

IOWA ALCOHOLIC BEVERAGES COMMISSION

MINUTES

**Iowa Alcoholic Beverages Division
Golden Eagle Distributing
500 Golden Eagle Drive
Mount Pleasant, Iowa
April 4, 2018
10:00 A.M. – 1:00 P.M**

Commission Members Present

Gary Nystrom: Chair
John Pauli: Secretary
Rachel Eubank: Member
Christine Riesenbeck-Spratt: Member
Jay Wilson: Member

Division Staff Present

Stephen Larson: Administrator
Jodi Christensen: Safety and Security Coordinator
Nicole Scebold: Management Analyst 3
Herb Sutton: Manager, Business Operations

Guests Present

Edgar McGuire: Bootleggin Barzini's
Jim Van Klavern: Jim & Charlies Affiliated Food
Brandon Cummings: Hy-Vee Mt.Pleasant
Duane Mosses: Giggle Juice Liquor Station

CALL TO ORDER

Chairperson Gary Nystrom called the meeting to order at 10:02 a.m. and roll was taken. There was a quorum.

INTRODUCTIONS

Chairperson Nystrom asked everyone in attendance today to please introduce themselves and identify who they are with for the record.

APPROVAL OF AGENDA

MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Spratt to approve the agenda for the April 4, 2018 Commission meeting.

Motion approved.

APPROVAL OF MINUTES

MOTION: A motion was made by Commissioner Eubank and seconded by Commissioner Pauli to approve the minutes for the January 16, 2018 minutes.

Motion approved.

Chairperson Nystrom recognized Administrator Stephen Larson for the overview of the Iowa Liquor Wholesale Model.

ADMINISTRATOR'S REPORT

Warehousing and Transportation RFP Update:

Administrator Larson reviewed the timeline as to when we officially began the journey regarding the formalization to determine if it is feasible to enter into a public/private partnership. ABD worked with the Department of Administrative Services in reference as to what is put forth in an RFP, that entire process that began back in December of 2016. About four to six weeks ago the committee, which consisted of 12 individuals, met with Administrator Larson and made a recommendation that we should begin a journey of Intent to Award. The Department of Administrative Services and the evaluation committee felt through the scoring process that there was a qualified candidate that the State should approach formally to determine the credibility of the bid. In this Intent to Award process it is critical that if ABD would get into a contract negotiation our partner has the ability to demonstrate they could meet the current and future model for the delivery and distribution of spirits. This model is to sustain achievable outcomes as outlined under the purpose and strategic objective. The goals and objectives of the Intent to Award are to further explore detail comparison of hard costs, systems coordination, confirm their assumptions, and clarify any information submitted by Ruan to determine the credibility and validity of their bid. ABD did have a meeting with Ruan's leadership team on March 5, and the evaluation committee on March 22, 2018. ABD is scheduled to meet with Ruan again on April 17, 2018 to continue evaluating the credibility and validity of their bid. After the April meeting ABD can do the appropriate modeling in the future to determine if there is a cost benefit to the State. ABD will make a final decision on or before July 1, 2018 to determine if we will move forward with contract negotiations. If ABD would enter into any kind of private partnership that would not occur until January 1, 2019.

2018 Legislative Update:

SF2310 the Division's Technical Bill has been signed by the Governor. It passed 98-0 and 48-0.

SF2347 Personal Importation of Alcohol passed both the Senate and the House. This would allow people migrating into Iowa the ability to bring in a certain quantity of beer, wine or spirits.

SF2169 Dramshop was amended by the House and returned to the Senate for a final vote.

Product Management Update:

On or before July 1, 2018, ABD will be refreshing the listing and delisting policies. ABD will be modifying if necessary: size extensions, highly allocated programs, special order programs and pricing.

PUBLIC COMMENT

Duane Mosser: Commented that his store is 40 minutes from the border and personally knows people that go across the border to purchase alcohol because it's cheaper. Duane would like more communication and education to come from ABD regarding the laws of crossing the border to purchase alcohol.

Edgar McGuire: Commented he is also aware of people going across the border to purchase alcohol. He stated if ABD could cut the mark up to 40% it may help stop people from going across the border.

Edgar McGuire: Commented that bars also need to be looked at because a lot of them are bringing back liquor from outside of Iowa (gun shaped tequila for example) and more enforcement needs to be done on bars.

Brandon Cummings: Q. Asked if stores will still receive highly allocated email.

A. Nicole Scebold from ABD answered yes, re-sign up for the new list that is effective May 1st, ABD will be contacting corporations to obtain approval for their stores partaking in the highly allocated program.

Brandon Cummings: Q. Asked if delivery days will be changed if ABD moves forward with Ruan.

A. Administrator Larson replied that there will be conversations with licensees down the road and there is a possibility they could be changed.

OLD BUSINESS

None

NEW BUSINESS

Commissioner Nystrom congratulated Commissioner Wilson on his reappointment.

Commissioner Nystrom thanked Commissioner Spratt for hosting the meeting.

NEXT MEETING DATES

Stephanie Strauss will schedule a Telephonic conference call late April to approve ABD to proceed with rule making.

May 9, 2018 at Iowa Alcoholic Beverages Division headquarters. This will be a regular Commission meeting.

ADJOURNMENT

MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Pauli to adjourn the meeting.

Motion approved.

The meeting adjourned at 11:53 a.m.

A handwritten signature in black ink, appearing to read "J. Pauli", is written over a horizontal line. The signature is cursive and somewhat stylized.

Commissioner Pauli, Secretary