
DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL

3620 SHANNON ROAD, SUITE #200
DURHAM, NC 27707



DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL

**DURHAM COUNTY
ALCOHOLIC BEVERAGE CONTROL BOARD**

3620 Shannon Road Suite #200

Durham, NC 27707

FY 2026 – 2027 APPROVED 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

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

March 31, 2026

Dear Durham County Residents:

I consider it a privilege to present to you the Durham County Alcoholic Beverage Control (ABC) Board Budget for the fiscal year beginning July 1, 2026, and ending June 30, 2027 (FY 26-27). 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 represents the comprehensive spending plan for the Durham County ABC Board for the Fiscal Year 2026-2027. In compliance with North Carolina's ABC system regulations, this budget document is being formally issued directly to our 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 the Durham County ABC Board 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 governments of Durham and through funding grant programs that provide vital alcohol abuse education and prevention services.

Highlights of the FY 2026-2027 Budget

Revenue and Other Income

The budget projects revenue from liquor sales and other receipts to be \$60,580,000 for FY 26-27. These projections are based on expected sales which reflect both current trends and strategic planning.

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Facility Improvements/Purchases

As a good steward for the ABC system for Durham County and its citizens, we endeavor to ensure that our ABC stores are located in convenient areas, built with the latest, most modern technology and with a welcoming and friendly atmosphere. We hope you have noticed continuing improvements in this area.

In FY 25-26, the DCABC Board purchased a 2-acre outparcel tract of land at the Ellis Crossings Shopping Center in southeast Durham in order to place a new retail store. This project was chosen to fill a coverage gap in our existing roster of stores in this growing area so that we may better serve Durham County citizens. We are planning to break ground on this exciting project in August 2027.

We also endeavor to keep all of our stores well stocked with the latest products and assortment available for our citizens. The number of different products available today far exceeds the storage capacity of our current warehouse. Thus, in order to ensure our stores are always well stocked, to satisfy our community's demand and to continue adapting to current and future market trends, it is vital that we build a new central warehouse. Therefore, in FY 25-26, the Durham County ABC Board purchased a tract of land on Hoover Road in east Durham in order to build a modern warehouse in the future as part of our 8 – 10-year Strategic plan.

We will be responsibly paying down the loans undertaken for these capital projects by using working capital and our savings fund. The combined budgeted amount to be paid down for these projects in FY 2027 is \$1,500,000.00.

Compensation and Benefits

Our Team Members are our most valuable assets. Even in this difficult economic environment, we have included within this budget a 3% average salary increase for our employees. This increase will allow us to adjust salaries in recognition of inflation and will help us to offer compensation packages that are competitive with other local businesses in our community.

The total budgeted amount for compensation and benefits within the organization, including salaries and wages, is \$6,645,130.00.

Law Enforcement

North Carolina law requires that Durham County ABC provides Law Enforcement services to enforce ABC laws in our community, to provide security in our retail stores, and to protect the public. Our budget for Law Enforcement services in FY 26-27 is \$389,000.00

Profit Distributions to the Local Community

North Carolina law requires that our local ABC system distributes a percentage of our profit to the general funds of the County, the City, and that we also make separate contributions for alcohol education and awareness programs in our

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community.

Minimum amounts of these governmental distributions are established by statute based on specific percentages of our profits. These distributions are paid quarterly.

While the minimum statutory distribution amounts are mandatory, at the end of each fiscal year, the Durham County ABC Board determines the actual amount of total contribution that can responsibly be made to the County and City based upon our gross sales as well as strategic and capital needs and other factors necessary to enable the Durham County ABC system to thrive and provide top tier service to our community over the long term. Our actual annual contributions to the County and City general funds often exceed the statutory requirements.

For FY 26-27, the Durham County ABC Board has budgeted \$1,490,017.00 for distribution to the general fund of Durham County and \$165,557.00 to the general fund of the City of Durham.

North Carolina Alcoholic Beverage Control statutes also require that Durham County ABC distribute specific percentages of its profits towards alcohol education in the community. The Board considers these distributions, which are used locally for the public good, to be an important part of its mission. The Durham County ABC Board is budgeting distributions for non-profit alcohol awareness and education organizations at \$515,800.00.

Thus, the total amount of the Durham County ABC Board's profit distributions to the local community for FY 26-27 is budgeted at \$2,560,374.00.

Major Projection Variables and Assumptions

Operating Projections

The Durham County ABC Board's primary source of revenue is the sale of spirituous liquor. Projected sales growth is an important assumption in our proposed budget. The current economic and political climate as well as post-covid trends are proving to have a negative effect on sales in general and top line revenue from liquor sales nationwide. North Carolina, just like the other control states and the rest of the country, is being affected by different ongoing factors causing negative growth. We continue to deliver top-tier customer service in Durham County and work tirelessly to ensure that our stores are adequately stocked with products that our customers want in order to drive sales in the retail and mixed beverage business.

For FY 26-27, we are forecasting retail sales at \$47,702,500.00 and mixed beverage sales at \$12,769,500.00. From all sources of income, our total FY 26-27 sales projection is \$60,500,000.00,

Taxes related to the sale of spirituous liquor and fortified wine are budgeted at \$14,180,735.00. The Cost of Goods Sold is budgeted at \$30,936,588.00 and other operating expenses are budgeted at \$ 4,009,829.00.

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Profit Distributions

After the expenses required to meet the needs of the business are met, our estimated FY 26-27 profit before distributions is \$4,807,718.00.

After all budgeted distributions, our FY 26-27 net income is projected to be \$ 2,247,344.00. The Board determined to utilize \$1,500,000.00 to pay down a portion of the loans for the Ellis Road project and our New Warehouse project. FY 26-27 Working Capital after Net Capital Outlay is therefore budgeted at \$747,344.00.

Staffing Levels

Durham County ABC anticipates utilizing 65 active full-time employees for FY 26-027. This includes 53 store and warehouse employees and 10 administrative employees. In addition, 72 part-time employees are utilized in the stores and warehouse based on the needs of the business. Contracted employees are utilized to provide ABC Law Enforcement services throughout Durham County as well as in-store security.

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 or call 919-419-6217.

Sincerely,

Lou Sordel
General Manager

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DURHAM COUNTY ABC BOARD BUDGET RESOLUTION FY 2026 - 2027

This proposed budget for FY 2026-2027 was submitted to the Durham County ABC Board on March 17, 2026, 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, 2026 and ending June 30, 2027 to meet the operational and functional appropriations as set forth in Section 2.

<u>Estimated Revenues</u>	Totals
Sales	\$60,500,000.00
Other Income - Interest	\$ 80,000.00
	<hr/>
Total	<u>\$60,580,000.00</u>

Section 2. Appropriations. The following expenses are hereby appropriated for fiscal year 2026 - 2027 and are funded by the revenues set forth in the foregoing Section 1.

<u>Appropriations</u>	
Taxes Based on Revenue	\$14,180,735.00
Cost of Sales	\$30,936,588.00
<u>Operating Expenses</u>	
Personnel Expenses	\$ 6,645,130.00
Other Operating Expenses	\$ 4,009,829.00
Total Operating Expenses	<u>\$10,654,959.00</u>
<u>Capital Outlay</u>	
Payment on Loans (Hoover St – Warehouse, Ellis Rd – Store 6)	\$ 1,500,000.00
Net Capital Outlay	\$ 1,500,000.00
Total Estimated Expense	<u>\$57,272,282.00</u>

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Distributions

Mandatory 3.5% and Bottle Tax	
Distribution – City of Durham	\$ 165,557.00
Distribution – County of Durham	\$ 1,490,017.00
Law Enforcement	\$ 389,000.00
Alcohol Education & Rehab	\$ 515,800.00
Total Distributions	<u>\$ 2,560,374.00</u>
Working Capital Required (Appropriated Fund Balance)	<u>\$ 747,344.00</u>
Total Appropriations	<u>\$60,580,000.00</u>

