
DURHAM COUNTY ALCOHOLIC BEVERAGE CONTROL

3620 SHANNON ROAD, SUITE #200
DURHAM, NC 27707



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**DURHAM COUNTY
ALCOHOLIC BEVERAGE CONTROL BOARD**

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

FY 2024 – 2025 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

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 14, 2024

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, 2024 and ending June 30, 2025 (FY 24-25). 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 2024-2025. 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 2024-2025 Budget

Revenue and Other Income

The budget projects revenue from liquor sales and other receipts to be \$64,575,000 for FY2025. These projections are based on expected sales 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 and our savings fund. 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 inconvenience to our customers and their experience, we will be adding a generator to our new store 4 on Page 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 2025. To serve our communities equally, we decided to add a new Durham County ABC Store number 7 at Glenview Shopping Center to our portfolio. The expected opening date is July 1st 2024. The funds necessary for this project came from working capital FY 2023-2024.

Compensation and Benefits

Durham County ABC's most valuable assets are our employees. Included within this budget is 4% average increase. It consists of 2% cost of living increase and the additional merit increase. This increase will help our team with the inflation adjustment and to offer competitive pay with surrounding business. Salaries and wages are budgeted at \$4,700,000. The total budgeted compensation and benefits including salaries and wages amount is set at \$6,612,940.

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 \$4,575,388. Durham County ABC Board has budgeted \$2,750,000 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 \$1,010,388.

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 \$525,000.

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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. The growth in FY 2024 presented to be flat over the previous year. In order to keep growing we decided to open a new store 7 in the area we have not had a presence before. With the trends for the liquor sales nationwide leveling off, we are forecasting an increase of 3.45% for FY 2025. We continue to deliver top customer service in Durham County and work tirelessly to insure we have adequate in-stocks of products that our customers wanted to drive sales in the retail and Mixed Beverage business. In FY2025 we are forecasting retail sales at \$50,980,916 and mixed beverage sales at \$13,519,084 for a total sales budget of \$64,500,000.

Taxes related to the sale of spirituous liquor and fortified wine are budgeted at \$14,952,458. The Cost of Goods Sold is budgeted at \$33,884,361.

Other operating expenses are budgeted at \$3,185,770.

Profit Distributions

After the expenses required to meet the needs of the business are met, our estimated profit is \$4,899,083.

After all budgeted distributions, net income will be \$ 1,334,083. 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 65 full time, active employees for FY2025. This includes 56 store and warehouse employees and 9 administrative employees. In addition, 70 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 or call 919-419-6217.

Sincerely,

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Lou Sordel
General Manager

DURHAM COUNTY ABC BOARD BUDGET RESOLUTION FY 2024 - 2025

This proposed budget for FY 2024-2025 was submitted to the Durham County ABC Board on May 14, 2024 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, 2024 and ending June 30, 2025 to meet the operational and functional appropriations as set forth in Section 2.

Estimated Revenues

	Totals
Sale	\$64,500,000.00
Other Income - Interest	<u>\$ 75,000.00</u>
Total	<u>\$64,575,000.00</u>

Section 2. Appropriations. The following expenses are hereby appropriated for fiscal year 2024 - 2025 and are funded by the revenues set forth in the foregoing Section 1.

Appropriations

Taxes Based on Revenue	\$14,952,457.74
Cost of Sales	\$33,884,361.49
<u>Operating Expenses</u>	
Personnel Expenses	\$ 6,612,939.61
Other Operating Expenses	<u>\$ 3,185,769.84</u>
Total Operating Expenses	<u>\$ 9,798,709.45</u>
<u>Capital Outlay</u>	
TW Alexander - New Store Construction \$2.5 mil in total	\$ 1,500,000.00

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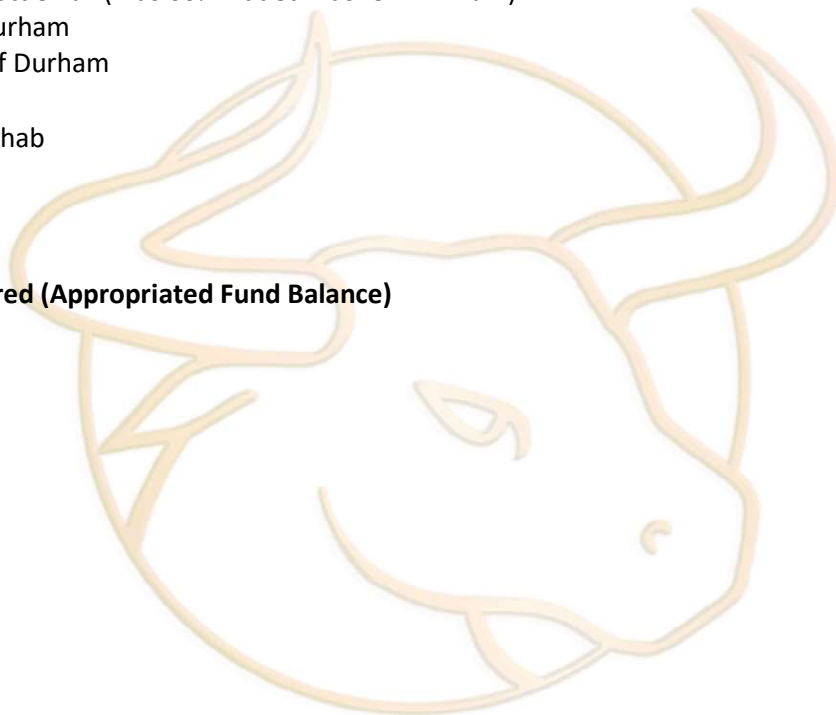
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Net Capital Outlay	\$ 1,500,000.00
Debt Service/Lease:	
Total Estimated Expense	<u>\$60,135,528.68</u>

Distributions

Mandatory 3.5% and Bottle Tax (Plus 60% Added Above Minimum)	
Distribution – City of Durham	\$ 290,000.00
Distribution – County of Durham	\$ 2,750,000.00
Law Enforcement	\$ 1,010,388.00
Alcohol Education & Rehab	\$ 525,000.00
Total Distributions	<u>\$ 4,575,388.00</u>
Working Capital Required (Appropriated Fund Balance)	<u>-\$ 135,916.68</u>
Total Appropriations	<u>\$64,575,000.00</u>



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