

June 8, 2023 Board Meeting

Virginia ABC Board of Directors



Agenda

- Call to Order
- Approval of Minutes
 - *Approve minutes from April 20, 2023*
 - *Approve minutes from May 30, 2023*
- New Business
 - *Approve recommendations of Real Estate Committee (REC) from April and May 2023 (Hill)*
 - *Approve Procurement Policies presented in April 20 Board Meeting*
 - *Information Item: Procurement contracts review*
- *Approve 2024 Proposed Budget*
- *Information Item: Warehouse Conversion*
- Hearings
 - THE 4 CYBER CAFÉ, LLC.
 - REGENCY MARKET VA
 - RYAN INCORPORATED PLANTHOUSE
- Closed Session
- Comments from the Board
- Public Comments
- Adjournment



Minutes: April 20, 2023 and May 30, 2023

Required Action

Approval of Minutes from April 20 and May 30, 2023 meetings

BOARD MEETING MINUTES: April 20, 2023 ABC Headquarters

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

Attendees

Board Chair Tim Hugo
Board Vice-Chair Maria Everett
Board Member Greg Holland
Board Member William Euille *
Board Member Mark Rubin
Chief Executive Officer, Travis Hill
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Digital and Brand Officer, Vida Williams
Chief Administrative Officer, David Alfano
Chief Transformation Officer, Elizabeth Chu
Chief Information Officer, Paul Williams
Office of the Attorney General, Jim Flaherty
Executive Assistant, Kathleen LaMotte
Eric Moeller, Chief Transformation Officer, Commonwealth of Virginia
Tony Lee, Deputy Transformation Officer, Commonwealth of Virginia

* Mr. Euille joined at 9:10

Approval of Minutes

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

Board Creation of Advisory Committee

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

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

CEO Travis Hill reported that:

- Governor Youngkin's administration is working with agencies to bring further efficiency and transformation. Mr. Hill stated that the Administration's focus on areas such as real estate and

procurement fit with current Authority efforts to improve efficiencies and processes that are already in motion.

- Mr. Hill and Dave Alfano, the CAO of the Authority, met with the Commonwealth’s Chief Procurement Officer last week to discuss potential opportunities for collaboration on adding effectiveness and efficiency to the procurement process.
- The Authority staff will continue to partner with the Administration as they ask questions and seek to find opportunities to improve service to the Commonwealth going forward.
- The Authority staff defers to the Board on how to formalize any further agreement.

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

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

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

Approve Recommendations of Real Estate Committee

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

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

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

Procurement Policies

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

Chief Reports

Government Affairs Officer’s Report

John Daniel reported that:

- The Board’s report shows an uptick in Expedited Consent orders due to an increase in Underage Buyer (UAB) cases that were a backlog of entries from the Licensing System. The Authority takes a hard line on UAB cases with a minimum fine of \$2,500 for the first offense, and an increased fine and mandatory suspension for subsequent violations.
- The Authority used its summary suspension powers to pull the license of a restaurant in Williamsburg and mandate they implement safety provisions to address an escalating situation due to violence. Chief of Law

Enforcement Tom Kirby added that the ABC's Bureau of Law Enforcement (BLE) worked closely with the local jurisdiction and the Office of Legal Counsel, and the licensee is committed to getting on the right path and agreed on updates to security and training, additional lighting, and training of their employees.

Chief Transformation Officer's Report

Elizabeth Chu reported that:

- The strategic plan is focused on the next 18 months. Recently the C-Suite attended a planning retreat and held sessions with Authority Directors to receive feedback. The plan will focus on four goals: Equip for Excellence; Build Sustainability; Lead Change, Prioritized Transformations; Deliver on Key Programs.

Chair Hugo asked if the ABC is moving away from being a profit center. Ms. Chu responded that the Authority remains committed to the "Three R's": Regulation, Responsibility, and Reliable Revenue. Profit will always be a part of ABC's mission. Board Member Rubin added that the Authority is always very conscious of what the Commonwealth needs and expects and is constantly thinking about how much money to turn into the state.

Chief Digital and Brand Officer's Report

Vida Williams reported that:

- The Board materials this month included slides regarding the Omnichannel Target State for the Authority. ABC is reviewing overall the mission for digital transformation. The COVID pandemic forced ABC to quickly adapt its digital strategy and innovate to make regulatory changes to provide spirits to consumers and help licensees support their communities.
- Current online sales are \$6.8M through the end of March.
- The future state for the ABC's online commerce website includes the ability to add items to your online cart from the "Discovery" page and capitalizing on Virginia's reputation of being a hospitality state and catering to "foodie" towns. The website also should increase spontaneous purchase decisions.
- The eCommerce division will give a more comprehensive presentation to the Board in future months.

CTO Moeller advised that he would love to speak further about the key pillars and making Virginia a great place to do business. Ms. Williams responded that the Authority is very interested in having a comprehensive B2B strategy and engaging with licensees on topics other than regulatory compliance, for example local bartenders partner with the Authority to have their mixed cocktails featured on ABC's social media. The Authority also is working on a Casino project to safely participate in a community where a casino will be operating.

Chief of Law Enforcement

Tom Kirby reported that:

- About 20,000 licensees are under the regulatory responsibility of the BLE. The BLE takes a collaborative approach; partnering with local law enforcement agencies to help regulate and assist in getting licensees in compliance and placing restrictions on licenses to help improve conditions at licensees.
- The BLE also has met with a Virginia businessperson concerning difficulties in receiving an ABC license and getting their business open and is very open to having conversations and discussions to resolve issues across the Commonwealth. For example, the BLE worked closely with Virginia Beach officials regarding the *Something in the Water* music festival and created workstreams in licensing and enforcement to evaluate how to support licensees, making sure stores are properly stocked in Virginia Beach, and allowing licensees to return product. The BLE worked closely with the Virginia Beach Police Department to assist with community policing.
- This past month there was a shooting outside of an ABC store in Portsmouth. The store was closed, but some employees were inside working. There was an individual walking in front of store and others pulled

out in front of the store and shot at this person standing in front of store. No ABC employees or contractors were injured. Employees involved in the crime were offered help. Mr. Dunham and Chief Kirby are discussing how to re-open the store safely, if this cannot be done the Authority may close this store. A meeting with landlord will be set up soon.

Chief Retail Operations Officer's Report

Mark Dunham-reported that:

- The Authority has increased the sales forecast at Virginia Beach stores impacted by the music festival and stores and shifted products. These stores will also receive an extra shipment to prepare for the anticipated volume.
- Out of Stocks are below 200 for the last five weeks. This continues to be higher than the historical average, but the out of stocks are driven by supply chain issues.

Chief Administrative Officer's Report

David Alfano reported that:

- The Authority's financial reports are located in the materials provided to the Board. Costs are favorable due to open positions that are under active recruitment. The Authority demonstrates a strong performance year-to-date.
- The greatest gaps in budget vs. actual are in IT, retail and enforcement. Chief Kirby is extending 19 offers of employment for sworn positions, which is the largest recruitment in some time.
- The Authority currently has about 30 contractors on staff paid hourly whose workflow is managed by ABC or are employed for short-term project work.

Chief Information Officer's Report

Paul Williams reported that:

- The IT report was previously sent to the Board. While turnover for Authority employees in IT is down, the contractor turnover rate is still high. There are vacancies in difficult to fill positions or senior and technical roles.
- Mr. Lee asked if Mr. Williams was concerned about cyber security. Mr. Williams responded that he was happy with the Authority's current level of security but believes opportunities to improve exist.

Chief Executive Officer's Report

Mr. Hill reported that:

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

- The Retail and Logistics Divisions completed full physical counts of 394 stores and the distribution center in March. Overall, total net shrink looks to be within expectations but there are opportunities to address processes and data collection to improve tracking and outcomes.
- In FY23 Central Office full-time turnover is down compared to FY21 and FY22, looking to be more in line with FY20.
- The past two years of turnover reflect broader employment market trends of departures peaking in FY22.
- Retail full-time turnover has also come down from prior years.
- Wage turnover, both in the Central Office and Retail, remains high. Central Office wage turnover may be inflated due to the departure of summer interns and other temporary workers. Retail wage turnover is trending down in the current fiscal year.

- Other factors to consider when reviewing turnover is whether COVID protocols, vaccine mandates and return to greater in-person work from remote status may have had an impact along with employees moving up retirement dates due to COVID pandemic.
- The Authority does compare favorably to Pennsylvania, which is the most similar control-state model.
- Mr. Hill reviewed efforts surrounding the Authority’s pay for performance initiative and evaluations.

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

Public Comment

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

Closed Session

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

Return to Open Session

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

Comments from the Board

Wednesday, April 26 – Northern Virginia Service Awards

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

Thursday, May 11 – Tidewater Service Awards

Thursday, June 8 – Board Meeting

Thursday, July 20 – Board Meeting

Tuesday, September 12 – Board Meeting

Wednesday, November 1 – Board Meeting

Meeting Adjournment

Meeting adjournment at 1:45 p.m.

S175 Performance

(West Point)

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

Store-At-A-Glance

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

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

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

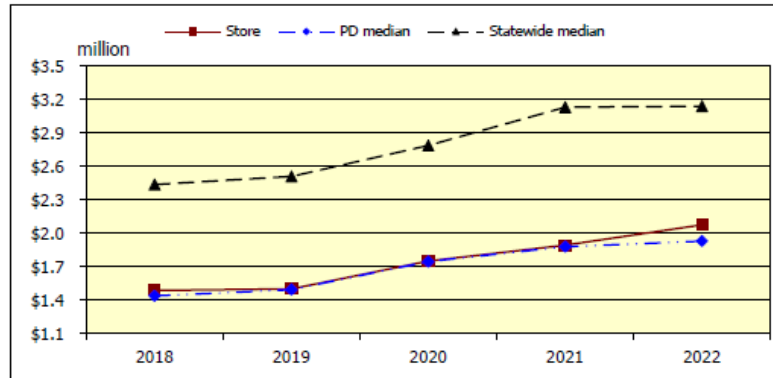


Fig. 2 Gross dollar per sq ft - Store to PD, and State median preferred trend: ↑↑

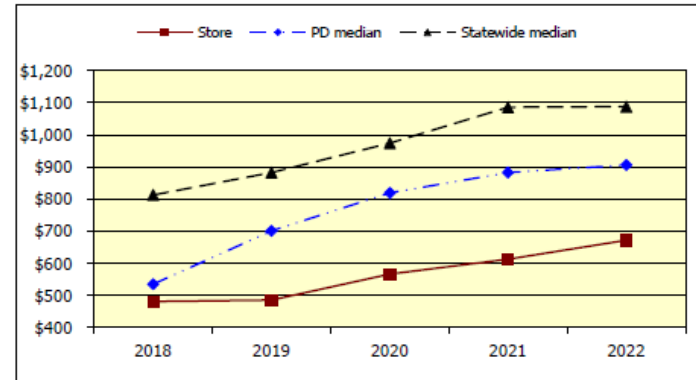


Fig. 3 Expense to gross dollar Store to PD, and State median preferred trend: ↓↓

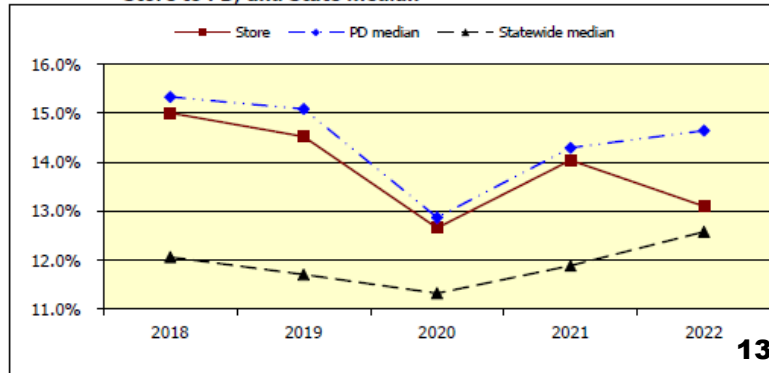
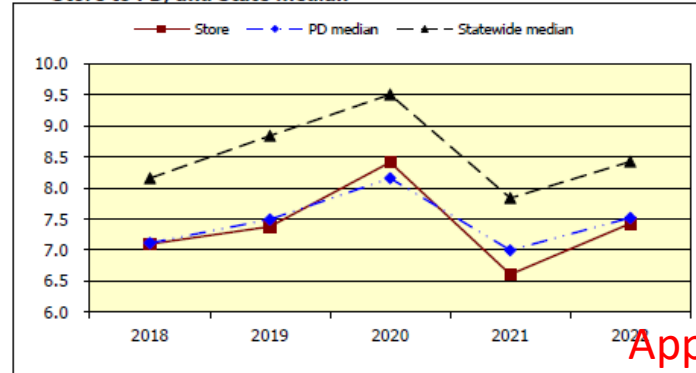


Fig. 4 Customer per Store Labor Hour Store to PD, and State median preferred trend: ↑↑



FY2022 By Store Space Utilization

Planning District Northern Virginia

Store 136

Shopping Center

Store Hours

Store Op hours per week

Retail Sq Ft 2,806.0

Status

Address 18 Fairfax Street, S.E.

Locality Loudoun County

Comment

Red = Top 10% of All Stores

Yellow = Top 25% of All Stores

Blue = Bottom 10% of all stores

No Color = "Typical" store

Fiscal Year 2022

Statewide Average

Top 10 Percent

Gross sales	\$6,190,598	\$3,421,844	\$5,732,770
Licensee sales as a % of gross sales	25.6%	13.1%	23.5%
Transactions	113,654	91,198	151,894
Customers served per hour	8	8	11
Gross sales per total sq ft	\$1,238	\$1,117	\$1,690
Retail sales per retail sq ft	\$1,672	\$1,567	\$2,342
Gross sales per linear ft	\$4,512	\$2,989	\$4,556
Retail sales per linear ft	\$3,420	\$2,550	\$3,829
Gross sales per total Items	\$3,449	\$2,172	\$3,272
Bldg rent to gross sales	1.7%	2.6%	4.4%
Bottles sold per sq ft	63.0	69	104
Bottles sold per linear ft	229.6	186	281
Inventory turns	12.4	9.8	13.9
# Items per stock sq ft	1.0	1.4	2.1
Stock room ratio to total	53.8%	14 38.7%	50.5%
Rate of return	36.2%	32.9%	37.4%

Quarterly Management Review Period Ending March 31, 2023

Virginia ABC
April 20, 2023

Appendix B



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

Appendix

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



1. Accomplishments:

1. Significant achievements/milestones for the agency

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

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

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



Financial: Management Observations (Accrual Basis)

Virginia ABC: Store Sales and Profit Comparisons

Mar'23

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

In \$M	Quarter to Date	Quarter to Date FY'22	Quarter to Date FY'21	Growth vs FY'22	Growth vs FY'21	CAGR
Store Sales	326.9	308.2	302.9	6.1%	7.9%	3.9%
Profits	42.1	40.7	49.4	3.2%	-14.8%	-7.7%

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

Source: SmartView



Overall Results Summary

Current Month vs Prior Year:

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

Quarter-to-date vs Prior Year:

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

Year-to-date vs Prior Year:

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



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

(Accrual Basis)

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

● Favorable Variance
● Unfavorable Variance

NM = Not Meaningful

Notes: Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.
Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.
Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



2. Financial:

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

	<u>Annual Expenditure Trends (Completed Fiscal Years)</u>					<u>Completed Quarterly Expenditures</u>			<u>Quarterly Growth</u>				<u>Current Year</u>	<u>YTD Expenditures</u>		<u>Monthly Expenditures</u>	
	2022	2021	2020	2019	2018	<u>Last Completed: Q3 FY 2023</u>			Q3 2023	Q2 2023	Q1 2023	Q4 2022	<u>Approp</u>	<u>As Of Mar 2023</u>		<u>Mar 2023 (FY 2023)</u>	
						5 Yr Avg*	Actual	Prior Year					(FY 2023)	5 Yr Avg*	Actual	5 Yr Avg*	Actual
Virginia Alcoholic Beverage Control Authority (999)	\$921.976	\$900.993	\$774.209	\$696.277	\$656.496	\$98.980	\$235.572	\$234.416	\$235.572	\$260.439	\$248.198	\$245.199	\$1,012.163	\$307.083	\$744.209	\$33.183	\$80.885
Year Over Year % Change	2.3%	16.4%	11.2%	6.1%			0.5%		0.5%	15.6%	14.4%	7.4%	4.4%		10.0%		-7.8%

Drivers of Expenditure Increases or Decreases vs the Prior Year:

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

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



Detailed Monthly Data

(Cash Basis)

Public Safety and Homeland Security Secretariat - Detailed Monthly Expenditure Report

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

	Approp / Operating Plan	Month												YTD Tot	YTD Expend Chang	12 Month Expend Total	Monthly Plan Rest of Year	Monthly Expend Avg
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun					
Virginia Alcoholic Beverage Control Authority (999)																		
FY 2023: Personnel Expenses	149,723	15,203	13,810	19,161	8,503	13,853	23,249	9,201	14,426	20,301				137,707	9.9%	137,707	4,005	15,301
FY 2022: Personnel Expenses		18,876	12,696	12,793	7,944	12,911	20,088	8,467	13,075	18,403	13,132	8,141	13,445	125,254	12.5%	159,972		13,917
FY 2021: Personnel Expenses		16,240	11,399	11,374	11,637	11,883	13,126	12,190	11,731	11,782	12,168	13,326	8,582	111,361		145,438		12,373
FY 2023: Contractual Services	41,165	3,311	2,417	2,909	2,622	1,715	3,671	4,118	2,490	2,467				25,721	26.3%	25,721	5,148	2,858
FY 2022: Contractual Services		2,281	1,408	2,041	1,652	1,197	3,481	3,563	2,173	2,570	2,062	2,283	3,933	20,365	8.5%	28,644		2,263
FY 2021: Contractual Services		1,984	1,548	2,233	1,657	1,439	2,161	3,381	1,818	2,553	1,756	2,094	1,958	18,773		24,580		2,086
FY 2023: VITA Info Tech/Telecomm		12		10			1	0	0					23	-98.9%	23	-8	3
FY 2022: VITA Info Tech/Telecomm		331	236	188	744	350	30	22		246	13	12		2,148	-77.0%	2,173		239
FY 2021: VITA Info Tech/Telecomm		4,612	485	913	669	110	675	516	1,247	127	876	319	378	9,354		10,927		1,039
FY 2023: Other Info Tech/Telecomm	10,806	1,579	1,241	812	1,369	636	923	714	1,351	1,171				9,798	-35.9%	9,798	336	1,089
FY 2022: Other Info Tech/Telecomm		1,047	1,218	2,518	1,382	2,030	1,504	2,029	1,980	1,581	1,343	1,622	1,327	15,288	-26.8%	19,580		1,699
FY 2021: Other Info Tech/Telecomm		1,256	3,278	5,227	1,863	2,349	2,459	1,008	1,787	1,663	1,550	1,463	1,342	20,890		25,245		2,321
FY 2023: Supplies and Materials	754,139	67,375	49,630	56,790	60,914	60,552	69,352	57,827	56,080	52,444				530,964	10.7%	530,964	74,392	58,996
FY 2022: Supplies and Materials		50,122	51,590	46,496	52,039	52,250	57,043	48,953	59,613	61,547	68,508	58,145	59,207	479,652	0.4%	665,512		53,295
FY 2021: Supplies and Materials		54,867	50,978	53,710	50,948	56,236	61,533	56,115	42,335	51,164	59,017	52,383	59,857	477,886		649,143		53,098
FY 2023: Transfer Payments	773	79	33	27	1	3	12	3	23	14				194	-30.7%	194	193	22
FY 2022: Transfer Payments		41	67	23	0	57	14	8	17	52	6	31	60	280	-52.4%	377		31
FY 2021: Transfer Payments		34	2	179	1	219	54	16	80	3		7	66	588		661		65
FY 2023: Insurance and Other Continuous Charges	37,914	2,332	456	272	263	650	740	302	371	703				6,089	15.6%	6,089	10,608	677
FY 2022: Insurance and Other Continuous Charges		2,611	332	316	382	264	395	363	263	341	208	363	245	5,267	10.1%	6,083		585
FY 2021: Insurance and Other Continuous Charges		2,295	287	396	377	157	328	239	274	431	218	305	195	4,783		5,501		531
FY 2023: Operating Lease Payments		3,137	3,285	2,921	3,193	2,982	3,315	3,447	3,640	3,694				29,615	11.1%	29,615	-9,872	3,291
FY 2022: Operating Lease Payments		612	5,138	3,498	2,807	2,950	3,013	2,876	2,834	2,919	3,053	4,032	3,048	26,646	-1.1%	36,779		2,961
FY 2021: Operating Lease Payments		5,192	2,504	2,659	2,786	2,992	2,616	2,798	2,702	2,684	2,981	2,787	3,459	26,933		36,160		2,993
FY 2023: Property and Improvements		1			1		1							3	54.5%	3	-1	0
FY 2022: Property and Improvements								2						2	0.0%	2		0
FY 2021: Property and Improvements																		0
FY 2023: Equipment	17,643	293	152	948	693	331	895	372	319	90				4,095	118.5%	4,095	4,516	455
FY 2022: Equipment		94	99	316	396	46	407	149	259	109	287	407	287	1,874	-14.5%	2,855		208
FY 2021: Equipment		260	169	201	86	221	235	110	237	670	190	244	712	2,191		3,338		243
FY 2023: Bonds, Loans, and Debt Service Expenses															-100.0%			0
FY 2022: Bonds, Loans, and Debt Service Expenses					1									1	0.0%	1		0
FY 2021: Bonds, Loans, and Debt Service Expenses																		0

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



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

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



3. Major Initiatives for the Month

Status
On track
Some issues
On-hold

Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
E-Commerce Program	<ul style="list-style-type: none"> The eCommerce program is foundational for Virginia ABC to transform from a split, multi-channel retail environment to a real-time, omnichannel retail environment. This transformation not only provides Virginia ABC with increased operational efficiency and revenue opportunities, but also provides for the best possible customer experience. Currently Online Ordering and Product Data initiatives are in flight. 	<ul style="list-style-type: none"> eCommerce is growing significantly. This growth is not only in response to the pandemic, but projections indicate that eCommerce will continue to grow over the next five years, with a conservative increase of annual online orders to 1.8M, representing a 5x to 10x growth over current levels. Virginia ABC cannot hope to support even a fraction of this demand, including concomitant increases in customer service needs, without a program for expanding our infrastructure, eCommerce, and order management capabilities. 	<ul style="list-style-type: none"> Vida Williams 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 7/30/2025 	On track
Enterprise Workflow Automation (EWA)	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from ABC functional platforms. 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Keith Russell 	<ul style="list-style-type: none"> 03/01/2022 	<ul style="list-style-type: none"> 06/30/2023 	On track
Customer Support Process Reengineering	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Keith Russell 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 06/30/2023 	On track
Human Resources Modernization - Phase 0	<ul style="list-style-type: none"> The current HR systems do not communicate well with each other and have outlived their support structure. Systems have become outdated in their ability to meet HR operational needs. The goal of the Human Resources Modernization Project is to implement agile tools and improve 	<ul style="list-style-type: none"> The current HR technology environment at Virginia ABC is a complex mix of internally developed, "homegrown" ABC systems and mandated integration with Commonwealth of Virginia state systems. The systems do not communicate well with each other and ABC has outgrown the current capabilities. Systems have become outdated in their ability to meet HR operational needs, needing frequent 	<ul style="list-style-type: none"> John Singleton 	<ul style="list-style-type: none"> 07/01/22 	<ul style="list-style-type: none"> 05/30/2023 	On track



3. Major Initiatives for the Month

Status
On track
Some issues
On-hold

Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
Virginia ABC Licensing (VAL)	<ul style="list-style-type: none"> Virginia ABC Licensing (VAL) System Licensee Onboarding is an effort to roll out the new web-based licensing system that allows ABC license business transactions to occur on-line, any time. 	<ul style="list-style-type: none"> The web based licensing system will reduce manual processes and paperwork not only for the Authority but more importantly for our customers. Allowing customers to apply online and track their application through the licensing process. 	<ul style="list-style-type: none"> Tom Kirby 	<ul style="list-style-type: none"> 09/20/2017 	<ul style="list-style-type: none"> based on onboarding month-to-month approach 	On track
Pin Pad Upgrade	<ul style="list-style-type: none"> The project will upgrade all in-store VeriFone MX915 EMV (Europay, MasterCard and Visa) devices running PTS4 (Pin Transaction Security Version 4) software to VeriFone M440 EMV devices running PTS5 (Pin Transaction Security Version 5) software. 	<ul style="list-style-type: none"> The software to VeriFone Model M440 devices running PTS5 (Pin Transaction Security Version 5) will expire April 2024. The equipment and software needs to be upgraded to maintain compliance parameters set by Payment Card Industry (PCI). 	<ul style="list-style-type: none"> David Walker 	<ul style="list-style-type: none"> 07/15/2022 	<ul style="list-style-type: none"> 09/30/2023 	Some issues
Phase II Oracle WebLogic Upgrade Migration <i>On-hold</i>	<ul style="list-style-type: none"> During the Oracle database migration, WebLogic was moved to Oracle Cloud Infrastructure (OCI), but it was not upgraded. Much of the same team is needed to complete the application server upgrade. ABC's current version of WebLogic will end support in December 2023 and continuing the effort ensures that we will complete the upgrade ahead of time and have ample time to schedule the production upgrade when it is least impactful to the business. 	<ul style="list-style-type: none"> Upgrade should mitigate security and system downtime risks associated with out-of-date software infrastructure by upgrading WebLogic. 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 06/10/2022 	<ul style="list-style-type: none"> 09/30/2023 	On track
VAL SaaS Migration	<ul style="list-style-type: none"> In 2021, Virginia ABC decided not to continue with the on-premises model and migrate to Accela's SaaS solution. It is a stated strategic goal of IT to migrate to SaaS models where appropriate. 	<ul style="list-style-type: none"> Virginia ABC is running version 20.2.0 of the Accela Civic Platform on Virginia ABC managed infrastructure- end-of-life (EOL) Oracle 12c database and Windows 2012 servers nearing their end of support 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 11/14/2022 	<ul style="list-style-type: none"> 10/30/2023 	On track
Pay For Performance	<ul style="list-style-type: none"> This initiative continues the implementation of our strategic goal of investing in our people. The Pay for Performance plan reinforces a more comprehensive performance management structure. Moving to a Pay for Performance approach provides a consistent mechanism to compensate employees based on performance and level of contributions. 	<ul style="list-style-type: none"> The Authority is moving towards a pay for performance program that objectively measures performance and rewards differentiated contribution levels versus the prior year practices where everyone, regardless of contribution levels, receives the same salary increase percentage. Pay for performance is a plan that impacts base pay increases and should not be confused with other existing performance incentive or bonus plans, such as the current Retail and Distribution Center incentive plans 	<ul style="list-style-type: none"> David Alfano 	<ul style="list-style-type: none"> 01/30/2022 	<ul style="list-style-type: none"> 7/30/2023 	On track



4. People

Virginia ABC

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

Significant Hires:

- Michael Skrocki – Director of Internal Audit



4. People: Turnover

Turnover Analysis for the Month of March 2023

Agency VA ABC

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

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



Procurement MMR - Virginia Alcoholic Beverage Control Authority

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

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

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



6. Objectives and Key Results

Agency

Virginia ABC

Objective	Key Result	Metric	Unit of measure	Baseline #	2022	2023	2024	2025	Current Actual	OKR status
Licensee/Permittee Onboarding Progress	Roll out new online service to current license and permit holder population for application renewal	% of licensees that have been communicated to and received an enrollment letter to set up their account	%	74%	71%	100%	100%	100%	100%	Green
Online License Renewal Processing	Provide new online means for licensees to renew their licenses	% of renewals completed online	%	24%	25%	30%	TBD	45%	24%	Green
Maintain Store In-Stock Rate	Keep stores stocked with products that consumers want	Percentage of products that are available in the distribution that are also available in stores	%	95.8%	95.8%	97.0%	TBD	97.0%	95.9%	Green
Underage Alcohol Buyers	Successfully complete underage buyer checks to reduce underage access	Number of underage buyer checks completed	#	2,545	2,545	3,000	TBD	3,500	0	Gray
ABC Store Purchase Age Compliance	Successfully complete underage buyer checks to reduce underage access in the Authority's retail stores	Percentage of sales declined due to age during underage buyer compliance checks	%	97.0%	91.0%	100%	TBD	100%	97.0%	Green
Profit Transfers to General Fund	Meet or exceed required profit transfers to General Fund	Cumulative profits earned (in millions)	\$M	\$197.5M	\$237.3M	\$143.9M	TBD	\$183.2M	\$42.1M	Green
Net Profit as a % of Gross Stores Sales	Manage profit expectations in order to ensure increased profit is delivered to the Commonwealth	% of Profits to Store Sales	%	14.6%	16.8%	10.0%	TBD	12.3%	12.9%	Green
Operating Costs as a % of Revenue	Manage operating expense in order to ensure increased profit is delivered to the Commonwealth	% of Operating Costs to Revenues	%	22.3%	25.0%	28.8%	TBD	28.7%	28.6%	Green
Alcohol Education Prevention Outreach	Increase number of residents reached	Number of residents reached monthly	#M	0.83M	3.43M	1.30M	TBD	2.80M	0.14M	Green
Utilize small business, women owned business, and minority owned business for Authority operating expense	Increase SWaM vendor spend	Percentage of cumulative operating expense in SWaM vendors	%	23.9%	29.1%	30.0%	TBD	30.0%	34.4%	Green






Appendix



1. External Agency Reports Due in Next 3 Months

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

Status	
On track	
Some issues	
Off track	

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



2. Risks

Agency 99900 Risk Assessment Quarter Ending March 31, 2023

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



3. Fund Balance Analysis

Not Applicable to Virginia ABC



4. Audit Findings

APA Open Audit Findings								
Finding Title	Agency Name	Secretariat	Year	Finding Type	Severity	Report URL	Due Date	Owner
Continue Improving Database Security	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	David Kuti
Continue Improving Security Awareness and Training Program	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	Diane Enroughty
Continue Improving Oversight of Third-Party Service Providers	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	Diane Enroughty
Continue Improving Internal Controls over Employment Eligibility	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control and Compliance	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	John Singleton
Continue Improving Internal Controls over Processing Payments	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	Doug Robinson
Improve Internal Controls over Employee Separation Process	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	John Singleton
Implement a Data/Records Retention Policy and Solution for Automated Recon	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	Doug Robinson
Retain Inventory Documentation	Virginia Alcoholic Beverage Control Authority;#292	Public Safety and Home	2022	Internal Control	Significant Deficiency	https://www.apa.virginia.gov/reports/VirginiaAlcoholicBeverageControlAuthority2022.pdf	6/30/2023	Tom Aruanno



Virginia ABC Turnover Summary

April 20, 2023

Appendix C



Turnover Summary

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

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

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



BOARD MEETING MINUTES: May 30, 2023 ABC Headquarters

Call Meeting to Order at 9:07* a.m.

Attendees

Board Chair Tim Hugo
Board Vice-Chair Maria Everett
Board Member Greg Holland
Board Member William Euille
Board Member Mark Rubin
Chief Executive Officer, Travis Hill *
Chief Government Affairs Officer, John Daniel
Chief of Law Enforcement, Tom Kirby
Chief Retail Operations Officer, Mark Dunham
Chief Digital and Brand Officer, Vida Williams
Chief Administrative Officer, David Alfano
Deputy Secretary, Chris Curtis
Director of Internal Audit, Michael Skrocki
Office of the Attorney General, Jim Flaherty
Executive Assistant, Kathleen LaMotte
Legal Assistant, Helen Gordon

* Mr. Hill joined at 9:20

Employee Work Profiles

Chair Hugo reviewed some difficulties he experienced when trying to approve Employee Work Profiles (EWPs) for several Authority employees due to the distance he lives from the office and not having access to a ABC owned computer. He asked if this was a matter that may be appropriate to delegate to someone who lives closer to the office in order to give the Authority more flexibility.

Mr. Rubin advised that the authority to approve EWPs is delegated to the Chair, and a motion to rescind that delegation and put something else in place would be needed. Mr. Daniel added that others may be delegated to execute the EWPs and provide a report to the Board.

Chair Hugo asked for Mr. Daniel to draft something and circulate within a week so the Board may review potential solutions at the next meeting.

Lottery Update

Michael Skrocki, Director of Internal Audit, and Vida Williams, Chief Digital and Brand Officer, provided the Board an update on the last lottery and efforts underway to prevent similar issues from occurring.

Mr. Skrocki reported that:

- In the last lottery held, the Authority received many complaints that there were statistically abnormal patterns and many duplicate winners.
- No Authority employees were eligible to participate in this lottery, and would be removed from the system prior to the random drawing.

- To the best of his knowledge, no family member of an ABC employee won the last lottery.
- There were an average of 36,000 entrants per lottery product, this number is increasing as bourbon gains in popularity. Lotteries are currently a manual process run through Excel; a random number is generated by Excel and there are many manual touchpoints with poor control on the back end in analyzing the results.
- Internal Audit took a closer look at the last lottery and noted that the results seem to be a sorting issue through Excel and not an intentional skewing of results. There is currently another lottery underway, and using the information uncovered during the last lottery, the process is becoming more automated with a manual review.

Ms. Williams reported that:

- The new lottery is the same entry process. In reviewing the data for the past year, 95% of lotteries went well, the last lottery made issues seem a lot more egregious.
- The currently pending lottery received 49,000 entries. Warehouse online ordering of limited availability (WOLO LA) will have many processes incorporated to address challenges seen in the most recent lottery.
- The Authority is now using Google Address validation, which removes entries that were using a bad address that couldn't be validated, these caught roughly 3% of all entrants, 1,300 records. Next, the Authority used exact address duplication to invalidate another 14% (5,900 records).
- Within the WOLO LA system, moving forward those same participants would not be able to register with duplicate addresses.
- The current automated process flagged roughly 20% of 42,000 entries for roughly 35,000 valid entrants.
- After the Google Address process, there is a manual review by human eyes. One entrant in the currently pending lottery registered 241 times with different addresses and emails. The automated process reduced this to 13 entries. Internal Audit, Strategy and Analytics and Merchandising are all reviewing the list and highlighting any potential problems.
- Entrants that are removed will be notified, and entrants that are also in the final, valid entry list will be notified. All files are separated out to be externally and internally reviewed.

Mr. Skrocki advised that the old process was very manual, and using automation to review for valid addresses is a good step. These errors should not occur, and Internal Audit will perform an after analysis and review.

Board Member Rubin asked if the winners of more than one bottle submitted more than one entry. Mr. Skrocki was not sure. Stores are requested to only release the bottles to a person with an address on their ID that matches the address used in the lottery. Ms. Williams added that the entrant who provided 241 entries in the currently pending lottery had the pick-up for all of them listed as a store in Northern Virginia, even though the addresses provided were throughout the state.

Mr. Skrocki elaborated that there was a breakdown in the sorting of the data in Excel; some entries were sorted and some were not. The after analysis of the flawed lottery demonstrated that part of the spreadsheet was not sorted. The utilization of WOLO LA to randomly pick a winner will eliminate the random sort in Excel. Ms. Williams added that WOLO LA is employing statistical programs and algorithms.

Board Member Rubin asked if confidence is high that the problem is eliminated. Ms. Williams responded that it is very high that the WOLO LA process can provide proof of an equitable process. This would eliminate the human touchpoint and implement standard, best practices statistical libraries

Mr. Skrocki added that there will also need more checks in the back-end to check on the automated piece and a deeper analysis after the fact to validate the random process.

Board Member Euille asked how long the old system was in use. Mr. Dunham responded that it began in 2016. Mr. Euille then asked how the Authority will communicate to the public in terms of the allegations of the system being

flawed and what corrections are being made. Ms. Williams responded that the last lottery had flaws, but most of the time the bottles went to a unique winner. The last lottery was flawed and the Authority is taking that very seriously. WOLO LA is scheduled to go live in July, and has been in the works for over 6 months. Statistics on future lottery winners will be shared to help demonstrate how things are randomized and will provide a complete story to go out with the next group of lottery winners.

Mr. Skrocki noted that in the past year of lottery winners he has reviewed, 95% are unique winners. The problems with repeat winners were all in the last lottery.

Ms. Williams discussed outreach to the Virginia Lottery to understand their auditing process, and that the authority is open to consider a third-party review to formalize our best steps forward. The scale of the lottery has become too large to run on the older, manual process.

Board Member Euille appreciated that the Authority is reaching out with other systems to see what may be learned. Ms. Williams added that a Data Engineer with the Authority previously worked for the Virginia Lottery, and that the Lottery was willing to discuss their approach.

Mr. Skrocki will give an update at the next meeting on the progress of the current lottery and improvements, and added that the Virginia ABC collects a lot of data that the Virginia Lottery does not, making ABC's process more involved.

FOIA Requests

Mr. Daniel distributed a sheet of recent FOIA requests, attached to these minutes as Appendix A, to the Board. There were several requests related to the lottery.

Comments from the Board

Chair Hugo asked from a policy point of view, when does ABC go outside of Authority Staff or the AG's office to obtain counsel. Mr. Daniel responded that the Authority works very hard to do things in-house with the five attorneys on staff, and then would first consult with AG's office on their capability to handle matters for the Authority. Currently no Authority staff has expertise in employment law matters, and these items generally go to outside counsel. There is not a regular cadence on personnel matters.

Chair Hugo asked for updates from the Authority on write-offs for warehouse conversion, and a list of contracts over the last three years that add to over a million dollars. Mr. Alfano will pull the contracts and offered to provide a presentation on the process of awarding contracts.

Chair Hugo asked how Mr. Skrocki started the process of completing an audit. Mr. Skrocki responded that a plan is developed at the beginning of the fiscal year, Mr. Skrocki presents a proposed plan to board based off of internal risk-analysis. This process has already started, Mr. Skrocki surveyed all Directors and chiefs, and will present to the Board this summer. There is always some carryover from the previous year, and special reviews and process may pop up in the middle of the year and are important and may shift previously planned audits.

Chair Hugo referenced the Internal Audit report from September 2022 regarding Suspend/Void Issues that was failed to be disseminated. Mr. Skrocki was not the Director of Internal Audit at that time, but IA changed processes so this would not occur in the future.

Chief Kirby outlined the involvement of the ABC's Bureau of Law Enforcement (BLE). A District Manager suspected an employee was stealing, and Special Agent Goodman from BLE conducted a criminal investigation which resulted in three employees charged and convicted and ordered to pay restitution. Deputy Chief Brown informed the Directors of Internal Audit and Retail of the investigation due to the processes exploited by the former employees to commit their theft on the POS systems. Chief Kirby reviewed emails and confirmed that IA confirmed receipt of the criminal investigation.

Board Member Rubin reiterated that he understood the Chair's concerns that this matter sat for a long time, and recalled getting a four- or five-page memo from Travis about what went wrong, and we've heard a lot about things being put in place to correct this, and asked what the Chair would like to know.

The Chair advised that he did not know the Internal Audit report had been sitting around for several months. People miss emails, but there are currently four people on administrative leave, and he has concerns if people knew of this before February.

Board Member Rubin advised that the information regarding the report had been shared with the Board and the Authority appears to have made extensive efforts to see what went wrong and how to ensure it never happens again, and other concerns concerning personnel matters may be discussed in private session.

Vice Chair Everett agreed with Mark Rubin that the problem with the Internal Audit report has been recognized, acknowledged, and the Authority can move forward with the changes to resolve the problem.

Closed Session

At 10:10 Vice Chair Everett moved that the Board enter closed session Virginia Code §2.2 37.11(A)(1)(8) to discuss performance of certain specific employees of the authority and to consult with legal counsel related to disciplinary action with regards to Authority employees. Board Member Holland seconded. The motion passed on a roll call vote of 5 – 0. Attending the closed session in full were Tim Hugo, Maria Everett, Greg Holland, Mark Rubin, William Euille, and Jim Flaherty. Attending in part were Director of Internal Audit Michael Skrocki, Dave Alfano, Mark Dunham, Travis Hill and John Daniel.

Hearing

The Board Appeal scheduled for this date is continued to June 8 due to licensee's counsel being involved in an accident.

Return to Open Session

When the Board returned from Closed session at 11:09, Board Vice Chair Everett moved to certify that to the best of her knowledge nothing was discussed in the closed sessions but performance of certain specific employees of the authority and to consult with legal counsel related to disciplinary action with regards to Authority employees pursuant to §2.2 37.11(A)(1)(8), and only public business matters lawfully exempted from open meeting requirements was discussed. Board Member Euille seconded; the motion passed on a roll-call vote of 5 - 0.

Comments from the Board

Thursday, June 8 – Board Meeting

Thursday, July 20 – Board Meeting

Tuesday, September 12 – Board Meeting

Wednesday, November 1 – Board Meeting

Meeting Adjournment

Meeting adjournment at 11:11 a.m.

Freedom of Information Act (FOIA)

1. Jeremiah Pattison – May 22 – This email is related to this VA ABC publication: <https://www.abc.virginia.gov/about/media-room/2023/05192023-review-of-recent-lottery>. Through FOIA, I am kindly requesting the full technical details on the entire VA ABC Lottery process, including, but limited to, the following information: (1) Mechanisms and process for lottery entry and safe keeping; (2) Mechanisms and process for winning entry selection; (3) The source of randomness (entropy) for winning entry selection; (4) Source code and compiled binaries (executables), configuration files used for the lottery, to include all revisions of the software. Assuming a sourcecode management software (ie. version control software) (like Git) is used, I ask for all commits dating back a year; (5) Details on the system used to conduct the lottery (operating system, dependencies, libraries used, development environment; (6) Names and models of any hardware providing randomness/entropy; (7) Full system and security logs of all access to the computer systems involved in the above; (8) The process VA ABC used to validate and verify the proper functionality and randomness of the system; (9) The results/reports from any in-house or 3rd party audits/tests on the system
2. Brendan Ponton (Reporter, WTKR-TV) – May 22 – the names, products won, and dates of all limited availability product lottery winners from Jan. 2018 to present
3. Shane Mizelle – May 22 – information on how the results and how the winners were drawn on the recent Buffalo Trace Lottery.
4. Scott Flax – May 22 – Requesting all communications related to the below press release: <https://www.abc.virginia.gov/about/media-room/2023/05192023-review-of-recent-lottery> - Including: When Virginia ABC first realized there was an error with the BTAC Lottery drawing and why the "Internal Audit" team did not step in to correct/verify the results; Who made the decision to honor the results of the lottery drawing; Why was the decision made to honor the lottery drawing; What changes to policies/procedures/lottery rules or additional layers of review are being made to ensure that lottery drawing are truly random
5. Nelson Guimond – May 22 – 1) I would like to request a copy of the lottery drawing results, preferably in an excel spreadsheet, for all Virginia ABC lottery results/winners for all Virginia ABC lotteries held from March 8, 2021 through today (including the most recent lottery that was announced on May 15, 2023). Including the clean and un-changed original copy of entrants(as per step 2 of "Processing Lottery Entries" provided by FOIA request dated March 10, 2023) as well as the final results denoting winners and non-winners. 2) I would also like to request, preferably in an excel spreadsheet, all licensees who received any limited availability/lottery bottles during the same time period (and if a lottery process used for Licensees the same clean and un-changed original copy of entrants as well as final results denoted in the above request). 3) I would also like to request further information and documentation as it relates to the "reserve bottles" denoted in Step 9 of the Steps listed in the FOIA request dated March 10, 2023. 4) I would also like to request, preferably in an excel spreadsheet, all purchase orders and all receipts for products manufactured by Sazerac Company, Inc. (or any of its subsidiaries, including but not limited to A. Smith Bowman Distillery, Barton 1792 Distillery, and Buffalo Trace Distillery) for the years 2021, 2022, and 2023; 5) I would also like to request, as per the FOIA request dated March 10, 2023, the written policies and procedures regarding how the Virginia ABC's Internal Audit Team observes and certifies the results of lottery drawings.
6. Meghan McIntyre (Virginia Mercury) – May 19 – emails with the keywords on "SingleStone", "Dominion Digital" or "Thought Logic" sent or received between August 1, 2021 and May 19, 2023 by Travis Hill, Vida Williams and Elizabeth Chu; documents or other records on statements of work and deliverables for SingleStone, Dominion Digital, Inc. and Thought Logic sent or received between August 1, 2021 and May 19, 2023 by Travis Hill, Vida Williams and Elizabeth Chu.
7. Jay Schaefer – May 19 – I am requesting the winners list for the April lottery drawing for the BTAC products. It has been reported that a statistically improbable number of winners won 2, 3, and even 4 bottles. I'd like to verify the accuracy of these reports.
8. Ari Perlman – May 16 - list of winners and the bottles they won from the May 15th lottery; XLS file used to select winners, including all columns and tabs. This should include the Random Numbers generated for each entrant by bottle.
9. Scott Flax – May 12 – list of winners of recent lottery.

New Business

Board Approval: Real Estate Recommendations (Hill)

Board Approval: Procurement Policies (Watts)

Board Information: Procurement Contract Information

Board Approval: FY2024 Budget

Board Information: Warehouse Conversion

Real Estate Committee Recommendations

Overview

Action

April:

Approve Real Estate Recommendations

0 New Stores

1 Relocations

0 Expansions

7 Renewals

May:

0 New Stores

0 Relocations

0 Expansions

6 Renewals

Real Estate Committee Recommendations

ACTION	COMMENTS
April 2023 New Stores	
Relocations	
Store #044 (Ladysmith)	In December, the Committee voted to relocate to a new development, however, the project seems to have stalled; our current Landlord now has larger space available in the center; we plan on relocating from 2000 square feet to 3000 square feet adjacent to Food Lion; proposed rental rate is \$20 per square foot
Renewals	
Store #166 (Leesburg)	4576 square feet at \$25.69 per square foot, with 2% annual escalations, for a 5 year option term
Store #184 (Harrisonburg)	4300 square feet at \$26.35 per square foot, flat for a 5 year option term
Store #254 (Henrico)	3003 square feet at 36.07, with 3% annual escalations, for a 5 year term
Store #265 (Hampton)	3500 square feet at \$19.60 per square foot, with 2% annual escalations, for a 5 year option term
Store #296 (Fishersville)	2438 square feet at \$18.76 per square foot, flat for a 5 year option term
Store #332 (Staples Mill)	2970 square feet at \$19.40 per square foot, with 2% annual escalations, for a 5 year option term
Store #436 (Winchester)	3063 square feet at \$23.31 per square foot, with 2% annual escalations, for a 5 year option term

Real Estate Committee Recommendations

ACTION	COMMENTS
May 2023 New Stores	
Relocations	
Renewals	
Store #092 (Hampton)	3789 square feet at \$11.76 per square foot, flat for a 5 year option term
Store #093 (Fairfax)	2000 square feet at \$30.68 per square foot, with 2.5% annual increases, for a 3 year term
Store #133 (Manassas)	3240 square feet at \$31.84 per square foot, with 2% annual escalations, for a 3 year option term
Store #279 (Forest – Bedford County)	2782 square feet at \$17.68 per square foot for 3 years and \$18.74 for 2 years
Store #307 (Virginia Beach)	4320 square feet at \$20.19 per square foot, with 2% annual escalations, for a 5 year option term
Store #391 (Carrollton – Isle of Wight)	2490 square feet at \$16.23 per square foot, with 2% annual escalations, for a 5 year option term
Store #092 (Hampton)	3789 square feet at \$11.76 per square foot, flat for a 5 year option term

Procurement Policies

For Board Approval

Approve revised Procurement Policy and procedures distributed in April's Board Meeting.

**Virginia ABC
Contract Data
As of April 30, 2023**

Vendor Name	Contract #	Service/Product	Annual Spend on Contract (\$)				Total FY 20 - 23
			FY20	FY21	FY22	FY23	
Computer Aid Inc	VA-210625-CAI	IT Staff Augmentation	6,941,660.80	9,202,377.15	8,163,292.39	7,289,257.19	31,596,587.53
ESTES EXPRESS LINES	SP-603-20	Logistics	5,160,309.40	7,880,877.24	8,848,640.45	5,899,706.82	27,789,533.91
Spurrier Group LLC	SP-601-16	Advertising/Media Services	1,975,199.07	1,784,423.90	3,398,859.18	3,573,572.40	10,732,054.55
GK Software USA Inc	SP-603-18R-GK	Point of Sale	6,076,082.62	1,350,357.24	1,445,987.02	347,200.00	9,219,626.88
Mythics Inc	VA-170130-MYTH	Oracle Software	3,301,331.78	1,727,397.76	1,457,473.77	1,118,241.84	7,604,445.15
WidePoint Integrated Solutions Corp	SP-611-19	Telecom/Utility Billing	-	1,395,606.98	2,533,116.33	2,349,305.33	6,278,028.64
SHI International Corp	VA-211201-SHI	Software/Hardware	887,565.02	1,862,390.42	1,975,508.72	1,529,529.38	6,254,993.54
AIS Network		Hardware	662,091.70	1,984,407.04	1,771,277.84	795,677.94	5,213,454.52
Accela Inc	SP-604-16R	Licensing System	1,611,490.26	1,695,526.66	1,596,896.34	297,125.00	5,201,038.26
Accenture LLP	VA-220601-ACCN	Consulting Services	1,930,917.50	1,315,351.25	1,202,554.20	602,092.34	5,050,915.29
Thought Logic Consulting LLC	VTS-1049-2019	Consulting Services	387,740.00	2,881,437.74	564,140.00	1,211,555.00	5,044,872.74
Macro Integration Services Inc	USIS-1001-22	IT Field Service	277,821.22	3,240,716.00	659,127.28	197,378.84	4,375,043.34
Manhattan Associates Inc	DGS Cooperative	Warehouse Management System	280,000.00	1,054,720.14	2,695,703.22	317,570.51	4,347,993.87
SAP America Inc	PO03748105	Point of Sale	3,218,400.00	491,700.00	-	-	3,710,100.00
Reliance Staffing & Recruiting	21-1160-05	Staff Augmentation - Warehouse	721,628.85	1,134,521.48	1,742,420.58	57,701.57	3,656,272.48
Triple C Mechanical Inc	SB-315-20	Warehouse Maintenance	216,763.70	2,880,711.16	282,842.25	193,878.00	3,574,195.11
Cintas Corporation Loc 143	R-BB-19002	Cleaning Supplies	75,105.00	1,197,118.83	1,439,188.55	818,653.48	3,530,065.86
FORDION PACKAGING LTD	TERMINATED	Biodegradable Bags	1,206,150.75	1,286,140.40	792,183.90	-	3,284,475.05
RELIANCE ACQUISITION LLC	Coop #21-1160-05	Staff Augmentation	-	-	1,428,968.93	1,769,472.05	3,198,440.98
ePlus Technology Inc	VA-211201-EPLS	Software/Hardware	220,674.32	2,282,529.15	171,982.15	473,487.86	3,148,673.48
Barcoding Inc	Multiple PO's PO04005140 REQ481565	Warehouse Labels	668,906.38	1,583,940.80	388,055.03	42,039.80	2,682,942.01
Sonitrol of Greater Richmond Inc	DGS EXPIRED	Alarm Monitoring	685,125.98	964,904.08	368,565.53	468,015.61	2,486,611.20
SYFEL INC	PR9519741-V2 A999-95007	Reusable Bags	-	-	2,432,851.00	-	2,432,851.00
Duro Hilex Poly LLC	IFB 101-22-SB	Paper Bags	324,247.45	369,712.96	836,703.27	774,615.18	2,305,278.86
Reservoir Distillery LLC	EXPIRED	Distillery	639,506.88	527,555.83	663,432.00	455,678.80	2,286,173.51
Treo Enterprise Solutions Inc	736121821	Store Counters	1,088,846.00	366,384.00	415,909.00	246,251.00	2,117,390.00
Dominion Digital Inc	UVA-AGR-SVC-00262	Consulting Services	-	-	309,293.75	1,761,034.90	2,070,328.65
Madix Inc	EXPIRED	Retail Shelving	477,458.23	200,439.10	188,815.98	1,189,196.60	2,055,909.91
Iron Bow Technologies LLC	TERMINATED	VITA - obsolete	75,395.48	796,885.56	1,163,407.44	-	2,035,688.48
Appexus Technologies	SS-105-20	Sales Audit Software	-	1,077,463.91	461,859.00	458,933.15	1,998,256.06
HODGMAN'S INCORPORATED	736011022	Store Flooring	629,117.68	514,659.57	551,504.91	130,301.45	1,825,583.61
Mobile Freight Handlers	TERMINATED	Lumper Services	37,594.00	26,100.00	1,501,162.51	-	1,564,856.51
Haley Ford - South	DGS	Vehicles	-	1,524,436.32	-	-	1,524,436.32
Virginia Distribution Center - VDC - DGS	DGS-MANDATORY	Supplies	640,402.86	353,242.06	310,479.70	94,657.05	1,398,781.67
Colossus Incorporated	VA-1405330-IAC	Enforcement Software	430,483.00	120,666.00	120,666.00	482,664.00	1,154,479.00
Orbit Logistics LLC	#100-21-1	Supply 3PL	-	269,779.14	556,935.06	290,563.77	1,117,277.97
GARTNER INC	VA-180315-GARG	Consulting Services	177,896.00	540,627.00	334,099.00	-	1,052,622.00
Coveo Software Corp	PO03507261	Software	222,336.63	448,673.26	109,998.00	195,240.00	976,247.89
Thrive Technologies Inc	VA-04150-THRI	Warehouse Software	135,668.00	418,994.00	240,852.00	96,796.00	892,310.00
Vertical Communications	SP-602-20	Telecom	-	140,197.33	458,886.27	281,574.89	880,658.49

ONIN Staffing LLC	PO03976628-3 PO04236684	Staff Augmentation - Warehouse	-	-	174,664.67	570,422.04	745,086.71
Sheehy Ford of Richmond	PO03961338-1 PO03711162-1 PO04188007-1	Vehicles	-	78,656.78	-	616,873.50	695,530.28
DEPENDABLE SERVICES INC	EXPIRED	COVID Supplies	453,600.00	183,300.00	43,800.00	-	680,700.00
Canon Financial Services Inc	113-21-COOP	Printers	-	-	28,663.00	626,595.11	655,258.11
Impact 21 Group LLC	EXPIRED	Consulting Services	430,599.61	202,369.88	-	-	632,969.49
Mercer Health & Benefits LLC	EXPIRED	Consulting Services	73,230.82	410,314.74	141,978.80	-	625,524.36
RDA Corporation	SP-604-20	Consulting Services	-	621,695.00	-	-	621,695.00
B W WILSON PAPER CO INC	Coop #E194-83082	Office Supplies	81,101.91	438,107.56	59,807.00	-	579,016.47
Thirdera Holdings LLC	OPY-00007501	Service Now Implementation	-	-	-	533,145.00	533,145.00
GOLDEN GATE SERVICE INC	TERMINATED	Janitorial	79,089.95	325,273.52	119,236.03	-	523,599.50
Pratt Industries - Virginia Box	QQ229376 QQ232061	Boxes	81,649.01	177,630.84	77,200.00	172,229.51	508,709.36
Hall Automotive, LLC	PO03563389	Vehicles	42,613.67	54,360.00	373,512.00	-	470,485.67
W&H Systems Inc	EXPIRED	Warehouse Conveyor	-	-	35,730.20	434,238.38	469,968.58
AuditBoard Inc	PO04023340	Audit Software	-	60,000.00	350,668.00	56,000.00	466,668.00
Carahsoft Technology Corporation	A999-94693	Service Now	-	-	125,032.26	333,714.88	458,747.14
Snap Office Supplies LLC	QQ241160	Office Supplies	49,272.00	248,479.65	90,132.30	66,038.11	453,922.06
Pomeroy Technologies LLC	TERMINATED	IT Field Services	-	450,671.72	-	-	450,671.72
VA INDUSTRIES F T BLIND	PO03551806-1 PO03551807-1 PO03891556 PCO04123947 PCO03963399-1 PCO03963400 PCO03713274	COVID Tests	-	-	442,400.00	-	442,400.00
Ted Britt Chevrolet		Vehicles		61,683.05		361,276.40	422,959.45
F Curtis Barry & Company	PO03508634	Warehouse - Design Services	37,064.00	382,395.00	-	-	419,459.00
Robert Half International Inc	Coop #21-1160-6025	Staff Augmentation	-	91,055.50	322,704.46	-	413,759.96
Storflex Holdings Inc	PO04122355 PO03532466-1 PO03943659-2	Retail Equipment	-	14,901.06	-	385,268.27	400,169.33
Marsh & McLennan Agency		Cyber Insurance		90,481.00	108,451.00	165,231.00	364,163.00
ServiceMaster Services	EMERGENCY/COVID	COVID Cleaning	-	840.00	194,853.00	127,058.00	322,751.00
Creations in Lucite Inc	PO0403951 PO04118709 PO03922410 PO03834177	Marketing	134,156.00	-	122,600.00	65,550.00	322,306.00
Guidehouse Inc		Consulting Services				316,800.00	316,800.00
FM Solutions, LLC D/B/	109-21-UIS	Relocation	-	210,061.75	106,006.42	-	316,068.17
Everbridge		Emergency Communication App	43,813.60	99,426.66	62,284.44	93,426.66	298,951.36
Riverside Paper Supply Company	TERMINATED	Office Supplies	120,057.00	137,712.25	23,316.80	-	281,086.05
Fife Incorporated	RFP #UP-502-19	HVAC	35,203.57	66,983.42	91,081.29	79,180.88	272,449.16
Colonial Scientific Inc	EMERGENCY/COVID	COVID Tests	14,773.50	-	241,600.00	-	256,373.50
RemacUSA Inc	EMERGENCY/COVID	COVID Cleaning	39,525.64	179,921.19	25,153.96	-	244,600.79
CDWG	VA-211201-CDWG	IT Hardware	-	147,835.38	91,762.40	-	239,597.78
Insight Global		Consulting Services				230,750.00	230,750.00

Brinks Security, Inc		Secure Drop-off Services	26,434.85	119,873.05	51,920.88	29,213.20	227,441.98
CHESAPEAKE PACKAGING PRODUCTS INC	S-IFB-311-17	Shipping Supplies	70,272.00	70,272.00	63,105.60	20,213.76	223,863.36
East Coast Emergency Vehicles		BLE Vehicle Upfit	109,459.79	78,526.92	33,752.70		221,739.41
Sitecore USA, Inc		Web Services				220,899.00	220,899.00
Cvent		Registration Software	19,268.44	134,879.08	19,268.44	42,536.88	215,952.84
Eustace Merchant Ford Inc	PO03596534 PO03544677 PO03544678 PO03596533-1	Vehicles	-	215,229.00	-	-	215,229.00
Campus Guard, LLC		PCI Support	52,600.00	52,600.00	81,400.00		186,600.00
RSS Partners, Inc		Retail safes	43,890.00	16,700.00	90,650.00	33,400.00	184,640.00
Mon Mothma LLC		Vehicles				184,237.00	184,237.00
Crown Lift Trucks	ABC12722	Warehouse	-	164,236.50	-	-	164,236.50
Oracle America, Inc		Consulting Services				163,610.26	163,610.26
Worth Higgins	DGS	Office Supplies	31,755.00	16,092.64	47,795.55	60,403.00	156,046.19
Safehouse Signs, Inc		Signage				155,452.50	155,452.50
Retail Logistics and Equipment LLC	N/A	Retail Supplies	-	-	149,843.44	-	149,843.44
WW Grainger		Parts/Maintenance	10,565.11	10,377.25	34,389.92	92,543.98	147,876.26
Dixon Hughes Goodman LLP	PO04008016	External Audit	-	-	75,000.00	70,000.00	145,000.00
Dominion Security Partners LLC	PO04008119	Software	-	-	145,000.00	-	145,000.00
Browns Glass Shop Inc	IFB-SB-307-17	Glass Repair	-	101,797.37	31,606.00	5,042.62	138,445.99
Stonebranch, Inc.		Software				138,141.57	138,141.57
Momentive, Inc		Survey Monkey				134,820.00	134,820.00
Ruppert Landscaping		Landscaping			51,780.00	80,598.13	132,378.13
DALY COMPUTERS INC	VA-211201-DALY	IT Equipment	-	11,005.00	51,970.00	63,630.00	126,605.00
Thundercat Technology LLC		Software				125,968.92	125,968.92
Fire-X Corp		Fire Protection		122,666.40			122,666.40
Rock Solid Janitorial		Janitorial Services	120,864.86				120,864.86
LONGWOOD UNIVERSITY	NA	YADAPP	118,351.90	-	-	-	118,351.90
Todays Office Solutions Inc	QQ12172020	Office Supplies	14,250.56	46,095.15	19,354.00	33,681.94	113,381.65
Blue Cloud International		Maintenance Supplies			107,791.25		107,791.25
CFS INVENTIONS LLC	NA	Retail Shopping Carts	-	-	2,816.54	102,531.00	105,347.54
H & M Construction Company, Inc.	PO03779503-2	New HQ	-	102,645.00	-	-	102,645.00
Environmental Systems Research Institute		ArcGIS Licenses	32,150.00	32,150.00	32,150.00		96,450.00
Progressive Graphics Inc	QQ239805	Marketing	-	70,240.48	20,443.82	-	90,684.30
Amazon		Various	201.09	4,185.30	32,098.97	49,279.90	85,765.26
Athletic Union, LLC		Uniforms			82,626.63		82,626.63
Bright Ideas LLC	N/A	Promotional	-	82,165.09	-	-	82,165.09
Acuity Audio Visual		AV Equipment and Install				81,768.58	81,768.58
AM Davis		Forklift Maintenance		44,374.80		34,995.00	79,369.80
A M Davis Inc	N/A	Maintenance	-	44,374.80	-	34,995.00	79,369.80
Craigs Firearm Supply		Law Enforcement Items	47,186.70	31,720.74			78,907.44
TK Promotions		Promotional Items		15,850.00	58,548.04		74,398.04
Meridian Knowledge Solutions		Learning Software				67,500.00	67,500.00
Best Repair Company Inc	IFB-SB-309-20	Maintenance	-	38,058.75	25,668.83	-	63,727.58
Guernsey Office Products, Inc		Office Supplies			63,021.75		63,021.75
Energage		Employee Engagement Services	25,744.00	26,756.00			52,500.00
Silver Linings LLC	SS-115-21	Consulting Services	-	-	-	50,895.00	50,895.00
Johnson Controls		Security Monitoring/Access		50,070.93			50,070.93
MTM Recognition		Employee Service Awards	18,442.54	11,460.75	16,452.11	1,121.10	47,476.50
JJ White and Associates		Training		38,500.00			38,500.00

XPO Logistics LLC	VABC03022022	Logistics	-	-	-	34,840.00	34,840.00
Exigent Technologies LLC		Hardware			11,850.00	22,847.26	34,697.26
Datalogic USA		Software			30,085.00		30,085.00
Bizon Group		Storage Containers			28,780.00		28,780.00
Moore Sign Corporation	IFB- #SB 300-20	Signage	24,935.00	-	-	-	24,935.00
PROFESSIONAL PRINTING CENTER INC	QQ236848	Marketing	-	5,846.00	16,553.00	-	22,399.00
Talley Sign Company	SB-308-14 UB-401-15	Signage	10,728.77	-	10,558.18	-	21,286.95
Dunbar Armored Inc		Secure Drop-off Services	2,610.16	18,304.00			20,914.16
The Gun Shop		Law Enforcement Items	19,176.60				19,176.60
Net 100 Ltd		Computer Peripherals				17,608.79	17,608.79
ID Technology, LLC		Warehouse labels		13,221.42			13,221.42
Uline		Shipping Materials		248.51	752.37	2,300.00	3,300.88
Express Employment Professionals	A999-10048	Staff Augmentation	-	-	-	3,229.22	3,229.22
Totals			43,898,554.21	63,417,650.34	58,523,309.60	43,201,069.10	209,040,583.25

Proposed FY2024 Budget

For Board Approval



Agenda

- P&L Statement
- Budget Assumptions
- Store Sales Revenue
- Profit Bridge (FY 2023 est. vs FY 2024 Budget)
- Personal Services Cost Bridge
- Contractual Services Cost Bridge

- Project Requests Submitted
- Operational Requests Recommended
- Initiative Requests Recommended

- Cost of Goods Sold
- Excise Tax
- Credit Card Fees

FY 2023 YTD Highlights

FY 2024 Budget Overview



Profit & Loss Statement (in millions)

	FY 2022 Actual		FY 2023 Est. Actual		FY 2024 Budget	FY24 Budget vs FY23 est act.
Revenue Sources:			4.7%		5.2%	
Alcoholic Beverages (Store Sales)	\$1,376.6		\$1,441.9		\$1,517.4	\$75.5
Other	41.5	a	28.4	b	24.9	(3.5)
Gross Revenue	1,418.1		1,470.3		1,542.3	72.0
Less: Spirits Excise Tax	227.7		238.4		251.3	12.9
Net Revenue	1,190.4	a	1,231.9	b	1,291.0	59.1
Variable Operating Costs:						
Cost of Goods Sold	660.7		692.0		728.2	36.2
Variable Administrative Costs	202.2		212.2		220.5	8.3
Total Variable Costs	862.9		904.2		948.7	44.5
Contribution Margin	327.5	a	327.7	b	342.3	14.6
<i>Contribution Margin as a % of Store Sales</i>	23.8%	a	22.7%	b	22.6%	
Fixed Operating Costs:						
Fixed Administrative Costs	63.8		82.7		90.0	7.3
Regulatory Costs (Enforcement & Hearings)	20.1		24.2		29.3	5.1
Total Fixed Costs	83.9		106.9		119.3	12.4
ABC Net Profit	\$243.6		\$220.8		\$223.0	\$2.2
<i>As a % of Store Sales</i>	17.7%	c	15.3%		14.7%	
General Assembly Profit Requirement (Chapter 1289)			\$200.8		\$185.4	

a) includes \$15.1M gain on the sale of Hermitage and other net one-time items of (\$0.9M); removing all one-time items yields an adjusted contribution margin of **22.6%**

b) includes \$1.8M in FEMA money and other net one-time items of (\$0.6M); removing all one-time items yields an adjusted contribution margin of **22.6%**

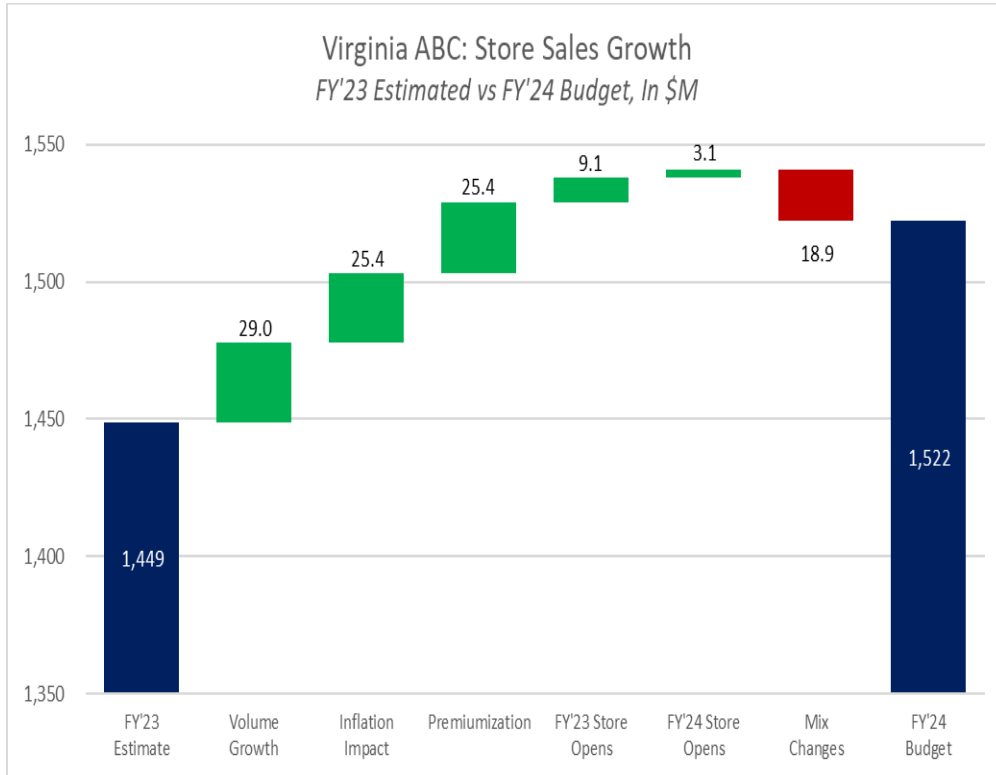
c) removing all one-time items yields an adjusted net profit margin of **16.5%**



Budget Assumptions

Assumptions for FY 2024 Budget over FY 2023 Estimated Actual

		<u>\$ Impact in Millions</u>
Revenue Assumptions:		
Rev Growth Rate	5.2%	\$ 62.6
Licensing/Permit Revenue	1.8%	\$ 0.3
Expense Assumptions:		
Salary/Wage Increase	5.0%	\$ 7.9
Hourly Wage to \$15/hour(2nd half impact)		\$ 2.3
Freight Volume Cost Inc	3.0%	\$ 0.2
Healthcare	0.0%	\$ -
Credit Card Fees	9.5% (5% rate increase, 4.5% volume)	\$ 2.0
Vacancy (Central Office/Enf)	Variable	\$ 9.8
New Stores (Full year Impact)	7	
New Store Personnel	14	\$ 1.2
Inflationary Assumptions:		
Overall Inflation	5.0%	
Rent Escalation	3.0%	



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

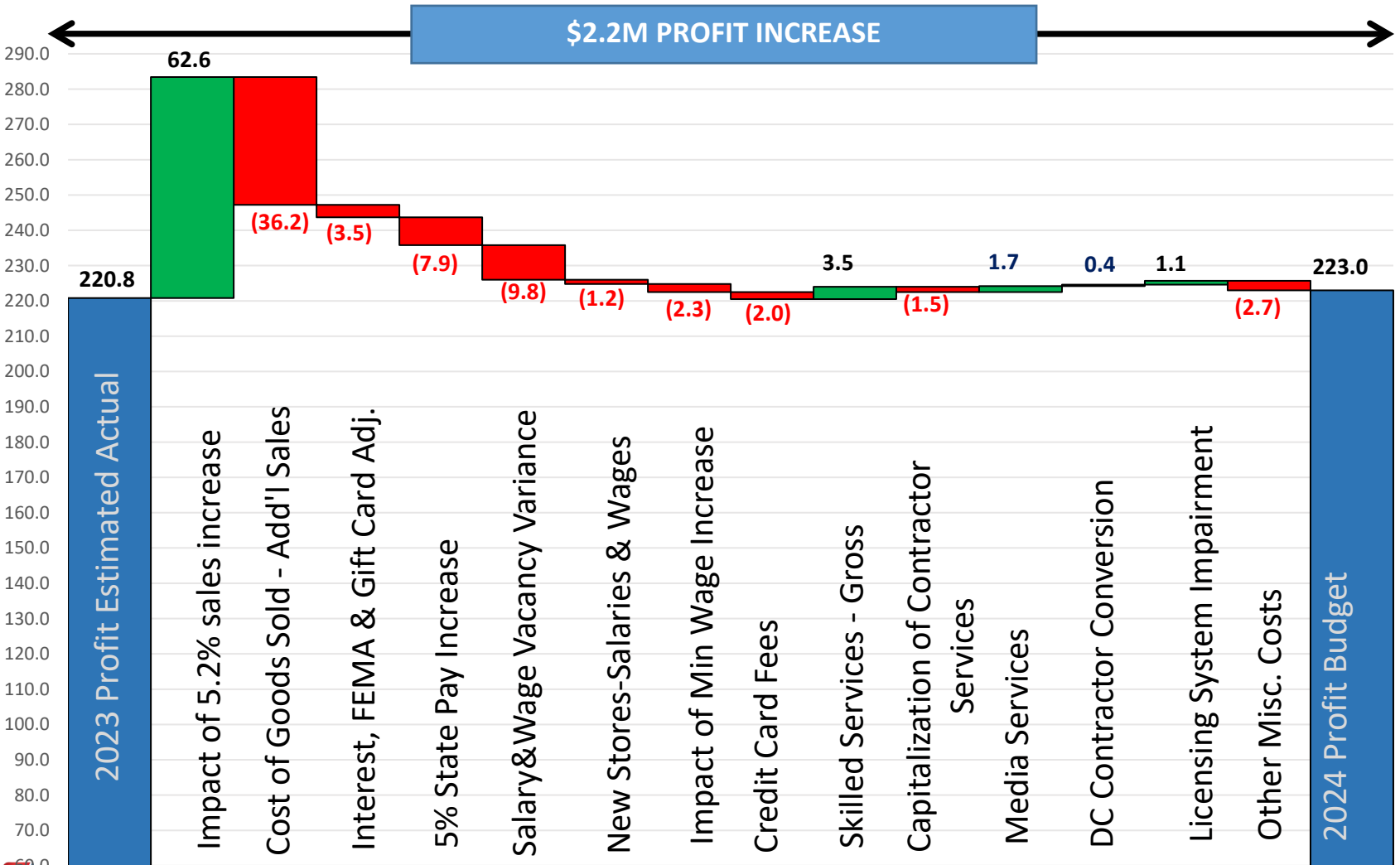
Risks:

- Economic Downturn* – spirits industry is recession resilient, but drives consumers down shelf (depremiumization), 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

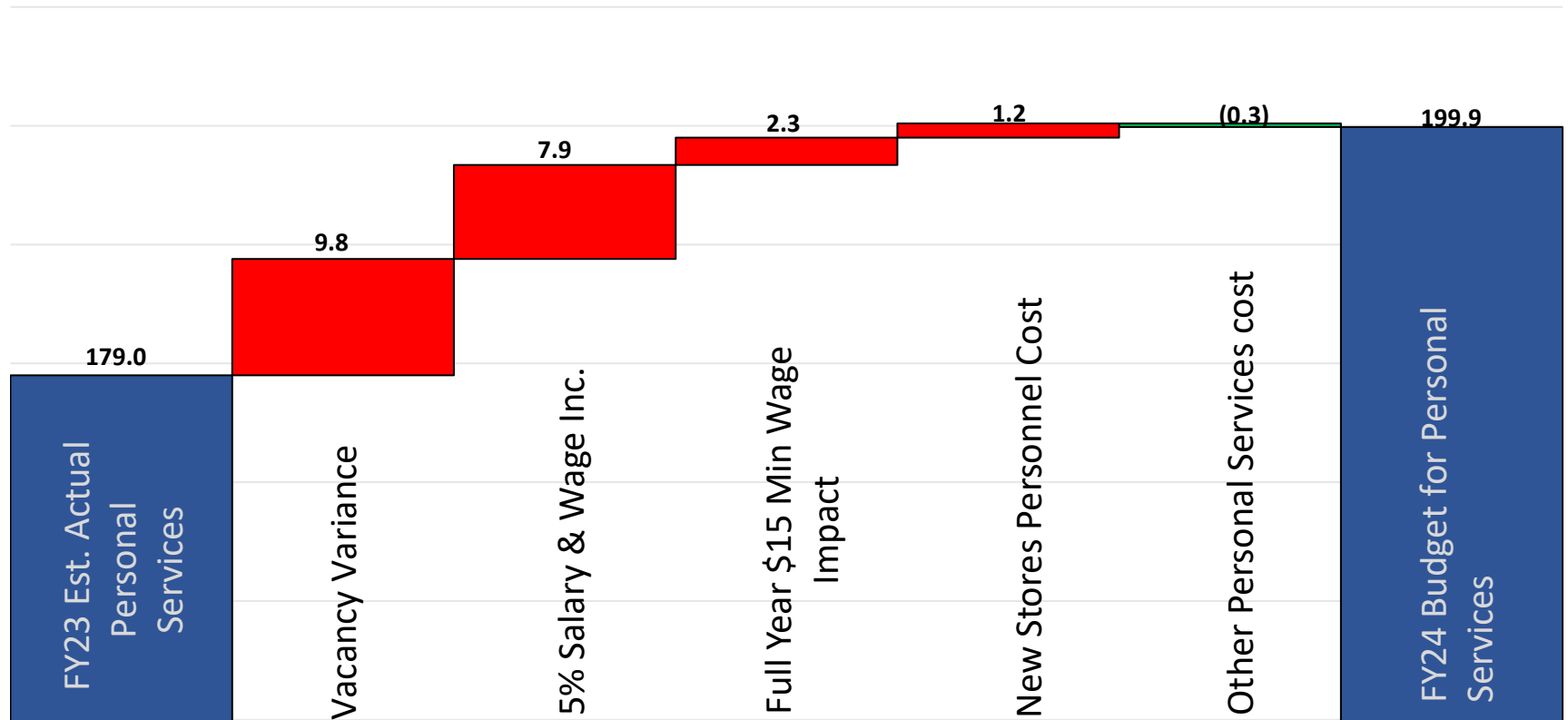
FY 2023 Est. Actual vs FY 2024 Budget



Personal Services Cost Bridge

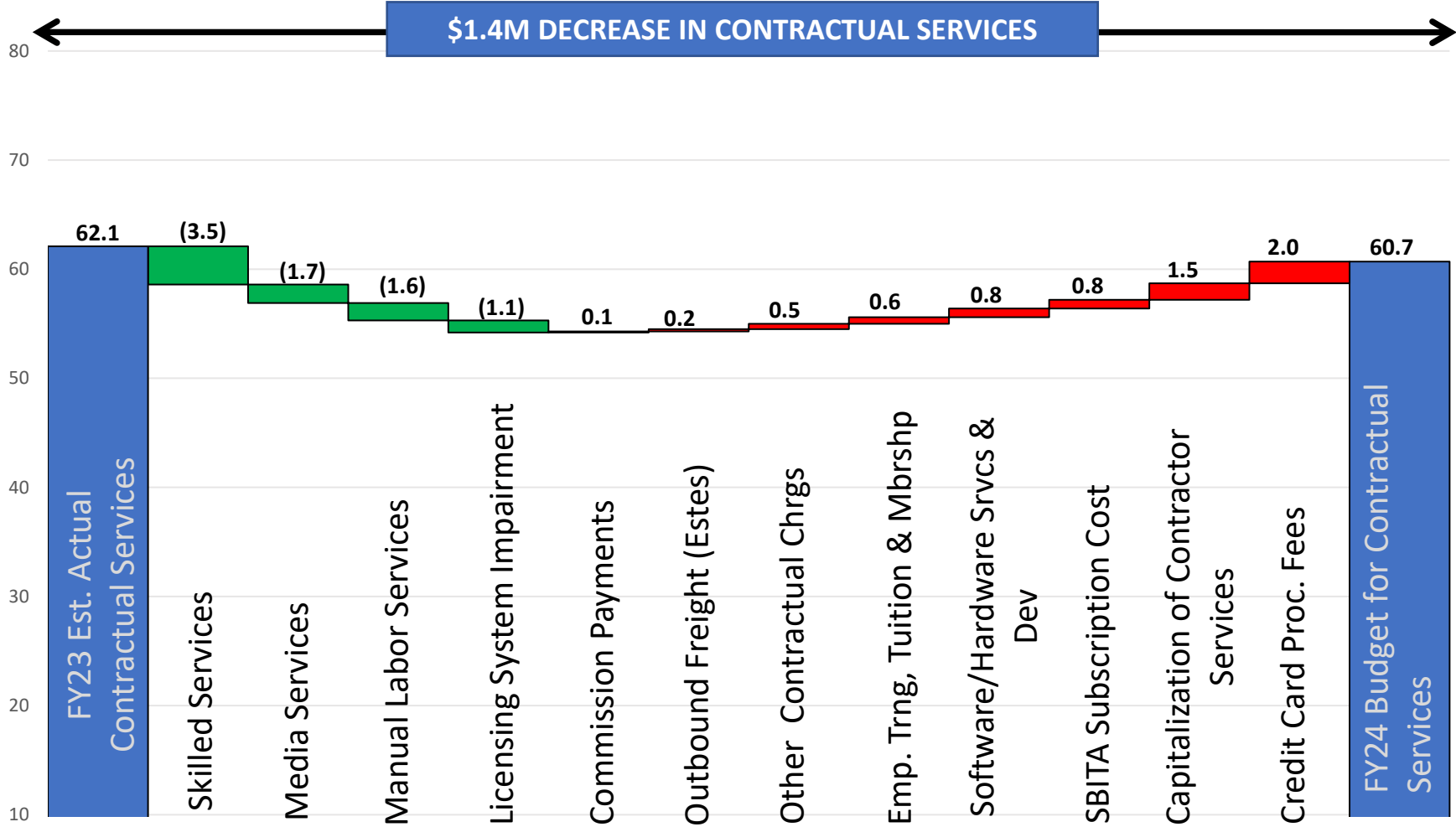
FY23 Est. Actual vs FY24 Actual

← \$20.9M INCREASE IN PERSONAL SERVICES →



Contractual Services Cost Bridge

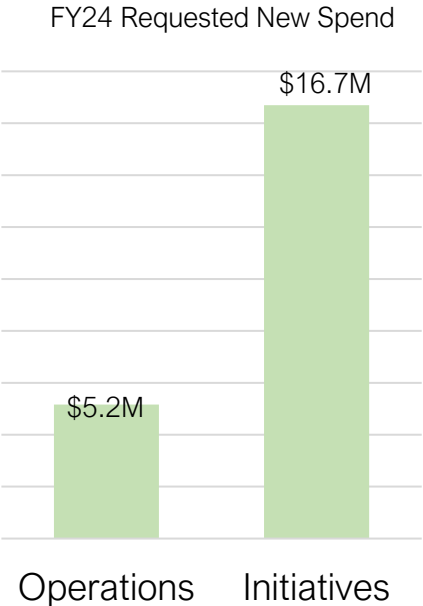
FY23 Est. Actual vs FY 2024 Budget



Decision Packages



Virginia ABC Divisions Requested \$22M of New Spend for FY24



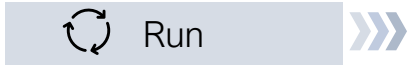
Operational requests are related to “running the engine” and increases in spend are driven by growth in services provided/required to maintain existing operations and capabilities.

Initiative requests are related to scaling and/or transforming Virginia ABC’s business by implementing new functionality or changing existing functionality to scale products or services and drive innovation. Initiative requests are generally one-time expenses.

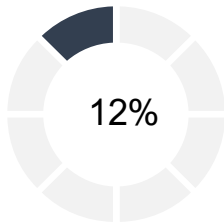
FY24 Requested New Resources

	Number of Requests	Spend (\$ millions)	Salaried ABC Staff	Contingent Labor
Operational Requests	29	\$5.2	11.0	3.0
Initiative Requests	45	\$16.7	7.0	17.0
Total	74	\$21.9	18.0	20.0

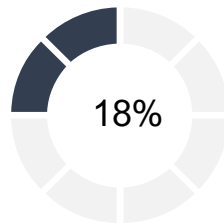
We Advanced 10 of 29 Operational Requests for Consideration



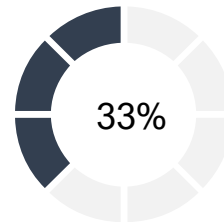
12% (\$0.6M) of \$5.2M in new operational spending requests were advanced.



One contractor will be converted to salaried plus one additional IT MEL represents 18% of the 11 MEL requests.



There were only 3 requests for contingent labor and 1 was advanced.

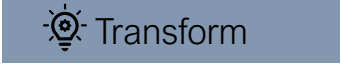


FY24 Advanced Operational Investments

	Spend Justification	Number Advanced	FY 24 Impact (\$)	Salaried ABC Staff	Contingent Labor
HR	Employee Assistance Program, comp tool support, store wage recruitment, engagement survey.	4	\$144,620	0	0
IT	Licensing system(VAL) support, store network switches.	3	\$235,743	1	1
Internal Audit	Contractor conversion.	1	\$150,000	1	0
Spirits Supply Chain	Equipment for operational volumes.	2	\$83,051	0	0

Projects/Initiatives Recommended for FY 24

We Deprioritized 34 of 45 Initiatives Requested



Prioritized initiatives may not require increases in Virginia ABC staff or contingent labor.*

		FY24 Initiative Investments Prioritized for Review		FY24 Impact (\$)
Bureau of Law Enforcement	[]	VAL License Count Increase. Increase number of users for VAL system, consistent with internal needs.		\$80,000
		Dedicated Fraud/Waste/Abuse Hotline. Drive improved loss avoidance.		\$40,000
Internal Audit	[]	Authority Wide Penetration Test. Externally performed network penetration testing to understand and mitigate any potential network weaknesses.		\$90,000
		POS Upgrade. Upgrade POS features for customer/retail experience, maintain POS system, migrate servers to lower ongoing cost solution.		\$50,000
Information Technology	[]	Store Cameras. Increase camera coverage in higher shrink store locations.		\$20,000
		External Identify Management Remediation. Ensure external access to specific data is secure and within internal control standards.		\$0
		Internal Identity Management Remediation. Ensure internal access to specific data is secure and within internal control standards		\$30,000
		Inventory & Order Management System Implementation. Replace internally built MIPS system with Inventory Mgmt and Order Mgmt systems to solve system limitations that will impact growth.		\$270,000
		Regression Test Suite. Shift to SaaS model results in need to upgrade release testing capabilities to mitigate potential risks of third-party software updates.		\$20,000
Retail Operations	[]	Alarm Board Monitoring. Future state alarm monitoring versus current model and identify opportunities to leverage competitive marketplace to reduce spend.		\$40,000
		Retail Optimization. Evaluate and improve retail strategies to address locations, processes, and staffing.		TBD

*Potential staff and contingent labor impact of IT Architectural Implementation remains under evaluation.

Budget Risks

- Unplanned/unexpected inflation costs
- Unplanned recession impacts
- Competition for Wage personnel
- Increased profit requirement during BI-Annual Budget
- Smaller impact from premiumization
- Impact from Retail theft
- Drop in Licensee purchases

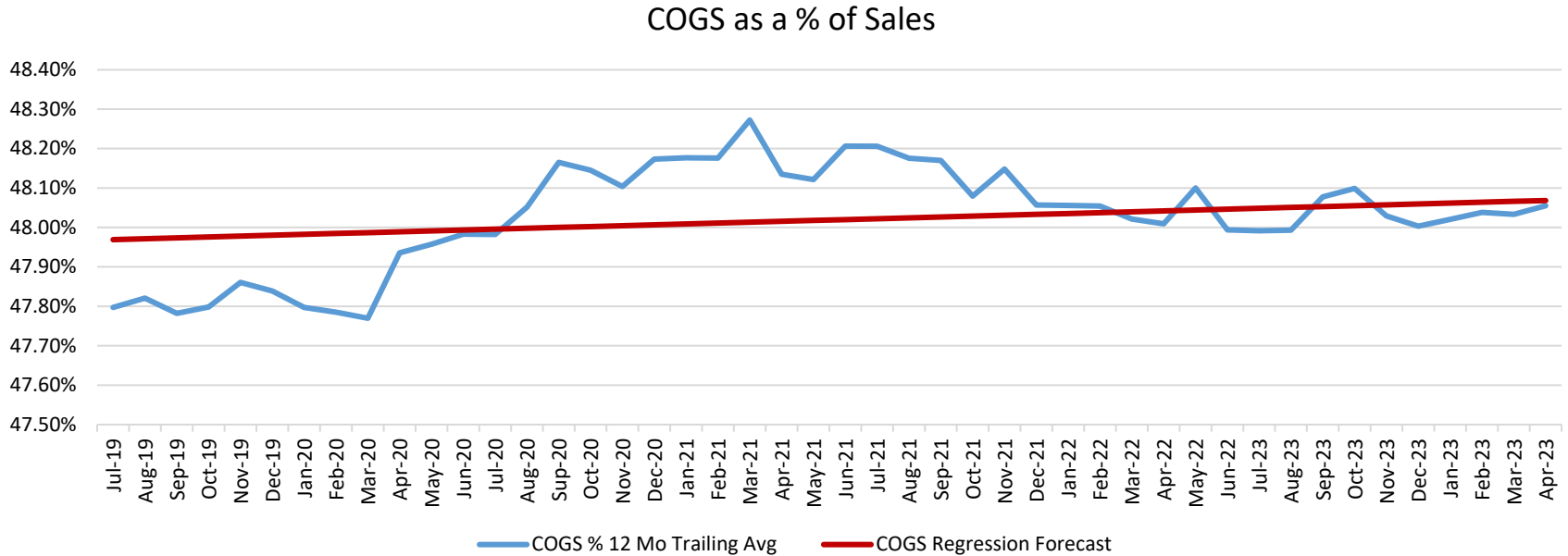
Recommended Next Steps

- Questions?
- Today
 - Board approval of FY 2024 Budget as the basis for GACRE submission
- Next
 - Communication to Division Directors

Appendix – Statistical Measures



Cost of Goods Sold (COGS)*



Estimated Growth Rate = 0.06%

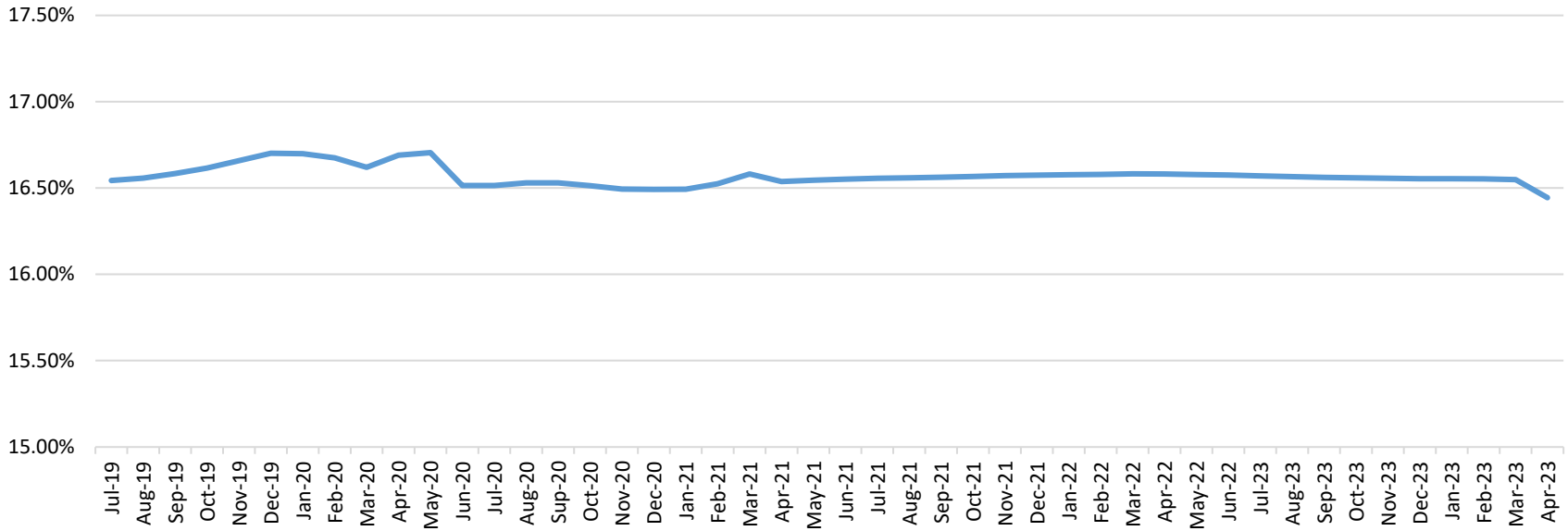
FY24 Rate as a % of Sales = 47.99%

FY23 Estimated Rate as a % of Sales = 48.00%

*COGS excludes breakage and distillery COGS

Statistical Model – Excise Tax

Excise Tax as a % of Sales

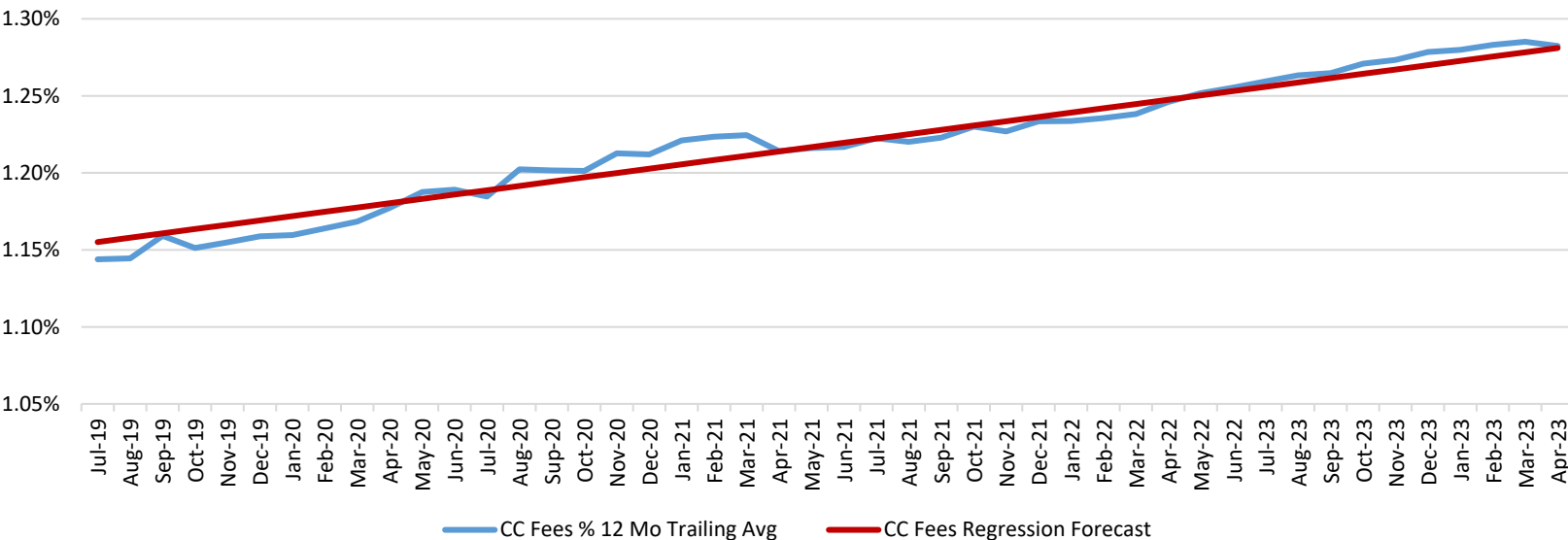


FY24 Rate as a % of Sales = 16.56%

*FY23 Rate estimated at 16.55%; rate fluctuates based on sales mix of 20% liquor and 4% wine

Statistical Model – Credit Card Fees

CC Fees as a % of Sales



Estimated Growth Rate = 2.69%

FY24 Rate as a % of Sales = 1.378%

FY23 Estimated Rate as a % of Sales = 1.311%

* budgeted fees are up based on increased number of transactions. This also factors in anticipated increases in credit card transactions for License & Permits. FY24 rate including Licenses & Permits is 1.362%.



Hearings

- THE 4 CYBER CAFÉ, LLC.
- REGENCY MARKET VA
- RYAN INCORPORATED
PLANTHOUSE

BOARD APPEAL HEARING DOCKET – 10:00 a.m.

License/Applicant	Attorneys	Appellant	Complaints/Charges	Trans. No. of Pgs.	Charges/Objections Heard by Administrative Law Judge	Contacts/ Objectors
<p>THE 4 CYBER CAFÉ, LLC. THE 4 CYBER CAFÉ 4 WEST BROAD STREET RICHMOND, VA 23220 License No.: 755746 Administrative Case Nos. 013257859 013293928</p>	<p>Sarah Ross, Esq. Associate Legal Counsel (Counsel for Appellee)</p>	Licensee	<p>1. Between 01/27/2022 and 02/19/2022, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-30-30. This licensee has submitted more than one bad check within twelve months; therefore, this licensee is on a CASH ONLY BASIS. (Administrative Case No. 013257859)</p> <p>2. On 11/09/2022 at approximately 9:30 PM, the licensee allowed the consumption of unauthorized alcoholic beverages upon the licensed premises, in violation of Sections 4.1-308 and 4.1-225 1.k. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>3. 11/09/2022 at approximately 9:30 PM, the licensee sold unauthorized alcoholic beverages, in violation of Sections 4.1-202, 4.1-225 1.b., 4.1-324 A.1. and 4.1-325 A.1. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>4. The licensee cannot demonstrate financial responsibility sufficient to meet the requirements of the business conducted under the license issued by the Board, in violation of Section 4.1-225 1.e. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>5. On 11/09/2022 at approximately 9:30 PM, the licensee kept or allowed to be kept alcoholic beverages that the licensee was not authorized to sell, in violation of Sections 4.1-324 A.7. and 4.1-225 1.b. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>6. CHARGE WITHDRAWN WITHOUT PREJUDICE</p>	87	<p>1. Between 01/27/2022 and 02/19/2022, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-30-30. This licensee has submitted more than one bad check within twelve months; therefore, this licensee is on a CASH ONLY BASIS. (Administrative Case No. 013257859)</p> <p>2. On 11/09/2022 at approximately 9:30 PM, the licensee allowed the consumption of unauthorized alcoholic beverages upon the licensed premises, in violation of Sections 4.1-308 and 4.1-225 1.k. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>3. 11/09/2022 at approximately 9:30 PM, the licensee sold unauthorized alcoholic beverages, in violation of Sections 4.1-202, 4.1-225 1.b., 4.1-324 A.1. and 4.1-325 A.1. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>4. The licensee cannot demonstrate financial responsibility sufficient to meet the requirements of the business conducted under the license issued by the Board, in violation of Section 4.1-225 1.e. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>5. On 11/09/2022 at approximately 9:30 PM, the licensee kept or allowed to be kept alcoholic beverages that the licensee was not authorized to sell, in violation of Sections 4.1-324 A.7. and 4.1-225 1.b. of the Code of Virginia. (Administrative Case No. 013293985)</p> <p>6. The licensee failed or refused to comply with a Board Order dated 08/04/2022, in violation of Sections 4.1-202 and 4.1-225 1.b. of the Code of Virginia. (Administrative Case No. 013293985)</p>	<p>P. Connors, SA J. C. Sandhofer, ASAC J. N. Hackler, SA</p>



BOARD APPEAL HEARING DOCKET – 10:00 a.m.

License/Applicant	Attorneys	Appellant	Complaints/Charges	Trans. No. of Pgs.	Charges/Objections Heard by Administrative Law Judge	Contacts/ Objectors
<p>REGENCY MARKET VA INC. MARKET PLACE 21 6811 WALMSLEY BLVD N. CHESTERFIELD, VA 23224 License No.: 750471 Administrative Case No: 013264062</p>	<p>Stephen A. Mutnick, Esq. 1324 Sycamore Square Midlothian, VA 23113 (Counsel for the Licensee) LaTonya Hucks-Watkins, Esq. (Senior Legal Counsel)</p>	<p>Licensee</p>	<p>1. On December 27, 2021, at approximately 1530 hours, the licensee illegally possessed, distributed, sold or used, or knowingly allowed any employee, agent or other person(s) to illegally possess, distribute, sell or use marijuana or other controlled substances, imitation controlled substances, drug paraphernalia, controlled paraphernalia or synthetic cannabinoids as defined in 18.2-247 et seq. upon the licensed premises, in violation of Section 4.1-225 1.o. of the Code of Virginia. 2. A violation for which the Board would be entitled to refuse to issue a license in that the licensee has been convicted of maintaining a common nuisance, and/or keeping alcoholic beverages upon the premises of a club not licensed to sell alcoholic beverages, in violation of Sections 4.1-203 D., 4.1-225 1.b., 4.1- 2255., 4.1-316 and 4.1-317 of the Code of Virginia.</p>	<p>65</p>	<p>1. On December 27, 2021, at approximately 1530 hours, the licensee illegally possessed, distributed, sold or used, or knowingly allowed any employee, agent or other person(s) to illegally possess, distribute, sell or use marijuana or other controlled substances, imitation controlled substances, drug paraphernalia, controlled paraphernalia or synthetic cannabinoids as defined in 18.2-247 et seq. upon the licensed premises, in violation of Section 4.1-225 1.o. of the Code of Virginia. 2. A violation for which the Board would be entitled to refuse to issue a license in that the licensee has been convicted of maintaining a common nuisance, and/or keeping alcoholic beverages upon the premises of a club not licensed to sell alcoholic beverages, in violation of Sections 4.1-203 D., 4.1-225 1.b., 4.1-2255., 4.1-316 and 4.1-317 of the Code of Virginia.</p>	<p>P. Connors, SA J. C. Sandhofer, ASAC J. N. Hackler, SA</p>

BOARD APPEAL HEARING DOCKET – 12:00 p.m.

License/Applicant	Attorneys	Appellant	Complaints/Charges	Trans. No. of Pgs.	Charges/Objections Heard by Administrative Law Judge	Contacts/ Objectors
<p>RYAN INCORPORATED PLANTHOUSE 7564 LASKIN ROAD VIRGINIA BEACH, VA Mailing: 11540 Cordage St., Suite H Charlotte, NC 28273 License No.: 754430 Administrative Case No: 013219692</p>	<p>Louis N. Joynes, II., Esq. 502 Viking Dr. Suite 201 VA Beach, VA 23452 (Counsel for the Licensee) Sarah Ross, Esq. (Associate Legal Counsel)</p>	<p>Licensee</p>	<p>1. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a restaurant" within the meaning of Section 4.1-100 of the Code of Virginia, in violation of Sections 4.1-206.3 B.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110.</p>	<p>117</p>	<p>1. The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a restaurant" within the meaning of Section 4.1-100 of the Code of Virginia, in violation of Sections 4.1-206.3 B.1. and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-110.</p>	<p>T. R. Pringle, SA</p>

Internal Audit Update

Director of Internal Audit Mike Skrocki



Internal Audit FY 23 Plan Updates

June 2023



FY23 Audits/Projects Underway

Operational Audits	Division	Notes
Retail Store Audit Program – Continuous	Retail	Retail Store audit program updated with review of Store Operating Manual. 2 pilot store visits have been completed, with an expected 3 more store visits planned in June.
Distillery Stores – Continuous	N/A	Compliance with Distillery Store Agreement and Manual, applicable laws, and regulations. 5 Distillery visits completed since March, with 3 more visits planned in June. Belle Isle failed audit for Net Pay.
SPCC – Recurring - Close Out	Procurement	Audit in progress and in wrap up stage. No significant issues noted to date.
License Records Management	Enforcement	Audit in Progress and in test work stage. Reviewing license application process and cash handling involved with this process.
Education Grants	Education and Planning	Audit in Planning stage. Working with Education division to understand processes around providing education grants as this area is expected to grow significantly over the next few years.
Investigations/Special Projects	Enforcement/Retail	2 investigations completed (21 Seeds Tasting Event and HR Interview Process) 1 in Progress (Lottery)

FY23 IT Audits Underway

IT Audits	Division	Notes
APA IT Audit	All	In progress – working on wrap up remediation of issues previously identified by APA.
MIPS	IT, Retail, Logistics	In Progress – Reporting phase, no significant issues identified. Security controls audit (Access Controls, Change Controls, Audit logs and tracking)
Sales Audit	Finance	In Progress – Planning stage, performing walkthrough of system controls

Belle Isle Distillery Visit

- Belle Isle was visited by Internal Audit at the request of Virginia ABC liaison because of late payment issues
- Audit revealed issues in relation to Inventory and Sales Recordkeeping
 - Movement of products from Bond to Store Inventory not tracked accurately
 - Bottles used for tasting are not processed through POS
 - POS reports not complete and missing licensee sales
 - Repeatedly missing supporting invoices for licensee sales
- Internal Audit will revisit in 3-4 months to follow-up on issues noted

Audit Risk Assessment and Planning

- Reviewing survey data provided by Directors and C-Suite members
- Interviews will follow for follow-up questions based on survey responses
- Developing risk analysis for stores and distilleries to schedule these on a risk-based approach
- Audit plan scheduled to be presented at July Board meeting
- Preliminary topics for consideration include— Warehouse review, Third Party Vendor Management, Store Receiving Process

ABC RETAIL STORE INTERNAL AUDIT REPORT
Summary of Audit Results with Store Management Response

Dist. Manager: Jennifer Leistra Responding Mgr.: Debbie Seymour Date: 4/20/23

Store: #257 - Aylett

Performed By: Lisa Cabonilas, Liliana Ramirez, Robert Daffron

Internal Audit is tasked with reviewing and evaluating the effectiveness and adequacy of key processes and control functions within store operations to include store funds, systems, records, procedures, inventory, and agency property. The objective is to determine whether the retail store complies with policies/procedures set forth by the agency, if adequate controls and processes are in place to safeguard the assets of the agency, the reporting of store's activities are reasonably accurate, and to assess additional risks with potential negative impact to the agency.

The observations identified during our assessment are detailed below.

The Audit results below have been discussed with store management at the conclusion of the audit.

COMMENDATIONS

- | |
|---|
| <ol style="list-style-type: none">1. The Bill of Lading Summary Reports and corresponding receiving records for store shipments were complete and accurate with all required supporting documentation on file.2. Good cash handling procedures were followed.3. Based on our observations, the work environment was pleasant and team-oriented and customer service was prioritized by store staff. |
|---|

AREAS REQUIRING IMMEDIATE MANAGEMENT ATTENTION

- | |
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| <ol style="list-style-type: none">1. System Password Safety: The password for the store computer was found taped to the bottom of the keyboard. The ABC security Password Policy requires that the password for the store admin PC should be kept in the store safe only. |
|--|

Response:	1.
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OPPORTUNITIES FOR IMPROVEMENT

- | |
|--|
| <ol style="list-style-type: none">1. Store Deposits: A review of deposit records found the dates written on some bank deposit slips erroneously showed the bank business date rather than the date of business for the sales cash being deposited. Deposit slips should be dated to match the date of the corresponding sales.2. Employee Time Sheet Approvals: Base employee [REDACTED] had unsigned time sheets from 5 pay periods: 4 part-time pay periods dated back to 2018 (pay periods ending 7/19, 8/2, 8/16 & 8/30); and full-time pay period ending 10/9/2021. Approved employee time sheets must be electronically signed by each employee at the end of each pay period once it has been signed by the Manager. |
|--|

3. **Manager Time Approvals - Non-Base Stores:** 14 employees based at other stores worked at least one shift at Store 257, but the hours charged to S257 were not reviewed by store management. To ensure accuracy of all time charged to the store, the store manager must review and verify the non- base hours and should do so at the end of each pay period when approving the base employee time sheets.
4. **Emergency Phone Tree: COOP Plan / Emergency Phone Tree** was not posted. The COOP Emergency Contact List should be posted in the Stockroom/Office Area.
5. **Morning Paperwork: Price Override Receipt Not Attached-** A Price Override was processed on 4/4/23 but the receipt was not attached to the corresponding morning paperwork.
6. **Morning Paperwork: No Time or Date of CCTv Transaction Reviews Documented-** Some receipts for transactions requiring video review on 4/5, 4/7, 4/8 and 4/12/23 lacked documentation of the date and/or time reviewed although they were signed by the reviewer as required.
7. **Morning Paperwork: Verifone Tamper Checks-**The Verifone Tamper Check receipt for register 2 was not attached to the morning paperwork for 4/15/23. The Tamper Check should be performed on all Verifones each day prior to use and the receipt should be attached to the corresponding daily reports.

Response:	<ol style="list-style-type: none"> 1. 2.
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ADDITIONAL OBSERVATIONS AND RECOMMENDATIONS

For the Attention / Consideration of the District Manager/Retail Ops and/or Other Divisions:

1. **ATTENTION UPPER RETAIL MANAGEMENT:** A recurring malfunction at one of the POS terminals has required frequent use of the register keys. Store had been correctly resealing the keys as the guidance instructs but efforts to fix the POS terminal had been unsuccessful, and the repeated need to unseal the register keys could create an increased likelihood of noncompliance with this guidance.
2. **ATTENTION UPPER RETAIL MANAGEMENT:** Store personnel were unaware of the need to keep a Lottery & Specialty Product Log although they followed procedures meant to ensure the correct individuals were able to purchase these bottles and documented details on the corresponding emails. We encountered confusion regarding the numerous templates that stores are required to print, complete, and sometimes post on the wall and would recommend a central folder in the Job Aids to assist store management in this area.
3. **ATTENTION UPPER RETAIL MANAGEMENT: GK POS Access-** S257 employee [REDACTED] was found to have cashier level POS access authority at 241 stores.
4. **ATTENTION UPPER RETAIL MANAGEMENT: Sonitrol Camera Placement-** We observed insufficient surveillance camera coverage: a front entrance door, including the height strip was too far to see clearly; lacking coverage of the stockroom door; only 10 cameras placed, with just one in the stockroom area.
5. **ATTENTION UPPER RETAIL MANAGEMENT/HR SYSTEMS MANAGER: Training Assessments for Separated Employees-**We noted 3 separated employees whose outstanding assessments still appeared on the store manager list as subordinates. Store manager has been unable to remove these individuals from the list despite numerous efforts. IA has also been unsuccessful in finding a resolution for this situation which is not isolated to this one store.
6. **ATTENTION UPPER RETAIL MANAGEMENT/HR SYSTEMS MANAGER: Unable to Access Training Assessments-** Employee training assessments were shown in the system as overdue, yet the employees were unable to access them as there were no options available in the "action" field. This issue has been observed in other stores.
7. **ATTENTION UPPER RETAIL MANAGEMENT/MARKETING: Sales Tags Not Provided-**Two products had incorrect prices posted: #997489 and #997490 both showed a selling price of \$9.99 although these bottles were on sale for \$9.49. We noted that the supply of monthly sales tags provided to the store from HQ, which were retained by store management, did not contain tags for these two products.

8. **ATTENTION UPPER RETAIL MANAGEMENT:** GK Portal system capabilities limit the ability of IA to review inventory adjustments for error or fraudulent activity, so we were unable to perform a thorough analysis of recent store shrink.
9. **COMMUNICATION: Fire Extinguisher Tags-** The store Inspection Record for FY2023 includes the following requirement *"Management must initial tag on fire extinguisher unit each month to indicate check of expiration date has been completed"*.
- However, based upon correspondence with Retail management, initialing the tags (to document that a monthly inspection was performed to ensure the fire extinguishers are fully charged and unexpired) is not a requirement.
 - The Inspection Log template was found under the "PCI Compliance Job Aid" although the required inspections seem unrelated.
 - The ABC Safety Specialist stated that the tags are required to be inspected *annually* by the fire department but if monthly inspections are performed (best practice, but not required) they would preferably be captured on the fire extinguisher tag.

Questions	Answers
1. Internal Audit adequately discussed the audit period and areas under review.	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
2. The audit staff was receptive to suggestions as to areas of possible audit interest or audit coverage.	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
3. Auditor's requests for information and assistance were reasonable.	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
4. The audit staff demonstrated technical proficiency and/or a general understanding of the area under audit.	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
5. The audit staff demonstrated courtesy, professionalism, and a constructive and positive approach.	<input checked="" type="radio"/> Strongly Agree <input type="radio"/> Agree <input type="radio"/> Disagree

Questions	Answers
	<input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>6. Internal Audit clearly discussed and fully explained the audit results with department personnel.</p>	<input checked="" type="radio"/> Strongly Agree <input type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>7. Internal Audit accurately stated the findings in the audit report.</p>	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>8. The audit report was clearly written and contained adequate explanations for the findings and recommendations.</p>	<input checked="" type="radio"/> Strongly Agree <input type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>9. Internal Audit issued the audit report within a reasonable period.</p>	<input type="radio"/> Strongly Agree <input checked="" type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>10. Overall, the audit and the audit report were useful, helpful, and relevant.</p>	<input checked="" type="radio"/> Strongly Agree <input type="radio"/> Agree <input type="radio"/> Disagree <input type="radio"/> Strongly Disagree <input type="radio"/> Not Applicable
<p>11. Other comments and/or suggestions for improving the audit process.</p>	<p>Enter Comments Here:</p>

DISTILLERY STORE AUDIT REPORT
Conducted by Virginia ABC Internal Audit

Distillery Store: #650 – Blue Shepherd Spirits Store Location: 622 WEST Main St
Luray, VA 22835 Audit Date: 3/22/2023

Store Contact: Alex Colby alex@blueshepherdsprits.com

Performed By: Robert Daffron, CFE Approved By: Mike Skrocki

Objective/Purpose

- Internal Audit is tasked with reviewing and inspecting the financial records, inventory, and premises of the ABC retail stores located at or directly associated with Virginia distilleries. The objective is to determine whether the distillery store is in compliance with policies/procedures set forth by the agency, effective upon the distillery store agreement commencement date. Internal Audit will also determine if adequate controls and processes are in place to safeguard the store’s inventory and accurately report the financial activity of the bailment inventory purchased by the agency.

Scope of work performed

- Reviewed the documentation of the distillery packet provided by the Sales Audit department of Finance for completeness. The packet includes the Distillery Store Agreement, Distillery Store Application Checklist, Distillery Store Surety Bond, store layout, listing of products, and a W-9 form.
- Reviewed the last 6 months of Distiller Worksheets and MIPS Retail Pricing support obtained from the Accounting Division of Finance. Traced the beginning and ending inventory calculations from one month to the next against the items moved into inventory, items sold, any adjustments for damages, as well as, adjustments for monthly sale prices. Traced expected deposits reported within the monthly sales data against the sales audit data. Verified any deposit discrepancy correspondence from the Treasury Department with ABC Sales Audit department.
- Reviewed physical copies of the Distiller Worksheets, Accounting Vouchers, and MIPS cost of merchandise and retail price support for the last 6 months provided by the Accounts Payable department of Finance. Identified the inventory quantities moved into ABC inventory, quantities sold, traced to the appropriate cost of items moved/retail price of items sold, and assured those figures were verified and signed off by the Fiscal Technician in preparation of the Accounting Voucher for bailment and commission payments to the distillery.
- Conducted an onsite visit to verify the Distillery’s operational compliance with ABC policies/procedures. Policy requirements include items such as posted licenses/decals, all sales clerks at least 21 years old, maintaining at least two years of financial records, a valid POS system and payment methods, employee training courses, procedures for sales to restaurants, as well as tasting procedures. We examined the accuracy of the financial records retained by the distillery against those submitted to the agency.
- Conducted a physical inventory to validate the on hand inventory quantities against the last reported inventory quantities, adjusting for any recent movement. Reviewed the location in which ABC inventory is stored to determine if it is separate from that owned by the distillery for distribution. Determined the frequency of physical inventories taken by the distillery and traced those figures to the last reported inventory quantities, adjusting for any recent movement. Finally, verified the retail prices against the appropriate retail price provided by MIPS.

The results and conclusions below have been discussed with store management at the conclusion of the audit.

Distillery Documentation Filed with VAABC

1. No Issues Found	
Recommendations:	1.

Monthly Sales Report Review

1. No Issues Found	
Recommendations:	1.

General Operations and Inventory Management

1. The label name/flavor of Blue Shepherd Spirits Gin (29425- 750ml & 29426-375ml) for sale do not match that of the agency approved item permitted for sale at the distillery. Last Gin Batch produced was infused with Lavender making it a pink color, same Label and Barcode was used as with the original batch which did not include the Lavender. This may constitute this as a separate product.	
Recommendations:	1. This product should be presented to ABC to be determine if this constitutes a separate product and steps taken to register it as such if it is.

Sales to Retail Customers

1. No Issues Found	
Recommendations:	1.

Sales to Mixed Beverage Licensees/Restaurants

1. No Issues Found	
Recommendations:	1.

Tastings and Tasting Bottle Sales

1. No Issues Found	
Recommendations:	1.

Other Tax Exempt Sales

1. No Issues Found	
Recommendations:	1.

Off-Premises Delivery/Shipment

1. No Issues Found	
Recommendations:	1.

Additional Requirements/Observations

1. Distillery enters Staged bottles directly into ABC Worksheet and does not maintain a physical or electronic report other than the ABC Worksheet.

Recommendations: **1. May consider a separate staging report be maintained either physically or electronically as a backup and/or a check and balances against the ABC Worksheet.**

Chief Reports

GAO – John Daniel

CTO Report – Elizabeth Chu

CBDO – Vida Williams

CLEO – Tom Kirby

CROO – Mark Dunham

CAO – David Alfano

CIO – Paul Williams

CEO – Travis Hill



GAO Report – John Daniel

Legislative Update

Legal Update

Hearings Summary

FOIA Requests



Hearings and Appeals Caseload

Total number of new referrals from Enforcement	69
Expedited Consent	
Number of expedited consents offered	53
Number of expedited consents accepted/completed	
Collected <u>\$94,750</u> in civil penalties	
Collected <u>six (6)</u> suspensions	
Pre-Hearing Conference and Formal Hearing Notice & Opportunity to Negotiate/Mediate Notice	
Number of Notices sent	36
Number of Pre-Hearing Conferences held	12
Number of cases to Formal Hearing held	12
Negotiated Settlements	
Number of negotiated cases executed	20
Collected <u>\$30,500</u> in civil penalties	
Collected <u>three (3)</u> suspensions	
Collected <u>one (1)</u> revocation	
Franchise Matters	
Number of active franchise matters	
1 – Premium Distributors of VA, LLC & Blue Ridge Beverage Company v. The Boston Beer Company Set for May 23-26, 2023 – ALJ Maxey	
2 – SanTan Brewing Co. v. Ferment Nation, LLC – ALJ Richardson	
3 – International Cellars LLC v. Diamond Importers Inc. – ALJ Griffin	
4 – Brew Hub, LLC v. Ferment Nation, LLC – ALJ Richardson	
5 – Azienda Ag. Emiliano/Cennatoio Wines v. Siema Wines, LLC – ALJ Richardson	
	5

Hearings and Appeals Caseload Page Two

Appeals to the Board	
Number of initial decisions appealed to the Board	
1 – Planthouse – 5/30/23	
2 – Market Place 21 – 6/8/2023	
3 – The 4 Cyber Café – 6/8/2023	3
Number of cases resolved after initial hearing and before appeal hearing	
Stays Issued	
1 – Vinoshipper.com – Stay extended until a final non-appealable order has been issued	1
Cases on appeal from Board to Circuit Courts	
1 – The Food Group Inc., t/a Hard Times Cafe v. VA ABC	
2 – Club Truth VA, LLC v. VA ABC	
3 – Olivier Daubresse v. VA ABC	3
Cases on appeal from Circuit Court to Court of Appeal	
1 – Zero Links Markets, Inc., t/a VinoShipper.com v. VA ABC	1
Mediated Cases	
Number of cases to mediation	0
Number of cases settled by mediation	0
Summary Suspensions	
1 – Rooskys Bar & Grill – Roanoke – Resolved through negotiations	
2 – West Beach – Chesapeake – Resolved through negotiations	
3 – Chesters Shell Station – Roanoke – Resolved through negotiations	3

Successful Negotiations

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Hari Krishna VA Corp. t/a Suffolk Sunoco	091666	On August 25, 2022, at approximately 5:58 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	7	4/11/2023
7 Eleven Inc. & Malika Shilpeey Singh t/a 7 Eleven Store 34729 A RI Heritage Inn of Fredericksburg, LLC t/a Fredericksburg Residence Inn	078471	On August 30, 2022, at approximately 6:47 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	7	4/11/2023
Timmy's Grocery, Inc. t/a Timmy's Grocery	055313	On September 1, 2022, at approximately 8:35 a.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	25-day suspension	5	4/12/2023
Mahi, Inc. t/a Hanging Rock Fast Food Market	072781	On August 27, 2022, at approximately 1:06 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	25-day suspension	2	4/12/2023
Mira Ventures, Co. t/a K Food	068828	On May 25, 2022, at approximately 2:35 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	1	4/24/2023
El Gicarito Restaurant, Inc. t/a El Gicarito Restaurant	754826	On October 5, 2022, at approximately 1:07 p.m., the licensee illegally possessed, distributed, sold or used, or knowingly allowed an employee, agent or other person(s) to illegally possess, distribute, sell or use marijuana or other controlled substances, imitation controlled substances, drug paraphernalia, controlled paraphernalia or synthetic cannabinoids as defined in Section 18.2-247 et seq. up;on the licensed premises, in violation of Sections 4.1-202 and 4.1-225 1.o. of the Code of Virginia.	License #754836 Surrendered as Revoked	6	4/24/2023
Rileys, LLC t/a Rileys	088566	On December 30, 2022, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202, and 4.1-225 1.b. of the Code of Virginia and 3VAC5-30-30.	\$1,000 civil penalty	4	4/24/2023
Aquia Pines RV Park, Inc. t/a Wild Run Brewing Company	072944	On September 29, 2022, within the five years immediately preceding the date of the hearing, the licensee or a person enumerated in Section 4.1-225 1., (Bruce Bailey), was convicted of the violation of a law of this Commonwealth applicable to the manufacture, transportation, possession, use, or sale of alcoholic beverages, in violation of Section 4.1-225 1.b. of the Code of Virginia.	\$1,500 civil penalty	1	4/24/2023
	084912	The licensee has failed to file with the Board by the 10th day of each month the required Malt Beverage Wholesalers Tax Report, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-239 of the Code of Virginia.	\$750 civil penalty	Compliance	4/24/2023

Successful Negotiations: Page 2

Licensor	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
The Watering Hole t/a The Watering Hole	13235876	<p>1. On or about December 9, 2022, the Water Hole, LLC failed to comply with 4.1-304 A (Sell alcohol to someone who was intoxicated), in violation of Section 4.1-222 5. of the Code of Virginia and 3VAC5-50-110;</p> <p>2. The applicant or person enumerated in Section 4.1-222 1., Fredrick Todd Hancock, has demonstrated by his police record a lack of respect for law and order. Ref: Section 4.1-222 1.h. of the Code of Virginia; and</p> <p>3. The applicant misrepresented a material fact in applying to the Board for a license. REF: Section 4.1-222 1.1. of the Code of Virginia</p>	<p>1. \$2,500 civil penalty for charge 1;</p> <p>2. the licensee agrees that exercising the privileges of the license shall be subject to a 12-month probationary period, during such time, if the licensee is found by any representative of the Virginia ABC's Bureau of Law Enforcement to be in violation of any laws of the Commonwealth, the terms of this Agreement, or the regulations of the Virginia ABC Board, the licensee shall voluntarily surrender the license for a period of 10 business days or until the violation is corrected, whichever is longer. The Bureau of Law Enforcement shall file a hearing request on the violation(s) prior to the end of the period of voluntary surrender. The period of voluntary surrender shall not preclude the imposition of additional sanctions resulting from the disposition of any proceeding held in prosecution of the violation(s).; and</p> <p>3. \$1,000 civil penalty for charge 3</p>	1	4/26/2023
Springfield Distillery, LLC t/a Springfield Distillery	090329	On September 3, 2022, at approximately 2:50 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	The licensee agrees to pay a civil penalty of \$2,500 paid in monthly installments over a 2-month period as specified below: the first payment of \$1,250 will be paid upon signing the agreement and the second payment of \$1,250 will be paid on or before June 1, 2023.	Compliance	5/1/2023
Sazerac of New Hampshire, LLC t/a A Smith Bowman Distillery	13121816	On September 1, 2022, at approximately 1:11 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	Compliance	5/2/2023

Successful Negotiations: Page 3

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Rooskys, LLC t/a Rooskys Bar & Grill	13223103	The licensee has failed to take reasonable measures to prevent an act of violence resulting in death or serious bodily injury, or a recurrence of such acts, from occurring on the licensed premises, any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or any portion of public property immediately adjacent to the licensed premises.	<ol style="list-style-type: none"> On or before May 5, 2023, the licensee shall install additional lighting in the parking lot to improve visibility. The licensee shall engage Martinsville Police Department and Enforcement to assess and approve the additional lighting. The licensee shall install and maintain a video monitoring system at the licensed establishment on or before May 12, 2023. The video monitoring system shall cover the interior and exterior areas, and the footage shall be made available to law enforcement upon request. All ABC managers shall be trained and have the ability to access the footage upon request from law enforcement. The licensee shall stop all sales and service of any and all alcoholic beverages at 9:30 p.m. each evening. The licensed establishment shall close completely no later than 10:00 p.m. each evening. The licensee shall have at least 2 DCJS certified security personnel on duty from 8:00 pm until 11 pm every Friday and Saturday night and any night that the licensee is hosting a special event (i.e. karaoke). There shall be 1 DCJS certified personnel responsible for monitoring the parking lot during that time. The DCJS certified personnel shall be responsible for a security screen of each person entering or re-entering the establishment to include bag searches and the use of a wand device. The licensee shall limit maximum capacity for the establishment at no more than 170 people. The licensee shall have at least 1 off-duty uniformed sworn law enforcement personnel on duty at the establishment from 8:00 pm until 11:00 pm every Friday and Saturday night. The licensee shall also engage with the Martinsville Police Department to coordinate walkthroughs on busy nights at the establishment. The licensee shall not allow any DJs to provide entertainment at the establishment Friday through Sunday. The licensee shall take all necessary steps to ensure the business license for the establishment is current and up-to-date. The licensee shall ensure that he is current on his meals tax and/or any current repayment plan. Within 30 days of executing this agreement, the licensee shall create and/or revise his current employee policies to include rules that instruct employees when and how to call the police and require all current and future employees to read and sign the policy. The licensee shall create and maintain a documentation log that shall include a ban list, drink cut-offs, list of intoxicated patrons, or patrons cited for unruly conduct. The licensee shall require all employees involved in the sales and service of alcohol to take RSVP training within 10 days of this agreement. The licensee and all ABC managers shall take MART training within 10 days of this agreement. All newly hired employees shall take the required RSVP or MART training within 20 days of hire. The licensee agrees that the licenses shall not be reinstated until such time as the licensee can demonstrate that the provisions here in have been completed. If the licensee is found by the Bureau of Law Enforcement to be in violation of any of the restrictions stated herein or any other violation of the ABC Act or Board regulations, the licensee agrees to voluntarily surrender both licenses until such time as BLE can conclude an investigation of the alleged violation and the conclusion of any resulting administrative proceedings. 	1	5/5/2023
Kenko Hibachi, LLC t/a Kenko Hibachi	93432	On February 21, 2023, at approximately 4:00 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	<p style="text-align: center;">99</p> <p>Wine and beer off-premises license surrendered as revoked</p>	2	5/11/2023



Successful Negotiations: Page 4

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Canvas Social Cuisine, LLC t/a Canvas	13327084	The applicant has not demonstrated financial responsibility sufficient to meet the requirements of the business proposed to be licensed. REF.: 4.1-222 1.f. of the Code of Virginia.	\$250 civil penalty	7	5/11/2023
Bartolos Mexican Bar & Grill t/a Bartolos Mexican Bar & Grill	756046	1. On March 31, 2023, at approximately 1730 hours, the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20. 2. On March 31, 2023, at approximately 1730 hours, the licensee permitted an employee under the age of eighteen years to sell, server or dispense alcoholic beverages for on-premises consumption, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-307 of the Code of Virginia and 3VAV5-50-50.	1. \$2,500 civil penalty for charge 1; 2. \$750 civil penalty for charge 2	3	5/11/2023
Uncle Bs Restaurants, LLC t/a Uncle Bs Restaurant, LLC	89619	The characteristics of the food business conducted upon the licensed premises are such that the establishment ceases to qualify as a "restaurant" within the meaning of Sections 4.1-100, 4.1-206.3 A.1. and 4.1-225 1.b. of the Code of Virginia and 3VAC5-50-110 A., 3VAC5-50-110C., and 3VAC5-50-110 D.	\$1,000 civil penalty	9	5/15/2023
PRS Ventures VA, Inc. t/a Market Place 102	754107	On November 18, 2022, 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 and 4.1-225 1.b. of the Code of Virginia and 3VAC5-30-30 A. & B.	\$500 civil penalty	6	5/16/2023
Olde Towne, Inc. t/a Olde Towne Market	11497	On June 30, 2022, at approximately 11:43 a.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	7	5/16/2023
Uneeda Foods, Inc. t/a Avellinos Italian Restaurant & Pizzeria	090005	On March 5, 2023, at approximately 2:41 p.m., the licensee sold alcoholic beverages to a person who the licensee knew or had reason at the time to believe was less than twenty-one years of age, in violation of Sections 4.1-202, 4.1-225 1.b. and 4.1-304 A. of the Code of Virginia and 3VAC5-50-10 and 3VAC5-50-20.	\$2,500 civil penalty	1	5/19/2023

Successful Negotiations: Page 5

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Pari Group, LLC t/a Aura Bar & Grill	13244091	<p>1. Between July 2022 and March 2023, the licensee failed or refused to comply with a condition or restriction of the license, in violation of Sections 4.1-202 and 4.1-225 1.b. of the Code of Virginia.</p> <p>2. Between October 2022 and April 2023, the licensee purchased alcoholic beverages from the Board other than by cash, in that the licensee issued a check which was dishonored upon presentation to the bank, in violation of Sections 4.1-119 H., 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAc 5-30-30.</p> <p>3. On March 25-26, 2023, the licensee delivered to a consumer an original bottle of spirits purchased under the mixed beverage license except as provided by Section 4.1-206.3 of the Code of Virginia, in violation of Sections 4.1-202, 4.1-206.3, 4.1-225 1.b. and 4.1-325 A.15. of the Code of Virginia and 3VAC5-50-60.</p>	<p>1. The parties agree that charge 2, Between July 2022 and March 2023, the licensee failed or refused to comply with a condition or restriction of the license, in violation of Sections 4.1-202 and 4.1-225 1.b. of the Code of Virginia, is hereby withdrawn without prejudice;</p> <p>2. The Licensee agrees to serve a forty-five (45) day suspension of all licensed privileges;</p> <p>3. In addition, the current restrictions imposed by the previous Board order will remain in place until May 22, 2024;</p> <p>4. The Licensee shall be on a cash only basis until May 22, 2024; and</p> <p>5. Exercising the privileges of the license shall be subject to a twelve (12) month probationary period, during such time, if the licensee is found by any VA ABC Bureau of Law Enforcement representative to be in violation of any laws of the Commonwealth, the terms of this Agreement, or the regulations of the Virginia ABC Board, the license shall be voluntarily surrendered as revoked.</p>	6	5/22/2023
Khawaja Retail, Inc. t/a Chesters Shell Station	13149195	<p>On May 12, 2023, at approximately 9:45 a.m., the licensee failed to take reasonable measures to prevent an act of violence resulting in death or serious bodily injury, or a recurrence of such acts, from occurring on the licensed premises, any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or any portion of public property immediately adjacent to the licensed premises, in violation of Sections 4.1-202 and 4.1-225 1.q. of the Code of Virginia.</p>	<p>1. The Licensee shall hire Department of Criminal Justice Services (DCJS)-certified personnel for the licensed premises, including the exterior and parking areas, from 6:00 p.m. until 2:30 a.m., every night that the establishment is open for business;</p> <p>2. Security will be conspicuously placed in the parking area to monitor the coming and going of patrons and to encourage customers to leave the premises upon the completion of their business;</p> <p>3. The Licensee shall ensure video monitoring of the licensed premises including the parking lot and the interior of the store, and to make said video-monitoring known to patrons; the Licensee shall make any video footage available to any and all requesting law enforcement personnel immediately upon request;</p> <p>4. Any and all alcoholic beverages may only be sold between the hours of eight (8:00) a.m. and midnight; no alcoholic beverages may be sold after midnight until 8:00 a.m. the following day;</p> <p>5. Any and all alcoholic beverages shall be packaged in a clear bag; and</p> <p>6. There shall never be any on-premise consumption of alcohol at the licensed premises.</p>	1	5/22/2023

Successful Negotiations: Page 6

Licensee	Lic. Num.	Charge(s)	Negotiated Resolution	Region	Agreement Send Date
Joel Nathan, LLC t/a West Beach Tavern	89120	<p>1. The licensee failed to timely submit to the Board the annual review report for the year ending February 2022 -last day of them month, in violation of Sections 4.1-114, 4.1-202, and 4.1-225 1.b. of the Code of Virginia and 3VAC5-70-90D.</p> <p>2. On May 7, 2023, the licensee failed, or had failed, to obliterate the mixed beverage stamps immediately when containers of alcoholic beverages were emptied, in violation of Sections 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3VAC5-50-60 B.3.</p> <p>3. The licensee failed to submit to the Board a complete and accurate annual review report for the year ending February 2021-last day of the month, in violation of Sections 4.1-114, 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-70-90-D.</p> <p>4. Failed to Take Reasonable Measures to Prevent an Act of Violence Causing Death or Serious Bodily Harm or serious bodily injury, or a recurrence of such acts, from occurring on the licensed premises, any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or any portion of public property immediately adjacent to the licensed premises in violation of Sections 4.1-202 and 4.1-225 1.q. of the Code of Virginia.</p> <p>5. On May 7, 2023, at approximately 10:11 a.m., the licensee kept or allowed to keep alcoholic beverages that the licensee was not authorized to sell, in violation of Sections 4.1-324 A.7. and 4.1-225 1.b. of the Code of Virginia.</p> <p>6. On May 7, 2023, at approximately 10:11 a.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 1.b. and 4.1-325 A.4. of the Code of Virginia and 3VAC5-50-60 B.1.</p>	<p>1. The Licensee shall surrender the mixed beverage restaurant license as revoked;</p> <p>2. The Licensee shall close for business at 12:00 a.m. every day that they are open for business;</p> <p>3. The Licensee shall cease any and all sales of alcoholic beverages at 11:30 p.m. each day that they are open for business;</p> <p>4. The Licensee shall install walk-through metal detectors at the licensed premises;</p> <p>5. The Licensee shall have a policy banning all weapons from the premises;</p> <p>6. The Licensee agrees to pay a civil penalty of two thousand, five hundred dollars;</p> <p>7. The Licensee will maintain an operational camera system that includes a minimum of fifteen cameras which shall retain all footage for a minimum of seven days. There will be twelve interior cameras and three outside cameras. The Licensee will allow VA ABC Enforcement and other law enforcement agencies access to this video upon request. The camera views will include coverage for both the interior of the establishment as well as the exterior front/rear/side entrance/exit points.</p> <p>8. The Licensee will maintain certified Department of Criminal Justice Services (DCJS)-certified security guard officers Wednesday through Sunday nights. There will be a minimum of one (1) security guard working on Wednesday and Thursday starting at 8:00 p.m. until 12:30 a.m.. There will be a minimum of three (3) security guards working on Friday, Saturday and Sunday nights starting at 8:30 p.m. until 12:30 a.m.</p> <p>9. The Licensee shall not hire or work with any promoters;</p> <p>10. Licensee will decrease occupancy in the building to no more than 126 persons, including staff.</p> <p>11. Licensee will send notification to Virginia Beach Police Department in writing at least one (1) week prior to any scheduled event that is anticipated.</p> <p>12. Exercising the privileges of the license shall be subject to a twelve (12) month probationary period, during such time, if the licensee is found by any VA ABC Bureau of Law Enforcement representative to be in violation of any laws of the Commonwealth, the terms of this Agreement, or the regulations of the Virginia ABC Board, the license shall be voluntarily surrendered as revoked.</p>	8	1/8/1900

Total civil penalties: \$ 31,750.00
Total costs of investigation paid: \$ 0.00
Total days of suspension: 95days
Licensees providing certified training: 1
12-month probationary period: 3
Surrender Licenses as Revoked: 3
**** See special requirements for Rooskys Bar & Grill, Aura Bar & Grill, Chesters Shell Station and West Beach Tavern above**



Negotiations Accepted

LICENSEE NAME	ABC LICENSE #	VIOLATION DATE	DISPOSITION DATE	CIVIL PENALTY (\$)	SUSPENSION / OTHER
YAMATO JAPANESE RESTAURANT	95243	2/26/2023	4/10/2023	\$2,500	
FREDERICKSBURG RESIDENCE INN	055313	9/1/2022	4/12/2023		25
HULL STREET ROAD EXXON	094404	9/14/2022	4/13/2023	\$2,500	
FAST FUEL #2	061759	9/28/2022	4/14/2023	\$2,500	
TIMMYS GROCERY	072781	8/27/2022	4/19/2023		25
K FOOD	754826	10/5/2022	4/24/2023		Revocation
SUFFOLK SUNOCO	091666	8/25/2022	4/27/2023	\$2,500	
THE WATERING HOLE	013235876	12/9/2022	4/27/2023	\$3,500	
RILEYS	72944	9/29/2022	4/27/2023	\$1,500	
EL GICARITO RESTAURANT	088566	12/30/2022	4/27/2023	\$1,000	
WILD RUN BREWING COMPANY	084912	10/21/2021	4/28/2023	\$750	
7 ELEVEN STORE 34729 A	078471	8/30/2022	4/28/2023	\$2,500	
HANGING ROCK FAST FOOD MARKET	068828	5/25/2022	5/1/2023	\$2,500	
A SMITH BOWMAN DISTILLERY	013121816	9/1/2022	5/8/2023	\$2,500	
SPRINGFIELD DISTILLERY	090329	9/3/2022	5/11/2023	\$2,500	
CANVAS	013327084	4/13/2023	5/11/2023	\$250	
UNCLE BS RESTAURANTS LLC	89619	3/3/2023	5/16/2023	\$1,000	
OLDE TOWN MARKET	011497	6/30/2022	5/22/2023	\$2,500	
AURA BAR & GRILL	013244091	7/1/2022	5/22/2023		45
CHESTERS SHELL STATION	013149195	5/12/2023	5/22/2023		See below
AVELLINOS ITALIAN RESTAURANT & PIZZERIA	090005	3/5/2023	5/24/2023	\$2,500	
WEST BEACH	089120	5/7/2023	5/24/2023	\$2,500	
			TOTAL	\$35,500	

Negotiations Accepted Cont.

West Beach #089120

1. The licensee failed to timely submit to the Board the annual review report for the year ending (February 2022-last day of the month), in violation of Sections 4.1-114, 4.1-202, and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-70-90 D.
2. On May 7, 2023, the licensee failed, or had failed, to obliterate the mixed beverage stamps immediately when containers of alcoholic beverages were emptied, in violation of Sections 4.1-202 and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-50-60 B.3.
3. The licensee failed to submit to the Board a complete and accurate annual review report for the year ending (February 2021-last day of the month), in violation of Sections 4.1-114, 4.1-202, and 4.1-225 1.b. of the Code of Virginia and 3 VAC 5-70-90 D.
4. Failed to Take Reasonable Measures to Prevent an Act of Violence Causing Death or Serious Bodily Harm or serious bodily injury, or a recurrence of such acts, from occurring on the licensed premises, any premises immediately adjacent to the licensed premises that is owned or leased by the licensee, or any portion of public property immediately adjacent to the licensed premises in violation of Sections 4.1-202 and 4.1-225 1.q. of the Code of Virginia.
5. On May 7, 2023, at approximately 10:11 a.m., the licensee kept or allowed to be kept alcoholic beverages that the licensee was not authorized to sell, in violation of Sections 4.1-324 A.7. and 4.1-225 1.b. of the Code of Virginia.
6. On May 7, 2023, at approximately 10:11 a.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 1.b. and 4.1-325 A.4. of the Code of Virginia and 3 VAC 5-50-60 B.1.

ECOs

Licensee (Trading As)	Lic. Num.	Charge(s)	Civil Penalty	Suspension Accepted (# of days)	Date Order Received	Region
419 West	17349	UAB	\$2,500		5/10/2023	ROANOKE
Abuelitas	99903	UAB	\$2,500		5/12/2023	FREDERICKSBURG
Applebees Neighborhood Grill & Bar	756550	UAB	\$2,500		5/2/2023	ROANOKE
Branch & Vine	12609	UAB	\$2,500		5/9/2023	STAUNTON
BBQ Chicken & Beer	754697	Kept alcoholic beverages not bearing MB stamp	\$750		4/20/2023	LYNCHBURG
Bobbys Hot and Cheesy	92554	UAB	\$2,500		5/9/2023	LYNCHBURG
Coaltown Taps	751592	UAB	\$2,500		5/15/2023	ALEXANDRIA
Crying Tiger	756377	Bad Check	\$500		4/24/2023	FREDERICKSBURG
Cuccis Pizzeria	55850	UAB	\$2,500		4/17/2023	LYNCHBURG
El Mariachi Mexican Restaurant	87999	UAB	\$2,500		5/3/2023	LYNCHBURG
El Patron Authentic Mexican Restaurant	91408	UAB	\$2,500		5/18/2023	LYNCHBURG
El Rancho Mexican Restaurant	750847	UAB	\$2,500		5/2/2023	ROANOKE
El Toreo	92968	UAB	\$2,500		5/8/2023	ROANOKE
Fiesta Jalisco LLC	13193526	UAB	\$2,500		5/15/2023	FREDERICKSBURG
Flavors of India	13307841	UAB	\$2,500		4/25/2023	ROANOKE
Grazianos Italian Restaurant	755086	UAB		25	4/19/2023	STAUNTON
Horizons Edge Sports Campus	753106	UAB		25	5/3/2023	ALEXANDRIA
Ichiban Japanese Restaurant	82684	Failed to file MBAR	\$1,000		5/12/2023	LYNCHBURG
Iguana Azul Mexican Restaurant	95089	UAB	\$2,500		5/2/2023	STAUNTON
J2s Restaurant and Lounge	755118	Bad Check	\$1,000		4/12/2023	STAUNTON
Jerrys Pizza	12281	UAB	\$2,500		4/26/2023	STAUNTON
Joes Taco & Tequila Bar	753717	UAB	\$2,500		4/26/2023	ROANOKE
Keswick Vineyards	14779	UAB	\$2,500		5/5/2023	STAUNTON
La Morena LLC	91627	UAB	\$2,500		5/18/2023	RICHMOND
La Sabrosita	750417	UAB	\$2,500		5/3/2023	LYNCHBURG
Lemon Hookah	754771	UAB		25	5/8/2023	Chesapeake
Little Food Mart	69968	Bad Check	\$500		5/11/2023	ROANOKE
Local Provisions	13313017	UAB	\$2,500		5/15/2023	STAUNTON



ECOs Page 2

Licensee (Trading As)	Lic. Num.	Charge(s)	Civil Penalty	Suspension Accepted (# of days)	Date Order Received	Region
Mi Finca III Inc	34750	UAB	\$2,500		5/23/2023	ALEXANDRIA
Pavemint Taphouse & Grill	87436	Bad Check	\$500		4/17/2023	RICHMOND
Pig & Brew	93237	UAB	\$2,500		5/4/2023	ROANOKE
Pointers Convenience Store	084221	UAB	\$2,500		4/26/2023	ALEXANDRIA
Pok E Joes BBQ	751866	UAB	\$2,500		4/17/2023	ROANOKE
Riverton Shell	95678	Bad Check	\$500		5/1/2023	RICHMOND
San Marcos Mexican Restaurant	67803	UAB	\$2,500		4/24/2023	RICHMOND
San Miguel Café	90981	UAB		25	5/10/2023	ROANOKE
Shakers Good Food & Drink	48147	UAB	\$2,500		4/26/2023	ROANOKE
Stop In Food Stores 123	88599	UAB	\$2,500		4/11/2023	ROANOKE
Tacos Rojas 3	753478	UAB	\$2,500		5/12/2023	ROANOKE
Tap In	13149684	UAB	\$2,500		5/1/2023	ALEXANDRIA
The Blackburn Inn	94472	UAB	\$2,500		5/8/2023	Chesapeake
The Nook	44304	UAB	\$4,000		5/16/2023	STAUNTON
Tucos Taqueria Garaje	90983	UAB	\$2,500		4/27/2023	STAUNTON
Vitos Italian Restaurant	45096	UAB	\$2,500		5/5/2023	FREDERICKSBURG
Wilton Kitchen LLC	13223154	UAB	\$2,500		5/18/2023	ROANOKE

OLC Status

Style of Case	Court	Charges/Violations/ Complaint	Status of Case	Parties/Opposing Counsel Involved	Decision
Commonwealth v. Vinoshipper.com	Virginia Court of Appeals	Out-of-state wine shipper shipping from unlicensed locations	Oral argument scheduled for June 7, 2023; moot court set for June 1 at 11	Mark Shuford-licensee/Rachel Yates, Maureen Mshar-ABC	N/A
The Food Group, Inc. (Hard Times) v. Commonwealth	City of Fredericksburg Circuit Court	Reasonable measures charge arising from an argument that occurred inside the licensed premises that was taken outside where a shooting occurred.	no change in status as of 5/23/2023	C. David Sands-licensee/Jim Flaherty-AG's office (Maureen Mshar support counsel)	N/A
Sadler Brothers Oil Company, et al v. Commonwealth	Greensville County Circuit Court	Skill games	Transcripts were filed by the parties on 1/25/2023; defense filed a cross motion to the plaintiff's motion for a conference with the Court regarding disagreements on drafting of the injunction order on 3/27/2023; No change in status as of 5/23/2023	William Stanley-licensee/Jim Flaherty, Erin O'Neil, Calvin Brown-AG's office (Tonya Hucks-Watkins support counsel)	N/A
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 5/23/2023	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
ABC Consulting VA, LLC v. Commonwealth of Virginia, Dept. Of Alcoholic Beverage Control	Hanover County Circuit Court	Motion for Declaratory Judgment	ABC Consulting filed a Motion for Declaratory Judgment alleging harassment and targeting of the consultants related to their practices; AG's Motion to Dismiss will be heard on July 6, 2023 at 1:30 p.m.; Notice of Hearing filed 4/27/2023 for the Motion to Dismiss hearing	Thomas L. Johnson, Jr. For licensee/Jim Flaherty (OAG) (Maureen Mshar monitoring but OLC is conflicted out of representation on this one)	N/A
Olivier Daubresse on behalf of Vinifrance Imports, Inc. vs. ABC	Fairfax Circuit Court CL-2022-0009547	Appeal of Board Decision	Fairfax Circuit Court ordered briefing scheduling. Pro se plaintiff has to file his brief on May 26, We file our brief on June 2, and oral argument is set on June 16 before RJS; The court has received the record from ABC (May 2), as well as Maureen's notice of appearance	Pro Se Plaintiff; Maureen Mshar for ABC	

Administrative Hearings

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Remedy (Richmond)	Application – 1 – Retail on-premises license is constructed/arranged/illuminated 2 – Situated with respect to residence / area 3 – “Peace and Good Order”	PHC – 3/21/23 @ 9am HR – 3/28/23 @ 9am	Hanover	ALJ – Maxey Marc Shuford for objectors Michael Lafayette for applicant	1 & 2 – withdrawn 3 – Substantiated – Granted with restrictions 5/9/2023
Food Craft (Yorktown)	1 – Selling/Sold alcoholic beverages with application pending 2 – Keeping alcoholic beverages with application pending	PHC – 3/23/23 @ 10am HR – 3/31/23 @ 10am	Hampton	ALJ – Maxey	Substantiated Granted with restrictions 4/12/2023
Escapate Bar & Lounge (Richmond)	1, 2, 3, 4, 5, 6 – Purchased beer/wine except for cash 7 – MBAR	PHC – 3/29/23 @ 9am HR – 4/4/23 @ 10am	Hanover	ALJ – Richardson OLC – Hucks-Watkins	Resolved through Negotiations – license surrendered
Public Safety 7 Eleven Store 219374A (Portsmouth)	UAB	PHC – 4/3/23 @ 10am HR – 4/10/23 @ 10am	Chesapeake	ALJ – Griffin	
Shop N Go III (Norfolk)	Bad check	PHC – 4/19/23 @ 10am HR – 4/26/23 @ 10am	Chesapeake	ALJ – Maxey	
Tajzmah’s Lounge (Roanoke)	So situated with to residence	PHC – 4/20/23 @ 10am HR – 4/26/23 @ 10am	Roanoke	ALJ – Richardson	Substantiated granted with conditions 5/12/2023
Rileys (Radford)	Licensee or enumerated person of violating law involving alcoholic beverages	PHC – 4/19/23 @ 9am HR – 4/27/23 @ 9am	Roanoke	ALJ – Richardson	Resolved through negotiations
Rooskys Bar & Grill (Martinsville)	UAB	PHC – 4/19/23 @ 11am HR – 4/27/23 @ 11am	Roanoke	ALJ – Richardson	Substantiated 5/19/23
West Store (Mechanicsville)	Convicted of Felony	PHC – 4/25/23 @ 9am HR – 5/2/23 @ 9am	Hanover	ALJ – Maxey	Substantiated granted with conditions 5/17/2023

Administrative Hearings Page 2

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Monarays (Petersburg)	1 – Qualifications to retain MB license 2 – Qualification to retain MB license	PHC – 4/25/23 @ 1pm HR – 5/2/23 @ 1pm	Hanover	ALJ – Maxey	Substantiated granted with conditions 5/12/2023
The Watering Hole (Roanoke)	1 – Failed to comply with ABC law 2 – Demonstrated lack of respect for law and order 3 – Misrepresented facts in applying for license	PHC – 4/20/23 @ 1pm HR – 4/26/23 @ 1pm Rescheduled date HR – 5/3/23 @ 10am	Roanoke	ALJ – Richardson OLC – Ross	Resolved through negotiations
Phoebus Dive Bar (Hampton)	Qualifications to retain MB license	PHC – 4/27/23 @ 10am HR – 5/4/23 @ 10am	Hampton	ALJ – Maxey	
K Food (Richmond)	Illegal use of controlled substance	PHC – 4/25/23 @ 10am HR – 5/4/23 @ 10am	Hanover	ALJ – Richardson OLC – Mshar Robert Dawson, Esq.	Resolved through negotiations
J H Bards Spirit Co (Blacksburg) ** 6 citizen objectors	1 – So situated school/playground 2 – Ordinance objection 3 – So situated....church etc. 4 – So situated....church etc. 5 – Misrepresented material fact 6 – So situated... residential	PHC – 5/2/23 @ 10am HR – 5/9/23 @ 10am	Roanoke	ALJ – Richardson	
7 Eleven Store 33603A (Portsmouth)	UAB	PHC – 4/3/23 @ 11am HR – 4/10/23 @ 11am HR rescheduled to 5/15/23 @ 1pm	Chesapeake	ALJ – Griffin	
7 Eleven Store 16170D (Norfolk)	UAB	PHC – 4/3/23 @ 1pm HR – 4/10/23 @ 1pm HR rescheduled to 5/15/23 @ 2pm	Chesapeake	ALJ – Griffin	

Administrative Hearings Page 3

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Uncle Bs Restaurant (Baeleton)	Qualification to retain MB license	PHC – 5/11/23 @ 10am HR – 5/18/23 @ 10am	Charlottesville	ALJ – Maxey	Resolved through negotiations
Nexx (Richmond) Application	Application So located – violations	PHC – 5/12/23 @ 9am HR – 5/19/23 @ 9am	Hanover	ALJ – Richardson	
Aura Bar & Grill (Richmond)	1 – Failed to comply with restrictions of license 2 – Bad check 3 – Delivered MB bottle to consumer	PHC – 5/15/23 @ 9am HR – 5/22/23 @ 9am	Hanover	ALJ – Richardson OLC – Ross	Resolved through negotiations
A Smith Bowman Distillery (Fredericksburg)	UAB	PHC – 5/23/23 @ 11am HR – 5/30/23 @ 11am	Hanover	ALJ – Griffin	Resolved through negotiations
Crewe Tobacco & Gas (Crewe)	UAB	PHC – 5/23/23 @ 1pm HR – 5/30/23 @ 1pm	Hanover	ALJ – Griffin	
Market Place 102 (Petersburg)	UAB	PHC – 5/23/23 @ 2pm HR – 5/30/23 @ 2pm	Hanover	ALJ – Griffin	
Wild Run Brewing Company (Stafford)	UAB	PHC – 5/23/23 @ 3pm HR – 5/30/23 @ 3pm	Hanover	ALJ – Griffin	Resolved through negotiations
Family Market Inc. (Pulaski)	Misrepresented a material fact in applying for a license B.	PHC – 5/24/23 @ 1pm HR – 5/31/23 @ 1pm	Abingdon	ALJ – Griffin	Resolved through negotiations
Avellinos (Blacksburg)	UAB	PHC – 5/25/23 @ 10am HR – 6/1/23 @ 10am	Roanoke	ALJ – Griffin	Resolved through negotiations
Radford Travel Center (Christiansburg)	UAB	PHC – 5/25/23 @ 11am HR – 6/1/23 @ 11am	Roanoke	ALJ – Griffin	
Boones Mill - Franklin County Distilleries (Boones Mill)	UAB	PHC – 5/25/23 @ 1pm HR – 6/1/23 @ 1pm	Roanoke	ALJ – Griffin	

Administrative Hearings Page 4

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Hanging Rock Fast Food Market (Roanoke)	UAB	PHC – 5/25/23 @ 2pm HR – 6/1/23 @ 2pm	Roanoke	ALJ – Griffin	Resolved through negotiations
Lesly Restaurant Bar & Grill (Falls Church)	Failed to comply with a board order	PHC – 5/26/23 @ 10am HR – 6/5/23 @ 10am	Alexandria	ALJ – Richardson	
Canvas (Hampton)	Has not demonstrated financial responsibility	PHC – 6/2/23 @ 10am HR – 6/9/23 @ 10am	Hampton	ALJ – Richardson	Resolved through negotiations
Olde Town Market (Newport News)	UAB	PHC – 6/2/23 @ 9am HR – 6/9/23 @ 1pm	Hampton	ALJ – Richardson	Resolved through negotiations
El Tropi 2 LLC (Chesterfield)	1 – Kept unauthorized alcoholic beverage 2 – Sale of alcoholic beverage in unauthorized manner 3 – Failed to keep records 4 – MBAR 5 – Qualification to retain MB 6 – Qualification to retain wine & beer license – Restaurant 7 – Purchase of wine/beer other than from wholesaler	PHC – 4/6/23 @ 9am HR – 4/13/23 @ 9am 4/12/23 - BLE – withdrew charges with prejudice. PHC – 6/26/23 @ 9am HR – 6/13/23 @ 9am	Hanover	ALJ – Maxey	
Public Safety					
The Brew House (Farmville)	Failed to submit MBAR	PHC – 6/6/23 @ 10am HR – 6/13/23 @ 10am	Lynchburg	ALJ – Page	
Halifax Springfield Distillery (South Boston)	UAB	PHC – 6/6/23 @ 1pm HR – 6/13/23 @ 1pm	Lynchburg	ALJ – Page	Resolved through negotiations
460 Community Market (Prospect)	UAB	PHC – 6/6/23 @ 2pm HR – 6/13/23 @ 2pm	Lynchburg	ALJ – Page	

Administrative Hearings Page 5

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Kenko Hibachi (Lynchburg)	UAB	PHC – 6/6/23 @ 3pm HR – 6/13/23 @ 3pm	Lynchburg	ALJ – Page	
Residence Inn (Chesapeake)	UAB	PHC – 6/7/23 @ 10am HR – 6/14/23 @ 10am	Chesapeake	ALJ – Griffin	
La Tapatia (Virginia Beach)	UAB	PHC – 6/7/23 @ 11am HR – 6/14/23 @ 11am	Chesapeake	ALJ – Griffin	
Oceans 14 (Virginia Beach)	UAB	PHC – 6/7/23 @ 1pm HR – 6/14/23 @ 1pm	Chesapeake	ALJ – Griffin	
Vitos Italian Restaurant (Cumberland)	UAB	PHC – 6/8/23 @ 10am HR – 6/15/23 @ 10am	Lynchburg	ALJ - Griffin	Accepted ECO
Sheetz 775 (Richmond)	1 – Number of licenses in existent 2 – So situated – residential	PHC – 6/5/23 @ 9am HR – 6/16/23 @ 9am	Hanover	ALJ – Page	
Bartolos Mexican Bar & Grill (Mount Jackson)	1 – UAB 2 – Permitted person under 18 to sell/serve alcoholic beverage	PHC – 6/20/23 @ 10am HR – 6/26/23 @ 10am	Staunton	ALJ – Griffin	
Cities Bar & Grill (Henrico)	1 – Qualification to retain MB license 2 – Delivered MB bottle to consumer 3 – Failed to submit MBAR	PHC – 6/9/23 @ 9am HR – 6/16/23 @ 9am RSCH to HR – 6/27/23 @ 9am	Hanover	ALJ – Page OLC – Mshar	
El Gicarito (Manassas)	Bad check	PHC – 6/20/23 @ 11am HR – 6/27/23 @ 11am	Alexandria	ALJ – Griffin	Resolved through negotiations
O My Chi Q & Bar (Annandale)	1 -Beverages not bearing MB stamp 2 – Purchased beer/wine other than from wholesaler 3 – Advertising – Happy Hour 4 – Designated Manager Not Posted 5 – Kept unauthorized alcoholic beverage 6 – Failed to Keep Records	PHC – 6/20/23 @ 1pm HR – 6/27/23 @ 1pm	Alexandria	ALJ – Griffin	



Administrative Hearings Page 6

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Memos Wings, LLC (Elkton)	1 – So situated with respect to residence	PHC – 6/21/23 @ 10am HR – 6/28/23 @ 10am	Staunton	ALJ – Page	
Corner Mart (Chester)	UAB	PHC – 6/22/23 @ 9am HR – 6/29/23 @ 9am	Hanover	ALJ – Richardson	
El Rinconcito Bar Rest. (Fredericksburg)	UAB	PHC – 6/22/23 @ 10am HR – 6/29/23 @ 10am	Hanover	ALJ – Richardson	
In Good Taste (Graton, CA)	Compliance – violated provisions of VA ABC Act while application is pending (sold alcoholic beverage)	PHC – 6/23/23 @ 9am HR – 6/30/23 @ 9am	Hanover	ALJ – Maxey	
Wallaces Supermarket (McKenney)	Bad Check	PHC – 6/22/23 @ 11am HR – 6/29/23 @ 11am	Hanover	ALJ – Richardson	
Main Street Gas & Grill (Chilhowie)	UAB	PHC – 6/29/23 @ 10am HR – 7/7/23 @ 1pm	Abingdon	ALJ – Griffin	
Blue Ridge Grill (Galax)	1 – Intoxicated or impaired upon the premises 2 - UAB	PHC – 6/29/23 @ 9am HR – 7/7/23 @ 10am	Abingdon	ALJ – Griffin	
City Limits Convenience (Mechanicsville) Public Safety	1 – Consumption of unauthorized alcoholic beverage 2 – Failed to take reasonable measures to prevent an act of violence 3 – Kept unauthorized alcoholic beverages 4 – Consumption of alcoholic beverage on the premises of an off premises license 5 – Gambling 6 – Failed to keep records	PHC – 7/7/23 @ 9am HR – 7/14/23 @ 9am 5/8/23 – Counsel requested continuance, OLC agreed to a continuance, ALJ granted continuance	Hanover	ALJ – Maxey OLC – Mshar Reiner Smith, Esq. for licensee	
Mattapony Reserve (West Point)	Objection after farm winery license was issued 1 – Misrepresented material fact 2 – Misrepresented material fact 3 – Qualifications to retain license	PHC – 7/25/23 @ 9am HR – 7/27/23 @ 9am Tentative Oral Argument set for 6/1/23 @ 9am	Hanover	ALJ – Maxey Billy Tunner, Esq. Peter Askin, Esq. for Objector Tony Troy, Esq. Bill Stanley, Esq. Mark Shuford, Esq. for Mattapony Reserve	

Administrative Hearings Page 7

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
FRANCHISE					
Premium Distributors of Virginia and Blue Ridge Beverage Company v. The Boston Beer Company	Distribution matter "Dual distribution"	11/16/22 – ABC asked the parties to agree to a schedule for any written or oral submissions regarding pending motions for a default judgment from the petitioner wholesalers and for leave to file late responsive pleadings from the respondent supplier. 11/17/22 – Petitioners Premium and Blue Ridge withdrew their motion for entry of default judgment in their franchise complaint. Upon receipt of responsive pleadings from Boston Beer, expected on or before November 30, 2022, an initial conference will be scheduled. ~ Informal Conference set for December 12, 2022, at 10 a.m. ~ Hearing scheduled for May 24 – 26, 2023 has been reduced to one day – 10 a.m. May 25, 2023	Hanover	ALJ – Maxey Kevin McNally, Esq. for Premium Distributors & Blue Ridge Beverage Brian Wainger, Esq. w/ Kaleo Legal for Boston Beer Company	
SanTan Brewing Co., Inc v. Ferment Nation, LLC	Termination of agreement - default Failure to pay undisputed monies	2/17/23 – Initial teleconference Stay extended to 3/27/23 petitioner requested a 10-day extension on March 17, 2023. The petitioner informed the ALJ that the opposing party indicated that it was mailing a check that same day. The purpose of the extension was to confirm receipt of payment. On 3/28/23 – Stay extended six (6) weeks; On May 11, 2023, the Stay was granted for an additional four weeks	ALJ – Richardson Thomas Lisk, Esq. for SanTan Brewing Co.		
Diamond Importers, Inc. v. International Cellars, LLC	Termination of Agreement	The parties have indicated they are attempting to negotiate a resolution.	ALJ – Griffin		

Administrative Hearings Page 8

Style of Case	Charges	Status of Case	Location of Hearing	Parties Involved	Date Decision Rendered
Brew Hub, LLC v. Ferment Nation, LLC	Termination of Agreement	Teleconference – 3/27/23 @ 2pm On April 5, 2023, the parties requested that proceedings be postponed. They requested 8 weeks to get the dispute resolved.		ALJ – Richardson Thomas Lisk, Esq. for Brew Hub	
Seed Imports v. Dionysos Imports, Inc.	Termination of Agreement	Teleconference – 3/20/23 @ 2pm Parties are interested in mediation – to be scheduled As of April 6, 2023, the parties informed they are working toward resolution.		ALJ – Richardson T. Wayne Biggs, Esq. for Dionysos	Resolved through private negotiations 5/16/23
Thomas Allen Vineyard v. Kysela Pere et Films Ltd.	Termination of Agreement	Informal Teleconference scheduled for April 12, 2023. – Canceled as the parties advised they have reached an agreement.		ALJ – Maxey John West, Esq. for Kysela	Resolved through private negotiations 4/18/23
Azienda Ag. Emiliano/Cennatio Wines v. Siema Wines LLC	Termination of Agreement	Tentative Hearing Date October 10, 2023 As of May 17, 2023 - Siema wishes to move forward with the hearings process. The ALJ provided 120 days to attempt private negotiations and or attempt to mediate.		ALJ – Richardson Craig Franco, Esq. for Siema Wines	

FOIA

Date Received	Requester	Subject	Status
Mon 4/10/23	Jessica (Jessi) Harlow (University of Virginia Health)	I would like to request all correspondence between Mark Dunham and HR Team (POC with knowledge) in reference to the position of Retail Business Development Analyst. Information to needs to be inclusive of the original job posting as well as salary offered, and accepted, by Marjorie Bisbee. Also requested is Ms. Bisbee's salary package in her previous role at ABC.	completed
Mon 4/10/23	Kira Blanchard (Director of Legal Operations, River Run Law Group, PLLC)	I represent Brittney Mallory in a personal injury claim arising from an incident that occurred on Nov 20, 2021 at the Willow Lawn Virginia ABC Store located at 1601 Willow Lawn Dr Suite 106, Richmond, VA 23230, and in which a piece of plexiglass partition at the checkout register fell and struck Ms. Mallory on the head. Please allow this correspondence to serve as my request under the Virginia Freedom of Information Act, § 46.2-380 for copies of public records in your possession. The subject of this request is the entire Virginia ABC and all of its agencies, departments, appointed officials, and employees. Please note this request includes, but is not limited to, the following records that may be in your possession: <ul style="list-style-type: none"> • Video footage of the incident that occurred on November 20, 2021 at the Willow Lawn ABC store involving my client Brittany Mallory • Any all incident reports relating to the incident that occurred on November 20, 2021 at the Willow Lawn ABC store involving my client Brittany Mallory 	completed
Tue 4/11/23	Brian White (Main Street RVA)	Spreadsheet of Final Board Orders for July 2017 - June 2018	completed
Thu 4/13/23	Sarah Thompson	retail application for Willie Suttons LLC, ABC license #755789, 100 Loudoun Street, Winchester, VA	completed
Fri 4/14/23	Eric Medin	<ul style="list-style-type: none"> • For the dates April 5, 2023 through [April 14, 2023] • For stores all stores in the state of Virginia • The delivery date, store number, and quantities of any SKUs that are considered limited availability by the VABC; nominally that means the items on this page, but also includes Stagg Jr. (021540), Heaven Hill Heritage Collection St. Corn Whiskey (024759), Michter's 20 year Bourbon (019878), Michter's 10 Year Bourbon (019876), Parker's Heritage Collection 16th Edition (022390), Old Fitzgerald 19 [may be in the database as Old Fitzgerald Bottled in Bond Decanter] (016379) just to name some notable omissions from the linked page. 	completed
Fri 4/14/23	Idalia Franco	incident report for Lavender Fields gift shop located at 43930 Farmwell Road, Ashburn, VA (surrendered ABC license #78284)	completed
Thu 4/20/23	Alice Minium	Police/Sheriff General Orders (April 2023) <ul style="list-style-type: none"> • Full General Orders, Written Directives, & Policies and Procedures Manual(s) current as of today's date (Examples) • Accompanying Table of Contents 	Completed
Thu 4/20/23	Derek G. Challenger (Deputy City Attorney, City of Portsmouth)	Retail License ABC Application for The River Restaurant and Lounge (Application No. 01334577), 4012 Victory Blvd., Suite C, Portsmouth, Virginia 23701	completed
Thu 4/20/23	Jeff Sturgeon (Reporter, Roanoke Times)	narrative for Tajzmah Enterprises, LLC matter	completed

FOIA page two

Date Received	Requester	Subject	Status
Fri 4/21/23	David Yost	a. Any ABC applications that allow the serving of alcohol beverages at 3415 Leonards Lane Sutherland VA; b. Any remote privilege applications from Thibault Enterprises for 3415 Leonards Lane or Riverside Vines, Sutherland VA; c. Any notifications to Dinwiddie County officials concerning any ABC permits for Thibault Enterprises. Also I am seeking clarification on whether the recently approved Caterers License, awarded to Ashton Creek/Thibault Enterprises, allows them to serve alcohol beverages at 3425 Leonards lane, Sutherland VA and a link to the ABC regulations regarding the operation of a "tasting room".	completed
Mon 4/24/23	Ashley Dalton	violation history at Clutch, ABC license #752480	completed
Mon 4/24/23	Jacob "Ari" Perlman	request information related to any communications (internal or external), discussions, presentations, or meeting minutes related to changes or a pause to the "Random Drop" process for allocated spirits	pending
Tue 4/25/23	Jacob "Ari" Perlman	1. Inventory levels for all allocated spirits by store and including warehouses for the dates March 13, 2023 through the date on which a response is sent to this request (not the date of receipt of this email) 2. For all stores in the state of Virginia 3. The delivery date, store number, and quantities of any SKUs that are considered limited availability by the VABC; nominally that means the items on this page, but also includes Stagg Jr. (021540), Heaven Hill Heritage Collection St. Corn Whiskey (024759), Michter's 20 year Bourbon (019878), Michter's 10 Year Bourbon (019876), Parker's Heritage Collection 16th Edition (022390), Old Fitzgerald 19 [may be in the database as Old Fitzgerald Bottled in Bond Decanter] (016379) just to name some notable omissions from the linked page	completed
Wed 4/26/23	Kyle Hart (Underwriting Specialist, Auto Owners Ins.)	violation history at Brookside Market LLC located at 46903 Wilderness Road, Duffield, Virginia	completed
Thu 4/27/23	Ashley Dalton (Senior Underwriter, Auto Owners Ins.)	violation history for Notch Hotel LLC, t/a Residence Inn by Marriott located at 1800 Wilkes Ridge Circle, Richmond, Virginia	completed
Thu 4/27/23	Brian Wainger (Attorney, Kaleo Legal)	In reviewing the documents you produced to us in the below email on 2/23/23, I note that the documents do not include either the opinion of the ALJ or the board in the J.W. Philips & Sons, Co. v Martlet Importing, Co. Inc. I would sincerely appreciate if you could double-check those files and please send me the opinions.	completed
Thu 4/27/23	Eric Lewter	full copy of my full ABC records history from the year 2014 to the year 2020	completed
Thu 4/27/23	Mariah Standing	report that would show me every license account who has purchased Waterman Spirits	Pending
Tue 5/2/23	Sarah Hayes	Subject: requesting copies of any phone calls, complaints, reports, investigations that include the Following Information: Dates: 02/01/2023 thru present Names: James W Hayes(Jr) , Sarah Jane Hayes , Jimmys Stop and Shop , Tadric Page Addresses: 10205 Elys Ford Rd; Fredericksburg, VA 22407 10202 Elys Ford Rd; Fredericksburg, VA 22407 10122 Elys Ford Rd; Fredericksburg, VA 22407 8010 Kerrydale Ct; Spotsylvania, VA 22551	completed
Tue 5/2/23	Stephen M. Terpak (Attorney, Sutter & Terpak)	application / permitting / licensing / abc manager information, if any, from 2019 to the present for the establishment at 3556B S Jefferson St, Falls Church, VA 22041, which is a Chipotle.	completed



FOIA page three

Date Received	Requester	Subject	Status
Tue 5/2/23	Reagan Jung	data on the monthly sales (in dollars and in number of bottles) of each product (by product code) in each store, from January 2019 to December 2022	completed
Fri 5/5/23	Christopher Woody (The Woody Foundation)	the Military Retirees Club for the year 2022-present and who applied for the permits	completed
Fri 5/5/23	Reagan Jung	data on the monthly sales (in dollars and in number of bottles) of each product (by product code) in each store, from January 2019 to December 2022. In addition, I would like to request the quarterly price list and monthly specials list from that period as well, in excel format if available.	pending
Fri 5/5/23	Tadric Page	all investigations, inspections, permits issued, applications made, hearings, violations, fines etc. for the Jimmy's stop and shop located at 10205 elys ford road, Fredericksburg VA for the time period of 10/1/2022 to present	completed
Wed 5/10/23	Kim Mathews (Senior Administrative Assistant, Mercer)	<ul style="list-style-type: none"> • Employment agreement, including all amendments, or letter of employment if no formal agreement • Current Base salary • Target and Maximum Bonus opportunity • Most recent Bonus paid • Employer cost of any perquisites provided (e.g. housing or car benefit) • Any other contractual agreements or payments in the last year (such as retention, severance, deferred compensation, etc.) 	completed
Wed 5/10/23	Meghan McIntyre (Reporting Intern, Virginia Mercury)	emails or other communications re: shrink, warehouse shrink, distribution center shrink sent or received between January 1, 2021 and September 30, 2021 by Mark Dunham, Travis Hill, Doug Robinson, David Alfano, Thomas Aruanno; emails or other communications re: shrink, warehouse shrink, distribution center shrink sent or received between January 1, 2022 and December 30, 2022 by Stephen Orford, David Alfano, Thomas Aruanno, Travis Hill, Loretta Shutas; emails or other communications re: Warehouse or Distribution Center Compensatory Pay or Overtime sent or received between January 1, 2021 and July 31, 2021 by Tim Cross, Loretta Shutas, Travis Hill, John Singleton, Mark Dunham, Tracey Heilborn.	pending
Wed 5/10/23	Sylwia Aruanno	emails or texts sent to/from listed individuals on 5/8/2023 and 5/9/2023	pending
Thu 5/11/23	Brian Wainger (Attorney, Kaleo Legal)	records related to J.W. Phillips & Sons Co. v. Martlet Importing Co., Inc.	completed
Fri 5/12/23	Scott Flax	<p>Requesting the following information related to special release lottery winners for the Buffalo Trace Antique Lottery conducted in April 2023 for the following bottles:</p> <p>George T. Stagg Bourbon (\$99.99) 770 bottles 37,485 entries Thomas H. Handy Sazerac Rye (\$99.99) 286 bottles 35,828 entries William Larue Weller Bourbon (\$99.99) 209 bottles 37,416 entries Sazerac Rye 18 Year Old (\$99.99) 48 bottles 35,942 entries</p> <p>Requesting the following information on the winners:</p> <ul style="list-style-type: none"> • Product Name • First and Last Name of the winner • City/Town of the winner (if available) 	pending

FOIA page four

Date Received	Requester	Subject	Status
Mon 5/15/23	Steven Ryan (Attorney, Pillsbury)	all documents filed in the matter of the complaint filed by Premium Distributors of Virginia and Blue Ridge Beverage Company against The Boston Beer Company in October of 2022.	completed
Tue 5/16/23	Jacob "Ari" Perlman	1. The list of winners and the bottles they won from the May 15th 2023 lottery which included George T. Stagg, Thomas H. Handy, William Larue Weller, and Sazerac Rye 18. 2. The XLS file used to select winners, including all columns and tabs. This should include the Random Numbers generated for each entrant by bottle. For item #2 please expand the request to include the XLS of selected winners for all ABC lotteries conducted in 2022 and 2023 year to date.	pending
Wed 5/17/23	Kevin McNally (Attorney, Marston & McNally)	a copy of any Board decision or Order issued in the case of J.W. Phillips & Sons Co. v. Martlet Importing Co., Inc. (decided June 3, 1994). I have attached a copy of the Hearing Panel Decision and a July 8, 1994 Dismissal Order sign by the Board Chairman vacating the decision and dismissing the claims.	completed
Wed 5/17/23	Preston Haus	I am requesting all emails sent to and by Jennifer Burke from 3/28/23 to 3/30/23.	pending
Fri 5/19/23	Jay Schaefer	I am requesting the winners list for the April lottery drawing for the BTAC products. It has been reported that a statistically improbable number of winners won 2, 3, and even 4 bottles. I'd like to verify the accuracy of these reports.	pending
Fri 5/19/23	Meghan McIntyre (Reporting Intern, Virginia Mercury)	I would like to file a request under the Freedom of Information Act for emails with the keywords on "SingleStone", "Dominion Digital" or "Thought Logic" sent or received between August 1, 2021 and May 19, 2023 by: Travis Hill, Vida Williams and Elizabeth Chu I would like to file another request for documents or other records on statements of work and deliverables for SingleStone, Dominion Digital, Inc. and Thought Logic sent or received between August 1, 2021 and May 19, 2023 by: Travis Hill, Vida Williams and Elizabeth Chu	pending
Fri 5/19/23	Thomas Bell	<ul style="list-style-type: none"> For the dates March 23, 2023 through the date on which the analysis is being performed by the analyst For stores all stores in the state of Virginia The delivery date, store number, and quantities of any SKUs that are considered limited availability by the VABC; nominally that means the items on this page, but also includes Stagg Jr. (021540), Heaven Hill Heritage Collection St. Corn Whiskey (024759), Michter's 20 year Bourbon (019878), Michter's 10 Year Bourbon (019876), Parker's Heritage Collection 16th Edition (022390), Old Fitzgerald 19 [may be in the database as Old Fitzgerald Bottled in Bond Decanter] (016379) just to name some notable omissions from the linked page. 	pending
Mon 5/22/23	Brendan Ponton (Reporter, WTKR-TV)	the names, products won, and dates of all limited availability product lottery winners from Jan. 2018 to present	pending

CTO Report – Elizabeth Chu

Change Management Office
Diversity Equity and Inclusion
Project Management Office
Strategy and Analytics

Change Management Office

- **CMO Staffing & Administration** (Sponsor: Chief Chu)
 - CMO Change Manager Davishia Baldwin hired; onboarding underway
- **Performance Management** (Sponsor: Chief Alfano)
 - 51 FY23 deliverables; 81% complete; on track for successful execution
- **Service Now** (Sponsor: Chief Williams)
 - Service Ticketing Platform successfully replaced Footprints; After-Action-Review and Solutioning underway
- **Continued change execution & capability work underway** (Multiple Sponsors):
 - Enterprise and Mandate work on track: Integrated Strategic Planning; Values Renewal Toolkit; Pay for Performance
 - Change support: WOLO LA; VAL; HR Modernization Phase 0; Combined Warehouse Orders (CWO)
 - CMO DIY Toolkit on track for June release; Mixer articles series continues

Diversity Equity and Inclusion Office

- **Programming** *(OneVA Goal #4, Infrastructure and Accountability, Objective #1, Develop agency wide communications plan)*
 - Currently executing “Asian American Pacific Islander Heritage” for the month of May. Sample of Activities:
 - Informational vignettes on “Celebrating Asian American Pacific Islander Contributions in the US”
 - Crafted messaging raising awareness around Asian American Pacific Islander Heritage Month
 - Highlighting Asian American inspired cocktails on webpage and internal communications
 - Established Cultural Celebration Committee bring together multiple divisions (communications, DEI, Talent Acquisitions, Engagement, executive administration, and Marketing to plan, coordinate, and align activities and messaging for future affinity months. Overview will be presented to leadership in June 2023.
 - Cultural Celebration Committee has established activities and messaging plan for June 2023 (Pride Month, Juneteenth, and Caribbean Heritage Month)
- **DEI Training** *(OneVA Goal #3, Training and Education, Objective #1, Provide DEI Training Opportunities for all ABC Employees)*
 - Currently completing 30/60/90 day assessment and strategic initiatives based on March 2023 training conducted by Global Insights.
 - Finding from Leadership Training are being incorporated into Authority training plan currently under development.
 - Next steps: Upon approval of draft plan, DEI will collaborate with HR/Learning and Development to gain perspective, avoid repetition, and align possible course offerings.
- **DEI Council** *(OneVA Goal #2, Climate & Intergroup Relations, Objective #2, Create opportunities for employees to feel valued and respected and have a platform for feedback)*
 - Next steps: Half-day training session for new Council member is set for June 5, 2023. Agenda and training topics have been submitted and approved by Chief Transformation Officer. Half day training will be utilized to welcome members, give overview of council, establish expectations, discuss framework and foundational knowledge, One Virginia Plan initiatives, and sub-committee work.
- **Supplier Diversity Program** *(OneVA Goal #5, Focus Community Engagement Activities, Objective #3, Engage in diverse community events and outreach programs)*
 - DEIO continues to meet regularly with Diageo Partners to gather information on possible supplier diversity collaborations and engagement opportunities
 - DEIO will attend the DISCUS DEI Summit hosted by Distilled Spirits Council of United States and Proghorn on the topic of Supplier Diversity and program best practices in June 2023.

Project Management Office

- **Project Progress**

- 9 active (*Pin Pad, Licensing Onboarding, SaaS Migration, Oracle Web-Logic, Freight Way, WOLO-LA, Product Data Hub, HRIS – Phase 0, Customer Support Process Reengineering, Enterprise Workforce Automation*)
 - Oracle Web-Logic, HRIS Phase 0, Customer Support Reengineering and Enterprise Workforce Automation are being implemented this month, will close this month
- 3 completed (*Warehouse Management, Reusable Bags, Oracle Upgrade*)

- **2 Senior Project Manager Positions**

- Interviews completed and selections made
 - Waiting for acceptance from selected candidates
 - Candidates slated to start June 6

- **Project Management Office Director Position**

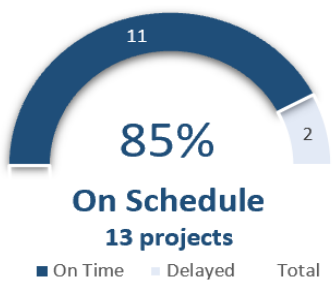
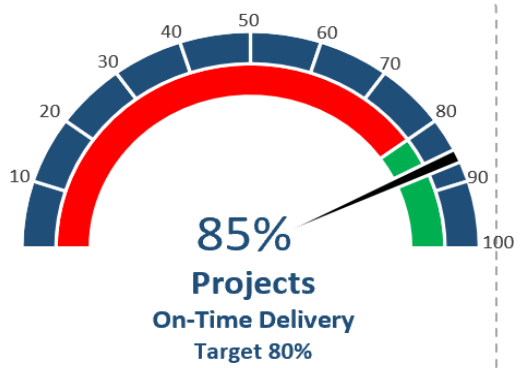
- Position became vacant on March 3
 - Candidate selected, will start on June 12

- **PMO Quality and Performance Stakeholder Feedback**

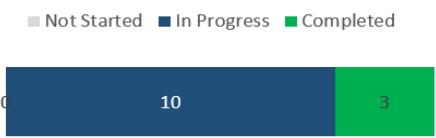
- Formalization of an initiation checklist for projects and programs is in progress- will be finalized once new Director is hired (new Director hired, start date us June 6)
- Communication of checklist and its importance to all project stakeholders, to be determined once completed
- Scheduling of monthly meetings with major project stakeholders to capture ongoing project feedback in progress, cadence determined once new Director is hired (new Director hired, start date June 6)

Portfolio Dashboard - All Projects

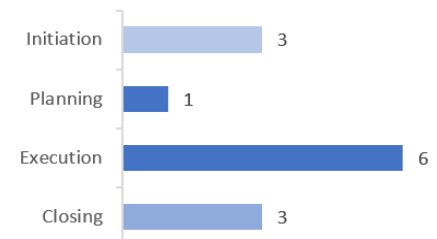
Total # Projects	Total Budget	Total # Resources
13	8,888,371	59



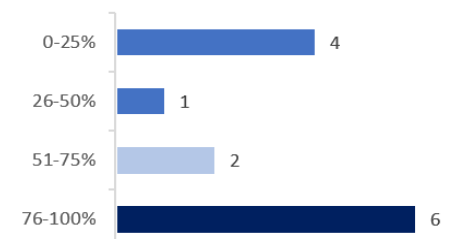
ON-SCHEDULE OVERALL PROJECT PROGRESS



PROJECT PHASES

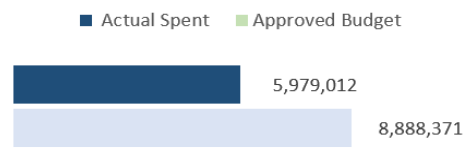


PROJECT % COMPLETE

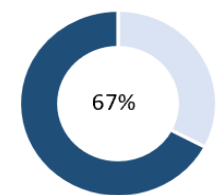


ON-BUDGET

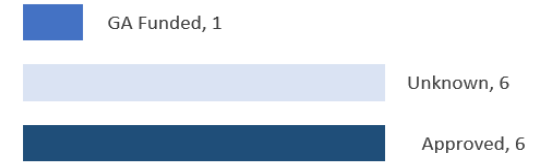
BUDGET vs ACTUAL



BUDGET SPENT

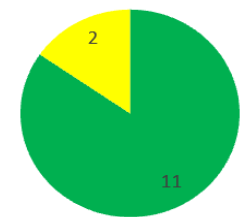


BUDGET PHASE

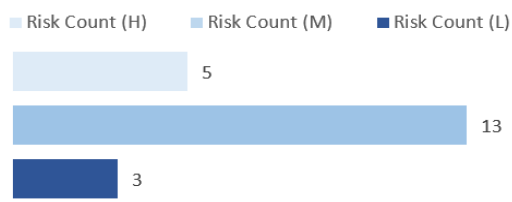


ON-SCOPE

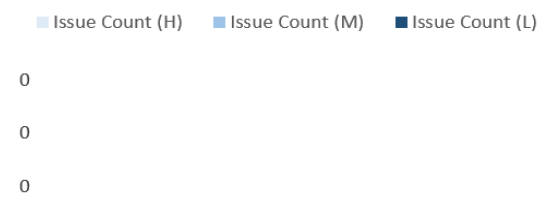
CURRENT PROJECT HEALTH



RISK COUNTS



ISSUE COUNTS



124

Strategy and Analytics Office

Priorities and Progress

- **Strategic Plan**

- Rollout is in flight, workshop development sessions held with all but 2 divisions, Sharepoint site drafted and is being peer reviewed for feedback, FAQs about to be published
- Monitoring plan has been developed, pending chief review
- Performance measures being developed

- **Data Management**

- Roadmap development in flight





- **Team Updates**

- Sr Business Analyst backfill for Business Analytics Manager promotion is complete, new teammate started on May 25
- Interviews currently underway for Strategy Analyst role

Appendix - CTO






3. Major Initiatives for the Month

Status
 On track 
 Some issues 
 On-hold 

Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
E-Commerce Program	<ul style="list-style-type: none"> The eCommerce program is foundational for Virginia ABC to transform from a split, multi-channel retail environment to a real-time, omnichannel retail environment. This transformation not only provides Virginia ABC with increased operational efficiency and revenue opportunities, but also provides for the best possible customer experience. Currently Online Ordering and Product Data initiatives are in flight. 	<ul style="list-style-type: none"> eCommerce is growing significantly. This growth is not only in response to the pandemic, but projections indicate that eCommerce will continue to grow over the next five years, with a conservative increase of annual online orders to 1.8M, representing a 5x to 10x growth over current levels. Virginia ABC cannot hope to support even a fraction of this demand, including concomitant increases in customer service needs, without a program for expanding our infrastructure, eCommerce, and order management capabilities. 	<ul style="list-style-type: none"> Vida Williams 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 7/30/2025 	
Enterprise Workflow Automation (EWA)	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from ABC functional platforms. 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Keith Russell 	<ul style="list-style-type: none"> 03/01/2022 	<ul style="list-style-type: none"> 06/30/2023 	
Customer Support Process Reengineering	<ul style="list-style-type: none"> VA ABC will leverage an industry leading Enterprise Workflow Automation platform that will promote automated routing of internal and external customer requests, automation within the work process, a knowledge management centralized record, audit and compliance trail, and an integrated reporting dashboard which pulls data from ABC functional platforms. 	<ul style="list-style-type: none"> As it exists today Virginia ABC currently provides help desk support for internal and external customers through a combination of email, walk-up, phone calls, and ticket entry. ABC help desk agents receive over 2,000 monthly service requests, incidents, or general help desk tickets. This represents only a portion of the work and leaves customer support disconnected and inefficient across ABC business groups. 	<ul style="list-style-type: none"> Keith Russell 	<ul style="list-style-type: none"> 01/01/2022 	<ul style="list-style-type: none"> 06/30/2023 	
Human Resources Modernization - Phase 0	<ul style="list-style-type: none"> The current HR systems do not communicate well with each other and have outlived their support structure. Systems have become outdated in their ability to meet HR operational needs. The goal of the Human Resources Modernization Project is to implement agile tools and improve processes for all stakeholders. 	<ul style="list-style-type: none"> The current HR technology environment at Virginia ABC is a complex mix of internally developed, "homegrown" ABC systems and mandated integration with Commonwealth of Virginia state systems. The systems do not communicate well with each other and ABC has outgrown the current capabilities. Systems have become outdated in their ability to meet HR operational needs, needing frequent customizations and updates by HR and IT 	<ul style="list-style-type: none"> John Singleton 	<ul style="list-style-type: none"> 07/01/22 	<ul style="list-style-type: none"> 05/30/2023 	

3. Major Initiatives for the Month

Status	
On track	
Some issues	
On-hold	

Initiative Name	What Problem is the Initiative Solving	Description of the initiative Impact	Initiative Owner	Start Date	End Date	Status
Virginia ABC Licensing (VAL)	<ul style="list-style-type: none"> Virginia ABC Licensing (VAL) System Licensee Onboarding is an effort to roll out the new web-based licensing system that allows ABC license business transactions to occur on-line, any time. 	<ul style="list-style-type: none"> The web based licensing system will reduce manual processes and paperwork not only for the Authority but more importantly for our customers. Allowing customers to apply online and track their application through the licensing process. 	<ul style="list-style-type: none"> Tom Kirby 	<ul style="list-style-type: none"> 09/20/2017 	<ul style="list-style-type: none"> 5/30/2023 	
Pin Pad Upgrade	<ul style="list-style-type: none"> The project will upgrade all in-store VeriFone MX915 EMV (Europay, MasterCard and Visa) devices running PTS4 (Pin Transaction Security Version 4) software to VeriFone M440 EMV devices running PTS5 (Pin Transaction Security Version 5) software. 	<ul style="list-style-type: none"> The software to VeriFone Model M440 devices running PTS5 (Pin Transaction Security Version 5) will expire April 2024. The equipment and software needs to be upgraded to maintain compliance parameters set by Payment Card Industry (PCI). 	<ul style="list-style-type: none"> David Walker 	<ul style="list-style-type: none"> 07/15/2022 	<ul style="list-style-type: none"> 09/30/2023 	
Phase II Oracle WebLogic Upgrade Migration <i>On-hold</i>	<ul style="list-style-type: none"> During the Oracle database migration, WebLogic was moved to Oracle Cloud Infrastructure (OCI), but it was not upgraded. Much of the same team is needed to complete the application server upgrade. ABC's current version of WebLogic will end support in December 2023 and continuing the effort ensures that we will complete the upgrade ahead of time and have ample time to schedule the production upgrade when it is least impactful to the business. 	<ul style="list-style-type: none"> Upgrade should mitigate security and system downtime risks associated with out-of-date software infrastructure by upgrading WebLogic. 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 06/10/2022 	<ul style="list-style-type: none"> TBD 	
VAL SaaS Migration	<ul style="list-style-type: none"> In 2021, Virginia ABC decided not to continue with the on-premises model and migrate to Accela's SaaS solution. It is a stated strategic goal of IT to migrate to SaaS models where appropriate. 	<ul style="list-style-type: none"> Virginia ABC is running version 20.2.0 of the Accela Civic Platform on Virginia ABC managed infrastructure- end-of-life (EOL) Oracle 12c database and Windows 2012 servers nearing their end of support 	<ul style="list-style-type: none"> David Kuti 	<ul style="list-style-type: none"> 11/14/2022 	<ul style="list-style-type: none"> 10/30/2023 	
Pay For Performance	<ul style="list-style-type: none"> This initiative continues the implementation of our strategic goal of investing in our people. The Pay for Performance plan reinforces a more comprehensive performance management structure. Moving to a Pay for Performance approach provides a consistent mechanism to compensate employees based on performance and level of contributions. 	<ul style="list-style-type: none"> The Authority is moving towards a pay for performance program that objectively measures performance and rewards differentiated contribution levels versus the prior year practices where everyone, regardless of contribution levels, receives the same salary increase percentage. Pay for performance is a plan that impacts base pay increases and should not be confused with other existing performance incentive or bonus plans, such as the current Retail and Distribution Center incentive plans 	<ul style="list-style-type: none"> David Alfano 	<ul style="list-style-type: none"> 01/30/2022 	<ul style="list-style-type: none"> 7/30/2023 	

CDBO Report – Vida Williams

Press Releases

Press Releases

Date released	Topic	Distribution	Approved By
May 24, 2023	Virginia ABC Stores to Close at 6 p.m. on Memorial Day	Statewide	Mark Dunham
May 19, 2023	Virginia ABC Reviews Results of Recent Lottery	Statewide	Travis Hill
April 7, 2023	Virginia ABC stores closed on Easter Sunday	Statewide	Travis Hill
April 6, 2023	Virginia ABC to Celebrate Opening of Newest Store in Great Falls	Statewide	Travis Hill



CLEO Report – Chief Tom Kirby

Underage Buyer 2023 Results

Calendar Year: 2023	ALCOHOL		TOBACCO	
As of 05/22/2023	1 st Cycle (Ending: 5/31/23)	Calendar Year To Date	DBHDS Grant	DBHDS Supplemental
Scheduled	1122	1122	0	1028
No sale	657	657	0	778
Sale	135	135	0	172
Not completed	165	165	0	78
ABC Store: no sale	123	123		
ABC Store: sale	5	5		
Remaining	165	165	0	83
Compliance rate	83.0%	83.0%	N/A	81.9%

- Scheduled Alcohol includes 44 complaint-based checks, received and completed.
- ABC store results are subset of total results. ABC Store results include distillery stores.
- Not completed includes temporary/seasonal closed, unsafe, UAB known to clerk, etc. and are not considered in establishing the compliance rate because the check was not completed.



Retail Operations Update

Strategic Priorities

Sales Summary

Out of Stocks

Marketing Update

Retail and Facilities Update



Strategic Priorities

Logistics Bailment Agreement

- 75% improvement since last board report

Logistics Bailment Agreement

Obtain an updated bailment agreement with suppliers and develop a long term process to obtain signed agreements with new suppliers as part of on boarding.

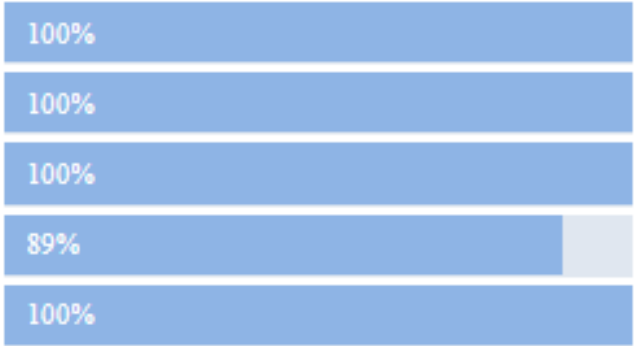
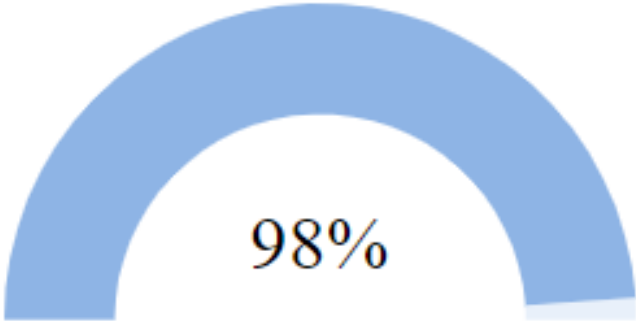
Review finalized agreement

Update Supplier Manual

Pilot process with ten suppliers

Initiate process to update agreement with all suppliers

Develop bailment process for new suppliers



Retail Sales Summary

Weekly cumulative sales and bottles sold as May 20th

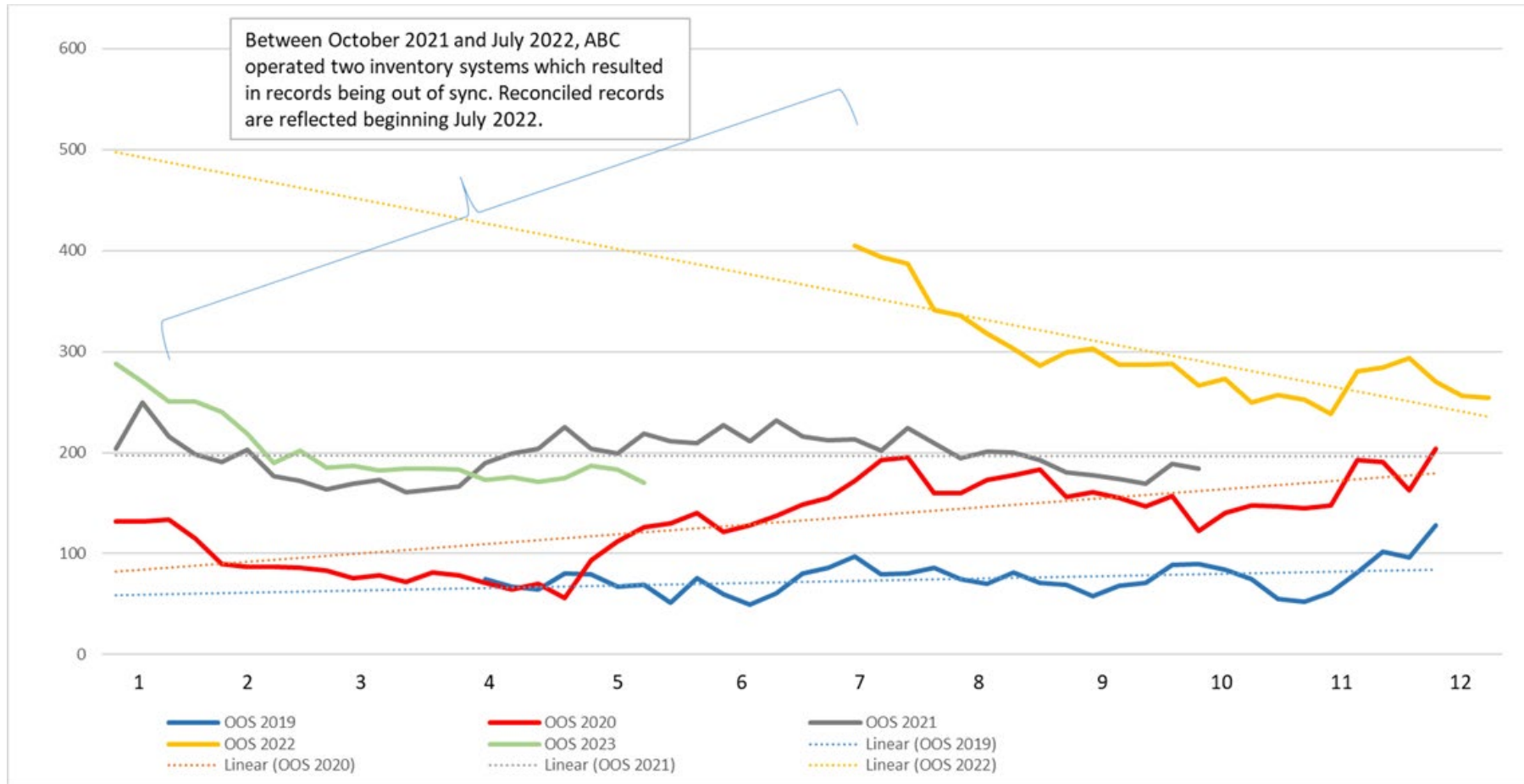
Sales totaling \$1,281,336,684 are up \$54,936,729 or 4.5% when compared to last year and are \$21,504,666 or 1.7% above the \$1,259,832,017 target. The weekly cumulative comparison includes 321 sales days this year and 322 last year.

To date bottles sold

Total number of bottles sold increased 3.1% and retail bottles sold increased 3.0%. Mixed beverage licensee bottles sold increased 3.6%. Mixed beverage licensee dollars represent 17.4% of total sales, up from last year with 16.7% of total sales.

Distribution Center Out of Stocks

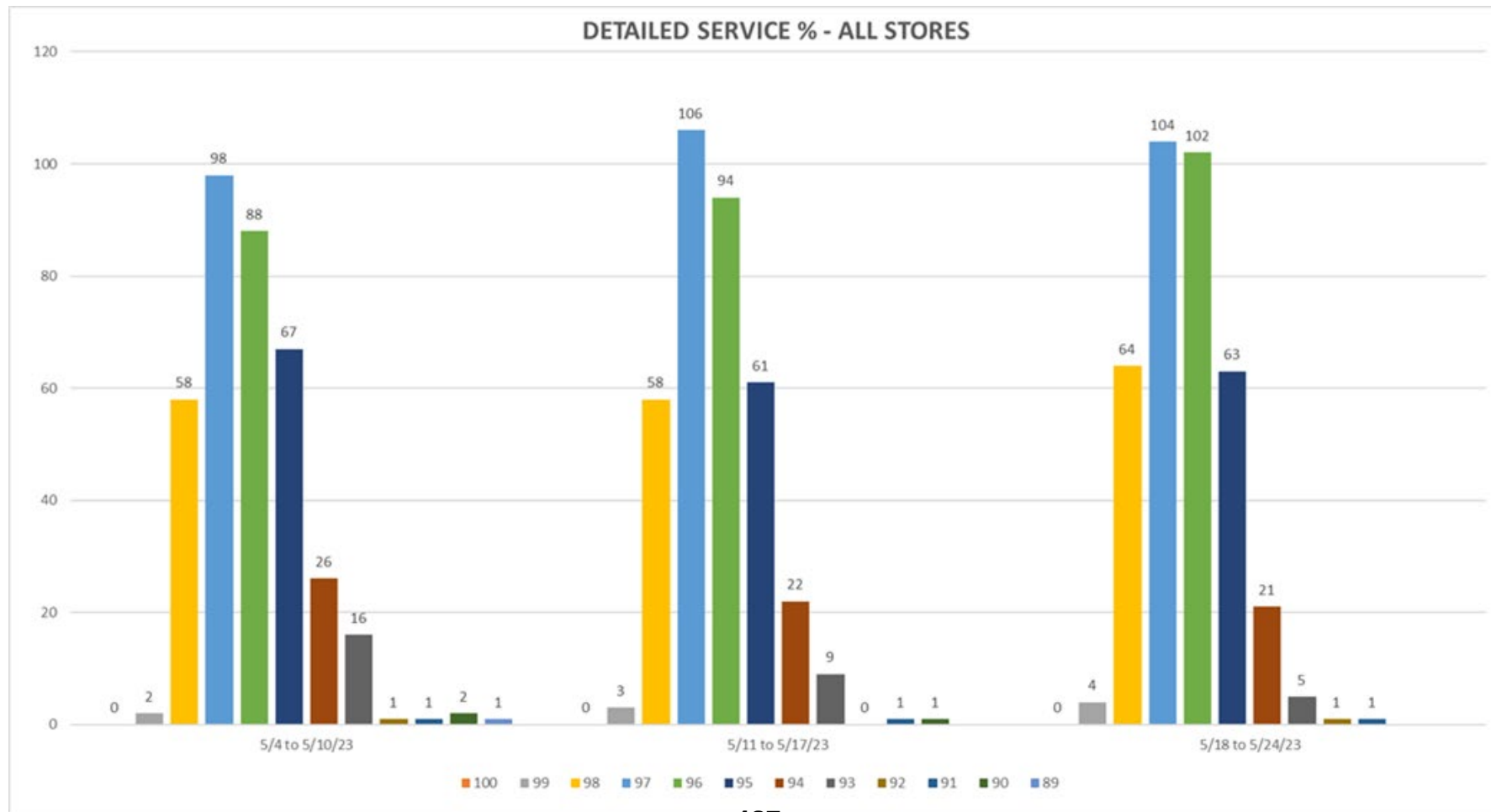
We have **93.03%** of standard items in stock in the warehouse. Currently, we have 170 standard products out of stock compared to 183 last week.



Retail Store Out of Stocks

Retail Store In-stock – May

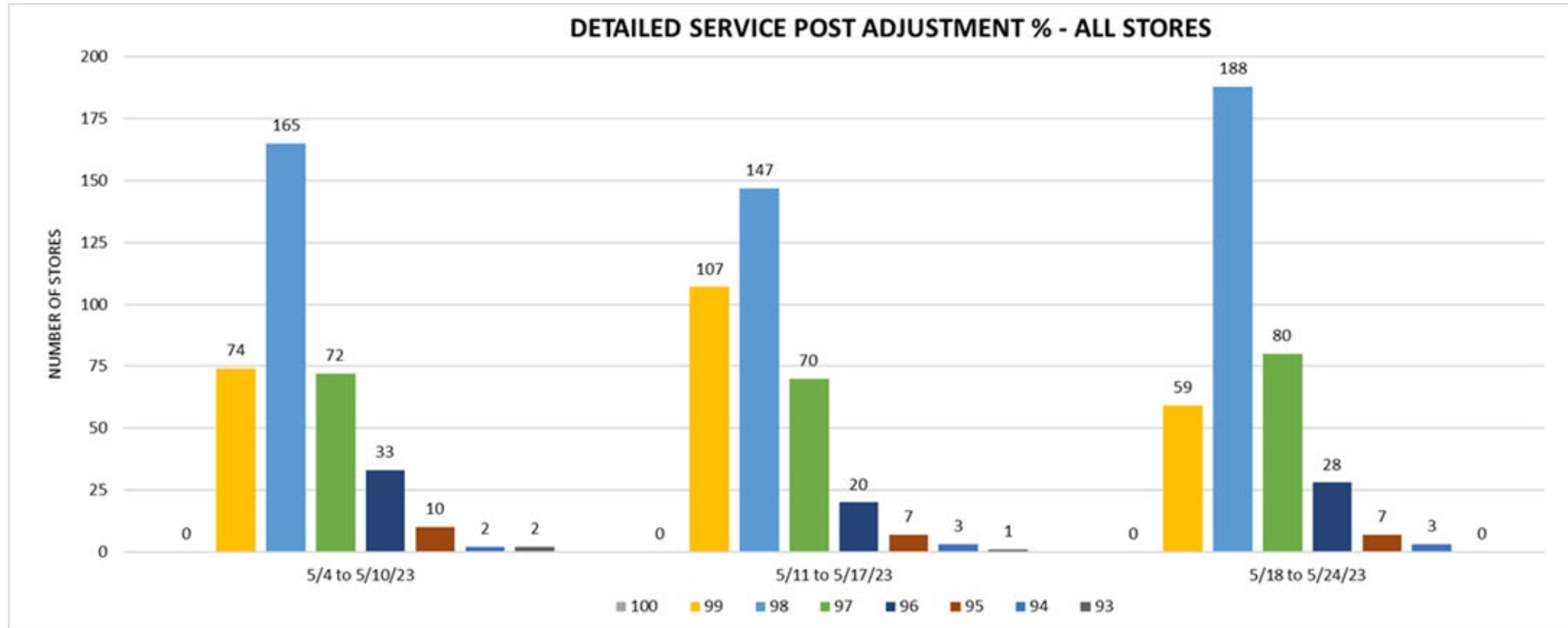
7 stores below 94% compared to 32 in April.



Retail Store Out of Stocks

Retail Store In-stock goal is 97%.

The chart below shows the same in-stock percentage for stores with DC out of stocks removed. We currently have 38 stores below 97% in stock.



Distribution Center

Average cases shipped daily in April 25,472 with a peak day of 31,431.

Month	2022 Cases Shipped Daily Avg.	Peak Day	2023 Cases Shipped Daily Avg.	Peak Day
Jan	24,534	34,621	23,360	29,165
Feb	25,740	31,489	24,819	30,387
Mar	28,764	36,556	25,467	34,131
Apr	25,538	30,011	25,472	31,431
May	24,974	30,753		
Jun	25,090	36,093		
Jul	25,292	34,323		
Aug	23,377	30,802		
Sep	25,149	30,623		
Oct	25,903	31,400		
Nov	26,914	32,698		
Dec	28,490	37,347		
Average YTD	25,814	33,060	24,780	31,279

Distribution Center Stabilization:

Jan – 31.77 cases per labor hour

Feb – 33.785 cases per labor hour

Mar – 32.728 cases per labor hour

Apr – 36.35 cases per labor hour

Calendar YTD April shipped

2,262,174 cases against a forecast of 2,067,923.

Marketing Update

April 13th – Botanical/Flavored Vodka

Spirited Thursday Sale featuring Flavored Vodka

Sales increased \$15,410 or 105%. Bottle sales were up 708 or 126% versus a year ago.

Total results quoted above include both in-store and online sales.

- Store performance increased by 93% in sales year-over-year, 115% in bottles sold.
- In the Flavored Vodka category, the Spirited Thursday event sales accounted for 15% of all sales in the state and 28% of online orders contained a Spirited Thursday product.

April 13th Spirited Thursday Store Sales				
Product	4/13/2023 Dollars	4/14/2022 Dollars	Dollar Increase	% Dollar Increase
Absolut Lime	\$3,450	\$2,788	\$662	24%
Absolut Mandrin	\$3,272	\$700	\$2,572	367%
Ketel One Citroen Vodka	\$4,680	\$550	\$4,130	751%
Deep Eddy Peach	\$2,009	\$1,329	\$680	51%
Deep Eddy Lemon Vodka	\$4,724	\$4,975	(\$251)	-5%
Grey Goose Essences Strawberry & Lemongrass	\$2,187	\$840	\$1,347	160%
Grey Goose Essences Watermelon & Basil	\$1,895	\$756	\$1,139	151%
Grey Goose Essences White Peach & Rosemary	\$2,375	\$924	\$1,451	157%
Ketel One Botanical Cucumber & Mint Vodka	\$3,718	\$1,774	\$1,944	110%
TOTAL	\$28,310	\$14,636	\$13,674	93%
April 13th Spirited Thursday Online Orders				
Product	4/13/2023 Dollars	4/14/2022 Dollars	Dollar Increase	% Dollar Increase
Absolut Lime	\$193	\$0	\$193	-
Absolut Mandrin	\$106	\$40	\$66	164%
Ketel One Citroen Vodka	\$240	\$0	\$240	-
Deep Eddy Peach	\$61	\$0	\$61	-
Deep Eddy Lemon Vodka	\$61	\$0	\$61	-
Grey Goose Essences Strawberry & Lemongrass	\$312	\$28	\$284	1014%
Grey Goose Essences Watermelon & Basil	\$312	\$0	\$312	-
Grey Goose Essences White Peach & Rosemary	\$240	\$0	\$240	-
Ketel One Botanical Cucumber & Mint Vodka	\$280	\$0	\$280	-
TOTAL	\$1,804	\$68	\$1,736	2554%

Marketing Update

May 3-4 - Derby de Mayo

Two-day Spirited Thursday sale around Cinco de Mayo and the Kentucky Derby (Tequila and Bourbon products).

Sales increased \$488,986 or 144%. Bottle sales were up 16,576 or 208% versus a year ago.

Total results quoted above include both in-store and online sales.

- Store performance increased by 135% in sales year-over-year, 198% in bottles sold.
- Bourbon products accounted for 55% of sales, while Tequila accounted for 45%.
- In the American Whiskey category, the Spirited Thursday sale accounted for 21% of all sales in the state, while Tequila accounted for 17% of category sales.
- Both categories accounted for more than 50% of each category sales in online orders.

Derby de Mayo Spirited Thursday Store Sales				
Product	2023 Dollars	2022 Dollars	Dollar Increase	% Dollar Increase
Blade And Bow Bourbon	\$71,032	\$7,099	\$63,934	901%
Four Roses Bourbon	\$34,483	\$16,090	\$18,393	114%
Knob Creek Bourbon	\$55,575	\$2,378	\$53,196	2237%
Maker's Mark Bourbon	\$91,413	\$31,736	\$59,677	188%
Woodford Reserve Bourbon	\$155,830	\$54,486	\$101,344	186%
Yellowstone Select Bourbon	\$28,479	\$3,359	\$25,120	748%
Milagro Silver Tequila	\$29,738	\$22,070	\$7,668	35%
Patron Silver Tequila	\$195,544	\$164,310	\$31,233	19%
Don Julio Tequila Reposado	\$67,148	\$23,071	\$44,077	191%
Espolon Tequila Reposado	\$37,087	\$8,775	\$28,311	323%
Lunazul Tequila Anejo	\$18,763	\$3,919	\$14,844	379%
Tres Agaves Tequila Anejo	\$14,516	\$2,250	\$12,267	545%
TOTAL	\$799,608	\$339,543	\$460,065	135%

Derby de Mayo Spirited Thursday Online Orders				
Product	2023 Dollars	2022 Dollars	Dollar Increase	% Dollar Increase
Blade And Bow Bourbon	\$3,999	\$50	\$3,949	7900%
Four Roses Bourbon	\$2,539	\$80	\$2,459	3075%
Knob Creek Bourbon	\$2,207	\$0	\$2,207	-
Maker's Mark Bourbon	\$3,135	\$210	\$2,925	1393%
Woodford Reserve Bourbon	\$5,801	\$185	\$5,616	3037%
Yellowstone Select Bourbon	\$1,600	\$0	\$1,600	-
Milagro Silver Tequila	\$917	\$0	\$917	-
Patron Silver Tequila	\$4,267	\$440	\$3,827	870%
Don Julio Tequila Reposado	\$2,680	\$65	\$2,615	4023%
Espolon Tequila Reposado	\$1,455	\$66	\$1,390	2106%
Lunazul Tequila Anejo	\$537	\$0	\$537	-
Tres Agaves Tequila Anejo	\$880	\$0	\$880	-
TOTAL	\$30,017	\$1,096	\$28,921	2639%



Marketing Plans

Planned Activity – Rolling 90 Days

	THEME	PODs	FRONT COUNTER	SPIRITED THURSDAYS	MINI-MONDAY	IN-STORE DISPLAYS	LOTTERIES & BARREL PICKS
JUNE	Choose Your Summer Adventure (Moonshine)	Choose Your Adventure - Margarita w/ Moonshine - Spirit & Soda w/ Moonshine - Colada w/ Moonshine - Canned Cocktails	Watermelon Slushies - Midnight Moon Watermelon Moonshine & ReaLime	Father's Day Blade and Bow Bourbon Casamigos Mezcal Joven Jameson Irish Whiskey Johnnie Walker Green Scotch Maker's Mark Bourbon Skrewball Peanut Butter Whiskey Tito's Handmade Vodka	Rebel 100	Bacardi Belvedere Bombay Cointreau Deep Eddy Glenfiddich Jim Beam Jose Cuervo Tanqueray	June 24 – Barrel Pick Event
JULY	Choose Your Summer Adventure (Rum)	Choose Your Adventure - Margarita w/ Rum - Spirit & Soda w/ Rum - Colada w/ Rum - Canned Cocktails	Spiced Rum Sunset - Captain Morgan Original Spiced Rum & Grenadine	Rum Bacardi 8 Year Rum Blue Chair Bay Coconut Rum Bumbu The Original Rum Captain Morgan Private Stock Rum Gosling's Black Seal Rum Malibu Coconut Rum Selvarey Chocolate Rum Zacapa No. 23 Rum	New Amsterdam Passionfruit Vodka	Bacardi Ciroc Crown Royal Fireball Jack Daniel's Jose Cuervo Authentic Patron Tito's Wild Turkey	July 12 – 14 - Lottery
AUGUST	Choose Your Summer Adventure (Tequila)	Choose Your Adventure - Margarita w/ Tequila - Spirit & Soda w/ Tequila - Colada w/ Tequila - Canned Cocktails	Margarita - Codigo 1530 Blanco, Cointreau & ReaLime	Tequila (confirmed products) Avion Silver Tequila Cabo Wabo Tequila Reposado Casamigos Tequila Anejo Codigo 1530 Reposado Tequila DeLeon Anejo Tequila Herradura Silver Tequila Lunazul Tequila Anejo Milagro Tequila Silver	Brand - TBD - product to come from June Listings Meeting	1800 RTD Don Julio Grey Goose Hendrick's Johnnie Walker Jose Cuervo Authentic Maker's Mark Malibu Svedka	TBD - depending on available products

Real Estate and Facilities Update

New Store Update:

Store 302 (Powhatan)	Awaiting completion of space by Landlord; anticipated Commencement Date Unknown
Store 405 (Norfolk)	Awaiting completion of space by Landlord; anticipated Commencement Date July 2023
Store 442 (Hanover)	Awaiting completion of space by Landlord; anticipated Commencement Date July 2023
Store 525 (Winchester)	Revised draft Lease is with the Landlord for review; we have no anticipated Commencement Date at this time
Store 526 (Chesterfield)	Draft Lease is with the Landlord for review; CAD drawings received from Landlord; anticipated Commencement Date October 2023
Store 527 (MOCK STORE)	Fixture installation complete
Store 528 (Jonesville)	Awaiting completion of space by Landlord
Store 529 (Alexandria)	Draft Lease is with the Landlord for review
Store 530 (Leesburg)	Draft Lease with the Landlord for review
Store 531 (Lovettsville)	Received ownership documentation from Landlord; lease being drafting

Project Type No. of Stores

Expansions	5
Modernizations	3
Relocations	6

CAO Report – David Alfano

Financial Summary:

Summary of Delegated Items

VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY
Contribution Margin - Income Statement (In Millions)
Fiscal Year 2023 - Month of April

	FY 2023		FY 2023		FY 2023	FY 2023		FY 2022		
	Actual		Budget		Variance	Percentage		Actual		Variance Percentage
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 113.8		\$ 112.5		\$ 1.3	1.2%	●	\$ 113.6		\$ 0.2 0.2%
Online Sales	0.6		0.7		(0.1)	-14.3%	●	0.6		- 0.0%
Other	4.4		1.9		2.5	131.6%	●	1.7		2.7 159.1%
Gross Revenue	118.8		115.1		3.7	3.2%	●	115.9		2.9 2.5%
Less: Spirits Excise Tax	18.9		18.8		(0.1)	-0.5%	●	18.9		- 0.0%
Net Revenue	99.9		96.3		3.6	3.7%	●	97.0		2.9 3.0%
Variable Operating Costs:										
Cost of Goods Sold	55.0	48.1%	54.4	48.1%	(0.6)	-1.1%	●	54.6	47.8%	(0.4) -0.7%
Variable Administrative Costs	18.0		17.7		(0.3)	-1.7%	●	16.9		(1.1) -6.5%
Total Variable Costs	73.0		72.1		(0.9)	-1.2%	●	71.5		(1.5) -2.1%
Contribution Margin	26.9		24.2		2.7	11.2%	●	25.5		1.4 5.6%
Contribution Margin as a % of Store Sales	23.5%		21.4%					22.3%		
Fixed Operating Costs:										
Fixed Administrative Costs	4.5		7.4		2.9	39.2%	●	4.2		(0.3) -8.0%
Regulatory Costs (Enforcement & Hearings)	1.9		2.5		0.6	24.0%	●	1.7		(0.2) -11.8%
Total Fixed Costs	6.4		9.9		3.5	35.4%	●	5.9		(0.5) -9.1%
ABC Net Profit	\$ 20.5		\$ 14.3		\$ 6.2	43.4%	●	\$ 19.6		\$ 0.9 4.6%
As a % of Store Sales	17.9%		12.6%					17.2%		

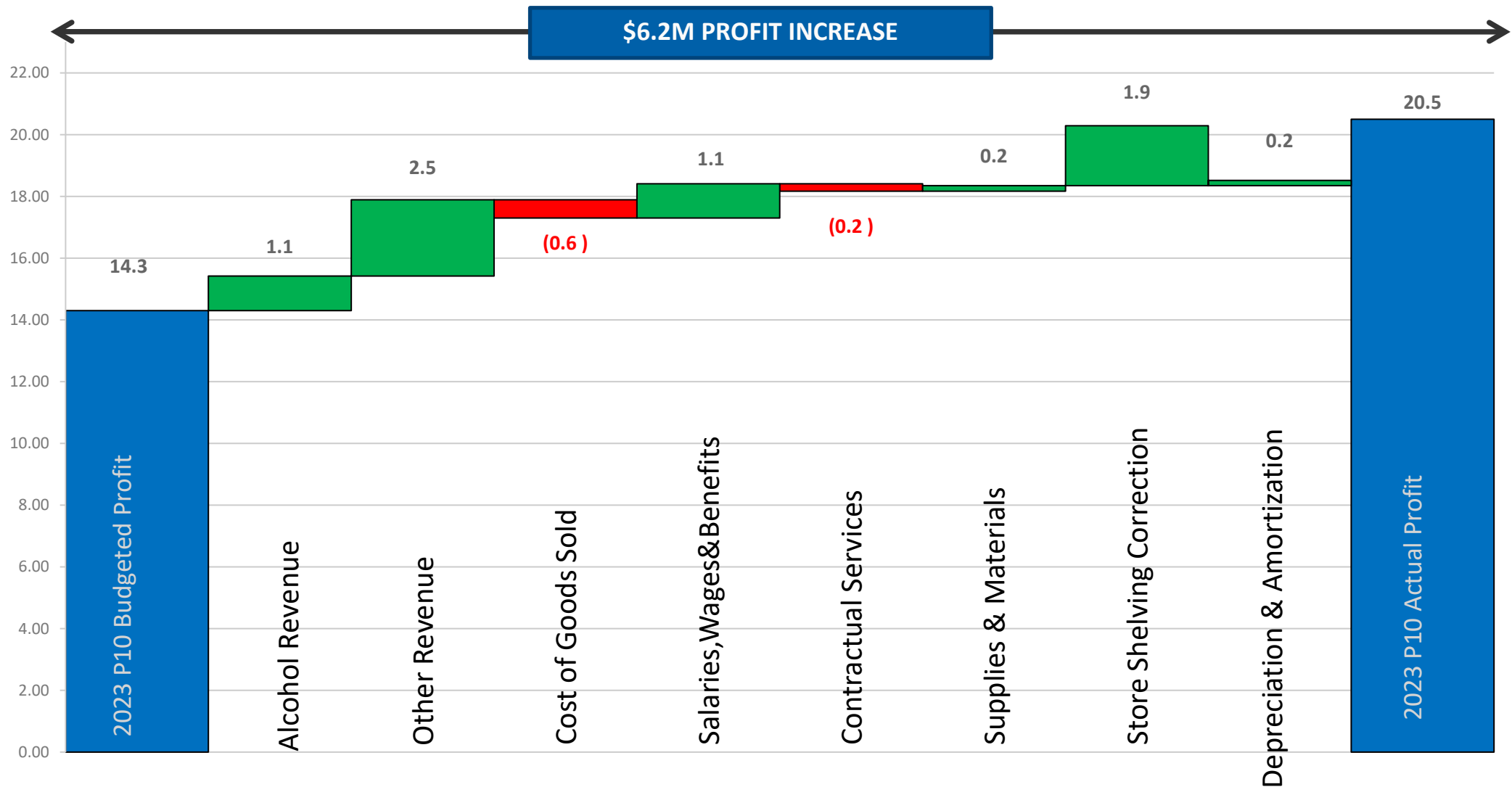
● Favorable Variance
● Unfavorable Variance

NM = Not Meaningful

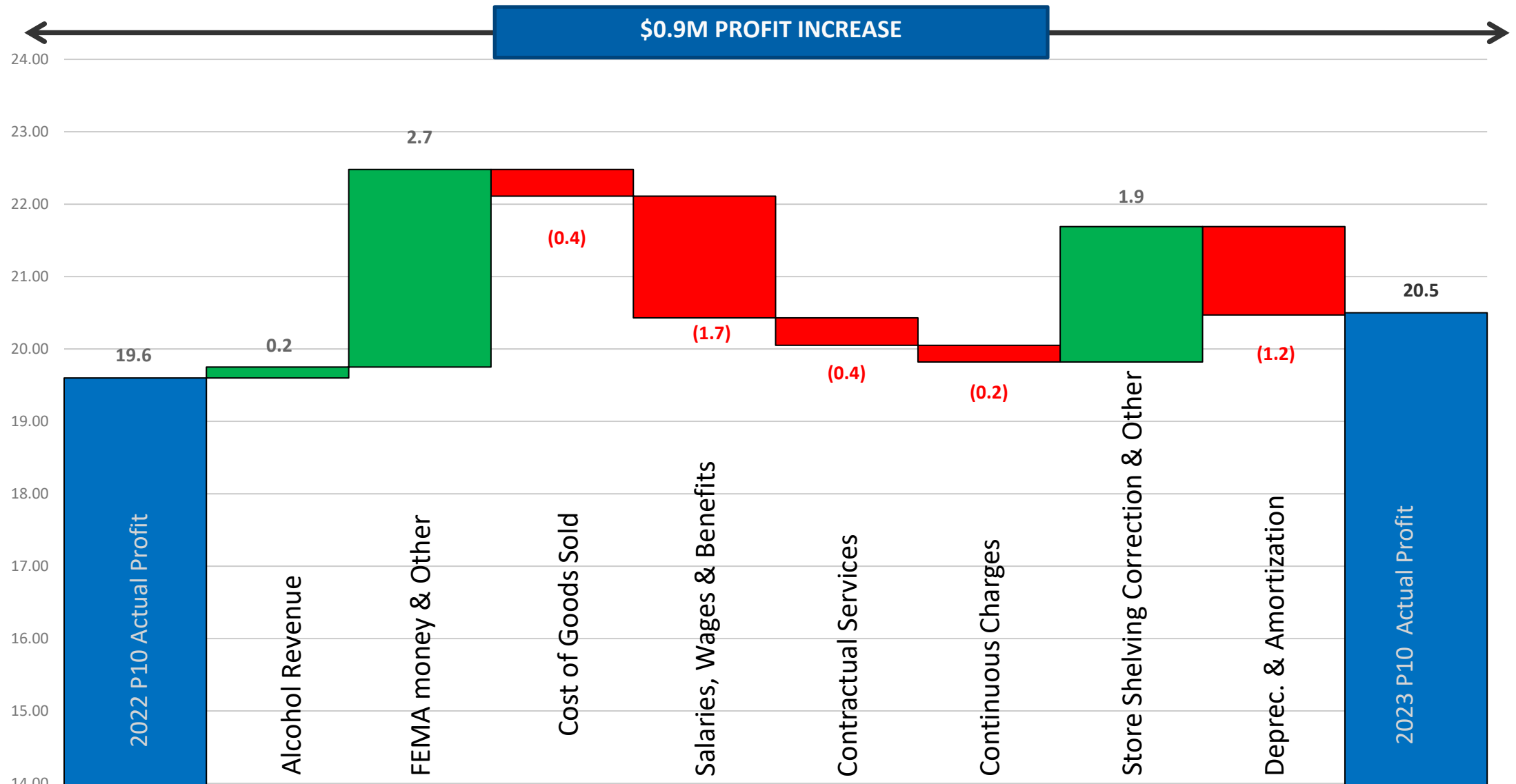
Notes: Fund 05001 was utilized because this represents the Operational revenue and expenses that are utilized to calculate the disbursements to the Commonwealth.
Contribution Margin - represents the amount of earnings available to contribute towards profit after removing the variable costs of operations.
Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



FY23-P10 Actual vs FY23-P10 Budget



FY23-P10 Actual vs FY22-P10 Actual



VIRGINIA ALCOHOLIC BEVERAGE CONTROL AUTHORITY

Contribution Margin - Income Statement (In Millions)

Fiscal Year 2023 - YTD as of 04/30/2023

	FY 2023		FY 2023		FY 2023		FY 2023		FY 2022	
	Actual	Budget	Variance	Percentage	Actual	Variance	Percentage	Actual	Variance	Percentage
Revenue Sources:										
Alcoholic Beverages (Store Sales)	\$ 1,191.6	\$ 1,169.6	\$ 22.0	1.9%	●	\$ 1,137.9	\$ 53.7	4.7%		
Online Sales	7.3	8.1	(0.8)	-9.9%	●	7.0	0.3	4.3%		
Other	21.9	18.7	3.2	17.1%	●	18.1	3.8	21.0%		
Gross Revenue	1,220.8	1,196.4	24.4	2.0%	●	1,163.0	57.8	5.0%		
Less: Spirits Excise Tax	198.4	195.1	(3.3)	-1.7%	●	189.4	(9.0)	-4.8%		
Net Revenue	1,022.4	1,001.3	21.1	2.1%	●	973.6	48.8	5.0%		
Variable Operating Costs:										
Cost of Goods Sold	575.1	566.1	(9.0)	-1.6%	●	548.3	(26.8)	-4.9%		
Variable Administrative Costs	175.8	181.1	5.3	2.9%	●	164.7	(11.1)	-6.7%		
Total Variable Costs	750.9	747.2	(3.7)	-0.5%	●	713.0	(37.9)	-5.3%		
Contribution Margin	271.5	254.1	17.4	6.8%	●	260.6	10.9	4.2%		
Contribution Margin as a % of Store Sales	22.6%	21.6%				22.8%				
Fixed Operating Costs:										
Fixed Administrative Costs	67.1	76.1	9.0	11.8%	●	54.7	(12.4)	-22.7%		
Regulatory Costs (Enforcement & Hearings)	19.1	25.6	6.5	25.5%	●	16.5	(2.6)	-15.8%		
Total Fixed Costs	86.2	101.7	15.5	15.3%	●	71.2	(15.0)	-21.1%		
ABC Net Profit	\$ 185.3	\$ 152.4	\$ 32.9	21.6%	●	\$ 189.4	\$ (4.1)	-2.2%		
As a % of Store Sales	15.5%	12.9%				16.5%				

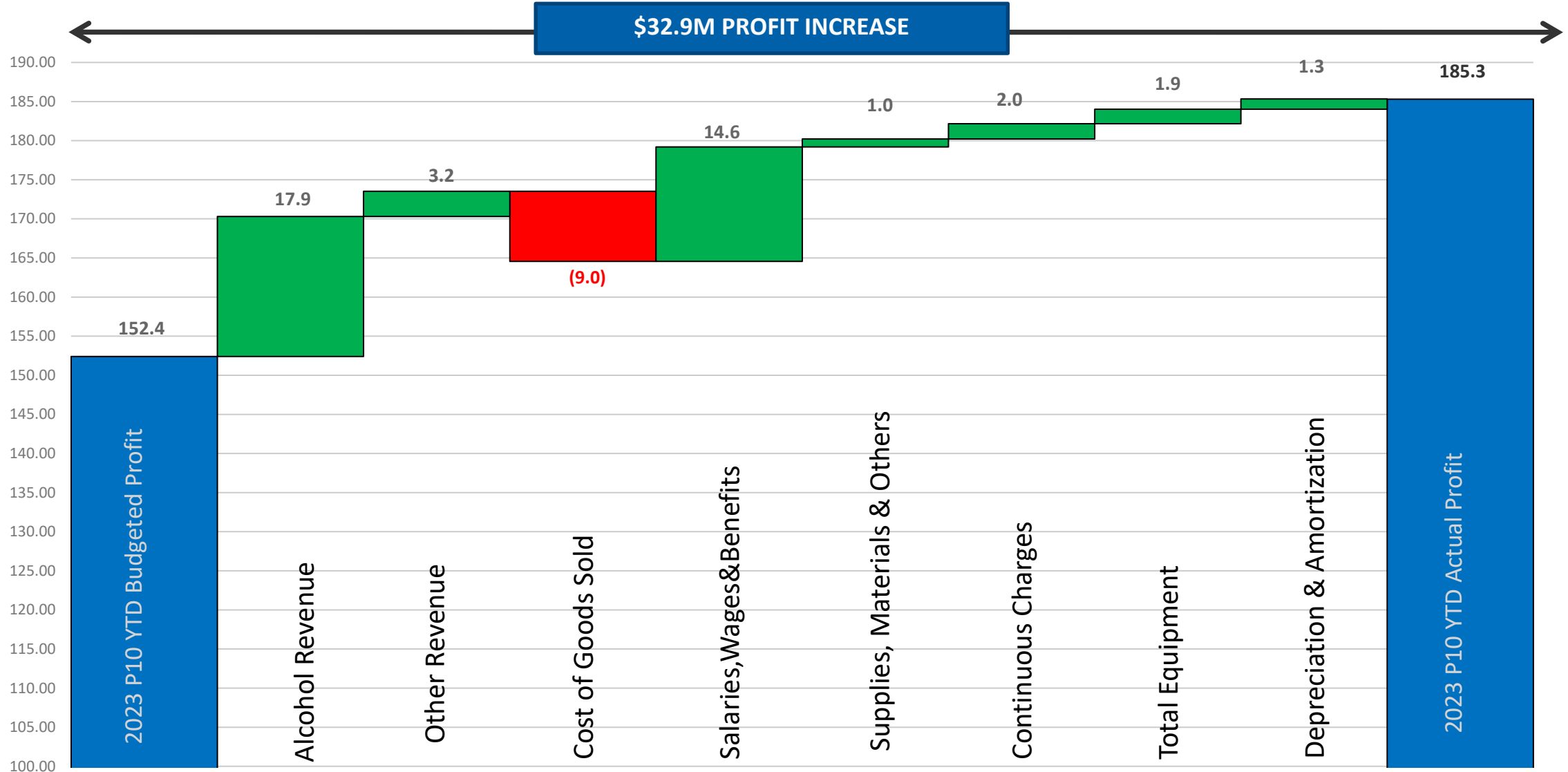
- Favorable Variance
- Unfavorable Variance

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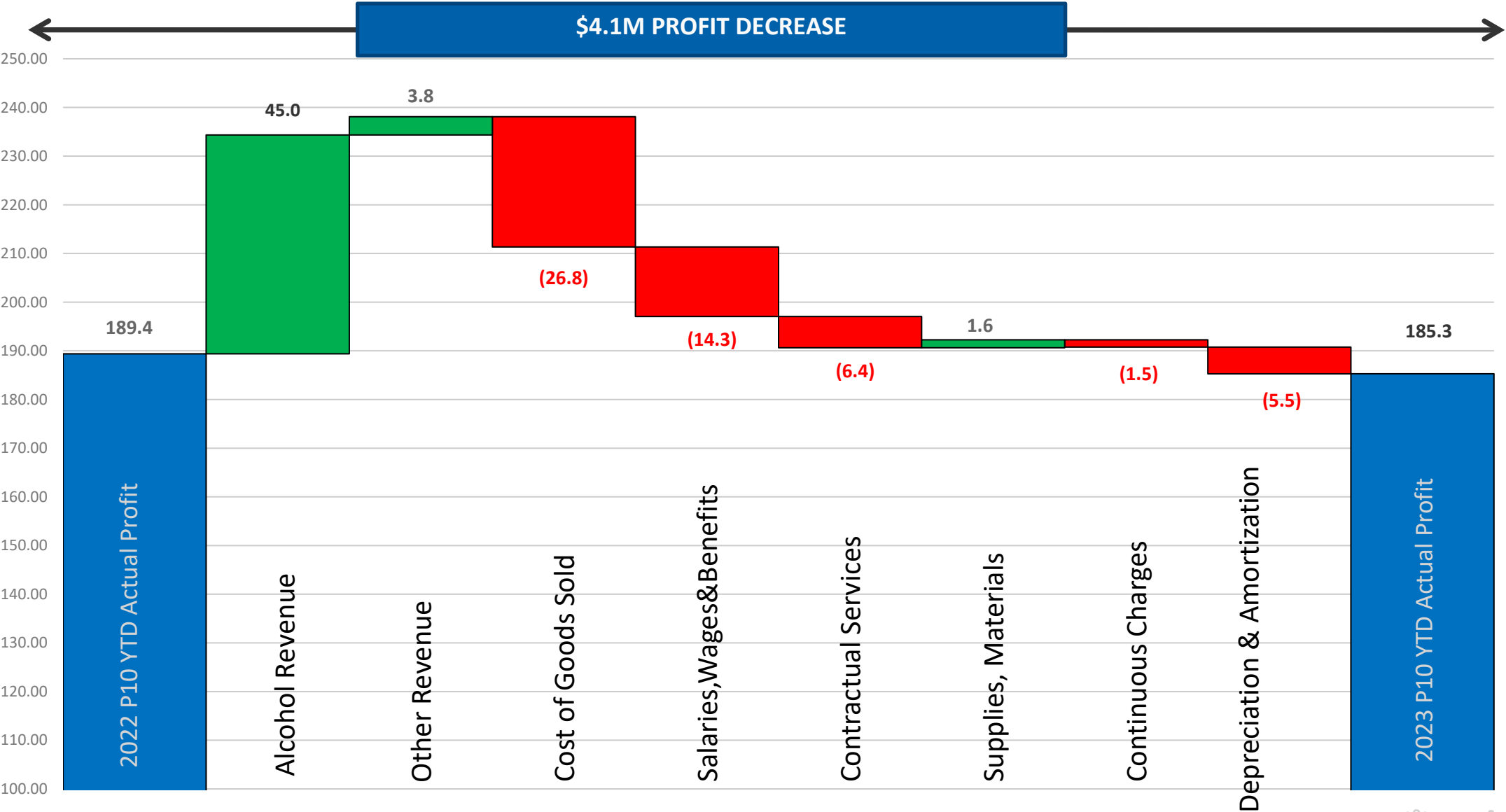
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 Example: if the sales forecast was increased by \$1M (with a 24% contribution margin), \$240K of additional earnings would flow through to profit.



FY23-P10YTD Actual vs FY23-P10YTD Budget



FY23-P10YTD Actual vs FY22-P10YTD Actual



Summary of Delegated Items

HUMAN RESOURCES					
Requestor: 04/01/2023 - 04/30/2023 Approver: David Alfano					
Working Title	Position	Pay	Reason Needed	Date Approved	Approver: CAO
Omni Channel Demand Planner	50303	113,200.00	NEW POSITION	4/27/2023	
Marketing and Product Specialist	71805	72,100.00	NEW POSITION	4/13/2023	
Administrative Staff Assistant	80601	55,200.00	NEW POSITION	4/13/2023	SINGLETON, JOHN - Director of HR
ITEM: Travel Authorization Reports (3 or more people or excess of \$5000)					
Participants	Meeting Information/Name	Location and Dates	Cost	Reason Travel Required	
Michelle Nicholas	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Jessica Williams	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Brittany Rogers	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Quishondra Headen	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Michelle Titanish	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Jaquett Nickens	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Frances Hill	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Lisa Mullins	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Kayla Noel	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Chris Cataldi	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Lekeia Williamson	2023 SHRM Conference	Richmond April 24-25, 2023	\$625.00	Professional Development	
Thomas Coleman	Defensible Security Architecture and Engineering Certification	Class is online	\$9,224.00	Professional Development	
ITEM: Recognition/Rewards of \$750 or higher					
Employee to receive	Manager	Reasoning	Amount	Approver: CAO	
Cash Award	SPENCER BERRY	JONES, SHELLY	Service	\$750.00	N/A
Cash Award	SPENCER BERRY	JONES, SHELLY	Performance Excellence	\$750.00	N/A
Cash Award	WILLIAM GODFREY	JONES, SHELLY	Performance Excellence	\$750.00	N/A
Cash Award	OLLIE HARRIS	JONES, SHELLY	Accountability	\$750.00	N/A
Cash Award	OLLIE HARRIS	JONES, SHELLY	Performance Excellence	\$750.00	N/A
Cash Award	AMIN MIRSHAHI	JONES, SHELLY	Performance Excellence	\$750.00	N/A
Cash Award	CHRISTOPHER RUPPERT	RUSSELL, JOHNNIE	Performance Excellence	\$750.00	N/A
Cash Award	CHRISTOPHER RUPPERT	RUSSELL, JOHNNIE	Performance Excellence	\$750.00	N/A
Cash Award	KEITH RUSSELL	WILLIAMS, PAUL	Integrity	\$750.00	N/A
Cash Award	JOE SATTELMAIER	RUSSELL, JOHNNIE	Performance Excellence	\$750.00	N/A
Cash Award	JOE SATTELMAIER	RUSSELL, JOHNNIE	Service	\$750.00	N/A
Cash Award	JACOB URBAN	PAINTER, ELTON	Service	\$750.00	N/A
Cash Award	JENNIFER WADE	RUSSELL, JOHNNIE	Performance Excellence	\$750.00	N/A



CIO Report – Paul Williams

IT Monthly Summary

IT KPIs (Work in Progress)

IT Support Summary

IT Monthly Summary

Introduction

We have worked on system stability with Accela for the remaining time VAL remains on site. It represents our major concern on reliability. ABC reached out and engaged Accela for support and the Pin Script was modified to relieve a significant source of system stress.

ABC went live with Service Now for ticketing in April. The Support KPIs will now generate from Service Now and footprints is retired.

IT KPI's are stable in April

Limited Availability and Lottery work will continue through the summer. Pinpad replacement and VAL transition to SaaS will run similarly. Several new compliance and maintenance efforts are currently in the approval process for implementation later in the year.

Significant effort in budget estimation and preparation for the 2024 budget cycle, and performance assessments for 2023.

IT Performance

Store cameras stalled waiting for the supply chain for equipment. A test of a new system that would give remote access to the old cameras is still in progress and has not yet been successful. We will continue to roll out to high theft stores once we have equipment on hand.

Severe supply chain issues exist for much IT equipment. We are beginning to see improvements now for Cameras, access points and computers. Switches are still limited.

We are assessing which project work gets prioritized for 2024 – some deferrals will likely need exceptions to document and accept the risks we will not address this year.

People

The staffing environment remains challenging, but we are seeing some improvement. Contract rates have not eased and we are still seeing primary competition from other state agencies – both for contractors and MEL positions but we are holding below a 10% vacancy rate. (The remaining vacancies are mainly senior and technical roles which are harder to fill). We will lose one hard to fill position to Tax in June (SecOps).

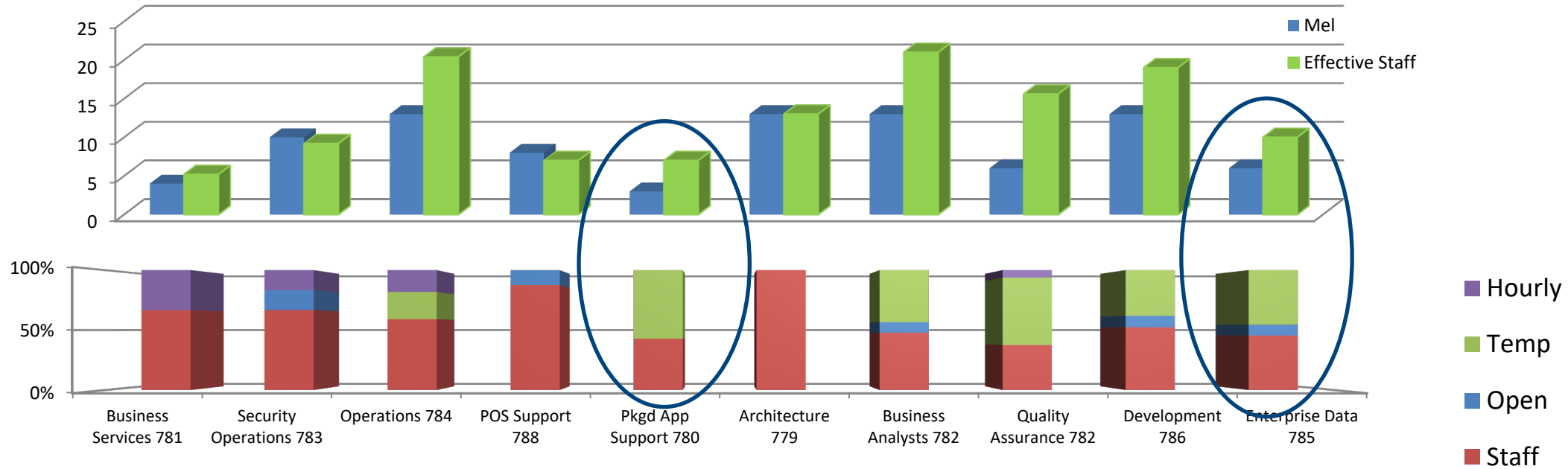
Many of our open positions are being filled by internal promotions or contractor conversions - which is great for our team, but creates vacancies as backfills for those that move and does not help the overall metric on staffing.

Even though we have seen Reductions in Force in significant numbers in the Private Sector this has not (yet) translated into availability or rate improvements for ABC.

IT KPI's (Work in progress)

Measure	Indicator	Current	C-1	C-2	C-3	Comments
Staffing (MEL)	Open + Exits (10,2)	8/1	8/0	9/0	9/1	Internal Promotion to another department
Reliability – Core	Ops hrs. uptime (99.9%)	99.9%	99.9%	99.9%	99.9%	VAL some spill over into April
Reliability POS	Lost Hours (all registers)	0.5	2.0	1.5	24	POS Excellent stability
Operational Support contacts	Total Footprints tickets, PST ext. calls & Emails	6,855	6,918	5,998	7,200	Volume stable on new ticketing platform
Registered Users (avg)	Domain Accounts,	4,765	4,750	4,723	4,708	Stable. Interns will bump in May / June - August
Resource Allocation	Hours Target / Alloc	138%	112.4%	94.3%	100.4%	Over target on Allocated hours
First contact ticket resolution	Tickets closed on 1 touch	94.05%	98.86%	95.12%	94.54%	70% is industry standard
Calls accepted	Answered calls	96.04%	97.35%	97.11%	96.7%	90% of calls answered is target
Average wait time	Customer wait time	28 sec.	19 sec.	30 sec.	22 sec.	1 minute max target. Increased wait time drives call abandonment.
Daily ticket average	Footprint tickets	84	80	88	92	Service Now live, Footprints retired
Average call handle time	Time to resolve	4.22 Min	4.65 min	4.07min	3.82 min.	15-minute target / estimate (industry)

Headcount Breakdown



The vacancy rate at 04/30/23 is 9% - 8 open Positions (was 9% - 8 open positions). We lost one to an internal promotion to the web team and backfilled a promotion (from a contractor). We turned over 2 BSA contractors in April (Net +0 for BSA). BSA contractors are still showing fairly high velocity churn.

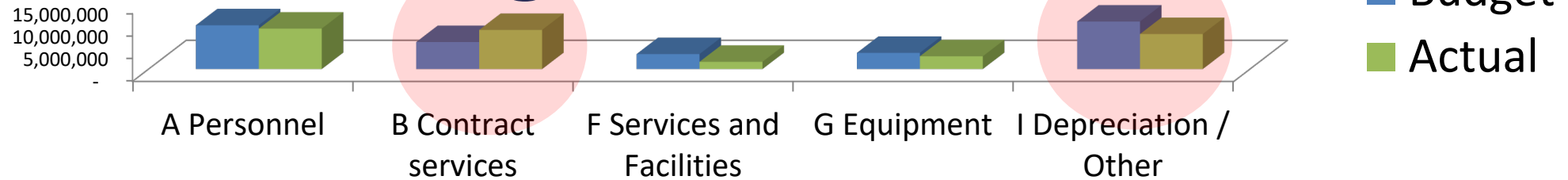
We have 7 active recruitments running at the end of April (was 7) Plus two inactive recruitments. The candidate flow for most positions is acceptable but candidate quality is challenging for senior positions. Although we anticipate market pressures easing as technology companies continue to trim headcount due to economic headwinds, we are still not seeing that improve supply locally. We are seeing significant competitive pressure from other state agencies.

Our MEL staff is fairly stable – internal moves within ABC is creating a small amount of turnover but we appear to be sustaining and slightly improving on current staff levels.

Converting contractors to permanent roles is slow. We are continuing to work on the hard-to-find skillsets - Enterprise Data and Development. Several of our new hires in support roles are contractor conversions. It is concerning that our main applicant inflow and outflow is with other state agencies – we believe that availability has created price competition between ABC and state agencies for limited resources and State agencies are offering rates similar to, or better, than ABC for some of these roles (particularly BSAs).

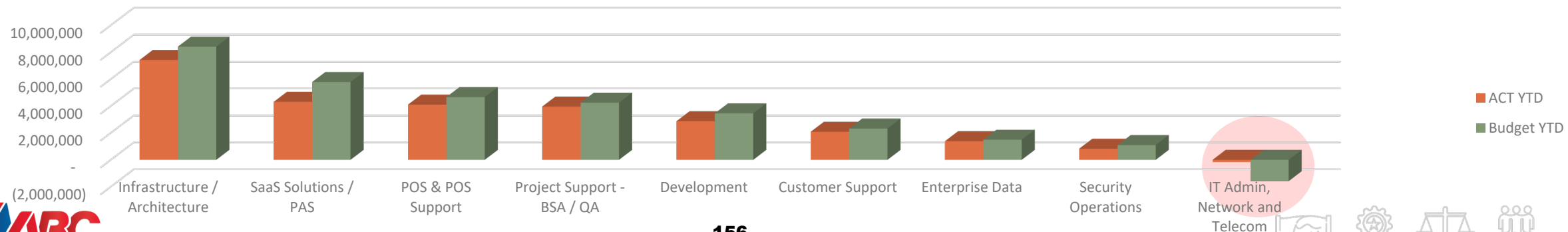
IT Finance / Budget

YTD IT Budget Performance



- Overall, in April we are YTD 9.9% (March 10.3%) under budget (\$3.3m). This was the first-year accounting for several new entries and accounting concepts, so there are still large variances between actual and expected (budget). The planned labor and contractor project labor recovery only shows in IT admin below. Key variances are as follows:
- Personnel costs (7.6% was 8.0%). The underspend is caused by unfilled open positions during the year (currently at 8 open / 9% open against planned 5% open). We also have and under recovery of Capitalized Labor on projects of \$190k. We have addressed differences I project budgeting / accounting in the 2024 budget.
- Contracts and services are over budget by 44.8%** (was 40.8%) (\$2.6m). The chart of accounts does not have appropriate detail for how ABC now acquires systems – as services – our migration to services has put charges onto different accounts to what has been historically coded. The net of the 3 affected areas is an underspend of 213K. The GASB technical accounting entries and shortfall on contract capitalization represent about \$5m of credits which have distorted the contracts line – for next year both of these entries will be pulled out separately in IT Admin. The GASB adjustments (credit and debit) appear to have been overstated by 1.5m – Credits in Contracts, Debits in Depreciation. Some variance is due to project execution and other timing delays and contract inflation has been below expectations (which is good). Inflation has likely only been delayed (we anticipated a partial year at 5% but we are already seeing some adverse increases for next year for growth in volume and inflation).
- Equipment is 758K under budget, largely due to supply chain issues delaying inbound fulfillment across many IT categories
- Depreciation which is also showing 26.3% under budget (\$2.8M) partly due to the depreciation element of GASB coming in \$1.5M under budget and delays in project capitalization.

Act vs Budget by Dept



CEO Report

Real Estate Leases

KPI Review






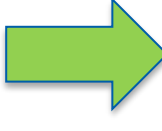


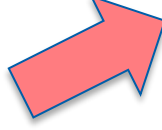
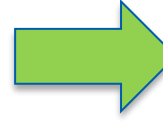


Real Estate Leases Signed

Store Number and Location	Leased Space	Term	REC Vote	Board Approval
New Store #528 (Jonesville – Lee County) 32505 Wilderness Road Jonesville, Virginia 24263	3000	10 years	10-18-22	11-30-22
Relocation of Store #045 (Springfield-Fairfax County) West Springfield Shopping Center 6230 Rolling Road, #17 Springfield, Virginia 22152	4020 square feet	10 years	1-17-23	2-23-23
Renewal of Store #175 (West Point – King William County) West Point Station Shopping Center 416 Lee Street, Suite B West Point, Virginia 23181	3100 square feet	5 years	3-14-23	4-20-23
Renewal of Store #303 (Warrenton) Warrenton Village Shopping Center 175 West Lee Highway Warrenton, Virginia 20186	5000 square feet	5 years	3-14-23	4-20-23
Renewal of Store #082 (Sterling – Loudoun County) The Shops at Cedar Lake 46930 Cedar Lakes Plaza Unit #100 Sterling, Virginia 20164	5525 square feet	5 years	12-13-22	1-11-23

8 out of 10 KPIs are green, Time to Fill higher than a year ago

Time to Fill higher than a year ago, while Retail In-Stock position has been upgraded to yellow as it nears historical norm of 98% not seen since the pandemic started. All other KPIs are green and trending as expected.

<p>Profit vs Forecast</p>  <p><i>YTD Profits exceed budget by \$33M</i></p>	<p>Sales vs Forecast</p>  <p><i>YTD Sales exceed budget by \$26M</i></p>	<p>Operating Costs as a % of Net Revenue</p>  <p><i>Below budget</i></p>	<p>Number of Transactions</p>  <p><i>Transactions rising</i></p>	<p>Average Basket Ring</p>  <p><i>Average basket rising</i></p>
<p>Number of OLO Transactions</p>  <p><i>Transactions as expected</i></p>	<p>Retail Store In-Stock Position</p>  <p><i>In-Stock Position nearing norms</i></p>	<p>Employee Turnover Rate</p>  <p><i>Wage and staff declining</i></p>	<p>Time to Fill</p>  <p><i>Time to fill rising</i></p>	<p>SWaM Spend</p>  <p><i>SWaM % above goal</i></p>

Data thru April 2022

Board Commentary

Public Comments