

# IOWA ALCOHOLIC BEVERAGES COMMISSION

## MINUTES

Iowa Alcoholic Beverages Division  
December 11, 2018 – 1:00 p.m.  
Dial In Number: 1.866.685.1580  
Conference Code Number: 0009991572

### Commission Members Present

Rachel Eubank: Chair  
John Pauli: Vice Chair  
Crissy Riesenbeck-Spratt: Secretary (via phone)  
Jay Wilson: Member  
Gary Nystrom: Member

### Division Staff Present

Stephen Larson: Administrator  
Erin Carpenter: Executive Assistant  
Tyler Ackerson: Education & Outreach  
Leisa Bertram: Comptroller  
Jodi Christensen: Safety/Security & Brand Management  
Josh Happe: Bureau Chief, Regulatory Compliance  
Heather Schaffer: Compliance Officer 2  
Jake Holmes: Education and Outreach Program Planner  
Lolani Lekkas: Compliance Officer 2  
Stephanie Strauss: Government Relations  
Herb Sutton: Bureau Chief, Business Operations  
Jason Hohn: Licensing Clerk Specialist  
Pam Koehn-Miller: Secretary  
Martin Moen: IT Manager

### Guests Present

Ron DeVries: Ruan  
Tara Meier: Ruan  
Marty Wadle: Ruan  
John Bobleter: Ruan  
Lance Cheney: Ruan  
Eric Goranson: IRA  
Brad Epperly: Nyemaster Goode PC  
John Lundquist: AAG  
Angel Banks Adams: LSA  
Mackenzie Nading: IWBA

Brittany Lumley: Doll Distributing  
Kyle Doyle: Iowa Distilling Company  
Brian Guillaume: House Democrats 307  
Kelsey Seay: Iowa Brewers Guild  
Michael Jenkins: Brown Winick (via phone)  
Sam Crowder: Southern Glazer's (via phone)

### **CALL TO ORDER**

Chairperson Eubank called the meeting to order at 1:02 p.m. and roll was taken. There was a quorum.

### **APPROVAL OF AGENDA**

**MOTION: A motion was made by Commissioner Wilson and seconded by Commissioner Spratt to approve the agenda for the December 11, 2018, Commission meeting.**

**Motion approved.**

### **APPROVAL OF MINUTES**

**MOTION: A motion was made by Commissioner Pauli and seconded by Commissioner Wilson to approve the minutes for the September 26, 2018, and November 27, 2018 meetings.**

**Motion approved.**

Chairperson Eubank announced she was pleased that ABD's search for a private sector partner to provide warehousing and distribution services has come to a close. As of last Tuesday, December 5, 2018, the agency formally signed a contract with Ruan Transport Corporation. Chairperson Eubank congratulated ABD and Ruan. They both engaged in a deliberately slow and methodical contract development process to ensure that this will be a stable and successful partnership for both parties for years to come. She also thanked Commissioner Nystrom and Commissioner Pauli for their participation in the process. They not only lent their knowledge and expertise, but ultimately ensured that this Commission fulfilled its role of providing oversight, which we will continue to do moving forward. Chairperson Eubank recognized Administrator Stephen Larson for the Administrator's Report.

### **ADMINISTRATOR'S REPORT**

Administrator Larson thanked the Commission and attendees for attending the meeting today. Administrator Larson then recognized Comptroller Leisa Bertram for a financial management update. She mentioned starting in August there have been new personnel additions to accounting to reach seven associates in the accounting department. Ms. Bertram gave the fiscal update through November and stated that the liquor sales for November were \$28,138,662 which was a 15.32 percent increase. Ms. Bertram mentioned the monthly sale of licenses is up 56.54%, which is a new metric she is watching. The total General Fund Reversion YTD is at 51,230,844.70, up at an eight percent increase. The Reversion Analysis was then revealed that we are 43% of the way to our reversion goal.

Commissioner Pauli asked why the "per bottle" cost is increasing. Ms. Bertram replied that the freight insurance premium was due in November so that may be a driver for raising costs.

Commissioner Eubanks asked due to the increased ordering, if there was any tracking done for retailers to view inventory. Ms. Bertram replied that it is actually the case that retailers are ordering more but less often.

Administrator Larson next recognized Business Operations Bureau Chief, Herb Sutton. Mr. Sutton stated in FY18 there were four total injuries and ABD's overall FY18 workman's compensation cost was \$22,327.66. Mr. Sutton announced ABD will be adding around 25,000 square feet for a warehouse expansion and construction will start this upcoming April and end in 2020. Mr. Sutton addressed the analytics and graphs that addressed the number of returns that ABD processed during the past two years. He added the shop portal will have new options added to have licensees select a box at checkout stating they have reviewed their cart and confirm it is accurate. Administrator Larson also added there may be a possibility to provide analytics in the future to compare orders to past history.

Commissioner Wilson stated he would like to see the reminder checkbox at each individual item added to a cart instead of at checkout. Commissioner Nystrom interjected that he didn't believe it is entirely ABD's responsibility to ensure retailers have correct orders and believed the \$1,417,165 in returned sales is already too high.

Mr. Sutton remarked that there will be a new ABD return policy effective February 1, 2019. Notification letters, emails, and subscriptions of The Messenger will be sent to every Class E licensee.

Commissioner Eubanks asked if there was a goal we are striving for our returns to be at. Administrator Larson suggested we look at other states that have been in this situation to have some for comparison and provide metrics for success.

Administrator Larson recognized Safety/Security and Brand Manager, Jodi Christensen, to give an update on product management. Ms. Christensen announced there is a Broker and Supplier meeting next week and read the updated changes in the Listing Manual.

Administrator Larson recognized Regulatory Compliance Bureau Chief, Joshua Happe, for a regulatory update. Mr. Happe announced an update on the Alcohol Licensing Interface System (ALIS) that has a new target date of March 1, 2019 and the testing phase begins in January. Mr. Happe also added his usual statistics are all provided in the Annual Report.

Administrator Larson recognized Governmental and Public Relations, Stephanie Strauss, to give a legislation update. She addressed some important upcoming dates for the 88<sup>th</sup> Iowa General Assembly 2019 Iowa Legislative Session Timetable. Ms. Strauss also mentioned ABD will be submitting one bill request, the ABD Technical Bill, and gave an overview of the sections that are requested to be considered for revision.

Administrator Larson stated that ABD is in the process of adding the Listing Manual to the rules and will be provided to the Commission in stages. He also added that now that positions have been filled, we will begin meeting with the chairs of state government. Administrator Larson began his update on the Public/ Private Partnership of Distribution of Spirits. The control state model does work and will continue to be profitable and efficient. However because of the changes in the marketplace, industry and consumer expectations, the state needed to determine in the most transparent way possible, if the distribution model for spirits needed to be modified. Therefore, we began exploring the need for a RFP in November 2016 to determine the feasibility of a public/ private partnership in the distribution of spirits. DAS Procurement, the Attorney General's Office, OCIO, Ruan, and ABD worked hard to develop a contract for a long-term partnership that is sustainable, maximizes revenues, reduces risk, and is efficient and effective in meeting the service needs of our class "E" licensees. Administrator Larson announced that as of December 5, 2018, the contract with Ruan Transport Corporation has

been signed for six years with two possible bi-annual extensions for a start date of April 15, 2019. Administrator Larson also explained the transition teams for protocols, contract management, and governmental and public relations to keep everyone on track. Administrator Larson recognized Marty Wadle with Ruan. Mr. Wadle also introduced the Ruan representatives with him: Ron Devries, Tara Meier, John Bobleter, and Lance Cheney.

**PUBLIC COMMENT**

None

**OLD BUSINESS**

None

**NEW BUSINESS**

Chairperson Eubanks recognized Comptroller Leisa Bertram to provide an overview of the Fiscal Year 2018 Annual Report.

**MOTION: A motion was made by Commissioner Nystrom and seconded by Commissioner Pauli to adopt the Fiscal Year 2018 Annual Report.**

**Motion approved.**

**NEXT MEETING DATES**

**Tuesday, January 22, 2019 at 1:00 p.m. at Iowa Alcoholic Beverages Division, Ankeny**

The Commission also planned for more tentative dates for 2019.

**ADJOURNMENT**

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

**Motion approved.**

The meeting adjourned at 3:06 p.m.

*Crissy Riesenbeck-Spratt, Secretary*

**Commissioner Crissy Riesenbeck-Spratt, Secretary**