groundwork
the foundation for city building

21 October 2014

Lake Effect Presentation II
Wayzata City Council

PRESENTATION OUTLINE

Goal: Introduce components, timeline and approach of organizational development, outline financial considerations, and facilitate follow-up discussion.

I. Review Two-Pronged Project Approach

II. Organizational Development Approach

III. Financial Considerations

IV. Discussion/Q&A

4949 Woodlawn Blvd Minneapolis, MN 55417 | 612.242.6286 | mary@groundworkcitybuilding.com | groundworkcitybuilding.com

MEMORANDUM

TO:	Mayor Willcox and Councilmembers
FROM:	Heidi A. Nelson, City Manager Don Uram, Administrative Services Director
DATE:	October 16, 2014
RE:	2015 Liquor Operations Budget

2015 Liquor Operations Budget

Included in this packet is a draft of the 2015 Liquor Revenue and Expenditure budgets by each operation and combined with 2014 YTD amounts through September. Currently, YTD revenues total $4.19 million compared to the year-end budgeted amount of $5.5 million. Sales for the year are projected to about $2.45 million at Wayzata Wine and Spirits (WSS) and about $3.1 million at the Wayzata Bar and Grill (WBG).

Sales of wine and liquor in both operations are projected to be slightly under budget while beer is projected to be over budget by about $21,000 at WWS and by over $92,000 at WBG. Food sales continue to be strong and are projected to reach $1.7 million in 2014. For 2014, total combined revenues are expected to exceed expenditures by the budgeted amount of about $435,000.

In preparing the 2015 budget, staff analyzed 2014 sales and expenditures, reviewed sales trends and expected market conditions including the potential for additional restaurants in Wayzata and a more competitive liquor retail environment. Reflected in the 2015 budget is our expectation that liquor and wine sales will continue to show little or no increase over 2014. Alternatively, beer and food sales are exceptionally strong and expected to remain that way through 2015. As a result, we have kept or reduced sales for wine and liquor in both operations and have increased the sales of beer and food. We will continue to monitor these sales trends and adjust accordingly.

Major changes impacting our expenditures include an increase in employee costs of about $150,000 (minimum wage increase, additional staff, FICA on tips, work comp insurance), a $25,000 increase in general promotions including Saviors Rewards, a $70,000 inter-fund loan repayment, and a $100,000 increase in the cost of products for re-sale.

Following is a summary of revenue and expenditures in each operation.

WWS	2013 Actual	2014 Budget	2015 Budget	+/- Dif.
Revenues	2,389,296	2,489,055	2,559,400	70,345
Expenditures	2,210,794	2,401,920	2,530,523	128,603
Operating Income	**178,502**	**87,135**	**28,877**	**(58,258)**
WBG				
Revenues	2,928,614	3,016,080	3,097,700	81,620
Expenditures	2,633,741	2,668,232	2,899,150	230,918
Operating Income	**294,873**	**347,848**	**198,549**	**(149,299)**

Overall, the 2015 budget supports the continued growth of operation, begins the process of repaying the inter-fund loan, and is projected to generate net income in excess of $200,000 to support other council priorities.

Staffing

To support the growth of our operations, we recently hired Jeanne Carter, a part-time in store marketing/promotions/events person. Her job is to take over some of those responsibilities from the manager's so that they can focus on the strategic direction and day to day operations of the business. Initially, Jeanne's job will be to maintain the display cases, assist the manager's with events (including JJ Hill Day's, Wayzata Be Pink, Tree Lighting, etc.), and other promotions. Our first promotional event will be our Top 100 customer appreciation event on November 12 and our fall wine sale starting on November 13. She will also be managing our holiday gift basket sales program. Her experience in this area will allow us to expand the number and quality of our promotions and events as appropriate.

Part-time

Over the past two months we have experienced a significant decline in the number of part-time employees and in employment applications. Part of this is due to our summer staff going back to school, but also employees choosing to leave the organization. We also had our assistant Liquor Store Manager leave to pursue other opportunities. This is not unusual in this business. We currently have only 5 part-time employees, which is not enough to adequately staff the operation. An operation of our size should have between 8 to 12 part-time employees. In response, we have expanded our recruiting efforts to include the area community colleges. This is a market we have not targeted in the past. Like many municipal operations, we have implemented a continuous recruitment strategy.

Full-time

With the Liquor Director's resignation last July, Steve Maeger and Chad Bartley were promoted to interim General Managers of WSS and WBG respectfully. This interim promotion was expected to last three months but was extended to allow the City's consultant time to complete the organizational analysis and make a recommendation to the City Council. This report was presented and approved by the City Council in March of 2014. A key component of that report was the creation of an Administrative Services Director. This position is responsible for the overall management of the liquor operations.

Since starting in August, I have spent time analyzing the operation and working directly with Steve and Chad on running the business. Both Steve and Chad are loyal and dedicated employees that are fully committed to the organization and have demonstrated that over the past 14 months. While I believe that both could continue to do their jobs as general managers, I don't think promoting them without testing the market is in the best interest of the business. Based on my understanding of the business environment, both operations are going to experience levels of competition that we haven't had to contend with in the past. To be successful going into the future, our managers (and staff) will need a high level of experience and business acumen to remain competitive.

The only way to ensure that we have the best people in these critical positions is to open up our recruitment for the two positions to all candidates. I would start this process immediately with the expectation that we would have these positions filled by the beginning of January 2015.

Liquor Operations Business Plan

One of the Council's strategic priorities is to update the Muni's Business Plan. There are several action steps necessary to complete this. Several of which have been previously identified when the "Muni" concept was being developed but have not been implemented. The biggest of which is the delivery service. Another initiative is to complete a full review of our current operations and to implement necessary changes to maintain/grow market share in an increasingly competitive market.

To begin this process, I have received a proposal from Delany Consulting to complete an assessment of our operations to include customer service and experience, operations, merchandising, pricing, promotions, and marketing/advertising (attached). Delany Consulting has completed similar assessments for municipal liquor operations in the cities of Edina, Fridley, and Brooklyn Park and will soon start in Eden Prairie. The goal of this project is to create a short and long-term "roadmap" to improve the brand's strengths with our current and future customer base. The cost of this project is $8,490. Completion of the project is expected to take about 3 months which will coincide with the start dates of our full-time general managers.

Building Analysis

Since opening in 2011, various issues have come up with the building that need to be resolved. Some of the current issues that we are dealing with include the lack of proper ventilation over the wash sink in the bar area, rusting ceiling panels, condensation in the column where the beer taps are located, synchronization of the sliding doors at the entrance causing HVAC challenges, and the development of mold in front of the cooler doors in the liquor store. Rather than fix each problem individually, I recommend that we conduct a complete building evaluation to gain an understanding of all of the building issues that need some type of improvement. This evaluation will give us the information to plan and budget for the necessary improvements. I have solicited one proposal from a firm that specializes in this type of building evaluation and am currently seeking others. My expectation is to select a firm and have the evaluation completed within the next 60 days.

CITY OF WAYZATA
Liquor Store Fund Rev/Exp Budget Report v.1

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
Act Type R Revenue					
R 640-00000-37301 Store Liquor Sales	$700,447.68	$734,400.00	$500,338.32	68.13%	$734,400.00
R 640-00000-37302 Store Wine Sales	$1,110,610.64	$1,193,400.00	$816,528.35	68.42%	$1,200,000.00
R 640-00000-37303 Store Beer Sales	$524,573.73	$510,000.00	$406,484.11	79.70%	$550,000.00
R 640-00000-37304 Store Misc. Sales	$53,664.72	$51,255.00	$51,970.91	101.40%	$75,000.00
Act Type R Revenue	$2,389,296.77	$2,489,055.00	$1,775,321.69		$2,559,400.00
Act Type E Expenditure					
E 640-47000-101 Full-Time Employees Regular	-$133,737.58	-$140,000.00	-$94,414.06	67.44%	-$137,588.00
E 640-47000-102 Overtime	$0.00	-$1,000.00	$0.00	0.00%	-$1,500.00
E 640-47000-103 Part-Time Employees	-$79,575.51	-$83,420.00	-$69,963.70	83.87%	-$103,584.00
E 640-47000-121 PERA	-$14,879.02	-$16,270.00	-$10,464.99	64.32%	-$17,865.00
E 640-47000-122 FICA	-$16,064.48	-$17,170.00	-$12,358.56	71.98%	-$18,223.00
E 640-47000-130 Employer Paid Ins	-$26,847.30	-$27,850.00	-$19,083.30	68.52%	-$34,313.00
E 640-47000-200 Office Supplies (GENERAL)	-$1,654.52	-$3,000.00	-$460.33	15.34%	-$2,000.00
E 640-47000-210 Operating Supplies (GENERAL)	-$8,128.80	-$8,240.00	-$4,198.55	50.95%	-$5,865.00
E 640-47000-251 Liquor For Resale	-$542,373.47	-$519,120.00	-$400,648.84	77.18%	-$525,000.00
E 640-47000-252 Wine For Resale	-$760,153.69	-$843,570.00	-$590,899.30	70.05%	-$840,000.00
E 640-47000-253 Beer For Resale	-$405,502.41	-$360,500.00	-$326,344.03	90.53%	-$407,000.00
E 640-47000-254 Soft Drinks/Mix For Resale	-$24,746.01	-$36,230.00	-$24,049.48	66.38%	-$36,000.00
E 640-47000-256 MISC.MDSE.RESALE	-$5,160.07	-$4,000.00	-$12,492.97	312.32%	-$25,000.00
E 640-47000-259 Freight	-$16,700.85	-$20,600.00	-$12,926.26	62.75%	-$18,500.00
E 640-47000-301 Auditing and Acct g Services	-$2,000.00	-$4,000.00	-$4,000.00	100.00%	-$4,000.00
E 640-47000-306 Personnel Expense	$0.00	-$2,000.00	-$2,185.75	109.29%	-$2,000.00
E 640-47000-321 Telephone	-$840.00	-$1,250.00	-$620.00	49.60%	-$1,200.00
E 640-47000-331 Mileage & Expense Account	-$1,008.62	-$2,000.00	-$290.80	14.54%	-$2,000.00
E 640-47000-340 Advertising	-$34,197.54	-$33,000.00	-$38,481.94	116.61%	-$25,000.00
E 640-47000-341 General Promotions	-$23,429.01	-$21,000.00	-$22,294.98	106.17%	-$35,000.00
E 640-47000-361 General Liability Ins	-$5,952.00	-$7,500.00	-$4,800.00	64.00%	-$4,800.00
E 640-47000-365 Workers Comp Ins	-$5,900.00	-$5,900.00	-$6,900.00	116.95%	-$6,900.00
E 640-47000-381 Electric Utilities	-$16,585.48	-$16,150.00	-$11,759.69	72.82%	-$18,000.00
E 640-47000-383 Fuel, oil and natural gas	-$2,695.06	-$3,500.00	-$2,951.43	84.33%	-$5,500.00
E 640-47000-384 Refuse/Garbage Disposal	-$1,436.98	-$1,500.00	-$1,294.08	86.27%	-$1,700.00
E 640-47000-401 Repairs/Maint Buildings	-$1,704.06	-$7,000.00	-$659.75	9.43%	-$7,000.00
E 640-47000-404 Repairs/Maint - Machin/Equip	-$6,240.70	-$7,000.00	-$2,093.35	29.91%	-$7,000.00
E 640-47000-409 Maint services & Improv	-$5,633.19	-$11,000.00	-$931.94	8.47%	-$11,000.00
E 640-47000-433 Dues, Licensing & Seminars	-$2,569.40	-$4,500.00	-$3,718.42	82.63%	-$4,500.00
E 640-47000-497 Credit Card Fees	-$49,421.16	-$56,650.00	-$37,413.83	66.04%	-$56,600.00
E 640-47000-499 Miscellaneous	-$657.85	-$2,000.00	-$1,671.69	83.58%	-$2,000.00
E 640-47000-601 Debt Srv Bond Principal	$0.00	$0.00	$0.00	0.00%	-$50,000.00
E 640-47000-611 Bond Interest	$0.00	$0.00	$0.00	0.00%	-$63,565.00

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
E 640-47000-710 Interfund Loan Transfers	$0.00	$0.00	$0.00	0.00%	-$35,320.00
E 640-47000-727 Operating Transfers - Liquor	$0.00	-$120,000.00	$0.00	0.00%	$0.00
E 640-47000-728 Operating Transfers - General	-$15,000.00	-$15,000.00	-$15,000.00	100.00%	-$15,000.00
Act Type E Expenditure	-$2,210,794.76	-$2,401,920.00	-$1,735,372.02		-$2,530,523.00
	$178,502.01	$87,135.00	$39,949.67		$28,877.00

CITY OF WAYZATA
Liquor Bar Fund Rev/Exp Budget Report v.1

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
Act Type R Revenue					
R 640-00000-36210 Interest Earnings	$62.36	$0.00	$3,623.00	0.00%	$0.00
R 640-00000-37399 Store Misc. Revenues	$8,113.11	$0.00	$860.84	0.00%	$0.00
R 640-00000-38301 Bar Liquor Sales	$344,551.53	$391,625.00	$280,193.12	71.55%	$375,000.00
R 640-00000-38302 Bar Wine Sales	$167,876.79	$210,875.00	$138,113.02	65.50%	$190,000.00
R 640-00000-38303 Bar Beer Sales	$651,953.28	$632,625.00	$561,573.90	88.77%	$725,000.00
R 640-00000-38304 Bar Beverages	$121,157.39	$120,500.00	$96,692.53	80.24%	$128,000.00
R 640-00000-38305 Bar Food Sales	$1,653,159.56	$1,656,875.00	$1,345,802.41	81.23%	$1,700,000.00
R 640-00000-38306 Bar Merchandise Sales	$1,523.65	$1,030.00	$1,898.74	184.34%	$1,200.00
R 640-00000-38310 2FOR1 Food Coupons	-$26,443.46	-$15,450.00	-$26,276.88	170.08%	-$35,000.00
R 640-00000-38320 Rent Income	$6,000.00	$10,500.00	$4,500.00	42.86%	$6,000.00
R 640-00000-38362 ATM Fees	$5,448.40	$6,500.00	$3,925.73	60.40%	$6,000.00
R 640-00000-38370 Vendor Rebates - BAR	$2,004.78	$1,000.00	$1,418.64	141.86%	$1,500.00
R 640-00000-39101 Sales of General Fixed Assets	-$14,658.74	$0.00	$0.00	0.00%	$0.00
R 640-00000-39400 Misc.Revenues	$7,866.16	$0.00	$2,511.56	0.00%	$0.00
Act Type R Revenue	$2,928,614.81	$3,016,080.00	$2,414,836.61		$3,097,700.00
Act Type E Expenditure					
E 640-48500-101 Full-Time Employees Regular	-$44,509.10	-$43,700.00	-$34,581.33	79.13%	-$44,553.60
E 640-48000-101 Full-Time Employees Regular	-$178,964.82	-$200,680.00	-$135,234.27	67.39%	-$189,046.00
E 640-48000-102 Overtime	-$3,269.67	-$3,060.00	-$879.63	28.75%	$0.00
E 640-48500-102 Overtime	-$18,595.01	-$10,000.00	-$14,291.53	142.92%	-$15,000.00
E 640-48500-103 Part-Time Employees	-$288,834.12	-$358,140.00	-$270,476.47	75.52%	-$375,830.00
E 640-48000-103 Part-Time Employees	-$314,186.02	-$356,430.00	-$261,273.13	73.30%	-$418,080.00
E 640-48500-121 PERA	-$23,811.63	-$29,860.00	-$20,323.03	68.06%	-$31,529.00
E 640-48000-121 PERA	-$30,671.19	-$40,610.00	-$24,565.37	60.49%	-$41,911.00
E 640-48500-122 FICA	-$26,764.48	-$31,510.00	-$24,544.52	77.89%	-$28,777.00
E 640-48000-122 FICA	-$72,094.31	-$42,850.00	-$61,228.00	142.89%	-$80,000.00
E 640-48500-130 Employer Paid Ins	-$11,015.28	-$12,710.00	-$9,538.68	75.05%	-$13,685.00
E 640-48000-130 Employer Paid Ins	-$30,367.16	-$42,380.00	-$23,936.08	56.48%	-$43,954.00
E 640-48000-139 OPEB	-$3,443.00	$0.00	$0.00	0.00%	$0.00
E 640-48000-140 Unemployment Comp (GENERA	-$2,760.24	$0.00	-$591.44	0.00%	$0.00
E 640-48000-200 Office Supplies (GENERAL)	-$2,208.45	-$4,500.00	-$3,114.65	69.21%	-$4,650.00
E 640-48000-210 Operating Supplies (GENERAL)	-$23,070.77	-$25,000.00	-$14,868.06	59.47%	-$20,000.00
E 640-48500-210 Operating Supplies (GENERAL)	-$46,589.49	-$42,000.00	-$48,052.98	114.41%	-$55,000.00
E 640-48500-217 Uniforms	-$9,427.39	-$7,000.00	-$1,826.30	26.09%	-$4,000.00
E 640-48000-217 Uniforms	-$1,694.85	-$4,000.00	-$1,019.04	25.48%	-$4,000.00
E 640-48000-251 Liquor For Resale	-$61,044.65	-$74,778.00	-$33,264.86	44.48%	-$75,000.00
E 640-48000-252 Wine For Resale	-$29,592.40	-$37,595.00	-$18,714.54	49.78%	-$38,000.00
E 640-48000-253 Beer For Resale	-$146,944.57	-$137,258.00	-$132,364.83	96.44%	-$163,125.00
E 640-48000-254 Soft Drinks/Mix For Resale	-$27,913.97	-$31,441.00	-$26,042.72	82.83%	-$32,000.00
E 640-48000-255 FOODIngredients For Resale	-$124.08	$0.00	-$88.85	0.00%	$0.00

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
E 640-48500-255 FOODIngredients For Resale	-$615,474.34	-$656,000.00	-$544,531.87	83.01%	-$680,000.00
E 640-48000-256 MISC.MDSE.RESALE	-$178.60	-$2,575.00	-$513.60	19.95%	$0.00
E 640-48000-259 Freight	-$480.82	$0.00	$0.00	0.00%	$0.00
E 640-48000-301 Auditing and Acct g Services	-$2,500.00	-$4,000.00	-$4,000.00	100.00%	-$4,000.00
E 640-48000-306 Personnel Expense	-$256.00	-$1,000.00	-$5,455.22	545.52%	-$4,000.00
E 640-48000-321 Telephone	-$840.00	-$2,000.00	-$620.00	31.00%	-$1,200.00
E 640-48000-331 Mileage & Expense Account	-$420.00	-$1,000.00	-$103.63	10.36%	-$1,000.00
E 640-48000-340 Advertising	-$31,473.64	-$33,000.00	-$12,332.37	37.37%	-$25,000.00
E 640-48000-341 General Promotions	-$29,713.43	-$45,000.00	-$41,391.84	91.98%	-$55,000.00
E 640-48000-342 Promotions - Food/Drinks	-$5,701.10	-$6,500.00	-$4,922.61	75.73%	-$6,700.00
E 640-48000-361 General Liability Ins	-$23,000.00	-$26,000.00	-$22,207.60	85.41%	-$22,200.00
E 640-48000-365 Workers Comp Ins	-$14,500.00	-$15,000.00	-$26,000.00	173.33%	-$26,000.00
E 640-48000-381 Electric Utilities	-$38,699.48	-$36,000.00	-$27,439.27	76.22%	-$40,000.00
E 640-48000-383 Fuel, oil and natural gas	-$10,780.24	-$13,900.00	-$11,805.65	84.93%	-$20,000.00
E 640-48000-384 Refuse/Garbage Disposal	-$3,740.72	-$5,150.00	-$2,750.00	53.40%	-$5,150.00
E 640-48000-401 Repairs/Maint Buildings	-$2,412.16	-$8,000.00	-$1,763.59	22.04%	-$8,000.00
E 640-48000-404 Repairs/Maint - Machin/Equip	-$13,901.01	-$23,000.00	-$16,267.71	70.73%	-$23,000.00
E 640-49100-404 Repairs/Maint - Machin/Equip	-$1,281.32	$0.00	$0.00	0.00%	$0.00
E 640-48500-404 Repairs/Maint - Machin/Equip	-$2,223.03	-$5,000.00	-$3,547.80	70.96%	-$5,500.00
E 640-48000-409 Maint services & Improv	-$39,126.61	-$34,000.00	-$24,721.78	72.71%	-$34,000.00
E 640-48000-415 Other Equipment Rentals	-$5,182.35	-$5,500.00	-$4,361.91	79.31%	-$5,700.00
E 640-48500-415 Other Equipment Rentals	-$1,695.98	-$2,575.00	-$1,432.05	55.61%	-$2,575.00
E 640-49100-420 Depreciation	-$146,683.00	$0.00	$0.00	0.00%	$0.00
E 640-48000-420 Depreciation	$0.00	$0.00	$0.00	0.00%	$0.00
E 640-48000-431 Cash Over/Short	$542.55	-$100.00	$203.10	-203.10%	$0.00
E 640-48000-433 Dues, Licensing & Seminars	-$3,959.45	-$4,500.00	-$4,905.37	109.01%	-$6,500.00
E 640-48000-497 Credit Card Fees	-$74,139.21	-$66,950.00	-$60,258.40	90.01%	-$80,000.00
E 640-48000-499 Miscellaneous	-$1,959.51	-$1,500.00	-$1,792.28	119.49%	-$1,600.00
E 640-48500-540 Equipment	-$183.35	$0.00	-$176.00	0.00%	$0.00
E 640-49100-540 Equipment	-$3,523.66	$0.00	-$16,613.81	0.00%	$0.00
E 640-48000-540 Equipment	-$75.67	$0.00	-$683.97	0.00%	$0.00
E 640-49100-560 Furniture and Fixtures	-$1,500.00	$0.00	-$1,485.76	0.00%	$0.00
E 640-48000-601 Debt Srv Bond Principal	$0.00	$0.00	$0.00	0.00%	-$50,000.00
E 640-48000-611 Bond Interest	$0.00	$0.00	$0.00	0.00%	-$63,565.00
E 640-49100-611 Bond Interest	-$145,569.83	$0.00	-$64,565.00	0.00%	$0.00
E 640-48000-621 Fiscal Agent s Fees	-$212.50	$0.00	$0.00	0.00%	$0.00
E 640-48000-710 Interfund Loan Transfers	$0.00	$0.00	$0.00	0.00%	-$35,320.00
E 640-48000-727 Operating Transfers - Liquor	$0.00	-$119,480.00	$0.00	0.00%	$0.00
E 640-48000-728 Operating Transfers - General	-$15,000.00	-$15,000.00	-$15,000.00	100.00%	-$15,000.00
Act Type E Expenditure	-$2,633,741.11	-$2,668,232.00	-$2,082,266.30		-$2,899,150.60
	$294,873.70	$347,848.00	$332,570.31		$198,549.40

CITY OF WAYZATA

Liquor Fund Rev/Exp Budget Report v.1

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
Act Type R Revenue					
R 640-00000-36210 Interest Earnings	$62.36	$0.00	$3,623.00	0.00%	$0.00
R 640-00000-37301 Store Liquor Sales	$700,447.68	$734,400.00	$500,338.32	68.13%	$734,400.00
R 640-00000-37302 Store Wine Sales	$1,110,610.64	$1,193,400.00	$816,528.35	68.42%	$1,200,000.00
R 640-00000-37303 Store Beer Sales	$524,573.73	$510,000.00	$406,484.11	79.70%	$550,000.00
R 640-00000-37304 Store Misc. Sales	$53,664.72	$51,255.00	$51,970.91	101.40%	$75,000.00
R 640-00000-37399 Store Misc. Revenues	$8,113.11	$0.00	$860.84	0.00%	$0.00
R 640-00000-38301 Bar Liquor Sales	$344,551.53	$391,625.00	$280,193.12	71.55%	$375,000.00
R 640-00000-38302 Bar Wine Sales	$167,876.79	$210,875.00	$138,113.02	65.50%	$190,000.00
R 640-00000-38303 Bar Beer Sales	$651,953.28	$632,625.00	$561,573.90	88.77%	$725,000.00
R 640-00000-38304 Bar Beverages	$121,157.39	$120,500.00	$96,692.53	80.24%	$128,000.00
R 640-00000-38305 Bar Food Sales	$1,653,159.56	$1,656,875.00	$1,345,802.41	81.23%	$1,700,000.00
R 640-00000-38306 Bar Merchandise Sales	$1,523.65	$1,030.00	$1,898.74	184.34%	$1,200.00
R 640-00000-38310 2FOR1 Food Coupons	-$26,443.46	-$15,450.00	-$26,276.88	170.08%	-$35,000.00
R 640-00000-38320 Rent Income	$6,000.00	$10,500.00	$4,500.00	42.86%	$6,000.00
R 640-00000-38362 ATM Fees	$5,448.40	$6,500.00	$3,925.73	60.40%	$6,000.00
R 640-00000-38370 Vendor Rebates - BAR	$2,004.78	$1,000.00	$1,418.64	141.86%	$1,500.00
R 640-00000-39101 Sales of General Fixed Assets	-$14,658.74	$0.00	$0.00	0.00%	$0.00
R 640-00000-39400 Misc.Revenues	$7,866.16	$0.00	$2,511.56	0.00%	$0.00
Act Type R Revenue	$5,317,911.58	$5,505,135.00	$4,190,158.30		$5,657,100.00
Act Type E Expenditure					
E 640-48000-101 Full-Time Employees Regular	-$178,964.82	-$200,680.00	-$135,234.27	67.39%	-$189,046.00
E 640-47000-101 Full-Time Employees Regular	-$133,737.58	-$140,000.00	-$94,414.06	67.44%	-$137,588.00
E 640-48500-101 Full-Time Employees Regular	-$44,509.10	-$43,700.00	-$34,581.33	79.13%	-$44,553.60
E 640-47000-102 Overtime	$0.00	-$1,000.00	$0.00	0.00%	-$1,500.00
E 640-48000-102 Overtime	-$3,269.67	-$3,060.00	-$879.63	28.75%	$0.00
E 640-48500-102 Overtime	-$18,595.01	-$10,000.00	-$14,291.53	142.92%	-$15,000.00
E 640-48000-103 Part-Time Employees	-$314,186.02	-$356,430.00	-$261,273.13	73.30%	-$418,080.00
E 640-48500-103 Part-Time Employees	-$288,834.12	-$358,140.00	-$270,476.47	75.52%	-$375,830.00
E 640-47000-103 Part-Time Employees	-$79,575.51	-$83,420.00	-$69,963.70	83.87%	-$103,584.00
E 640-48000-121 PERA	-$30,671.19	-$40,610.00	-$24,565.37	60.49%	-$41,911.00
E 640-47000-121 PERA	-$14,879.02	-$16,270.00	-$10,464.99	64.32%	-$17,865.00
E 640-48500-121 PERA	-$23,811.63	-$29,860.00	-$20,323.03	68.06%	-$31,529.00
E 640-47000-122 FICA	-$16,064.48	-$17,170.00	-$12,358.56	71.98%	-$18,223.00
E 640-48500-122 FICA	-$26,764.48	-$31,510.00	-$24,544.52	77.89%	-$28,777.00
E 640-48000-122 FICA	-$72,094.31	-$42,850.00	-$61,228.00	142.89%	-$80,000.00
E 640-48000-130 Employer Paid Ins	-$30,367.16	-$42,380.00	-$23,936.08	56.48%	-$43,954.00

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
E 640-47000-130 Employer Paid Ins	-$26,847.30	-$27,850.00	-$19,083.30	68.52%	-$34,313.00
E 640-48500-130 Employer Paid Ins	-$11,015.28	-$12,710.00	-$9,538.68	75.05%	-$13,685.00
E 640-48000-139 OPEB	-$3,443.00	$0.00	$0.00	0.00%	$0.00
E 640-47000-139 OPEB	-$2,234.00	$0.00	$0.00	0.00%	$0.00
E 640-48000-140 Unemployment Comp (GENERA	-$2,760.24	$0.00	-$591.44	0.00%	$0.00
E 640-47000-140 Unemployment Comp (GENERA	-$764.80	$0.00	-$1,093.98	0.00%	$0.00
E 640-47000-200 Office Supplies (GENERAL)	-$1,654.52	-$3,000.00	-$460.33	15.34%	-$2,000.00
E 640-48000-200 Office Supplies (GENERAL)	-$2,208.45	-$4,500.00	-$3,114.65	69.21%	-$4,650.00
E 640-47000-210 Operating Supplies (GENERAL)	-$8,128.80	-$8,240.00	-$4,198.55	50.95%	-$5,865.00
E 640-48000-210 Operating Supplies (GENERAL)	-$23,070.77	-$25,000.00	-$14,868.06	59.47%	-$20,000.00
E 640-48500-210 Operating Supplies (GENERAL)	-$46,589.49	-$42,000.00	-$48,052.98	114.41%	-$55,000.00
E 640-48000-217 Uniforms	-$1,694.85	-$4,000.00	-$1,019.04	25.48%	-$4,000.00
E 640-48500-217 Uniforms	-$9,427.39	-$7,000.00	-$1,826.30	26.09%	-$4,000.00
E 640-48000-251 Liquor For Resale	-$61,044.65	-$74,778.00	-$33,264.86	44.48%	-$75,000.00
E 640-47000-251 Liquor For Resale	-$542,373.47	-$519,120.00	-$400,648.84	77.18%	-$525,000.00
E 640-48000-252 Wine For Resale	-$29,592.40	-$37,595.00	-$18,714.54	49.78%	-$38,000.00
E 640-47000-252 Wine For Resale	-$760,153.69	-$843,570.00	-$590,899.30	70.05%	-$840,000.00
E 640-47000-253 Beer For Resale	-$405,502.41	-$360,500.00	-$326,344.03	90.53%	-$407,000.00
E 640-48000-253 Beer For Resale	-$146,944.57	-$137,258.00	-$132,364.83	96.44%	-$163,125.00
E 640-47000-254 Soft Drinks/Mix For Resale	-$24,746.01	-$36,230.00	-$24,049.48	66.38%	-$36,000.00
E 640-48000-254 Soft Drinks/Mix For Resale	-$27,913.97	-$31,441.00	-$26,042.72	82.83%	-$32,000.00
E 640-48000-255 FOODIngredients For Resale	-$124.08	$0.00	-$88.85	0.00%	$0.00
E 640-48500-255 FOODIngredients For Resale	-$615,474.34	-$656,000.00	-$544,531.87	83.01%	-$680,000.00
E 640-48000-256 MISC.MDSE.RESALE	-$178.60	-$2,575.00	-$513.60	19.95%	$0.00
E 640-47000-256 MISC.MDSE.RESALE	-$5,160.07	-$4,000.00	-$12,492.97	312.32%	-$25,000.00
E 640-48000-259 Freight	-$480.82	$0.00	$0.00	0.00%	$0.00
E 640-47000-259 Freight	-$16,700.85	-$20,600.00	-$12,926.26	62.75%	-$18,500.00
E 640-47000-301 Auditing and Acct g Services	-$2,000.00	-$4,000.00	-$4,000.00	100.00%	-$4,000.00
E 640-48000-301 Auditing and Acct g Services	-$2,500.00	-$4,000.00	-$4,000.00	100.00%	-$4,000.00
E 640-47000-306 Personnel Expense	$0.00	-$2,000.00	-$2,185.75	109.29%	-$2,000.00
E 640-48000-306 Personnel Expense	-$256.00	-$1,000.00	-$5,455.22	545.52%	-$4,000.00
E 640-48000-321 Telephone	-$840.00	-$2,000.00	-$620.00	31.00%	-$1,200.00
E 640-47000-321 Telephone	-$840.00	-$1,250.00	-$620.00	49.60%	-$1,200.00
E 640-48000-331 Mileage & Expense Account	-$420.00	-$1,000.00	-$103.63	10.36%	-$1,000.00
E 640-47000-331 Mileage & Expense Account	-$1,008.62	-$2,000.00	-$290.80	14.54%	-$2,000.00
E 640-48000-340 Advertising	-$31,473.64	-$33,000.00	-$12,332.37	37.37%	-$25,000.00
E 640-47000-340 Advertising	-$34,197.54	-$33,000.00	-$38,481.94	116.61%	-$25,000.00
E 640-48000-341 General Promotions	-$29,713.43	-$45,000.00	-$41,391.84	91.98%	-$55,000.00
E 640-47000-341 General Promotions	-$23,429.01	-$21,000.00	-$22,294.98	106.17%	-$35,000.00
E 640-48000-342 Promotions - Food/Drinks	-$5,701.10	-$6,500.00	-$4,922.61	75.73%	-$6,700.00

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
E 640-47000-361 General Liability Ins	-$5,952.00	-$7,500.00	-$4,800.00	64.00%	-$4,800.00
E 640-48000-361 General Liability Ins	-$23,000.00	-$26,000.00	-$22,207.60	85.41%	-$22,200.00
E 640-47000-365 Workers Comp Ins	-$5,900.00	-$5,900.00	-$6,900.00	116.95%	-$6,900.00
E 640-48000-365 Workers Comp Ins	-$14,500.00	-$15,000.00	-$26,000.00	173.33%	-$26,000.00
E 640-47000-381 Electric Utilities	-$16,585.48	-$16,150.00	-$11,759.69	72.82%	-$18,000.00
E 640-48000-381 Electric Utilities	-$38,699.48	-$36,000.00	-$27,439.27	76.22%	-$40,000.00
E 640-47000-383 Fuel, oil and natural gas	-$2,695.06	-$3,500.00	-$2,951.43	84.33%	-$5,500.00
E 640-48000-383 Fuel, oil and natural gas	-$10,780.24	-$13,900.00	-$11,805.65	84.93%	-$20,000.00
E 640-48000-384 Refuse/Garbage Disposal	-$3,740.72	-$5,150.00	-$2,750.00	53.40%	-$5,150.00
E 640-47000-384 Refuse/Garbage Disposal	-$1,436.98	-$1,500.00	-$1,294.08	86.27%	-$1,700.00
E 640-47000-401 Repairs/Maint Buildings	-$1,704.06	-$7,000.00	-$659.75	9.43%	-$7,000.00
E 640-48000-401 Repairs/Maint Buildings	-$2,412.16	-$8,000.00	-$1,763.59	22.04%	-$8,000.00
E 640-49100-404 Repairs/Maint - Machin/Equip	-$1,281.32	$0.00	$0.00	0.00%	$0.00
E 640-47000-404 Repairs/Maint - Machin/Equip	-$6,240.70	-$7,000.00	-$2,093.35	29.91%	-$7,000.00
E 640-48000-404 Repairs/Maint - Machin/Equip	-$13,901.01	-$23,000.00	-$16,267.71	70.73%	-$23,000.00
E 640-48500-404 Repairs/Maint - Machin/Equip	-$2,223.03	-$5,000.00	-$3,547.80	70.96%	-$5,500.00
E 640-47000-409 Maint services & Improv	-$5,633.19	-$11,000.00	-$931.94	8.47%	-$11,000.00
E 640-48000-409 Maint services & Improv	-$39,126.61	-$34,000.00	-$24,721.78	72.71%	-$34,000.00
E 640-47000-415 Other Equipment Rentals	-$1,122.19	$0.00	$0.00	0.00%	$0.00
E 640-48500-415 Other Equipment Rentals	-$1,695.98	-$2,575.00	-$1,432.05	55.61%	-$2,575.00
E 640-48000-415 Other Equipment Rentals	-$5,182.35	-$5,500.00	-$4,361.91	79.31%	-$5,700.00
E 640-49100-420 Depreciation	-$146,683.00	$0.00	$0.00	0.00%	$0.00
E 640-48000-420 Depreciation	$0.00	$0.00	$0.00	0.00%	$0.00
E 640-47000-420 Depreciation	$0.00	-$1,030.00	$0.00	0.00%	$0.00
E 640-48000-431 Cash Over/Short	$542.55	-$100.00	$203.10	-203.10%	$0.00
E 640-47000-431 Cash Over/Short	-$84.80	-$100.00	$138.58	-138.58%	$0.00
E 640-47000-433 Dues, Licensing & Seminars	-$2,569.40	-$4,500.00	-$3,718.42	82.63%	-$4,500.00
E 640-48000-433 Dues, Licensing & Seminars	-$3,959.45	-$4,500.00	-$4,905.37	109.01%	-$6,500.00
E 640-47000-497 Credit Card Fees	-$49,421.16	-$56,650.00	-$37,413.83	66.04%	-$56,600.00
E 640-48000-497 Credit Card Fees	-$74,139.21	-$66,950.00	-$60,258.40	90.01%	-$80,000.00
E 640-47000-499 Miscellaneous	-$657.85	-$2,000.00	-$1,671.69	83.58%	-$2,000.00
E 640-48000-499 Miscellaneous	-$1,959.51	-$1,500.00	-$1,792.28	119.49%	-$1,600.00
E 640-49100-540 Equipment	-$3,523.66	$0.00	-$16,613.81	0.00%	$0.00
E 640-48500-540 Equipment	-$183.35	$0.00	-$176.00	0.00%	$0.00
E 640-47000-540 Equipment	-$1,498.01	$0.00	-$300.00	0.00%	$0.00
E 640-48000-540 Equipment	-$75.67	$0.00	-$683.97	0.00%	$0.00
E 640-49100-560 Furniture and Fixtures	-$1,500.00	$0.00	-$1,485.76	0.00%	$0.00
E 640-47000-601 Debt Srv Bond Principal	$0.00	$0.00	$0.00	0.00%	-$50,000.00
E 640-48000-601 Debt Srv Bond Principal	$0.00	$0.00	$0.00	0.00%	-$50,000.00
E 640-49100-611 Bond Interest	-$145,569.83	$0.00	-$64,565.00	0.00%	$0.00

Account Descr	2013 PL Amt	2014 Budget	2014 PL YTD Amt	%YTD Budget	2015 Budget
E 640-48000-611 Bond Interest	$0.00	$0.00	$0.00	0.00%	-$63,565.00
E 640-47000-611 Bond Interest	$0.00	$0.00	$0.00	0.00%	-$63,565.00
E 640-47000-621 Fiscal Agent s Fees	-$212.50	$0.00	$0.00	0.00%	$0.00
E 640-48000-621 Fiscal Agent s Fees	-$212.50	$0.00	$0.00	0.00%	$0.00
E 640-47000-710 Interfund Loan Transfers	$0.00	$0.00	$0.00	0.00%	-$35,320.00
E 640-48000-710 Interfund Loan Transfers	$0.00	$0.00	$0.00	0.00%	-$35,320.00
E 640-48000-727 Operating Transfers - Liquor	$0.00	-$119,480.00	$0.00	0.00%	$0.00
E 640-47000-727 Operating Transfers - Liquor	$0.00	-$120,000.00	$0.00	0.00%	$0.00
E 640-48000-728 Operating Transfers - General	-$15,000.00	-$15,000.00	-$15,000.00	100.00%	-$15,000.00
E 640-47000-728 Operating Transfers - General	-$15,000.00	-$15,000.00	-$15,000.00	100.00%	-$15,000.00
Act Type E Expenditure	-$4,850,452.17	-$5,071,282.00	-$3,818,893.72		-$5,429,673.60
	$467,459.41	$433,853.00	$371,264.58		$227,426.40

October 7, 2014

Don Uram
Administrative Services Director
City of Wayzata
600 Rice Street East
Wayzata, MN 55391

Dear Don,

As you requested, attached is a proposal for working together to give the Wayzata Liquor Operations and “the Muni” Bar and Grill an inclusive assessment that will include the customer service and experience, operations, merchandising, pricing, promotions and marketing/advertising. The full assessment’s goal is to create a high-value plan or “roadmap” for helping both operations establish their core strengths and communicate those brand strengths to its customers as well as identifying any deficiencies and the steps that can be taken to amend them.

Typically, this assessment takes 3 months and the customer survey is the driving item on the critical path that creates the long project duration. Since your operation nearly doubles our assessment work (since we would have to create an assessment for the store operations and the bar/grill operations separately) this is an highly discounted project. But I want to stick to my word from our last communication and hold the line on the pricing I gave you previously.

Kevin, Jim and I are ready to begin as soon as you and the Wayzata team make your decision.

All my best,

Flora Delaney

Flora Delaney

City of Wayzata::Delaney Consulting Working Agreement

This Agreement ("Agreement") is made on the ____ day of___________, 2014, between the City of Wayzata, Minnesota, whose business address is 600 Rice Street East, Wayzata MN 55391, and Delaney Consulting, a Minnesota LLC, whose business address is 5916 Bernard Place, Edina MN 55436.

Delaney Consulting will provide business consulting services to the City of Wayzata and the Wayzata Liquor store and "Muni" Bar/Grill as outlined in the Statement of Work. This is a mutual agreement which is nonbinding. Either party can terminate this agreement without cause.

Delaney Consulting and Flora Delaney to work with the Wayzata Liquor team to create and deliver an assessment of the Wayzata Wine & Spirits retail store as well as the Wayzata Bar & Grill aka "The Muni". The goal is to create a short-term and long-term "Roadmap" to improve the brand's strengths with current customers and new customers within the expected competitive environment. This project has an estimated duration of 3 months. See the attached high-level work plan.

Included in this work will be:

1) An objective review of Wayzata Liquor versus the marketplace in terms of assortment and selection, pricing, merchandising and in-store environment, customer service, promotional values and digital and traditional media channel utilization. Mystery shop services for both your stores, your competitors and the Bar & Grill included in total price. Our analysis includes interviews with key vendors, in store and restaurant observations during a variety of different times (busy, non-busy, fully staffed, low staff, etc) to get a fully rounded view of strengths and opportunities.

   Deliverable: Current state assessment along with prioritized recommendations for high-impact improvements and next steps.

2) A detailed customer survey to gain insights into the current Wayzata Wines & Spirits and Bar & Grill customer base as well as non-Wayzata customers who are residents of Wayzata. Work includes all analytic support, data tabulation, and statistically meaningful result interpretation. Survey development, hosting and services included in total price. This project anticipates two different surveys – one for the liquor operations and one for the Bar/Grill.

   Deliverable: Full report of all survey results broken out by Wayzata & non-Wayzata respondents, demographics, zip code, gender and other relevant data "slices." Data is the property of the City of Wayzata.

3) Two SWOT analyses created in conjunction with the management team that leverages vendor insights as well as competitive surveys and analysis. One for the Store operation and one for the Grill/Restaurant operation.

Deliverable: Strategic plan for Wayzata Liquor stores with specific tactics to address each SWOT area.

4) Facilitated “workshop”-style sessions with the management team to include a kickoff, mid-stream report out, value targeting, stop/start/continue and validations throughout the project.

   Deliverable: Ongoing project alignment & planning.

5) **FINAL DELIVERABLE:** A final strategic vision statement with specific short-term and long-term tactics that support the vision. A verified estimate of the cost benefit value of each recommended tactic. “The Roadmap.”

The work will be delivered at a total cost of $8490 with $2830 invoiced per month spanning three months.

High Level Project Plan

1st Half Month 1	2nd Half, Month 1	1st Half, Month 2	2nd Half, Month 2	1st Half, Month 3	2ndHalf, Month 3
Contract/SOW signed	Mgmt Kickoff Meeting			SWOT Exercise with Mgmt	Mgmt Report Out
Collect Market Data	Collect Market Data	Collect Market Data	Collect Market Data		
Collect Competitive Data	Collect Competitive Data	Collect Competitive Data	Collect Competitive Data		
Data Request to BC	Data Reported to Delaney Consulting	Analyze Market, Promotion & Pricing Data			
	Store/Restaurant Observations	Store/Restaurant Observations	Store/Restaurant Observations		
Agree to Survey Incentive	Setup Survey Communications	Communicate Survey			
Complete Survey 1st Draft	Finalize Survey	Set up Survey Tool	Survey Opens	Survey Closes	Tabulate Survey Results

Executed as of the day and year first written above.

DELANEY CONSULTING

____

Flora Delaney, President

CITY OF WAYZATA

____

Title: