



President's Report ALSA Board Meeting, December 6th, 2017

AGLC UPDATES

AGLC Board

No appointment of CEO and President yet.

Special Event Licences - Updated

Will be rolled out starting December 1st. Communication will be provided to all Class D Licences via mail.

AGLC is finally moving forward with switching to an online service to issue private re-sale and non-sale licences. After the launch, AGLC would like to discontinue having retail liquor stores issues licences. AGLC would like to have a parallel process for 60 days. After the transition period is over and licenses are online only, AGLC will provide 30 days for stores to return their stock of licences to the AGLC for full refund. AGLC will not "force" a store to issue licences during the transition period, however would appreciate the stores that currently issue them to retain that capability in the unlikely event of a system failure or repair during start-up.

Product Tastings – [ALSA Board Decision required.](#)

IVSA has asked to be included in the consultations and have asked for a 2 week delay in order to consult with their members. IVSA's wants agents to be present at Class Ds' tastings. –

AGLC has finished drafting the new Product Tastings Regulations that has taken all of ALSA's suggestions into consideration.

Recommendation/Approval needed:

CONNECT LOGISTICS

Rates 2018

1% up. Impact – 2 cents a case, or on a case of wine \$0.0017per bottle, for shipping. I suspect this is not unexpected by membership, nor will be a huge concern. Regardless, significant efforts to maintain rates are happening including moving to plastic pallets when we start shipping from the new warehouse. Main driving factors are – fuel price change (shown below), fewer cases / mix of product per delivery, other supply chain costs, etc.

Transportation					
Distribution - Case	\$	1.60	\$	1.62	1.3%
Distribution - Beer Cans	\$	1.06	\$	1.07	0.9%
Distribution - Beer Kegs	\$	1.95	\$	1.97	1.0%
Wine/Spirits Mega Case	\$	1.74	\$	1.76	1.1%
Beer Mega Case	\$	1.70	\$	1.72	1.2%
Fuel Surcharge (FSC)*	\$	-	\$	0.04	
*FSC variable with fuel price					
Miscellaneous					
Phone Orders	\$	75.14	\$	75.89	1.0%
Non Scheduled Order	\$	125.25	\$	126.50	1.0%
Faxed Orders	\$	50.10	\$	50.60	1.0%
Web Orders	\$	11.08	\$	11.19	1.0%
Hourly VAS Rate	\$	63.66	\$	63.66	0.0%

RFP Process for Warehouse and Distribution * [ALSA Board Decision required.](#)**

Despite assurances from AGLC that the RFP process would not be started until the system was stable after taking over the new warehouse, the RFP process began two weeks ago. The timelines are very surprising since the New Warehouse is delayed until September 2018.

Logistics Consultant contract executed	January 15, 2018
Detailed review and analysis of current operations completed. Recommendations and report for the new liquor warehousing and distribution operator operations received by AGLC	March 15, 2018
Detailed review and analysis of current contract completed Recommendations of contract format report for the new liquor warehousing and distribution operator operations contract received by AGLC	April 15, 2018
Liquor Warehousing and Distribution Operator RFI/RFQ issued	April 30, 2018
Logistic Consultant engages in consultations, provides inputs and draft solicitation document provided to the AGLC for the liquor warehousing and distribution operator RFP	May 15, 2018
AGLC signs off on format of the new liquor warehousing and distribution operator contract	May 30, 2018
The AGLC finalizes the liquor warehousing and distribution operator RFP draft for posting	August 15, 2018
Liquor Warehousing and Distribution Operator RFP posted	September 30, 2018
Liquor Warehousing and Distribution Operator RFP closes	December 15, 2018
RFP evaluation process completed	February 20, 2019
Contract negotiations and execution completed	May 20, 2019
Announcement of successful Liquor Warehousing and Distribution Operator Proponent	July 1, 2019
Transition and change management period	July 1, 2019 to January 31, 2020
Transition to new Liquor Warehousing and Distribution Operator Services complete	February 15, 2020

There are several concerns with AGLC's RFP timeline:

- New Warehouse is delayed and expected to be ready September 2018. This means that Connect Logistics will be just beginning to take over the new warehouse and will have to bid immediately.
- Connect Logistics has not been privy to the building plans of new warehouse nor are they aware of the systems that will be in place.
- A RFP process of this magnitude is extremely time consuming and takes away from the focus of switching to new warehouse and continue seamless distribution.
- AGLC is in the middle of several changes: New AGLC Board and Chair, Acting President, setting up new Cannabis Distribution and regulatory department, managing transition to new warehouse.
- Potential for big unions to bid and win for the distribution and management of new warehouse, and create Government Jobs.

Proposed strategies

- Write a letter to the AGLC and Minister Ceci outlining our concerns regarding stability of the liquor distribution system.
- Discuss issue with other stakeholders to bring awareness to the issue and gain support for ALSA's position. So far AHLA and IVSA have voiced their support.
- Write a letter on behalf of all liquor stakeholders to AGLC and Ceci
- Request for 6 months/year delay in process, to ensure all the bugs of the new warehouse and systems are working properly.
- This new timeline moves us into to new election and new government more in line with private business.

Recommendation/Approval needed:

Alberta Cannabis Legalization- Update - [ALSA Board Decision required.](#)

The Alberta Government announced their Cannabis Framework, however very little detail was provided.

What we know:

- Cannabis retail sales will be carried out by private stores
- Government will sell cannabis on line – in essence competing with private retail
- Regulations and licensing requirements will be developed by the Alberta Cannabis Secretariat, and implemented by AGLC. AGLC is being treated as a stakeholder. (????)
- Manufacturers will be allowed to open up retail stores.
- Liquor stores will not be allowed to have carve outs for cannabis retailing, BUT can be side by side in a strip mall. Liquor stores can also open standalone cannabis retailing stores

What needs to be worked out:

- What will be the separation distance away from liquor stores? 100 meters? 200 meters? In many jurisdictions this will be impossible as there are liquor stores less than 200 meters away.
- Licensing requirements
- How will cannabis be distributed – Connect logistics could possibly take over this, exacerbate the RFP issue even further.
- Will the online distribution be virtual or the actual products must be warehoused before distribution.
- Will cannabis stores be able to do home deliveries as liquor stores do
- Municipalities will not have bylaws in place until the Provincial Government approves legislation, and Provinces have to wait for Federal Government to give legislation Royal Consent after it goes to the Senate.

Alberta Cannabis Legalization- Update - [ALSA Board Decision required.](#)

Proposed options for ALSA

1. Step away from cannabis issues and focus exclusively on ALSA core business issues
Given the regulatory uncertainty and lack of clear federal/provincial government guidelines this new retail environment will remain extremely unsettled for the near future. If the government monopoly for on-line cannabis retail proves successful (volume of customers and price advantage), independent retailers may not be able to compete.
2. Keep ALSA front and centre on the push for Store in Store sales until 2019 election. It is very likely that the UCP will win the next election. Co-location of cannabis and liquor has gained momentum in the UCP Caucus. This is consistent with ALSA's current Goals and keeps ALSA in the loop on evolving retail regulations and issues for ALSA members contemplating Cannabis retail outlets.
At the moment there are cannabis lobbying groups popping out everywhere, however there will likely not be a cannabis retail association until there are actual stores built. ALSA could revisit its bylaws should colocation be allowed, to ensure proper advocacy for liquor/cannabis stores.

Recommendation/Approval needed:

Federal Government Cannabis Update.

- The Federal Government released proposed cannabis regulations, opening the door to craft marijuana producers, allowing low-risk offenders to participate in the industry and offering some leeway on packaging.
- Canadians have until Jan. 20 to offer opinions either through an online questionnaire or by providing a written submission on the measures before they are implemented.
- The six broad areas that will be subject to government regulations include: licensing, security clearances, cannabis tracking, cannabis products, packaging and labelling, medical marijuana and health and cosmetic products that use cannabis.
- The consultation document also sets out guidelines for micro-cultivators, growers who would be able to grow on a small scale, much like the craft beer producers, and who could produce boutique strains. Anyone with a license for either cultivation or sale under the proposed Cannabis Act now working its way through Parliament will need to have security clearance issued by the health minister.

ALSA Advocacy – Back to Basics - [ALSA Board Decision required.](#)

Government Relations Plan 2018

Main Objectives

Develop and maintain effective working relationships with key government stakeholders to increase ALSA's brand recognition and win their understanding and support for ALSA's initiatives
Regain ALSA's Position in Alberta as the voice for the Liquor Industry
Work with ALSA's Strategic Partners to support and leverage Opportunities
Bring value added services to ALSA's membership

Government Relations

Increase general awareness of the Alberta Government about ALSA
Increase ALSA's profile with Executive Council, including the Premier's Office
Position ALSA as the forefront expert on Liquor related issues in Alberta
Position ALSA to have access and influence when needed
Build relationships with Key government officials to that phone calls are returned promptly
Government officials think of ALSA as a friend of Government
Maintain working relationships when not needed, so they will be there when ALSA needs them

Communications

Proactive Communications with Board, Members and Partners about upcoming Government issues and initiatives, ALSA's advocacy on behalf of the Liquor Industry

Communicate with ALSA members throughout the Province about upcoming local Government functions and provide tools to ensure Members can leverage these opportunities on behalf of ALSA

ALSA Members and Partners see ALSA as the best venue to communicate effectively to the Liquor Industry

Action Plan - Overview

Proactively advocate ALSA's positions to Government, including: Maintaining the "Alberta Model"

Ongoing meetings with Government and Opposition MLAs, Ministers and political staffers to provide information on current issues (province wide and constituency specific), plans for the future and obtain support for initiatives (short and long term)

Caucus Presentations: Rural, Edmonton and Calgary

Attend key Government Functions throughout Alberta

Organize events throughout the year to showcase ALSA, Members and Partners.

Invite MLAs and local media to participate in ALSA's regional Monitor continuously government activity and decisions that affect ALSA and Industry

Events - OverviewPremier's Dinner

It is recommended that ALSA Board members and executive attend the two main Premier's Dinner in Edmonton and Calgary. These dinners are a great opportunity to show support for the government and network in a 'friendly' social environment, with readily access to key players.

Premier's Dinner in Edmonton.

Premier's Dinner in Calgary

Premier's Dinner in Red Deer

Encourage ALSA Membership throughout the province to attend local MLA functions and increase awareness of ALSA at local level

Hosting Political Stakeholders

Participation and Sponsorship of MLA/Government events

Donate ALSA swag items for political events (prizes, silent auctions, etc)

Attend informal political functions

Host political stakeholders to ALSA functions, dinners, receptions, open houses, luncheons, etc

Recommendation/Approval needed: