sale	43	43	0	31
Exceptionally cleared	25	25	0	15
ABC Store: no sale	39	39		
ABC Store: sale	2	2		
Remaining	636	636	0	9
Compliance rate	86.9%	86.9%	N/A	83.5%

- Scheduled Alcohol (YTD) includes 959 random compliance checks and 30 complaint-based checks.
- ABC store results are subset of total results. ABC Store results include distillery stores.
- Exceptionally cleared are checks that were not completed (e.g., temporary/seasonal closed, unsafe, UAB known to clerk, etc.) and are not considered in establishing the compliance rate because the compliance check was not completed.



REAL ESTATE AND FACILITIES MANAGEMENT
LEASES SUBMITTED FOR THE INTERIM CEO'S SIGNATURE

February 2024

Store Number and Location	Leased Space	Term	REC Vote	Board Approval
Store #162 (Oak Hall – Accomack County) Oak Hall Marketplace 7017 and 7019 Lankford Highway Oak Hall, Virginia 23416	2400 square feet	3 years	11-7-2023	1-9-2024
Store #322 (Centreville – Fairfax County) Centrewood Shopping Center 14151 St. Germain Drive, Space #7 Centreville, Virginia 20121	3138 square feet	7 years	11-7-2023	1-9-2024

Communications Office

Staffing and Administration

- Optimizing synergies and talents across internal comms, public relations and change teams to gain efficiencies

Sustained Delivery

- Continued Executive Communications support
- 90th Anniversary Town Hall and Planning
- Distribution of Mixer, Distilleries eNewsletter, and Spirited Virginia
- Eleven responses to media inquiries and one press release (through March 13)
- WOLO LA - Preparation tools support for March lottery
- Readiness support for Oracle project (i.e. communications, job aids)
- Email Records Support (communications; readiness tools and training delivery)

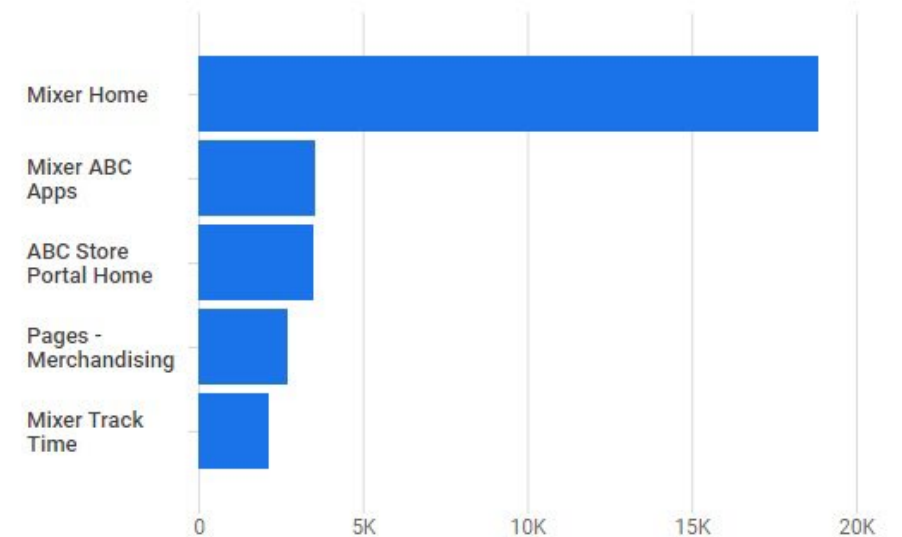
Communications Office

Views by Page Title

Views by Page title and screen class over time



Views by Page title and screen class



- **Mixer:** From Feb. 1-29, 2024, there were 45,080 views and 1,942 unique users
- **Spirited Virginia Magazine** (April-May-June): 65,000 copies will be delivered 3/28 to 403 stores
- **Q1 Distilleries E-Newsletter:** 100 recipients; 54.2% open rate, above industry average of 48.1%

Communications Office

Press Releases

Date	Distribution	Approved By	Topic
March 8	Press Release statewide	Thomas Kirby	Virginia ABC Bureau of Law Enforcement Receives Third Accreditation from Professional Standards Commission

Media Inquiries

Inquiry Date	Response Date	Inquiry Summary
March 7	March 8	Jeff Sturgeon with the Roanoke Times inquired about the license application of Hanging Rock Tavern in Salem.
February 26	February 28	Jeff Sturgeon with the Roanoke Times inquired about the license status of AmRhein Wine Cellars in Bent Mountain.
February 21	February 21	Meghan McIntyre with the Virginia Mercury attended the Board meeting, and had follow up questions regarding September's budget performance, store hours adjustments and allegations from a lawsuit.
February 16	Did not respond	Dan Kennedy with WVEC inquired about a potential license suspension at Parlays 2 in Virginia Beach.
February 5	February 28	Market Watch magazine contributing editor Kevin Barry requested information about ABC's retail sales performance and trends, marketing campaigns, and regulatory issues.
February 16	February 16	Michael Martz of the Richmond Times-Dispatch inquired about revenue/budget figures provided to the General Assembly.
February 14	February 15	Meghan McIntyre with Virginia Mercury inquired about a lawsuit filed by a former employee.
February 9	February 9	Angelique Arintok with WVEC inquired about an attempted break-in at Store 110 in Portsmouth.
February 8	February 8	Victoria Lucas with WRIC inquired about proposed legislation about cocktails to-go.
February 5	February 5	Dwayne Yancey of Cardinal News reached out for the number of moonshine (illegal alcohol production) arrests in Virginia.
February 5	February 7	Jeff Sturgeon from the Roanoke Times inquired about Saturday's limited availability event.

New Distillery Stores

New Distillery Stores				
Requestor: Finance Approver: Chris Curtis				
ITEM: Agreements with Distillery Stores	Approval Date	Store Number/Distillery Name	License Number	Location/Zip
Ironclad Distillery- Fredericksburg	2/24/2024	661/ Ironclad Distillery-FB	013466199	Fredericksburg/22401

Authority KPIs




Data thru January 2024

March 4th, 2024

Prepared By: Strategy & Analytics



Virginia ABC Mission: To strengthen the Commonwealth through public safety, education, and revenue derived from the responsible regulation and sale of alcoholic beverages.

-  Partner with licensees and other law enforcement agencies to limit the impacts of alcohol consumption on citizens and business
-  Provide education and prevention programs that ensure the safe consumption and sale of alcoholic beverages.
-  Ensure a level playing field for all businesses within the Commonwealth through transparent and consistent regulation.
-  Continue as a reliable revenue stream for the commonwealth through partnerships with Virginia distilleries, as well as the sale of a diverse range of alcoholic products.



Store Sales and Profits: Sales growing at 3.3% CAGR, Profit at 1.8% YTD.

For the Current Month, store sales have a CAGR of 2.0%, and profits have a CAGR of 5.6%.

Virginia ABC: Store Sales and Profit Comparisons Jan'24

In \$M	Current Month	Current Month FY'23	Current Month FY'22	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	99.8	102.3	95.9	-2.4%	4.1%	2.0%
Profits	11.7	11.9	10.5	-1.7%	11.4%	5.6%

In \$M	Quarter to Date	Quarter to Date FY'23	Quarter to Date FY'22	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	99.8	102.3	95.9	-2.4%	4.1%	2.0%
Profits	11.7	11.9	10.5	-1.7%	11.4%	5.6%

In \$M	FY to Date	FY'23 to Date	FY'22 to Date	Growth vs FY'23	Growth vs FY'22	CAGR
Store Sales	872.5	860.0	818.4	1.5%	6.6%	3.3%
Profits	144.6	134.6	139.5	7.4%	3.7%	1.8%

Source: SmartView

Overall Results Summary

Current Month and Quarter-to-date vs Prior Year:

- Unfavorable net revenues \$1.9M, mainly lower store sales
- Lower costs of goods sold \$1.0M in line with lower store sales
- Net favorable operating costs of \$0.7M as follows:
 - Favorable annual leave accrual \$0.7M due to higher usage of PTO
 - Lower equipment costs, mainly network servers \$0.4M
 - Higher personnel services costs of \$0.4M due to the state pay increase

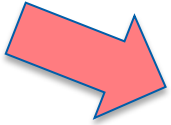

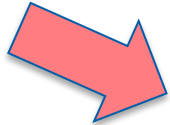
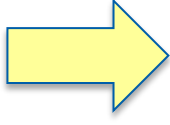
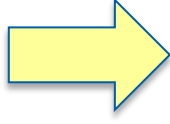
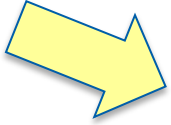
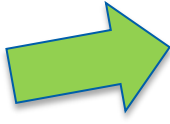
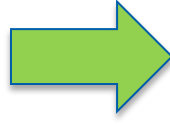

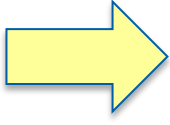
Current YTD vs Prior year:

- Favorable net revenues \$12.2M mainly higher store sales and license revenue
- Higher costs of goods sold \$6.9M in line with higher store sales
- Net favorable operating costs of \$4.7M as follows:
 - Lower computer software dev. & mgmt. services costs \$4.1M, due to planned reductions
 - Lower equipment costs, \$3.6M mainly network servers, computer equip. & fixtures
 - Lower media services costs \$1.8M, due to planned reduction in promotions
 - Lower manual labor costs \$1.5M, following a prior year spike in activity
 - Lower misc. costs \$1.1M due to a prior year Licensing system impairment charge
 - Lower training costs \$0.7M due to timing and planned reductions
- Higher personnel costs \$5.5M due to the state pay increase & unfav. labor hours in retail
- Higher depreciation and amortization \$1.7M for leasing and SBITA arrangements
- Higher outbound freight costs \$0.6M due to increased contract rate and fuel prices
- Higher credit card fees \$0.3M in line with higher sales



KPIs related to profit, sales, and operating costs vs. revenue are all challenged.

Transaction count, basket value, OLO sales, and SWaM spending are all just below normal. In stock position, employee turnover, and time to fill are trending positively.

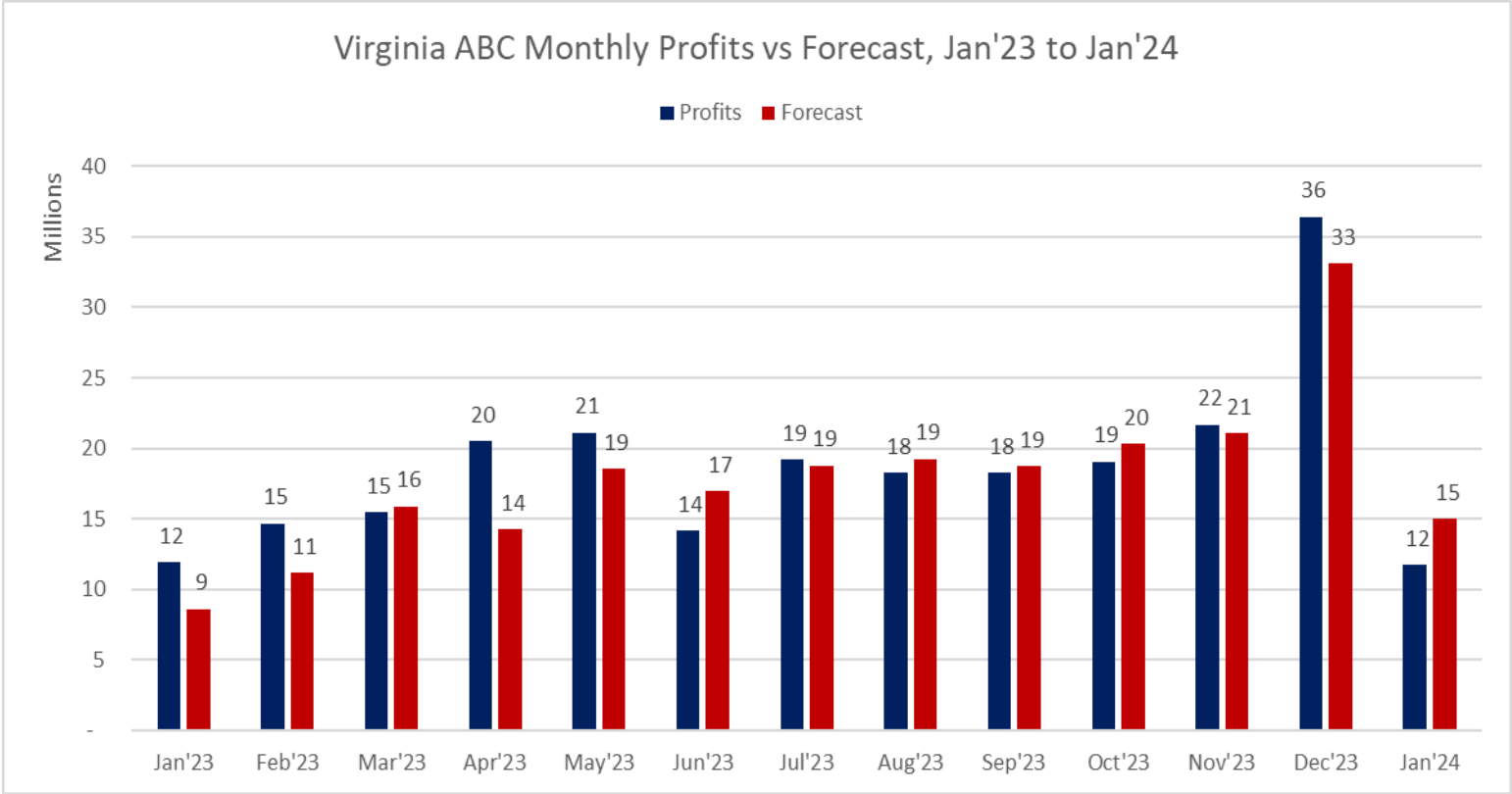
<p>Profit vs Forecast</p>  <p>Profits were \$3.3M (22%) below budget</p>	<p>Sales vs Forecast</p>  <p>Sales were \$9.4 (8.6%) unfavorable to budget</p>	<p>Operating Costs as a % of Net Revenue</p>  <p>Operating costs were unfavorable to budget</p>	<p>Number of Transactions</p>  <p>Transaction counts were as expected, and January ended higher than last year</p>	<p>Average Basket Ring</p>  <p>Average basket ring declined as expected in January, but finished slightly higher than last year</p>
<p>Number of OLO Transactions</p>  <p>Online transactions were down 5% vs. last year</p>	<p>Retail Store In-Stock Position</p>  <p>In-Stock Position recovered quickly from elevated holiday sales, returning to normal by mid-January</p>	<p>Employee Turnover Rate</p>  <p>Wage turnover is up slightly, and full-time turnover is down slightly vs. December. Both show improvements vs. last January.</p>	<p>Time to Fill</p>  <p>Time to fill improved, now consistent with Spring/Summer of 2023</p>	<p>SWaM Spend</p>  <p>SWaM spend is just below target for January, but cumulatively below 30%</p>

Data thru January 2024



Monthly Profits vs Forecast: Profits unfavorable in January

Profit was unfavorable by \$3.3M (22%) for the month of January, driven principally by lower net revenues.



Source: FMS

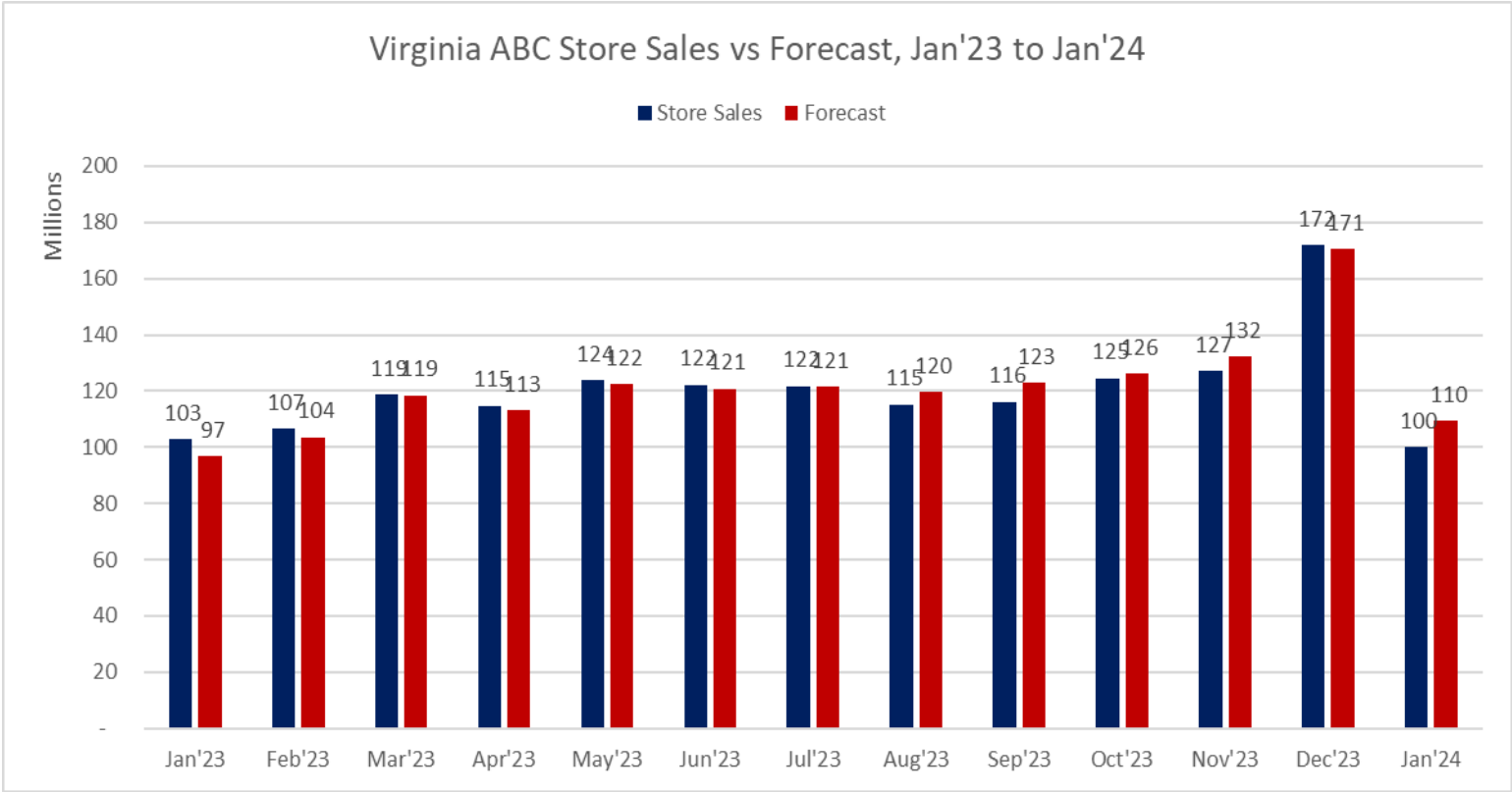
Notes:

- January profits were below budget by \$3.3M, driven by unfavorable net revenues of \$7.5M and offset by lower cost of goods sold of \$4.0M
- Negative effects of revenue were partially offset by favorable personnel services costs in Admin and Regulatory departments \$0.4M, lower software development costs \$0.3M and network server costs \$0.3M; partially offset by higher personnel service costs \$0.5M in retail departments due principally to higher than budgeted retail labor hours and higher computer equipment and software purchases \$0.3M



Store Sales vs Forecast: Store sales below budget

Store sales for January were unfavorable to budget by \$9.4M, or 8.6% below the target.



Notes:

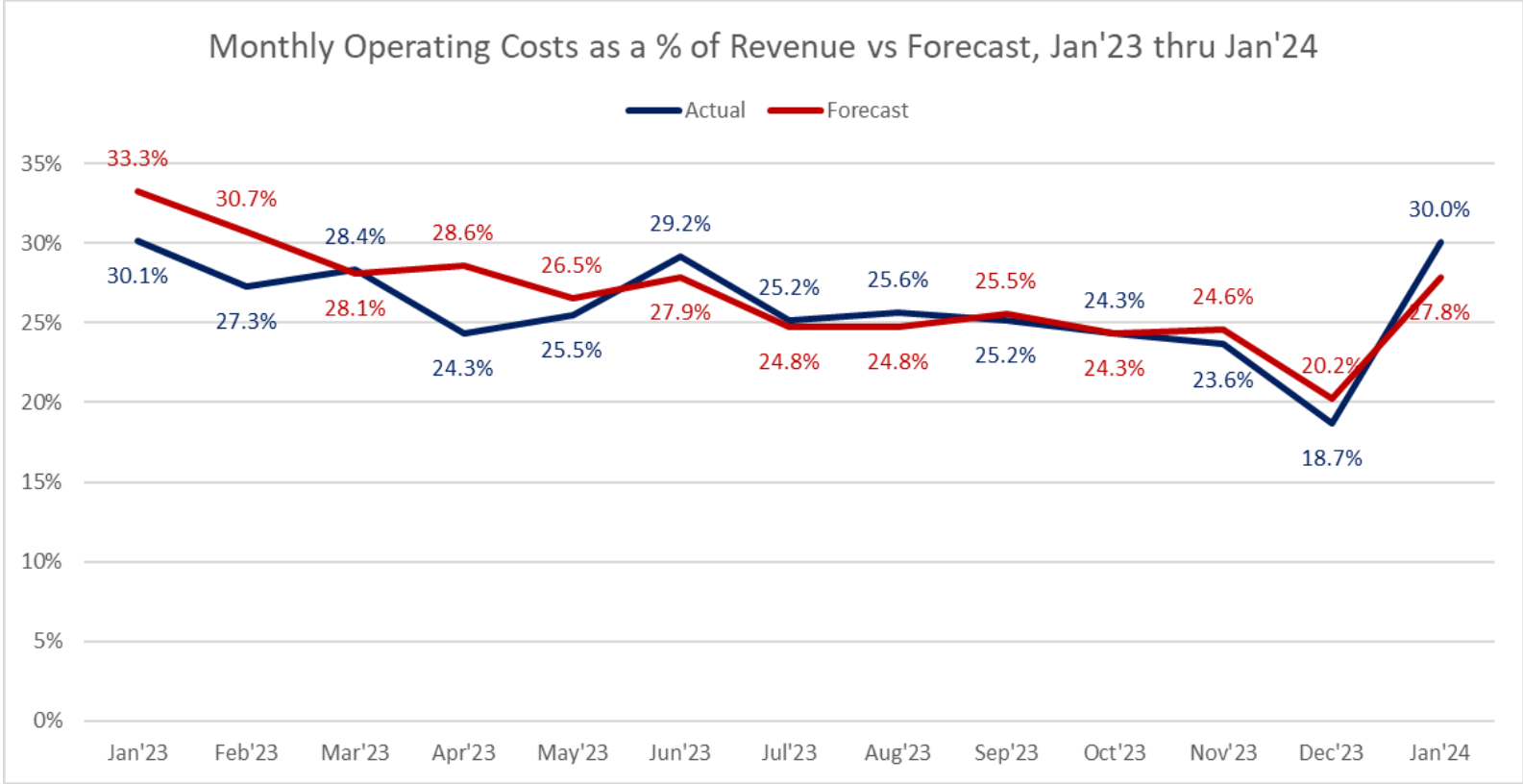
- Sales in January of \$99.8M were \$9.4M below the budget of \$109.2M.

Source: FMS



Operating Cost as % of Revenue: January is unfavorable to budget.

Revenues were unfavorable to budget by 8%, and operating costs were favorable to budget by 0.7% for the month of January.



Source: FMS

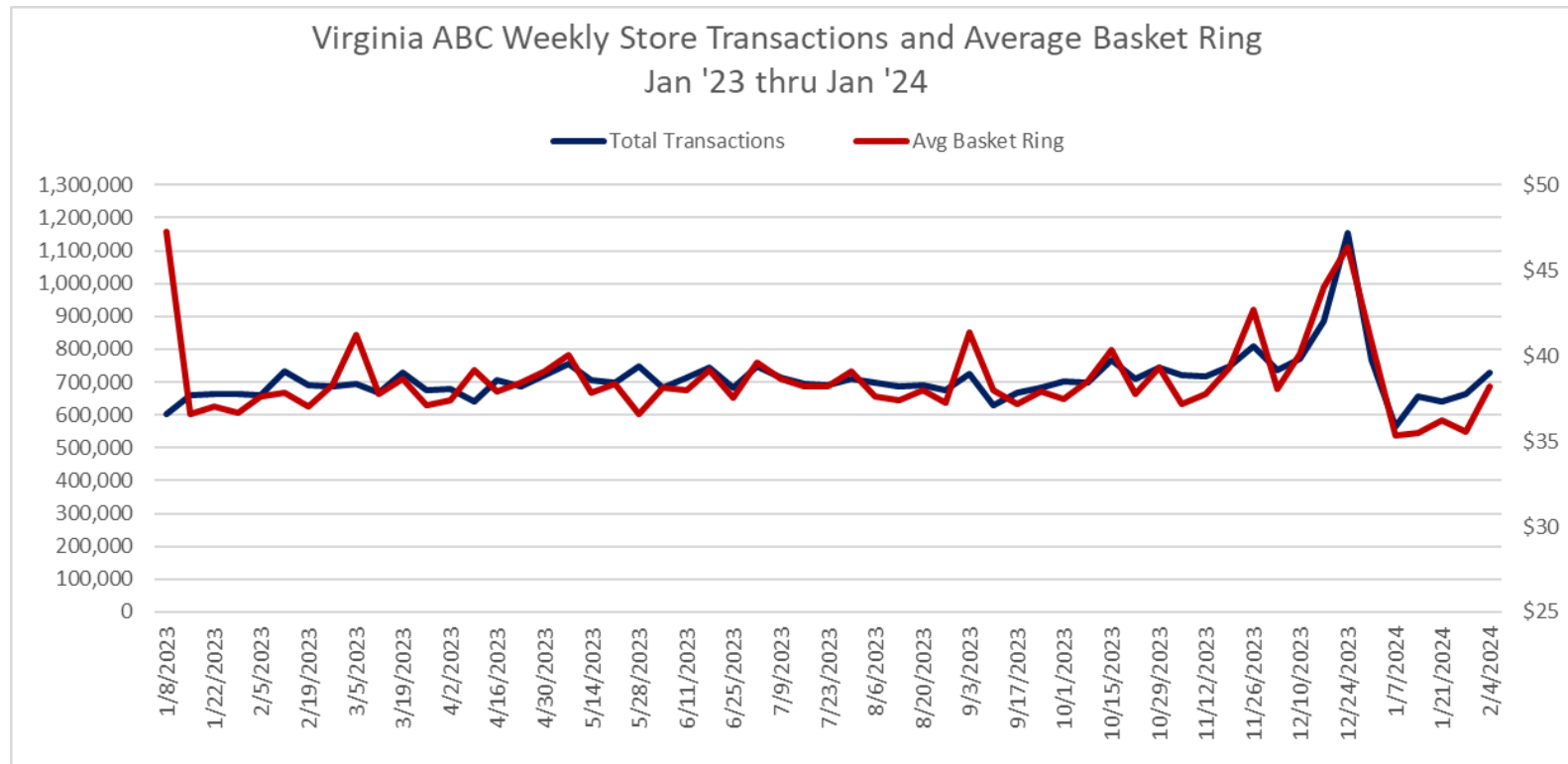
Notes:

- Revenues were unfavorable to budget in January by \$7.5M (8%) due to weak store sales, possibly due to a “hangover” from accelerated OND activity.
- Operating costs were favorable to budget by \$0.2M (0.8%) primarily due to favorable personnel services costs in Admin and Regulatory departments \$0.4M, lower software development costs \$0.3M and network server costs \$0.3M; partially offset by higher personnel service costs \$0.5M in retail departments due principally to higher than budgeted retail labor hours and higher computer equipment and software purchases \$0.3M



Transaction Trends: Transaction count and spending both declined in January.

Transaction counts in January were in line with seasonal patterns with growth occurring towards month end. Average basket value in January started slow as expected but climbed in tandem with transaction count towards the end of the month.



Notes:

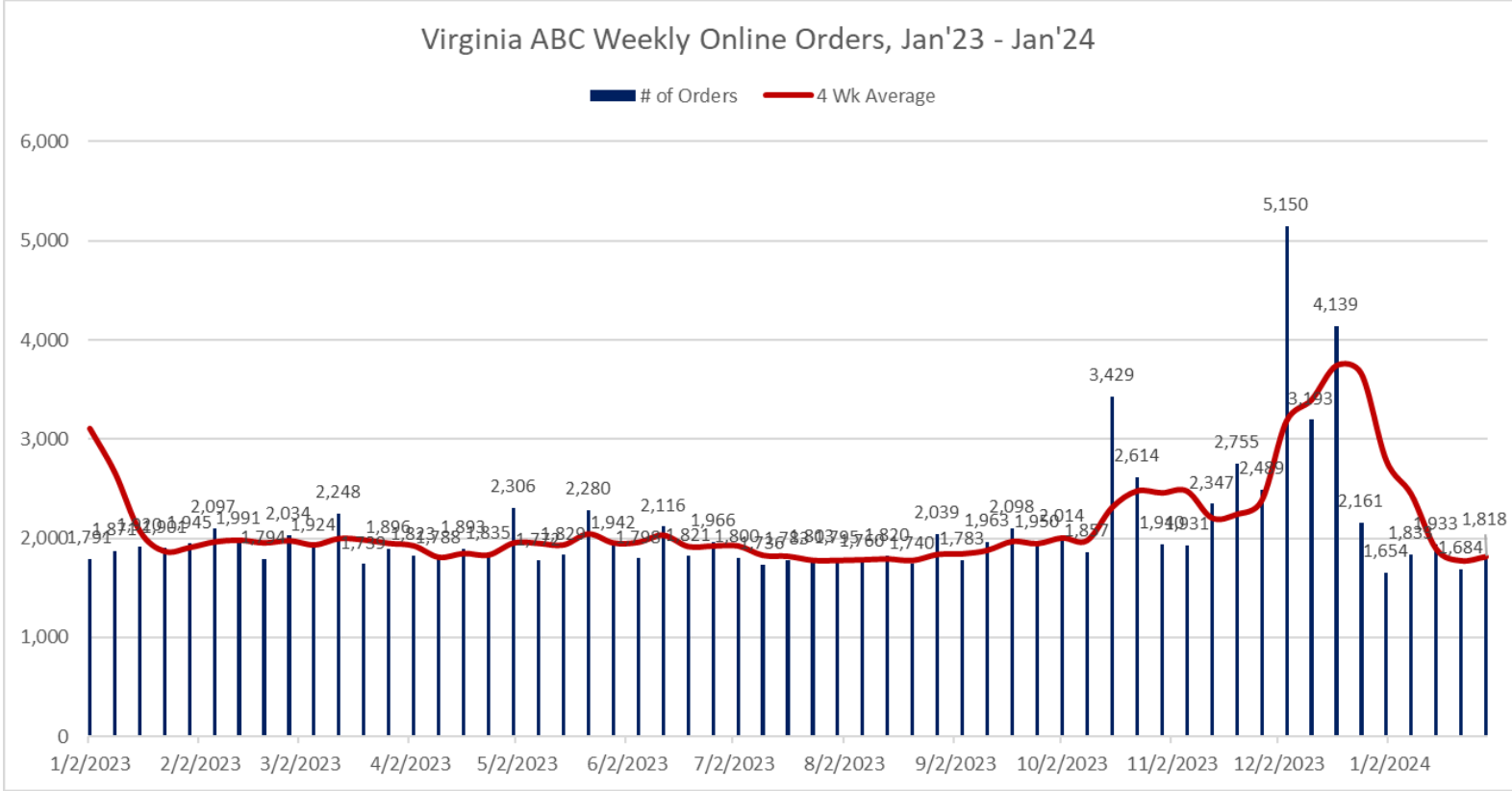
- The summer months are often spiky driven by the timing of warm weather holidays, typically leading to smoother trends during the fall months
- Once Halloween hits, cold weather holiday seasonal volatility begins.
- Once holiday driven spikes in November and December end, both basket ring and transaction hit their low points of the year in January.
- January ended the month up in both count and transaction value vs. last year.

Source: Power BI



Online Transactions: Online orders showing slower pace than last year

Online transactions were down 51% vs. December, and down 5% vs. last January.



Source: Data Warehouse

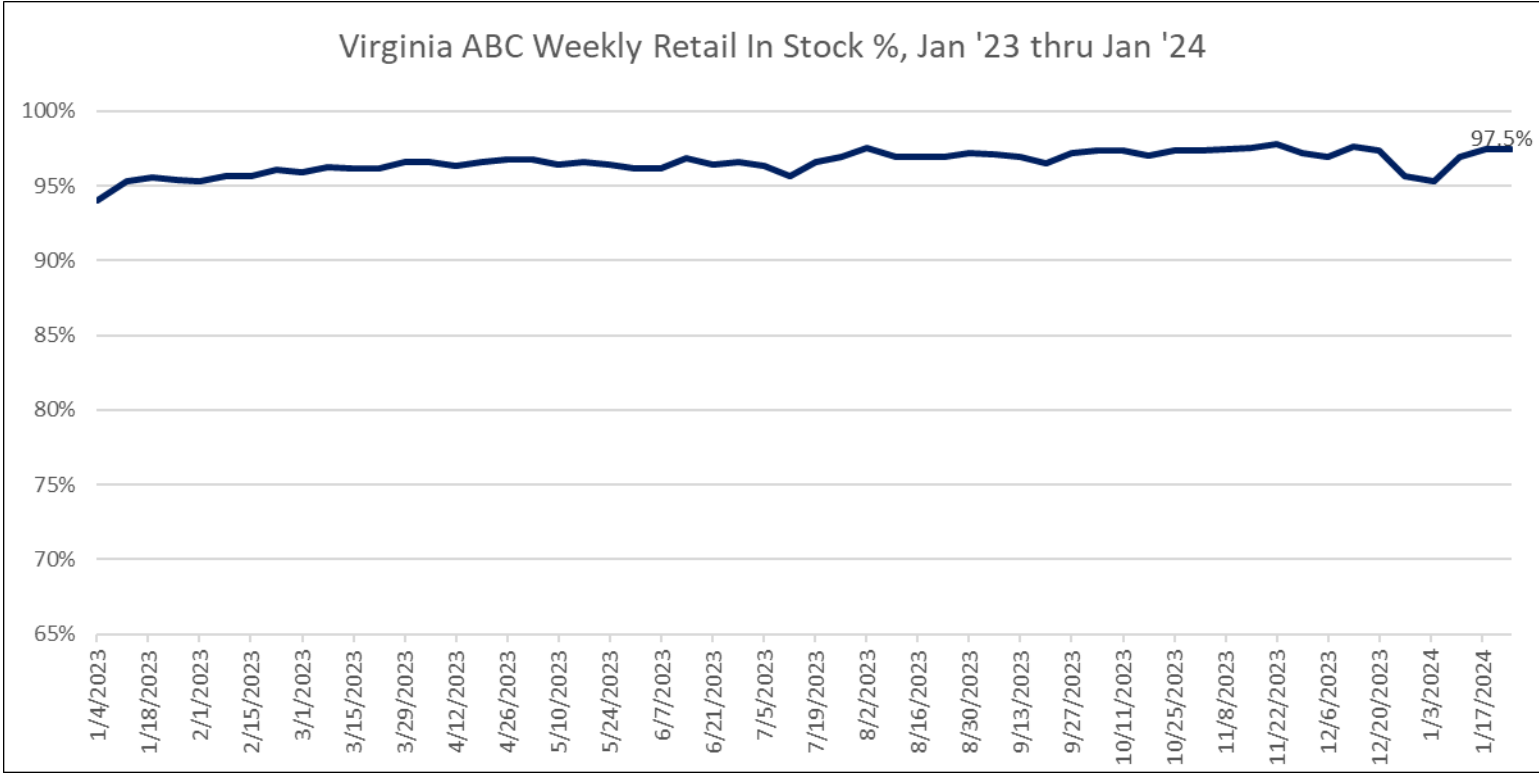
Notes:

- Online transactions were mostly flat throughout CY'22 and the first half of CY'23.
- Average weekly online sales for the month are \$123K, down 9.5% from \$136K last January and 57.9% down from \$292K last month.



Retail In Stock %: In-stock continues to improve

Retail stocks remain impacted from supply chain difficulties and reached their lowest point in the last year during the holidays. OND FY'24 shows improvement over the previous year. Stock position remains just below historical norm of 98%.



Source: Logistics

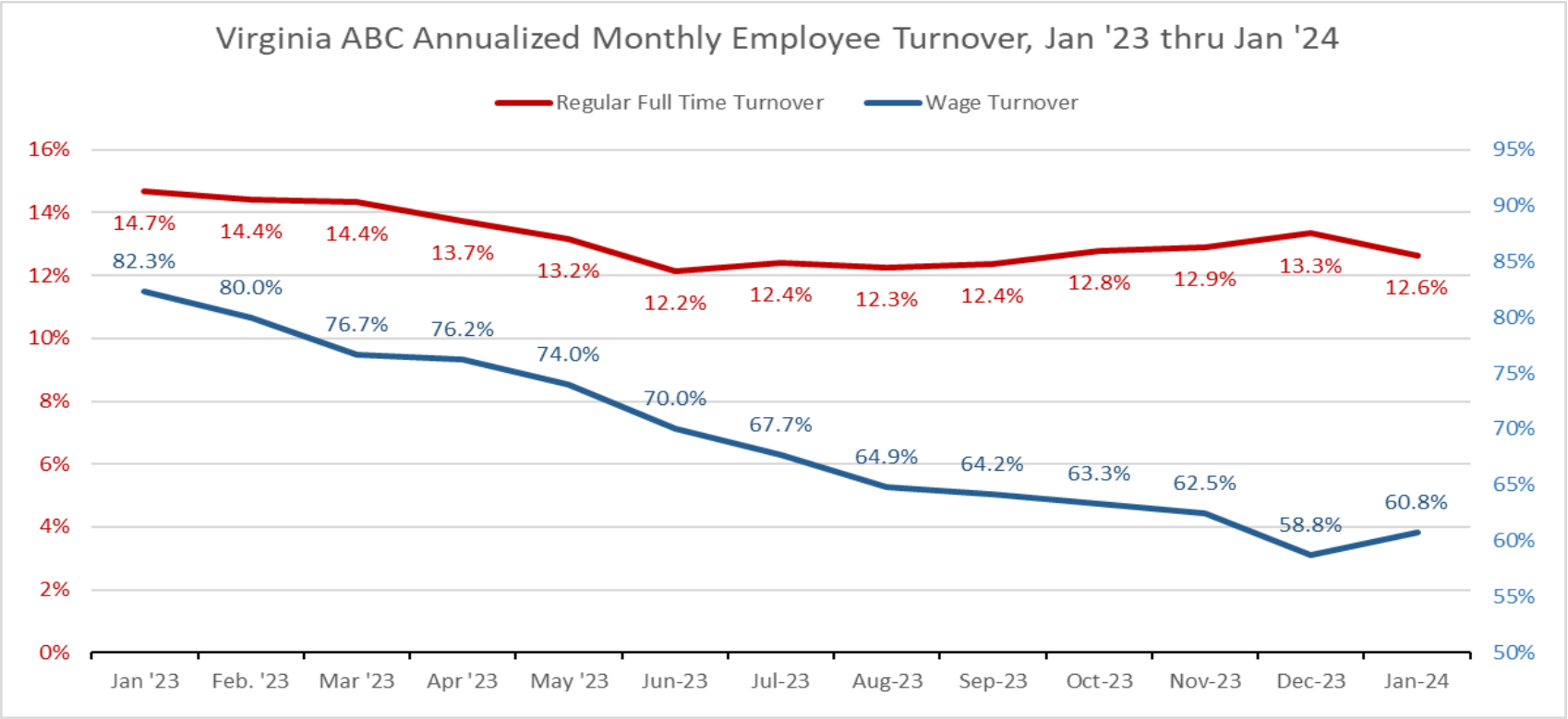
Notes:

- In stock position continues to improve but was relatively flat from February 2023 (95.6%) to December 2023 (95.7%) December FY'23 ended with 94% in stock.
- Lower inventory in December/January is expected because of peak period sales and several holiday related supplier close downs.
- Target is to recover by end of February which was achieved in FY'23. Suppliers are indicating they are allocating product to balance demand across their portfolio of customers
- The elevated sales increases will continue to challenge supply for the foreseeable future
- Work is continuing to right size inventory holdings, eliminate overstocks and “unhealthy” inventory



Employee Turnover: Wage and Staff turnover improving

Turnover rates for both full time and wage associates are improved versus January of last year. Wage turnover is slightly up, and full-time turnover is slightly down vs. last month.



Source: HR System Query

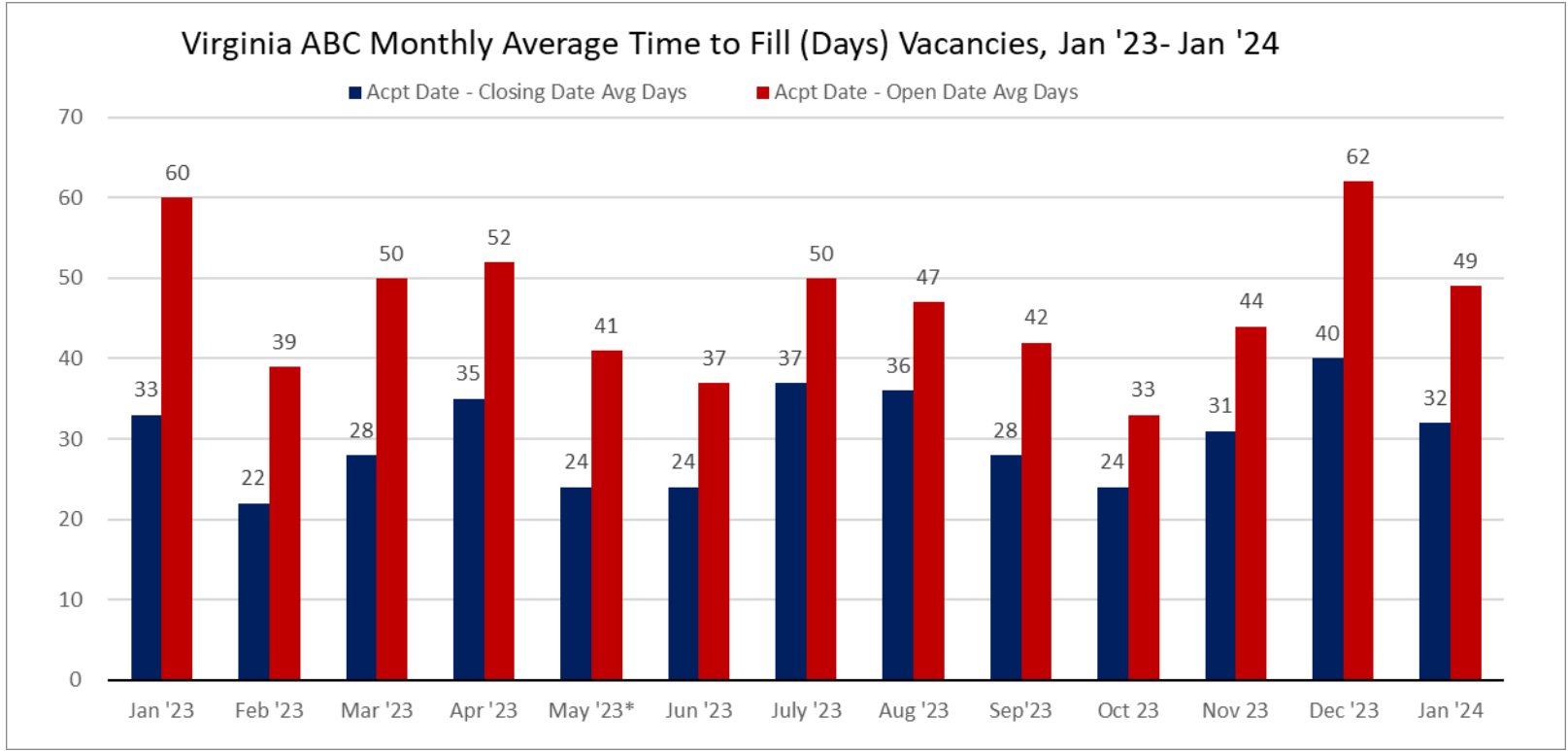
Notes:

- EET continues to send and collect employee life cycle survey data.
- EET continues to meet with DC Engagement Team to gather employee suggestions and feedback. EET has identified additional DC Leadership to add to the team.
- Additional recruiting KPIs have been identified and added to HR’s weekly TAP Report to help demonstrate employee acceptance rates and attrition rates.
- January New Hire Attrition Rate: 51%



Time to Fill: Down vs. last January and last month.

Time to fill shows improvement both vs. December and January of 2023 and remains consistent with last Spring/Summer 2023.



Source: HR System Query

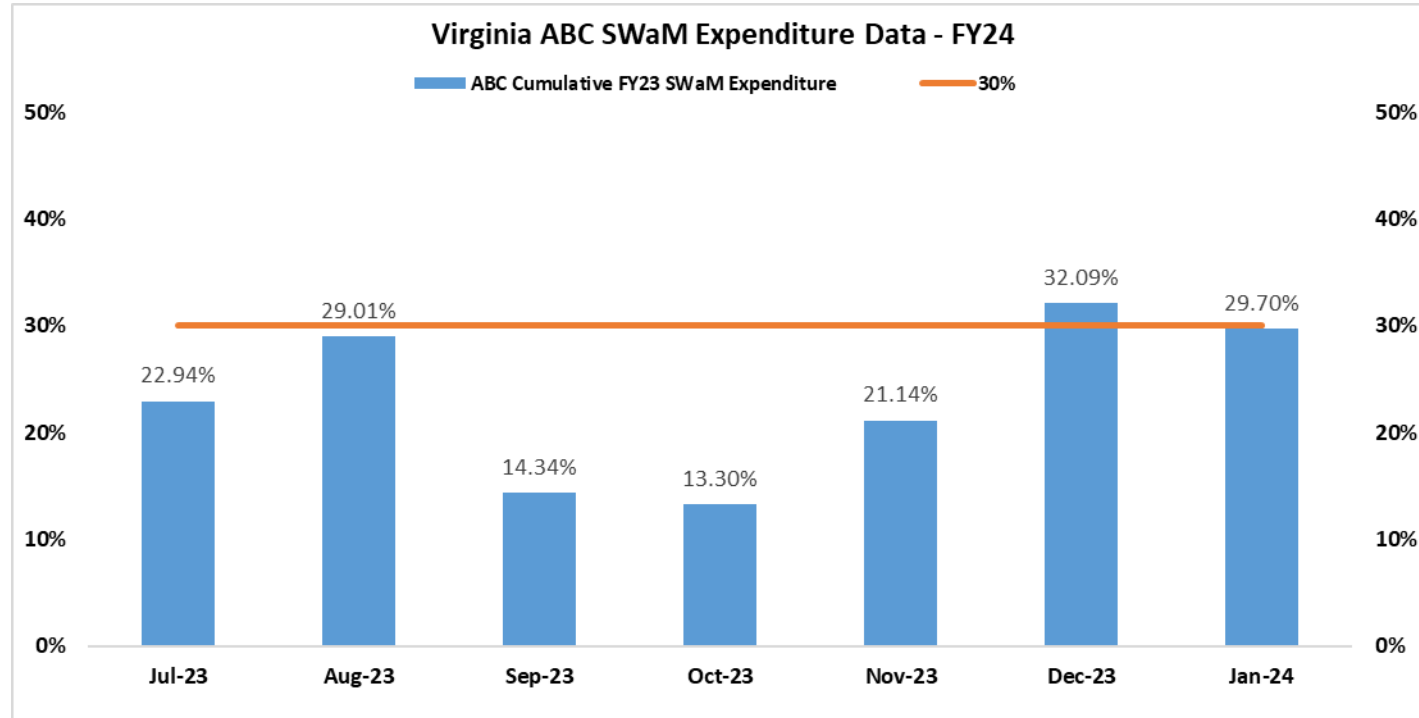
Notes:

- New recruiting KPIs have been developed to help ensure the talent acquisition process is efficient and results in a good internal and external customer service experience.
- Offer Acceptance Rate has been added to weekly HR TAP report to help demonstrate acceptance rates and the Authority’s competitiveness in the current job market.
- January Average Interviews Per Hire Rate: 3.3
- TAC team continues to send follow up emails to hiring managers with screening timelines to ensure a faster turnaround time for candidates/time to fill.



SWaM %: Cumulative SWaM vendor spend well below target

SWaM spending was just below target for January and remains below the 30% goal YTD.



Notes:

- As an Authority, ABC is not bound to the state goal of purchasing 42% of discretionary spending from SWaM vendors
- ABC SWaM spend in January '24 was driven by Treo, the vendor that manufactures counters for ABC retail stores.

Source: Procurement

Board Commentary

Public Comments