#### Virginia Alcoholic Beverage Control Authority Board Meeting

ABC Headquarters – March 23, 2021 – 9:00am

Pursuant to Governor Northam's Declaration of Emergency due to the Novel Coronavirus (COVID-19) and best social distancing practices, today's Board Meeting was held electronically.

#### **Call Meeting to Order**

Authority Board Chair Maria J.K. Everett called the Board Meeting to order at 9:00 am.

#### **Attendance**

Board Chair Maria Everett

Board Vice-Chair Beth Hungate-Noland

Board Member Mark Rubin

Board Member Greg Holland

Board Member William Euille

Chief Executive Officer, Travis Hill

Deputy Secretary, Chris Curtis

Chief Government Affairs Officer, John Daniel

Chief of Law Enforcement, Tom Kirby

Chief Administrative Officer, A. Jerome Fowlkes

Chief Communications and Research Officer, Eddie Wirt

Chief Information Officer, Paul Williams

Chief Retail Operations Officer, Mark Dunham

Kathleen LaMotte, Administrative Assistant

James Flaherty, Attorney General's Office Representative

#### Hearing

FIVE STARS AMUSEMENTS, LLC FIVE STARS AMUSEMENTS, LLC Registration #062 AND FIVE STARS ENTERTAINMENT, LLC FIVE STARS ENTERTAINMENT, LLC

Registration #065

Board Member Rubin moved to accept the settlement proposal, Vice-Chair Hungate-Noland seconded the motion. The proposed settlement was accepted through a roll-call vote of 5-0.

#### **Approval of Minutes**

Board Member Euille moved to approve the minutes as amended from the February 17, 2021 board meeting. Vice Chair Hungate-Noland seconded the motion and with all in agreement, the minutes were approved as amended, to correct the name of the attendee from the attorney general's office's name and to add a statement of the motion to affirm the hearing officer's decision noted in the minutes, through a roll-call vote of 5-0.

#### **New Business**

Approve recommendations of Real Estate Committee (REC)

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• Board Member Holland moved to accept the REC's recommendations for two relocations, Store 371 (Burke) and Store 375 (Lake Ridge). Both are within the same shopping center but offer more room. The REC also recommended three renewals, 133 (Manassas), 264 (Dumfries) and 372 (Alexandria). Board Member Rubin seconded the motion, and the Board adopted the recommendations of the REC on a roll-call vote 5 – 0.

#### **Chief Executive Reports**

#### CIO Report (Paul Williams)

Mr. Williams reported that:

- The Authority continues to struggle with the reliability of the credit card processor, Elavon.
- The rollout of the new Point of Sale systems (POS) in the stores is complete, though work continues on cleaning up issues, and proceeding to Phase 1B to improve on features of the system, such as the integration of promotions.
- The Authority is working on migrating fileshares and domains to complete getting out of VITA's CESC system.
- Individual PC data is now backed up on One Drive in the cloud.
- The Authority is working rapidly to fill open positions, mostly at entry-level positions.

Board Member Rubin asked about the high turnover in entry positions, Mr. Williams responded that some while staff turnover is expected, help desk and business analysts positions usually have high turnover, but may have been a pent-up demand over the last 12 months due to the pandemic. IT is significantly under their personnel budget at the moment.

#### GAO Report (John Daniel)

Mr. Daniel reported that:

- Regarding the Legislative report, one post-session event was about skill games. The Governor has removed some language that may have continued games it now seems certain that the program will end July 2021.
- Hearings and Appeals caseload is still low, settlements are high and the efforts of counsel's office to negotiate settlements is moving along well.
- In April the Board will hear Burger Bar matter.
- The Authority has requested assistance from the Office of the Attorney General (OAG); advice on our diligence due to sale of Hermitage Road property and some workers' compensation matters
- Vino Shippers has appealed to the Circuit Court. A Stay was issued by Virginia ABC, which may need to be extended.
- Hearing Officer Clara Williamson has resigned effective April 1.

#### CROO Report (Mark Dunham)

Mr. Dunham reported that:

- Through Mar 13, year over year retail sales increase remains strong, but slowing down as anticipated as the overlap of initial COVID sales increases from March of 2020. Sales are up \$118,168,933 or 14.6% when compared to last year and are \$89,523,456 or 10.7% above the \$836,758,028 target.
- Warehouse out of stock are still more than double their usual numbers.

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- Retail callouts got down to 119 per day, then went up to 160. They are generally holding steady about 130. Counter stores now down to three from 15. Employees in the stores helped with decision making. Three stores in Richmond are still counter service.
- COVID Cleanings had slowed down to less than one a day then spiked on 03/16 for the next several days. There have now been a total of 568 Cleanings, an additional 39 since the last board meeting.
- The new warehouse is currently having safety rails installed and is setting up cubes in shipping and receiving. Delays in end-to-end testing have pushed this project to yellow. First round of inbound testing went well, and the second round started this morning.
- Last week the Authority released training to the suppliers with 43 signing up so far. Initial indications were that things were well done. Greg Doer and Jacob Urban were commended for their work on the software
- 17 stores doing next day delivery, mainly concentrated in high-community spread COVID concentration areas.
- Same day delivery testing has identified some additional focus areas for process improvement, restricting addresses and training.
- Store 350 will be re-modeled in May with updated color scheme, layout and wayfaring signage to test the Store of the Future concept.
- Updated job descriptions from Director of Logistics to Director of Spirit Supply Chain. his should be posted within the next couple of days

#### CCRO Report (Eddie Wirt)

Mr. Wirt reported that:

- April is Alcohol awareness month. Information from industry partners such as NABCA/DISCUS will be incorporated into the Authority's plans.
- The Authority will soon need a decision on our domain, it may make sense to update domain and physical address at the same time so work is only being done once
- There are no items of controversy on the FOIA and press releases.
- Strategic Planning Ms. La Motte sent email about availability for two sessions the Board would be part of a group of employees to discuss topics. A more detailed schedule will be sent following the meeting with more details.

Board Member Rubin volunteered to assist with any kind of facilitation training if needed.

#### **Listings Presentation**

#### Marketing (John Shiffer)

Mr. Shiffer reported that:

- The Van Winkle Lotteries are popular, and the website is handling the traffic well.
- Mr. Shiffer reviewed the listings reviewed and recommended by the committee. This presentation is attached to these minutes as Appendix A.
- 87 products were presented, 39 are recommended to carry, five one-time buys and 44 are not recommended.
- He will be in the office on March 25 should anyone wish to review the products.

Board Member Rubin moved to approve the recommendations of the listings committee, Board Member Holland seconded. With all in agreement, the motion passed in a roll-call vote of 5-0.

#### Virginia Alcoholic Beverage Control Authority Board Meeting

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#### CLEO Report (Tom Kirby)

Mr. Kirby reported that:

- Shared slide deck re unregistered skill games, attached to these minutes as Appendix B.
- Two locations have an attorney working to get resolution. Plan is to send agents to play the game and if successful look at potential civil penalties and criminal charges.
- Mr. Daniel reported that the new law does not have new penalty, but new legislation makes it clear that Commonwealth Attorney and local authorities have the power to pursue violators.

Board Member Holland asked if ABC will be tasked with the enforcement after July 1. Mr. Daniel believes regulation will still be maintained to pursue violations prior to July 1, 2021 for violations of regulated entities. After July 1 under new legislation, the primary enforcer will be local authorities. Mr. Kirby added that ABC will share information with local authorities.

**Public Comment** – Jason Powell of the Senate Finance and Appropriation Committee asked how many machines were in 35 locations, and did any operators end up getting their registration? Mr. Kirby responded that there was no avenue for them to register due to missing statutory deadlines.

#### CAO Report (Jerome Fowlkes)

Mr. Fowlkes reported that:

- Store sales were almost 9% above budget at \$93M. The Cost of Goods (COG) was higher than expected due to larger sales, and variable costs were \$1.4M above budget due to personnel costs, COVID expenses and VITA expenses. Despite this, the total Contribution margin was \$1M positive at \$19.8M.
- Fixed administrative costs were \$500K positive largely from a positive VITA variance.
- Overall, the Authority ended the month \$1.5M in the positive at \$13.4M, an almost 13% increase over budget.
- For the year-to-date, store sales are up by slightly over 9.3% at \$867.9M. Other revenue, which includes the licensee fees, is down by 15% at \$14M. Net revenue is almost 10% above budget at \$747M. While the COG variance is negative, that is due to sales, the margin on COG is consistent with projections.
- Variable expenses were negative due to personnel expenses (\$3.2M), credit card processing fees (\$818K) and VITA (\$604K). As discussed the VITA is positive fixed VITA fees. The contribution margin is positive by \$22.8M or 12.2% above budget for a total of \$209.2M. After adjusting for some positive variances in fixed costs, we come up with net profit that is \$160.9M, which is \$30.9M above budget, almost 24% ahead of budget.
- HR is in the final stages of interviews for a new Employee Relations Manager and an Assistant Director of Human Resources.
- Procurement is working on business processes and reviewing workloads and policies and procedures.
- Finance is working with IT and web to be able to structure the financial reporting so that the Authority can report budget items by channel to accurately look at changes in on-line sales and expenses to understand segments of the Authority's business.
- There is a planned restructure of finance department, Stuart Smith's position was split into two positions; an Assistant Director of Budgeting and Forecasting and a Manager of Financial Reporting to reflect the two different key time consuming areas. The Budgeting position is posted now.

#### CEO Update (Travis Hill)

#### Virginia Alcoholic Beverage Control Authority Board Meeting

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#### Mr. Hill reported that:

- Governor Northam shared EO77 this morning re: Plastic bag and single-use plastic phased out in 120 days. ABC will phase out the bags by 2022.
- The popular Cocktails to go program will remain for an additional year. The Legislature wants a study, and John Daniel will lead efforts to bring stakeholders together to understand enforcement and implementation impacts. Mr. Daniel added that Virginia is not the only state looking at this as Oregon is surveying other states. Mr. Daniel will keep the Board aware of meeting times if they desire to participate.
- The DEI forum last week went well, listening sessions are coming up and a climate survey for employees to be able to provide feedback is planned
- One Virginia Plan, the DEI efforts for all Virginia Governmental Agencies, is rolling out soon. The Authority's efforts will be informed by those efforts
- Reviewed a presentation regarding plans for the move to Hanover which are attached to these minutes as Appendix C. The Authority will control the Hermitage Road property throughout the move to Hanover and will not sell until 2022.
- Over the next few months the Authority will review strategic plan, set operational budget, review compensation reviews and will brief board on bonuses and compensation reviews

#### **Old Business**

None

#### **Comments from Board**

Chair reminded of upcoming dates:

April 14 – Board Meeting

May 12 – Board Meeting

May 17 – 2021 - NABCA Annual Conference

#### **Public Comments**

None

#### **Meeting Adjournment**

At 11:52 am, with no further business, Chair Maria Everett adjourned the meeting.

# July 1 New Product Recommendations

March 23, 2021

7934



## **Summary**

	-	
	CATEGORY	SUBMISSIONS
	American Whiskey	15
	Brandy	0
	Canned Cocktails & Hard Seltzers	56
	RTD Cocktails	8
	Cordials	20
	Gin	18
	Irish	3
	Minis	22
	Mixers	14
	Moonshine	4
	Rum Flavored	2
	Rum Spiced	0
	Rum Unflavored	11
	Scotch	7
	Tequila	21
	Wine	1
	Vermouth	4
b	Vodka	13
	Total	219



## Summary

- Submissions 219
- Presented 58 non-CCHS, 30 CCHS
- Selected
  - 27 non-CCHS for shelf
  - 12 CCHS for shelf
  - 5 one time buy
  - 0 special order











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BEVERAGE





ABC





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## One Time Buy 50mls of new 750mls

- Blue Chair Bay Mango Rum Cream
- Midnight Moon Watermelon
- Midnight Moon Lightning Lemonade
- Cîroc Watermelon
- Smirnoff Pink Lemonade



# July 1 New Product Recommendations

March 23, 2021



# UNREGISTERED SKILL GAMES

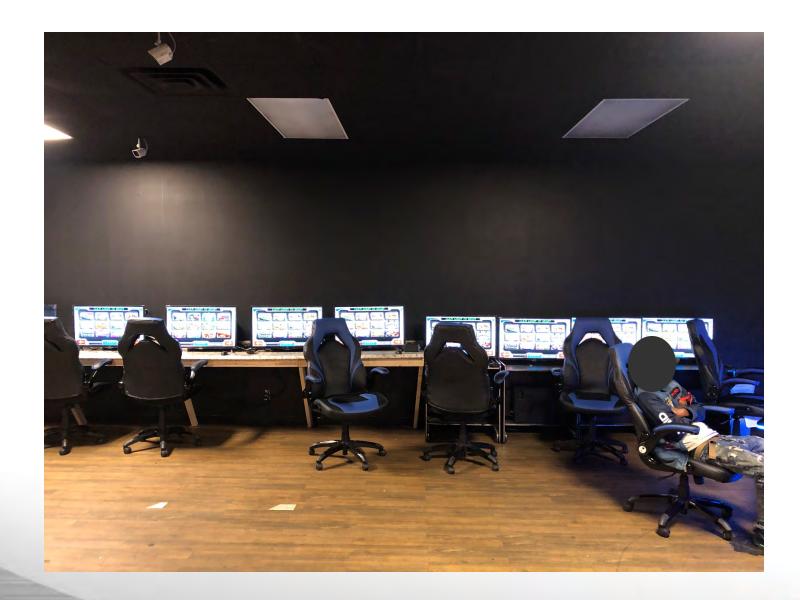




### Phase I

- Following the implementation of the regulation of skill games the Bureau began to receive complaints regarding unregistered skill games in operation.
- Initial response was to work in collaboration with local law enforcement, local cwa, and other officials.
- Letter received from Virginia General Assembly







### Phase II

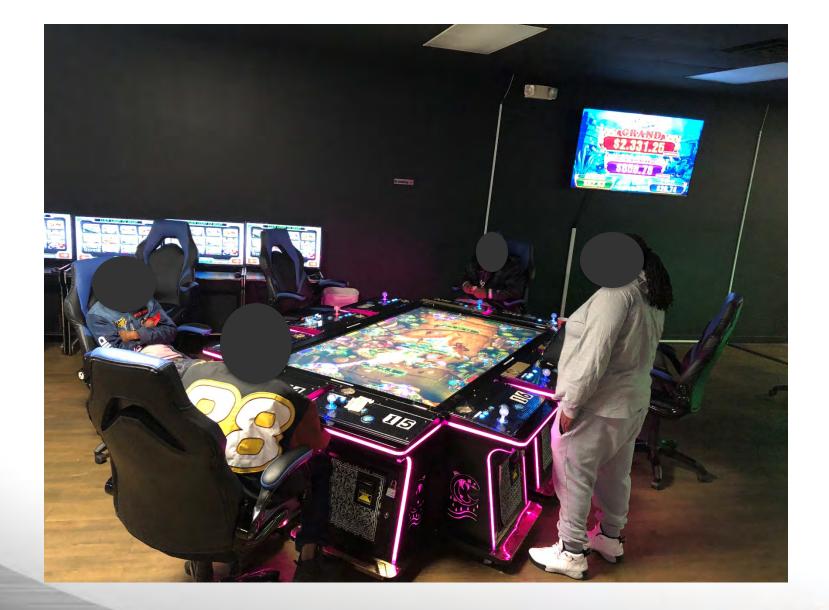
- Plan Development:
   Support from ABC Legal
   Training Program
- Plan Execution:
   Intel Gathering and Research
   Special Agent Visits
   Cease and Desist Letter if appropriate
   Legal Outreach
  - Initiation of Ongoing Investigation with local collaboration.



### **Current Outcomes**

- Agents identified 35 locations through complaints that were conducting business with unregistered skill games.
- Of those 35 only 3 are still under investigation.
   The other locations closed upon receiving the Cease and Desist letter.
- Additional Locations have been identified.











# **QUESTIONS?**





WWW.ABC.VIRGINIA.GOV

# Preparing for the Move to Hanover

March 19, 2021 - updated



## Let's Get Started

The Return to Office team has built a Prepare and Pack (PnP) Program. Guided by Department of Labor and Industry (DOLI) and Virginia Department of Health (VDH) recommendations, the PnP Program is designed to keep everyone safely distanced during visits to the Hermitage Road central office. A maximum number of people per floor, per day, has been established under these recommendations.

Red and Blue Zones have been established on floors 1-3 to facilitate distancing. Building entrances, stairways and elevators will also be designated Red or Blue to support these zones. Zoning on Mezzanine floors will be slightly different.

The ABC Domain Migration and Records Management programs will be running concurrently with the PnP Program and are factored into scheduling.

In this deck you will find:

- Sanitation Procedures and COVID Guidelines
- Floor Maps identifying the Red and Blue Zones and where to pick up supplies
- An overview of the PnP Schedule
- An overview of the packing and labeling process



## Let's Get Started – and Keep it Clean

Our COVID-19 Risk Survey is the first step toward preventing the spread of the virus. Before you enter the building, remember to perform this quick self-check.

The Facilities Team will have sanitizing stations at entries, stairwells, elevators and sanitizing wipes in work areas and supply staging areas.

Please wipe down your work area before leaving the building (chair arms, door knobs, drawer handles, light switches) and any equipment you use to remove personal items from the building.

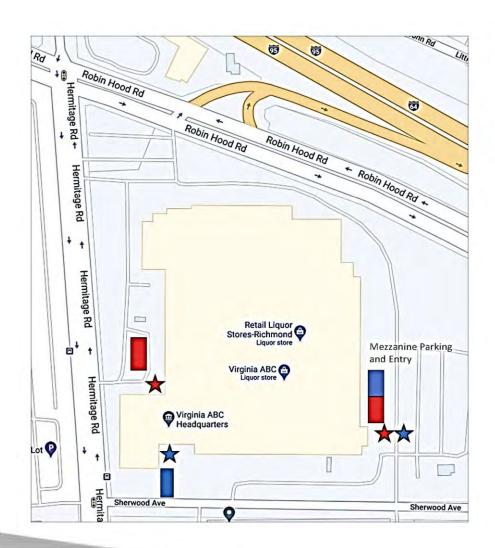


For the most up to date information, please visit

https://vabcnow.sharepoint.com/abcnow/Pages/ABC Now/COVID-19.aspx



### Come on In



- Red Zone Parking
- Red Zone Entrance
- Blue Zone Parking
- ★ Blue Zone Entrance



## PNP COVID GUIDELINES



### PnP COVID Guidelines

Effective January 27, 2021

Everyone must follow these guidelines when working inside the buildings to prevent the spread of disease.

#### **GENERAL GUIDELINES**

- Be aware that if you touch your face or adjust your face covering after you have touched other objects, you can easily spread germs to your face.
- Wash your hands or use alcohol-based hand sanitizer (with at least 60% alcohol) before putting the mask on.
- Be careful when taking off your face covering. Remove it from behind the ears and try not to touch the front of the mask or your face.
- Once you remove the face covering, you should wash your hands right away or use alcohol-based hand sanitizer (with at least 60% alcohol).
- Masks are required outside the building when unable to be 6 feet apart.

Please make sure you are following all information provided in the COVID-19 Training and self-check requirements.



### PnP COVID Guidelines

Effective January 27, 2021

Everyone must follow these guidelines when working inside the buildings to prevent the spread of disease.

#### **ABSENCES AND ILLNESS REPORTING**

- Notify your manager immediately.
- Please follow directions contained in the FAQs located on <u>Mixer.</u>

#### **SOCIAL DISTANCING GUIDELINES**

- Stay 6 feet away from another person. No exceptions.
- No more than two people in the elevator at a time.
- Limit daily occupancy to allow for safe social distancing.
- If someone approaches your office, please put mask on and ensure your extra chairs are at least 6 feet apart.

Please make sure you are following all information provided in the COVID-19 Training and self-check requirements.



### PnP COVID Guidelines

Effective January 27, 2021

Everyone must follow these guidelines when working inside the buildings to prevent the spread of disease.

#### **MASK REQUIREMENTS**

- CLOTH face coverings should:
  - Cover your mouth and nose
  - Fit snugly, but comfortably, against the side of the face and fit snugly <u>under the chin</u>
  - Be secured with ties or ear loops
  - Be made of multiple layers of fabric that allow you to breathe
  - Masks with vents or ports are not allowed
  - Be able to be laundered and machine dried without damaging or changing the shape of the mask.

- DISPOSABLE face masks should:
  - Cover your mouth and nose
  - Ensure the colored side faces outward
  - Fit snugly, but comfortably, against the side of the face and fit snugly <u>under</u> the chin
  - Be secured with ties or ear loops.

Please make sure you are following all information provided in the COVID-19 Training and self-check requirements.



## **PNP ZONING**



### About the Zones

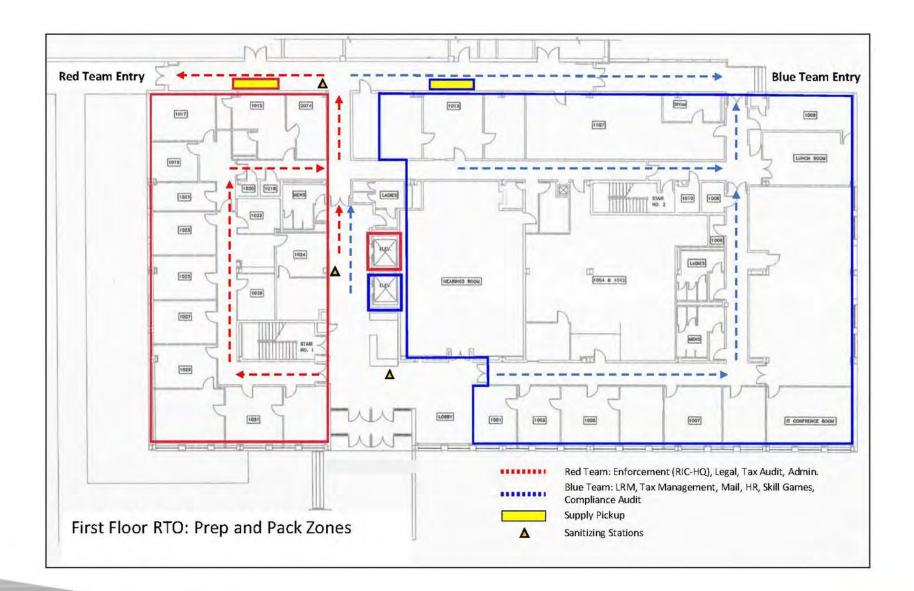
Zoning helps maintain social distancing by separating circulation. Designating entrances, stairways, elevators and corridors for use within these zones greatly reduces cross-traffic and limits the number of people who pass through these high-touch areas.

#### Restrooms

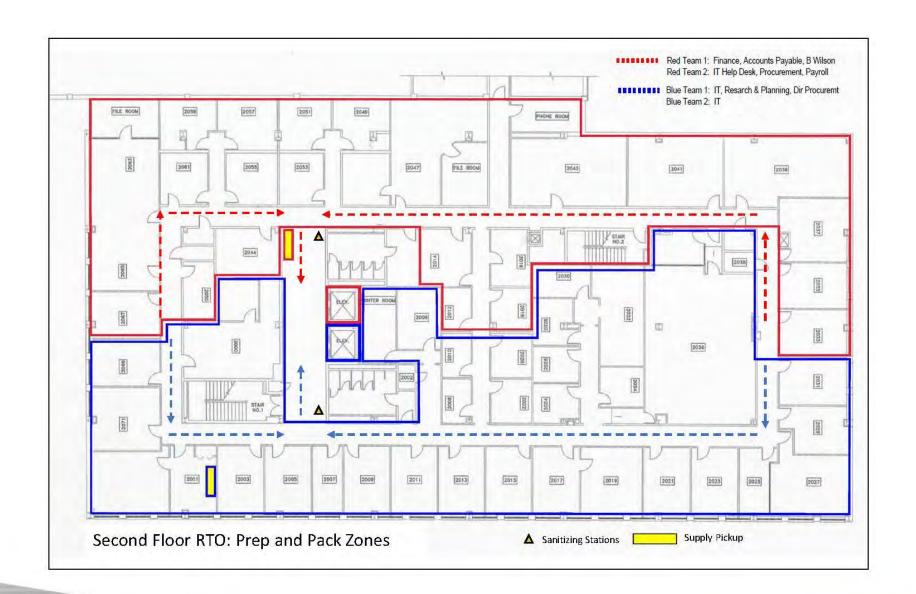
Since we don't have men's and women's restrooms in both zones, we ask that you be diligent with distancing, hand washing and sanitizing.

#### **Stay True to Your Colors**

Except for restroom visits, please operate within your assigned zone. Blue Team: use Blue entrances, stairways and elevators. Red Team: use Red entrances, stairways and elevators.







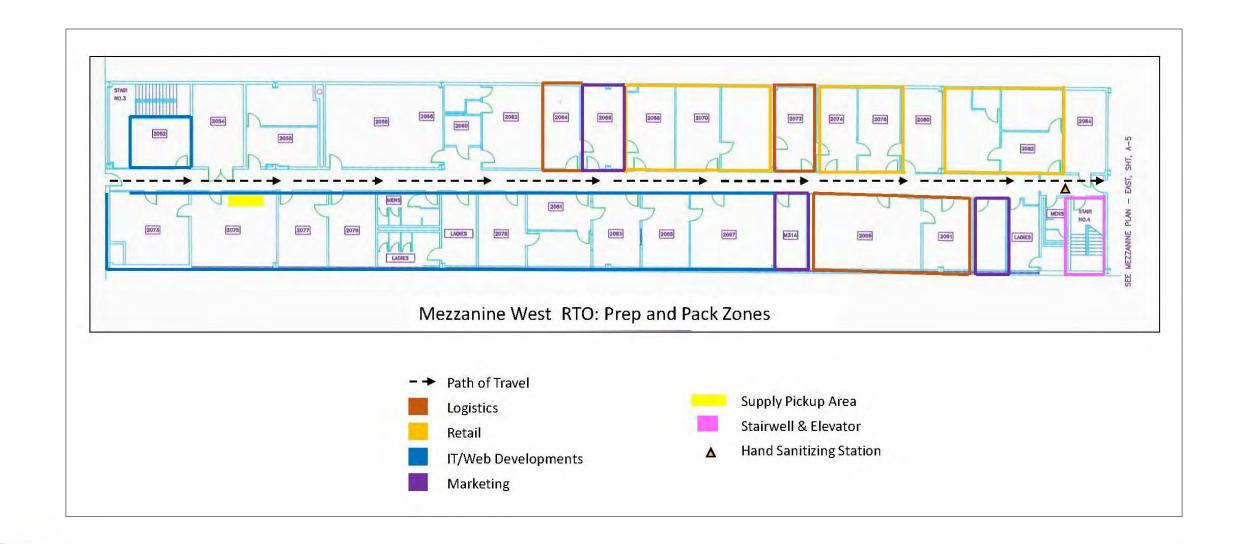














## **HOW WE PNP**



## We Do It Together

The **Facilities** and **Safety Teams** will be placing sanitizing gel and sanitizing wipes around scheduled areas of PnP activity. They will post Zone ID signage throughout the buildings to help guide us on site.

**Store Stocking** is loaning hand trucks, dollies and shopping carts to help you move personal items out of the building.

**ABC Records Officers** have educated Division and Unit Records Coordinators on policies for reviewing and retaining documents. By now your division should be nearing completion of its documents and records review. If your review is complete and your records are organized, PnP will be a breeze!

**PST** and the **Domain Migration Team** will be on site to facilitate hardware migration activities. You will pick up a new workstation, perform the migration while packing your workspace and return the old workstation before leaving at the end of the day.



### The PnP Schedule

#### How It's Built

The daily maximum number of people allowed per floor ranges between 8 and 23 and differs for each floor. The daily maximum numbers will be divided between the Red and Blue Zones. Weekly PnP Schedules will be issued with the numbers of "reservations" available per day.



Please note that staff working on site are counted as part of those maximum numbers.

#### **Duration**

The PnP Program begins on April 5 for an eight-week period and ends on May 28. Divisions will be assigned specific weeks, but flexibility and make-up days are built in.

#### **Reserving Your PnP Day**

Division Move Coordinators will receive weekly PnP Schedules and assign staff to days. Schedules must be completed and returned to the Move Management Support Team by March 26.



Please note that reservations are required.



# Triage Your Workspace

Personal Items	Division/Unit Documents and Records
Pack them and remove them from the building.	Review and refer to the Library of Virginia Schedules and your Division's Records Documentation Spreadsheet.
These are items not used in the course of doing business: artwork, accessories, extra clothing, plants, snacks, etc.	All Division/Unit documents and records in File Rooms, Offices, the Warehouse, and at your desk must be reviewed.
	Records that have reached their destruction dates: complete an RM-3 and notify your Records Coordinator.
	Records that have not reached their destruction dates: pack for moving to the new building.



# Pack Your Workspace

Take These Items Home	Yes – Pack These Up!	No – Leave These at Hermitage Rd
Personal Electronics & Appliances	Daily Work Materials	ABC-owned Furniture and Accessories
Fan, space heater, refrigerator, coffee maker, lamp, speakers	Documents and references	Chairs, bookcase, file cabinet, table, credenza; whiteboards, coat rack, trash can, artwork, etc
Personal Furniture, Artwork & Accessories	Daily Work Tools	Panel-hung Accessories
Holiday decorations	Pens, pencils, markers, clips, staplers, etc	File sorters, paper trays, shelves, binder bins, coat hooks, etc
Plants	Division Records and Documents	Cisco Telephones
	Per your Division Retention Guidelines	
Food and Food Storage Items	Computer Peripherals	Lamps/Task Lights
Snacks, beverages, containers, condiments, utensils, etc	Mouse, keyboard, docking station, APC battery backup, and other items on your desk	
Extra Clothing and Footwear		TVs



Please note that personal appliances will not be permitted in the new buildings.



## **Boxing and Labeling**

Detailed packing and labeling instructions will be provided; below is an overview.

- Divisions are responsible for procuring archive boxes.
- The moving company will provide each person with four boxes in which to pack their daily work materials and tools. Files, active documents and storage room items moving to Hanover will also be packed in these boxes.
  - These are for items moving to Hanover, not for personal items being removed from the building.
  - Stacks of moving boxes will be distributed throughout the floor for easy access and at staging locations identified on the zoning plans.
  - Items already in sturdy boxes do not need to be re-boxed.
- The moving company will also provide moving labels, color-coded for your new location in Hanover.
  - Use only the label color provided to you.
  - We will provide instructions for marking your labels.



## PnP Step-by-Step

- 1. Perform your COVID-19 Risk Survey before arriving at the office.
- 2. Enter the building through your assigned PnP Zone door, either the Red or the Blue entry.
- 3. "Gel In" Sanitize your hands.
- 4. Visit the Domain Migration Teams location at your scheduled time and pick up your new equipment. Once your updates are complete notify the Migration Team.
- 5. Pack and remove personal items from the building. Sanitize the equipment you used. The Facilities team will be available to help transfer these items for those who may require assistance.
- 6. Review your Department Policy for auditing, retention, archiving and destruction.
- 7. Pack and label boxed items for auditing and for moving to Hanover; place other items in shred, recycle or trash receptacles.
- 8. Tidy-up your area so others coming in to Prep and Pack have a reasonable work area.
- 9. Sanitize high-touch areas in which you worked door knobs, chair arms, light switches, drawer pulls, telephone and copier.
- 10. Notify your Move Coordinator when you are complete and leaving, and note whether you are completely packed or will need to reserve another day.



### What's Next

FM Solutions will continue meeting with Division Move and Records Coordinators to prepare for the PnP Program. They will provide detailed PnP instructions, will be monitoring moving supplies and will have team members on site for support throughout the PnP Program.

#### **Important Dates Coming Up**

March 26 PnP Reservations due to Move Management Team

April 5 PnP Begins



## Watch for More Move News

... in your Inbox and on Mixer

APRIL	MAY	JUNE
PnP Reminders: April 2 PnP Progress: April 16	<ul> <li>At Work in Hanover: May 14</li> <li>Construction &amp;         <ul> <li>Furniture Update</li> </ul> </li> <li>Amenities</li> </ul>	We are in!
<ul><li>How It's Going</li><li>Fun We're Having</li><li>Metrics</li></ul>	Readiness Report: May 27  • Hanover Status	
<ul><li>PnP Progress: April 23</li><li>How It's Going</li><li>Domain Migration Status</li></ul>	<ul><li>PnP Recap</li><li>Detailed Mover's Schedule</li></ul>	
<ul><li>Records Audit Status</li><li>Metrics</li></ul>		

