



BUSINESS MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Friday, February 7, 2020
Lansing District Office
525 W Allegan
Lansing MI 48933

Present: Pat Gagliardi, Chair
Dennis Olshove, Commissioner
Geraldyn Lasher, Commissioner
Bradford Jacobsen, Commissioner

Absent: None

Staff: Kerry Krone, Business Manager
Pam Hamilton, Director of Finance Division
Julie Wendt, Director of Executive Services
Donald McGehee, Chief of Alcohol and Gambling
Enforcement Division
Barb Subastian, Regional Supervisor
Enforcement Division
David Marvin, State Manager, Licensing Division
Casey Haapapuro, Enforcement Division
Jeannie Vogel, Public Information Officer
Anita Fawcett, Administrative Assistant

The meeting was called to order by Chair Gagliardi at 10:38 a.m., noting a quorum was present.

- I. **Moved by Commissioner Olshove, supported by Commissioner Lasher that the minutes of the Commission meeting of January 29, 2020, be approved as written and presented, motion carried by unanimous vote.**

- II. Ms. Hamilton requested a new category in the price book labeled Irish Whiskey. She advised we have approximately 100 codes of this type of whiskey in the Miscellaneous category and wants to move them to a specific labeled category in the price book.

Moved by Commissioner Olshove, supported by Commissioner Lasher that the request for a new category labeled Irish Whiskey be added to the price book, be approved, motion carried by unanimous vote.

- III. Chair Gagliardi advised the Commission has asked for an update on the delivery and customer service issues with ADA 321, RNDC/NWS (RNDC). He asked Ms. Krone and Ms. Hamilton to give a brief overview of the progress RNDC has made.

Ms. Krone advised online complaints continue to diminish since the meeting in January 2020. She stated that 1/3 of the retailer phone complaints are that either no one can be reached at RNDC or no one will return their call. Ms. Krone advised the other 2/3's of complaints have to do with out of stock items, delivery, pick up of orders by licensees and delivery of items not ordered.

Ms. Hamilton stated the Commission has balanced invoices through the end of December 2019 and advised the State inventory is approximately \$18.4 million which is down considerably from the last meeting. She stated the State has received from RNDC approximately \$13 million in invoices that have not been balanced which when reconciled should substantially resolve this issue.

Mr. Joe Gigliotti, Region President for Control State for RNDC spoke on the customer service office manager they have hired that will be training all front office staff in phone etiquette and will be training all new hires. He stated they have put the outside phone center on hold for now and the RNDC staff are answering all calls.

Mr. Gigliotti stated he had a short slide show presentation that recapped how the problems started, what they have done to correct the issues, and gave an overview of the automation in the new warehouse in Livonia. He advised the new warehouse will eventually have faster order turnarounds, would allow for better inventory control and move products more efficiently to improve sales. Mr. Gigliotti spoke on lessons learned and things to look at in the future.

Commissioner Olshove spoke on the ADA work group, that staff has been meeting on issues and having discussions. He advised in the future will have RNDC and other industry people attending these meetings to offer their viewpoint on how to make the system better and more responsive to suppliers, retailers and the Commission. Commissioner Olshove wants the public and licensees to feel free to come to the Commission with concerns or suggestions.

Chair Gagliardi advised we were using the strength of the Commission staff and are receiving some good ideas on changes that could be made.

Commissioner Lasher spoke on the Special License work group, that there has been a big explosion of these types of licenses with close to 10,000 being issued last year.

Commissioner Lasher advised Mr. Gigliotti that some of the slides might be misleading to the public and he may want to review them. She asked what the plan is when Mr. Gigliotti is no longer in Michigan.

Mr. Gigliotti advised that was fair question and RNDC is reviewing staff needs and looking at what they require operationally to provide good service to Michigan. He advised that fundamental changes have been made such as accounting moving to Corporate oversight, that an executive vice president will be responsible for day to day operations and there will be ongoing changes moving forward.

Chair Gagliardi stated the last few months have been a disaster and we are still not where we want to be. He advised when he came on board in August 2019, he walked into this mess and that staff was keeping records of complaints before that date. Chair Gagliardi stated he is not giving RNDC a pass on these issues but pleased to see they are getting resolved.

Mr. Gigliotti advised he expects the efficiency to rise as staff is trained at the new warehouse and that they have moved some routes back to Livonia. He wants to be sure Livonia is working well before they completely move out of the Brownstown warehouse.

Discussion was held between Chair Gagliardi and Mr. Gigliotti regarding the money that was lost because of all these issues. Mr. Gigliotti advised he would get some figures together based on trends. Chair Gagliardi asked for a written plan for the future.

Mike Mitchell, Midwest Independent Retailer's Association and a Vice President of Marcum Enterprises, advised that delivery is back on track and that Mr. Gigliotti came to their Gala and spoke with many retailers about these issues. Mr. Mitchell advised that Brian and Mike are communicating better and keeping them informed. He thanked the Commission for their time and allowing him to speak and agreed with the Chair that RNDC does not get a pass, but there is marked improvement.

IV. Old Business.

There was no Old Business.

V. New Business.

There was no New Business.

VI. Public Comments.

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There were no Public Comments.

With no further business, moved by Commissioner Olshove, supported by Commissioner Lasher, that the business meeting be adjourned at 11:45 a.m., motion carried by unanimous vote.

Pat Gagliardi
Chair