



## ALCOHOLIC BEVERAGES ADVISORY BOARD

Marc Elrich  
County Executive

Meeting  
Tuesday, July 9, 2019  
Alcohol Beverage Services' Meeting Room  
201 Edison Park Drive, 1<sup>st</sup> Floor, Gaithersburg, MD 20878

### Minutes

*Members and Staff Present:* John Gaughan, Chair; Vernon Ricks, ABAB Member; Alicia Sparks, ABAB Member; Susan Heltemes, BLC; Robert Dorfman, Director, ABS; and Evelin Chavez, Senior Administrative Assistant, ABS.

*Absent:* Lt. Ruane, Montgomery County Police Department

John Gaughan called the meeting to order at 9:17 am. A motion was made to approve the May meeting minutes by Ms. Heltemes, seconded by Mr. Ricks, and unanimously approved by the members present.

#### Evelin Chavez, ABAB Update:

Mrs. Chavez gave an update on the board vacancies. The ABAB vacancy interviews took place in early April and a decision memo was sent to the County Executive's office for review. ABAB still has one more vacancy. The board vacancy was re-announced on April 10, 2019.

#### General Discussion:

Mr. Gaughan went over the duties of the ABAB members. He explained that the Advisory Board is responsible for making recommendations for improvement of:

- a) the alcoholic beverages control and enforcement activities of the county; and
- b) the operations of the dispensary and distribution systems from the standpoint of efficiency, service provided and convenience to the public.

Ms. Heltemes briefly touched base on BLC's view on compliance checks. She explained that the Board believes there need to be more compliance checks and that the current fees for penalties are not high enough. Mr. Dorfman believes that a business's size or its income should not be considered when issuing penalties. Ms. Sparks believes that increasing penalties may not be as effective as revoking the license during a holiday time frame when businesses are usually busy. Putting a dollar figure on selling to minors depends on the business that is being issued the penalty.

#### Susan Heltemes, BLC Update:

BLC will have a meeting next Thursday to discuss the penalties issued to licensees for selling alcohol to minors. BLC has revoked many licenses for selling to minors and believes penalties need to be tougher to prevent this issue from happening. Ms. Heltemes expressed that the

board is very much concerned with the issue and that revocation of licenses almost seems like a routine. The goal is to change the penalties by the end of this year.

BLC is well aware that the Silver Spring area has some crime, compliance and other related issues. In fact, the Board was recently informed that hookah bars are not permitted to have food on the premises. The dilemma for the Board is that if a business never had an alcohol license, or had one revoked, then the Board does not have any actionable jurisdiction. Other county departments, including permitting, legal and police must aggressively pursue resolutions, along with the state, if required.

The term for one of the board members has come to an end, and at this time they are working on interviewing and selecting the next member. The person whose vacancy is coming to an end will end in July but will stay until someone is selected.

Ms. Heltemes stated that the board has never not issued a license because too many have already been issued. There is no geographic restrictions enforced. The board only requires that the issuance of a license not be a problem to the residents in the community, by requiring the prospective licensee to post and appear at the public hearing before the Board.

Robert M. Dorfman, ABS Update:

Mr. Dorfman informed the group that ABS held a licensee forum at Seibel's restaurant in Burtonsville in June. All 1,100 licensees were invited and about 15 licensees showed up. Interestingly enough, the licensees that attended were from the Rockville, Gaithersburg and Bethesda area. Licensees did not actually raise major issues or concerns, but rather constructive opinions on how to improve IStore and other operational areas. Mr. Dorfman said he held conversations with a few licensees afterwards which proved to be productive. The forum was a great way for the ABS to get constructive input in which to act upon, and continue to develop better relationships with all licensees.

The department officially changed its name to Alcohol Beverage Services (ABS) on July 1<sup>st</sup>. ABS's tagline is: "A Business of Montgomery County Government." To reduce expenses, the department will change business cards, uniforms for the warehouse and retail staff etc, as they run out. The primary changes at this time are internal forms, customer touching items, directional signage at our office and warehouse. ABS is keeping costs related to the name change at a minimum.

A consultant was recently hired to assist us with our rebranding and remodeling efforts in our retail stores. The plan is to rebrand our retail stores to include a name change, an interior upgrade and setting new training requirements. The bottom line is to significantly improve the customer experience and dramatically drive incremental sales. Some retail store changes will begin at the Darnestown store.

Rebranding will help emphasize what the department is trying to do. The goal is to make the retail stores more appealing to the general public. ABS plans to have tastings, pairing dinners, and other events to create a unique and different experience for the customers. The department also plans to put the retail staff through rigorous training to allow them to become wine, beer, and spirits experts. This will insure that they have the necessary product knowledge and customer service training to best serve and sell our customers. The union is aware of the changes ABS intends to make and are very excited about the changes.

ABS set a one-day store record of more than \$116,000 in sales during the Whiskey Rocks celebration on June 14, which was held at the Burtonsville retail store located at 15620 Old Columbia Pike.

The second Whiskey Rocks event attracted hundreds of customers to taste and purchase hard to find whiskey products. Dozens of customers began lining up the day before the event in order to be at the front of the line when our store opened. The third Whiskey Rocks event is scheduled for January.

Some of the whiskeys available for purchase at this event included: Elijah Craig 18-Year, Michter's Barrel Strength, Mister Sam Tribute, Blood Oath Pact No. 5 and Old Fitzgerald 13-Year Bottled-in-Bond.

In addition, the Whiskey Rocks celebration featured tastings, raffles, a free lunch sponsored by Buffalo Trace, free seminars and special barrel releases that kept consumers engaged throughout much of the day. The night before the event, Dogfish Head Alehouse hosted a whiskey dinner at its Gaithersburg location, which was billed as part of the Whiskey Rocks event.

Mr. Dorfman also updated the board members that the department is still working on several lease negotiations. He is hopeful that the Poolsville store will be ready to open by the end of the year. It's a 2,000 square foot store. This will be a distilled spirits (only) store.

There was an update on the agency store bill that enables the ABS to contract with an off premise retail outlet for the sale of distilled spirits. ABS would establish its own criteria for contracting with retail outlets.

Mr. Dorfman informed the board members that Delegate Kirill Reznik had recently been in contact with him requesting that the use of the agency bill be looked at again. Subsequent to a task force that Mr. Dorfman put together to look at the agency bill implications and what criteria should be applied, he decided to pass on any agency bill implementation in favor of the county opening up small, distilled spirits only stores. This option removed any issues of competitive disadvantages that could ultimately put small, off premise businesses out of business.

Mr. Dorfman is open to re-looking at agency contracts to licensees so long as, along with other considerations like space, credit, no violations, they are in an area of the county that requires greater access to distilled spirits than currently exists, and that there are no other competing licensees within a reasonable distance of these contract holders that could have their business and livelihood threatened.

Mr. Dorfman provided his view on County Council Member Andrew Friedson's negative comments to Bethesda Beat regarding the name change to Alcohol Beverage Services. Councilman Friedson remains very vocal about his support of privatizing the sale and distribution of alcohol in the county. Mr. Dorfman believes that the Councilman's views, that county government's control over alcohol sales and distribution stifles competition, hurts consumers and limits economic potential are unfounded, and lacks an overall understanding of alcohol regulation and public health and safety. The department acknowledges that continuous improvement is mandatory for ABS, no different than any other organization or business, but it has worked hard these past few years to improve operations and its reputation. Mr. Dorfman did point out that although Councilman Friedson's comments were negative, the Bethesda retail customers interviewed and served by ABS, were generally very positive.

Next Meeting:

The next meeting of the ABAB is scheduled for Tuesday, September 10, 2019 at 9:00 a.m.

Adjournment:

There being no other business before the Board, the meeting was adjourned at 11:07 a.m.