

# AGENDA

## IOWA ALCOHOLIC BEVERAGES COMMISSION MEETING

Hilton Garden Inn Sioux City Riverfront

June 13, 2018

1:00-4:00 PM

Meeting Room Salon 3

1132 Larsen Park Road

Sioux City, Iowa 51106

Dial in Number: 1.866.685.1580

Conference Code Number: 0009991572

Call to Order..... Chairperson Nystrom

- I. Introductions/Opening Remarks
- II. Approval of Agenda – **ACTION ITEM**
- III. Approval of May 9, 2018, and June 1, 2018, Minutes – **ACTION ITEM**

Administrator’s Report.....Administrator Larson

- a) Licensing Reform Status Update
- b) Business Operations Status Update

Public Comment – Iowa Liquor Wholesale Model.....Administrator Larson

New Business.....Chairperson Nystrom

- Election of Officers – **ACTION ITEM**
- Approval for ABD to move forward with rulemaking – **ACTION ITEM**

Future Commission Meetings.....Chairperson Nystrom

- Dates to be determined

Adjournment..... Chairperson Nystrom

NOTE: Committee and Board agendas may be amended any time up to 24 hours before the meetings. Agenda items may be considered out of order at the discretion of the chair. Meetings will not convene earlier than stated above. If you require accommodations to participate in this public meeting, call 515.281.7407 or TTY at (toll-free) 866.IowaABD to make your request. Please notify ABD at least 48 hours in advance

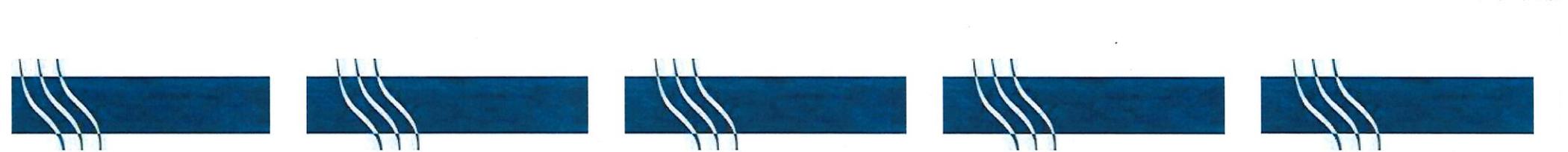
**Status Update**  
**Intent to Award – Ruan Transportation Corporation**  
**June 11, 2018**

I. Purpose / Strategic Objective

- a. The current and future model for the delivery/distribution of spirits attempts to achieve sustainable outcomes, within the Iowa marketplace that will maximize revenues for the state and stakeholders, minimize risk, be efficient and effective in meeting the service needs of retailers and provide Iowa consumers at the point of purchase brand selection.

II. Intent to Award Process

1. Confirm assumptions
  - a. Completed
2. Clarify any questions and information submitted by the awardee, and other information created on or before, and during the “Intent to Award” process.
  - a. On-going / Still in process
3. Site visits and other due diligence efforts by state officials and representatives to further explore the information contained within the bid document.
  - a. On-going / Still in process
4. Detail contract negotiations roles and responsibilities. (June 1, 2018)
  - i. Initial draft of contract to be completed by DAS-Central Procurement.
  - ii. Negotiate outstanding items between ABD/Ruan.
  - iii. Final draft to be signed by ABD.
  - iv. Final site visits and or other steps to finalize costs, benefits and ensure that the partnership between the state and the awardee is beneficial and well balanced with performance measures and governing language during the term of engagement.
5. Transition ---- Implementation ----- Coordination
6. Key Dates
  - a. See RFP time line



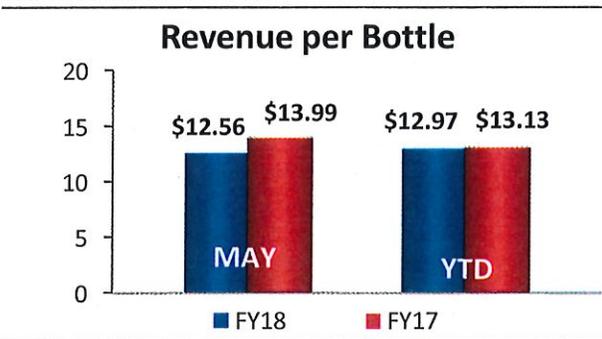
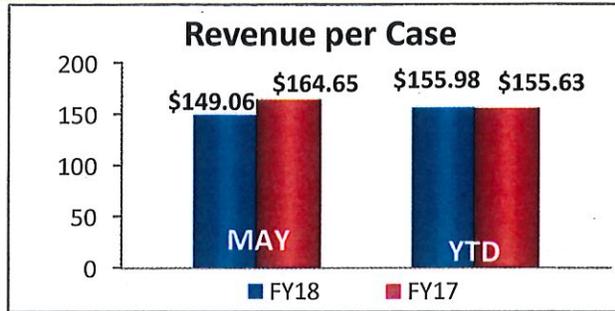
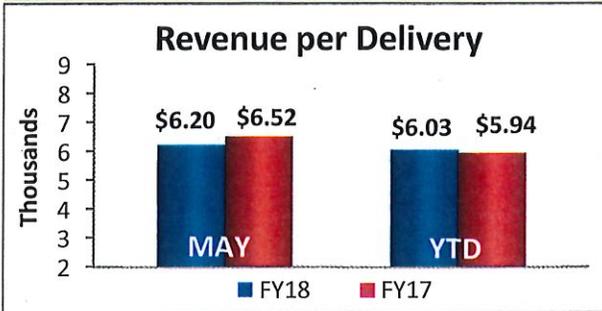
# RFP Time Table

| Task   | Dates      |            |
|--|------------|------------|
|  | Start      | End        |
| Forming the RFP - (Completed)                  | 12/01/2016 | 04/30/2017 |
| Finalizing the RFP - (Completed)               | 05/01/2017 | 05/04/2017 |
| Release Date - (Completed)                     | 05/08/2017 | 05/08/2017 |
| Solicitation of Proposals - (Completed)        | 05/09/2017 | 09/22/2017 |
| Respondent Mandatory Site Visit - (Completed)  | 06/21/2017 | 06/21/2017 |
| Final Due Date for RFP Questions - (Completed) | 08/21/2017 | 08/21/2017 |
| Evaluation of Proposals - (Completed)          | 09/25/2017 | 02/05/2018 |
| Intent to Award - (Completed)                  | 02/13/2018 | 06/01/2018 |
| Contract Development- (Started)                | 06/01/2018 | 09/01/2018 |
| Implementation/Transition                      | 09/01/2018 | 01/01/2019 |

Iowa ABD  
Monthly Financial Meeting

**FY 2018 MAY SALES COMPARISON YEAR OVER YEAR CASH BASIS**

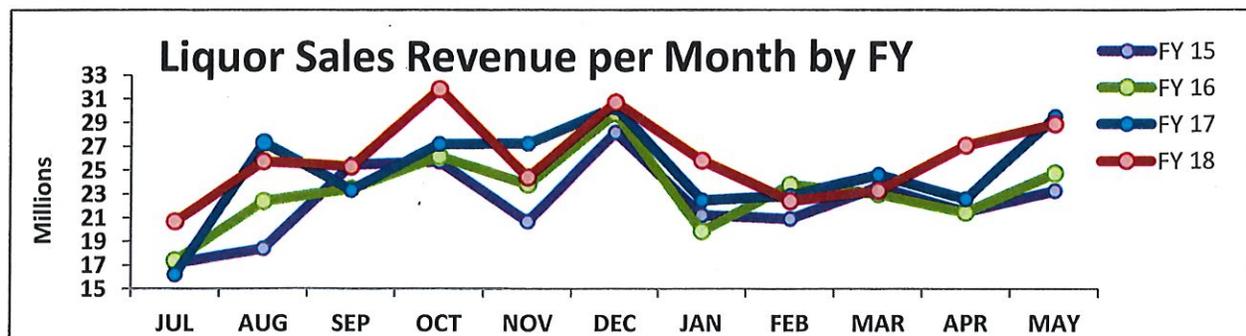
| Category             | FY 2018           | FY 2017           | % Change      |
|----------------------|-------------------|-------------------|---------------|
| Liquor Sales         | 28,885,362        | 29,486,763        | -2.04%        |
| Split Case Fee       | 140,728           | 150,219           | -6.32%        |
| Bottle Dep and Sur   | 279,051           | 281,110           | -0.73%        |
| <b>Total Revenue</b> | <b>29,305,141</b> | <b>29,971,350</b> | <b>-2.22%</b> |
| Deliveries           | 4,724             | 4,599             | 2.72%         |
| Orders               | 5,085             | 5,209             | -2.38%        |
| Cases                | 196,603           | 182,030           | 8.01%         |
| Bottles              | 2,332,509         | 2,142,863         | 8.85%         |



| JUL-MAY Average Sale Days Comparison |           |
|--------------------------------------|-----------|
| Month                                | YOY       |
| July - September                     | -1        |
| October - December                   | 0         |
| January-March                        | 0         |
| April                                | 1         |
| May                                  | 0         |
| June                                 | -1        |
| <b>Total For FY</b>                  | <b>-1</b> |

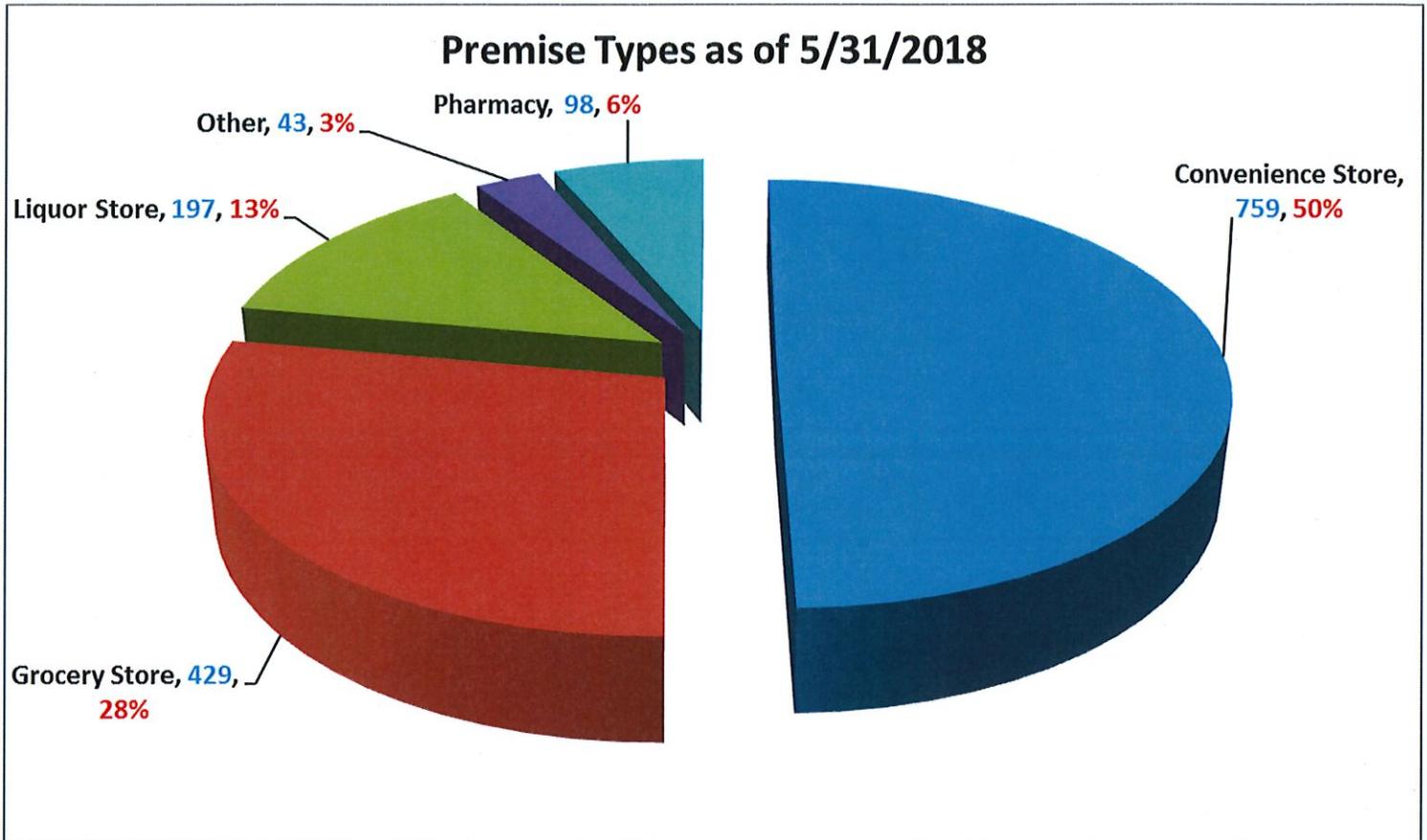
**JULY - MAY SALES COMPARISON - YEAR TO DATE**

| Category             | FY 2018            | FY 2017            | % Change     |
|----------------------|--------------------|--------------------|--------------|
| Liquor Sales         | 286,148,098        | 273,290,157        | 4.70%        |
| Split Case Fee       | 1,414,225          | 1,395,525          | 1.34%        |
| Bottle Dep and Sur   | 2,722,283          | 2,530,851          | 7.56%        |
| <b>Total Revenue</b> | <b>290,284,606</b> | <b>277,216,533</b> | <b>4.71%</b> |
| Deliveries           | 48,137             | 46,652             | 3.18%        |
| Orders               | 56,635             | 53,555             | 5.75%        |
| Cases                | 1,861,042          | 1,781,284          | 4.48%        |
| Bottles              | 22,374,904         | 21,108,852         | 6.00%        |



# Class E Licensees as of May 31, 2018

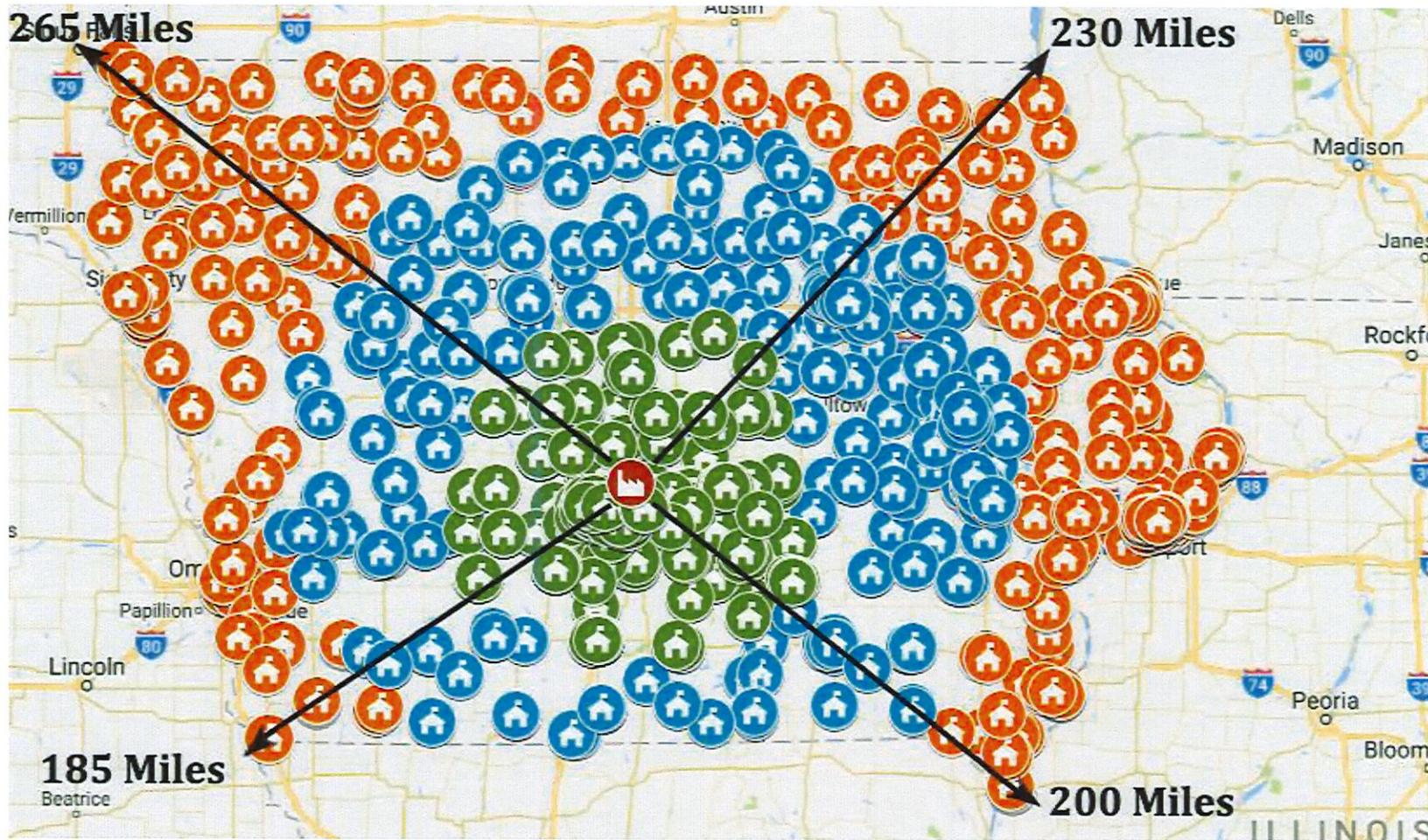
➤ 1526 active class E licensees



| Other                   |                   |
|-------------------------|-------------------|
| Bar/Tavern              | Hotel/Motel       |
| Casino                  | Redemption Center |
| Discount Store          | Specialty Shop    |
| Excursion Gambling Boat |                   |

- **Grocery Stores** (e.g. Hy-Vee, Walmart, Fareway, Costco)
- **Liquor Store** (e.g. Brothers Market, Smokin' Joe's Tobacco & Liquor Outlet, Central City)
- **Pharmacy** (e.g. CVS & Walgreens)
- **Discount Store** (e.g. Sam's Club)
- **Convenience Store** (e.g. Quik Trip, Casey's, Kum & Go)

# FY2018 May Iowa Class E Radius Analysis



The Iowa Alcohol Beverages division currently distributes to the state of Iowa through one central warehouse in Ankeny, IA.

**27% (403 of 1526) Class E's 50 mile radius.**

- 34% (\$98,253,349.44)
- 33% (7,327,758 Bottles)
- 14% of Iowa

**32% (492 of 1526) Class E's 50-100 mile radius**

- 25% (\$73,871,193.39)
- 26% (5,874,163 Bottles)
- 42% of Iowa

**41% (631 of 1526) Class E's 100+ mile radius**

- 41% (\$118,029,236.69)
- 41% (9,198,640 Bottles)
- 44% of Iowa

\*FY18' May analysis encompasses all LE sales (1560 LE's) both active and inactive. Returns, will-calls, and taxes/fees/surcharges not included.

\*\* FY18' May analysis consists of sales between 7/1/17 & 5/31/2018.

\*\*\* All data from NABCA

# Liquor Model History

**1934** March 6, 1934 – The Iowa Liquor Control Act is enacted. Iowa assumes direct ‘control’ over the wholesale and retail sale of all alcoholic liquors except beer. The Iowa Liquor Control Commission is established.

There were 71 different brands available in 1934. Today there are over 2,100.

Seagram’s 7 Bourbon cost \$2.95 for one quart. One quart today would cost around \$10.

**1985** Iowa’s monopoly of the wholesale and retail sale of wine is ended.

**1986** The Iowa Beer and Liquor Control Department is renamed the Iowa Alcoholic Beverages Division.

**1987** J. A. Jones begins services in partnership with the ABD to deliver spirits.

**1992** J. A. Jones declares bankruptcy. ABD resumes all services.

**2003** A study is completed to review if the state should be involved in the sale of liquor.

**2004** There are 540 class “E” licenses. The Division sells 3.4 million gallons of spirits.

**2005** J. A. Jones declares bankruptcy. ABD resumes all services.

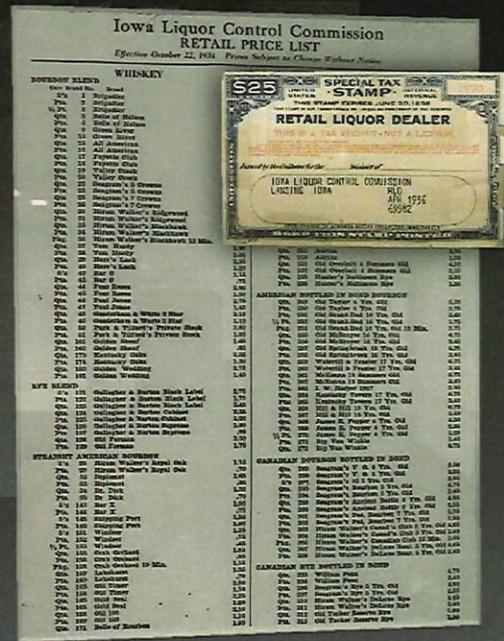
**2006** Crystal begins wholesale operations and ABD continues transportation. The contract is terminated after three months. ABD resumes all services.

**2009** A second study is completed to review if the state should be involved in the sale of liquor.

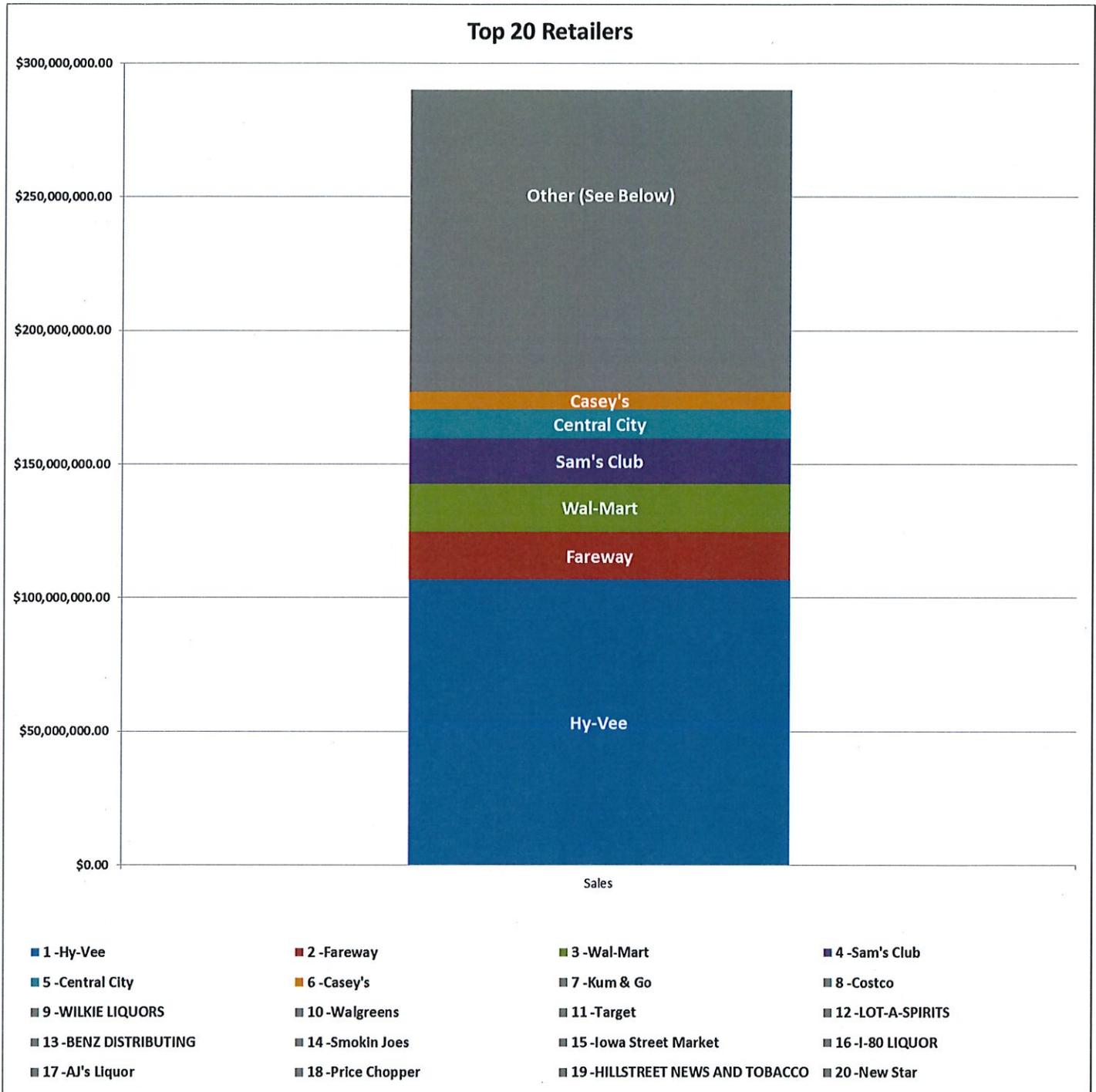
**2010** There are 861 class “E” licenses.

**2011** Liquor is now allowed to be sold in convenience stores. The number of class “E” licenses jumps to over 1,000.

**2017** There are 1,455 class “E” licenses. The Division sells 5.2 million gallons of spirits.



# Fiscal Year 2018 Top 20 Liquor Retailers As of 5/31/2018



## Brief Purchased Overview

- 20 retailers purchased 73% (\$211,664,514 of \$290,153,780).
- The top 5 retailers purchased 59% (\$170,513,441).
- Hy-Vee, Wal-Mart, and Fareway purchased 49% (\$142,619,402).

\*All sales based off NABCA data from 7/17 to 5/18; Data does not include fees, returns, or will-calls. Total retail sales = \$290,153,780.