

**IOWA ALCOHOLIC BEVERAGES COMMISSION**

MINUTES

January 23, 2024 - 1:00 PM

Iowa Department of Revenue, Alcohol & Tax Operations Division

1918 SE Hulsizer Rd

Ankeny, Iowa 50021

Dial In Number: 571.317.3122

Access Code: 268.384.069

**Commission Members Present**

Rachel Eubank, Chairperson

John Pauli, Vice Chairperson

Sarah Winkleman, Secretary

Andrea Chase, Member

Gary Nystrom, Member

**Department Staff Present**

Mary Mosiman, Director

Stephen Larson, Division Administrator

Leisa Bertram, Chief Operations Officer

DeMario Luttrell, Bureau Chief Regulatory Compliance

Steve French, Chief Financial Officer

Anthony Robben, DOM DOIT

Vince Bechtel, DOM DOIT

Amy Serck, Secretary

Chuck Crabtree, Program Planner

Pam Koehn-Miller, Secretary

Sheila Warrick, Administrative Assistant

**Guests Present**

Scott Peterson, Ruan

Jared Longfield, Ruan

Kyle Doyle, Iowa Distilling Company

Jessica Dunker, Iowa Restaurant Association

**Department Staff Present (via telephone)**

Spencer Morehouse, Revenue Operations Officer

Abigail Sills, Attorney

Stephanie Strauss, Executive Officer

Lisa Gibson, Program Planner

Alana Stamas, Public Service Executive

Jackie Bowlin, Storekeeper

Nicole Scebold, Management Analyst

Scherael Thurston-Shell, Compliance Officer

Sarah Cain, Program Planner

Sara Jacobson, DOM DOIT

Erin Verduyn, Administrative Assistant

Jessica Ekman, Executive Officer

Jon Mader, Accountant

Tara Huntrods, DOM DOIT

Tiffiney Brown, Administrative Assistant

Brandon Trapp, Investigator

Brenda Emelo, Executive Secretary

**Guests Present (via telephone)**

Herb Sutton, Department of Management

Heather Hackbarth, Department of Management

John Lundquist, Assistant Attorney General

Lynn Walding, DIAGEO

Jim Moran, Luxco

Isabel Waller, Cornerstone Government Affairs

Jennifer Husmann, Area Substance Abuse Council

Jeremy Thompson, Sazerac

Julie Forne, Iowa Alliance of Coalitions for Change

Kris Rankin, VBC Safe Coalition

Crissy Spratt, Golden Eagle Distributing

1 unidentified caller

## **CALL TO ORDER**

Chairperson Eubank 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 (January 23, 2024) meeting by Commissioner Pauli and seconded by Commissioner Chase. The motion was approved unanimously.

## **APPROVAL OF MINUTES**

MOTION: A motion was made to approve the minutes from the November 8, 2023, meeting by Commissioner Chase and seconded by Commissioner Pauli. The motion was approved unanimously.

## **PUBLIC COMMENT**

Jessica Dunker, of the Iowa Restaurant Association (IRA) made the Commission aware that the IRA is seeking a legislative change by adding the word 'or' to allow those that take the SafeServ or TIPS training to use that, as well as I-PACT training, for an Affirmative Defense for a first time sale to minor.

## **ADMINISTRATOR'S REPORT**

Division Administrator Stephen Larson began his report by having Steve French and Jared Longfield introduce themselves to the Commission. Mr. French is the new Chief Financial Officer for the Iowa Department of Revenue (IDR), and Mr. Longfield is the new Operations Warehouse Manager for Ruan.

Leisa Bertram, Chief Operations Officer, began her report by pointing out that through December, overall liquor sales for FY24 are down approximately .5% compared to FY23. Total revenue is down .3% and the only areas seeing increases are split case fees and bottle deposit and

surcharge. From an operations standpoint, orders and deliveries have increased, while cases, bottles and picks are down. This means that each order going out is smaller than it would have been previously. Although currently .6% behind, the transfer total estimate for FY24 remains \$151.5 million.

Ms. Bertram's response to Commissioner Pauli's question regarding possible compensation for decreases in revenue was not looking at increasing any fees but instead to look at viable ways to cut expenses such as raising the minimum order amount, which in turn could create less deliveries going out. Mr. Larson noted that the Alcohol & Tax Operations Division and Ruan will need to work together to determine what the benchmark key performance indicators are going to be moving forward and how to operate to meet those goals. The Commissioners discussed how to possibly determine the benchmarks with an emphasis on keeping the customer as the first priority.

The financial presentation continued with mentioning that since the last meeting there have been 23 new Class "LE" licenses obtained, with 11 of those procured in December. The largest growth and overall category remains convenience stores. Currently, FY24 is 20,351 or 3.7% behind FY23 for gallons sold, but trending similar to pre-Covid amounts. Gallons sold and liquor sales for calendar year 2023 track similar to a three year average for both categories. Numbers for liquor sales, bottles sold and gallons for the first three weeks in January are down and match the downward trend seen in FY24 for those categories. Trends contributing to these decreases that are being seen in Iowa and nationally are Dry January and more non-alcoholic options being available and promoted on social media.

Ms. Bertram started the operations report by stating that the bi-annual delist and overmax letters have been sent out and suppliers have until the end of the month to appeal. This is a chance

to open slots and change the capacity in the warehouse. She then indicated that the boiler replacement project had two of three boilers operational and the third soon would be. Bi-weekly progress meetings are taking place on the HVAC and Building Automation merger project. The removal of a majority of desk phones has commenced with an estimated savings of \$20,000-30,000. The procurement and installation of one additional wrapper for the warehouse has begun. Plastic pallets are being obtained for the pallet flow racks to increase safety and efficiency. Updates to the racking are being looked at to allow better movement in the high flow aisle. The updated shop portal will now be going live in March to allow for more testing by staff, vendors and customers.

Regulatory Compliance Bureau Chief DeMario Luttrell opened his remarks by mentioning that there were more audits and inspections in 2023 than in previous years. There were 475 routine inspections conducted in 78 of 99 counties. Of those inspections, only 140 had observed violations of Chapter 123 and in approximately 80% of those, onsite education was provided to correct the violation. In terms of complaint based investigations, more than 60% resulted in simple education being needed. In 2023, alcohol compliance investigations resulted in sales tax assessments totaling over \$1.2 million. The education and outreach program for law enforcement has continued to have a presence and has presentations scheduled for this spring. The Mobile ID Validation component within the Age to Purchase app has logged 386 validations since coming online in late October. There are plans to collaborate with industry groups and the Department of Transportation to educate the public and bring about more awareness of mobile IDs and the Age to Purchase App.

Mr. Larson concluded his report by indicating that there are grants being sought to pay for trailer wraps that include information about the new mobile ID. He then mentioned that the FY22

Audit report issued by the State Auditor office came back with no findings. Mr. Larson ended his report by making the Commission aware that the division is working on developing a plan related to the capacity study issued by Hy-Tek Consulting Group.

**NEW BUSINESS**

A discussion was held concerning future meeting dates and sites.

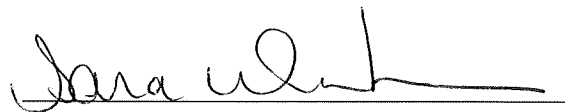
**NEXT MEETING DATE**

The next Commission meeting date will be determined after coordinating schedules. Information will be posted on the Iowa Alcoholic Beverages website.

**ADJOURNMENT**

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

The meeting adjourned at 2:39 PM.

A handwritten signature in cursive script, appearing to read "Sara Winkleman", written over a horizontal line.

Commissioner Sara Winkleman, Secretary