

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING MINUTES

WEDNESDAY, APRIL 8, 2020
TELEPHONE CONFERENCE MEETING

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, Board Member
Charlie Mooney, Executive Director
John Stark, Board Secretary

[Office of Chief Counsel](#)
[Bureau of Licensing](#)
[Bureau of Human Resources](#)
[Bureau of Accounting & Purchasing](#)

[Office of Retail Operations](#)
[Bureau of Product Selection](#)
[Financial Report](#)
[Other Issues](#)

Notice: Anyone who wishes to comment on a printed agenda item prior to official action being taken must make that known to the Chairman or the Board Secretary in advance.

The previously announced Board Meeting on March 25, 2020 was cancelled due to the coronavirus pandemic and was rescheduled to be conducted telephonically on April 8, 2020. Details can be found on the PLCB public website.

PUBLIC MEETING – 11:00 A.M

Board Secretary John K. Stark indicated that a quorum of the Board was present and Chairman Holden called the meeting to order.

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag

Chairman Holden made an opening statement concerning the PLCB's compliance with the Governor's Order, such that the PLCB's stores are closed. Chairman Holden explained that it would not be possible to maintain the necessary social distancing and that the agency is committed to the health and safety of its customers and employees.

The stores will reopen at an undetermined time; meanwhile, the agency has plans for a safe reopening when authorized to do so. Furthermore, the agency has reopened its e-commerce operation, with expanded fulfillment centers. Chairman Holden asked the public to be patient as the demand is extremely high. The PLCB is working hard to meet that demand, but Chairman Holden acknowledged that this is a significant shift in the agency's retail operations.

Chairman Holden asked if the other Board members had anything further to add. Board Member Negra stated that he had nothing further to add. Board Member Isenhour also stated that she had nothing further to add.

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OLD BUSINESS*Secretary Stark*

A. Motion to approve previous Board Meeting Minutes of the March 11, 2020 meeting,

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to approve previous Board Minutes.

B. Announcement by the Chairman for Ratification of a Board Action.

The following Board Actions were decided by Notational Voting after the adjournment of the Board's last public meeting on March 11, 2020.

1. On March 18, 2020 Chairman Holden, Member Negra and Member Isenhour agreed (3-0 vote) to adopt Advisory Notice No. 26 and to delegate to the Director of Regulatory Affairs the authority to suspend, pursuant to section 462 of the Liquor Code, the license of any licensee who does not adhere to the Advisory Notice.
2. On March 19, 2020 Chairman Holden, Member Negra and Member Isenhour agreed (3-0 vote) to allow limited distilleries and distilleries to produce and sell hand sanitizer through June 30, 2020. Section 3.52 (c) of the Board regulations prohibit a licensee from engaging in another business without Board approval. As a result of the current COVID-19 public health emergency, numerous limited distilleries have requested permission to produce and sell hand sanitizers. TTB has already waived some federal requirements for such a request, with said waiver to last through June 30, 2020.
3. Section 5.51 of the Board's Regulations requires licensees that use a malt beverage dispensing system to clean it once every seven days. On March 19, 2020 Chairman Holden, Member Negra and Member Isenhour agreed (3-0 vote) to amend the beer line cleaning requirements so that (1) for those beer lines not currently in use, no further cleaning is required until seven days after the Governor's Office and the Board again allow on-premise beer consumption, and (2) continue the existing frequency requirements for those beer lines that are still in use. To be clear, licensees whose beer lines are found to be in an unsanitary condition are subject to citation regardless of how frequently they are cleaned.

PUBLIC COMMENT ON AGENDA ITEMS

There were no public comments on the printed agenda items.

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NEW BUSINESS

From the Office of Chief CounselRodrigo Diaz, Chief Counsel

- (1) **Borough of Milford** Municipal Petition for Exemption
Case No. 20-NE-02 from Liquor Code Statute Regarding
Amplified Sound

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Noise Exemption from April 8, 2020 to April 8, 2021.

- (2) **1115 Coopers Bar & Grill, Inc.** Rescission of Conditional
1115 Powell Road Licensing Agreement
Chester, Pennsylvania 19015-2001
License Number: R1491
LID: 97483

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Request for Rescission of Conditional Licensing Agreement.

- (3) **Galli Beer Distributing Company** Request to Sell Hand Sanitizer to
800 Anderson Street Other Licensees
New Kensington, Pennsylvania 15068-6025
Importing Distributor License Number ID-808
LID 8630

Motion Made: Board Member Negra moved to approve the request of Galli Beer Distributing Company, but also to allow all Distributors and Importing Distributors to sell hand sanitizer to other licensees.

Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve the Request of Galli Beer Distributing Company to Sell Hand Sanitizer to Other Licensees, and further to authorize all Distributors and Importing Distributors to sell hand sanitizer to other licensees.

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*From the Bureau of LicensingTisha Albert, Director of Regulatory Affairs
Barbara Peifer, Director, Bureau of Licensing*

(1) **565 Enterprises, Inc.** Conditional Licensing Agreement
t/a **565** Renewal - District 5
R-6626 (LID No. 71701) Case No. 2019-71701
565-567 Lincoln Avenue
Bellevue, Allegheny County **HOLD – 2/12/20 SESSION**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal with a new Conditional Licensing Agreement.

(2) **JFB Hospitality, Inc.** Conditional Licensing Agreement
R-9794 (LID No. 55750) Case No. 2019-55750
1401 East Carson Street
Pittsburgh, Allegheny County
HOLD - 10/17/19 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal with Conditional Licensing Agreement.

(3) **Jacky Chan, Inc.** Conditional Licensing Agreement
E-123 (LID No. 63255) Case No. 2018-63255
19 South 60th Street
Philadelphia, Philadelphia County
Renewal – District 10

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal with Conditional Licensing Agreement.

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(4) **Lucky Deli, Inc.**
t/a Lucky Deli
E-4724 (LID No. 80684) Case No. 2018-80684
24 North 52nd Street
Philadelphia, Philadelphia County

Conditional Licensing
Agreement
Renewal - District 10
HOLD – 2/26/20 SESSION

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Renewal with Conditional
Licensing Agreement.

*From the Bureau of Human Resources Jason Lutcavage, Director of Administration
Jennifer Haas, Director, Bureau of Human Resources*

Personnel Actions – None

*From the Bureau of Accounting & Purchasing Michael Demko, Director of Finance
Koppolu Ravindraraj, Director, Bureau of Accounting & Purchasing
Mike Freeman, Director, Bureau of Financial Management & Analysis*

Procurement Actions:

(1) **Hearing Examiner Services** – Represent the Board in the capacity of a Hearing Examiner for administrative hearings conducted in the Commonwealth of Pennsylvania regarding matters which the Board shall adjudicate as required by law.

Procured via Sole Source – VENDOR: **Charles M. Gibbs** – TERM: One year – **\$150,000.00 estimated cost.**

(2) **RIMS Software Support and Maintenance Renewal** – Provide software maintenance and support including 24/7 help desk services for the Robocom Inventory Management System (RIMS) software installed at the PLCB’s Philadelphia Distribution Center plus the Harrisburg test system.

Procured via 63010541 Option Year – VENDOR: **Robocom US LLC** – TERM: One year – **\$123,223.00 estimated cost** which includes a 2.3% increase over last year’s cost of \$120,452.57.

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- (3) **WebSphere Commerce Solutions Architect Staff Augmentation** – This resource will analyze, design and architect any WebSphere API integration points with the Adobe Experience Manager front-end, our back-end Oracle Store Inventory Management (SIM), EBS and RMS, etc. needed for the implementation of the new E-Commerce web site. The architectural design will be conveyed to the WebSphere developers to build the integrations. May also perform WebSphere development and assist with any WebSphere environment installations and configurations, as needed.

Procured via DGS Contract #4400014660 – VENDOR: **OST, Inc.** – TERM: 8.5 months for the period 4/13/2020 through 12/31/2020 – **\$225,600.00 estimated cost.**

- (4) **Aprons for Store Employees** - Aprons are required for all Fine Wine & Good Spirits employees per the PLCB dress code. Provide 6,030 embroidered brown and green aprons for employees in all three regions.

Procured via DGS Contract #4400004695 – VENDOR: **UniqueSource Products & Services** – **\$85,098.60 estimated cost.**

- (5) **Product Images for Fine Wine and Good Spirits Website** – Compensation at per product rate for images provided from effective date of contract through effective date of Amendment 1.

Procured via Settlement Agreement – VENDOR: Get the Picture Corporation, d/b/a SkuPics Studios - **\$80,698.80 estimated cost.**

Motion Made: Board Member Negra
Seconded: Board Member Isenhour

Board Decision: Unanimously agreed (3-0 vote) to Approve Procurement Actions.

Inter-Agency Charges:

None

From the Office of Retail Operations Carl Jolly, Director of Retail Operations

None

*From the Bureau of Product Selection Dale Horst, Director of Marketing & Merchandising
Tom Bowman, Director, Bureau of Product Selection*

None

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FINANCIAL REPORT Michael J. Burns, Comptroller Operations, Office of Budget

**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statement of Net Position
(Unaudited)**

	<u>February 29, 2020</u>	<u>February 28, 2019</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 52,240,202	\$ 38,120,273
Investments - short term	289,912,389	276,631,550
Accounts and claims receivable, net	2,647,799	1,633,748
Due from other funds - Note 9	-	-
Merchandise inventories, net	248,522,038	252,376,126
Operating supplies	343,964	362,415
Prepaid expenses	818,391	966,064
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Total current assets	594,484,783	570,090,176
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	20,875,220	20,875,220
Leasehold improvements	341,826	341,826
Machinery and equipment	48,872,744	49,082,405
Intangibles - internally generated software	23,970,566	21,241,832
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Less: accumulated depreciation	65,247,135	61,655,115
Net depreciable capital assets	28,813,221	29,886,168
Total non-current capital assets	29,136,194	30,209,141
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Total assets	\$ 623,620,977	\$ 600,299,317
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Total deferred outflows of resources - Notes 5, 6	\$ 164,452,631	\$ 88,310,800
 <u>LIABILITIES</u>		
Current liabilities:		
Trade accounts payable	\$ 288,499,500	\$ 282,955,402
Other accounts payable	28,383,819	29,859,667
Accrued expenses	20,925,793	20,609,165
OPEB - Note 6	8,994,000	11,976,000
Self-insurance, workers' compensation - Note 7	9,193,938	11,637,029
Due to other funds - Note 9	8,212,090	5,435,656
Due to fiduciary funds - Note 9	3,071,104	2,676,061
Due to other governments - Note 9	802,642	714,490
Total current liabilities	368,082,886	365,863,470
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Non-current liabilities:		
OPEB - Note 6	478,705,000	781,379,000
Self-insurance, workers' compensation - Note 7	48,841,124	47,949,448
Net pension liability - Note 5	555,891,336	461,957,473
Compensated absences - Note 1	21,598,132	20,809,984
Total non-current liabilities	1,105,035,592	1,312,095,905
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Total liabilities	\$ 1,473,118,478	\$ 1,677,959,375
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Total deferred inflows of resources - Notes 5, 6	\$ 353,612,836	\$ 94,658,959
 <u>NET POSITION</u>		
Net investment in capital assets	\$ 29,136,194	\$ 30,209,141
Deficit	(1,067,793,900)	(1,114,217,358)
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Total net position	\$ (1,038,657,706)	\$ (1,084,008,217)
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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ending February 29, 2020 and February 28, 2019
(Unaudited)**

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 172,060,871	\$ 153,140,643
Cost of goods sold	<u>(117,586,653)</u>	<u>(104,240,392)</u>
Gross profit from sales	54,474,218	48,900,251
Operating (expenses):		
Retail operations	(29,293,993)	(30,861,849)
Marketing & merchandising	(870,675)	(1,776,840)
Supply chain	(719,030)	(571,150)
Wholesale operations	(137,863)	(144,780)
Information technology services	(2,573,822)	(2,889,575)
Regulatory affairs	(1,588,634)	(1,507,225)
Administration	(981,212)	(1,082,096)
Finance	(179,381)	(287,168)
Board & secretary	(352,839)	(1,555,224)
Legal	(270,104)	(275,705)
Commonwealth provided services - Note 2	<u>(1,039,689)</u>	<u>(1,145,907)</u>
Total	<u>(38,007,242)</u>	<u>(42,097,519)</u>
Operating profit	16,466,976	6,802,732
Other operating revenues (expenses):		
Enforcement fines	149,718	141,168
License fees	3,469,908	2,897,515
Miscellaneous income	360,848	(736,201)
Administrative law judge	<u>(220,053)</u>	<u>(189,504)</u>
Total	<u>3,760,421</u>	<u>2,112,978</u>
Total operating income	20,227,397	8,915,710
Miscellaneous revenues (expenses):		
Interest income	488,916	630,112
Other	<u>-</u>	<u>-</u>
Total	<u>488,916</u>	<u>630,112</u>
Income before operating transfers	20,716,313	9,545,822
Operating transfers out:		
PSP enforcement - Note 3	(2,438,071)	(2,732,390)
Net Income from operations	<u>18,278,242</u>	<u>6,813,432</u>
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	18,278,242	6,813,432
Total net position - beginning	<u>(1,056,935,948)</u>	<u>(1,090,821,649)</u>
Total net position - ending	<u>\$ (1,038,657,706)</u>	<u>\$ (1,084,008,217)</u>
Liquor tax	30,646,837	27,381,173
State Sales Tax	12,070,215	10,776,178
Local Tax	773,648	709,917
Taxes remitted to Dept. of Revenue YTD	<u>\$ 43,490,700</u>	<u>\$ 38,867,268</u>

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**Commonwealth of Pennsylvania
Pennsylvania Liquor Control Board
State Stores Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Eight Months Ending February 29, 2020 and February 28, 2019
(Unaudited)**

	<u>2019-20</u>	<u>2018-19</u>
Sales net of taxes	\$ 1,500,270,442	\$ 1,435,661,211
Cost of goods sold	(1,020,776,576)	(977,041,166)
Gross profit from sales	<u>479,493,866</u>	<u>458,620,045</u>
Operating (expenses):		
Retail operations	(248,632,457)	(264,610,248)
Marketing & merchandising	(8,373,564)	(11,259,647)
Supply chain	(5,324,059)	(5,204,631)
Wholesale operations	(1,109,949)	(1,221,200)
Information technology services	(18,872,683)	(21,733,265)
Regulatory affairs	(12,982,131)	(13,915,426)
Administration	(9,062,365)	(9,472,562)
Finance	(2,081,199)	(2,378,906)
Board & secretary	(2,483,642)	(4,269,073)
Legal	(2,453,161)	(2,394,202)
Commonwealth provided services - Note 2	(10,974,091)	(8,842,502)
Total	<u>(322,349,301)</u>	<u>(345,301,662)</u>
Operating profit	<u>157,144,565</u>	<u>113,318,383</u>
Other operating revenues (expenses):		
Enforcement fines	1,207,486	1,181,561
License fees	24,553,766	25,357,695
Miscellaneous income	2,331,219	2,302,649
Administrative law judge	(1,903,654)	(1,888,455)
Total	<u>26,188,817</u>	<u>26,953,450</u>
Total operating income	<u>183,333,382</u>	<u>140,271,833</u>
Miscellaneous revenues (expenses):		
Interest income	3,921,753	3,816,838
Other	3,500	-
Total	<u>3,925,253</u>	<u>3,816,838</u>
Income before operating transfers	187,258,635	144,088,671
Operating transfers out:		
PSP enforcement - Note 3	(20,729,645)	(20,789,989)
Net Income from operations	<u>166,528,990</u>	<u>123,298,682</u>
Statutory Transfers:		
General fund - Note 4	(100,000,000)	(100,000,000)
Drug and alcohol programs - Note 4	-	-
Total	<u>(100,000,000)</u>	<u>(100,000,000)</u>
Change in net position	66,528,990	23,298,682
Total net position - beginning	(1,105,186,696)	(1,107,306,899)
Total net position - ending	<u>\$ (1,038,657,706)</u>	<u>\$ (1,084,008,217)</u>
Liquor tax	268,672,825	257,573,560
State Sales Tax	105,720,888	101,312,813
Local Tax	6,760,924	6,473,131
Taxes remitted to Dept.of Revenue YTD	<u>\$ 381,154,637</u>	<u>\$ 365,359,504</u>

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OTHER ISSUES

Board Member Negra made a statement regarding the number of inquiries that have been received from retail licensees whose operations have been partially curtailed by virtue of the Governor's Order. Board Member Negra stated for the record that he would like to make a motion to allow businesses that have interior connections with another unlicensed business to be able to use the unlicensed business's registers for the sale of beer or wine to go. This would be applicable mostly to grocery stores or convenience stores that have wine expanded sale permits ("WEP"). All other rules for such sales would remain; for example, sales must be made by a sales clerk who is at least 18 years old and is RAMP-trained. Board Member Negra proposed that this authorization would expire when the ban on on-premises consumption is lifted by the Governor.

Board Member Isenhour stated that she believes that adoption of this motion would have an effect that is opposite Board Member Negra's intention. If cash registers off the licensed premises are permitted to be used for sales of wine and/or beer, it will put more people in the checkout line that are purchasing only food and other essentials. Board Member Isenhour stated that she does not support this motion.

Chairman Holden agreed with Board Member Isenhour. Chairman Holden stated that he would not support allowing people who are purchasing beer and wine only to intermingle with those buying essentials. The Motion was thus defeated.

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

John Capawanna, representing WWS Integrated Technology, asked about Invitation to Bid #260347. Mr. Capawanna asked whether there has been any movement on this bid.

Chief Counsel Rodrigo Diaz stated that he did not know the status of the procurement off the top of his head and asked Mr. Capawanna to give his contact information to the AT&T moderator so that Mr. Diaz could return his call after the meeting.

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, April 15, 2020 beginning at 11:00 A.M. Prior to the public meeting, there will be an Executive Session to discuss matters of personnel and to engage in non-deliberative informational discussions, some of which are regarding actions and matters which have been approved at previous public meetings.

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ADJOURNMENT

On a motion by Board Member Negra, seconded by Board Member Isenhour, the meeting was adjourned.

The foregoing actions are hereby officially approved.

Chairman

Member

Member

ATTEST:

Secretary