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**DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL**

3620 SHANNON ROAD, SUITE #200  
DURHAM, NC 27707

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DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL

**DURHAM COUNTY  
ALCOHOLIC BEVERAGE CONTROL BOARD**

*3620 Shannon Road Suite #200  
Durham, NC 27707*

**FY 2023 – 2024 PROPOSED BUDGET**

**DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD  
MEMBERS**

*Daniel Edwards (Chairman)  
Gale Adland  
Donald Lebkes  
Frachele Scott  
Ryan Urquhart*

**GENERAL MANAGER**

*Lou Sordel*

PHONE: (919) 419.6217

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BOARD CHAIR: DANIEL EDWARDS  
BOARD MEMBERS: GALE ADLAND, DONALD LEBKES,  
FRACHELE SCOTT, RYAN URQUHART

DURHAMABC.COM

GENERAL MANAGER: LOU SORDEL

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## Durham County Alcoholic Beverage Control Board

Lou Sordel  
General Manager

May 16, 2023

Dear Durham County Residents:

I consider it a privilege to present you the Durham County Alcoholic Beverage Control Budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024 (FY 23-24). This budget has been prepared in accordance with North Carolina General Statute §18B-702. It is balanced and identifies all revenue and expenditure estimates for the upcoming fiscal year.

The following Budget is the comprehensive spending plan for the Durham County ABC Board for the Fiscal Year 2023-2024. In compliance with ABC system legislation in North Carolina, this budget document has been formally issued directly to citizens. The Board of Durham County ABC welcomes the opportunity to discuss this budget plan with you.

Budget preparation and implementation are critical to any organization. This process is not only for estimating revenues and expenses, but also for prioritizing the needs of Durham County ABC so that we can continue our multi-pronged mission to provide excellent customer service to the citizens of Durham, to contribute to the effective control of the sale of alcoholic beverages in our community pursuant to the public policy of our State, and to maximize the financial contribution that we make directly to the City and County of Durham and through funding grant programs that provide vital alcohol abuse education and prevention services.

### Highlights of the FY 2023-2024 Budget

#### Revenue and Other Income

The budget projects revenue from liquor sales and other receipts to be \$65,304,872 for FY2024. These projections are based on expected sales increases which reflect both current trends and strategic planning.

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## Facility Improvements/Purchases

To grow and to meet new demands of a growing population and new consumer shopping habits successful organizations must change and adapt. The DCABC Board is constructing building number four (4), new retail store, which will be paid for using working capital. We will continue to make various facility and technology improvements that will enhance the shopping experience for our customers including the ability to order products online and integrate the special order process into our Point of Sale system. We understand how losing power at our ABC stores during unexpected outages affects our citizens. To prevent inconveniencing of our customers and their experience, we will be adding two generators to our stores on Holloway St and Sherron Rd. The budgeted investments for the new building are \$2,500,000. We are estimating that \$1,500,000 of those expenses to be in FY 2024. Total budgeted amount for the construction and install of generators is \$160,000.

## Compensation and Benefits

Durham County ABC's most valuable assets are our employees. Included within this budget is 6% average increase. It consists of 4% cost of living increase and the additional merit increase. This increase will help our team with the inflation adjustment and to be in line with surrounding business. Salaries and wages are budgeted at \$4,300,000. Our focus for the next fiscal year lies with our health benefits package. In a tough competitive market we will be changing over to Durham County health care model to better serve our employees. The total budgeted compensation and benefits including salaries and wages amount is set at \$6,012,551.

## Profit Distributions

Durham County ABC Board returns a large percentage of its profits to the citizens of Durham County. Distributions to Durham County are budgeted at \$4,165,388. Durham County ABC Board has budgeted \$2,700,000 for distribution to the general fund of Durham County and \$290,000 to the general fund of the City of Durham. Budgeted amounts are statutory requirements based on specific percentages of our profits plus an additional 60%.

Distributions are paid quarterly. At the end of each fiscal year the Durham County ABC Board determines the actual amount of contribution that can be made, often exceeding the statutory requirements. This year, with budgeted amounts exceeding the statutory requirements, adjustments could be made downward if business performance does not meet expectations. The final contribution decision is based on statutory requirements plus how much funding is available over the anticipated operating and strategic needs funding that will enable Durham ABC to continue to thrive over the long term. Distributions for Law Enforcement are budgeted at \$660,388.

North Carolina Alcoholic Beverage Control statutes require that Durham County ABC distribute specific percentages of its profits to the general funds of the County and the City of Durham and for alcohol education in the community. The Board considers these distributions that will be used locally for the public good to be an important part of its mission. Durham County ABC Board is budgeting distributions for non-profit organizations 18B805(h) at \$515,000.

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## Major Projection Variables and Assumptions

### Operating Projections

The Board's primary source of revenue is the sale of spirituous liquor. Projected sales growth is an important assumption in our proposed budget. Understanding the needs of our Mixed Beverage accounts and finding the special requested products was a great strategy this year. We worked tirelessly to insure we had adequate in-stocks of products that our customers wanted to drive sales in the retail and Mixed Beverage business. This strategy was successful and we are projecting to end our fiscal year over last fiscal year by a 7% comparative increase in Year to Date sales. In FY2024 we are forecasting retail sales at \$50,250,000 and mixed beverage sales at \$14,000,000 for a total sales budget of \$64,250,000.

Taxes related to the sale of spirituous liquor and fortified wine are budgeted at \$14,977,318. The Cost of Goods Sold is budgeted at \$33,410,000.

Total operating expenses are budgeted at \$3,187,176.

### Profit Distributions

After the expenses required to meet the needs of the business are met, our estimated profit is \$5,057,828.

After all budgeted distributions, net income will be \$ 1,892,439.84. The Board determines how this net income can best be utilized to fulfill the strategic plans for Durham County ABC.

### Staffing Levels

Durham County ABC anticipates utilizing 60 full time, active employees for FY2024. This includes 52 store and warehouse employees and 8 administrative employees. In addition, 65 part-time employees are utilized in the stores and warehouse based on the needs of the business. Contracted employees are utilized to provide ABC Police Services throughout Durham County and security in the stores.

The board and staff of Durham County ABC appreciate the opportunity to serve the Durham community.

For more information on the Durham County ABC Board, please visit [www.durhamabc.com](http://www.durhamabc.com) or call 919-419-6217.

Sincerely,

Lou Sordel  
General Manager

PHONE: (919) 419.6217

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## DURHAM COUNTY ABC BOARD BUDGET RESOLUTION FY 2023 - 2024

This proposed budget for FY 2023-2024 was submitted to the Durham County ABC Board on May 16, 2023 by the General Manager.

**Section 1. Estimated Revenues.** It is estimated that the revenues listed below will be available during the fiscal year beginning July 1, 2023 and ending June 30, 2024 to meet the operational and functional appropriations as set forth in Section 2.

### Estimated Revenues

	<b>Totals</b>
Sale	\$64,250,000.00
Proceeds from sale of Real Estate (Hwy. 55 Store)	\$1,000,000.00
Other Income - Interest	\$ 54,872.29
<b>Total</b>	<b><u>\$65,304,872.29</u></b>

**Section 2. Appropriations.** The following expenses are hereby appropriated for fiscal year 2023 - 2024 and are funded by the revenues set forth in the foregoing Section 1.

### Appropriations

Taxes Based on Revenue	\$14,977,317.50
Cost of Sales	\$33,410,000.00

### Operating Expenses

Personnel Expenses	\$ 6,012,551.09
Other Operating Expenses	\$ 3,187,175.86
<b>Total Operating Expenses</b>	<b><u>\$ 9,199,726.95</u></b>

### Capital Outlay

TW Alexander - New Store Construction \$2.5 mil in total	\$ 1,500,000.00
Construction of two natural gas generators Holloway and Sherron Rd	\$ 160,000.00
<b>Net Capital Outlay</b>	<b><u>\$ 1,660,000.00</u></b>
Debt Service/Lease:	

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**Total Estimated Expense** **\$59,247,044.45**

## Distributions

Mandatory 3.5% and Bottle Tax (Plus 60% Added Above Minimum)	
Distribution – City of Durham	\$ 290,000.00
Distribution – County of Durham	\$ 2,700,000.00
Law Enforcement	\$ 660,388.00
Alcohol Education & Rehab	\$ 515,000.00

**Total Distributions** **\$ 4,165,388.00**

**Working Capital Required (Appropriated Fund Balance)** **\$ 1,892,439.84**

**Total Appropriations** **\$65,304,872.29**

