

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

November 8, 2023 - 1:00 PM
Iowa Alcoholic Beverages Division
1918 SE Hulsizer Rd
Ankeny, Iowa 50021
Dial In Number: 646.749.3122
Access Code: 535.038.477

Commission Members Present

John Pauli, Vice Chairperson
Sarah Winkleman, Secretary
Andrea Chase, Member
Gary Nystrom, Member

Department Staff Present

Stephen Larson, Division Administrator
Leisa Bertram, Chief Operations Officer
DeMario Luttrell, Bureau Chief Enforcement
Spencer Morehouse, Public Service Manager
Anthony Robben, DOIT
Tyler Ackerson, Executive Officer
Madelyn Cutler , Executive Officer
Amy Serck, Secretary
Chuck Crabtree, Program Planner
Sable Joseph, Attorney
Abigail Sills, Attorney
Sara Jacobson, DOIT

Guests Present

John Lundquist, Assistant Attorney General
Scott Peterson, Ruan
Kyle Doyle, Iowa Distilling Company

Department Staff Present (via telephone)

Mary Mosiman, Director
Sarah Cain, Program Planner
Darina Pekova, Public Service Executive
Stephanie Strauss, Executive Officer
Sheila Warrick, Administrative Assistant
Lisa Gibson, Program Planner
Alana Stamas, Public Service Executive
Jackie Bowlin, Storekeeper
Monica Lundstrom, Administrative Assistant
Nicole Scebold, Management Analyst
Scherael Thurston-Shell, Compliance Officer
Brandon Trapp, Investigator
Sarah Cain, Program Planner

Guests Present (via telephone)

Herb Sutton, Department of Management
Heather Hackbarth, Department of Management
Stephen Rodriguez, DOIT
David Adelman, Iowa Wholesale Beer Distributors
Eric Goranson, Goranson Consulting IRA & IHLA
Andy Deloney, DISCUS
William Daniel, BrownWinick Law
Ryan Brown, Ruan
Tommy Athey, Heaven Hill Distilleries
Xavier Leonard, Legislative Services Agency
Lynn Walding, DIAGEO
Brian Grant, Johnson Brothers
John Cacciatore, PolicyWorks
4 unidentified callers

CALL TO ORDER

Vice Chairperson Pauli called the meeting to order at 1:00 PM. Roll was taken and a quorum was met.

APPROVAL OF AGENDA

MOTION: A motion was made to approve the agenda for today's (November 8, 2023) meeting by Commissioner Nystrom and seconded by Commissioner Winkleman. The motion was approved unanimously.

APPROVAL OF MINUTES

MOTION: A motion was made to approve the minutes from the August 30, 2023, meeting by Commissioner Chase and seconded by Commissioner Winkleman. The motion was approved unanimously.

PUBLIC COMMENT

None

ADMINISTRATOR'S REPORT

DeMario Luttrell, Enforcement Bureau Chief, began his update by noting that the Bureau had conducted 140 investigations, 454 inspections and 60 audits through October, despite being short 3 investigators. Only 61 of those cases were forwarded to Administrative Actions for adjudication which shows that Iowa has a largely compliant industry and that the Alcoholic Beverage Division (ABD) is focused on education versus penalties. ABD is continuing to partner with local law enforcement agencies in the field. The next item that Mr. Luttrell addressed was the recent launch of the Iowa Department of Transportation's Mobile ID and the upgrades to ABD's Age to Purchase app to allow for verification of the Mobile ID. The Commission was shown a brief video that demonstrated the use of the Age to Purchase app. It was noted that as

other states add Mobile ID, ABD will upgrade the app to include verification of those IDs. Administrator Larson took a moment to note that the upgraded app could be used by those selling or serving alcohol to verify age in the moment as well as those conducting home deliveries. The last update concerned developments pertaining to THC/CBD products in alcohol. On July 1, 2023, regulation of consumable hemp moved from the Department of Inspections and Appeals to the Department of Health and Human Services. They have agreed to align with ABD's position that THC/CBD should be strictly prohibited in alcoholic drinks.

Chief Operations Officer, Leisa Bertram, opened her remarks by discussing quarter one (Q1) results for FY 24 and the changes that were seen in October. Liquor sales were down \$1.2 million in Q1 of FY 24 compared to Q1 of FY 23. September saw the first decrease in the number of LE's since January 2020. Through September, ABD was behind 1.1% in the amount transferred to the general fund. ABD had its largest October ever in terms of revenue. There was a \$2.2 million increase over October 2022 which closed the amount ABD is down for the year to .6%. There has been a decrease in the amount of revenue per delivery since there are smaller deliveries going out, however, there have been increases in the amounts of premium products and smaller sizes being delivered. At the end of October there were 2,048 LE licenses in the state, an increase of 9 from the previous month. Commissioner Nystrom asked if ABD was on track to meet or pass last year's reversion amount. Ms. Bertram responded that currently ABD is .5% behind on that goal, but she believes that ABD will be flat in the total amount reverted. Commissioner Pauli then inquired if ABD was seeing a stabilization in inflation from the manufacturers. Ms. Bertram replied that ABD has seen a move from an across the board 2% price increase to a 1% increase and 1% decrease in the price of products.

Ms. Bertram then moved on to the results of the warehouse capacity study that was conducted by Hy-Tek Intralogistics. Using information provided by ABD and Ruan, they were able to develop a model that can be changed based on various growth rates to predict the needs of different areas of the warehouse over 10 years. The conclusions that were reached include: the building has enough dock doors, there is a shortage of space for staging, the storage requirement is just over capacity, the building overall is slightly over capacity, but can be managed, based on current growth trends there could be an overall shortage of 52,000 square feet by 2033. Next steps in the process incorporate: memo on conclusions and recommendations, changes to policy and procedures, a planning committee that includes Iowa Department of Revenue/ABD, Ruan, and the Commission, determining the priority of updates or changes and implementing and tracking them as well as monitoring growth rates.

The upgraded Shop Portal will go live on January 8, 2024. ABD has sent out the first email to class E's and vendors concerning the upgrade and what they can expect. A second email will go out in December that includes training materials and videos. The goal of the upgrade is to be more user friendly and to have more up to date information available for retailers when they are ordering.

The ABD annual report will be released in December. This will be the last independent report produced by the division. Currently, ABD is in the process of editing the report.

Division Administrator Steve Larson took a moment to introduce Spencer Morehouse who will be overseeing the licensing area. He then updated the Commission on the progress of the realignment.

NEW BUSINESS

None

NEXT MEETING DATE

The next Commission meeting will be February 8, 2024. Information will be posted on ABD's website.

ADJOURNMENT

MOTION: A motion was made by Commissioner Winkleman to adjourn the meeting and seconded by Commissioner Chase. The motion was approved unanimously.

The meeting adjourned at 2:13 PM.

A handwritten signature in cursive script that reads "Sara Winkleman". The signature is written in black ink and is positioned above a horizontal line.

Commissioner Sara Winkleman, Secretary