

ATTACHMENT G

Response from BevMo! to Opposition Letters

Response and Presentation to Opposition Letters
from BevMo Representative



BevMo!

1401 Willow Pass Rd, Suite 900 • Concord, California 94520 • T 925.609.6074 • F 925.798.7150 • www.bevmo.com

January 21, 2013

County of Monterey Board of Supervisors
C/O: Dan Lister, Planning Division
168 W. Alisal St., 1st Floor
Salinas, CA 93901

**Re: Beverages and More, Inc. (BevMo!) – Carmel Rancho Blvd.
Request for Letter of Public Convenience or Necessity-Response to Letter of
Opposition**

Dear Honorable Board of Supervisors:

As you are aware, BevMo! has submitted an application for a determination of public convenience and necessity, which is required as part of our application for Type 21 ("Off-Sale General" for retail sales of beer, wine, and spirits) and Type 42 ("On-Sale Beer and Wine for Public Premises" for on-premises beer and wine tastings) California Department of Alcoholic Beverage Control ("ABC") liquor licenses. It has come to our attention that a letter in opposition to our application was submitted to the County, this letter is intended to address some of the issues outlined in that letter.

First and foremost, one of the concerns outlined in the letter of opposition relates to potential negative impacts of alcohol sales. We understand the sensitivity regarding the sale of alcohol at retail, and we, as outlined in our request letter dated November 19, 2012, take the responsible sale of alcohol very seriously. Without repeating the information provided in our November letter, we believe that our policies, which go above and beyond what the ABC requires and what most other retailers self-impose, go a long way in reducing many of the negative impacts that can occur with the retail sale of alcohol.

Second, the letter opposing our application correctly points out that, in the census tract at issue, only five off-premises retail licenses are allowed. A BevMo! Type 21 license would bring the total to six licenses in this census tract. However, of the five existing licensees, only one other retailer, Save Mart, operates a Type 21 license. The other four licensees operate Type 20 licenses, allowing only the sale of beer and wine. Compared to the five existing retailers, BevMo! offers a much broader selection with more than 600 types of beer (with a large selection of craft beers), more than 3,000 types of wine (with over 1,000 different California wines), and more than 1,200 different types of spirits. In addition, BevMo!'s selection of over 2,000 "& More" products, including fine cigars, fresh caviar, gourmet food items, high-end glassware, specialty non-alcoholic beverages, and other accessories, far exceeds the selection currently available at existing retailers, including Safeway and CVS Pharmacy (both holding the Type 21 license) in the adjacent census tract. BevMo! also offers online ordering and delivery (with careful policies for delivery to adults only). Ultimately, the breadth of selection, value, and

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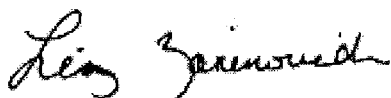
the service offered at BevMo! provides convenience to consumers that is not currently offered at other licensed retailers in the area.

BevMo! also seeks a Type 42 license which is required for the operation of our educational beer and wine tastings. On-premises consumption licenses are also over-concentrated in this census tract. However, of the eighteen existing on-premises licenses, eight are restaurants with Type 41 licenses ("On-Sale Beer and Wine for Bona Fide Eating Place), nine are restaurants with Type 47 licenses ("On-Sale General for Bona Fide Eating Place" allowing the restaurant to serve beer, wine, and spirits), and one is a private club with a Type 51 license ("Special On-Sale General"). None of the eighteen existing licensees holds a Type 42 license ("On-Sale Beer and Wine for Public Premises", allowing a premises that is not a restaurant to serve beer and wine only). More importantly, none of the existing licensees in this census tract offers the educational beer and wine tasting component, which includes employees with formal sommelier training, offered by BevMo!. While it is true that the surrounding area has a thriving wine industry with wine bars and tasting rooms for specific vineyards, no other retailer in the area offers the selection outlined above along with educational wine and beer tastings.

Permitting the sale of alcoholic beverages and offering tastings at this location will provide residents with a convenient new shopping experience with unparalleled selection and competitive pricing. Given the information provided and included in the enclosed "Who We Are/Who We Are Not" presentation, we respectfully request approval of our application for determination of public convenience or necessity.

If you have any questions, please feel free to contact me at (925)609-6153.

Sincerely,



Liz Zaninovich

BevMo!

Licensing/Permit Entitlement Specialist

zaninovich@bevmo.com

(925)609-6153

BevMo!

February 8, 2013

Fernando Armenta, Chairman
Board of Supervisors
168 West Alisal Street
Salinas, CA 93901

Sent Via email to district1@co.monterey.ca.us

RE: Board of Supervisors Meeting February 12, 2013 - Agenda Item #15. Beverages & More, Inc. Request for Letter of Public Convenience or Necessity PLN 120769

Dear Chairman Armenta:

In preparation for Board of Supervisors meeting next Tuesday, I received and have reviewed the Staff Report and Attachments related to the request by Beverages & More, Inc., ("BevMo!") for a Letter of Public Convenience or Necessity required for our planned location in the Carmel Rancho Shopping Center in the unincorporated Monterey County area of Carmel.

We support the analysis and findings of the County Staff, who recommend approval of our request, as well as the opinion of the County Sheriff's Office indicating they have no data to justify denial of our application.

Within the Staff report there were a number of letters from area residents indicating support for our application. Since the publication of the Staff Report packet, we have learned of additional members of the community that have expressed support for our planned application. I will bring whatever new information we become aware of to the Board Meeting for submission into the record.

Also within the Staff Report were a number of letters from local residents opposing our application. I would like to address the issues and statements made in these letters. Within the letters opposing the store, there were three main concerns expressed:

- 1) The location of the proposed store in relation to the existing High School and Middle School and the proximity of middle school and high school students when they frequent the local business in the shopping center, will create an easy opportunity for these students to purchase alcohol from BevMo! .
- 2) There are already too many outlets for alcohol in the area
- 3) The addition of BevMo will exacerbate the already existing problem of underage alcohol consumption

I would like to address each of these concerns.

- Location of the Store in relation to the existing High School and Middle School.

FACT: Depending upon what standard of measurement you use (building to building, property to property line) there is the Carmel High School and Middle school within a ½ to 1 mile distance of the proposed BevMo! location.

The concern expressed by many of the letters opposing our application was that students who frequent this Carmel Rancho Shopping Center will, by ease of proximity, be able to purchase alcohol from BevMo!. I am sure these concerns were expressed by residents who are not familiar with our standards of operation.

While there is no dispute about proximity to these schools, BevMo! has in place a number of policies to eliminate even the slightest opportunity for sale to minors. We have multiple layers of protection to insure minors are not able to purchase alcohol in the store, including:

- **No one under the age of 21, unless accompanied by a parent, is allowed in the Store.** We make a public statement on the front door of the store. A photo of the sign from our Salinas Store is attached. While there may be minors in the Shopping Center, entering the BevMo! store is not an option.
- **BevMo! has a companywide policy that we do not hire anyone under the age of 21.** We understand the opportunity for peer pressure among young people related to alcohol sales and have removed this from the sales process. We could hire persons over 18, which would probably save the company money in wages, but we choose to only hire persons over 21. This is a self imposed standard, not mandated by any regulation. This helps insure our sales associates and management will use best practices in the sale of our products.
- **We request identification/proof of age on anyone appearing to be under the age of 50.** We ID anyone who appears to be under the age of 50. This policy goes above and beyond what the ABC requires. Another layer we employ is the use of technology in vetting customers who could be underage. Because there is always the risk of a human failure in reviewing identification, Bev Mo! employs a driver's license reader which is positioned at each check-stand and the tasting area to validate the age of the customer prior to purchase. With the onslaught of fake ID's, this reader takes the guesswork out of calculating a customer's age. It only reads the magnetic strip and reports the birth date and age of the person being scanned. We also have out-of-state readers for out-of-state driver's licenses and other forms of identification to fully cover the spectrum of possible ID's presented by customers. The ID units have a memory allowing for review of past checks in case a question arises. I have included a copy of the information sheet on the units we use, as well as photos of the units in use at the Salinas BevMo! store.
- **Product selection.** We purposely do not sell products of abuse. While we do sell thousands of products including alcoholic beverages, glassware, party decor items, and wine accessories, we do not sell the following items, many of which are desired purchases of minors: cigarettes, lotto tickets adult magazines, Malt Liquors, fortified wines, or single cans of domestic beers.

Many of the letters indicated a concern that children or students frequenting the Carmel Rancho Shopping Center Bagel store and other businesses would then be able to go to BevMo! to purchase alcohol. From the standards and policies outlined above, BevMo! is well insulated from these occurrences. Since 1994, when the company was founded, we have continued to lead the industry in setting high standards in alcoholic beverage retailing. As a result, the California Department of Alcoholic Beverage Control has referred to us as the "Nordstrom's of Beverage Retailing" because of our strict policies and procedures.

- **The addition of BevMo! will exacerbate the already existing problem of underage alcohol consumption**

Fact: While many of the letters expressed concern over the high amounts of underage drinking that has occurred in the community, many of the letters, including the data from Heath Rocha, Director Special Education and Student Services for the Carmel Unified School District, fail to cite the source of the alcohol that the teenagers are abusing. However, one of the letters from a person opposing the permit, Mary Gale, a retired educator, in her email of February 3, 2013 to the Board acknowledges that teenagers, "...get their liquor by raiding their parent's supply." Another email to the Board in your packet from Jeanie Lewis on February 1, 2013, suggest that "...our teenagers get free liquor at home and do not need to buy it." Both of these individuals clearly have identified a source of alcohol for teenagers unrelated to the presence of a BevMo!.

The addition of a BevMo! will not alter the sources of alcohol available in the community to teenagers and, in fact, through the policies and procedures noted above, will further insure that alcohol is sold in a responsible way, to only those individuals entitled to purchase it. It is important to understand that BevMo! is not downplaying the severity, nor questioning the presence of underage drinking in this community. This is a serious problem that our communities, families, and other stakeholders must work to improve. There are many reasons this problem occurs, from family structure, child upbringing, less child supervision, to product education in the schools. Our point is that with the above noted procedures in place, the source of alcohol fueling teen drinking is not coming by sales to minors at BevMo!.

- **There are already too many outlets for alcohol in the area.**

The County Staff has stated in their Staff Report that recommends approval of the permit, "BevMo is a unique type of retail establishment which is not currently available within the Monterey County Peninsula area."

Without restating the detailed analysis contained in the Staff report, there are some obvious facts to which I would like to draw your attention.

The need for the permit by BevMo! is based upon the State of California Department of Alcoholic Beverage Control process to measure the amount of licenses per capita within a census

tract and provide cities and counties an opportunity to review new applications when they are submitted. The step provides an opportunity to insure that the community is being served with a diverse offering of beverage retailers and avoid the over concentration of problem outlets that can have a negative impact on a community.

There are a variety of licenses in the Carmel Valley area issued to hotels, wineries, private clubs, delicatessens, and convenience markets. Only one type 21 license (off sale of beer, wine and spirits is present in the census tract), which is owned by Save Mart Supermarkets, adjacent to the planned BevMo! location.

BevMo! has found that, like many other retail areas, a variety of channels exist for the sale of alcohol. The supermarket offers a limited selection of predominately brand categories. Wineries offer a specific brand with a different experience geared toward entertainment and an enhanced tasting environment. BevMo! fills a different niche altogether with a large selection of wines, beers, sprits, along with wine accessories, entertaining related foodstuffs (chips, dips, crackers, and a wide selection of cheeses. In addition, each store has a Wine Sommelier, to assist in education and selection of wine. We offer the diversity of selection , coupled with competitive pricing in a friendly, professional, well lit environment. We are not the corner liquor store offering single cans of Budweiser for immediate consumption.

Our customers usually purchase between 3 and 4 items during each visit. The average price of an item in the store is between \$9 to \$14. We specialize in supporting weddings, private events, and holiday gatherings. This is a very different shopping alternative than convenience stores or even the adjacent Save Mart.

The Carmel Monterey area is considered "over-saturated" by ABC statewide standards. In this case, looking beyond the pure numbers shows that the area is a tourist mecca for outdoor recreation, fine dining, art, entertaining, and tourists in general. Because State ABC totals do not take into account the added visitor tourist population, the number of licenses seems high on the surface but is really in keeping with the unique traits of the area.

I realize it is repetitious but believe County Staff stated it best when they included in the staff report... "BevMo is a unique type of retail establishment which is not currently available within the Monterey County Peninsula area."

Summary

I have outlined above the many policies procedures and differences that set BevMo! apart from most other retailers of alcoholic beverages. In selecting this location, we find there are a large number of BevMo! customers already living on the west side of the County, who now drive to their closest stores in Salinas, Gilroy, and Capitola. We know this because of their membership in our ClubBev! Program, which provides special offers, email alerts, and information about events planned for the store. The proposed store will increase convenience to these existing and new customers, as well as protect the leakage of sales tax dollars outside the County.

The reactions expressed by the residents who wrote letters opposing BevMo! are understandable as they have a deep concern to maintain a high quality of life in their community. I understand this and applaud them for their energy to try and make a change. In this case, I feel they have lacked many of the facts that support their concerns.

As an alcohol retailer, concerns about alcohol sales, especially in tight knit communities like Carmel, are not novel to us and we have proven that we are an excellent addition to new communities. For example, in 2010, BevMo! applied for a permit to operate a store in Menlo Park, California. In addition to fierce opposition from a local wine store, a large number of residents expressed similar concerns about the potential for crime, increased drinking, loitering, and the similar problems expressed by Carmel's residents. In Menlo Park, BevMo! was approved after a series of public hearings and opened the store in February 2011. During the recent successful renewal of our permit at this location, the Menlo Park Planning staff commented that the conditions of approving the permit were followed as requested. Further, Planning Commission Chair Katie Ferrick said that while there were quite a few concerns prior to the store's opening, she'd heard no anecdotal stories during the past two years that would contradict the staff's assessment. This is one example of how BevMo! does what it says and maintains a high, consistent standard in its store operations.

As part of our community outreach we have contacted the two individuals who we were aware of that voiced an opposition to the project. Liz Zaninovich, our community outreach specialist has had an ongoing dialog with Ms. Christine Williams and did speak with Margaret Robbins as well. Ms. Robbins was not open to continuing the dialog, but Ms. Williams continues to discuss various aspects of the project and her concerns. We have offered a series of conditions that could be attached to the County approval as well as our State License that further reinforces our commitment to be a responsible retailer. Copies of these are included for your review.

In conclusion, I would respectfully ask for your support and approval of the Letter of Public Convenience or Necessity. I look forward to introducing our company and plans for this location to you next Tuesday. I welcome any questions or need for additional information before then.

Very Truly Yours,



Greg Endom
Senior Vice President – Real Estate, Construction & Facilities

Cc: Daniel Lister, Planner County of Monterey Planning Department via email
Supervisor Calcagno via email
Supervisor Salinas via email
Supervisor Parker via email
Supervisor Potter via email

Carmel Conditions: Recommended

1. Loitering is prohibited on these premises or the area under the control of the licensee.
2. The licensee shall post and maintain a sign facing the premises' parking lot that measures at least two feet square, with two-inch block lettering stating: "No loitering. No littering. No drinking of alcoholic beverages. Violators are subject to arrest."
3. At each point of entry to the Off-Sale General Premises from the On-Sale Beer and Wine Public Premises, a prominent sign shall be posted, stating: "No open alcoholic beverage containers beyond this point."
4. At each point of entry to the On-Sale Beer and Wine Public Premises, a prominent sign shall be posted, stating: "No Minors Under 21 Permitted."
5. A sign at the entrance to the premises shall be posted, stating: "No Minors Under 21 Permitted Without an Adult."
6. Any graffiti painted or marked upon the premises or on any adjacent area under the control of the licensee shall be removed or painted over within 72 hours of notice of occurrence.
7. Sales, service and consumption of alcoholic beverages shall be permitted only between the hours of 9AM and 10PM each day of the week.
8. No person under the age of 21 shall serve or sell alcohol on the premises.
9. No outdoor tables or chairs or any other form of patron seating shall be provided on any outdoor patio or sidewalk under the control of licensee. No service or sales of alcohol shall be permitted in any outdoor patio or sidewalk location under the control of licensee.
10. No alcoholic beverages displays are permitted within five feet of the entrance to the store unless they are sold from a display case kept locked and accessible only by licensee and its employees.
11. No coin-operated game machines, pool tables, or similar game equipment shall be allowed on the premises. No pay phone will be maintained on the exterior or interior of the premises under the control of licensee.
12. No cigarettes shall be sold.
13. All types of alcoholic beverages may be sold, provided that (1) all fortified and specialty wines (defined as wine with 20% or greater alcohol content) shall be sold in cork-finished bottles unless they are sold from a display case kept locked and accessible only by licensee and its employees; and (2) no distilled spirits products shall be sold in containers greater than .50 milliliters and less than .375 milliliters unless they are sold from a display case kept locked and accessible only by licensee and its employees.

14. No neon signage advertising an individual brand of alcohol shall be located in the windows of the premises so as to be facing outward from the premises or on any part of the exterior of the premises under the control of licensee.

15. All employees hired to work on the premises shall receive training on prevention of sales to minors and to intoxicated persons.

ID-e Age Verification System used in BevMo!

TriCom Card Technologies, Inc.

New Technology supported by;
**OLD FASHIONED CUSTOMER
SATISFACTION!**



Electronic ID Checking
and
AGE VERIFICATION

The **ID-e**® Reader

Do Your Part Be ID Smart.
Call: 1-800-330-2225

Actual User Menu Screens and Menu Options

TCI
DOB: 01-01-1984
AGE **21**
Exp: 01-01-2044

TCI
EXPIRED!
09-30-1999
AGE 25
DOB: 09-30-1977

TCI
MAIN MENU
◀SET TIME & DATE
▶UPLOAD DATA
▶VIEW REPORT

TCI
REPORT VIEW
REC. NO.00015 AGE:26
DL. NO.01234567
DOB:03-21-1978
EXP:05-22-1999
03-2003 5:04AM

TCI
SAMPLE, SUSAN, P.
PO.BOX 1272 ROOM
2120, LITTLE ROCK,
AR, 72202

TCI
TK3#
CAN NOT
READ DATA
DL# 01234567

ORDER TODAY!
www.tricomcard.com



ID-e Anti Fraud Device on Counter -
BevMo! Salinas -2/7/13

Front Door Signage BevMo! Salinas - Photo taken on February 7, 2013

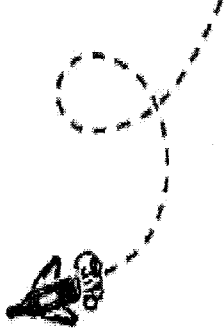


**YOU MUST BE 21
TO ENTER UNLESS
ACCOMPANIED
BY AN ADULT**

**NO LOITERING.
NO PUBLIC
DRINKING OF
ALCOHOLIC
BEVERAGES.**

BEVMO!

BEVERAGES & MORE



BevMo!

GREG ENDOM

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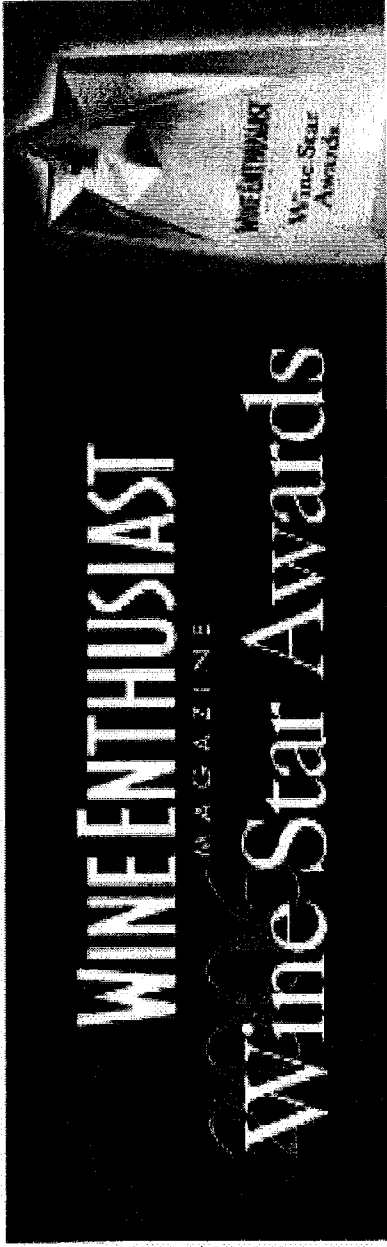
BevMo!

**ELIZABETH
ZANINOVICH**

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We are an Award Winning Specialty Retailer Focused on Superior Selection, Great Service and Everyday Value

See Award Winning Specialty Retailer with



**What's so special
about BevMo!'s selection?**





**We have wines from
around the World**





WORKING WITH
THE BEST WINERIES

A BevMo! Exclusive

When you see our
Vineyard Partners logo,
you know you're in
for a treat: a wine more
valuable than its price
suggests. Working hard
in hand with some of the
world's best winemakers
enables us to bring you
best-in-class wines priced
well below expectations.

BevMo's exclusive

Vineyard Partners

collection is 300

delicious wines strong.

Wines you can only buy at BevMo!...



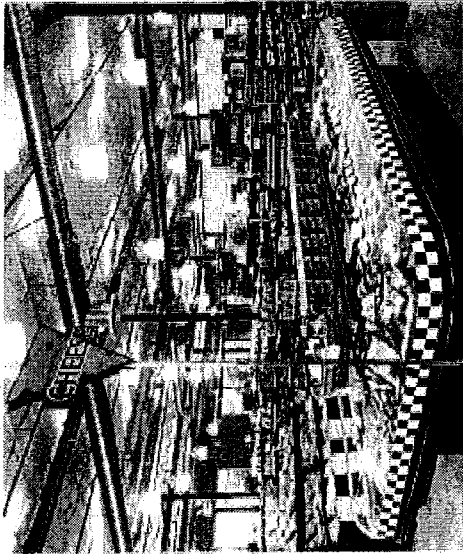
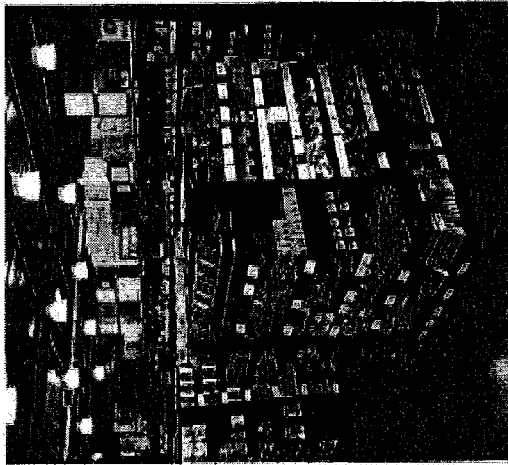
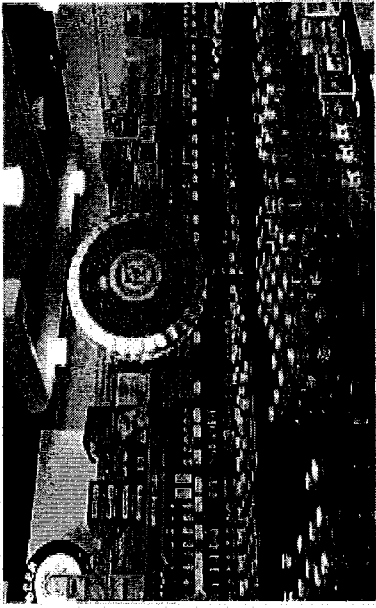
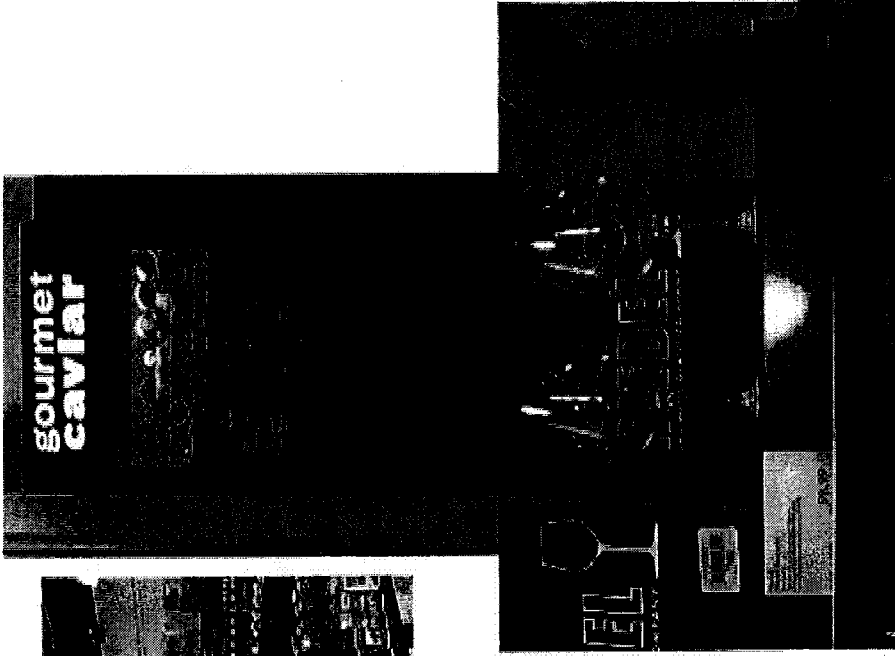


High Spirits



...and Craft Beer

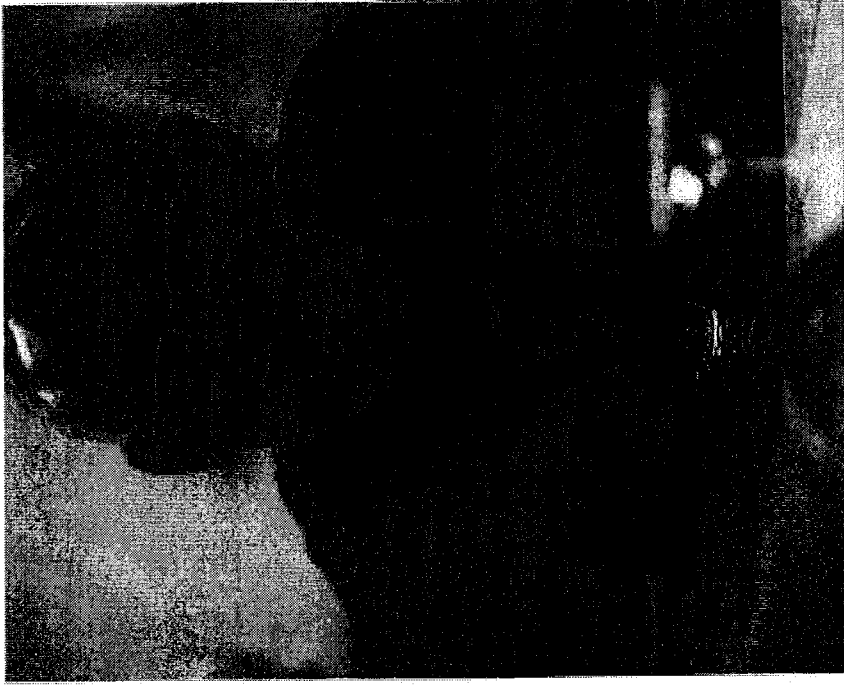




2,000+ " & More!"  **Bevmo!**
BEVERAGES & MORE

**Ok, but what about this
BevMo! Service
I hear about all the time?**



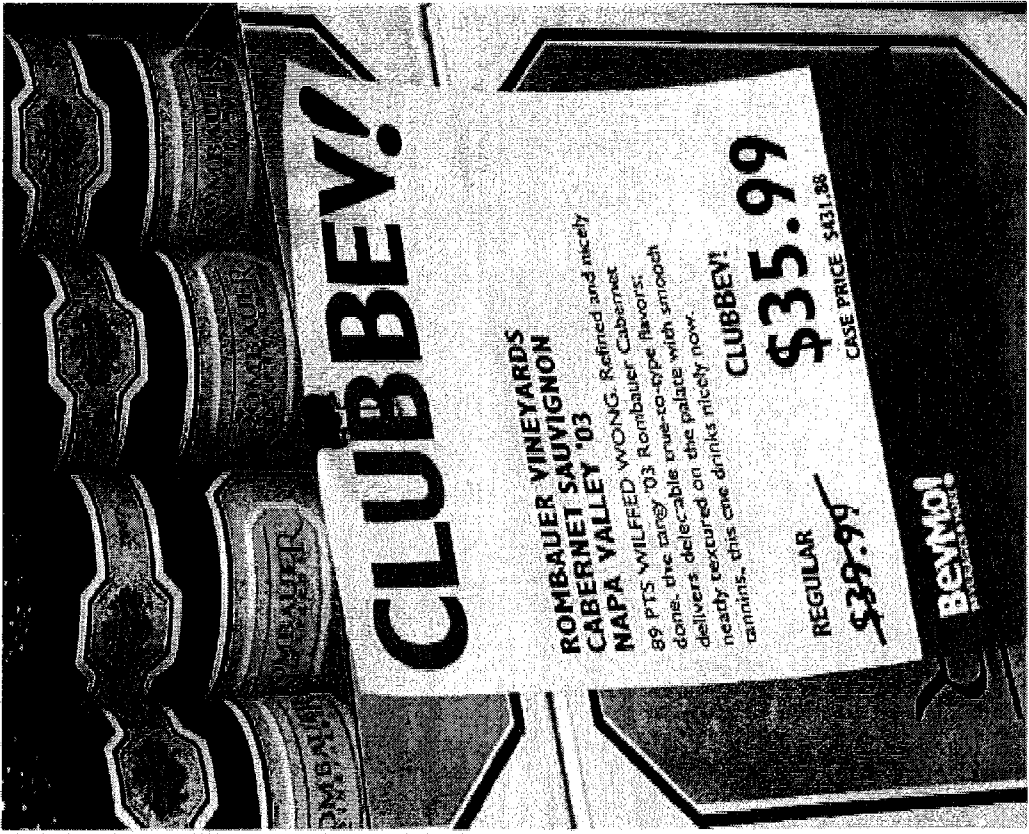


It starts with Wilfred

Who Is Wilfred Wong?

WW is a wine critic and gifted taster with serious credentials. Legendary critic Robert Parker, Jr., calls him a respected colleague; we call him our Cellarmaster.





**Wilfred tastes, rates and
writes product
descriptions for our wines
(about 8,000 wines a year!)**



...and we use his rating

**E. Guigal
Chateauneuf
du Pape '01**

93 PTS WINE SPECTATOR. Old-fashioned, the full-bodied traditional '01 Guigal Chateauneuf-du-Pape seduces with its decadent game, saddle-leather, plum and sauteed wild mushroom aromas.

750 ML - France

SKU: 67977

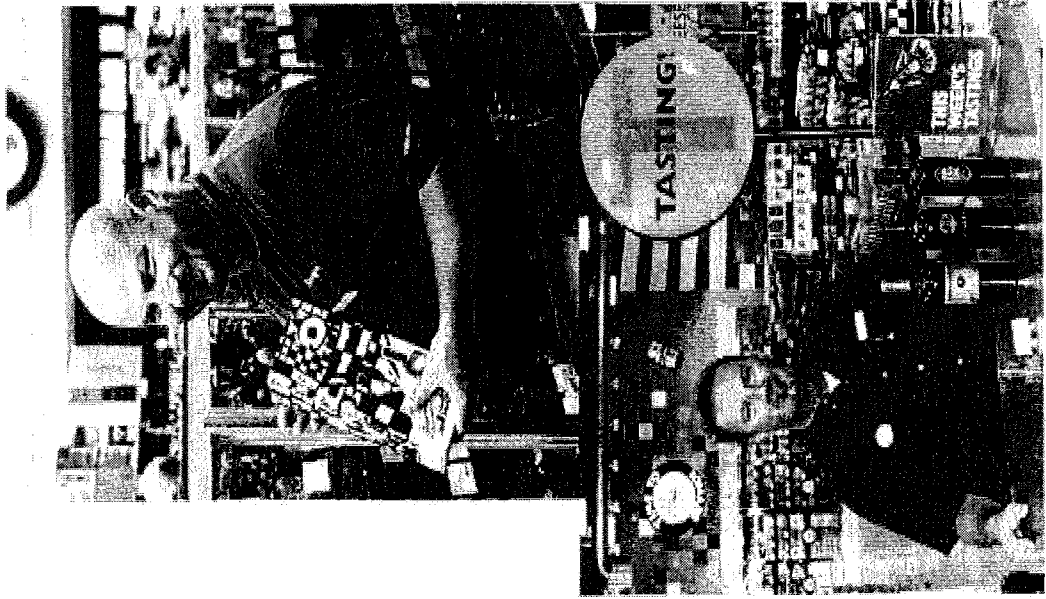
10/12/06

44.99

The vintage above may not be available. Please check the bottle label for vintage.

...until another rating comes along!

 **Bevmo!**
BEVERAGES & MORE

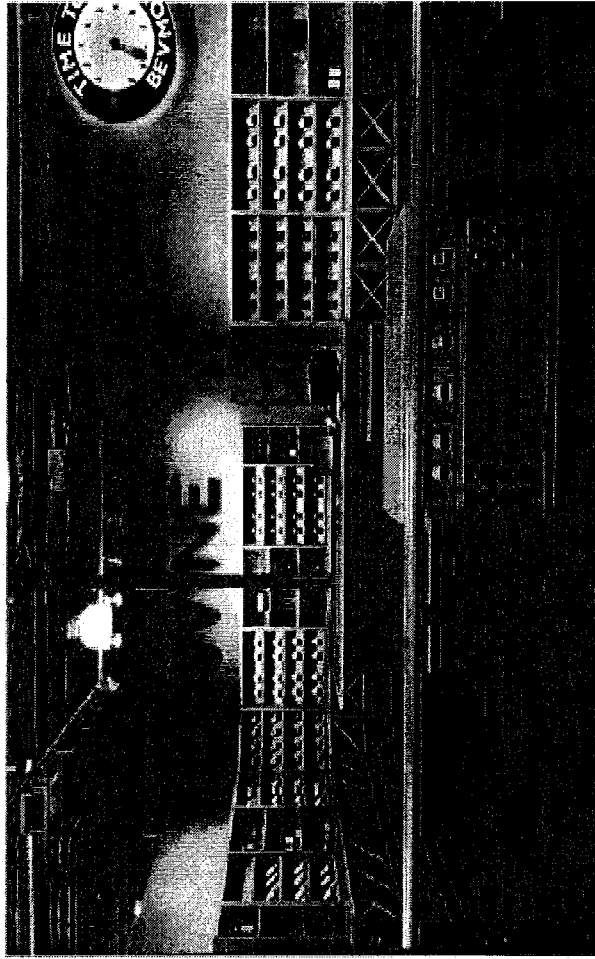


In the store...

**Green Shirts =
friendly service**

**Burgundy Shirt =
Wine expert**

 **BEVMO!**
BEVERAGES & MORE

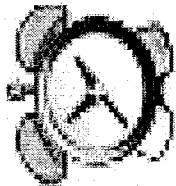
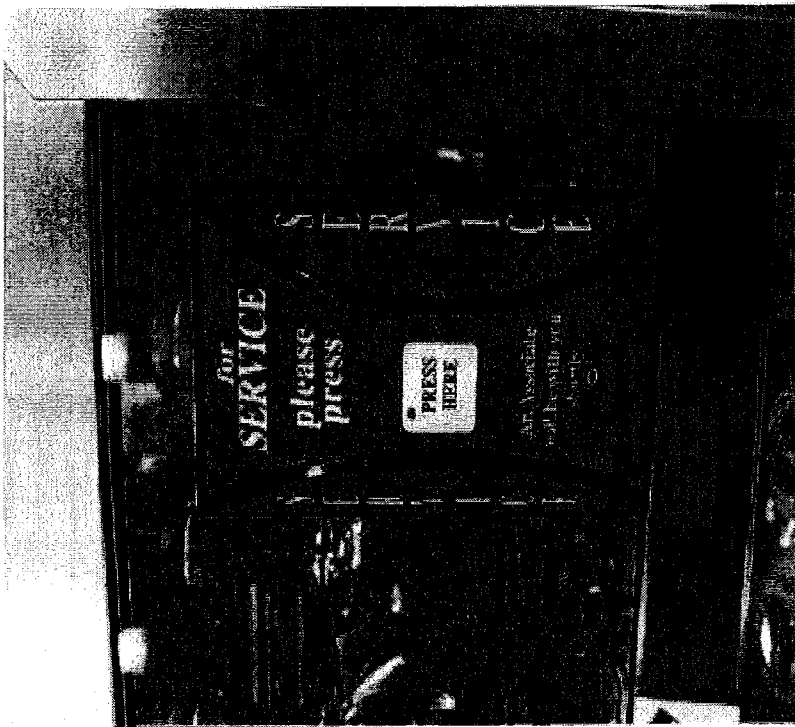


- Beer and Wine tastings
- Fridays 4-7PM
- Saturdays 12-3PM
- Holiday themed
- No seating
- 100-250 SF of separated area
- Nominal charge
- 1 oz. pours
- Educational in nature

BEVMO! BEVERAGES & MORE!



Other things we do....

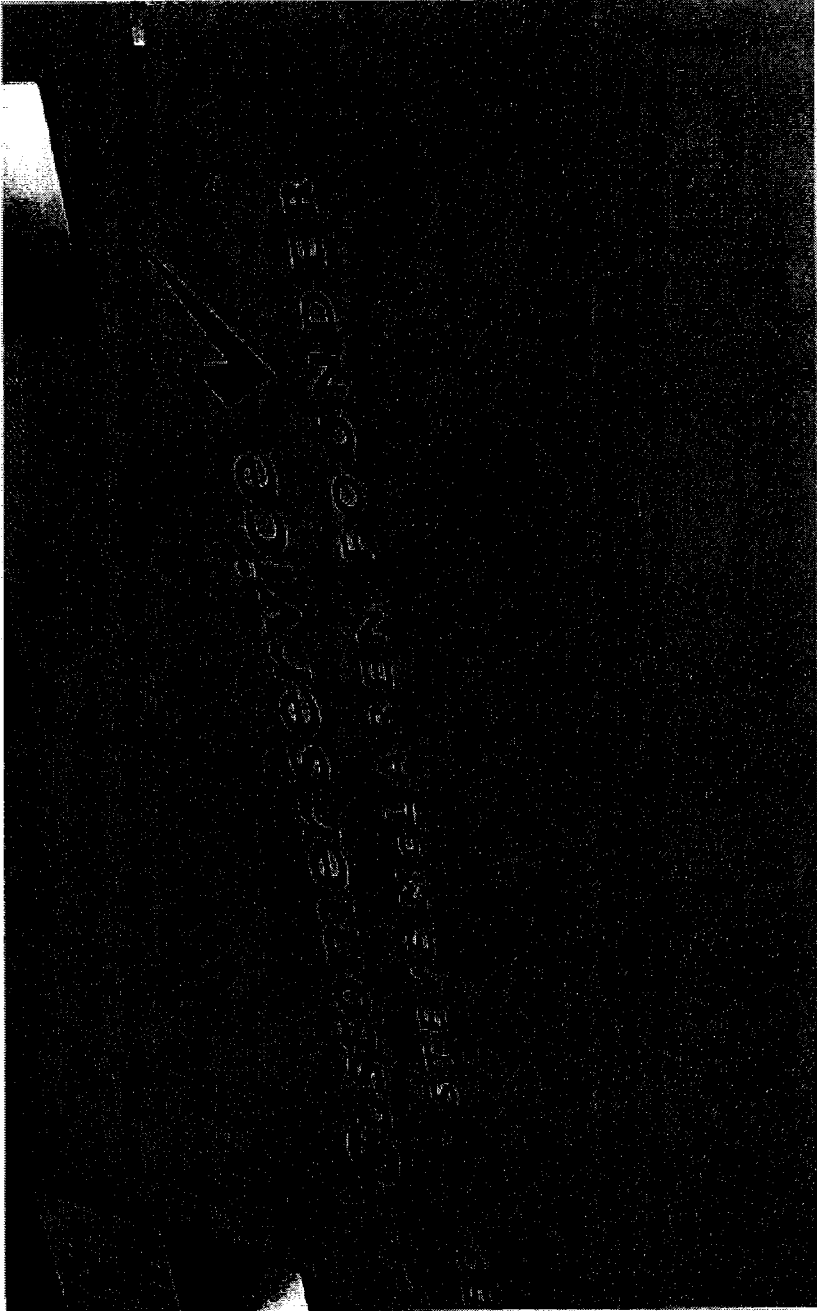


**Pick Up Your
Order in 1 Hour!**

- ✓ In store call boxes
- ✓ Order online for in-store pick-up
- ✓ Money back guarantee



We've got service covered...



BevMo!
BEVERAGES & MORE

Ok, so what about value?



Let's talk...

CLUB

- FREE MEMBERSHIP
- EVERY \$250 YOU SPEND EARN A REWARD
- EXTRA SAVINGS OFF EVERYDAY LOW PRICES
- SIGN UP AT BEYMO.COM AND GET A 5% BONUS REWARD OFF YOUR FIRST ONLINE PURCHASE

(YOUR PERSONAL INFORMATION WILL NOT BE SHARED)

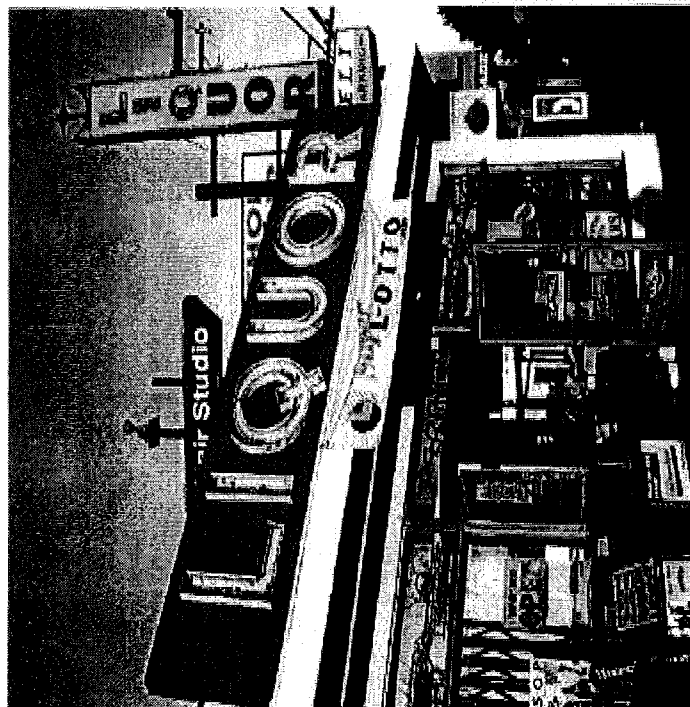
- Rewards Program
- Free Membership
- More than 3 million members
- 90% of sales to members



Who We are NOT



We Are NOT...



A "Liquor" Store



A "Convenience" Store

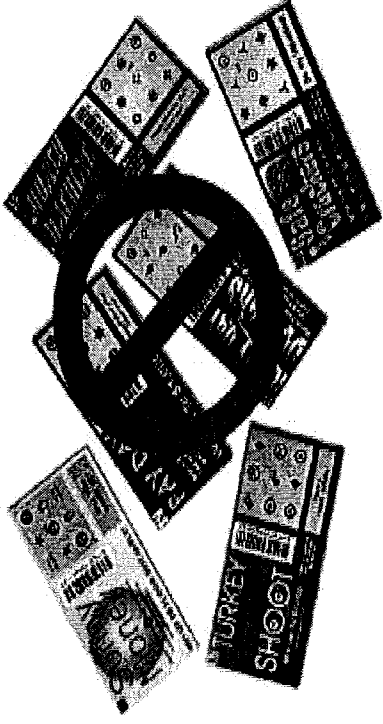


**Why you may ask?
We DON'T sell...**

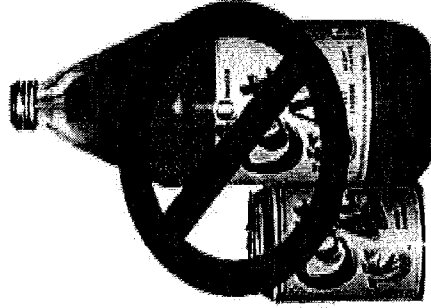




Cigarettes



Lotto Tickets
or Adult
Magazines



Malt Liquor Or
Fortified Wines



We also...

- Close at 10pm
- Do not allow pay phones outside our stores
- Do not allow customers under 21 in our stores without an adult
- Do not employ staff under 21 years of age
- Drug test prior to employment
- Mystery shop every store monthly
- ID any customer who appears to be under the age of 50



Lastly, we...

- Employ 12-15 local employees
- Contribute significant sales tax
- Are a good, responsible neighbor
- Are involved in the local community



We believe BevMo! would be
a complimentary addition to
Carmel.

