"Gateway to the Arctic"

CITY OF KOTZEBUE NOTICE

Regular Local Beverage Control Board Meeting-3/8 RESCHEDULE Agenda AMENDED

April 09, 2024 at 5:15 PM

City Hall Chambers – 258 A Third Avenue

THE PUBLIC IS ENCOURAGED TO ATTEND.

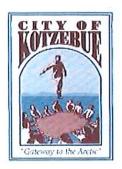
For residents who want to participate telephonically call: **1-800-315-6338**; access code:

49401#

- I. Call to Order
- II. Invocation/Moment of Silence
- III. Pledge of Allegiance
- IV. Roll Call
- V. Introduction of Guests and Staff
- VI. Reorganization of the LBCB/LRA Members
- VII. Adoption of The Agenda
- **VIII. Adoption of Minutes**
 - a) December 21, 2023
- IX. Public Comments
- X. State of Alaska AAMC Title 4 (UPDATE)
- XI. Anchorage Daily News Edition Article-New Alaska Beer Rules
- XII. Arctic Spirits Closure During Election Day
- XIII. Summer Hours for Arctic Spirits
- XIV. Arctic Spirits Manager's Report
- XV. Financial Report
- XVI. Request Alcohol Permit-Empress Chinese Restuarant (Letter UPDATE)
- XVII. Set Next Meeting Date and Time
- **XVIII. Member Closing Remarks**

- a) Joe Groves
- **b)** Clay Nordlum
- c) Ernest Norton
- d) Barbara Collison

XIX. Adjournment



CITY OF KOTZEUBE NOTICE

VICE CHAIRMAN JOE GROVES HAS Re-SCHEDULED THE REGULAR March 28, 2024 LOCAL BEVERAGE CONTROL BOARD/LOCAL REGULATORY AUTHORITY MEETING

To

April 09, 2024 @ 5:15pm

In The Council Chambers Located At 258 Third Avenue

TO PARTICIPATE TELEPHONICALLY, PLEASE DIAL 800-315-6338 ACCESS CODE 49401#.

PLEASE IDENITIFY YOURSELF WHEN YOU CONNECTED FOR THE RECORD.

For further information, please call the City Clerk at 442-3401.

Posted: APRIL 2, 2024 City of Kotzebue Bank Post Office

CITY OF KOTZEBUE

LOCAL BEVERAGE CONTROL BOARD/LOCAL REGULATORY AUTHORITY

CITY HALL CHAMBERS

Amended AGENDA

DECEMBER 21, 2023

Minutes

I. CALL TO ORDER

Vice Chairman Joe Groves call the meeting to order at 5:15pm.

II. INVOCATION/MOMENT OF SILENCE

Moment of Silence.

III. OATH OF OFFICE CLAY NORDLUM and ERNEST NORTON

The City Council approved and appointed Clay Nordlum and Ernest Norton to serve on the Local Beverage Control Board/Local Regulatory Authority until March 2025.

City Clerk gave the Oath of Office to Clay Nordlum and Ernest Norton.

IV. ROLL CALL

Present in person Vice Chairman Joe Groves, Members Barbara Collison, Clay Nordlum and Ernest Norton.

Quorum Established.

V. ADOPTION OF AGENDA

City Clerk amended the agenda, under Oath of office add Ernest Norton, strike VIII. Stake of Alaska License Renewal-Alaskan Grown Cannabis, also added item XII Request for Alcohol Permit -Empress Chinese Restaurant.

Clay Nordlum moved and was seconded by Ernie Norton seconded to approve the agenda as amended.

Passed by Voice Vote.

VI. ADOPTION OF MINUTES

a) September 7, 2023

Ernie Norton moved, and Clay Nordlum seconded to approve the December 21, 2023 Minutes.

Motion Passed by Voice Vote.

VII. PUBLIC COMMENTS

No Public Comments.

VIII. STATE OF ALASKA LICENSE RENEWAL Alaskan Grown Cannabis

IX. STATE OF ALASKA AAMC TITLE 4

The following legal proceeding regarding the State of Alaska AAMC Title 4, all comments can be found on recording at the City Hall.

Joe will give a report on Title 4, if any changes that will affect Arctic Spirits.

Section VIII, Item A.

JAYLYNN ROGERS RESIGNATION LETTER Χ.

Jaylynn Rogers submitted a letter of resignation as a Member of the LBCB/Regulatory Board, on August 20, 2023 and her last meeting was Sept 7, 2023.

XI. **ARCTIC SPIRTS MANAGER'S REPORT**

The following legal proceeding regarding the Arctic Sprits Manager's Report, all comments can be found on recording at the City Hall.

FINANCIAL REPORT XII.

The following legal proceeding regarding the Financial Report, all comments can be found on recording at the City Hall.

XIII. Request Alcohol Permit-Empress Chinese Restaurant

City Attorney Joe Evans stated to the Advisory Board that the City of Kotzebue has the only license in Kotzebue to sell alcohol.

Clay Nordlum approved, and Barbara Collison seconded to recommend City Attorney Joe Evans write a letter to Empress Chinse Restaurant regarding the Request for Alcohol Permit.

Motion passed unanimously by Voice Vote.

XIV. SET NEXT MEETING DATE AND TIME

Vice Chairman Joe Groves requested to add the following items to the March 8, 2024 agenda.

- Reorganization of the Local Beverage Control Board/Local Regulatory Authority.
- Arctic Spirts Closure During Election Day.

Vice Chairman Joe Groves Set the next meeting for March 8, 2024 at 5:15pm.

XV. MEMBER CLOSING REMARKS

- a) Joe Groves
- b) Clay Nordlum
- c) Ernest Norton
- d) Barbara Collison

The following legal proceeding regarding the Member Closing Remarks, all comments can be found on recording at the City Hall.

XVI. **ADJOURNMENT**

Barbara Collison moved, and Clay Nordlum seconded to adjourn the meeting.

Motion passed by \ Adjourned at 5:38	Voice Vote.	rvoratum o	occonded (io adjourn	ano modeling.
Respectfully subr	nitted by:				
Rosie Hensley	City Clerk				

Rosie Hensley

From:	Joe Evans <outlook_1cb75c0800483e07@outlook.com> on behalf of Joe Evans <joe@jwevanslaw.com></joe@jwevanslaw.com></outlook_1cb75c0800483e07@outlook.com>
Sent:	Monday, January 8, 2024 6:16 AM
To:	Rosie Hensley
Cc:	Tessa Baldwin
Subject:	Anchorage Daily News eEdition Article - New Alaska beer rules aim to level playing field for small brewers [for LBCB/LRA]
Rosie,	
Please put in next LBCB,	/LRA packet.
Thanks,	
Joe	

Comment:

Monday, January 8, 2024

BUSINESS

New Alaska beer rules aim to level playing field for small brewers

Update of regulations governing trade practices would bring state in compliance with federal law.

Sean Maguire

Anchorage Daily News

New Alaska alcohol regulations are intended to level the playing field for local brewers competing to sell their beer against larger manufacturers and wholesalers.

The proposed regulations come from Senate Bill 9, an omnibus alcohol bill the Alaska Legislature passed in 2022. The regulations would restrict how alcohol manufacturers and wholesalers can enter into exclusive agreements with liquor stores and bars to sell their products.

Alaska is among the last states in the nation to adopt those kinds of regulations. The new regulations would bring Alaska into compliance with federal laws to sell beer that date back to Prohibition.

Alaska brewers say industry heavyweights with deep pockets currently have an unfair advantage. They can give bar owners free draft beer systems worth thousands of dollars with the caveat that

BEER

only their beers are sold on tap. Liquor stores can get free prizes and inducements that require them to put certain products in refrigerators or on prominent shelves.

Lee Ellis, head of the Brewers Guild of Alaska and owner of Midnight Sun Brewing Co., said some of those practices are common in Alaska. Brewers can find it difficult to get their beers on barroom taps, he said, or in "prime real estate" in liquor stores.

"I think it's actually been one of the biggest inhibitors to the growth of our industry in the state," he said about how the lack of trade-practices laws in Alaska have affected craft beer brewing.

Ellis said that the changes proposed in the 15-page regulation package are "a big deal" to increase competed. Alaska's craft beer industry. The changes include:

- That bars could no longer receive free draft beer systems from manufacturers and wholesalers, but they could still get them cleaned for free.
- Retailers would be restricted to accepting free prizes up to \$400 for contests, and there would be similar restrictions on promotional displays. Alaska brewers say

that would better allow smaller manufacturers to compete and promote themselves in stores.

• Liquor stores would be prohibited from signing exclusive agreements with one manufacturer for shelf space or presentation of products.

Federal trade-practices laws apply to wines and spirits, but states are obligated to write their own regulations for beer sales. Without state rules in place, Tom Hogue, a spokesperson for the U.S. Alcohol and Tobacco Tax and Trade Bureau, said regulators are unable to enforce federal trade-practices laws for beer in Alaska.

Joan Wilson, executive director of the Alaska Alcohol & Marijuana Control Office, said the new rules would be "pretty major" and that they were designed to ensure competition and "a proper business relationship" between retailers and manufacturers.

"Alaska had the reputation for a while of kind of being the Wild West," she said.

BEER from page A1 to A14

Federal enforcement of trade-practices laws is rare, she said, adding that state regulators would be tasked with enforcing the new regulations and imposing fines.

Alcohol industry giants have paid substantial settlements in the past for alleged violations of federal trade-practices laws nationally. Anheuser- Busch agreed to pay \$5 million in 2020 to settle a complaint for how distributors allegedly sold beer at sporting events in Colorado. Heineken paid a similar \$2.5 million settlement in 2019 after being accused of trade-practices violations in Florida.

The proposed regulations are posted on the state of Alaska's online public notices webpage. The regulations are open for public comment until 4:30 p.m. Jan. 26. The Alcoholic Beverage Control Board is set to meet and discuss the regulations the following week.

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To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: December 5, 2023

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for November 2022 as compared to November 2023.

Total revenue collected in November of 2022 was \$250,028.83, compared to \$286,033.98 in November of 2023. This is an increase of \$36,005.15 or almost 14% more revenue than last year. There were 23 sales days in November of 2022 and 25 sales days in November of 2023. The Nana shares were less this year than last year, but the KIC shares were more this year than last year.

In November of 2022 we had 5,205 customers compared to 5,259 in November of 2023. This is an increase of 54 customers. The average sale in November of 2022 was \$48.04 compared to \$54.39 in November of 2023 or an average of \$6.35 more spent per customer this year compared to last year.

Cigarette sales in November of 2022 were \$3,727.89 as compared to \$5,396.29 in November of 2023. This is an increase of \$1,668.40 in tobacco sales compared to this time LY.

The Delivery Site 7 logged transactions.

The number of 10-day permits issued was 130.

The number of 30-day permits issued was 4.

The number of 90-day permits issued was 4.

The number of 180-day permits issued was 12.

The number of one-year permits issued was 62.

At least 44 permits were suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail.

Inventory for November 2023 has been completed and filed.

To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: January 4, 2024

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for December 2022 as compared to December 2023.

Total revenue collected in December of 2022 was \$363,915.55, compared to \$292,031.60 in December of 2023. This is a decrease of \$71,883.95 or almost 20% less revenue than last year. There were 27 sales days in December of 2022 and 25 sales days in December of 2023.

In December of 2022 we had 6,582 customers compared to 5,326 in December of 2023. This is a decrease of 1,256 customers. The average sale in December of 2022 was \$55.29 compared to \$54.83 in December of 2023 or an average of \$0.46 less spent per customer this year compared to last year.

Cigarette sales in December of 2022 were \$4,991.86 as compared to \$5,310.17 in December of 2023. This is an increase of \$318.31 in tobacco sales compared to this time LY.

The Delivery Site 5 logged transactions.

The number of 10-day permits issued was 140.

The number of 30-day permits issued was 3.

The number of 90-day permits issued was 4.

The number of 180-day permits issued was 5.

The number of one-year permits issued was 71.

At least 37 permits were suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail.

Inventory for December 2023 has been completed and filed.

To: Tessa Baldwin - City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: January 4, 2024

Re: Arctic Spirits Manager's report and yearly recap comparison.

The following is a yearly recap for 2022 as compared to 2023.

Total revenue collected in 2022 was \$3,438,334.70, compared to \$3,364,317.94 in 2023. This is a decrease of \$74,016.76 or almost 2% less revenue than last year.

In 2022 we had 71,979 customers compared to 64,883 in 2023. This is a decrease of 7,096 customers. The average sale in 2022 was \$47.77 compared to \$51.85 in 2023 or an average of \$4.08 more spent per customer in 2023 compared to 2022.

Cigarette sales in 2022 were \$47,427.64 as compared to \$61,586.59 in 2023. This is an increase of \$14,158.95 in tobacco sales in 2023 compared to 2022.

The Delivery Site logged 69 transactions in 2023 compared to 59 in 2022. The number of 10-day permits issued was 1,336 in 2023 compared to 2,700 in 2022. The number of 30-day permits issued was 114 in 2023 compared to 140 in 2022. The number of 90-day permits issued was 58 in 2023 compared to 47 in 2022. The number of 180-day permits issued was 146 in 2023 compared to 90 in 2022. The number of one-year permits issued was 804 in 2023 compared to 892 in 2022.

To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: February 1, 2024

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for January 2023 as compared to January 2024.

Total revenue collected in January of 2023 was \$251,863.12, compared to \$221,733.69 in January of 2024. This is a decrease of \$30,129.43 or almost 12% less revenue than last year. There were 26 sales days in January of 2023 and 25 sales days in January of 2024. We had a weather closure day on Thursday January 11, 2024.

In January of 2023 we had 5,157 customers compared to 4,529 in January of 2024. This is a decrease of 628 customers. The average sale in January of 2023 was \$48.84 compared to \$48.96 in January of 2024 or an average of \$0.12 more spent per customer this year compared to last year.

Cigarette sales in January of 2023 were \$4,704.92 as compared to \$4,348.23 in December of 2023. This is a decrease of \$356.69 in tobacco sales compared to this time LY.

The Delivery Site 1 logged transactions.

The number of 10-day permits issued was 116.

The number of 30-day permits issued was 10.

The number of 90-day permits issued was 3.

The number of 180-day permits issued was 7.

The number of one-year permits issued was 42.

At least 32 permits were suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail.

Inventory for January 2024 has been completed and filed.

To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: March 6, 2024

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for February 2023 as compared to February 2024.

Total revenue collected in February of 2023 was \$232,145.06, compared to \$240,887.24 in February of 2024. This is an increase of \$8,742.18 or almost 4% more revenue than last year. There were 24 sales days in February of 2023 and 25 sales days in February of 2024.

In February of 2023 we had 4,524 customers compared to 4,811 in February of 2024. This is an increase of 278 customers. The average sale in February of 2023 was \$51.31 compared to \$50.07 in February of 2024 or an average of \$1.24 less spent per customer this year compared to last year.

Cigarette sales in February of 2023 were \$4,356.86 as compared to \$4,868.44 in December of 2023. This is an increase of \$511.58 in tobacco sales compared to this time LY.

The Delivery Site 6 logged transactions.

The number of 10-day permits issued was 120.

The number of 30-day permits issued was 10.

The number of 90-day permits issued was 5.

The number of 180-day permits issued was 12.

The number of one-year permits issued was 48.

At least 5 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received over 45 COR/judgements to update in our system.

Inventory for February 2024 has been completed and filed.

To: Tessa Baldwin – City Manager

CC: Chelsea Sieh, Rosie Hensley

From: Jamie Lambert, Arctic Spirits Manager

Date: April 1, 2024

Re: Arctic Spirits Manager's report and monthly recap comparison.

The following is a calendar recap for March 2023 as compared to March 2024.

Total revenue collected in March of 2023 was \$275,516.44, compared to \$282,588.25 in March of 2024. This is an increase of \$7,071.81 or almost 2% more revenue than last year. There were 25 sales days in March of 2023 and 26 sales days in March of 2024.

In March of 2023 we had 5,282 customers compared to 5,659 in March of 2024. This is an increase of 377 customers. The average sale in March of 2023 was \$52.16 compared to \$49.94 in March of 2024 or an average of \$2.22 less spent per customer this year compared to last year.

Cigarette sales in March of 2023 were \$5,478.43 as compared to \$5,977.08 in March of 2024. This is an increase of \$498.65 in tobacco sales compared to this time LY.

The Delivery Site 2 logged transactions.

The number of 10-day permits issued was 137.

The number of 30-day permits issued was 17.

The number of 90-day permits issued was 2.

The number of 180-day permits issued was 12.

The number of one-year permits issued was 57.

At least 4 permits were newly suspended or revoked due to background checks, public intoxication reports, and COR/judgement paperwork sent from the jail. We received over 37 COR/judgements to update in our system.

Inventory for March 2024 has been completed and filed.

Kotzebue City Expenditures with Comparison to Budget For the 3 Months Ending March 31, 2024

ARCTIC SPIRITS

		Period Actual	Period Actual YTD Actual		Budget		Unexpended	Pont
	ARCTIC SPIRITS EXPENSES							
603-10-54110	LBCB Stipend	.00		.00		5,500,00	5,500,00	.0
603-10-54125	Salaries & Wages	16,675.38		48,733.83		276,585.00	227,851.17	17.6
603-10-54130	Overtime	35.03		153.25		3,000.00	2,846.75	5.1
603-10-54140	Employee Benefits	4,043.34		12,371.36		108,502.00	96,130.64	11.4
603-10-54210	Electricity	521.04		1,359.74		6,000.00	4,640.26	22.7
603-10-54215	Heating Fuel	2,277.62		14,089.11		30,000.00	15,910.89	47.0
603-10-54210	Building Maintenance	.00,		.00		2,000,00	2.000,00	.0
603-10-54220	Cleaning Supplies	.00,		45,72		500.00	454,28	9.1
603-10-54315	Office Supplies & Equip	.00.		895.77		5.000.00	4,104.23	17.9
603-10-54313	Product Acquisition	.00.		.00	-	,279,000.00	1,279,000.00	.0
603-10-54321	Cash Overs/Shorts - Pkg Store	.00.		31.38)		500.00	531.38	(6.3)
603-10-54400	Service Charges	.00.	•	8,433.62		37,500.00	29,066.38	22.5
603-10-54410	Telephone/Fax	128,23		384.85		2,000.00	1,615.15	19.2
603-10-54415	Travel/Lodging/Per Diem	.00		.00.		2,000.00	2,000.00	.0
603-10-54425	Training	.00.		.00.		1,000.00	1,000.00	.0
603-10-54433	v	.00.		.00		50,00	50,00	.0
603-10-54434	Freight Charges	19,439,68		48,072,82		475,000.00	426,927.18	10.1
603-10-54436	Professional Services	00.		.00		400.00	400.00	.0
603-10-54438	Legal Fees	.00		783.00		10,000.00	9,217.00	7.8
603-10-54439	Insurance	.00.		9,374.62		63,000.00	53,625.38	14.9
603-10-54450	Permits	(600,00		300,00)		500,00	800.00	(60.0)
603-10-54505	Gas/Diesel	00.		714.55		2,700.00	1,985.45	26.5
603-10-54526	Light Vehicle R & M	.00.		.00		2,000.00	2,000.00	.0
603-10-54527	Gen, Fund Admin, Overhead	.00.		.00		155,000.00	155,000.00	.0
	Equipment Maint.	.00		.00.		1,500.00	1,500.00	.0
603-10-54530		.00.		.00.		500.00	500.00	.0
603-10-54620	Maintenance/Support Agrmt	00.		375,50		1,500.00	1,124.50	25.0
603-10-54625	• • •	.00.		00.		1,137,672.00	1,137,672.00	.0
603-10-54702	Transfer to G.FComm Support		, 	.00.		1,107,072.00	1,107,012.00	
	Total ARCTIC SPIRITS EXPENSES	42,520.32	2	145,456,36		3,608,909.00	3,463,452,64	4.0
	Total Fund Expenditures	42,520.32	<u>?</u> – –	145,456.36		3,608,909.00	3,463,452.64	4.0
	Net Revenue Over Expenditures	(42,520.32	2)	291,558,86	(492,812,00)	(784,370.86)	59.2

Kotzebue City Revenues with Comparison to Budget For the 3 Months Ending March 31, 2024

ARCTIC SPIRITS

		Period Actual	YTD Actual	Budget	Unearned	Pont
	ARCTIC SPIRITS REVENUE					
603-00-43405	Retail Sales	.00	415,865.52	2,972,500.00	2,556,634.48	14.0
603-00-43407	Retail Sales - Tobacco	.00	9,216.67	61,200.00	51,983.33	15.1
603-00-43408	Retail Sales - Miscellaneous	.00,	1,713.03	10,200.00	8,486.97	16.8
603-00-43410	Distribution Point Fees	.00	280,00	1,500.00	1,220.00	18.7
603-00-43425	Permitting Fees	.00	9,940.00	55,000.00	45,060.00	18.1
603-00-44107	State of AK PERS Relief	.00.	.00	15,697.00	15,697.00	.0
	Total ARCTIC SPIRITS REVENUE	.00.	437,015.22	3,116,097,00	2,679,081.78	14.0
	Total Fund Revenue	.00.	437,015.22	3,116,097.00	2,679,081.78	14.0



Joseph W. Evans City Attorney joe@jwevanslaw.com

Valerie V. Evans Legal Assistant valerie@jwevanslaw.com

March 2, 2024

Clara Lee Empress Chinese Restaurant P.O. Box 527 Kotzebue, Alaska 99752-0527

Re: Request for Alcohol Permit

Ms. Lee:

Thank you for you REQUEST FOR ALCOHOL PERMIT, a copy of which is attached hereto.

The residents of Kotzebue have voted twice - in 2009 and 2016 - for the only local alcohol options in Kotzebue to be a City-owned package store, delivery site and bar/restaurant. As such, no private permits can be issued in Kotzebue for the sale of alcohol. It would take a Local Option change pursuant to Title 4 of the Alaska Statutes and 3 AAC 305 of the Alaska Administrative Code for private permits to be available in Kotzebue.

Respectfully,

CITY OF KOTZEBUE

e Evans

Joseph W. Evans City Attorney

Attachment: Empress Request for Alcohol Permit [1 page]

Request for Alcohol Permit

Established in 2002, Empress Chinese Restaurant strives to serve quality food with exceptional customer service to locals and visitors alike. In the past 20+ years we have noticed a gradual increase in the request for beer and/or wine from residents; and our out-of-town guests visiting Kotzebue.

Our vision is to accommodate and meet the demands of local residents and the many out-of-town visitors with beer and wine at our establishment. We believe our vision will support the increase of tourism to the City of Kotzebue, by providing a safe, and comfortable experience at our establishment for our guests. Additionally, we foresee an increase in tax revenue for the city, which in turn will help the community with additional funds to further facilitate other needs.

Since our inception more than 20 years ago, we have dedicated ourselves to serving the needs of our community and we will continue to do so with the utmost care, love, and responsibility. We respect and appreciate your consideration of our request for the alcohol permit.

Respectfully yours,

Clara Lee Empress Chinese Restaurant PO Box 527 Kotzebue, AK 99752 907) 843-2804