



Durham County Alcoholic Beverage Control Board Annual Report 2012



WHAT'S INSIDE

Greetings from the Board »»

Durham County ABC Board Members »»

Financial Highlights »»

About the Durham County ABC Board »»

Durham County ABC Employees: Customer Service
Beyond the Sale »»

One Year Later: New General Manager Takes Stock »»

Grant Programs: Making a Difference in the Community »»

Holloway Street Move: End of an Era and the Start of a
Brand New Day »»

Greetings From The Board

Dear Friends:

The Durham County ABC Board is pleased to present our FY2012 Annual Report highlighting the accomplishments of the year. As you review this report, you will see the pride that we have in our continued fiscal prudence and commitment to community service within our schools and universities.

This report will highlight our FY2012 grant recipients. You will learn how Durham T.R.Y., Together for Resilient Youth, has educated several hundred students in Durham to help lead the fight against alcohol abuse and under-aged drinking. Other grant recipients include the John Avery Boys and Girls Club which used their funding to provide a six week educational program to prevent underage alcohol use. The Board awarded major grants to the Durham Public Schools which used the funding to support a number of alcohol and substance abuse initiatives. North Carolina Central University, a multi-year, major grant recipient, continues its goal to increase awareness of the dangers of unhealthy choices among middle and high school aged youth and college students.

We check in with our new General Manager Emily Page to hear about her first year at the helm.

As if grant awards and new leadership aren't enough, we made all types of moves. We closed our last counter-store and opened a new self-service store on an adjacent property, thereby preserving our history in the Holloway Street community. We closed our retail operations on Sherron Road and in the Falconbridge Shopping Center and began construction on a new Woodcroft store.

We also share stories of our wonderful employees whose commitment to exceptional customer service makes all the difference to our success.

We appreciate the loyal patronage of our customers and we continue to be committed to our mission of effectively controlling the sale of alcohol in Durham County while focusing on our customers' needs and providing funding to our community. We offer our thanks to the Durham community for being our loyal stakeholders and customers.

We are thrilled to present this report and look forward to another prosperous and productive year.

Sincerely,

Kimberly Shaw, Chair

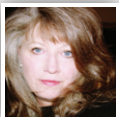
Deirdre Guion

Kevin Nelson

Erroll Reese

Connie White

Your Durham County ABC Board



Kimberly Shaw (Chair)

Served since August 2005

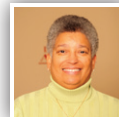
Kim Shaw is the Executive Director of the Volunteer Center of Greater Durham. She has 25+ years of experience working with nonprofits focusing on marketing, strategic planning, human resources and resource development. Shaw is very active in the community and has served on numerous boards in the Triangle.



Kevin Nelson

Served since August 2010

Kevin Nelson is a North Carolina native employed with Earthlinked Technologies, a residential and commercial geothermal company out of Tampa, Florida. He has been involved in the industry for 5 years as a Sales Manager and is heavily involved in Green Building. Nelson is a Certified Green Professional and a past Executive Board member for the Green Home Builders of the Triangle.



Connie White

Served since September 2006

Connie White is a management consultant focusing on small and medium-sized businesses. Her experiences include positions in finance, strategic planning and marketing operations. She has directed sales, strategic and marketing planning and customer service and support operations within the telecommunications, technology support and internet marketing industries. White received a BS from Hampton University and an MBA in marketing from the University of Wisconsin at Madison.



Dr. Deirdre Guion

Served since December 2011

Deirdre Guion, a Durham native, is an assistant professor of marketing at North Carolina Central University. She earned her Ph.D. from the University of Utah, an MBA from Duke University and a BA in economics from Spelman College. Guion has extensive corporate business experience gained at General Mills, Wachovia Bank and as an advertising consultant for corporate clients including Maybelline and Hanes Hosiery.



Erroll Reese

Served since August 2010

Erroll Reese is President of EWI Technologies, a Customer Relationship Management software and training company. He has a Bachelor of Science degree in Computer Science from Alabama A&M University and an MBA from UNC-Chapel Hill. His interests include Technology, Sports and Music.

Financial Highlights

Where the Money Goes

Gross Sales

State Excise Tax
Mixed Beverage Tax to NC Dept of Revenue
Mixed Beverage Tax to NC Dept. of Health and Human Services
Rehabilitation Tax to Durham County Treasury
Sales Tax on Wines/Mixers
Total Taxes

Percentage of Sales*
100%

Net Sales

Cost of Goods Sold (Includes surcharges and bailment charges paid to NC ABC Commission)

Gross Profit

Short term Operational Costs
Non Operating Expenses

Profit Before Distributions



DISTRIBUTIONS

Statutory and Additional Contributions to Durham County and City
Statutory and Additional Grants for Alcohol and Substance Abuse Prevention and Education

OTHER

Retained Earnings for Capital Improvements and Long Term Operational Costs

*Percentages are rounded



Financial Summary

Gross Sales

	FY2012	FY2011	FY2010	FY2009	FY2008
	\$ 25,218,637	23,967,592	23,319,059	22,905,798	21,198,026

Profit Before Distribution

	FY2012	FY2011	FY2010	FY2009	FY2008
	\$ 1,523,798	1,144,777	1,121,391	1,443,159	1,659,363

Rehabilitation Tax Paid to Durham County Treasury

	FY2012	FY2011	FY2010	FY2009	FY2008
	\$ 80,849	78,153	76,917	73,170	67,366

Distributions - S = Statutory Contribution, A = Additional Contribution

Durham County

	FY2012	FY2011	FY2010	FY2009	FY2008
S	\$ 638,630	608,035	595,284	603,378	557,006
A	376,370	300,965	313,716	406,622	452,994
	\$1,015,000	909,000	909,000	1,010,000	1,010,000

Durham City

	FY2012	FY2011	FY2010	FY2009	FY2008
S	\$ 70,959	67,559	66,143	67,042	61,890
A	41,823	33,441	34,857	45,180	50,332
	\$112,782	101,000	101,000	112,222	112,222

Total Distributed Profits to County & City

	FY2012	FY2011	FY2010	FY2009	FY2008
	\$ 1,127,782	1,010,000	1,010,000	1,122,222	1,122,222

Alcohol Abuse Education and Prevention Grant Program Distribution

	FY2012	FY2011	FY2010	FY2009	FY2008
S	\$ 85,012	56,963	53,668	71,386	91,403
A	—	8,138	—	20,396	—
	\$ 85,012	65,101	53,668	91,782	91,403

About the Durham County ABC Board

The Durham County ABC Board is committed to its mission of effectively controlling the sale of alcoholic beverages while providing exceptional customer service to our patrons and operating efficiently in order to maximize our funding to the Durham community.

In FY2012, Durham County ABC operated nine retail stores and four mixed beverage sales operations throughout the county. The organization has an in-house law enforcement unit, administers a grant program to support alcohol abuse prevention and education and contributes to the general operating funds of the County and City of Durham.

The Durham County ABC Board is operated by a staff which reports to a five member board. Board members are appointed by the Durham County Board of Commissioners and serve for three year terms.

Durham County ABC Employees:

Customer Service That Goes Beyond The Sale



Tracy Price makes her Holloway Street customers feel at home.

Making Customers Feel at Home

Tracy Price is a prime example of how all Durham County ABC employees bring the organization's commitment to customer service to life. Since 1997, Price has served her Holloway Street store customers as if they were entering her own home. She calls many customers by name and interacts with every one of them. She recognizes their humanity and serves their needs enthusiastically and professionally while providing the comfort of familiarity.

"Tracy understands the relationship between a business and its community. To Tracy, these aren't just customers; they are people with stories to tell. Tracy has a gift in that she connects with the people and they connect with her," says co-worker Perlie Davis, Support Services Director.

Tracy was an integral part of enabling Holloway Street regular customers to acclimate to the new self-service store that opened this year. Since the 1980's, customers had been accustomed to walking in the "old" Holloway Street store and having employees retrieve their product choices. Upon first entering the much larger, self-service environment, many customers found it intimidating. Tracy's warm greeting and her immediate direction to each regular customer to let them know where to find their favorites soon brought back the warmth and family feeling that has come to be a part of the "neighborhood store" culture. She is joined by her fellow Holloway Street co-workers in providing exceptional customer service that fits the community that they serve.

The Little Engine that Could

Though the T. W. Alexander Drive store faces fierce competition from a much larger Wake County ABC store just over a mile away, the customer friendly and service-oriented environment wins over many patrons that remain loyal in spite of another convenient option. Alexander Drive customers comment that it is the staff's friendliness, assistance and willingness to bring in whatever they want that keeps them coming back to that location. "The store is like 'the little engine that could' or like a 'Mom & Pop' operation facing competition from a Wal-Mart located nearby. The only way to survive that type of competition is through exceptional customer service and the Alexander Drive store staff rises to the challenge," says Emily Page, General Manager.



Michelle Jones of the Alexander Drive store gives a welcoming smile to a customer.



Mike Gillmer reviews his mixed beverage customer orders.

It's Just Part of My Job

Mike Gillmer, a 28 year Durham County ABC veteran and manager of Mixed Beverage sales (restaurants, bars and clubs), is yet another example of how Durham County ABC employees take their service commitment very seriously. Though Mixed Beverage operations are open from Monday through Friday, Mike is known to open his doors on a Saturday, if necessary, to accommodate unusual demand for "emergency orders." Often on a holiday or special event weekend, the stores that process emergency orders will be at capacity serving an exceptionally high volume of retail customers. On many occasions, Mike will drive across town on his day off to open "Mixed Beverage Central" for a few hours to accommodate his customers' emergency needs.

"Some smaller establishments are operating on a day-to-day budget, especially in this economy," says Gillmer. "A smaller customer may get wiped out of product on an extremely busy Friday. Coming in for a few hours during these special times is not a problem for me. It's part of my job. I'm here to serve my customers' needs."

Collectively, Durham County ABC employees bring nearly 445 years of experience to serving our patrons. We will continually look for ways to ensure that we are focusing on our customers' needs and keeping our customers engaged. To that end, our focus on product variety and product knowledge have expanded in order to better serve the growing diversity in our customer base including more women, younger patrons of legal drinking age and the growing Latino community in Durham.

Even as the industry and customer base change, our customer service commitment will remain the same. Durham County ABC employees will always go beyond simply ringing up the sale. To our patrons, our employees have become a familiar "friend" who is there to greet you and serve in whatever way is needed.

One Year Later:

New General Manager Takes Stock



When Emily Page accepted the duties of General Manager for the Durham County ABC Board last year, she brought her extensive business experience to the table along with a familiarity with the organization that allowed her to hit the ground running.

Prior to joining the organization, Page led an organizational and leadership development consulting practice that served clients in the corporate, governmental, healthcare and non-profit sectors across the United States as well as internationally. Her background includes over fifteen years of corporate business experience including positions in finance, marketing, human resources management and organizational development. She holds a BBA in accounting from Howard University and an MBA from Duke University where she concentrated her studies in marketing and organizational behavior.

Page served on the Durham County ABC board for seven years and was appointed Chair in August 2010. During her tenure at the helm of the Board, she assumed responsibility for ensuring that many organizational matters were managed without disruption upon the former General Manager's retirement. One year later, she believes Durham County ABC's mission of effective control, exceptional customer service and fiscal responsibility to the community are being demonstrated effectively.

"Our Board's relevance and success is hinged upon our responsibility to perform well on all of these measures," said Page, who noted that The Board's work has origins dating back to 1937 when Durham County voted to allow alcohol sales. Page sees her role as General Manager as ensuring that control, customer service and corporate citizenship are continuously strengthened.

Page emphasizes that the Board's value as a regulator is its foundation. She notes that The Centers for Disease Control reports that controlled alcohol sales have a positive impact on the community. Page believes that Durham County ABC's essential function is to ensure that alcohol control is effectively maintained.

With respect to ensuring efficiency and profitability in its operations, under Page's leadership in her first year, the Durham ABC Board has realized significant improvement in its profitability through a focus on cost reductions. Profitability has also been impacted by increased sales. Page has emphasized offering greater product variety, personalized customer service and increased product knowledge among the staff in order to help to boost sales as the industry rapidly expands its product offerings. Page believes that the more profitable Durham County ABC is, the more funding the organization has available to provide to the community. In FY2012, Durham County ABC made its largest contribution to the community in over 10 years. In addition to enabling the County and City's leaders to have more flexibility through an increased budget, greater funding also translates into expanded educational programs that reach the community with alcohol abuse prevention messaging and services provided through grant partners. (See grants)

For Page, the focus on the customer is prioritized in her everyday work as General Manager. She often spends time in the stores, talking with the front line staff and with customers directly to learn what Durham County ABC's patrons are excited about and want to see in their stores. "Making sure the organization's products and services are relevant to its growing customer base, retaining traditional customers, and dispensing the message on alcohol abuse prevention are key to Durham County ABC's mission," says Page.

Reflecting upon her first year, Page states, "I'm very proud of opening two new stores with a more modernized interior design. I'm also proud of the savings I've brought to the bottom line and of Durham County ABC's substantial contributions to the community," said Page. "I look forward to ensuring that Durham County ABC maintains its long standing record for effectively controlling alcohol sales and to continuously increasing our value to the community by maximizing our profitability which leads to greater financial contributions."



Grant Programs:

Making A Difference in the Community



Durham T.R.Y.

Durham T.R.Y.'s mission is to build healthy, resilient youth in a safe, drug-free community. An acronym for Together for Resilient Youth, T.R.Y. was founded by Wanda Boone and her husband in response to a 2003 report on the impact of gang violence and drugs on school-age youth. They began partnering with community and social service agencies to address community risk factors and make environmental changes.

"We took a look at non-compliant outlets that sell alcohol to minors and had found that ABC stores were much more compliant than convenience stores, which enhanced our regard and increased our respect for the ABC Board and their practices," said Boone. "The ABC Board is one of the best partners we could have."

Thanks to the Durham County ABC Board's financial assistance, T.R.Y. has touched 600 students through educational offerings for teachers and students. At Carrington Middle School, 200 students from each of the sixth, seventh, and eighth grades participated in a program that exposed them to the effects of media on their decision to partake in alcohol consumption or not. Students who completed the program are now considered student leaders. At Voyager Academy and Y.E. Smith schools, students enrolled in a seven-week course on alcohol abuse prevention.

The Boones are particularly proud of the 10 student team leaders who are responsible for carrying the messages learned during the program. These leaders will create additional teams of 10 to keep the message circulating. Monthly training is held with the students and their parents. The message is also carried through the program's Facebook page and Twitter feeds.

"This grant has allowed us to impact the community in ways that were not previously possible," said Boone. With its remaining grant funds, T.R.Y. is planning a special "Call to Action" event for youth with a keynote speaker and break-out sessions.



North Carolina Central University

Freshman students at North Carolina Central University are being challenged to make good decisions—particularly about drinking habits. The university used a Durham County ABC Board grant to provide more than 1500 students from the public schools and the college with outreach training, behavioral surveys, and simulations purposed as preventative measures against alcohol abuse.

Dr. Carolyn Moore, Director of the Counseling Center, said outreach training within the Durham Public Schools has touched 417 students at Hillside and Jordan high schools and Chewning Middle School, surpassing the university's goal of providing services to 400 DPS students. "That was major," said Dr. Moore.

Other major efforts included showing a video vignette that illustrated the consequences of underage and event drinking. Students also attempted to walk a straight line while wearing vision-impaired goggles that simulate the visual experience of an inebriated person.

A total of 1,081 freshmen completed part one of a two-part on-line course on alcohol education; of that number, 506 completed part two. From that data, staff gleaned encouraging news: NCCU students' drinking rates are below the national average. Halfway through the school semester, only 5% reported high-risk drinking behavior. Other findings included students sharing that their most common drinking-related behaviors are shots and pre-gaming (drinking before an event). Results also indicated an increase in positive behavioral intentions, noting a need to change or a readiness to change.

NCCU also conducted 256 alcohol screenings on campus and at a Behavioral Health Fair, surpassing their goal of 100. During freshman "Week of Welcome," counselors performed a skit to illustrate the consequences of binge drinking and promoted substance abuse education and consultation.



BOYS & GIRLS CLUBS
OF AMERICA

John Avery Boys and Girls Club

Thanks to funding from the Durham County ABC Board, John Avery Boys and Girls' Club sponsored a six-week alcohol prevention program for youth ages 10 to 18. Through a combination of learning methods including training sessions, guest speakers and field trips, the program focused on educating participants on the consequences of underage drinking and empowering them to make good choices. The program's success was measured through the use of pre- and post testing of participants' knowledge and awareness regarding alcohol use.

According to Sheila Ryba, Executive Director, "All students had an increase in knowledge based upon their pre-test scores as compared to their post-test scores with the exception of three students whose scores remained the same. However, of those three, one made a perfect score on both the pre- and post-test and the other two students each missed only one question on both." The surveys also indicated that the program will likely have an impact on participants' future choices. Of the four participants who indicated that he/she had previously tried alcohol before participating in the program, only one reported post-program that he/she will drink again before reaching 21 years of age.

Guest speakers provided insight into the law and the possible legal ramifications of choosing to indulge in underage drinking. Speakers included Officer Reese Carson III of the Durham Police Department, who not only explained what happens when one is caught drinking underage, but also shared stories of tragic incidents he had witnessed that were caused by drunken driving. Judge Brian Wilkes, another speaker, educated participants on the court system and how underage drinking and drunken driving are handled within it.

Participants also took a field trip to the Poe Center for Health Education to attend the "For the Health of It!" program. During the 60-minute course, students discovered how using drugs and alcohol can damage their brains and bodies and affect their decision-making skills. Students also engaged in role-playing scenarios that reinforced their refusal skills.

Grant funding was also used to sponsor a "Alcohol Prevention/Underage Drinking" health fair for club members, parents and guardians. The health fair featured a panel of speakers and information booths.



Durham Public Schools

Michelle Hedgepeth-Smith, Director of Student Services for the Durham Public Schools, says the \$25,000 grant that the Durham County ABC Board awarded to the Durham Public Schools has already made a difference in awareness and prevention among its students.

"We awarded mini-grants to counselors who have used them for anti-alcohol/drug programming, fitness, and character development," she said.

As well, the money has been used to grant scholarships to students identified as needing substance abuse counseling due to anti-substance abuse policy violations on school property. The scholarships enabled the students to participate in the "Speaking Out Against Substance Abuse" program offered by Durham County Teen Court and Restitution.

Durham Public Schools is also using the grant money to refer students for mentoring through the Juvenile Crime Commission's PROUD (Personal Responsibility to Overcome with Understanding and Determination) program. Finally, the school system is working with Duke University's Behavioral Health Clinic to provide drug education and counseling.

"We do appreciate this grant because it replaced federal grant funding that was cut and specifically funded these purposes," said Hedgepeth-Smith.

Holloway Street Move:

End of an Era and the Start of a Brand New Day

2012 marked the end of an era of counter-service for Durham County ABC with the closing of its last "counter store" on June 12th. A new store opened for business right next door to the former location on Holloway Street on June 13th, completely designed for self-service, an increased number of patrons, and a larger selection of alcoholic beverage products.

Durham County ABC hosted a Grand Opening in observance of "a brand new day for our Holloway Street store," said Emily Page, General Manager. "We remain in an established neighborhood but with an impressive, updated store that will offer greater variety and a contemporary shopping experience. We're excited that this store configuration will lend itself to even greater customer service. Now we can provide customer guidance as they pick out their own products, not to mention the new product offerings from which they'll have to choose."

The new structure offers a pleasant and appealing atmosphere for ABC customers who desire an array of choices as well as those who patronize the establishment for their favorites. Just as importantly, the revamped store will serve to enhance Durham County ABC's financial contributions back to the community it serves.



Other Location Changes in FY2012

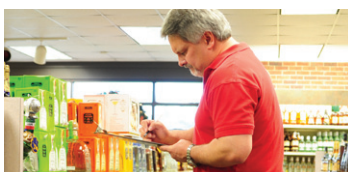
Closings

Falconbridge on January 31

Sherron Road on May 31

New Store

Construction began at 4717 Hope Valley Road (Woodcroft Shopping Center); it opened in early FY 2013.



Durham County ABC Store Locations



1928 Holloway Street
Durham, NC 27703
(919) 682-4943



5202 Highway 55
Durham, NC 27713
(919) 544-1278



2806 Hillsborough Road
Durham, NC 27705
(919) 286-2525



3620 Durham Chapel Hill Boulevard
Durham, NC 27707
(919) 493-6773



2121 TW Alexander Drive
Morrisville, NC 27561
(919) 598-9761



3318 Guess Road
Durham, NC 27705
(919) 477-0860



5234 N. Roxboro Road
Durham, NC 27712
(919) 471-4854



4717 Hope Valley Road
Durham, NC 27707
(919) 419-9811

Durham County ABC Administrative Office

3620 Durham Chapel Hill Boulevard
Durham, NC 27707
(919) 419-6217
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