



ALCOHOLIC BEVERAGES ADVISORY BOARD

Marc Elrich
County Executive

Meeting
Tuesday, September 10, 2019
Alcohol Beverage Services' Meeting Room
201 Edison Park Drive, 1st Floor, Gaithersburg, MD 20878

Minutes

Members and Staff Present: John Gaughan, Chair; Vernon Ricks, ABAB Member; Juliana Levitt, ABAB Member; Lt. Ruane, Montgomery County Police Department; Susan Heltemes, BLC (via conference call); Robert Dorfman, Director, ABS; Ron Price, Compliance Manager, ABS; and Emily DeTitta, Marketing Manager, ABS.

Absent: None.

John Gaughan called the meeting to order at 9:09 am. A motion was made to approve the July meeting minutes by Ms. Heltemes, seconded by Mr. Ricks, and unanimously approved by the members present.

Mr. Gaughan noted that there is a recent vacancy on the board. Alicia Sparks, who has been a public member representing public health, is moving to California and will no longer be a Montgomery County resident. He then introduced a new member, Juliana Levitt, who fills the on-premise licensee seat. Ms. Levitt was asked to introduce herself.

Ms. Levitt stated that she is pleased to be a new member of ABAB. She is the alcohol license holder for AMC Theatres of Maryland (on premise license holder) and oversees multiple venues. She has sat on similar boards in Virginia.

Emily DeTitta, ABAB Marketing Update:

Ms. DeTitta introduced herself and gave an overview of her role as Marketing Manager. She talked about Whiskey Rocks, the last retail store event that hit a one-day store sales record of more than \$116,000 in sales on June 14, at the Burtonsville retail store located at 15620 Old Columbia Pike.

Ms. DeTitta announced that the next Whiskey Rocks will be held on Friday, January 17, 2020 at the Clarksburg Liquor & Wine Store. The event was briefly described by Ms. DeTitta and Mr. Dorfman. It was noted that this event will have highly allocated products from the BTAC and Pappy collection. Grill Marx, who is in the same shopping center at the Clarksburg store, will be a partner and host a whiskey dinner. There will be raffles, tastings and product education throughout the day.

BTAC and Pappy lotteries will open late fall (Monday, Oct 14- Sunday, Oct. 20 and Monday, Nov.,4 – Sunday, Nov. 10). There will be a separate, licensee lottery running at the same time.

General Discussion:

In response to a question posed by Mr. Ricks on ABS pricing, Mr. Dorfman noted that he has not seen prices go up significantly because of China's tariffs. In fact, ABS sales are up this year. Mr. Dorfman noted that ABS tries to be **competitively priced with other beer and wine licenses, but not priced below them except for monthly specials**. He explained that they are ABS customers and it is **in the department's best interest not to compete on price, but to see them thrive**.

Mr. Price asked if there is a snow date for Whiskey Rocks. Ms. DeTitta replied that one has not been set yet.

Mr. Gaughan noted that he has heard a lot of positive feedback on Whiskey Rocks and a lot of his friends favor Larceny Whiskey.

Mr. Dorfman stated that ABS has been involved heavily in charitable events with Tito's vodka campaigns in stores supporting the Warrior Canine Connection, Luke's Lemonade Stand (fights childhood cancer), McPaw. Moreover, ABS has teamed up with the union with support of County Executive Mark Elrich to support a Leukemia and Lymphoma Society (LLS) in store fundraiser and walk.

Ms. Heltemes noted that she would like to see Alzheimer's considered as a charity beneficiary if possible. Mr. Dorfman invited her to send any information or contacts she **has** to ABS for consideration.

Mr. Gaughan asked Ms. DeTitta to remind Evelin to set up an orientation with new ABAB member, Juliana Levitt. The training should explain how the department works and include a tour of the warehouse. As an overview, Mr. Gaughan read the purpose of the ABAB board:

Responsible for reporting quarterly to the County Executive and County Council on recommendations for improvement of alcoholic beverage control and enforcement issues in the County. Members serve four-year terms without compensation and must be residents and registered voters of Montgomery County (MC).

Mr. Dorfman noted that ABS has also been doing outreach to the County Council members. Last week ABS participated in a County council training camp hosting their staff. A week before that Councilmember Andrew Friedson, who has publicly **expressed a philosophically different point of view about the ABS, attended a managers meeting at ABS. We hope that our continued relationship building efforts with Councilman Friedson will prevent his differences from being aired publicly and unsolicited. This has a demoralizing impact on the almost 500 hardworking employees of ABS.**

Susan Heltemes, BLC Update:

Ms. Heltemes reported that as of August 1, Chung Pack was appointed to the Board. Ms. Heltemes expressed that while she is happy the seat was filled, it is a loss to the Board that there

is no longer an African American representative. Ms. Heltemes reported that there is at least one show cause hearing during each hearing sometimes two. (Hearings typically run twice a month. Show-cause hearing hear violations against a business.) Conversation about how the Board approaches penalties is ongoing. The board is looking at suspensions and passing down penalties that have more of an impact than a fine. The board is trying to make certain that they are playing their role to impact change.

Robert M. Dorfman, ABS Update:

Mr. Dorfman stated that proof of delivery is the next warehouse upgrade taking place. Much like UPS, or Fed-Ex, **our warehouse delivery workers, with a handheld and printer, will be able to print a delivery receipt and issue credits on the spot.**

ABS currently has a 99.65% fill rate **on stock items**. The fill rate for special orders is at about 93%. Special orders are harder to manage because ABS has less control over how long it takes to arrive at the warehouse. **ABS has moved over 700 special order items to stock and has substantially increased racking to accommodate this and a larger selection of products.**

County retail store rebranding, interior upgrades and staff training are the next big ABS projects. Currently, ABS has worked out numerous deals with landlords that have resulted in lowered rents and have provided for significant tenant improvement dollars. The stores that will soon benefit from these improvements will be Darnestown, Cabin John, Poolesville and possibly Montrose

ABS is opening a distilled spirits only store in Poolesville by the end of the year. Additionally, an ABS pop up store will be opening in Clarksburg outlets for the holidays. Beginning in October, the store will open as a **“last call”** store and then change over to focus on holiday products.

The Poolesville store is about 2,000 square feet. There are two small beer and wine stores near it that are ecstatic that ABS **is opening so close by**. The city manager has reached out to ABS with the same sentiment. The idea is that shoppers will not have to leave the area to buy spirits and will stay and shop their stores **for beer and wine**. ABS will decide on where else we can put spirits only stores **if we see great results in Poolesville**.

ABS held a Licensee Forum at Seibel’s restaurant in Burtonsville. All licensees were invited. There were about 10-15 licensees that showed up. It was very different from years past. It was very civil, and the questions and **feedback gave ABS good feedback and constructive recommendations**.

We’ve done a lot of work with the Greater Bethesda County of Chamber. We’ve now joined as a member and have had very positive conversations with several members. We also had a lunch meeting with the new incoming president, who had noted that it was a very meaningful and productive meeting.

Unofficial numbers for FY19 ABS transfer is around \$38-39 million compared to **approximately** \$33 million the year before, and \$19 million the year before that. **The transfer funds are split between the general fund, and County debt service payments, including the ABS bonds.**

ABS is active in facilitating the licensing process etc. for the owners of local distilleries, wineries and breweries interested in opening in Montgomery County. Montgomery County has more alcohol licenses issued than in any other county in MD and that number is growing.

In response to a question from Ms. Heltemes, Mr. Dorfman answered that we transfer to the general fund and make the debt payments that we've committed to, and that any surplus would require a conversation with the CE as to how to deal with it. Mr. Dorfman noted that we've had clear direction from the CE to develop a strategy to deliver \$45 million, inclusive of the transfer to the general reserve fund and debt service payments, within 5 years. Our strategic plan to accomplish this has been developed and approved.

ABS is confident that the target can be met, so long as some of the barriers inherent in the current procurement and OHR processes are corrected. We need these processes expedited and cost effective, no different than any well-run business. Kent Massie, the new Chief of Retail, came up with a staffing plan that would conservatively reduce 4.5 million-dollars in labor costs and would increase union enrollment.

In closing, ABS has some very positive initiatives **in process**.

Lt. Ruane, Montgomery County Police Update:

Montgomery County Police have run seven saturation patrols and one checkpoint in the past month leading to 57 arrests.

There have been 34 compliance checks completed so far, this fiscal year. Of those, 9 have sold alcohol to a minor. There was a short break, but compliance checks are being planned out now and are a high priority for police.

Ms. DeTitta stated that the #ITakeItPersonally campaign, which is a partnership between ABS and County police is still active on social media.

Mr. Dorfman explained that public safety is important to ABS. Montgomery County judges often don't hand out tough sentences to drunk drivers. This can be very discouraging to police. Mr. Dorfman asked if there are any known efforts that might impact that.

Ms. DeTitta noted that in the past, as an initiative of the Keeping It Safe Coalition (KIS), a judge's letter was sent out quarterly with statistics and referral information. Additionally, court watch programs have been impactful.

Lt. Ruane noted that Noah Leotta's father, Richard Leotta - who founded Noah on Patrol after his Montgomery County police officer son passed away from being struck by a drunk driver, had put together a court watch program. No outcome has been published yet.

Ms. DeTitta offered to reach out to Mr. Leotta to see if the program is still running.

In response to a question from Mr. Dorfman, Lt. Ruane stated that measuring marijuana impairment is difficult in contrast to alcohol which is easy to test for roadside. Advanced training is needed for detection of this and other drugs.

Ms. DeTitta noted that after Washington state privatized alcohol, their department **of** liquor control is now regulating marijuana.

Mr. Dorfman noted that Washington state's alcohol privatization created a lot of problems for the state. The number of alcohol outlets went from 80 to 1,600 and alcohol prices went up 17%. **Customer service hit an all time low.**

Next Meeting:

The next meeting of the ABAB is scheduled for Tuesday, November 12, 2019 at 9:00 a.m.

Adjournment:

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