

PENNSYLVANIA LIQUOR CONTROL BOARD

MEETING AGENDA

WEDNESDAY, JANUARY 27, 2021
TELEPHONE CONFERENCE MEETING

Tim Holden, Chairman
Mike Negra, Board Member
Mary Isenhour, Board Member
Michael Demko, 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.

Details for the telephone conference Board Meeting on January 27, 2021 can be found on the PLCB public website.

EXECUTIVE SESSION – 10:00 A.M.

Consideration of personnel matters and to engage in non-deliberative informational discussions regarding various actions and matters which have been approved at previous public meetings.

PUBLIC MEETING – 11:00 A.M

CALL TO ORDER *Chairman Holden*

Pledge of Allegiance to the Flag

OLD BUSINESS.....*Secretary Stark*

A. Motion to approve previous Board Meeting Minutes of the January 13, 2021 meeting.

PUBLIC COMMENT ON AGENDA ITEMS

The Board has reserved 10 minutes for Public Comment on printed agenda items.

NEW BUSINESS

From the Office of Chief Counsel*Rodrigo Diaz, Chief Counsel*

(1) **Crab Du Jour of Broad, Inc.**
Restaurant Liquor License No. R-8992
LID 102881

Request for Rescission of
Conditional Licensing Agreement

Note: This agenda is complete at the time of issuance but other issues may be added and others stricken without further notice.

- (2) **Sheetz, Inc.**
Restaurant Liquor License No. R-19986
LID 103096
Request for Rescission of
Conditional Licensing Agreement

- (3) **39th and Sansom Streets Corporation**
Restaurant Liquor License No. R-12136
LID 15344
Request for Renewal of
Conditional Licensing Agreement

- (4) **Wood Brothers Bar, Inc.**
Citation No. 18-0435
Appeal from the Adjudication and
Order of Administrative Law
Judge

- (5) **Wood Brothers Bar, Inc.**
Citation No. 19-0266
Appeal from the Adjudication and
Order of Administrative Law
Judge

- (6) **Borough of Edgeworth**
20-NE-22
Municipal Petition for Exemption
from Liquor Code Statute
Regarding Amplified Sound

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

- (1) **El Paso Mexican Grill Blairsville, LLC**
t/a El Paso Mexican Grill Blairsville
R-14340 (LID No. 97717) Case No. 20-9025
204 Resort Plaza Drive, Suite 300
Burrell Township
Blairsville, Indiana County
Conditional Licensing Agreement
Appointment of Manager –
Restaurant
HOLD – 11/18/20 SESSION

- (2) **Great American Langhorne Pub, Inc.**
R-19136 (LID No. 72581) Case No. 20-9035
1201 East Lincoln Highway
Middletown Township
Langhorne, Bucks County
Request for Hearing After
Revocation - Restaurant

- (3) **BigDogz Grill, Inc.**
R-13784 (LID No. 50602) Case No. 2019-50602
1750 Bedford Street
Stonycreek Township
Johnstown, Cambria County
Conditional Licensing Agreement
Renewal – District 1
HOLD – 12/16/20 SESSION

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| <p>(4) JJ Eagle, Inc.
t/a Eagles Nest
R-15104 (LID No. 90167) Case No. 2020-90167
2519 Mt. Rose Avenue
Springettsbury Township
York, York County</p> | <p>Conditional Licensing Agreement
Renewal – District 2</p> <p>HOLD – 1/13/21 SESSION</p> |
| <p>(5) Loyal Order of Moose Lodge 842
C-5246 (LID No. 2424) Case No. 2019-2424
1100 Sheller Avenue
Chambersburg, Franklin County</p> | <p>Renewal – District 1</p> |

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

Personnel Actions

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

Procurement Actions:

- (1) **Waste & Corrugated Cardboard Removal** – Provide hand pick-up service to remove waste and corrugated cardboard for approximately 160 FWGS stores in Philadelphia, Bucks, Chester, Delaware and Montgomery counties.

Procured via IFB #260359 - VENDOR: **Modern Recycling Services, LLC** – Term: One year for period 3/1/2021 through 2/28/2022 - **\$726,872.00 estimated cost.**

- (2) **Shopping Carts** – Provide up to 1,000 two-tiered shopping carts with PLCB artwork on the handles to be used by customers in all FWGS stores. Individual orders will be placed against this total on an as needed basis.

Procured via IFB #260364 - VENDOR: **CFS Inventions, LLC** – Term: One year for period 2/1/2021 through 1/31/2022 - **\$120,000.00 estimated cost** (cart cost – 1,000 each @ \$114.95 plus \$5,050.00 estimated shipping costs).

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Inter-Agency Charges:

None

From the Office of Retail Operations.....Michael Demko, Executive Director

- (1) **#0282 – Oak Park Mall, 2001 Lincoln Way, White Oak Amendment**
- (2) **#0608 – Springtown Shopping Center, 2671 Shillington Road, Sinking Spring Amendment**
- (3) **#2320 – Manoa Shopping Center, 1305 West Chester Pike, Suite 44-B, Havertown Amendment**
- (4) **#4103 – 354 Allegheny Street, Jersey Shore Amendment**
- (5) **#5401 – 530 Pottsville Pike Plaza, Route 61 North, Pottsville Amendment**

From the Bureau of Product SelectionTom Bowman, Director of Product Selection

VENDOR – ITEM NAME

BOARD ACTION REQUESTED

Various
Various
Various

- 1. Regular New Items Accepted
- 2. Regular PA New Items Accepted
- 3. Regular Recommended Delist

1. Regular New Items Accepted

BRAND NAME AND SIZE

REASON

Monsieur Touton Selection Ltd

Conti Torraiole Sangiovese 750 mL	18
Conti Torraiole Trebbiano Chardonnay Toscano 750 mL	18

North Wales Wines

Prophecy Buttery Chardonnay 750 mL	2,5,9,19
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Pio Imports LLC

Elmo Pio Wild Blueberry 750 mL 2,7,9,19

The Wine Group

Outspoken Pinot Grigio 375 mL 18

Outspoken Pinot Noir 375 mL 18

Outspoken Rose 375 mL 18

Outspoken Sparkling Rose 375 mL 18

The Wine Merchant Ltd

Plungerhead Cabernet Sauvignon 750 mL 3

RECOMMENDED ACTION: We recommend the Board approve this action

2. Regular PA New Items Accepted

BRAND NAME AND SIZE

REASON

Leadership Brands LLC

Trinity Flavors Iced Irish Coffee 4x355 mL 16

RECOMMENDED ACTION: We recommend the Board approve this action

New Items – Recommended Listings

Reason Codes

1. Strong marketing support
2. High brand recognition
3. Line/Size extension of successful brand
4. Trade up opportunity
5. Growing category
6. Growing segment
7. National rollout
8. Niche item / Limited distribution
9. High dollar profit potential
10. Trade out
11. High quality for the value
12. Innovative product/flavor
13. High sales through other PLCB channels (Luxury, Online, SLO)
14. Underrepresented category/segment
15. Hole in selection – consumer/store requests
16. PA Spirits
17. PA Wines
18. Licensee only
19. Probationary listing

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3. Regular Recommended Delist

<u>BRAND NAME AND SIZE</u>	<u>CODE</u>
<u>Cape Classics Inc</u>	
Domaine Paul Buisse Sauvignon Blanc Touraine 750 mL	98307
Jar Jam Shiraz 4x187 mL	98351
Jar Jam White Sweet 4x187 mL	98352
<u>Constellation Wines U S</u>	
Kim Crawford Sauvignon Blanc Marlborough 375 mL	98437
Svedka Clementine Vodka 70 Proof 750 mL	9600
Svedka Cucumber Lime Vodka 70 Proof 750 mL	1259
Svedka Peach Vodka 70 Proof 750 mL	8285
Svedka Raspberry Vodka 70 Proof 1.75 L	8298
Svedka Raspberry Vodka 70 Proof 750 mL	5159
Svedka Rose Vodka 60 Proof 1.75 L	98210
Svedka Rose Vodka 60 Proof 750 mL	98037
<u>MHW LTD</u>	
Holla Sweetfire Jalapeno Vodka 80 Proof 750 mL	98087
<u>Northern Wine Spirits</u>	
Margaret Pinotage South Africa 750 mL	98322
<u>Pittsburgh Distilling Co</u>	
Wigle Organic Whiskey 84 Proof 750 mL	9227

EFFECTIVE DATE: The transference to closeout will become effective February 26, 2021

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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>December 31, 2020</u>	<u>December 31, 2019*</u>
ASSETS		
Current assets:		
Cash	\$ 60,210,103	\$ 78,913,223
Investments - short term	326,713,440	309,579,077
Accounts and claims receivable, net	7,814,714	3,393,400
Due from other funds - Note 9	-	-
Merchandise inventories, net	211,521,643	234,803,317
Operating supplies	306,036	219,121
Prepaid expenses	<u>1,376,503</u>	<u>1,307,218</u>
Total current assets	<u>607,942,439</u>	<u>628,215,356</u>
Non-current assets:		
Non-depreciable capital assets:		
Land	322,973	322,973
Depreciable capital assets:		
Building	21,001,512	20,875,220
Leasehold improvements	197,771	341,826
Machinery and equipment	49,436,067	48,954,176
Intangible - internally generated software	24,955,449	23,273,438
Intangible - right to use leases - Note 10	<u>292,705,727</u>	<u>311,044,069</u>
Less: accumulated depreciation	<u>94,259,923</u>	<u>90,440,211</u>
Net depreciable capital assets	<u>294,036,603</u>	<u>314,048,518</u>
Total non-current capital assets	<u>294,359,576</u>	<u>314,371,491</u>
Total assets	<u>\$ 902,302,015</u>	<u>\$ 942,586,847</u>
Total deferred outflows of resources - Notes 5, 6	\$ 144,755,869	\$ 163,446,631
LIABILITIES		
Current liabilities:		
Trade accounts payable	\$ 360,345,741	\$ 343,639,933
Other accounts payable	24,127,464	31,447,624
Accrued expenses	22,176,669	19,972,604
OPEB - Note 6	18,874,000	8,994,000
Self-insurance, workers' compensation - Note 7	8,595,210	8,193,938
Due to other funds - Note 9	9,870,376	6,458,580
Due to fiduciary funds - Note 9	3,018,632	2,494,856
Due to other governments - Note 9	869,325	687,892
Right to use liabilities - Note 10	<u>28,750,412</u>	<u>49,279,874</u>
Total current liabilities	<u>476,627,829</u>	<u>471,169,301</u>
Non-current liabilities:		
OPEB - Note 6	451,777,000	507,769,000
Self-insurance, workers' compensation - Note 7	47,995,269	48,841,124
Net pension liability - Note 5	475,886,320	549,491,336
Compensated absences - Note 1	24,809,043	21,598,132
Right to use liabilities - Note 10	<u>238,424,036</u>	<u>237,828,303</u>
Total non-current liabilities	<u>1,238,891,668</u>	<u>1,365,527,895</u>
Total liabilities	<u>\$ 1,715,519,497</u>	<u>\$ 1,836,697,196</u>
Total deferred inflows of resources - Notes 5, 6	\$ 359,974,938	\$ 334,998,836
NET POSITION		
Net investment in capital assets	\$ 294,359,576	\$ 314,371,491
Deficit	<u>(1,322,796,127)</u>	<u>(1,380,034,045)</u>
Total net position	<u>\$ (1,028,436,551)</u>	<u>\$ (1,065,662,554)</u>

*The fiscal year (FY) 2019-20 comparative information is adjusted to recognize the estimated impact of GASB Statement No. 87 which has been implemented for the FY 2020-21 reporting period. Under GASB 87, operating leases previously expensed based on payment schedules are reported as assets with associated liabilities for future lease payments. Additionally, certain FY 2019-20 operating expenses and miscellaneous revenues have been reclassified to Cost of Goods Sold and Sales respectively to provide comparability with the FY 2020-21 presentation.

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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 December 31, 2020 and December 31, 2019
(Unaudited)**

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 267,838,758	\$ 270,999,216
Cost of goods sold	<u>(176,365,880)</u>	<u>(180,934,092)</u>
Gross profit from sales	91,472,878	90,065,124
Operating (expenses):		
Retail operations	(35,166,924)	(32,785,048)
Marketing & merchandising	(810,105)	(1,764,472)
Supply chain	(597,319)	(788,361)
Wholesale operations	(138,306)	(148,372)
Information technology services	(1,908,758)	(2,374,713)
Regulatory affairs	(1,519,773)	(1,600,493)
Administration	(850,206)	(1,108,280)
Finance	(230,540)	(243,737)
Board & secretary	(283,980)	(289,125)
Legal	(366,642)	(311,912)
Commonwealth provided services - Note 2	<u>(1,163,605)</u>	<u>(1,281,799)</u>
Total	<u>(43,036,158)</u>	<u>(42,696,312)</u>
Operating profit/(loss)	48,436,720	47,368,812
Other operating revenues (expenses):		
Enforcement fines	55,666	89,651
License fees	1,368,835	3,348,921
Miscellaneous income	228,052	321,233
Administrative law judge	<u>(247,091)</u>	<u>(228,135)</u>
Total	<u>1,405,462</u>	<u>3,531,670</u>
Total operating income/(loss)	49,842,182	50,900,482
Miscellaneous revenues (expenses):		
Interest income (expense)	(361,901)	(57,582)
Other	<u>-</u>	<u>3,500</u>
Total	<u>(361,901)</u>	<u>(54,082)</u>
Income/(Loss) before operating transfers	49,480,281	50,846,400
Operating transfers out:		
PSP enforcement - Note 3	(2,490,724)	(2,731,002)
Net Income/(Loss) from operations	<u>46,989,557</u>	<u>48,115,398</u>
Statutory Transfers:		
General fund - Note 4	-	-
Drug and alcohol programs - Note 4	-	-
Total	<u>-</u>	<u>-</u>
Change in net position	46,989,557	48,115,398
Total net position - beginning	<u>(1,075,426,108)</u>	<u>(1,113,777,952)</u>
Total net position - ending	<u>\$ (1,028,436,551)</u>	<u>\$ (1,065,662,554)</u>
Liquor tax	44,460,831	48,896,069
State Sales Tax	17,521,296	19,238,586
Local Tax	908,829	1,154,062
Taxes remitted to Dept.of Revenue PTD	<u>\$ 62,890,956</u>	<u>\$ 69,288,717</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 Six Months Ending December 31, 2020 and December 31, 2019
(Unaudited)

	<u>2020-21</u>	<u>2019-20*</u>
Sales net of taxes	\$ 1,207,213,723	\$ 1,171,239,177
Cost of goods sold	<u>(810,762,457)</u>	<u>(795,450,115)</u>
Gross profit from sales	396,451,266	375,789,062
Operating (expenses):		
Retail operations	(187,190,693)	(187,439,045)
Marketing & merchandising	(5,905,350)	(5,575,117)
Supply chain	(3,992,442)	(4,033,660)
Wholesale operations	(790,227)	(817,888)
Information technology services	(13,232,041)	(14,044,549)
Regulatory affairs	(8,504,746)	(9,538,303)
Administration	(4,835,417)	(6,100,000)
Finance	(1,452,388)	(1,631,356)
Board & secretary	(1,404,326)	(1,667,563)
Legal	(1,819,835)	(1,824,875)
Commonwealth provided services - Note 2	<u>(7,677,057)</u>	<u>(7,337,774)</u>
Total	<u>(236,804,522)</u>	<u>(240,010,130)</u>
Operating profit/(loss)	159,646,744	135,778,932
Other operating revenues (expenses):		
Enforcement fines	605,737	880,010
License fees	14,349,085	18,122,931
Miscellaneous income	1,098,673	1,575,346
Administrative law judge	<u>(1,361,196)</u>	<u>(1,433,077)</u>
Total	<u>14,692,299</u>	<u>19,145,210</u>
Total operating income/(loss)	174,339,043	154,924,142
Miscellaneous revenues (expenses):		
Interest income (expense)	(1,972,309)	496,802
Other	<u>-</u>	<u>3,500</u>
Total	<u>(1,972,309)</u>	<u>500,302</u>
Income/(Loss) before operating transfers	172,366,734	155,424,444
Operating transfers out:		
PSP enforcement - Note 3	(15,053,828)	(15,900,302)
Net Income/(Loss) from operations	<u>157,312,906</u>	<u>139,524,142</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	57,312,906	39,524,142
Total net position - beginning	<u>(1,085,749,457)</u>	<u>(1,105,186,696)</u>
Total net position - ending	<u>\$ (1,028,436,551)</u>	<u>\$ (1,065,662,554)</u>
Liquor tax	214,808,752	209,921,885
State Sales Tax	84,700,301	82,579,136
Local Tax	4,725,013	5,241,155
Taxes remitted to Dept.of Revenue YTD	<u>\$ 304,234,066</u>	<u>\$ 297,742,176</u>

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OTHER ISSUES

Transfer of Lottery Funds.....Michael Demko, Executive Director

Requesting Board authorization to transfer from the State Stores Fund to the General Fund lottery commissions and incentives of \$352,000.42 earned during the 2nd quarter of fiscal year 2020-21.

Enterprise Resource Planning (ERP) Project Initiation.....Michael Demko, Executive Director

Following Board authorization at the January 13 public meeting to enable design and implementation of a cloud-based Oracle ERP system, two ordering documents and related purchase orders have been executed against the PLCB's existing contract purchase agreement No. 63017408 with Oracle:

- *ERP Project Focus Phase Services:* This agreement provides for a three-week planning phase for the larger ERP project in advance of detailed design, allowing for PLCB and Oracle to align on project schedules, resources and plans, and to enable Oracle to onboard resources in support of the ERP design and implementation project. This is a deliverables-based engagement totaling \$610,000.
- *FineWineAndGoodSpirits.com Detailed Discovery and Design Services:* This is a time-and-materials agreement providing for an eight-week project to explore transitioning certain FWGS.com e-commerce functions and content management to Oracle cloud platforms while maintaining the current WebSphere commerce engine for back-end integration and order management functions. This project will inform whether a redesigned and hybrid Oracle/WebSphere FWGS.com site can be launched later this year. Costs for this engagement will be paid as services are performed and will not exceed \$418,782.

Employee Recognition – 35 Years' Commonwealth Service.....Chairman Tim Holden

Dennis Mayer – Information Technology Services

CITIZEN COMMENT/BUSINESS FROM THE FLOOR

NEXT BOARD MEETING

The next meeting of the PLCB will be a formal meeting on Wednesday, February 10, 2021 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.

ADJOURNMENT