

**MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD
AT THE LIQUOR STORE
SEPTEMBER 2, 2014
6:15 P.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. September Promotions
- IV. OLD BUSINESS
 - A. Liquor Store Location - Update
 - B. Sales & Purchasing - Report
 - 1. Annual Wine Sale
 - C. Wine Club
 - D. Employee Manual - Update
 - E. Sign/Billboard - Update
 - F. Recipes - Update
 - G. MMBA – Report
- V. INFORMATIONAL
 - A. Next Meeting – Tuesday, October 7, 2014 at 6:15 p.m.
- VI. ADJOURN

*****Please contact Bill Ludwig at 320-243-3874 or at liquor@paynesvillemn.com if you can't attend the meeting.*****

Voting Members: Jeff Thompson, Jennifer Welling, Steve Vaske, Sue Hecht, and Reed Ringstad. Advisory Member: Bill Ludwig

This agenda has been prepared to provide information regarding an upcoming meeting of the Paynesville Municipal Off-Sale Retail Liquor Board. This document does not claim to be complete and is subject to change.

BARRIER FREE: All Paynesville Cable Committee meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall (320) 243-3714 early, so necessary arrangements can be made.

REQUEST FOR COMMITTEE/COUNCIL ACTION

COMMITTEE/COUNCIL NAME: Liquor Board

Committee/Council Meeting Date: September 2, 2014

Agenda Section: Consent

Originating Department: Administration

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the April 1, May 7, May 8, July 23, and August 19, 2014 Municipal Off-Sale Retail Liquor Board meetings.

ADMINISTRATOR COMMENTS:

COMMITTEE/COUNCIL ACTION:

Motion to approve the minutes from the April 1, May 7, May 8, July 23, and August 19, 2014 Municipal Off-Sale Retail Liquor Board meetings.

**MINUTES
MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD**

APRIL 1, 2014

The meeting was called to order by Chairperson, Reed Ringstad at 6:20 p.m. Members present were Bill Ludwig, Liquor Store Manager; Jennifer Welling, Administrative Assistant/Zoning Specialist; Jeff Thompson; and Sue Hecht. Steve Vaske was absent.

Motion was made by Welling to approve the minutes from the February 4, February 12, February 20, and February 26, 2014 (with one correction to the February 26, 2014 minutes). Seconded by Thompson and unanimously carried.

APRIL PROMOTIONS

Ludwig reviewed the April promotions.

2014 TOWN & COUNTRY DAYS PARADE

Participation in the parade on June 11, 2014 will be tabled until the next meeting.

CUSTOMER APPRECIATION DAY

The Customer Appreciation Day will be held on Friday, May 23, 2014. All 24 pack cans of beer will be \$16.99.

BEER CAMP

Beer Camp will be held on Friday, June 6, 2014 at the American Legion.

MMBA BOARD APPOINTMENT

It was stated that the Paynesville Press will interview Ludwig on his appointment to the MMBA Board and publish it in a future Press.

SALES & PURCHASING REPORT

Ludwig reported that the March sales are up; however, profit is down.

WINE CLUB

30 people attended the May Wine Club and 57 bottles were sold. The next Wine Club will be held on Thursday, April 24, 2014 at 7:00 p.m. at Ron & Judy's Restaurant.

EMPLOYEE HANDBOOK

The Policies & Procedures Committee is reviewing the book. This was tabled until the next meeting.

2014 LIQUOR STORE GOALS

This was tabled until the next meeting.

LIQUOR STORE LOCATION

The Board discussed the Liquor Store proposal including the following:

- Costs of a cooler
- Costs of other new liquor stores that have been built in Minnesota

SIGN/BILLBOARD

Ludwig had nothing new to report on a sign/billboard.

There being no further business, the meeting was adjourned at 7:48 p.m.

**MINUTES
MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD**

MAY 7, 2014

The meeting was called to order by Vice Chairperson, Steve Vaske at 6:36 p.m. Members present were Bill Ludwig, Liquor Store Manager; Jennifer Welling, Administrative Assistant/Zoning Specialist; Reed Ringstad (7:00 p.m.), Sue Hecht, and Jeff Thompson. Also present were Corey Gerads, Alliance Building Corp.; John Derichs, Nathan Derichs, and three others representing Derichs Properties, Inc.

LIQUOR STORE LOCATION

Derichs Properties, Inc. presented a proposal and outlined the following:

- Derichs Properties, Inc. would lease to Paynesville Liquor and Jack's C Store
- Three part proposal
 - Building layout
 - Lease
 - Why it makes sense and why it would work
- Building to be built on two lots
- Two signs – one being digital
- 5 fuel islands
- Trash enclosure
- Loading dock with a shared space
- Lease to include:
 - Price
 - Signage – no banners, no clutter
 - Any changes to current layout would be at the City's cost
 - Hours of operation
- Why will this work:
 - Larger cooler
 - New
 - Partners
 - Loading dock
 - Storage
 - Location
 - Increase traffic
 - Jack's is committed
- Financial – land price, odd shaped lot, privately funded, privately developed, and would continue development in the area
- Environmental – energy efficient building, LED lighting, state of the art
- History of Jack's Oil

The Board discussed:

- The lease amount the City currently pays
- The square footage rate others pay
- Other costs the store would incur
- Location

- Liquor stores are a destination

It was asked if the Liquor Store was built on a City owned lot does the store pay for the lot?

Motion was made by Hecht that the Liquor Board cannot justify a move to a new location at \$22.00 per square foot and recommend such to the City Council. Seconded by Ringstad and unanimously carried.

CONSENT AGENDA

There were no minutes available for approval.

Motion was made by Thompson to approve the Consent Agenda. Seconded by Welling and unanimously carried.

MAY PROMOTIONS

Ludwig reported on the promotions for May.

AUGUST MEETING

The August meeting will be held on August 12, 2014 at 6:15 p.m. at City Hal.

SALES & PURCHASING REPORT

Ludwig reported that the sales year to date have been good; however, the beer margins are down due to the store not receiving credit on some out of date beer yet and that Coors Light's price increased during the City's sale. To date the City has sold \$12,000.00 in tobacco.

WINE CLUB

56 persons attended the April Wine Club with 83 bottles sold. The next Wine Club will be held Thursday, May 15, 2014 at 7:00 p.m. at Ron & Judy's. The featured vendor is Gallo.

OPEN HOUSE/CUSTOMER APPRECIATION DAY

The Open House/Customer Appreciation Day will be held on Friday, May 23, 2014 with tastings, drawings, and specials. All 24 pack cans of beer will be \$16.99.

2014 LIQUOR STORE GOALS

Possible goals were discussed including staffing, margins, discounts, and customer service.

2014 TOWN & COUNTRY DAYS PARADE

The Board consented to not participate in the parade.

SIGN/BILLBOARD

Ludwig has heard no response from the sign company.

BEER CAMP

Beer Camp will be held on June 6, 2014 from 6:00 p.m. – 8:30 p.m. at the American Legion.

LADIES NIGHT OUT

Ludwig reported this year's Ladies Night Out was quiet compared to past years.

INFORMATIONAL

A Special Joint Liquor Board Meeting & Budget & Finance Meeting will be held Thursday, May 8, 2014 at 6:30 p.m. at City Hall to discuss the proposed New Liquor Store Location.

The City Council Meeting will be held on Monday, May 12, 2014 at 6:00 p.m. at City Hall - with guests on the agenda at 7:00 p.m. to discuss the proposed New Liquor Store Location

There being no further business, the meeting was adjourned at 8:54 p.m.

MINUTES
SPECIAL JOINT MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD &
BUDGET & FINANCE COMMITTEE MEETING

MAY 8, 2014

The meeting was called to order by Chairperson, Jean Soine at 6:30 p.m. Members present were Bill Ludwig, Liquor Store Manager; Jennifer Welling, Administrative Assistant/Zoning Specialist; Reed Ringstad, Sue Hecht, Kay McDaniel, Belinda Ludwig, Finance Specialist; and Elliot LaBeau. Also presented were Jeff Thompson (observing only), John Derichs, Nathan Derichs, Corey Gerads, Dave Currens, Eric Peterson and another representative from Derichs Properties, Inc.

LIQUOR STORE LOCATION

Derichs Properties, Inc. presented a proposal and outlined the following:

- Derichs Properties, Inc. would lease to Paynesville Liquor and Jack's C Store
- Three part proposal
 - Building layout
 - Lease
 - Why it makes sense and why it would work
- Building to be built on two lots
- Two signs – one being digital and one pylon
- 5 fuel islands
- Underground fuel tanks
- Odd shaped lot
- Trash enclosure
- Loading dock with a shared space
- Beer cave
- Reach-in cooler
- Stained concrete floor
- Ceiling – vaulted rafter, painted black grid, no tile, with lights
- Maintenance room
- Janitorial room
- Exits
- Storage room
- Bathrooms
- Office
- This is not a truck stop
- Lease:
 - Total square footage is 12,445
 - 46% of the building is the Liquor Store
 - Want long term lease at \$22.00 per square foot for a turn-key building
 - Triple net lease with each responsible for taxes, utilities, and insurance
 - Common area and expenses – loading dock, snow removal, lawn mowing, and perimeter lighting
 - No subletting is allowed
 - Price

- Signage – no banners or clutter
- Any changes to current layout would be at the City's cost
- Hours of operation
- The cost is significantly different due to the amount of money the City will receive for the land, which will help in future land sales
- Why will this work:
 - Built to suit both parties
 - Optimal building for odd shaped lot
 - Continue development in the area
 - Larger cooler
 - New
 - Partners
 - Loading dock
 - Storage
 - Location
 - Increase traffic
 - Jack's is committed
- Financial – land price, odd shaped lot, privately funded, privately developed, and would continue development in the area
- Environmental – energy efficient building, LED lighting, and state of the art
- History of Jack's Oil
- Would like to build yet this summer and be open before winter
- The City has a lot going for it and this would be a good fit

The following questions were raised:

- How big is the cooler? The beer cave is 25 x 15 and the cooler has 10 doors (26x15).
- Is there a need for 2 restrooms? Yes, 2 are needed, according to the building code.
- What are the major costs? The cooler is the most expensive.
- Is the cooler expandable? Yes.
- Will the cooler need a safety padded floor? No.
 - The coolers are insulated and have heated doors to decrease frost and the sweating of doors. The Liquor Store is self-contained/self-controlled. All drawings are engineered.
- How much more square footage is this compared to the current location? More than double.
- With the possibility of Sunday liquor and liquor in grocery stores, could the City get out of the lease?
- It was asked how the City could make the payments?
- Does the store need this big of cooler? Yes, it is the store's biggest need.
- Can the cooler at the existing location be expanded?
- Can the existing cooler be moved? No, cost about \$7,000.00 to move. Litchfield's new cooler cost them \$117,000.00

The Board and Committee discussed the following:

- The Liquor Store now pays \$7.04 per square foot
- The store currently does not pay for lawn mowing, snow removal, taxes, or insurance
- Next year's lease goes to \$7.93 per square foot
- Rent would be \$10,500.00 per month

- Last year the Liquor Store made \$67,516.00 in profit and was able to give the City \$42,500.00
- Last year the City paid \$19,572.00 in rent
- Gross margins were compared:
 - McDonalds – 65%
 - Subway – 72%
 - C-Stores – 35%
 - Liquor industry – 22-24%

LaBeau expressed that this was a high risk endeavor, negative City investment, un-wise, and he opposed the proposal.

(LaBeau left at 7:30 p.m.)

Further questions were raised:

- Why is the cost \$22.00 per square foot?
- Can the cooler size be decreased?
- Is a security system included?
- Is the lease negotiable?
- Can the City review the construction bids?
- Would Jack's still come if the City was not a partner?
- Snow removal and lawn moving, could this be done by the City's Public Works Department?
- Does the City pay property taxes?
- What number would make this partnership work?

On sale, off sale, and Sunday sales were discussed.

Ludwig was directed to research the plans and discuss with Teals about expanding.

Meeting dates were set for:

- Liquor Board – Monday, June 2, 2014
- Special City Council Working Session – June 3, 2014
- The May 12, 2014 meeting will also be posted as a Special Liquor Store meeting

There being no further business, the meeting was adjourned at 9:47 p.m.

**MINUTES
SPECIAL MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD**

JULY 23, 2014

The meeting was called to order by Chairperson, Reed Ringstad at 6:30 p.m. Members present were Bill Ludwig, Liquor Store Manager; Jeff Thompson, and Sue Hecht. Absent were Jennifer Welling, Administrative Assistant/Zoning Specialist; and Steve Vaske.

CONSENT AGENDA

Motion was made by Thompson to approve the Consent Agenda. Seconded by Hecht and unanimously carried.

AUGUST MEETING

The Board consented to meet on Tuesday, August 19, 2014 at 6:15 p.m. at Paynesville City Hall.

2015 BUDGET/NEW LOCATION

Ludwig presented two budgets; one for a 10% increase and one for a 15% increase in sales for the proposed new location. Ludwig stated that he was very conservative and followed the history of the store to achieve these numbers. There was much discussion on the depreciation schedule and the amount to give back to the City each year. Ludwig gave the Board figures from the Liquor Fund Balance and Capital Improvement Fund.

Motion was made by Hecht to approve the budget with a 10% increase with changing the depreciation from \$27,292.00 (30 years) to \$16,000.00 (50 years) rate and recommend such to the City Council. Seconded by Thompson and unanimously carried.

The Board further discussed the current store location and the new proposed location next to McDonalds.

ADJOURNMENT

Motion was made by Thompson to adjourn the meeting at 7:30 p.m. Seconded by Hecht and unanimously carried.

There being no further business, the meeting was adjourned at 7:30 p.m.

**MINUTES
SPECIAL MUNICIPAL OFF-SALE RETAIL LIQUOR BOARD**

AUGUST 19, 2014

The meeting was called to order by Chairperson, Reed Ringstad at 6:17 p.m. Members present were Bill Ludwig, Liquor Store Manager; Jeff Thompson, Jennifer Welling, Administrative Assistant/Zoning Specialist; and Sue Hecht. Steve Vaske was absent.

Motion was made by Thompson to approve the minutes from the June 12 and July 1, 2014 Municipal Off-Sale Retail Liquor Board meetings. Seconded by Welling and unanimously carried.

AUGUST PROMOTIONS

Ludwig reviewed the August promotions.

SALES & PURCHASING REPORT

Ludwig reported on the following:

- July sales were strong even with one less Saturday
- Up \$48,000.00 in sales above last year or 7.2%
- Profit is at 7.7%
- Annual Wine Sale will be held August 25-30; 20% off all wines with some up to 50% off

WINE CLUB

51 people attended the July Wine Club and 41 bottles were sold. The next Wine Club will be held on September 25, 2014 as there is no Wine Club in August.

The Board discussed moving the summer Wine Club events to a different night of the week (Tuesday) and maybe starting at 6:30 p.m.

EMPLOYEE MANUAL

The Policies & Procedures Committee reviewed the manual in April and the corrections/changes still need to be made by the Liquor Store staff. Once the changes have been made the manual will be brought back to the Policies & Procedures Committee.

SIGN/BILLBOARD

Ludwig had nothing new to report as the sign company has not called him back.

RAIN CHECKS

Ludwig asked if there was a need for rain checks. The Board agreed to run ads with the wording "while supplies last" instead of offering rain checks.

RECIPES

The Board asked if the recipe idea is being done and if so, is it working. Currently the recipes are on the checkout counter. The Board discussed the need for a different location. The recipes are a great way to sell more than one product for those customers wishing to try something new. This will be put back on the September meeting agenda.

LIQUOR STORE CLERK POSITION

The Liquor Store is currently accepting applications for a Part-time Clerk to replace Kayla Loesch who has resigned effective the end of August.

LIQUOR STORE LOCATION

The Board discussed the Liquor Store proposal including:

- The City Council formed an Ad Hoc Liquor Store Building Committee
- The Committee met last Thursday
- There was a gentleman's agreement formed
- Details need to be worked out on snow removal, lawn care, etc.
- The project is \$1.1 million including the price of the land
- There is \$136,000.00 in assessments on the property
- The store would borrow \$566,000.00 at 3 – 3.5% interest for 30 years
- Each entity would own their side of the building
- Derichs would purchase the land, build the building, split the lot, and then the City would buy the Liquor Store half
- The loading dock lift was removed from the plans
- The site would have 3 meters
- Signage is still being discussed
- The store would be 5,674 square feet
- The new store would cash flow at 10% above the 2013 actual figures
- It is now being suggested that the Committee look at existing vacant properties in the City as possible sites:
 - Former Credit Union building
 - Former Super Value building
 - Former Garage Sale (Tom Thumb) building

INFORMATIONAL

Liquor training will be held on Sunday, September 21, 2014.

The Liquor Store floor will be waxed on Sunday, September 28, 2014.

The next meeting is scheduled for Tuesday, September 2, 2014 at 6:15 p.m.

There being no further business, the meeting was adjourned at 8:00 p.m.

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