



Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
TUESDAY, NOVEMBER 1, 2022

WORKSHOP TOPICS FOR DISCUSSION:

1. Discussion of Wayzata Wine and Spirits Marketing and Strategic Assessment by Delaney Consulting (5:00-5:45 p.m.)
2. Discussion of 2023 Budget Items and Potential 2024 Budget Impacts (5:45-6:30 p.m.)



City Council Workshop City Council Agenda Report

MEETING DATE: November 1, 2022	WORKSHOP AGENDA ITEM: 1
TITLE: Discussion of Wayzata Wine and Spirits Marketing and Strategic Assessment by Delaney Consulting (5:00-5:45 p.m.)	
PREPARED BY: Jeffrey Dahl, City Manager	
REVIEWED BY: N/A	

DISCUSSION OBJECTIVE:

To discuss the Wayzata Wine and Spirits Marketing and Strategic Assessment and confirm next steps.

BACKGROUND:

Earlier this year, the City Council approved a Professional Services Agreement with Delaney Consulting to provide for a Strategic and Marketing Assessment for Wine and Spirits Operations. The last time an assessment like this was completed was in 2015. The goal of the assessment is to analyze the operations and marketing in order to maximize the profitability and sustainability of the operations as the market and retail environment continues to evolve. Over the past 4 months, staff, led by General Manager Kevin Castellano, along with Michael Bitzer of Delaney, have been analyzing financials and collecting data via a customer survey, market research, and speaking with employees. The last phase of this process, which occurred in late September, was to complete a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) with key stakeholders in order to finalize the assessment along with a strategic action plan.

The draft assessment is attached and will be presented by Mr. Bitzer. Next steps will be to provide any feedback at the workshop, accept the final report at an up and coming Council Meeting, and then staff will meet internally on developing a prioritized implementation plan which would be reviewed by the Council.

ATTACHMENTS:

1. 2022 Final Report Delaney Wayzata Wine Spirits
2. Wine and Spirits Survey
3. SWOT Long Form WWS Final 102022

Final Report for Wayzata Wine & Spirits

October 20, 2022

Table of Contents

FINAL REPORT FOR WAYZATA WINE & SPIRITS	1
EXECUTIVE SUMMARY	2
SURVEY FINDINGS: VOICE OF YOUR CUSTOMER	2
STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS	4
MARKETING ASSESSMENT	6
INSTORE EXECUTION: CUSTOMER EXPERIENCE	12
INSTORE EXECUTION: EMPLOYEE EXPERIENCE AND TRAINING	13
COMPETITIVE ANALYSIS	14
BUSINESS PLANNING IMPROVEMENTS	16
PRIORITIZED RECOMMENDATIONS	20
KNOWN RISKS	20
CONCLUSION	21
APPENDIX	21

Executive Summary

The Wayzata Wines & Spirits (WWS) store is holding its own against significant headwinds in the market – including inflation, worker shortage and uneven supply chain issues. But to deliver and maximize its contributions to the city, several key actions need to happen soon so to increase transactions to pre-pandemic levels, staunch margin erosion, and drive incremental sales. Those specifics are detailed and defended throughout this report. But in our estimation the highest priority items that WWS can do are:

1. **Eliminate the current Savour Reward Program** and replace it with a mutually beneficial loyalty program to provide value to its members while driving more traffic and overall profitability.
2. **Define and refine the Wayzata Wine & Spirits brand** to create clarity and differentiation of your marketing, value propositions, sales channels, growth strategies, assortment, pricing, and channel execution. This includes, but is not limited to, defining your core customer, developing a brand promise and voice, defining your sales channels, and delivering a consistent and effective brand experience in all consumer touchpoints.
3. **Implement an integrated promotional planning capability** to activate all marketing and promotional resources to build new customer acquisition and improve current customer retention. Capitalize on the Wayzata Bar & Grill (WBG) traffic and its cross-sales opportunities to drive improvements across both entities.
4. **Build a disciplined and right sized business operating rhythm** that includes objectives, clear roles and responsibilities, effective tools process around measuring and forecasting business plans and support Pull this forward into instore execution of merchandising and training

There are more changes we recommend throughout this report, but these are the highest priority and ought to develop within the next 6 months.

Survey Findings: Voice of Your Customer

In partnership with the City of Wayzata, Delaney Consulting facilitated a consumer survey that produced some meaningful insights that greatly factored into our recommendations and priorities.

We have provided the City of Wayzata a complimentary PowerPoint (Appendix A) that contains all data and highlights what we determined to be the most valuable insights. Further, we have provided the raw data for Wayzata's further usage (Appendix B).

Survey Objectives:

- Gain a voice of the customer (VOC) to ensure customer needs and insights are leading our recommendations
- Gain insights into WWS current customer behaviors, demographics, preferences, spending habits, etc.
- Validate some of WWS's current marketing tactics, promotional decisions, and customer experience

Survey Construct and Participation:

- Deployed from 8.1-9.15.2022
- Surveys solicited through City of Wayzata social media and email channels as well as at both muni operations
- 260: Surveys were started
- 168: Surveys were completed
- 106: Self-identified as Savour Rewards Members
- 52: Self-identified as having received promotional mailings from WWS

- 29: Total questions allowable depending upon self-identification variables
- 7.5%: Average margin of error*
 - *Important note that the respondents to this survey were less general population, and more existing customers and/or close to the WWS operations. As such, the results carry a higher natural bias than normal.

Survey Key Themes and Insights

Consumer Purchase Behaviors and Insights

- 63% of respondents last retail alcohol purchase was to “restock their favorites”
- 12% were looking for something new
- 9% were buying for a “special occasion”
- 7% were driven into store by a sale price, coupon, or other promotion
 - WWS needs to have a great assortment, awesome in stock position and be able to strongly recommend solutions. Prices need to be competitive but not the best.
- 40.5% are influenced by recommendations from store associates
- 36.5% value recommendations from bars and restaurants
- 30% are using at shelf and store merchandising to make decisions
 - Wayzata’s muni operations need to work together to increase their influence and meet these needs. Integration across the Bar and Grill will drive purchase behavior. Employees knowledge and customer service skills must translate into strong and tailored recommendations. There are numerous merchandising changes that can be made to be more impactful
- 8% of purchases are made only because of a sale price
- Only 1 in 4 will wait to “stock up” based upon price

Marketing/Operations

- **Savour Rewards**
 - 95% of those that identified WWS as their favorite, were also Savour Members - extremely high participation rate
 - 95% expect a program discount benefit
 - WWS best customers want additional benefits out of their rewards than just a discount, with was almost 2x than those that did not designate WWS as their favorite store
- **Marketing Effectiveness**
 - 2.5% knew what was on sale before shopping at WWS
 - 73% of all shoppers would be more likely to shop WWS if they knew what was on sale
 - At >2:1, customers prefer single product price vs. BOGO promotions
 - 43% of customers preferred to be emailed about WWS promotions vs. 24.5% of those preferring the currently used tactic of direct mail
 - 51.5% gave WWS their email to use for promotions without any incentive to do so
 - 23.5% want to use social media to learn more about WWS promotions
 - >2:1 of consumers prefers a discount on a single item vs. a BOGO sale
 - 32% self-identified that they had received a WWS mailer in the past 12 months
 - 44% of those customers said it made them shop at the store
 -
- **Delivery**
 - 74% were not aware of delivery program
 - 2.5% used the delivery service
 - 4.75/5 satisfaction rate (4 total respondents)
 - 18.5% said they were likely to use the service now that they know it is available

WWS Competition:

- 34% of respondents identified WWS as their “favorite beer, wine, or liquor store”
 - This skus higher in the margin of error due to how the survey was administered and who responded.
- When not WWS, respondents identified these competitors as their favorite store:
 - Total Wine: 18.5%
 - Costco/Sam’s Club: 7.75%
 - Lakeside Liquor, Long Lake: 6.5%
 - Liquor Boy, STLP: 5.5%
- How you compete in the marketplace should largely be centered around more stores like WWS than not – other muni operations, Lakeside Liquor, Liquor Boy, etc. We do not believe it is in WWS’s best interest to compete with Total Wine and Clubs (on price) largely because you don’t have model to do so and your customer is significantly less price conscious.

Strengths, Weaknesses, Opportunities, and Threats

Delaney Consulting facilitated 3 separate SWOT exercises during this engagement and collected 12 different SWOTs from 8 city stakeholders and 4 WWS employees. These were compiled, prioritized, analyzed, and presented in a separate long form report (Appendix C).

During Delaney Consulting’s 2015 engagement we conducted another SWOT with a lot of similar themes. We have included that report in the appendix of documents.

In a SWOT, Strengths and Weaknesses are functions of internal realities within Wayzata’s business model while Opportunities and Threats are external realities.

Based on all our findings and this assessment process, we have prioritized the following SWOT themes:

Strengths	Weaknesses
1. City owned and operated/location— “Monopoly Business”, Specific location of the store 2. Store Team’s Customer Service 3. Assortment – Wine being largely viewed as the strength of the assortment	1. Marketing: No present marketing capability, just some tactics that may or may not work. 2. Pricing: Both perceived and real pricing 3. Employees: Acquisition and retention
Opportunities	Threats
1. Marketing: Do differently, with great intention, structure, and curiosity 2. Developing and implementing new ideas: Decision making, prioritizing, testing, measurement 3. Employee Training: Define and develop a training program that targets product/industry knowledge	1.City-managed retail: The city does not have retail expertise nor mature support functions. Not deemed as Threats: -Total Wine: Price and warehouse-level buying power. Different value props. -COGS increase: Economic, industry, consumer trends of costs increasing.

Summary of SWOT #1 Findings

Included in the Long Form SWOT Report (Appendix C) are commentaries for each of the top 3 results we identified as well as all submissions from participants. It will further reinforce the findings and recommendations throughout this Final Report. We strongly encourage all WWS stakeholders read and discuss that report thoroughly.

Below, we included only the number 1 commentaries as a matter of priority:

Strengths

1. City owned and operated/location— “Monopoly Business”, Specific location of the store:

WWS is capturing the benefits of a city-owned and operated liquor retail store that enables consistently positive and stable financial returns over a significant period. It is also notable that the store is more recently down in transaction counts and thus revenue. With the unique variables of the last few years, as well as the limited scope of this engagement, it is hard to fully account for all the reasons why.

There are common reasons why these similar types of business fail, but the city has been doing a great job leveraging WWS as a strong city asset that is profitable and delivering on its main purpose as a city asset: lowering the city’s tax burden to its citizens. There are a lot of strengths for the store and city to be proud of and leverage further to ensure its continued success.

Weaknesses

1. Marketing: No present marketing capability, just some tactics that may or may not work.

The city and WSS operations are not currently resourced or built to develop, plan, execute, verify, and evolve a marketing function to support its Muni marketing needs across both the WWS and WBG. This is not unusual for muni-operated businesses but there are ways to progressively solve for this capability gap. These submissions started to create a consistent to call to action to create a right-sized marketing capability and supporting rhythm to support it.

Further, it is Delaney Consulting’s opinion that marketing is the central and most important theme to your overall SWOT analysis. As such, we have detailed recommendations in our final report to help you make progress against these weaknesses.

Opportunities

1. Marketing: Do differently, with great intention, structure, and curiosity

This is the HOT SPOT of the WWS SWOT.

This is where the responses were the most significantly represented, most consistent and clear, and directly tied into all other SWOT quadrants. It’s really what you want to see because you can control this opportunity and can begin to methodically move it towards a strength.

I would summarize this by stating that WWS needs to approach their marketing functions with on-purpose processes with clear roles, responsibilities, and rhythms to support it that have specific outcomes and metrics. Recommendations are thoroughly presented in our Final Report to the City of Wayzata for this area.

Threats

1. City-managed retail: The city does not have retail expertise nor mature support functions

City governments conduct wildly different business than operating a retail liquor store. It's inherently hard and doesn't naturally fit into other standard city leadership and administrative functions. This is the most predominant and hardest theme to understand as a threat because there are elements of this that were also defined as a strength. – but it's a trend that some cities have been closing their municipal liquor stores. With the acceptance of and commitment to recommendations of enhancing your business rhythms, utilizing resources differently, and gaining some new processes and methods, this should get easier with time.

Marketing Assessment

Overview

Marketing invites customers to come to your site (store or website) and asks them to return again and again. Called *customer acquisition and retention*, marketing projects the image that you can always deliver. Marketing creates your brand promise that you will fulfill.

Marketing your brand requires a consistent image. Marketing brings your brand promise to life for your customers through your logo, colors, tagline, store environment, employee uniforms and advertising personality. That contrasts with *promotions* which are short-lived events to drive incremental sales.

Marketing supports the customer journey of:

Awareness > Trial > Loyalty > Evangelism

Customers must be aware of your store and where you are located (or your URL) to shop for the first time (trial.) They need to have a good experience several times to become a loyal shopper. They need to build a relationship with you to become an evangelist or supporter of your store. Marketing and promotions with a call to action move customers along this path.

In reviewing your current marketing, it is difficult to understand what your brand promise is to your customers. The tagline “since 1942” indicates that you have a history in Wayzata, but it doesn't give the customer much to emotionally connect with. Compare that to these brand promises:

- Walmart – Save money. Live better.
- Haskell's – The Wine People!
- Edina Liquor – Where profits get poured back into the community
- Fridley Liquor – Impeccable Service, Incredible Specials

There is work ahead for Wayzata to develop its differentiated brand promise and then bring that to life at every customer touchpoint. That work is not included within the scope of our Delaney Consulting assessment. But in our estimation, it is a key component to the #2 priority overall: Implementing an integrated promotional planning (IPP) capability.

As WW&S operates today, there is very little focus on using promotional activity to drive incremental sales and the efforts in this area are not valued by your customers. As proof:

Of the respondents to our customer survey:

- 92% said they do not wait to buy alcohol until it is on sale.
- 74% said they do not wait to stock up on alcohol until it is on sale.
- 73% said they would shop at WW&S more frequently if they knew what was on sale before shopping.

Of the respondents who have shopped at WW&S:

- 97% said they do not know what is on sale at WW&S before they shop there. Thus, we can presume that they did not have an external promotional price driving their visit to the store.
- Despite sending out direct mail pieces, 68% said they did not recall getting one in the past 12 months.

Thus, we can state that your customers today are not price driven, promotional/sale prices are not driving their purchases at your store, but they would possibly shop your store more frequently if your promotional messages reached them. This leads us to recommend that the entire promotional planning and execution process needs to change. We have supplied an exemplary IPP tool (Appendix D) to help with this as well as some recommendations later in this Final Report.

Savour Rewards:

Today, your Savour Rewards customers do not receive any of the customary promotional messages that drive incremental sales. This was previously identified in our 2015 Report. They do not get:

- Email blasts about exclusive sales or events
- Early notice of new items or limited releases
- Promotional messages about regular sales or special “members-only” sales
- Birthday, holiday or anniversary offers customized to them

But they do get 10% off at the cash register without any exchange of value – including a valid email address or mailing address. For all intents and purposes, your members get 10% off the purchases they would make anyway at your store – which is having an immediate effect on margin erosion. In order to relaunch an effective loyalty program where customers exchange their contact information and receive regular promotional messages to earn the ability to get discounts, your current program must end and a new one must begin.

We have reached out to the Loyalty service provider, Dailey Data, and they confirm that it would be nearly impossible to reverse your past behaviors and rewards with the current program. We suggest that you tactfully end the current Savour program and begin a new one entirely fresh.

To do that you will have to:

1. Work with the loyalty service provider to create a program that will meet your needs and manage with your current resources. More than store management should be involved. A city resource in marketing, communications, and reporting would be natural support members. Create a new program and agree to what you want to be able to do and how frequently you will use it so that it is implemented correctly.
2. Message to both employees and customers that the current program is ending. It is appropriate to retire it with a message that acknowledges that you have been proud of it and happy to have provided it to Wayzatans but that with today’s increased pressure on prices, a change will allow you to continue to operate without raising prices to the degree you would have to if the program continued. This can cause a stir amongst come current customers. But it will be short-lived, and you can replace it with a new, improved program.
3. We recommend that you investigate how to create a shared loyalty program across WWS and the Bar & Grill. If this is not feasible, then do the second-best thing which is to cross-promote across the platform.
4. Create the customer value proposition for your loyalty program. Here is what we would suggest:
 - a. Exclusive and early notice for sale events and new items. Not an *additional* sale event, but early notice.
 - b. \$5 off certificate on your birthday month
 - c. Free delivery on \$75 or \$50 (something below the \$100 threshold for the general public)

- d. Exclusive tasting events just for members – these should extend into the Bar & Grill. If you are pouring tastings in the store, can you also have 1.5 oz samples at the Bar with bounce back offers to make a purchase in the store?
 - e. Earn a discount –make the terms appropriate based on your financials. Do so at the store level on dollars spent, examples being: \$1 = 1 point, and 500 points gets you \$20 off.
 - f. Newsletter that highlights the month's sales, managers best buy and employee picks (see promotional planning template appendix XX)
 - g. If you can share loyalty data with the Bar & Grill, you can do cross programs –like “Buy a Dark & Stormy at the bar, get \$2 off a pack of ginger beer in the store.”
5. Once you have the basic program set up, you can test additional loyalty levers to see if you can drive incremental sales.

If you will follow this advice, your cost for your loyalty program will reduce and your overall margin and revenue will increase. Customers will have to earn their discounts. It will help you better understand your customers and what drives their behavior. Which means you can make better decisions, faster; while more accurately predicting how to jump start sales when needed.

Social Media:

WW&S is not using social media to build relationships with its followers as your competition does.

Retailer	Wayzata Wine & Spirits	Total Wine - Minnetonka	Hy-Vee Plymouth	MGM Minnetonka	Haskell's Minnetonka
FB Followers	620	263	3000	19000	8,575
FB Posts, last 90 days	5 (4 survey)	90	608	86	51
IG Followers	73	561	357	1,243	971
IG Posts (total)	5	317	5,524	947	552

The above snapshot was taken on 10.1.2022 and shows how under engaged WWS is on social media compared to the competitors you requested we look at. This was similar to what we found and presented in our 2015 Final Report. More comparisons and detail are available in the Competitive Assessment section of this report as well as in the appendix documents. Further, we included links to other retailers outside of this set that are more like WWS and can be used as to find examples of great social media programs.

There are a few of ways that social media is effective.

- 1) It helps you build a relationship with customers. When you feel like all you do is send sales messages, social media allows you to talk about your brand in a much broader way. You can talk about the charities you support, the new person you hired (and why!), the things in the city of Wayzata you like the most, and also – some sales info. Importantly, it keeps you top of mind for your followers who see your messages in their feed regularly and will more naturally think of you whenever they want to buy beer, wines, or spirits. But it is a 2-way street, and you MUST engage positively with followers who are liking and commenting. This is a natural task to delegate to a city communications resource.
- 2) It has immediacy. Your message is in real time, and you can drive sales with a disciplined approach to a “daily deal.” Only do it once a month. Make it a HOT deal. Make it for a day of the month that you would not normally have a lot of traffic. Make it worth stopping in. You can train your customers to look for that daily deal and then create more shopping visits. More shopping visits will naturally lead to more sales. It takes a few months to build this, but it is an effective tactic to reward your audience while building sales.

- 3) Use a template and scheduling tools to complete your social media content a month in advance. See the template in Appendix D to see how to easily create a 2x/week schedule. Throw in news about schools, holidays, city issues and you can easily have something to say 3 x/week or more. Use city communications resources to create the content.

Marketing and promotional planning must be a part of your regular store operations activity. To the degree that the city takes on responsibility for supporting the management and giving them resources and time to do this activity, they can be unleashed to drive their business. To do it well, there must be time to plan and integrate all the levers both inside and outside the store. A manager cannot operate a store and drive the business without support.

Our new SOW proposal can position Delaney Consulting to help set up the processes and run the early rounds of an integrated promotional planning capability to ensure that you get off on the right foot and you can sustain the gains.

WWS Current State Marketing Assessment:

Delaney Consulting reviewed WWS's current marketing program which included: assessing budgets, process, tools, promotional tactics, marketing channels, roles, and responsibilities, and outcomes. Through this we discovered a need to evolve the WSS marketing practices into a more formalized marketing capability. This was validated through the customer survey, SWOT exercise, competitive analysis, financial reporting, and discussions with City Stakeholders.

- **Marketing Budget and Measurement:**

- WWS is budgeted a flat dollar amount for all marketing activities; for 2021 this was \$15,000 and will increase in 2022 to \$20,000. This is identified as “advertising” in their budget documents.
 - Common retail budgeting and accounting practices for marketing calls for a percentage of revenue to be reinvested into the business in the range of 2-5%. This allows for consistent budgeting and will scale with revenue as needed. Using this practice, WWS's marketing is underfunded by \$50,000 on the lowest end of a 2% budget based upon \$3,5000,000 in annual revenue.
 - It's important to note it is that the marketing spend likely higher than accounted for in the financials we reviewed and the activities we identified.
- Promotions are budgeted for \$44,0000 for both 2022 and 2023.
 - It is our understanding that this budget is ONLY for Savour Rewards point redemption.
 - This budget needs to account for all promotions the store runs.
- Promotions and marketing activities are currently not being effectively budgeted for, and then inconsistently measured and monitored, to ensure they are hitting their intended ROI and objectives. As such, it is very difficult to tell the effectiveness of WWS's marketing and promotional spend. But we can confidently state that the promotional margin erosion for the store is very significant. With these recommendations you will reclaim meaningful profit that you are basically giving away.
- This supports the need to normalize accounting practices. Neither of these budgets are fully loaded to account for all activities and expenditures and need to be trued up to ensure that marketing can be accurately accounted for in both cost and benefits.

- **Marketing Activities:**

- WWS single biggest marketing vehicle and budgetary spend is in their Direct Mailer program which according to feedback accounts for almost all of their \$15,000 2022 budget.
- Based upon the customer survey, the Direct Mailer Program needs to be thoroughly reviewed to determine its effectiveness and ultimately if or how it continues as a standard practice.
- Current marketing does not include the channels needed to reach your customers and that will take further investment of both time and resources. The most meaningful of which will be the development of the new rewards program as well as both social media and website capabilities.

- **Promotional Program:**

- It is our belief, based upon competitive comparisons, financial analysis, and the customer survey that WWS is significantly overspending in this area.
- Active and ongoing promotions currently include:
 - 10% Wine and Spirits with Savour Rewards
 - 2.5% Savour Rewards point value
 - 20% off wine case discount (any 12 bottles)
 - \$5 off a \$20+ bottle of wine with a WBG Pizza to go order
 - Free Delivery (\$100 min purchase)
 - Free tote with 6 bottles of wine
 - BOGO Wine sales (ongoing)
 - %/\$s off Wine and spirits
 - No promotions on Beer
- WWS would benefit from a through promotional impact study to more fully understand the financial impact to their promotional decisions.

Integrated Promotional Planning (IPP) Capability

As previously stated in this report, this is one the biggest gaps we discovered, and we believe that bridging it will answer for many of the insights related to marketing opportunities.

An IPP capability has a calendarized tool at its center. As such, we mocked up a simple one for your consideration and recommend that you look at it while reading this section, Appendix D: Integrated Promotional Planning Calendar. Note that this is populated for your edification and is not to be taken literally. This will need to evolve in both its structures and inputs.

Simply, stated this helps to identify, plan, organize and activate all your marketing and promotional activity for a rolling year.

Starting at the top, it rolls by month and quarter and should be updated as such. It will allow you to populate and then correlate your financials to the marketing activities that you will plan to drive those outcomes. This is a dynamic tool that requires many touches across several roles – WWS & WBG GMs, Social Media Coordinator, and anyone else involved in the planning or execution of events, instore merchandising, etc. But these touches are worth it and become fewer as the discipline matures. It will need to be located on a shared drive so that others can easily access and provide updates to it.

As you flow down the document, you will notice that the rows are organized by your campaigns, what you will execute in store, how you will advertise externally and specific integration for the WBG. As stated, this will need to get updated to reflect the current and future capabilities of Wayzata's Muni operations. It is populated with illustrative examples to inspire as well as show the function of the tool.

There is value in putting this capability at the center of your business operations and working rhythms. The IPP capability should have adequate agenda time as well as working rhythms set up to support it. There is already some of this work happening across both Muni operations. This will allow you to organize it better, account and realize more opportunities as well as provide a history of activities you can repeat or eliminate based upon the business impact. Because of this, the capability matures and takes less capacity the more time you spend with it in the early months of development.

Delaney Consulting first identified this need in 2015's Final Report, and it is apparent that the gap this has created only got bigger. We are confident that the investment into this process will answer for the customer and financial insights related to it. We are happy to help move this forward and help to set up this practice as part of our new SOW in the addendum.

Retail and Marketing Testing Process

This engagement surfaced many different marketing-centric ideas, some of which could have a significant impact on the business. There needs to be a marketing driven ideation process to work ideas and insights to tests, tests to decisions, decisions to full implementation or retirement. Please reference SWOT long form document, Appendix C, for the complete list of these ideas.

Every successful marketing capability has a defined process to test new ideas and explore the insights found in customer, employee, or financial streams. This must be encouraged and intentional but also calculated and measured through an operational process. For WWS's type of business, it can also be a significant source of growth.

As this evolves, there could be a pipeline that is changing by the quarter, to address the changes in priorities and needs that change over time as well as sequence new ideas to implement. This very much compliments your IPP capability and should be used as a way to test ideas you want to implement in future quarters.

Delany Consulting provided a simple test construct tool and job aid (Appendix E) to help you organize and activate this work. To do so, many of the other recommendations need to be implemented as well – capacity freed up, new ways to work, and measure these tests. This includes many of the instructions to implement this capability. This can be coached and modeled further in the new SOW under consideration.

Instore Execution: Customer Experience

In every successful retailer, the brand and marketing plans pull through to all consumer touchpoints. The instore experience is still most paramount for the liquor industry and needs to be highly conceived and executed in the store layout, merchandising, signage, and fixturing. There are additional insights and supporting recommendations regarding these areas in our 2015 Final Report.

Facility

- The vestibule should be reimaged in a way that immediately activates the brand experience for both Muni Operations. Much of the bones are there, but as part of the branding and marketing recommendations in this report, the vestibule and outside of store should be carefully planned and accounted for. It's an asset you are using, but its value is higher than what is being invested into it.
- There is a clear opportunity to cross-promote in the bathrooms. According to the WBG GM, the current ROI on the advertising is negligible and WWS should market and advertise there, executed as part of your IPP capability.

Store Layout

- The first ~15 feet inside of the WWS needs to be reimaged and updated. This is a likely budgeted CIP in coming years. This should be especially intentional with your brand experience, as it is the first and last part of every customer's instore impression, while balancing the needs to operate the store. As this CIP progresses, it's important to tie these recommendations into that work and be calculated for its high impact.
- The store seems to be big enough, but there is a small amount of non-sales floor square footage—not uncommon in retailers. As new work has new demands, that space is likely to be challenged. Further, there seems to be not enough “employee only space” as recognize by its sure size as well as lack of an employee break area, privacy, storage, etc. This can be a critical aspect of the employee experience and can impact retention.

Merchandising

- The store needs more of an experience, in addition to a place to buy things. It would help to have (at least) two display areas for the store. These should allow you to tell a story and connect with customers while being seasonal, promotional, informative, etc. One should be located within the first 15 feet of the store so that all customers have a chance to see it. The other might be based upon existing layout and merchandising needs/constraints. These should be a component and output of the IPP capability.
- The “wine closet” has a great display area built in which is being used but it needs to have more of an on-purpose intent and execution, especially reflecting your brand. Consumer and competitive insights can be gathered to help hone that area for likely, your best customers. Simple messaging about special order capabilities in this area might yield a high return.
- The inline and category-level merchandising are a strength for the store.
- More thought needs to be put into the amount of inventory at the end of all endcaps and in the non-wine aisles. This might put pressure on the backroom size and labor spend but could be worth it to do differently.
- The carts of clearance inventory does not fit with a premium brand and customer experience. Further, the effectiveness of their shoppability should be questioned in how people can get to the bottom. We would recommend either a clearance/hot deals shelf, or that these are found in line with like products, or potentially writing that inventory off.

Signage

- The exterior signage (in the windows) of the store is outdated and ineffective –this is reflected in your customer awareness rate of having a delivery rate as well as its general faded appearance. Those signage expenditures are considerable. This is great real estate to utilize for a new brand splash and ongoing execution. Further, this space needs to have long-term purpose, utilization, update schedule, and budget.
- As decisions are made in marketing and promotional workstreams, it's critical to pull that all the way through the IPP process to execution in store in signage. It's likely that the store might benefit from increasing this budget and pulling in some (short-term) help with templates and tools for the store to execute changes more effectively.

Instore Execution: Employee Experience and Training

Store employees are the most powerful representation of the Wayzata Wine and Spirits' brand and need to be invested into to effectively evangelize your brand and exceed your customer needs. It's important to note, that talent assessments and employee operating models weren't a defined part of the SOW for this engagement. But there were clear employee centric themes identified that should be further explored and acted upon. This was also a top theme of our 2015 Final Report.

Training

- The SWOT exercise and consumer survey created an urgent call to action to address the store employee's knowledge and ability to recommend.
- It is critical to provide a right-sized training program for the store to be deliver on your customer and employee's needs while making your leadership jobs easier. As your marketing plans evolve, your employees will need to know more about that to represent what the customer is seeing outside of the store as well as deliver on the desired experience and results in the store.
- The IPP capability can include and incorporate aspects of an employee training calendar. As an example, if your November marketing themes and goals are to "ATTRACT NEW WINE DRINKERS NEW Beaujolais Intro", your October training should be focused on delivering that in product knowledge, employee "says" and "dos", a merchandising walkthrough, promotional knowledge, etc.
- This needs to include quantifying the training need in hours, assigning a budget, documenting each roles minimum knowledge standards, identify the content and means to deliver, scheduling the time and setting up a training rhythm to execute the training program. At a minimum, the store team should be meeting together for training and communication purposes twice per year in addition to individual training hours.
 - Budget Swag: 17 FTES x 2 hours x 12 months x \$20/hour = \$8160 Annual Training Budget
- Delaney consulting provided a simple tool to populate that should help to establish minimum knowledge expectations for roles, organize their learning path, and provide a validation mechanism for store leadership. (Learning Grid, Appendix F)
- Right-sized means utilizing free, existing and good resources for content and delivery; your distributors should be heavily leveraged for training associates. Further, there are great industry resources for content. A couple being:
 - MMBA: <http://municipalbev.com/articles.htm>
 - Gallo University: <https://www.gallowebcentral.com/gallo-wine-academy/>

Employee Experience and Impact

- The employee experience and reward systems were aspects that came out in the SWOT exercise as well as store visits. The City's HR resources should be utilized to review job descriptions, assess pay scales, and generally support the store making the needed changes to make improvements.
- As some of this work expands, it will be important to document the new work generated out of these recommendations. Some of this work has the potential to change roles and who is doing what. This could mean that it would be responsible to account for that in job descriptions and talent/skill levels.
- As you make progress with these recommendations, it is important to take all of your employees "with" you in the work. Turnover is always a challenge in retail. Making investments in your business should also be purposeful in making investments in your people. Each decision and investment should be purposeful to positively impact your employee experience, attract talent, and reduce turnover.
- Uniforms should be researched and considered to better control the impact of employee appearance.

Competitive Analysis

The City of Wayzata asked Delaney Consulting to look at a specific group of competitors for comparisons and insights that served to inform the recommendations throughout this entire report. Those competitors are:

- Total Wine- Minnetonka
- Haskell's of Minnetonka
- MGM of Minnetonka
- Hy-Vee-Plymouth
 - It's important to note that outside of Total Wine, the customer survey informed WWS that their competitive set is different.

We created and compiled a matrixed tool to document relevant points with some commentary and have supplied that as Appendix G. Here are the key themes and learnings:

Brand Experience:

- WWS's brand is under-developed and thus, understated and inconsistent both instore and in marketing touchpoints. This results in lack of clarity of what WWS's delivers and promises to their customers, beyond we sell alcohol. This becomes clearer when you look at competitors in the market as most do this better than WWS.
 - Haskell's clearly sets an expectation through their tagline of "The Wine People". This pulls through their marketing touchpoints as well as their assortment and service offerings.
 - Hy-Vee sets a different expectation with "A Helpful Smile in Every Aisle". This comes to life in their many featured employees and is something that is easily executable and appealing to any customer.
 - Most competitors consistently promote simple value propositions in clear and simple ways including delivery, rewards, employee strengths, assortment strengths, community and charity involvement, etc. WWS does this, but it is inconsistent and not as clear as the competition.
 - The Marketing portion of this Final Report gives strong recommendations to help you further define your brand and market it more effectively.

Rewards:

- Savour Rewards max benefit is 12.5% where the competition is 2.5% to 4% resulting a 300+% delta that must be reclaimed to reinvest into the business and city.
- Competitors consistently provide benefits beyond discounts with the most common being events, classes, exclusive or preferential buying on select items,
 - Competitors most often offer a points for future discount model. We strongly recommend that WWS moves to a similar model in their new program.
 - Competitors consistently offer benefits beyond discounts; these most commonly include classes, tastings, and events.
 - We recommend that WWS expand their benefits while integrating their current events as part of their rewards program. This does not mean that WWS should not allow non-reward members to participate in events but use their rewards as their primary source to promote their events. In some cases, it would be advantageous to create “Member Only Events”.

Ecomm/Delivery:

- WWS’s ecomm and delivery customer experience is grossly inferior to other delivery models
- WWS requires significantly more steps and time to complete, resulting in a poor customer experience and implicating a higher cost model than the competitions.
- Most commonly, competitors pass some of the cost onto their customers via a delivery charge or membership fee.
- Current reporting does not allow for a compressive cost-benefit analysis of WWS’s delivery program. We recommend that one is conducted to determine if the model is financially viable.

Social Media:

- WWS is under-developed in this key marketing capability compared to the competition. There are similar sized businesses that are attracting significant customers through a consistent and compelling social media presence.
- In the Marketing section of this report, some recommendations are given on how to make some steps forward to develop this capability. In addition to that, it is important to recognize those competitors that are doing it well.
- It will take a cohesive effort across WWS, WBG, and city resources to effectively utilize these critical marketing channels and convert those workstreams to revenue.
- The competitive assessment appendix doc identifies numerous retailers with links to their social sites and web pages as a starting point for this. Here are some liquor retailers that are doing this well:

Name	Social Link	Website
Fridley Liquor (Muni)	https://www.facebook.com/fridleyliquor	https://www.fridleyliquor.com/
Isanti Municipal Liquor Store	https://www.facebook.com/IsantiMunicipalLiquor/	https://isantiliquor.com/
Bagley Liquor (Muni)	https://www.facebook.com/bagleyliquor/	https://bagleyliquor.com/
Chicago Lake Liquors	https://www.facebook.com/chicagolakeliquors/	https://www.chicagolakeliquors.com/
France 44 Wine & Spirits	https://www.facebook.com/france44mpls/	https://www.france44.com/
South Lyndale Liquors	https://www.facebook.com/SouthLyndale	https://southlyndale.com/

Business Planning Improvements

Every business has a standard operating blueprint that supports their operations while satisfying all their needs and constituents. As WWS looks to progress their business results, making improvements to their operating rhythms and processes will be imperative.

Beyond operating the store, in which there are some clear successes, and includes the ordering of inventory, merchandising, pricing, hiring and scheduling employees, taking care of customer needs, executing at POS, and on and on – you will have to conduct your business differently to get to different results.

These improvements can be identified with thorough and detailed answers to questions like these:

- What are all things we need to do?
- What are the high priority things we need to do in addition to change our results?
- How do we do these all of these?
- Who does what?
- Why are we doing our whats?

To answer those, it's important to review current state and what was documented during this limited engagement.

Current rhythms:

- Monthly Business Meeting
 - Objective: Inform on results, alert on needs, activate resources
 - Agenda: Review results from prior month, forward look to new results, open topics presented by those attending
 - Attended: by each Muni Leader, WWS & WBG, City Manager, Deputy City Manager, Key Support from select Department Heads
 - Duration: 1 hour
- Weekly or bi-weekly 1:1 calls (30 mins, 2-3 times a month)
 - Objective: Follow-up to needs and issues largely presented in Monthly Business Rhythm
 - Agenda: Informal
 - Attended: City Manager and GM of WWS & WBG
- Ad hoc communication
 - As needed to address needs that can't be satisfied within the other meetings

Assessment of current rhythms:

- Do a good job informing on financial results upstream to leadership
- Provide low value helping GMs and those downstream to impact results
- These contain a heavy historical agenda, looking backwards @ ~80% of time spent at financial results and 20% addressing future needs
- Doesn't facilitate the needs of business planning and strategy development
- Doesn't accommodate enough time to address the needs of the business
- Doesn't consistently include everyone involved in business
- Doesn't include the right preparation for documents, operational processes, and retail metrics across the agenda

Recommendations and Next Steps for Business Planning Improvements

To get different results, you must do different things.

To sustain different results, you must do things differently.

Both are true. And in a lot cases, at the same time.

The clear intent of this engagement is to create meaningful and sustained change. To accomplish that, the work you do will be different and, in some cases, incremental. Informed and proactive decisions need to be made about what you will stop doing, what you do differently, and in some cases what you outsource. These recommendations will aid in the process to that and help you evolve through this process.

Although not part of the scope of this engagement, it will be more efficient and exponentially beneficial to both Muni operations to replicate a parallel process that includes the Bar and Grill in all these recommendations. Delaney Consulting can be a further resource to help build out some of these changes and facilitate an early round of the new rhythms.

Update and Expand Existing Business Rhythms with Meaningful Agendas

Create and facilitate reoccurring agendas, with clear objectives, aligned workstreams, pointing to future results, that require collaboration across multiple roles to accomplish. We would recommend a standing agenda that has consistent themes/expectations, but subtopics that will change as the business does:

- **People**
 - ~20% of time
 - Customer insights/trends, learnings, needs, issues
 - Employee/staffing needs, performance, updates, training,
 - City council/other needs outside of direct Muni operations
- **Process**
 - ~60% of time
 - Include new IPP/Marketing rhythm as the basis for this agenda theme
 - Calendar planning, execution, results across the IPP calendar.
 - Key channel operations and priority workstreams
 - Key decisions, needs, support, alerts, etc.
- **Performance**
 - ~20% recap
 - High-level business performance review.
 - Last month we in our IPP review, we reviewed the Valentines promotions. Here are the results.
 - 80% on future looking activities that will impact your performance

Critical Notes for Additional Success:

- **More Planning, Less Reporting**
 - Your current agendas and rhythms have you spending ~80% in review of primary financial results and ~20% planning work for future results. This needs to be inversed to develop plans and open the capacity to move your business forward.
- **Tools and Resources:**
 - Different work requires different tools.
 - Identify the tools and processes, with defined roles and responsibilities, to capture and progress your work in meaningful agendas. Simply, this work needs to be organized and documented. The appended tools to this report will help to get your started.

- The City's resources will need to be used differently in some cases; meaning who does what and shifting some spend from 'X' to this new marketing tactic.
- There are numerous outside resources WWS should utilize:
 - MMBA membership should be reconsidered.
 - MMBA has resources outside of membership that WWS would benefit from.
 - Distributors and vendors should be more deeply engaged.
 - Delaney consulting has provided some tools in the appendix to this project plan.
 - Delaney consulting provided a SOW for a new engagement to help DO some of this work.
 - The Google machine is very powerful and effective.
- **Frequency:**
 - It is likely that the whole team needs to meet once a month.
 - It is likely that smaller groups will need to meet more frequently with different agendas.
 - It is likely that there will be incremental meetings to accommodate needs for quarterly/annual agendas, project specific needs, assessing and pivoting to change, etc.
 - Critical operating aspects need to be documented as these recommendations are implemented: What work needs to get done? What time is required to get this work done? Who is involved? How often do those people need to work the agenda(s) we built? Can it be done outside of a meeting format?
 - These inputs will properly inform the rhythm's time requirements and frequency.
- **Shift in Perspective:**
 - Your agendas and work cadences should be built out in 12-8-4-2-1-week calendar dimensions. This will be imperative to create and execute the IPP workstreams, and generally, to get out far enough to change your business vs. iterate your operations.

Assess and Prioritize Critical Current Work Activity

To prioritize new work that needs to be done, old work needs to stop or be done differently. This must be done to create capacity for new things. Further, a lot of great work is happening and needs to be accounted for in different processes while establishing new ways of collaborating.

- **Account for operating the store**
 - Buying
 - Pricing
 - Merchandising
 - Staffing and scheduling
 - Training
 - Facility management
- **Create a high-level list of all activities needed to Run The Business – not operate the store**
 - Promotional planning and execution
 - Marketing activities
 - Muni inclusive opportunities and execution
 - City and community engagement
 - Rewards program operations
 - POS data mining

Map Roles and Responsibilities to All Work Activities

- Identify and assess who is current doing what.
- Identify gaps in capacity, knowledge, skills, roles, budgets in order to get it done.
- Address job descriptions: up to and including roles, pay grades, talent, etc.
- Deploy a different working model to accomplish different work.

Set New Priorities, Objectives, Goals, and Use Specific Metrics to Measure

- This should complement your annual budgeting process and inform how you achieve it.
- Use the IPP capability to organize and document the things you need to do to achieve your budgets and grow your business.
- Then get more specific by breaking these down to 30-90-180-365-day operational and working plans to achieve the priorities you've agreed to.
- Identity and agree to the right metrics to measure specific goals and workstreams.
 - Following the SMART goal-setting formula:
 - Specific, Measurable, Actionable, Reasonable, Timely
- To start, highly consider adopting the priorities of these recommendations.

Evolve Your Accounting and Retail Scorecarding Practices

Your accounting (P&L) and retail reporting (Scorecarding) needs to evolve. This will create more stability in the business by creating baselines and more specific ways to show marked improvements and/or impacts. This is a pivot from what you are currently doing but will be exponentially impactful.

- **Accounting**
 - Normalize retail accounting and P&L practices to create or improve upon decision making, budgeting, transparency, comparative data sets, and accountability.
 - In some cases, it has been difficult or inefficient to analyses to norms, impacts, decisions, or needs regarding some aspects of performance based upon metric definitions and how the accounting practices are currently
 - Some of these areas include:
 - Wages
 - General Fund
 - Professional Services
 - Transfers
 - Delivery operations cost (vehicle, expenses, insurance, labor, etc.)
 - Some resources to help:
 - Internal SMEs and everyday City of Wayzata resources
 - MMBA: Muni and retail standards
 - Delaney Consulting
- **Scorecarding**

Identify and use an expand metric set to provide more detailed and normalized retail metrics to help map transactional, (daily, weekly, monthly) to your monthly, quarterly, annual budgeting/accounting outcomes. Additional metrics to make decisions and validate outcomes:

Metric / Data	Abv.	Definition / Notes
Transactions	TRN	Amount of POS rings. / This is different than traffic.
Average Selling Price	ASP	Ave price per like unit. / By wine, beer, rolls to category and total.
Units Per Transactions	UPT	Division by. Promotional impact, customer service, merchandising.
Mix	% of total	Total by \$, M\$, Units. / Impacts decisions and defines trends.
Labor	LBR	Budget/Spend for store operations. (Wages.)
“Top 50” Report	T50	Focus and report on your ~75% of your business
Margin Erosion	ME	MU - any margin impact / Promotional impact. Close out. Rewards.
Channel Mix	CM%	\$/% of total sales. Decision support. Impact. Investments.

These metrics should be used regularly and ongoing, but with intentional and differentiated application. These are detailed outcomes to the work and choices you make already. They will provide you efficient and consistent means to inform your ongoing business changes. Further, consumer and industry trends show up in this data and allow for more localization application and decision support.

Prioritized Recommendations

- 1) **Eliminate the current Savour Reward Program** and replace it with a mutually beneficial loyalty program to provide value to its members while driving more traffic and overall profitability.
- 2) **Define and refine the Wayzata Wine & Spirits brand** to create clarity and differentiation of your marketing, value propositions, sales channels, growth strategies, assortment, pricing, and channel execution. This includes, but is not limited, to defining your core customer, developing a brand promise and voice, defining your sales channels, and delivering a consistent and effective brand experience in all consumer touchpoints.
- 3) **Implement an integrated promotional planning capability** to activate all marketing and promotional resources to build new customer acquisition and improve current customer retention. Capitalize on the Wayzata Bar & Grill (WBG) traffic and its cross-sales opportunities to drive improvements across both entities.
- 4) **Build a disciplined and right sized business operating rhythm** that includes objectives, clear roles and responsibilities, effective tools process around measuring and forecasting business plans and support Pull this forward into instore execution of merchandising and training

There are more changes we recommend throughout this report, but these are the highest priority and ought to develop within the next 6 months.

Known Risks

- Doing nothing will shepherd the same results, WWS can't afford that long-term.
- Change is hard and fatiguing. It's important to be patient while celebrating improvements and effort.
- Some customers will not like the changes in the Reward Programs. You will lose some. That is expected and their choice. You can mitigate this risk by developing and deploying a proactive playbook that accounts for this.
- Some employees might not like or agree with these recommendations even if the majority do. Further, you might discover you don't have the right roles or skills to execute on some of these recommendations. This could lead to turnover.
- Some of these recommendations will require investments. Those should be purposeful and have a quantifiable ROI, but they need to be made to gain returns.

Conclusion

Wayzata Wine & Spirits business results have been trending down. However, the store is profitable, operating pretty well, and returning a benefit to the city. Further, the store has a tremendous amount of untapped potential in it and has a core of leaders that are incredibly invested to see it succeed further.

There are always points in every business that you must change what you are doing to get to better results. This is absolutely one of those times where WWS needs to act to reverse the course and expand from operating a store to growing the business.

We are confident that these recommendations will help to achieve needed growth if they are all acted upon quickly and methodically. These are complementary recommendations that were carefully built so that when they are all implemented, they will feed and strengthen each other.

Most of these changes should be iterative, requiring patience and diligence to achieve, but can be realized within six months of this report being presented.

Lastly, we are confident that WWS can realize the benefits of these recommendations. Nothing we presented in this report is unobtainable, but some might require outside support, additional subject matter expertise, or budget dollars moving around. The many leaders supporting the store must simply commit to doing some things differently and then, do them.

Appendix

- A: Customer Survey Results with Comments.
 - PowerPoint doc “WWS_2022 Consumer Survey_All Data_With Comments_Final_102022”
- B: Customer Survey Results.
 - Excel doc “Western Suburbs Consumer Survey Full Data Export_102022”
- C: SWOT long form report.
 - Word doc “SWOT_Long Form_WWS_Final_102022”
- D: Integrated Promotional Planning Calendar.
 - Excel doc “WWS IPP Calendar Example”
- E: Retail Testing Tool and Job Aid,
 - Excel doc “Retail Testing Job Aid”
- F: Employee Learning Grid,
 - “WWS Employee Learning Grid”
- G: Competitive Assessment Grid.
 - Excel doc “WWS Employee Learning Grid”
- H: Delaney Consulting Final Report, 2014-15
 - Word Doc “WWS Employee Learning Grid”
- I: New Delaney Consulting SOW and Extension Proposal
 - Word doc, “Delaney_Wayzata SOW Extension 2022 V2.0”



2022 Consumer Survey: All Data, High-level Conclusions and Insights

10.19.22

Survey facilitated by Delaney Consulting. Data and Insights Property of City of Wayzata.

Survey Overview



Objectives:

- Gain a voice of the customer (VOC) to ensure customer needs and insights are leading our recommendations
- Gain insights into WWS current customer behaviors, demographics, preferences, spending habits, etc.
- Validate some of WWS's current marketing tactics, promotional decisions, and customer experience

Survey Facilitation:

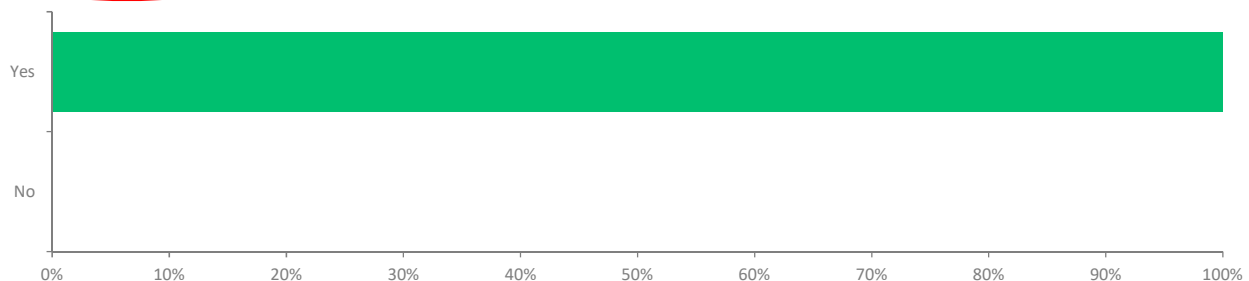
1. Deployed from 8.1-9.15.2022
2. Surveys solicited through City of Wayzata social media and email channels as well as at both muni operations
3. Results:
 - 260: Surveys were started
 - 168: Surveys were completed
 - 106: Self-identified as Savour Rewards Members
 - 52: Self identified as having received promotional mailings from WWS
4. 7.5% average margin of error

Survey facilitated by Delaney Consulting. Data and Insights Property of City of Wayzata.

2

Q1: Are you 21 or older?

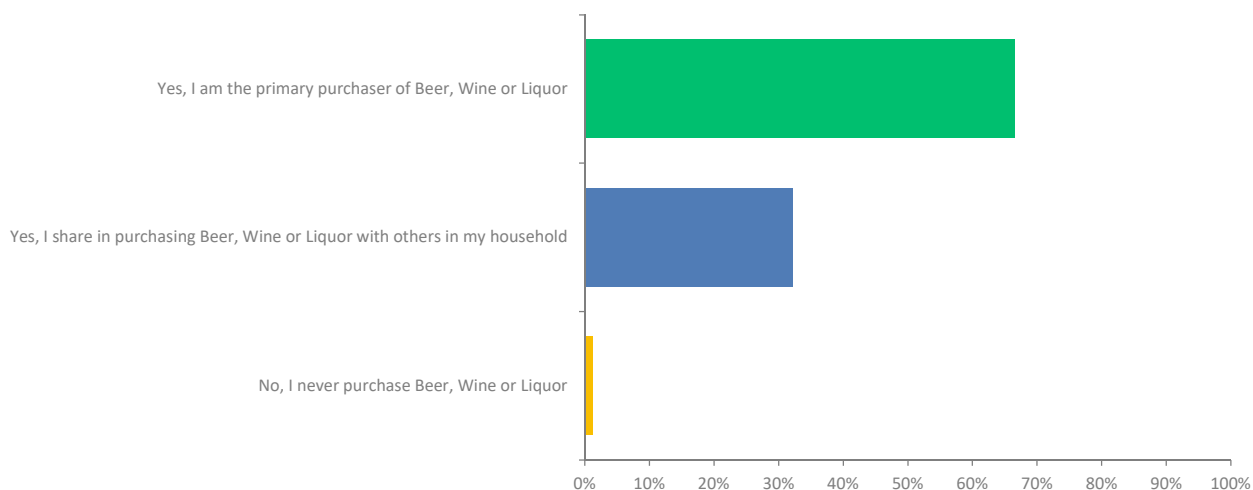
Answered: 260 Skipped: 0



ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	100%	260
No	0%	0
TOTAL		260

Q2: Do you purchase Beer, Wine or Liquor for your household?

Answered: 251 Skipped: 9



Q2: Do you purchase Beer, Wine or Liquor for your household?



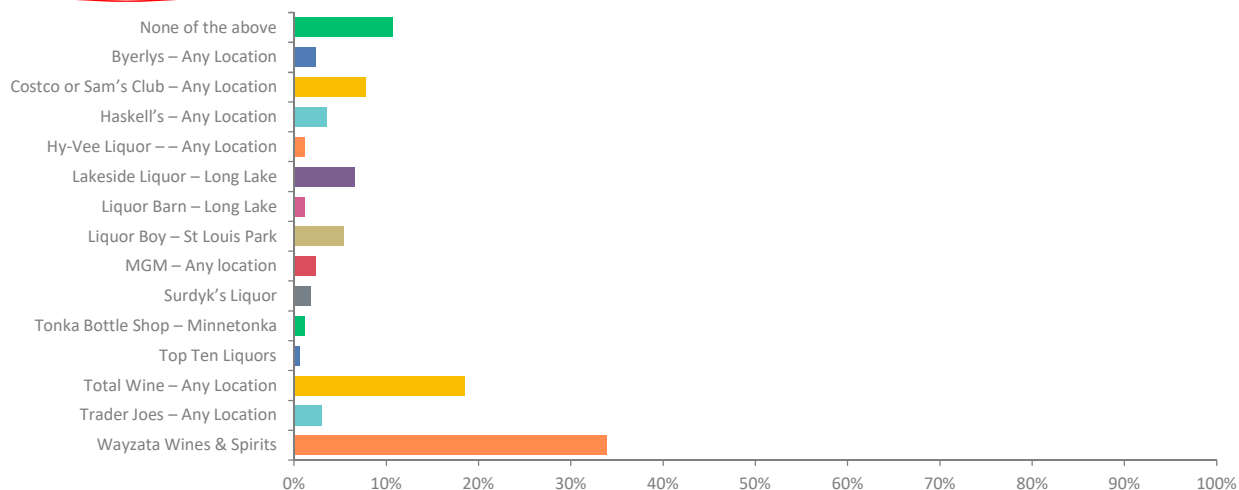
Answered: 251 Skipped: 9

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes, I am the primary purchaser of Beer, Wine or Liquor	66.53%	167
Yes, I share in purchasing Beer, Wine or Liquor with others in my household	32.27%	81
No, I never purchase Beer, Wine or Liquor	1.20%	3
TOTAL		251

Q3: Which of the following stores is your favorite Beer, Wine, or Liquor store? Select one.



Answered: 168 Skipped: 92



Q3: Which of the following stores is your favorite Beer, Wine, or Liquor store? Select one.



Answered: 168 Skipped: 92

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
None of the above	10.71%	18
Byerlys – Any Location	2.38%	4
Costco or Sam's Club – Any Location	7.74%	13
Haskell's – Any Location	3.57%	6
Hy-Vee Liquor – Any Location	1.19%	2
Lakeside Liquor – Long Lake	6.55%	11
Liquor Barn – Long Lake	1.19%	2
Liquor Boy – St Louis Park	5.36%	9
MGM – Any location	2.38%	4
Surdyk's Liquor	1.79%	3
Tonka Bottle Shop – Minnetonka	1.19%	2
Top Ten Liquors	0.60%	1
Total Wine – Any Location	18.45%	31
Trader Joes – Any Location	2.98%	5
Wayzata Wines & Spirits	33.93%	57
TOTAL		168

WWS should be focused on these your main competitors

1. Total Wine: 18.5%
2. Costco/Sam's Club: 7.75%
3. Lakeside Liquor, Long Lake: 6.5%
4. Liquor Boy, STLP: 5.5%

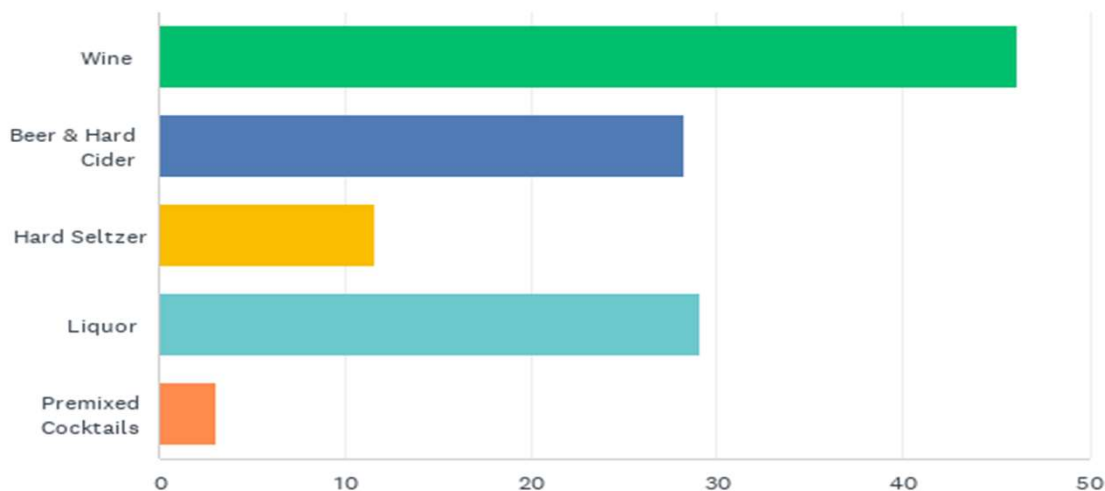
Notes:

- WWS skews predictably higher as a favorite due to where and how the survey was facilitated
- Delaney Consulting facilitated an independent competitive review, those complementary insights, learnings and recommendations are provided in our Final Report.

Q4: Thinking about your yearly adult beverage purchases, what percent of your beverage budget is spent on:



Answered: 168 Skipped: 92



Q4: Thinking about your yearly adult beverage purchases, what percent (%) of your beverage budget is spent on:



Answered: 168 Skipped: 92

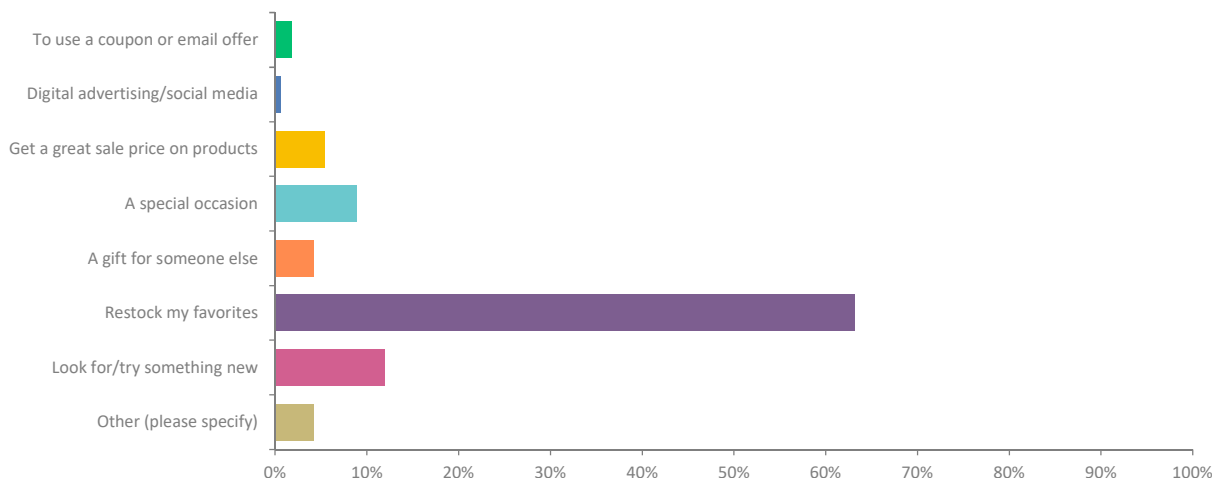
ANSWER CHOICES	AVERAGE NUMBER	TOTAL NUMBER	RESPONSES
Wine	46	7,382	160
Beer & Hard Cider	28	4,152	147
Hard Seltzer	12	1,107	95
Liquor	29	3,928	135
Premixed Cocktails	3	231	75
Total Respondents: 168			

- This is consumer reported and the margin of error is unknown.
- More worthwhile analysis could align this to actual sales mix, but recommended to be a low priority based upon the source and sample size.

Q5: Thinking about the LAST time you purchased Beer, Wine or Liquor, what was the primary reason for your trip? Select one



Answered: 168 Skipped: 92



Q5: Thinking about the LAST time you purchased Beer, Wine or Liquor, what was the primary reason for your trip? Select one



Answered: 168 Skipped: 92

ANSWER CHOICES	% of RESPONSES	% of RESPONSES
To use a coupon or email offer	1.79%	3
Digital advertising/social media	0.60%	1
Get a great sale price on products	5.36%	9
A special occasion	8.93%	15
A gift for someone else	4.17%	7
Restock my favorites	63.10%	106
Look for/try something new	11.90%	20
Other (please specify)	4.17%	7
TOTAL		168

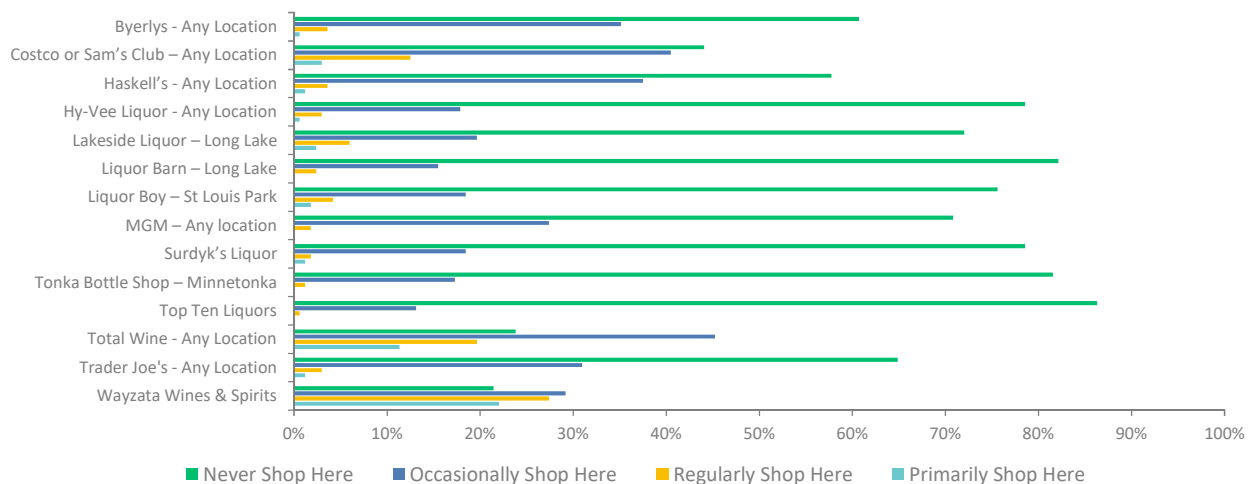
Insights:

1. Restock my favorites: Not price driven and likely know what they want
2. Coupons, offers, and promotions are not a primary motivator to purchase
3. At >2:1, "trying something new" was a larger purchase motivator than a sale price
4. Current WWS customers were a high % of respondents so email and social skew lower based upon current usage of those tactics

Q6: At which of the following stores do you also purchase Beer, Wine or Liquor?



Answered: 168 Skipped: 92



Q6: At which of the following stores do you also purchase Beer, Wine or Liquor?



Answered: 168 Skipped: 92

	NEVER SHOP HERE	OCCASIONALLY SHOP HERE	REGULARLY SHOP HERE	PRIMARILY SHOP HERE	TOTAL	WEIGHTED AVERAGE
Byerlys, Any	60.71% 102	35.12% 59	3.57% 6	0.60% 1	168	0.44
Costco or Sam's Club, Any	44.05% 74	40.48% 68	12.50% 21	2.98% 5	168	0.74
Haskell's, Any	57.74% 97	37.50% 63	3.57% 6	1.19% 2	168	0.48
Hy-Vee Liquor, Any	78.57% 132	17.86% 30	2.98% 5	0.60% 1	168	0.26
Lakeside Liquor, Long Lake	72.02% 121	19.64% 33	5.95% 10	2.38% 4	168	0.39
Liquor Barn, Long Lake	82.14% 138	15.48% 26	2.38% 4	0% 0	168	0.20
Liquor Boy, STLP	75.60% 127	18.45% 31	4.17% 7	1.79% 3	168	0.32
MGM, Any	70.83% 119	27.38% 46	1.79% 3	0% 0	168	0.31
Surdyk's Liquor	78.57% 132	18.45% 31	1.79% 3	1.19% 2	168	0.26
Tonka Bottle Shop	81.55% 137	17.26% 29	1.19% 2	0% 0	168	0.20
Top Ten Liquors	86.31% 145	13.10% 22	0.60% 1	0% 0	168	0.14
Total Wine, Any	23.81% 40	45.24% 76	19.64% 33	11.31% 19	168	1.18

Q7: Please rank the 3 most important things to you when buying Beer, Wine, or Liquor:



Answered: 168 Skipped: 92



Insights:

1. Price is not the clear leader
2. Even less so with the WWS customer; 28% less price sensitive than all others
3. Knowing the taste/brand/experience of a product is much more important
4. Having what I want, or the ability to recommend, at a fair price, with effective signage is the winning combination.

Q7: Please rank the 3 most important things to you when buying Beer, Wine, or Liquor:



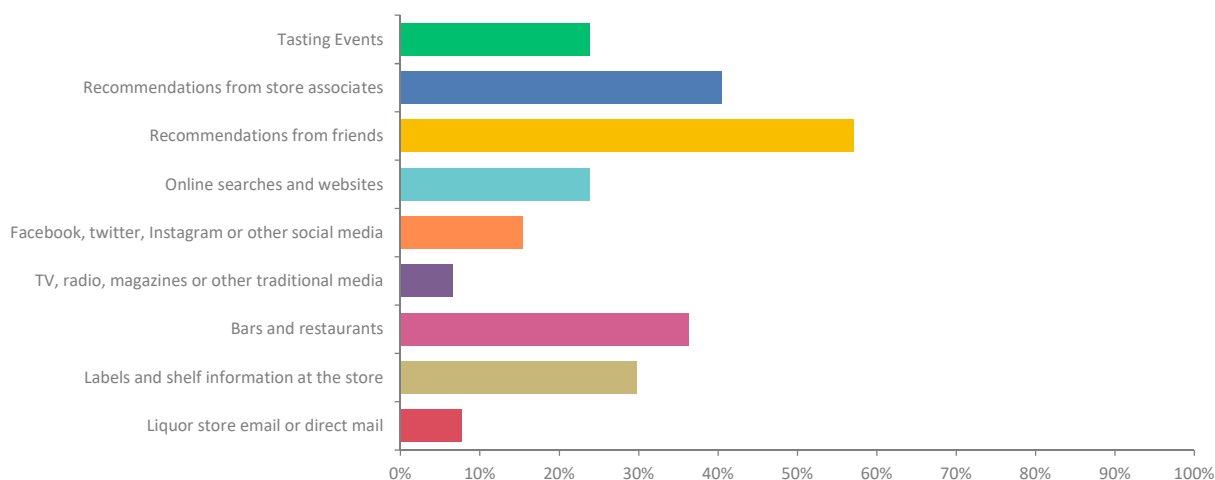
Answered: 168 Skipped: 92

	FIRST	SECOND	THIRD	TOTAL	WEIGHTED AVERAGE
Price - it has to be in my budget, even if it tastes great	43.48% 50	30.43% 35	26.09% 30	115	2.17
Taste- I will buy one good bottle instead of 2 so-so bottles	51.61% 48	34.41% 32	13.98% 13	93	2.38
Familiarity – I rarely buy something I don't know	43.33% 39	28.89% 26	27.78% 25	90	2.16
Recommendations from people I know and trust	20.0% 11	36.36% 20	43.64% 24	55	1.76
Recommendations from store staff	17.07% 7	41.46% 17	41.46% 17	41	1.76
Bottle labels – if it looks good, I'll give it a try	6.25% 1	50.0% 8	43.75% 7	16	1.62
Shelf Signs with product reviews and other information	16.67% 7	23.81% 10	59.52% 25	42	1.57
Looking for something new	9.30% 4	34.88% 15	55.81% 24	43	1.53

Q8: Where do you learn about new Beer, Wine or Liquor products you want to buy?



Answered: 168 Skipped: 92



Q8: Where do you learn about new Beer, Wine or Liquor products you want to buy?



Answered: 168 Skipped: 92

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Tasting Events	23.81%	40
Recommendations from store associates	40.48%	68
Recommendations from friends	57.14%	96
Online searches and websites	23.81%	40
Facebook, twitter, Instagram or other social media	15.48%	26
TV, radio, magazines or other traditional media	6.55%	11
Bars and restaurants	36.31%	61
Labels and shelf information at the store	29.76%	50
Liquor store email or direct mail	7.74%	13
TOTAL		405

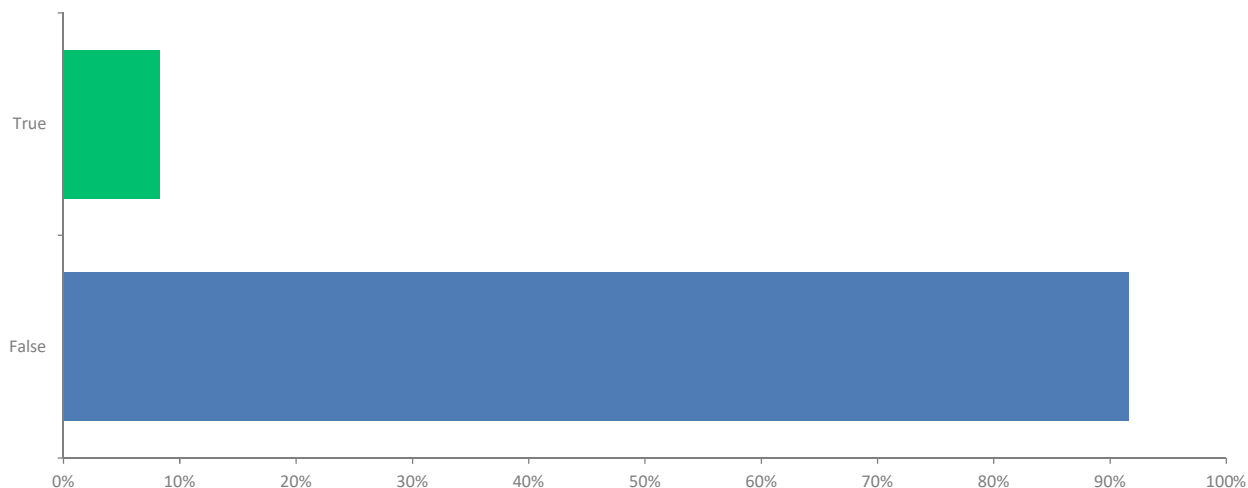
Insights:

1. 40.5%: Staff knowledge must carry over into confident recommendations
2. 36.5%: WBG's recommendations carry a lot of influence on people's retail purchases
3. 30% WWS's ability to inform at shelf is important to the customer's purchase consideration

Q9: I only buy alcohol when it is on sale (not regular price).



Answered: 168 Skipped: 92



Q9: I only buy alcohol when it is on sale (not regular price).

Answered: 168 Skipped: 92

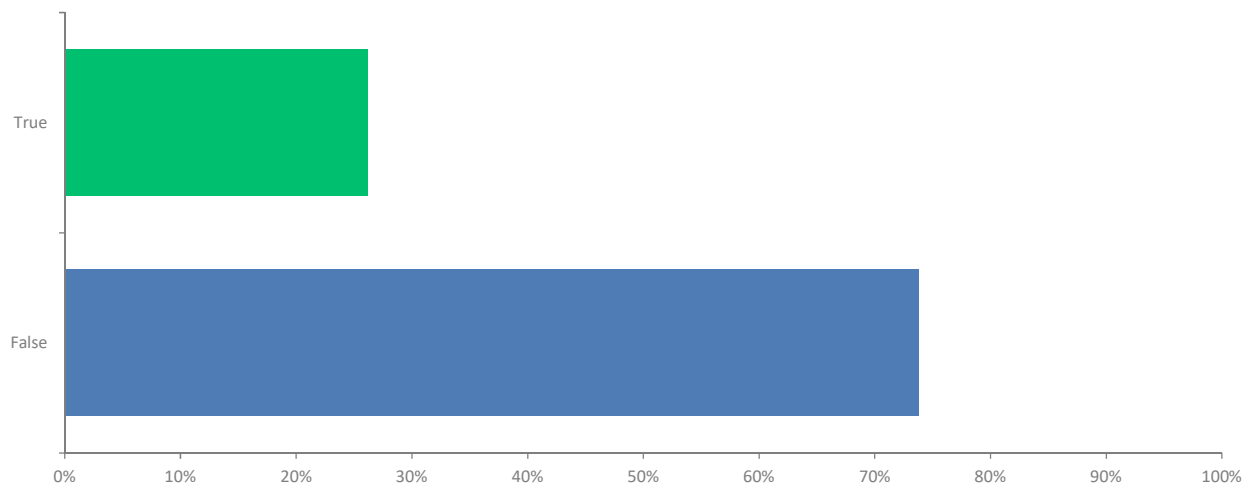
ANSWER CHOICES	% of RESPONSES	# of RESPONSES
True	8.33%	14
False	91.67%	154
TOTAL		168

Insights:

1. Consumers purchase alcohol at regular/market/fair price
2. Sale pricing does not persuade meaningful change in buying behaviors

Q10: I postpone stocking up on alcohol until what I want goes on sale.

Answered: 168 Skipped: 92



Q10: I postpone stocking up on alcohol until what I want goes on sale.



Answered: 168 Skipped: 92

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
True	26.19%	44
False	73.81%	124
TOTAL		168

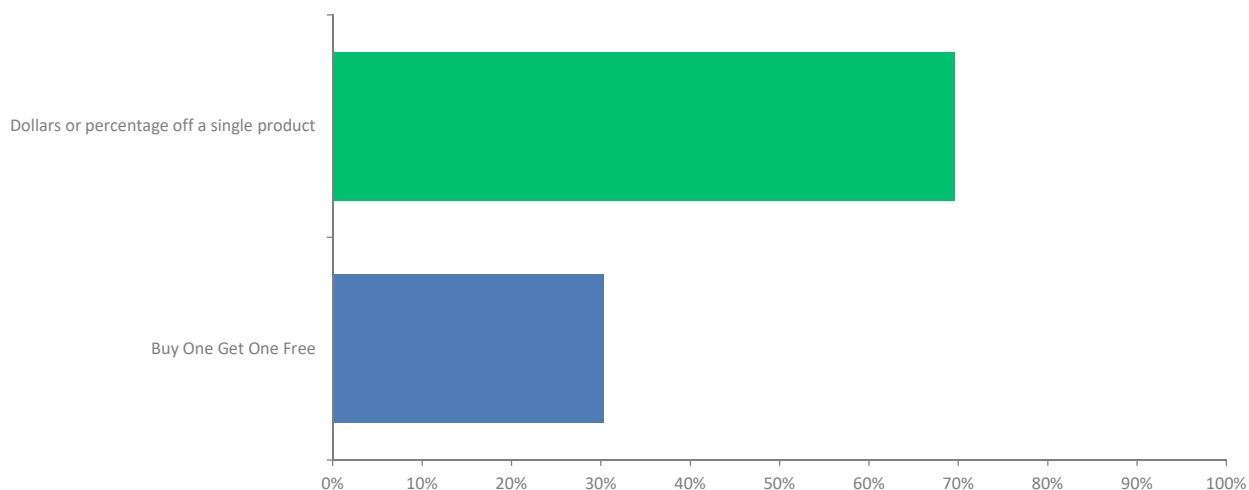
Insights:

1. Only 1 in 4 will wait to buy deeper than normal when a product is on sale.
2. This isn't meaningful to move the dial in large purchases. Consumers will either do that without a sale price, wait for it, or engage you further to ask for a deal.

Q11: Which type of sale do you prefer?



Answered: 168 Skipped: 92



Q11: Which type of sale do you prefer?

Answered: 168 Skipped: 92



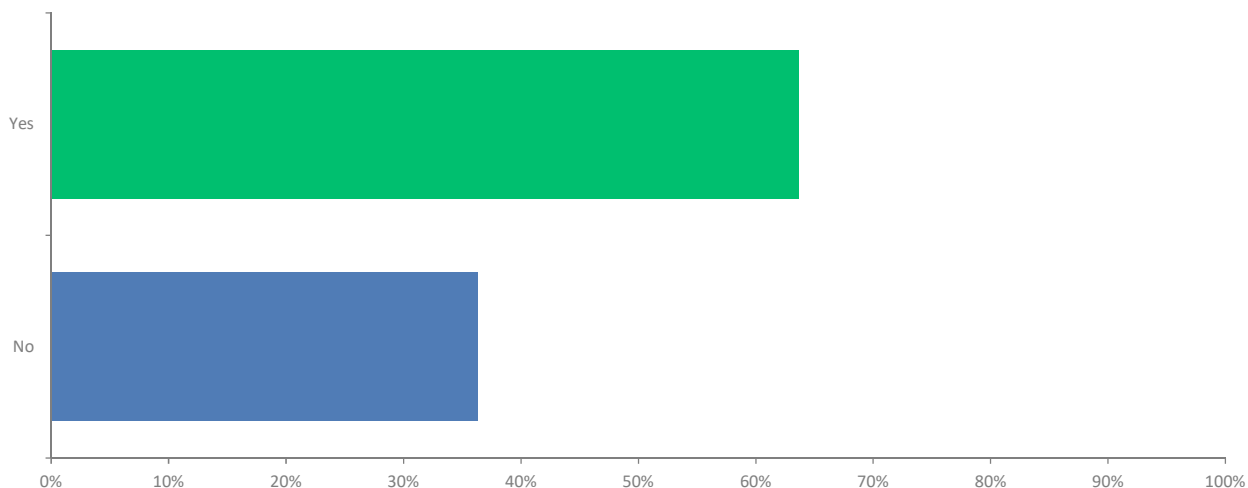
ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Dollars or percentage off a single product	69.64%	117
Buy One Get One Free	30.36%	51
TOTAL		168

Insights:

1. Customers strongly prefer, >2:1, savings per product vs. BOGO
2. By shifting more promotions to this style, you will appeal to a much larger group of consumers.
3. Promotions need to be revisited as a whole and inclusive a new rewards program to set a new promotional program and methodology. These are recommended and reinforced in your Final Report.

Q12: Are you currently a member of Wayzata Wine & Spirits Savour Rewards Program?

Answered: 168 Skipped: 92



Q12: Are you currently a member of Wayzata Wine & Spirits Savour Rewards Program?



Answered: 168 Skipped: 92

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	63.69%	107
No	36.31%	61
TOTAL		168

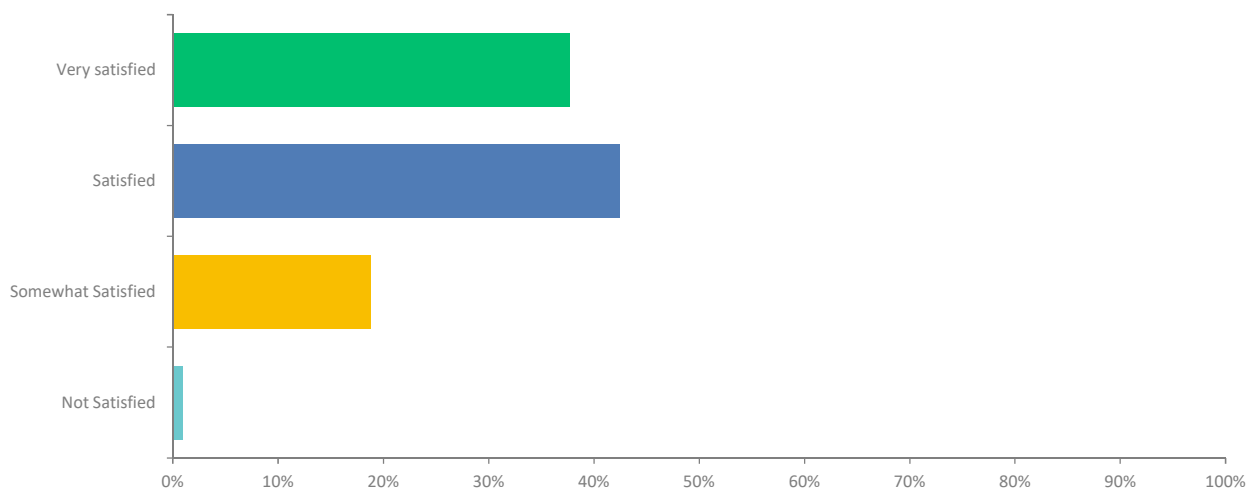
Insights:

1. This high percentage of all respondents and reflects where and how the survey was administered – 106 of 168 respondents were Savour Members and thus significantly impacted the results of the survey.
2. Savour Rewards is SO good that 95% of respondents that have self-identified WWS as their favorite store are also Savour Members – that is a significant adoption rate of a rewards program.

Q13: How satisfied are you with your benefits of the Savour Rewards Program?



Answered: 106 Skipped: 154



Q13: How satisfied are you with your benefits of the Savour Rewards Program?



Answered: 106 Skipped: 154

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Very satisfied	37.74%	40
Satisfied	42.45%	45
Somewhat Satisfied	18.87%	20
Not Satisfied	0.94%	1
TOTAL		106

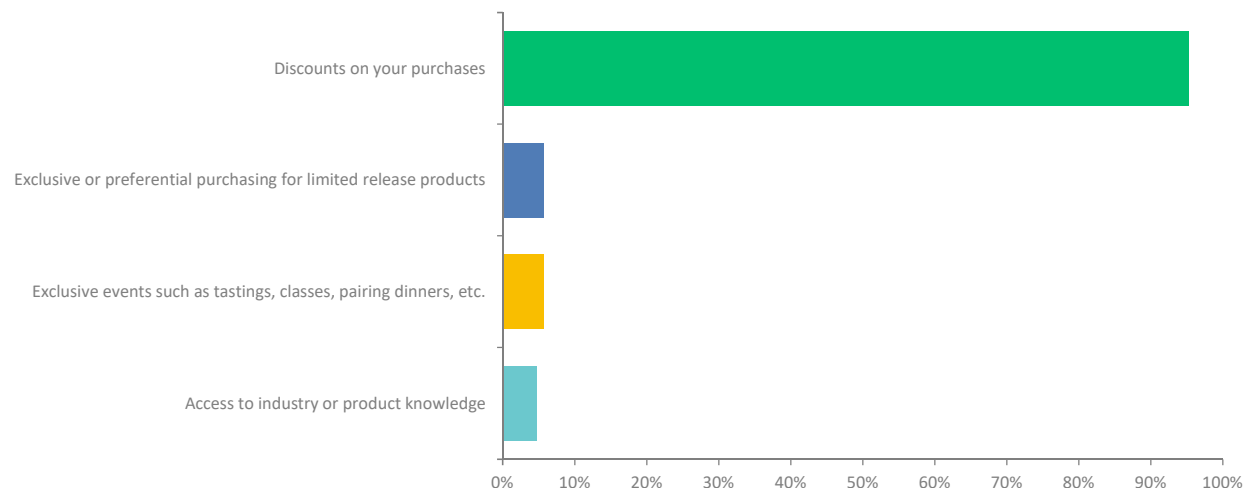
Insights:

1. Over 80% of your members are at least satisfied with your program
2. Only 1 of 106 was not satisfied, if there is such a thing, this might be too good.
3. Rewards are SO good that 95% of people that have WWS as their favorite store are Savour Members

Q14: Of these potential membership benefits, which ones do you value the most?



Answered: 106 Skipped: 154



Q14: Of these potential membership benefits, which ones do you value the most?



Answered: 106 Skipped: 154

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Discounts on your purchases	95.28%	101
Exclusive or preferential purchasing for limited release products	5.66%	6
Exclusive events such as tastings, classes, pairing dinners, etc.	5.66%	6
Access to industry or product knowledge	4.72%	5
TOTAL		118

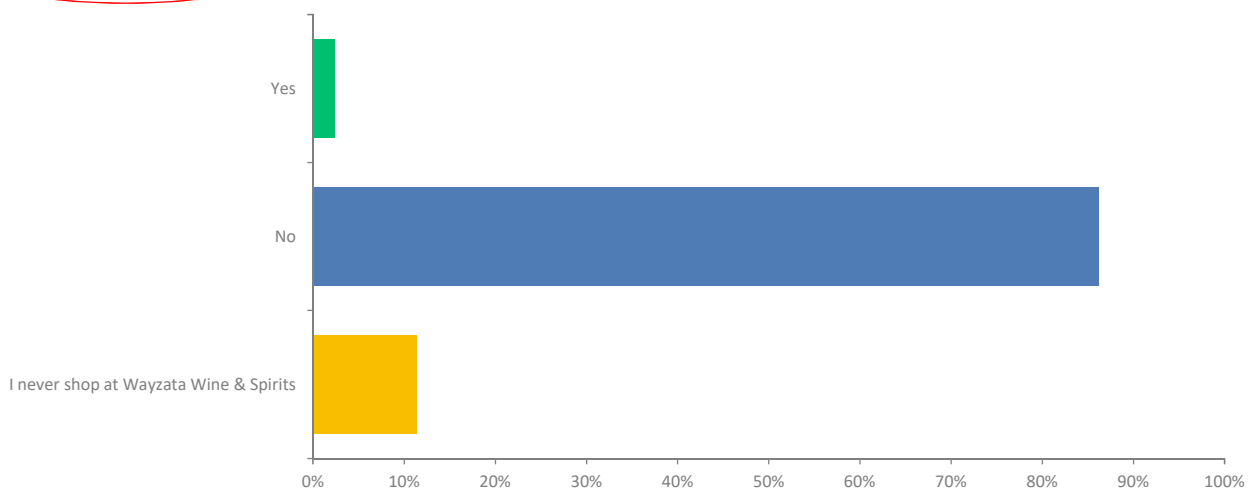
Insights:

1. Discounts are an expected benefit of your reward program
2. WWS Savour Customers value other benefits at almost 2:1 vs non-members
3. Diversity of program benefits are needed to appeal and more deeply connect to your current members

Q15: Before shopping at Wayzata Wine & Spirits do you know which products they have on sale?



Answered: 167 Skipped: 93



Q15: Before shopping at Wayzata Wine & Spirits do you know which products they have on sale?



Answered: 167 Skipped: 93

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	2.40%	4
No	86.23%	144
I never shop at Wayzata Wine & Spirits	11.38%	19
TOTAL		167

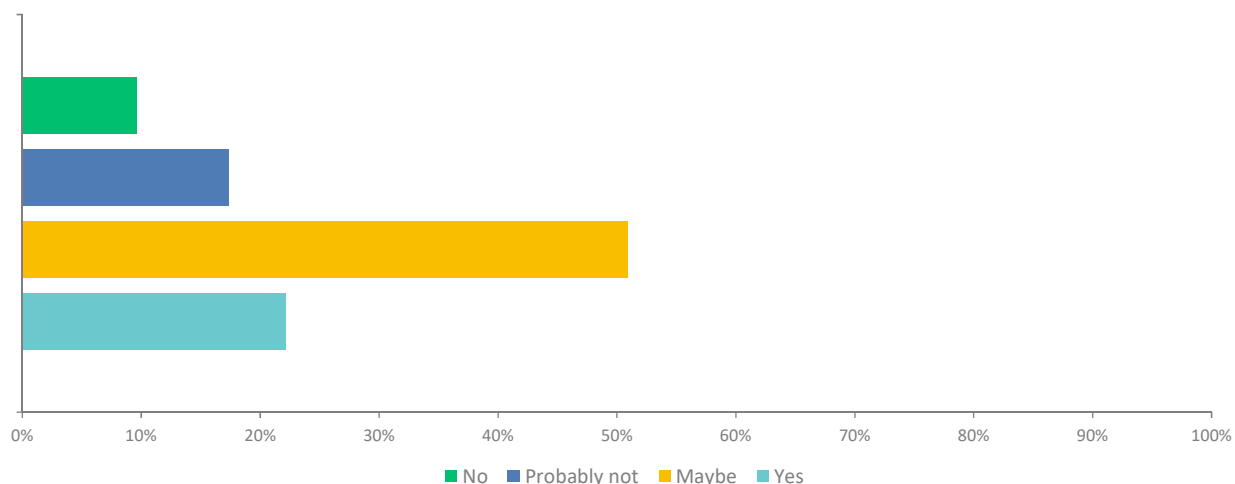
Insights:

1. <3% of customers know what is on sale before they come to make a purchase
2. Current promotional communication tactics are not effective and need to be changed
3. Sale prices does not drive traffic but might drive additional sales while in store
4. "No" increases to 95% when the respondent is a Savour Members

Q16: Would you shop Wayzata Wine & Spirits more frequently if you knew what was on sale before going?



Answered: 167 Skipped: 93



Q16: Would you shop Wayzata Wine & Spirits more frequently if you knew what was on sale before going?



Answered: 167 Skipped: 93

NO	PROBABLY NOT	MAYBE	YES	TOTAL	WEIGHTED AVERAGE
9.58%	17.37%	50.90%	22.16%	167	2.86
16	29	85	37		

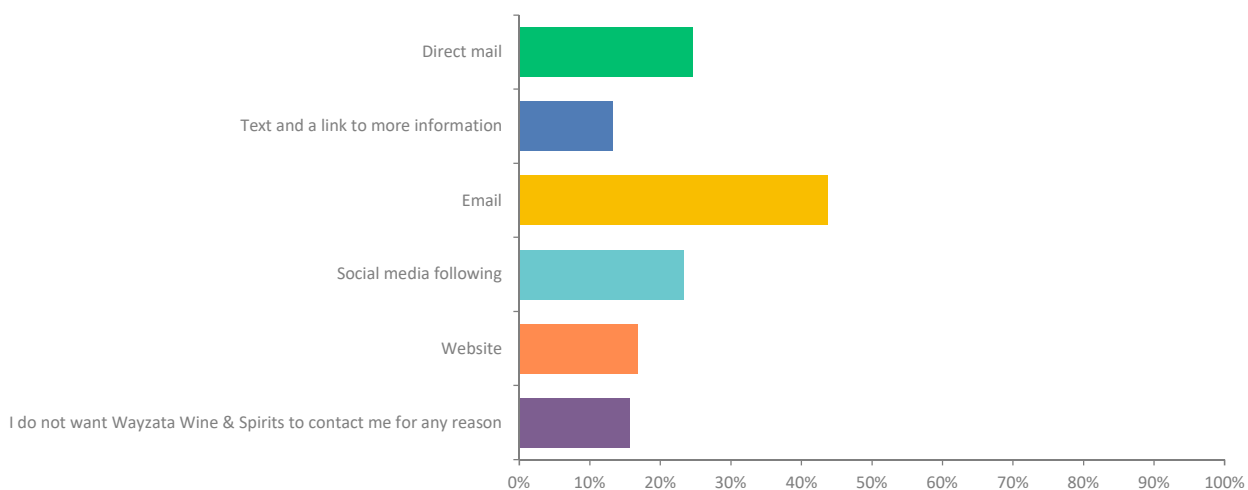
Insights:

1. 73% of all shoppers would be more likely to shop you if they knew what was on sale
2. This decreases when they are Savour Rewards members, likely identifying a Nonpromotional driven consumer group and reflective of a higher HH income demographic

Q17: Given a choice, how would you prefer to learn about Wayzata Wine & Spirits sales, promotions, and events?



Answered: 167 Skipped: 93



Q17: Given a choice, how would you prefer to learn about Wayzata Wine & Spirits sales, promotions, and events?



Answered: 167 Skipped: 93

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Direct mail	24.55%	41
Text and a link to more information	13.17%	22
Email	43.71%	73
Social media following	23.35%	39
Website	16.77%	28
I do not want Wayzata Wine & Spirits to contact me for any reason	15.57%	26
TOTAL		229

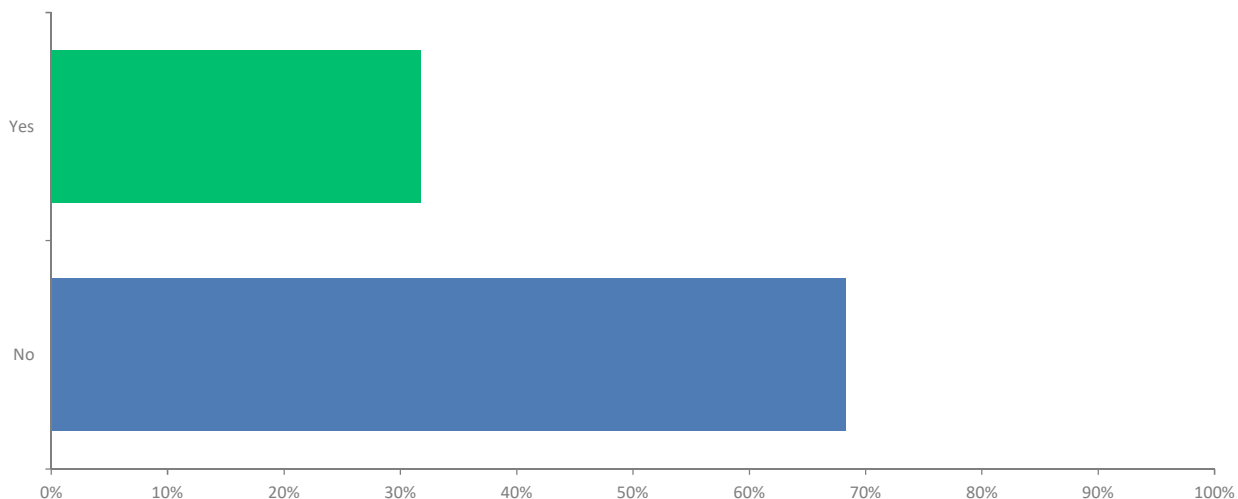
Insights:

1. Email your customers to engage them
2. Social is very relevant to communicate with your customers
3. Challenge and enhance your website ad social reach
4. Challenge your direct mail practices with 2-3 tests to determine its ROI and ROE

Q18: Have you received a promotional mailing at your home from Wayzata Wine & Spirits in the last 12 months?



Answered: 167 Skipped: 93



Q18: Have you received a promotional mailing at your home from Wayzata Wine & Spirits in the last 12 months?



Answered: 167 Skipped: 93

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	31.74%	53
No	68.26%	114
TOTAL		167

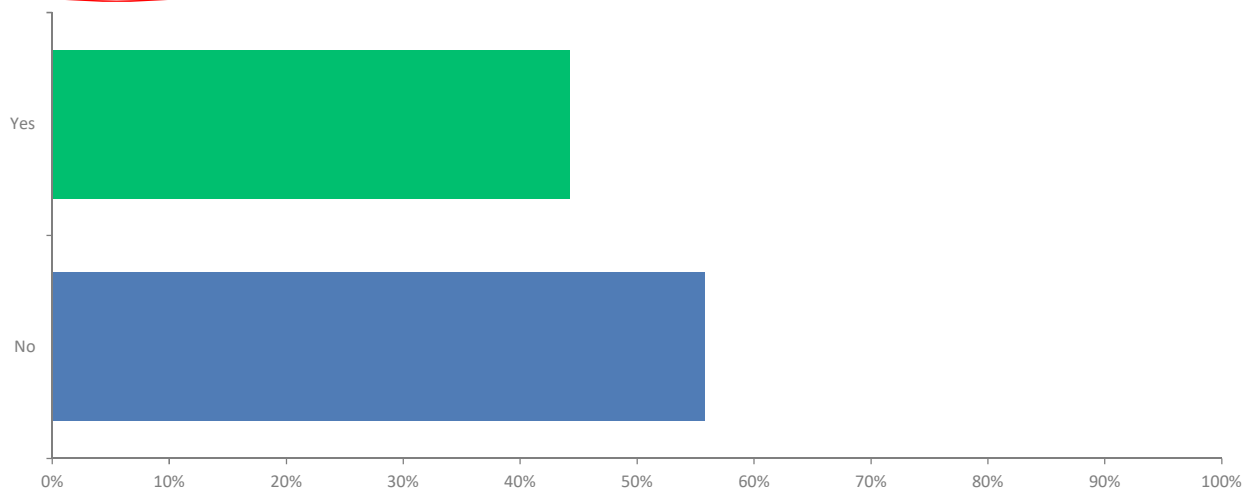
Insights:

1. This result could translate into sales but hard to gauge the success of this based upon available data
2. Strongly recommend a basic set of analysis to determine financial impact of this current tactic and ongoing spend

Q19: You said you received a mailing from Wayzata Wine & Spirits. Did you shop there based on receiving it?



Answered: 52 Skipped: 208



Q19: You said you received a mailing from Wayzata Wine & Spirits. Did you shop there based on receiving it?



Answered: 52 Skipped: 208

ANSWER CHOICES	% of RESPONSES	% of RESPONSES
Yes	44.23%	23
No	55.77%	29
TOTAL		52

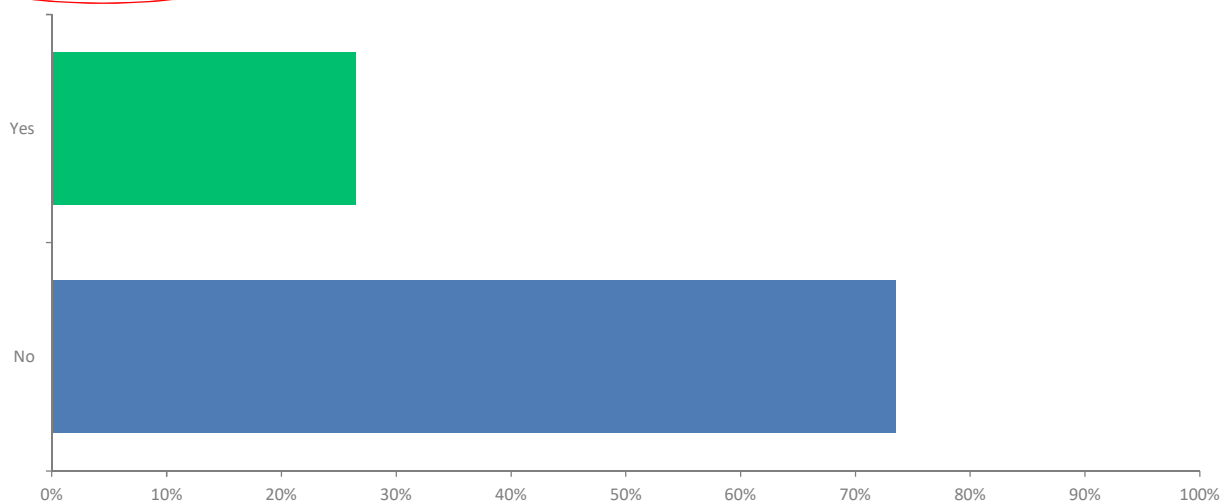
Insights:

1. That is a pretty strong response from a direct mail.
2. The sample size is low.
3. The sample comes from an audience very close to WWS operations.
4. Strongly recommend store to run a basic set of analysis to determine financial impact

Q20: Are you aware that Wayzata Wine & Spirits offers free delivery on total purchases over \$100?



Answered: 166 Skipped: 94



Q20: Are you aware that Wayzata Wine & Spirits offers free delivery on total purchases over \$100?



Answered: 166 Skipped: 94

ANSWER CHOICES	% of RESPONSES	% of RESPONSES
Yes	26.51%	44
No	73.49%	122
TOTAL		166

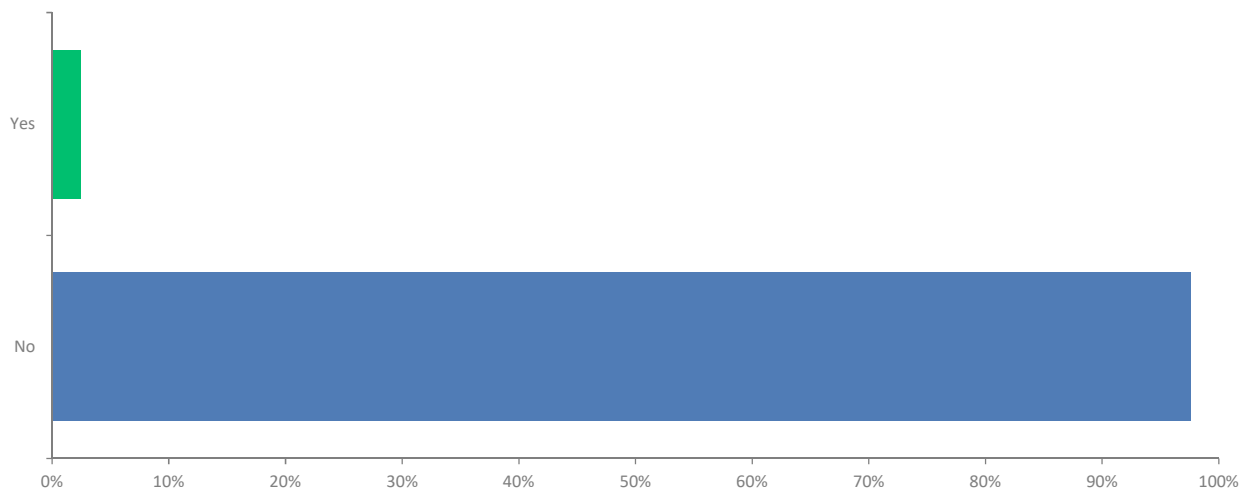
Insights:

1. There is a significant awareness opportunity for delivery.
2. Internal nature of survey influences this number to be higher and it is likely that the awareness of a broader audience is much lower.
3. WWS Fav: 52% do not know this is a value prop.
4. Strongly recommend running a cost-benefit analysis and enhancing the customer experience before promoting it more.

Q21: Have you used Wayzata Wine & Spirits delivery service?



Answered: 166 Skipped: 94



Q21: Have you used Wayzata Wine & Spirits delivery service?

Answered: 166 Skipped: 94

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	2.41%	4
No	97.59%	162
TOTAL		166

Insights:

1. Very low adoption rate.

Q22: How would you rate your experience with Wayzata Wine & Spirits delivery service?

Answered: 4 Skipped: 256

	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
☆	0% 0	0% 0	0% 0	25.00% 1	75.00% 3	4	4.75

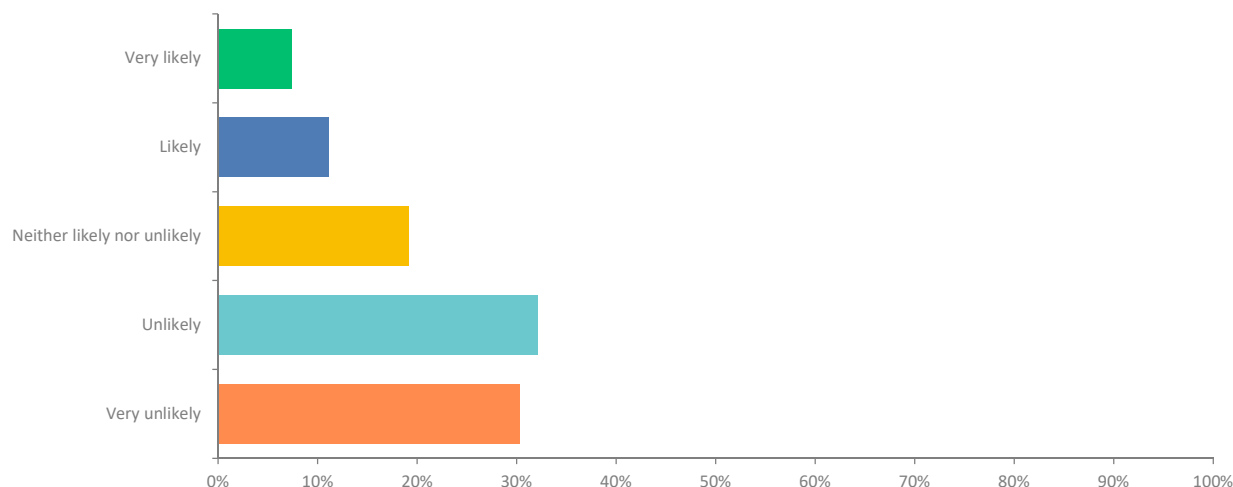
**Insights:**

1. Only 4 of 256 survey self-identified as having used this service.
2. Define the need further, then the ROI and ROE.
3. Those that did use it, were highly satisfied.

Q23: How likely are you to take advantage of Wayzata Wine & Spirits free delivery on total purchases over \$100?



Answered: 162 Skipped: 98



Q23: How likely are you to take advantage of Wayzata Wine & Spirits free delivery on total purchases over \$100?



Answered: 162 Skipped: 98

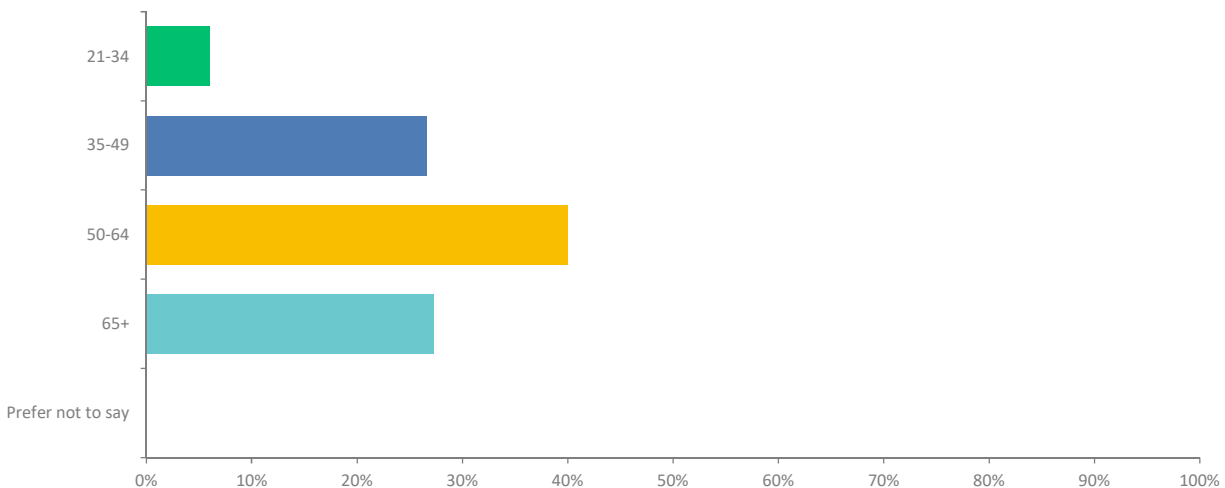
ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Very likely	7.41%	12
Likely	11.11%	18
Neither likely nor unlikely	19.14%	31
Unlikely	32.10%	52
Very unlikely	30.25%	49
TOTAL		162

Insights:

1. 18.5% are likely to use this service when they know it is available, vs. 2.5% that did.
2. More awareness should lead to more sales in this channel
3. Not all delivery sales are incremental
4. Delivery operations, customer experience, and ROI model needs to be invested into before a large marketing push

Q25: Please indicate your age range:

Answered: 165 Skipped: 95

**Q25: Please indicate your age range:**

Answered: 165 Skipped: 95



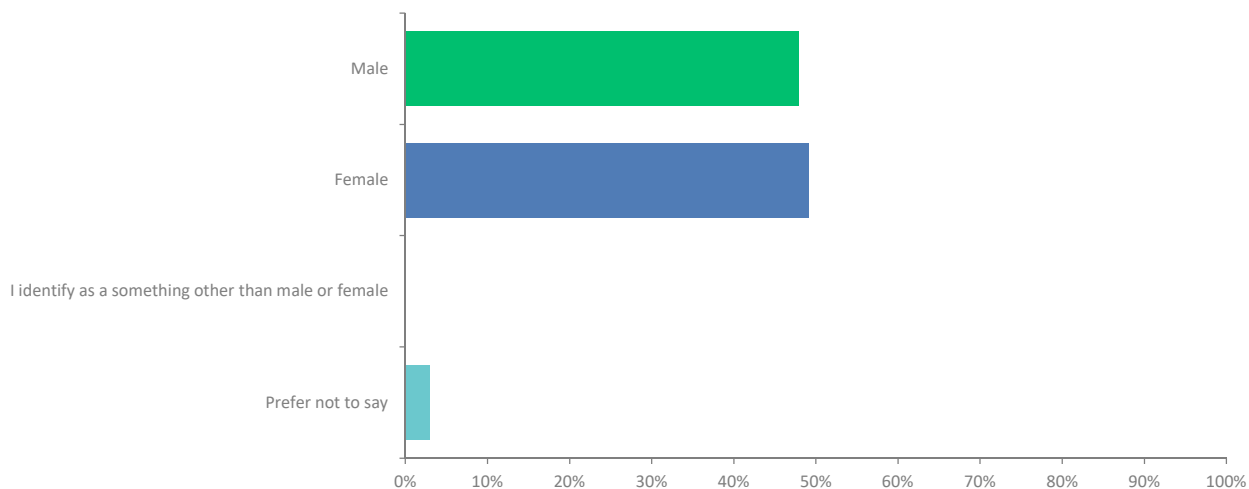
ANSWER CHOICES	% of RESPONSES	# of RESPONSES
21-34	6.06%	10
35-49	26.67%	44
50-64	40.0%	66
65+	27.27%	45
Prefer not to say	0%	0
TOTAL		165

Insights:

1. Age ranges are slightly older than normal population groups but reflect the demographics within Wayzata and purchasers of alcohol

Q26: Your gender is:

Answered: 165 Skipped: 95

**Q26: Your gender is:**

Answered: 165 Skipped: 95



ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Male	47.88%	79
Female	49.09%	81
I identify as a something other than male or female	0%	0
Prefer not to say	3.03%	5
TOTAL		165

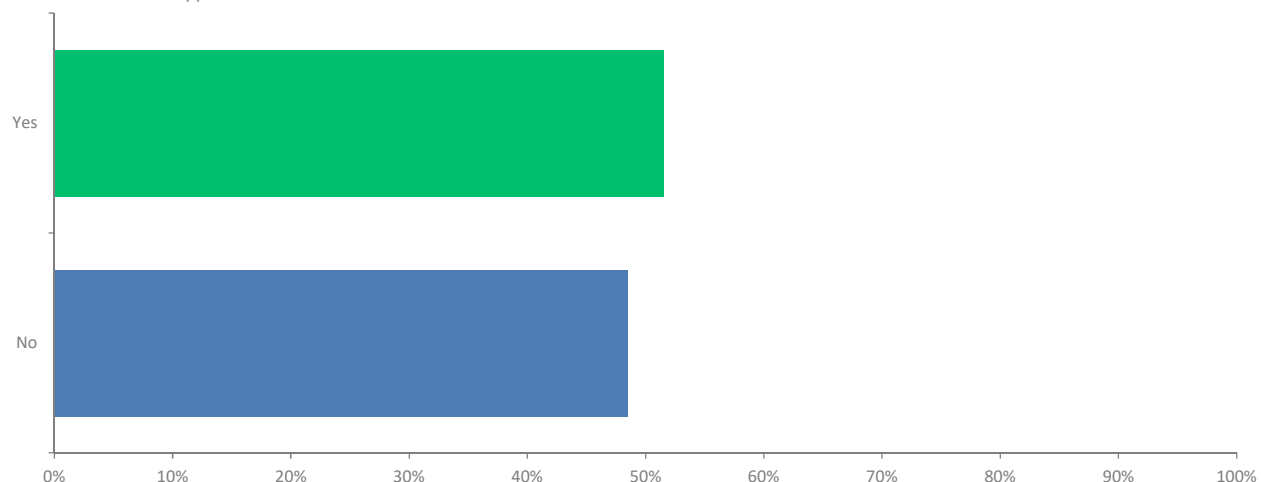
Insights:

1. Really great mix of male and female respondents

Q28: Finally, would you like to provide your email to receive promotional offers and specials from Wayzata Wines & Spirits delivered directly to your inbox.



Answered: 165 Skipped: 95



Q28: Finally, would you like to provide your email to receive promotional offers and specials from Wayzata Wines & Spirits delivered directly to your inbox.



Answered: 165 Skipped: 95

ANSWER CHOICES	% of RESPONSES	# of RESPONSES
Yes	51.52%	85
No	48.48%	80
TOTAL		165

Insights:

1. Without any incentive, >50% of respondents willingly gave WWS their email to use for marketing purposes
2. This has become a norm in a retail to customer relationship
3. A new rewards program needs to be email enabled and driven

SWOT Exercise: Compiled Submissions with Commentary by Delaney Consulting

10.19.22 / SWOT Long Form Report

Introduction

Included in this document are the compiled replies from all individual SWOTs collected from the following audiences: 8 City Stakeholders, 2 WWS Leaders, and 2 WWS Employees.

These replies are grouped by similar themes which then allowed us to determine the top themes in each SWOT category. Lastly, Delaney Consulting provided commentary, additional insights, further prioritization and then, recommendations throughout. These are further reinforced in our final report.

It's important to note that these SWOT participants are among the closest to and most invested in the WWS operation. As such, these answers carry a natural bias and any decisions based upon only this exercise are not recommended without additional quantitative data and/or insights to include customer and financial insights.

Lastly, there is some uniqueness to this SWOT. However, there are also striking similarities to the 2015 engagement that Delaney Consulting also facilitated. As such, we have included the 2015 Final Report as an appendix to this year's Final Report.

SWOT Definitions:

Strengths	Weaknesses	Opportunities	Threats
Internal to WWS	Internal to WWS	External to WWS	External to WWS
Obvious Natural Advantages Our unique selling points What our customers value in us and what we already do well – We feel in control of this.	Things we need to shore up and address that we have some level of control over Likely to produce good returns if capability and implementation are viable Potentially more rewarding and differentiating than Strengths/Opportunities because they are more challenging, a surprise to the competition, and customers would see a shift and improvements	Usually easy to defend and counter Only basic awareness, planning and implementation required to meet these challenges Investment is generally safe and necessary	Potentially high risk Must assess capability gaps and plan to defend in very controlled ways

Strengths

Top Themes:

1. City owned/operated/location— “Monopoly Business”, Specific location of the store
2. Store Team’s Customer Service
3. Assortment – Wine being largely viewed as the strength of the assortment

1. City owned and operated/location— “Monopoly Business”, Specific location of the store:

WWS is capturing the benefits of a city-owned and operated liquor retail store that enables consistently positive and stable financial returns over a significant period. It is also notable that the store is more recently down in transaction counts and thus revenue. With the unique variables of the last few years, as well as the limited scope of this engagement, it is hard to fully account for all the reasons why.

There are common reasons why these similar types of business fail, but the city has been doing a great job leveraging WWS as a strong city asset that is profitable and delivering on its main purpose as a city asset: lowering the city’s tax burden to its citizens. There are a lot of strengths for the store and city to be proud of and leverage further to ensure its continued success.

- Financial backing of the City – can more easily weather a storm
- Owned by City – financial backing
- City owned, part of the community
- Stable financial baking
- Internal resources & assets
- We own the building/adjacent parking lots
- Market Monopoly
- Monopoly position
- We have no competition in town
- Only local liquor store
- Consistent financial metrics
- Strong gp% metrics
- We’re in a great business – consumables and pretty much recession-proof industry
- Contribution to city revenues
- Direct financial impact/community benefit

Not all municipal owned retail operations have strong locations, but the site of WWS is a strong asset and greatly contributes to the overall success of the store. It is nuanced, no doubt, but the location of the store draws natural traffic, has ample parking, and has a mutually advantageous relationship to its adjacency to the Wayzata Bar and Grill. These responses were strong submissions, but the participants’ interviews highlighted that this strength could be further explored to expand its positioning as a city asset.

- Location
- Location
- Convenience
- Convenient Location
- Local convenience
- Grocery/Convenience Store
- Convenient location for residents
- Appealing store and good location
- Visibility to customers of the Muni
- Location – next door to restaurant captures impulse buying
- Location in Wayzata and next to the Bar and Grill

- Dedicated parking in a downtown area for easy access in and out
- Location: on lake, high traffic area (summer)
- Established fixture in Wayzata for 75yrs
- Known community presence
- Credibility in the community
- Small town – know customers by name
- Access to wealthy clientele
- Location in a busy area with high net incomes and plenty of parking

2. Store Team's Customer Service:

The Store Team was given high regards for their customer service and the management around them. This is a strong base to build off and will require further investment of time, resources, and dollars to ensure it continues as a strength in a rapidly and ever-changing labor and retailing markets. This is further explored in other areas (Weaknesses) of this report as well as the 2015 and 2023 Final Reports.

It's important to further highlight that these submissions are from those closest to the business. As such, there is great value to further validate this as a strength by creating a quantitative measurement; mystery shops are the best way to validate this, and this was not part of the SOW for this engagement.

- Management
- Experienced manager
- Consistency in leadership
- Knowledgeable Mgmt. – knows what products to bring in
- Experienced Staff
- Experienced FT staff
- Customer service skills
- Customer service
- Knowledgeable staff who provide great customer service. They seem to have a lot of pride in their work and make you feel welcome.
- Friendly staff/good customer service
- Employees: personality and product knowledge
- Welcoming and helpful staff
- Knowledgeable full-time staff
- Staff feels appreciated

Other submissions:

- Store cleanliness
- Clean
- Clean and organized
- Organized and tidy store
- Positive Google reviews

3. Assortment – Wine being largely viewed as the strength of the assortment:

One can have a retail operation with a great location and good customer service, but you also need good products to sell at a high demand. It's great to see the validation coming through in subjective feedback that the assortment is largely viewed as a strength and should not be prioritized highly in new work as an outcome of this engagement.

Delaney Consulting does believe that there is meaningful and ongoing optimization to do within the assortment to drive incremental revenue and profit. This is supported within the "Marketing" feedback found

in “Opportunities” and the large number of submissions there. Lastly, there are some mix and category analyses that should happen (on-going) as part of the consistent optimization of any retail assortment.

- Large quality selection
- Organized, concise inventory
- Large, refrigerated section
- Product variety: specialty wines & liquors
- Great wine selection
- Variety of Wine
- Adequate wine selection
- Special order by request
- Competitive pricing

Additional submissions:

- Loyalty program
- Savour discount, case discount and rewards
- Wide selection of wines in a wide range of price ranges
- Muni “75 Brew” and event

Weaknesses

Top Themes:

1. **Marketing: No present marketing capability, just some tactics that may or may not work.**
2. **Employees: Acquisition and Retention**
3. **Pricing: Both perceived and real pricing**

1. Marketing: No present marketing capability, just some tactics that may or may not work.

The city and WSS operations are not currently resourced or built to develop, plan, execute, verify, and evolve a marketing function to support its Muni marketing needs across both the WWS and WBG. This is not unusual for muni-operated businesses but there are ways to progressively solve for this capability gap. These submissions started to create a consistent to call to action to create a right-sized marketing capability and supporting rhythm to support it.

Further, it is Delaney Consulting’s opinion that marketing is the central and most important theme to your overall SWOT analysis. As such, we have detailed recommendations in our final report to help you make progress against these weaknesses.

- Marketing and promotion
- Marketing – new ideas other than just the annual mailers. I’m unsure of the analysis done to determine ROI which I think puts us behind our competition.
- Weak social media/advertising presence
- More robust reach/relationship with customers. We don’t currently have emails to reach them so its an uphill battle every time we need/want to communicate with them.
- Loyalty program isn’t mentioned or promoted
- Differentiation
- Selection versus the competition
- Small size relative to bigger players with more variety and stronger buying power
- website not good for commerce

2. Employees: Acquisition and Retention

Meaningful to see that the retail team has a different component being identified as a Weakness. This speaks to detail of this methodology, that it can be so nuanced, and reflects consistent trends inclusive of those exasperated by the last 3 years of employment/labor trends. This speaks to the core of the HR system, something that this city should have experience in addressing in core competencies. Developing and implementing an acquisition-onboarding-development employee cycle is worth investing into. As a part of this, we recommend reviewing and evaluating pay scales + employee packages for WSS to ensure they are competitive and meaningful.

- Turnover
- PT Starting wage
- PT Staffing consistency
- PT staff recruiting/resources
- PT Staff Retention
- Lack of Applicants
- Access to qualified workforce
- Employee pay/retention: lower \$/hour compared to competition
- Product knowledge
- Recruiting challenges for PT, lack of incentive/bonus abilities
- Training for new staff on products and sales strategies
- Part time staff length of employment not being long enough to have product knowledge and know where to find everything a customer may need help with
- Only able to offer part time without benefits unless one of the FT staff move on
- Employment opportunities nearby with higher wages and benefits being offered
- Staff knowledge/appearance
- We never respond to google reviews – missed opportunities

3. Pricing: Both perceived and real pricing

Pricing needs to consistently be assessed and was not done as a part of this SOW. As part of the marketing recommendations in our Final Report – namely promotional pricing optimization, and a Rewards Program relaunch, pricing will need to be addressed. The consumer insights fully support that WWS's customer is not price sensitive. Pricing needs to be market appropriate but not a dominant value proposition. It's possible, that eliminating the 10% off Savour promo will allow you to lower some prices while improving overall margins.

- Limited buying power vs. chains
- Price points (maybe)
- Higher prices based on lower volumes
- Pricing/Volume Buying
- Pricing: compared to large competitors
- Customers think it will be expensive because it's in Wayzata

Other meaningful submissions: Instore merchandising experience and execution:

Supporting submissions to express marketing as a weakness included carrying through a marketing plan to execution instore via purposeful, compelling, and executable merchandising. There are real points in this feedback to acknowledge, seek more insights around, and act against some. This should be done as a part of the IPP capability detailed in our Final Report.

- Sad and dated décor
- Under-utilized space
- There isn't any personality in the merchandising
- Storage – limits the ability to buy bulk deals
- Not enough room for new items
- Space for bigger buys to lower products ex: beer
- Too many products
- Missing out on 'counter buys' at POS
- We're missing the vibe of the city – small town charm? Should feel unique and special

As part of your Final Report, we give strong guidance and recommendations related to these submissions in our fourth recommendation to improve your business operating processes.

This is an important note as these two submissions were underrepresenting in this exercise relative to the number of times this was discovered or discussed as part of our total engagement

- Overhead/Extra Wages
- Higher operating expenses/overhead (outside wages)

Additional responses:

Overwhelmingly, individual responses established the WWS location (place) as a strength. It's important to recognize that not all people felt that way, and that in this format some of these answers could also mean multiple things.

- Location – not highly visible
- Location: "Off the Beaten Path"
- Don't know about us, location/that we are part of the city
- Visibility in the community
- Grocery/Convenience Store
- Parking

Opportunities

Top Themes:

1. **Marketing: Do differently, with great intention, structure, and curiosity**
2. **Developing and implementing new ideas: Decision making, prioritizing, testing, measurement**
3. **Employee Training: Define and develop a training program for WWS**

1. Marketing: Do differently, with great intention, structure, and curiosity

This is the HOT SPOT of the WWS SWOT.

This is where the responses were the most significantly represented, most consistent and clear, and directly tied into all other SWOT quadrants. It's really what you want to see because you can control this opportunity and can begin to methodically move it towards a strength.

We would summarize this by stating that WWS needs to approach their marketing functions with on-purpose processes with clear roles, responsibilities, and rhythms to support it that have specific outcomes and metrics. Recommendations are thoroughly presented in our Final Report to the City of Wayzata for this area.

- Marketing
- Marketing: need more advertising about the store
- Increased marketing activity and social media presence
- Executing a strong social media plan
- Work to build the brand as an alternative to competition by emphasizing the above-mentioned strengths.
- Develop a compelling marketing campaign that the staff and the city can get behind and promote.
- More effective promotions
- BOGO/Annual Sale etc
- Try more/new venues for advertising
- Different avenues of advertising, Utilize Facebook more
- Online sales and marketing
- More online sales
- Savior Rewards: increase awareness
- Better messaging/branding about supporting the city
- Next to the Bar and Grill – could be some even better opportunities for cross promotion
- Partnerships with other stores/events in town to cross promote or sell at scale
- More advertising – blast the on-line ordering/curbside pickup/delivery
- Improve/invest in delivery program
- Taking advantage of the unique Wayzata market
- Work more with Chamber
- Increase exposure during local events
- Having more special events
- Huge cross-advertising opportunities
- Changing demographics

2. Developing and implementing new ideas: Decision making, prioritizing, testing, measurement:

This is a continuation of the marketing opportunity (#1) but require separate attention. These are not “opportunities”, rather these are opportunistic ideas for WWS to explore. There are probably some gems in here that need to be further developed, then prioritized, then acted upon. This is a critical marketing function to have in practice and Delaney Consulting did not identify a method currently in practice to do so and. As such, we provided a recommendation in our final report to address this opportunity through a simple but effective testing capability.

Ideas to further define, prioritize, and activate against:

- Capitalize on our seasonal market
- Play up the lake vibe – and sell to that buyer
- Information from the docks on where to buy supplies
- Satellite ‘mini-muni’ near the docks or depot
- Micro wine store next to Lunds to capture shoppers – impulse buying
- Another store location by Lunds and Byerlys with basic selection. Higher end wines and spirits at the main location
- Expanding footprint/partnering with Lunds/Byerly’s
- Expand our selection into other categories
- Expanded product offerings: THC items, seasonal products
- Expand service lines with affluent clients
- New Items (THC products)
- Add more non-alcoholic products
- More 12–18-dollar wine
- How are we buying? Do we go to markets? The right ones?
- Lift inventory to improve margin/profit
- Partnerships with other municipal liquor stores to split purchases for items we can’t buy at biggest discounts
- Add a sustainability element. Eg. Using more local vendors.
- What are the environmental trends in the industry?
- As economy dips, our price points may sway some people away and towards other stores as they become more price sensitive
- Purchasing habits starting to shift slightly from wine to other categories. How to reclaim other high profit margin purchasing to drive up profits?
- Monthly wine feature including staff product education
- If market switches to more ecommerce, order ahead, we are less prepared technologically for that transition/purchasing practice
- More customers buying non-alcoholic products: Do we bring in more mocktail products?
- Not enough chilled wine especially during the summer
- Staff pick section with food pairing suggestions
- We’re not following the trends in product, eg. Gluten-free, N/A, ‘mixer sixer’
- Are we maximizing relationships with our vendors: eg. Discount shipping, promotions sales/events, co-op dollars for advertising

3. Employee Training: Define and develop a training program for WWS

Improving the customer experience while impacting the employee experience is always a winning formula. Although customer service was defined as a strength, there is a need to address a training gap in the store. This is made more difficult to understand based upon the labor dollar construct on your reporting in that it is hard to understand how much you can afford to invest in training.

Any retail store should have a training program that includes minimum knowledge and skill standards, learning objectives, time budgeted and scheduled, methods to deliver training and accountability to the outcomes and intended impacts.

- Training/PT Knowledge
- All employees get training on industry and customer service
- Employee education, leverage reps more, new products
- Make benefits known of proprietary products – ex single barrel
- Maximizing benefits of working for a city in order to retain/attract staff
- How are we paying our mgrs? What are their incentives?
- Pay employees better to retain them
- Establish a professional dress code

Threats

Top Themes:

1. **Real Threat:** City-managed retail: The city does not have retail expertise nor mature support functions.
2. **False Threat:** Total Wine. Price and warehouse-level buying power. Different value props.
3. **False Threat:** COGS increase: Economic, industry, consumer trends of costs increasing.

There are no meaningful external Threats that are high potential killers to your largely successful business.

However, there are known and universal threats in the retail and muni-operations retail businesses.

1. City-managed retail: The city does not have retail expertise nor mature support functions

City governments conduct wildly different business than operating a retail liquor store. It's inherently hard and doesn't naturally fit into other standard city leadership and administrative functions. This is the most predominant and hardest theme to understand as a threat because there are elements of this that were also defined as a strength. – but its clear trend that cities have been closing their municipal liquor stores. With the acceptance of and commitment to the recommendations of enhancing your business rhythms this should get easier with time.

- Retail is not what the city is naturally good at
- Not a chain so limited “corporate resources” to assist in marketing, industry best practices
- A disconnect with city leadership and managers
- Staff lacks retail experience
- Lack of expertise in leadership
- Wayzata Wine and Spirits maintains the status quo and makes no changes.
- Risk adverse
- Having the ability to make quick changes based on the market

COGS increase: Economic, industry, consumer trends of costs increasing:

COGS control and management has been inline and should not be deemed as a threat at this time.

Increases in COGS or any operating costs is a given, especially considering the longevity of WWS. Although you may not be able to control some of these increases, you do have the ability to recoup losses in many ways including the implementation of the recommendations found throughout our final report.

- Cost of goods sold
- Expense inflation can exceed pricing elasticity
- Increase in shipping costs
- Increase in supply chain disruptions
- Insurance risk
- Tax increases

Total Wine: Price and warehouse-level buying power. Different value props.

Competition awareness and understanding is always important and usually is part of a marketing function. Yes, be aware and vigilant always, react only sometimes. This includes Total Wine but is more meaningful and actionable for the other top competitors identified in the Consumer Survey. However, if WWS doesn't shore up its marketing execution and long-term strategy, this could change.

Consistent with other munis, a competitive theme usually emerges as a Threat, and, in this case, Total Wine got a lot of submissions. WWS does compete with Total Wine, but it is our recommendation that WWS does not aggressively augment their pricing or assortment to compete. Instead, define and lean into your strengths, evolve your business through the recommendations provided, and deliver on a meaningfully different experience to your customers than that of any of "the big guys".

- Big box and chain store competition
- Total Wine
- Total Wine and Spirits has a better selection and promotes heavily.
- Private competition (Total Wine)
- Total's prices on some products (the main ones customers recognize)
- Competition in nearby cities
- Pricing competition from big retailers
- Aggressive competitors undercutting us on (price) and advertising

Other submissions to comment on, but ultimately are not deemed as Threats:

WWS has the ability and means to seize these opportunities or address most challenges that would be introduced via a legislative or regulatory change.

- Potential for beer/wine in grocery, legislative change
- THC regulations/potential new industry
- THC products and the unknown

Liquor sales, on or off sale, are largely proven to be "recession proof". In fact, in consistent public data the sale of alcohol either maintains or increases during these times. Some data even shows that a recession would favor WWS while more negatively impacting WBG as consumers shift their behaviors to drinking alcohol more at home and lesser so at a bar or restaurant.

- Economic recession
- Economy – less disposable income
- Inflation/Disposable income

Other submissions:

- Parking



City Council Workshop City Council Agenda Report

MEETING DATE: November 1, 2022	WORKSHOP AGENDA ITEM: 2
TITLE: Discussion of 2023 Budget Items and Potential 2024 Budget Impacts (5:45-6:30 p.m.)	
PREPARED BY: Aurora Yager, Deputy City Manager	
REVIEWED BY: Jeffrey Dahl, City Manager	

DISCUSSION OBJECTIVE:

To review and provide feedback on the 2023-2025 draft union contracts, 2023 additional staffing requests, and potential impacts on the 2024 budget.

BACKGROUND:

Union Contracts

The City now has three groups of employees represented by unions. Two of those groups are AFSCME Local No. 224 which represents Public Works employees, and LELS Local No. 37 which represents Police Officers. In 2022, Police Sergeants voted to unionize. Staff is currently still working on an initial contract with that bargaining group which will be brought forward for consideration at a later meeting.

In late 2019, the City negotiated 3-year union contracts for both of these union groups. In preparation for those 3-year contracts expiring at the end of this year, over the past six months, Deputy City Manager Aurora Yager and City Manager Jeff Dahl have led negotiation efforts with these bargaining groups and have reached tentative agreements that are now ready for consideration by the City Council and their financial impacts were previously incorporated into the 2023 preliminary budget. A high-level summary of some of the proposed changes is outlined below.

Public Works - AFSCME Local No. 224 Contract

- Three-year term from 2023-2025
- Annual COLA increase of 3%
- Language to switch the Good Friday holiday to Juneteenth if that holiday is adopted by the State or City Council
- Addition of a longevity step at 10 years of service
- Changing the Lead PSW pay scale to align more with the market
- Increasing Flex Pay from \$2 per hour to \$5 per hour
- Including a \$10/month phone allowance
- Various legal updates and contract clarifications/cleanup

Police Officers – LELS Local No. 37 Contract

- Three-year term from 2023-2025
- Annual COLA increase of 3%
- One-time market adjustment with an average increase of 6%
- Addition of a longevity step for 15 years of service
- Updates to Field Training Officer pay to increase the pay \$125 per month, but limit the time it can be paid out.
- Increase in School Resource Officer pay by \$25 per month
- Inclusion of K-9 handler compensation and scheduling requirements
- Including provisions to clarify how Scheduled Time Off and Floating Holidays are used

- Language to switch the Good Friday holiday to Juneteenth if that holiday is adopted by the State or City Council
- Various legal updates and contract clarifications/cleanup

Full-Time Fire Chief Position

At the preliminary 2023 budget workshop, the Council stated that further clarification on what a potential process would look like for filling the full-time Fire Chief position was needed before they would make a final approval for that position was given in December.

Statement of Need

In 2021, the City conducted a Fire Department Study that included an analysis on if a full-time Fire Chief position was needed. The study recommended that the City hire a full-time Chief for several reasons, which include: increasing department training, improving interdepartmental relationships including the possibility of shared services, implementing succession planning, and increasing general management and improving the effectiveness of the department. Comparatively speaking, Wayzata is in the minority of Fire Departments that do not have full-time staff. Of the eight other communities included in the analysis, only one department other than Wayzata does not have any full-time staff.

While the Wayzata Fire Department has never had any full-time staff, it does not mean that the requirements of the department do not involve significant investment from the current Chief to complete those tasks. In addition to responding to fire calls, on average Chief Klapprich spends about 26 hours per week just to meet the basic administrative and management duties of the position. Adding additional strategic initiatives and preparing the department to address the changing environment in the fire service, a full-time employee dedicated to its oversight is necessary.

Tentative Hiring Process

While it is the City Manager's role and authority to appoint all positions, the process for filling a full-time Fire Chief position is unique because it will be the first position of its kind in the City and this position is public-oriented and community-rooted more than most other leadership positions. Also, considering that the Fire Department has had a similar leadership structure for more than 100 years, adding a full-time Chief is a big change and getting feedback and buy-in from members of the department will also be integral to this process.

Step	People Responsible/Involved	Approx. Timeline
Create and Review Job Description	City Manager, Deputy City Manager, Fire Department Officers	First Quarter 2023
Determine If Internal Applicants are Applying	City Manager	First Quarter 2023
Advertise the Position Opening	Deputy City Manager	March 2023
Position Closes		April 2023
Review and Score Applications	City Manager, Deputy City Manager, and Fire Department members (2)	April 2023
First Round Interviews	City Staff Interview Panel: Fire Department members (2-3), Police Chief, other Directors and staff (2-3)	May 2023
Final Round Interviews - Panel 1	Community Panel: Community Members (2-3), City Council Members (up to 2)	May 2023

Final Round Interviews - Panel 2	City Staff Interview Panel: City Manager, Deputy City Manager, and Fire Department member	May 2023
Start Date		June 2023

2023 Budget Impacts on the 2024 Budget

Apart from other budgetary needs in 2024, some of the decisions in the 2023 budget will have an impact on the 2024 budget that the Council should consider before approving the final 2023 Budget in December. Specifically, by hiring some positions mid-year and restoring capital contributions back to their normal level, the Council can expect the following impacts:

Item	Cost in \$	Est. % Increase to 2024 Levy
Mid-year 2023 Police Officer	Approx. \$50,000	0.91%
Mid-year 2023 Full-Time Fire Chief	Approx. \$55,000	1.00%
Restoring Capital Contributions	Approx. \$135,000	2.46%
Total Impact	\$240,000	4.37%

Any other staffing requests, enhanced services, or inflationary increases to operational expenditures expected for 2024 would be added on top of the aforementioned increases.

ATTACHMENTS:

1. 2023-2025 LELS Contract - redlined
2. 2023-2025 AFSCME - redlined



202~~0~~3, 202~~1~~4 & 202~~2~~5

LABOR AGREEMENT

BETWEEN

THE CITY OF WAYZATA

AND

LAW ENFORCEMENT LABOR SERVICES, INC.

LOCAL NO. 37

Amended ~~7/7/202~~20

Table of Contents

ARTICLE 1	PURPOSE -----	3
ARTICLE 2	UNION RECOGNITION -----	3
ARTICLE 3	DEFINITIONS -----	3
ARTICLE 4	UNION SECURITY -----	3
ARTICLE 5	EMPLOYER AUTHORITY AND SECURITY -----	4
ARTICLE 6	DISCIPLINE -----	4
ARTICLE 7	GRIEVANCE PROCEDURE -----	4
ARTICLE 8	SENIORITY -----	6
ARTICLE 9	VACATION -----	7
ARTICLE 10	SICK LEAVE -----	8
ARTICLE 11	SCHEDULED TIME OFF -----	8
ARTICLE 12	OFF DUTY EMPLOYMENT -----	8
ARTICLE 13	INJURED ON DUTY -----	9
ARTICLE 14	JURY DUTY, FUNERAL LEAVE AND SPECIAL LEAVES OF ABSENCES -----	9
ARTICLE 15	HOLIDAYS -----	9
ARTICLE 16	HOURS OF WORK AND OVERTIME -----	10
ARTICLE 17	CALL BACK -----	11
ARTICLE 18	STANDBY -----	11
ARTICLE 19	COURT TIME -----	11
ARTICLE 20	UNIFORMS -----	12
ARTICLE 21	WAGES -----	12
ARTICLE 22	EDUCATION REIMBURSEMENT -----	13
ARTICLE 23	INSURANCE -----	13
ARTICLE 24	FITNESS/GYM MEMBERSHIP -----	14
ARTICLE 25	TRAINING -----	14
ARTICLE 26	SAVINGS CLAUSE -----	14
ARTICLE 27	DURATION -----	15
ARTICLE 28	EXECUTION -----	15

ARTICLE 1 PURPOSE

This Agreement is hereby made and entered into between the City of Wayzata, a municipal corporation, hereinafter called the EMPLOYER and Law Enforcement Labor Services, Inc. (LELS), Local No. 37, hereinafter called the UNION. It is the purpose and intent of this Agreement to express in written form the agreement of the parties hereto regarding terms and conditions of employment in the Wayzata Police Department.

ARTICLE 2 UNION RECOGNITION

The EMPLOYER recognizes the UNION as the exclusive representative in a unit defined as all essential employees of the City of Wayzata Police Department, Wayzata, Minnesota, who are public employees within the meaning of Minnesota Statutes §179A.03, Subd. 14, excluding supervisory and confidential employees.

ARTICLE 3 DEFINITIONS

- **EMPLOYER:** The City of Wayzata
- **EMPLOYEE:** A member of the exclusively recognized bargaining unit
- **GRIEVANCE:** A grievance is defined as a dispute or disagreement as to the interpretation or application of the specific terms and conditions of this Agreement
- **POLICE CHIEF:** The Police Chief of the City of Wayzata Police Department
- **SENIORITY:** A full-time Employee's length of continuous service with the Employer since Employee last hiring date. The last hiring date shall mean the date upon which an employee first reported for work at the direction of the Employer, since which Employee has not quit, retired, been transferred outside the Union or been discharged
- **UNION:** Law Enforcement Labor Services, Inc., Local No. 37 (LELS)
- **UNION STEWARD:** An employee, (up to two), appointed by LELS

ARTICLE 4 UNION SECURITY

- 4.1 The UNION will be allowed reasonable visitation by UNION representatives for the purpose of signing up new members and processing grievances.
- 4.2 The EMPLOYER agrees to allow the UNION to place a bulletin board in an approved location for the purpose of posting official notices and bulletins. The bargaining unit agrees that it will enforce the following: Items which reflect negatively on the UNION, EMPLOYEES or the City of Wayzata shall not be posted. All posted materials must be approved by a UNION representative. The EMPLOYER shall not be responsible for any materials posted on the bulletin board.
- 4.3 The EMPLOYER shall deduct per pay period an amount sufficient to provide the payment of regular dues established by the UNION from the wages of all EMPLOYEES authorizing, in writing, such deduction on a form designated and furnished by the UNION.
- 4.4 The UNION shall confirm to the EMPLOYER, in writing, the current amount of regular dues to be withheld as authorized by law. Should an employee wish to stop the deduction of Union dues the EMPLOYEE shall notify the EMPLOYER in writing of such intention at least five (5) working days prior to the effective date of the termination.

- 4.5 The UNION may designate up to two EMPLOYEES from the bargaining unit to act as Steward and an alternate and shall inform the EMPLOYER in writing of such choice and changes in the position of Steward and/or alternate.

ARTICLE 5 EMPLOYER AUTHORITY AND SECURITY

- 5.1 The EMPLOYER retains the full and unrestricted right to operate and manage all personnel decisions, facilities, and equipment; to establish functions and programs; to set and amend budgets; to determine the utilization of technology; to establish and modify the organizational structure; to select, direct and determine the number of personnel; to establish work schedules; and to perform any inherent managerial function not specifically limited by this Agreement.
- 5.2 The Union and its members agree that during the life of this Agreement, they will not cause, encourage, participate in, or support any strike, slowdown, or other interruption of, or interference with, the normal functions of the EMPLOYER. Violations of this Article shall be grounds for disciplinary action and up to including discharge

ARTICLE 6 DISCIPLINE

- 6.1 The EMPLOYER will discipline employees for just cause only. Discipline will be in one or more of the following forms:
- A. oral reprimand;
 - B. written reprimand;
 - C. suspension without pay;
 - D. demotion; or
 - E. discharge.

Suspensions, demotions, and discharges will be in written form. An EMPLOYEE to be discharged shall first be suspended without pay for five days prior to the discharge taking effect.

- 6.2 Written reprimands, notices of suspension, notices of demotion and notices of discharge which are to become part of an EMPLOYEE'S personnel file shall be read and acknowledged by signature of the EMPLOYEE. The EMPLOYEE involved and the Union Steward will receive copies of any such reprimand and/or notice. EMPLOYEES may examine their individual personnel files at reasonable times under the direct supervision of the EMPLOYER.
- 6.3 Grievances relating to this Article may be initiated by the Union as described in Article 7.3 of this AGREEMENT.

ARTICLE 7 GRIEVANCE PROCEDURE

- 7.1 Union Representatives: The EMPLOYER will recognize representatives designated by the UNION as the grievance representatives of the bargaining unit having the duties and responsibilities established by this Article. The UNION shall notify the EMPLOYER in writing of the names of such Union Representatives and of their successors.
- 7.2 Processing of a Grievance: It is recognized and accepted by the UNION and the EMPLOYER that the processing of grievances as hereinafter provided is limited by the job duties and responsibilities of the EMPLOYEES and shall therefore be accomplished

during normal working hours only when consistent with such employee duties and responsibilities. The aggrieved EMPLOYEE and a Union Representative shall be allowed a reasonable amount of time without loss in pay when a grievance is investigated and presented to the EMPLOYER during normal work hours provided that the EMPLOYEE and the Union Representative have notified and received the approval of the designated supervisor who has determined that such absence is reasonable and would not be detrimental to the work programs of the EMPLOYER.

7.3 Procedure: Grievances shall be resolved in conformance with the following procedure:

Step 1: An EMPLOYEE claiming a violation concerning the interpretation or application of the Agreement shall, within twenty-one (21) calendar days after such alleged violation has occurred, present such grievance to the EMPLOYEE'S supervisor as designated by the EMPLOYER. The supervisor will discuss the grievance and give an answer to such Step 1 grievance within ten (10) calendar days after receipt. To appeal a grievance not resolved in Step 1 to Step 2, the UNION must set forth in writing the nature of the grievance, the facts on which it is based, the provision or provisions of the Agreement allegedly violated, and the remedy requested. This written appeal to Step 2 must be presented to the EMPLOYER within ten (10) calendar days after the supervisor's final answer in Step 1. Any grievance not appealed by the UNION in writing to Step 2 within ten (10) calendar days shall be considered waived.

Step 2: If appealed, the written grievance shall be presented by the UNION and discussed with the Chief of Police. The Chief of Police shall give the UNION the EMPLOYER'S Step 2 answer in writing within ten (10) calendar days after receipt of such Step 2 grievance. A grievance not resolved in Step 2 may be appealed to Step 3 within ten (10) calendar days following the Chief of Police's final Step 2 answer. Any grievance not appealed in writing to Step 3 by the UNION within ten (10) calendar days shall be considered waived.

Step 3: If appealed, the written grievance shall be presented by the UNION and discussed with the City Manager or designated representative. The City Manager shall give the UNION the EMPLOYER'S answer in writing within ten (10) calendar days after receipt of such Step 3 grievance. A grievance not resolved in Step 3 may be appealed to Step 4 within ten (10) calendar days following the EMPLOYER designated representative's final answer in Step 3. Any grievance not appealed in writing to Step 4 by the UNION within ten (10) calendar days shall be considered waived.

Step 4: A grievance unresolved in Step 3 and appealed to Step 4 by the UNION shall be submitted to arbitration subject to the provisions of the Minnesota Public Employment Labor Relations Act of 1971, as amended. The selection of an arbitrator shall be made in accordance with the "Rules Governing the Arbitration of Grievances" as established by the Minnesota Public Employment Relations Board.

7.4 Arbitrator's Authority: The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the terms and conditions of the Agreement. The arbitrator shall consider and decide only the specific issue(s) submitted in writing by the EMPLOYER

and the UNION and shall have no authority to make a decision on any other issue not so submitted.

The arbitrator shall be without power to make decisions contrary to, or inconsistent with, or modifying or varying in any way the application of laws, rules, or regulations having the force and effect of law. The arbitrator's decision shall be submitted in writing within thirty (30) days following close of the hearing or the submission of briefs by the parties, whichever be later, unless the parties agree to an extension. The decision shall be binding on both the EMPLOYER and the UNION and shall be based solely on the arbitrator's interpretation or application of the express terms of this Agreement and to the facts of the grievance presented.

The fees and expenses for the arbitrator's services and proceedings shall be borne equally by the EMPLOYER and the UNION provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings the cost shall be shared equally.

- 7.5 Waiver: If a grievance is not presented within the time limits set forth above, it shall be considered "waived". If a grievance is not appealed to the next step within the specified time limit or any agreed extension thereof, it shall be considered settled on the basis of the EMPLOYER'S last answer. If the EMPLOYER does not answer a grievance or an appeal thereof within the specified time EMPLOYER limits, the UNION may elect to treat the grievance as denied at that step and immediately appeal the grievance to the next step. The time limit in each step may be extended by mutual written agreement of the EMPLOYER and the UNION in each step.
- 7.6 CHOICE OF REMEDY: If, as a result of the written EMPLOYER response in Step 3, the grievance remains unresolved, and if the grievance involves the suspension, demotion, or discharge of an EMPLOYEE who has completed the required probationary period, the grievance may be appealed either to Step 4 of Article 7 or a procedure such as: Equal Opportunity Commission (EEOC), Civil Service, and Veteran's Preference. If appealed to any procedure other than Step 4 of Article 7 the grievance is not subject to the arbitration procedure as provided in Step 4 of Article 7. The aggrieved employee shall indicate in writing which procedure is to be utilized; Step 4 of Article 7 or another appeal procedure and shall sign a statement to the effect that the choice of any other hearing precludes the aggrieved employee from making a subsequent appeal through Step 4 of Article 7. Except that with respect to statutes under the jurisdiction of the United States Equal Employment Opportunity Commission, an employee pursuing a statutory remedy is not precluded from also pursuing an appeal under this grievance procedure.

ARTICLE 8 SENIORITY

- 8.1 Seniority, for the purposes of this Article, shall be determined by an EMPLOYEE'S length of continuous employment with the Wayzata Police Department. A seniority roster will be maintained by the Police Chief showing for each EMPLOYEE date of hire, time in grade and time within specific classifications.

8.2 Newly hired or; rehired, ~~promoted and reassigned~~ EMPLOYEES will be on a ~~six-month to~~ twelve-month probationary period. During the probationary period a newly hired or

rehired EMPLOYEE may be discharged at the sole discretion of the City. ~~During the probationary period, a promoted or reassigned EMPLOYEE may be returned to the EMPLOYEE'S previous position at the sole discretion of the City.~~

8.2

- 8.3 When a reduction in the work force becomes necessary, the EMPLOYEE with the least seniority shall be laid off first. The last EMPLOYEE laid off shall be the first to be recalled for work. No new EMPLOYEES shall be hired during the two years following layoff of the affected EMPLOYEES until the layoff list has been exhausted.
- 8.4 Transfers, job classification assignments and promotions shall be made on the basis of past job performance and ability.

ARTICLE 9 VACATION

- 9.1 EMPLOYEES shall receive the following paid vacation leave, based upon the EMPLOYEE'S years of employment with the EMPLOYER:

0-5 years of service--	80 hours (6-2/3 hours per month)
6-11 years of service -	128 hours (10-2/3 hours per month)
12-13 years of service -	140 hours (11-2/3 hours per month)
14-15 years of service -	152 hours (12-2/3 hours per month)
16-17 years of service -	164 hours (13-2/3 hours per month)
18-19 years of service -	168 hours (14 hours per month)
20-24 years of service -	184 hours (15-1/3 hours per month)
25+ years of service -	192 hours (16 hours per month)

- 9.2 First preference for vacation leave and days off on Independence Day, Thanksgiving, Christmas and New Year's Day will be given to those EMPLOYEES having worked the same day in the preceding year(s). All other vacation leave shall be allocated for a specific period of time to that employee first requesting it.
- 9.3 At the end of the EMPLOYEE'S anniversary month of hire, EMPLOYEES shall only be allowed to carry over a maximum bank of 200 hours of unused vacation unless the EMPLOYEE has been denied a requested vacation during the previous 12-month period. If this occurs, the EMPLOYEE'S accrued unused vacation time may exceed the 200 hour maximum by the amount of vacation denied for a period of six months beyond their anniversary month of hire.

ARTICLE 10 SICK LEAVE

- 10.1 Each EMPLOYEE will earn 8 hours per month sick leave, to a maximum of 960 hours. Sick leave will be paid at the EMPLOYEE'S pay level at the time of illness, and in cases of prolonged illness the EMPLOYEE may also use vacation time after accumulated sick leave has expired. While on sick leave an EMPLOYEE shall continue to earn and accrue all benefits as fully employed and on duty.
- 10.2 Sick leave will be granted for personal illness, injury or legal quarantine of the EMPLOYEE or the employee's immediate family including spouse, minor and adult children (includes biological, step, adopted, foster, or grandchildren) biological and step siblings, parents and step parents, mother and father-in-law, grandparents, and significant others/domestic relationship (an individual living with employee and share a

common domestic life but who is not legally married to the employee). At the discretion of the City Manager, a doctor's certificate may be required showing the nature and extent of any injury or illness.

- 10.3 Sick Leave Credit Pay Plan: Employees who leave employment voluntarily, resign, retire or who are terminated for reasons other than just cause shall as of the date of separation receive compensation for their sick leave in accordance to the following schedule to a Post Employment Health Care Savings Plan administered by the Minnesota State Retirement System (MSRS):

0-720 hours at a per hour compensation rate of 25% of the regular hourly rate of pay;

721-960 hours at a per hour compensation rate of 60% of the regular hourly rate of pay;

961-1056 hours at a per hour compensation rate of 85% of the regular hourly rate of pay

- 10.4 At the end of each year, EMPLOYEES with an accumulation of sick leave in excess of 960 hours will have the hours in excess of 960 hours converted at a per hour compensation rate of 85% to a Post Employment Health Care Savings Plan administered by the Minnesota State Retirement System (MSRS).

ARTICLE 11 SCHEDULED TIME OFF

- 11.1 EMPLOYEES working on the twelve-hour shift model who are scheduled to exceed the 2080 hour normal work year will have Scheduled Time Off (STO) to comply with the 2080 hour standard.

- 11.2 Usage of STO is at the discretion of the EMPLOYEE subject to approval by their Supervisor.

- 11.3 EMPLOYEES who leave employment with the City and have used more STO hours than they have accrued at the time of separation will owe the City for any hours used but not yet accrued. These hours owed will be deducted from the EMPLOYEE'S final paycheck.

ARTICLE 12 OFF DUTY EMPLOYMENT

All off-duty work must be approved in advance by either the Police Chief or the City Manager. Such work may be denied if it might adversely affect an EMPLOYEE'S on-the-job performance or if it might adversely reflect upon the department or the EMPLOYER.

ARTICLE 13 INJURED ON DUTY

EMPLOYEES are covered by Workers' Compensation, which covers injuries received on the job. The EMPLOYEE will be paid by the EMPLOYER the difference between Workers' Compensation and the EMPLOYEE'S regular pay up to one year per injury. The EMPLOYEE shall not lose sick leave for this type of injury. While on Workers' Compensation an EMPLOYEE shall continue to earn and accrue all benefits as fully employed and on duty. EMPLOYEE agrees to submit to a medical examination by a qualified physician to verify EMPLOYEE'S inability and/or continued inability to work. The EMPLOYER agrees to pay the cost of such examination.

ARTICLE 14 JURY DUTY, FUNERAL LEAVE AND SPECIAL LEAVES OF ABSENCES

~~13.114.1~~ Jury Duty: If an EMPLOYEE is called for jury duty the EMPLOYEE will be excused from work during that period. The EMPLOYER will pay the difference from that pay received for jury duty and that received as regular salary. Mileage allowance shall not be considered or deducted from regular salary.

~~13.214.2~~ Funeral Leave: In the event of the death of an EMPLOYEE'S immediate family member, the EMPLOYEE will be granted up to three (3) shift days of emergency leave with pay. Immediate family shall be defined as spouse, parents, step-parents, children, step-children, brothers, sisters, grandparents, grandchildren, aunt, uncle or a like member of employee's spouses' family, as well as any member of the EMPLOYEE'S immediate household when a close relationship exists and has been designated by the EMPLOYEE to the EMPLOYER in advance. Additional emergency leave with pay may be granted at the sole discretion of the Police Chief. For the purpose of this provision the term "emergency leave with pay" shall mean sick leave.

~~13.314.3~~ Special Leaves of Absences: Family medical leave, parental leave, military leave and other statutory leaves shall be administered as per the applicable sections of the EMPLOYER'S current Personnel Policy.

ARTICLE 14ARTICLE 15 HOLIDAYS

~~14.115.1~~ EMPLOYEES shall receive 96 holiday hours that represent the twelve (12) holidays listed below. EMPLOYEEES hired after the first of the year will receive holiday hours equivalent to the City observed holidays remaining for the year. All holiday hours shall be considered floating holidays that may be used at the discretion of the EMPLOYEEES subject to approval by their Supervisor.

New Year's Day
Martin Luther King Day
Presidents Day
Good Friday*
Easter
Memorial Day
Independence Day
Labor Day
Veterans' Day
Thanksgiving Day
Christmas Eve
Christmas Day

*In the event the State of Minnesota or the City Council declares Juneteenth as an official holiday in which state and city offices are closed, the Good Friday holiday shall be removed and replaced with Juneteenth.

~~14.215.2~~ Holiday's Overtime: EMPLOYEEES scheduled to work on holidays listed below shall receive overtime pay at one and one-half times the EMPLOYEE'S regular base pay rate.

New Year's Day
Martin Luther King Day
Presidents Day

Good Friday*
Easter
Memorial Day
Labor Day
Veterans' Day
Christmas Eve

*In the event the State of Minnesota or the City Council declares Juneteenth as an official holiday in which state and city offices are closed, the Good Friday holiday shall be removed and replaced with Juneteenth.

~~14.3~~15.3 Holiday's Double time: EMPLOYEES who work on the holidays listed below shall receive overtime pay at two times the EMPLOYEE'S regular base pay rate.

Independence Day
Thanksgiving
Christmas Day

15.4 Any holiday leave not used on or before December 31 of each year will be deemed forfeited and shall not carry over into the next calendar year.

15.5 EMPLOYEES hired after July 1 may be allowed to carry over a prorated amount of floating holiday hours into the next year. The amount of permitted carry over will be determined upon the EMPLOYEE'S completion of FTO. If warranted, the EMPLOYEE'S supervisor shall submit the amount of permitted carry over Floating Holiday hours to HR before December 31 to be used before the end of the following year.

15.6 EMPLOYEES who leave employment with the City and have used more floating holiday hours than actual holidays have occurred at the time of separation will owe the City for any hours used for holidays that have not yet occurred. These hours owed will be deducted from the EMPLOYEE'S final paycheck.

ARTICLE 15~~ARTICLE 15~~ **ARTICLE 16 HOURS OF WORK AND OVERTIME**

~~15.1~~16.1 The regular scheduled work day for employees shall be no less than eight (8) hours and no more than twelve (12) hours depending on type of schedule. The normal work year is 2,080 hours and to be accounted for by each EMPLOYEE through:

- hours worked on assigned shifts;
- holidays;
- assigned training;
- authorized leave time

~~15.2~~16.2 The Police Chief is responsible to ensure that the shift schedule throughout the work year equals 2080 hours. It is understood that the EMPLOYEE shall continue to have the opportunity to release this obligation through the EMPLOYEE'S participation in departmental training activities outside of the EMPLOYEE'S normal working hours. All hours remaining which are not charged to training shall be assigned to the EMPLOYEE by the Police Chief or designee for regular police duties. The Police Chief or designee shall maintain individual time records for each EMPLOYEE to ensure that the intent of this section is met and submit to Human Resources on January 1st of every year.

~~15.3~~16.3 Overtime shall be at the rate of time and one-half and defined as all hours worked in excess of the EMPLOYEE'S regularly scheduled shift, eight consecutive work days, in excess of the average work week, or 2,080 hours in any calendar year.

16.4 The Police Chief or designee shall post all shift schedules five days or more in advance. All ~~empty~~ shifts projected to fall below minimum staffing requirements shall be filled without the use of overtime whenever practical. However, when a shift becomes available within a five-day period and is to be filled by overtime it shall be offered in the following order:

1. As equally as practicable to EMPLOYEES
2. If a shift is not filled by an EMPLOYEE, the shift will be offered to a Sergeant
- 4.3. If still not filled, then required to be split as equally as possible between the EMPLOYEES scheduled to work both adjoining shifts.

~~15.4~~16.5 Overtime shifts available more than 5 days out will be distributed as equally as practicable. For the purposes of scheduling, this section shall apply to available shifts within the patrol division and contractual overtime.

~~15.5~~16.6 Overtime refused by EMPLOYEES will for record purposes under Section ~~15~~16.5, be considered as unpaid overtime offered for tracking purposes.

~~15.6~~16.7 Overtime will be calculated to the nearest fifteen (15) minutes.

~~15.7~~16.8 All EMPLOYEES will be allowed thirty minutes of work relief periods for each four (4) hours worked, which shall include coffee breaks and meals. This will be taken when affordable during such an EMPLOYEE'S regular tour of duty.

16.9 For the purpose of computing overtime compensation, overtime hours worked shall not be pyramided, compounded, or paid twice for the same hours worked.

~~15.8~~16.10 Overtime shall be paid in the pay period it is earned.

~~ARTICLE 16~~ARTICLE 17 **CALL BACK**

Any EMPLOYEE called back to work at a time other than their normal regularly scheduled shift shall be paid for a minimum of three (3) hours at time and one-half the EMPLOYEE'S regular rate of pay. An extension or early report to a regularly schedule shift for duty does not qualify the employee for the three (3) hours minimum.

~~ARTICLE 17~~ARTICLE 18 **STANDBY**

EMPLOYEES required to be on call or on standby shall receive one-half hour's pay for each hour.

~~ARTICLE 18~~ARTICLE 19 **COURT TIME**

~~18.1~~19.1 A minimum of three (3) hours overtime will be paid for court time while an EMPLOYEE is off-duty. All court time in excess of three (3) hours also will be paid at the overtime rate. The term "court time" shall include all time between the time at which such an EMPLOYEE is directed to appear and the time at which the employee is released by the attorney ordering the EMPLOYEE'S appearance. This shall include all recesses and

lunch periods during which an EMPLOYEE is not permitted to return to the employee's normal activities.

~~18.219.2~~ An EMPLOYEE will be paid mileage in an amount established annually for all City employees by the Federal IRS mileage rate per mile from home and back for a job related court appearance outside of Wayzata but within the Twin Cities area. An EMPLOYEE will be reimbursed for necessary parking fees and meals while attending court. If an EMPLOYEE is required by the EMPLOYER to attend court outside the Twin Cities area, the EMPLOYEE will be reimbursed for all necessary expenses connected therewith, including lodging.

~~18.319.3~~ Court Cancellation Pay: An EMPLOYEE who is scheduled to testify in court during off-duty time, but the court appearance is subsequently cancelled within less than 24 hours prior to the court appearance date and time, shall be paid three (3) hours pay at the EMPLOYEE'S base rate of pay. If the court appearance is canceled more than 24 hours in advance of the scheduled court appearance, the EMPLOYEE shall not receive any payment. The EMPLOYEE shall be responsible for contacting the City or County Attorney's office more than 24 hours before the court appearance date to verify the court appearance. Failure of the EMPLOYEE to verify the court appearance shall result in the loss of any payment pursuant to this section.

~~ARTICLE 19~~ARTICLE 20 UNIFORMS

The EMPLOYER will buy police EMPLOYEES ~~all~~ necessary uniforms, and civilian clothes for Investigator, including approved foot wear, as well as equipment and replacements.

An EMPLOYEE assigned to Investigation may purchase required clothing and equipment not to exceed \$1,100 for the two-year assignment. These purchases shall be reimbursed or charged directly to the EMPLOYER. Refusal to purchase any needed replacements shall be subject to the grievance procedure. Standard and seasonal changes will be posted in the squad room at City Hall.

ARTICLE 20ARTICLE 21 WAGES

~~20.121.1~~ EMPLOYEES will receive a one-time market adjustment in 2023 and 3.0% COLA increase for 20203, 20241 and 20252

	2023	2024	2025
Police Officer A -10 years			
Police Officer B			
Police Officer C			
Police Officer D			
Police Officer E			
Police Officer F			
Police Officer G			

	2023	2024	2025
-			
-	Market Adjustment	3%	3%
Police Officer - Step 1	\$31.33	\$32.30	\$33.27

Police Officer - Step 2	\$34.00	\$35.02	\$36.07	\$37.15
Police Officer - Step 3	\$36.75	\$37.85	\$38.99	\$40.16
Police Officer - Step 4	\$39.50	\$40.69	\$41.91	\$43.16
Police Officer - Step 5	\$42.25	\$43.52	\$44.82	\$46.17
		2023	2024	2025
	Market Adjustment	3%	3%	3%
Longevity Pay				
10 Years	\$42.92	\$44.25	\$45.58	\$46.94
15 Years	\$44.86	\$46.25	\$47.64	\$49.07

Incentive Pay: Employees who earn a job related Associate (2 year) or Bachelors (4 year) Degree shall receive one hundred dollars monthly in addition to their base pay.

All employees shall receive \$100.00 per month to implement and utilize "Modern Policing Themes/Practices".

20.221.2 Specialty Pay: An EMPLOYEE assigned to *Field Training Officer (FTO)* or *Firearms/Use of Force Instructor* duties by the Police Chief shall be paid a differential of \$125.00 per month above their regular hourly rate of pay. There can be no more than three (3) EMPLOYEES assigned to *Field Training Officer (FTO)* and there can be no more than three (3) *Firearms/Use of Force Instructor* at one time.

21.3 An EMPLOYEE assigned to *Field Training Officer (FTO)* duties by the Police Chief shall be paid a differential of \$250.00 per month above their regular hourly rate of pay for no less than 90 days from being assigned to FTO duties for a trainee.

21.4 An EMPLOYEE assigned to *School Resource Officer* duties by the Police Chief shall be paid a differential of \$2250.00 per month above their regular hourly rate of pay when performing SRO duties or that amount prorated for less than a full month. There can be no more than one employee assigned with this duty at one time.

21.5 An EMPLOYEE assigned to *Investigation* duties by the Police Chief shall be paid a differential of \$250.00 per month above their regular hourly rate of pay when performing Investigation duties or that amount prorated for less than a full month. There can be no more than two (2) employees assigned with this duty at one time.

21.6 An EMPLOYEE assigned to *K-9 Handler* duties by the Police Chief shall be assigned for the useful life of a service dog unless otherwise assigned by the Employer. The useful life of a service dog shall be determined at the discretion of the Employer.

A K-9 Handler shall receive one (1) hour of paid time off per shift scheduled to worked for the daily care, training and feeding of the service dog, including shifts covered by using annual leave benefits such as sick, vacation, and floating holiday. The paid time off shall be included as part of the K-9 Handler's regularly worked scheduled shift hours. (e.g., a 12-hour shift would include one hour of paid time off under this section, and 11 hours of scheduled time.) If a K-9 Handler works a partial shift this method of compensating for the care of the service dog will be in effect.

Commented [AY1]: Remove and add to the base rate for the position.

A K-9 Handler shall receive one (1) hour of pay at the officer's overtime rate for each day not scheduled to working for the care, training and feeding of the service dog. -This includes full shifts off where annual leave benefits of STO is used.

The K-9 Handler shall not receive one (1) hour of overtime for any days the K-9 handler is using annual leave benefits to cover their shift or when the dog is not under the K-9 Handler's custody, care and control.

Any additional time required for the care or training of the service dog must be approved in advance.

The K-9 handler will not receive K-9 compensation when the K-9 is not in their care (being boarded.)- If the K-9 is need of being boarded, due to the K-9 handler being on a City approved vacation or medical leave, all boarding costs will be the responsibility of the City.

21.521.7 Expenses: Should an EMPLOYEE be required to use a private vehicle for City business, including court appearances, the EMPLOYEE will be paid mileage at the rate set by the Federal IRS mileage rate for the current year. Mileage will be paid from either the EMPLOYEE'S home or City Hall, whichever is applicable in the given instance. The EMPLOYER will pay an EMPLOYEE for all necessary meals, boarding and mileage for required attendance at meetings, conferences, training sessions and schools with the approved form submitted to the Finance Department.

20.4 Payday: EMPLOYEES will be paid semi-monthly, no later than three (3) working days following the fifteenth of each month and the last day of each month for 2019. Effective 2nd quarter of 2020, the EMPLOYER will be processing payroll electronically and EMPLOYEES will be paid bi-weekly.

Commented [AY2]: This isn't union specific – its in the personnel policies and not relevant since we already transitioned.

ARTICLE 21ARTICLE 22 EDUCATION REIMBURSEMENT

All EMPLOYEES will be eligible for education/tuition reimbursement per the City's Education/Tuition Reimbursement Policy (attached as Appendix A.)

ARTICLE 22ARTICLE 23 INSURANCE

23.1 The EMPLOYER will offer EMPLOYEE the same medical and life insurance benefits which are offered to other City EMPLOYEES. In addition, EMPLOYEES will be covered by false arrest insurance paid for by the EMPLOYER, which shall include legal counsel for civil and criminal action when an officer is legally acting in the course of the EMPLOYEE'S duties.

23.2 ~~22.2~~ An EMPLOYEE who is on an approved unpaid leave of absence that is not covered under the Family and Medical Leave Act of 1993 shall be eligible to continue participation in the EMPLOYER group medical insurance plan during the unpaid leave of absence provided that the EMPLOYEE pays the full premium for coverage with no contribution from the EMPLOYER.

~~22.1~~ ~~22.3~~ For 2019, the EMPLOYER paid up to one thousand, three hundred thirty four (\$1,334.00) per month towards health insurance. Health Insurance premiums are determined by the EMPLOYER'S LOGIS Group Insurance, along with Gallagher (LOGIS' designated advisor). The EMPLOYER'S previous years' experience and ongoing claims will determine the LOGIS "bank" that the EMPLOYER will move to and what percentage increase it will be. This information will be presented at the EMPLOYER'S annual Open Enrollment for 202~~30~~, 202~~44~~ and 202~~25~~.

~~23.3~~

~~23.4~~ ~~22.4~~ Full single health insurance coverage shall be paid by the EMPLOYER and the EMPLOYER will deposit \$250.00 per month in the HSA account of single health insurance coverage employees.

~~22.223.5~~ The EMPLOYER also provides a basic life insurance policy of \$15,000. Additional life insurance may be added at the EMPLOYEE'S expense.

~~22.323.6~~ ~~Effective on or about October 1, 2011, t~~The EMPLOYER offered a dental insurance plan for EMPLOYEE and their families subject to the terms of the insurance policy. ~~EMPLOYEE participation in the dental insurance plan will be mandatory.~~ The EMPLOYER'S contribution toward the dental premium cost for the EMPLOYEE and family will be subject to the EMPLOYER'S insurance contribution as set forth in Section ~~223~~.3 above. Any additional cost shall be at the EMPLOYEE'S expense through payroll deduction.

~~ARTICLE 23~~ARTICLE 24 FITNESS/GYM MEMBERSHIP

An EMPLOYEE who has a fitness/gym membership shall receive up to \$30 per month towards that membership, which will be treated as ordinary taxable income to the EMPLOYEE according to IRS regulations. The EMPLOYER will pay the EMPLOYEE on the first pay period of January following the previous year's fitness/gym membership. The EMPLOYEE will turn in documentation on January 1st of every year that confirms the yearly fitness/gym membership has been paid and submit to Human Resources for reimbursement.

~~ARTICLE 24~~ARTICLE 25 TRAINING

The EMPLOYER will attempt to provide training for EMPLOYEEES in meeting their continuing education requirements of the Peace Officer Standards and Training Board. Class time spent in completing EMPLOYER required training in excess of the average workweek will be compensated at the overtime rate.

~~ARTICLE 25~~ARTICLE 26 SAVINGS CLAUSE

Should any Article, section or portion of this Agreement be held unlawful and unenforceable by any court of competent jurisdiction, such a decision of the court shall apply only to the specific article, section or portion hereof directly specified in said decision, and the remainder of this Agreement shall remain in full force and effect. The specific article, section or portion so voided may be renegotiated at the written request of either party.

~~ARTICLE 26~~ARTICLE 27 DURATION

Except as herein provided, this Agreement shall be effective January 1, 202~~30~~ and shall continue in full force and effect until December 31, 202~~52~~ and thereafter until modified or

Commented [AY3]: I recommend deleting these two sections because they are already covered in section 1 of this article.

amended by mutual agreement of the parties or until canceled by either party upon ten days' written notice to the other. Either party desiring to modify or amend this Agreement shall notify the other in writing by August 1st of the year in which modifications are desired, so as to comply with the provisions of the Public Employment Labor Relations Act as amended.

ARTICLE 27ARTICLE 28 EXECUTION

This Agreement is executed and signed by the parties hereto through their lawfully designated officers, pursuant to the authority of the governing body of the City of Wayzata and pursuant to the authorization of the members and officers of Law Enforcement Labor Services, Inc., Local No. 37 on this _____ day of _____, 20~~22~~¹⁹.

IN THE PRESENCE OF:

FOR THE CITY OF WAYZATA:

Witness

By: _____
Mayor ~~Johanna Mouton~~Ken Willcox

Witness

By: _____
City Manager Jeffrey Dahl

**FOR LAW ENFORCEMENT LABOR SERVICES
INC., (LELS), LOCAL NO. 37:**

Witness

By: _____
Union Steward Brandon Haapoja

Witness

By: _____
Union Representative ~~Corrinne Becker~~Brian Bone

APPENDIX A

Between the City of Wayzata

AND

Law Enforcement Labor Services, Inc.

EDUCATION/TUITION REIMBURSEMENT POLICY

It is the intent of the City of Wayzata to provide the citizens of Wayzata with a well-qualified and trained staff. As a part of its annual budget process, the City Council will consider the training and professional development needs of each department. It is the primary objective of the training program that training dollars are spent on learning which addresses organizational goals and follows a progression of skill development.

All regular City employees are eligible to participate, however, it is the expectation of the City of Wayzata that new hires come to the City fully qualified for their position. Therefore, training beyond incidental levels shall not be provided during an employee's first year of service.

Completion of additional training or education is not a basis for requesting a salary increase. Courses should be taken outside of work hours; however, when unavoidable courses may be taken during the work day with prior approval from the department head.

Training

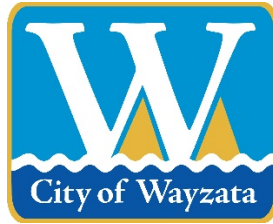
- The City will pay for job-related, position specific training approved by the Department Head and City Manager and deemed necessary to effectively complete the requirements of the position, provided there is adequate funding in the budget appropriation for training.
- The City will pay for, or reimburse employees for, any and all training required by the City to attain or maintain job-related certification.
- Conference and seminar training meals and lodging shall be provided for, if necessary, for in-state and out-of-state training. Travel expenses for in-state training shall be provided through the budget process. Travel expenses shall be provided for out-of-state training with prior approval of the Department Head and City Manager.
- The Finance Manager will maintain records on all employee training done at City expense and report annually on the training received and funds expended.

Education

- Employees participating in a job-related Bachelor's Degree program at an accredited college or university or post-secondary classes at accredited colleges, universities, and vocational/technical institutes can apply for City reimbursement for 50% of the cost of tuition, books and laboratory fees. Any other fees, including fees for supplies, transportation, student activity fees, late registration fees, school entrance fees, and graduation fees are not eligible for reimbursement.
- In order to be eligible for reimbursement, the degree program or classes must be deemed by the Department Head and City Manager to be job-related and a benefit to the employer before the employee registers for the class.

- Reimbursement will only be made upon receipt of a “C” or better for the course. Employees seeking reimbursement must present a paid fee statement and grade transcript in order to receive reimbursement.
- Reimbursement for classes taken at private institutions shall not exceed the tuition charged by the Minnesota State University system.
- Reimbursements are on a first come, first served basis and shall not exceed the department budget.
- In the event a department receives reimbursement requests that exceed its budget allocation for education reimbursement, the Department Head and City Manager shall determine how to apportion the available funds.
- The Finance Department will develop and maintain forms for requesting approval of class eligibility prior to registration and forms requesting reimbursement after successful completion of classes.

In the event an employee leaves the City, any reimbursement for education received during the 12 months prior to leaving must be returned to the City



20203-20252

LABOR AGREEMENT

BETWEEN

THE CITY OF WAYZATA

AND

**THE AMERICAN FEDERATION OF STATE,
COUNTY AND MUNICIPAL EMPLOYEES,
COUNCIL NO. 5, LOCAL 224**

Table of Contents

PURPOSE OF AGREEMENT	3
DEFINITIONS.....	3
ARTICLE 1 UNION RECOGNITION	3
ARTICLE 2 UNION SECURITY	3
ARTICLE 3 EMPLOYER AUTHORITY AND SECURITY	4
ARTICLE 4 DISCIPLINE	5
ARTICLE 5 GRIEVANCE PROCEDURE	5
ARTICLE 6 ARBITRATION	6
ARTICLE 7 SENIORITY	7
ARTICLE 8 VACATION	7
ARTICLE 9 SICK LEAVE	8
ARTICLE 10 JURY DUTY, FUNERAL LEAVE AND LEAVES OF ABSENCE	8
ARTICLE 11 HOLIDAYS	9
ARTICLE 12 HOURS OF WORK AND FLEXTIME	9
ARTICLE 13 OVERTIME, CALL BACK AND PARK'S COMPENSATORY TIME	10
ARTICLE 14 ROUTINE WEEKLY ON CALL DUTY	10
ARTICLE 15 WAGES	10
ARTICLE 16 INSURANCE	11
ARTICLE 17 ALLOWANCES	12
ARTICLE 18 SEASONAL AND TEMPORARY PUBLIC SERVICE WORKERS	12
ARTICLE 19 SAVINGS CLAUSE	12
ARTICLE 20 DURATION	12

PURPOSE OF AGREEMENT

This AGREEMENT is hereby made and entered into between the City of Wayzata, a municipal corporation, and the American Federation of State, County and Municipal Employees, Council No. 5, Local 224. It is the purpose and intent of this AGREEMENT to express in written form the AGREEMENT of the parties hereto regarding terms and conditions of employment in the Wayzata Public Works Department.

DEFINITIONS

- **EMPLOYER:** The City of Wayzata or its designee.
- **EMPLOYEE:** A member of the exclusively recognized bargaining unit.
- **BASE PAY RATE:** The EMPLOYEE'S hourly pay rate.
- **CALL BACK:** Return of an EMPLOYEE to a specified work site to perform assigned duties at the authorization of the EMPLOYER at a time other than a regular scheduled shift by their Supervisor. An extension of or an early report to a scheduled shift is not a call back.
- **DUAL PSW:** A Public Service Worker (PSW) who has a significant proportion of regular and ongoing job duties that are not included in any PSW job description. These EMPLOYEES will have a distinct job description and title which captures their multiple roles and any differentiating minimum qualifications needed to perform it. Examples of these roles could include but are not limited to Facilities Technician and Forester.
- **FLEXTIME:** Flextime allows an EMPLOYEE to alter the start and end times of his/her work day around their normal schedule. Flextime does not reduce the total number of hours worked in a given week and must be approved by Supervisor.
- **OVERTIME:** Hours worked in excess of eight (8) hours within a twenty-four (24) hour period (except shift changes) or more than forty hours (40) within a seven (7) day period will be compensated for at one and one-half times the EMPLOYEE'S regular base pay rate. For the purposes of computing overtime compensation, overtime hours worked shall not be pyramided, compounded, or paid twice for the same hours worked.
- **SEASONAL AND TEMPORARY EMPLOYEE:** An EMPLOYEE hired by the City on a seasonal or temporary basis who is employed for seven (7) months or less within a twelve (12) month period, but not more than 67 work days and fourteen (14) hours per week. This does not include EMPLOYEES exempted from the 67-day requirement, due to their student status by Minnesota Statutes §179A.03, Subd.14(f).
- **SENIORITY:** Length of continuous service in any of the job classifications covered in this AGREEMENT.
- **UNION:** American Federation of State, County, and Municipal EMPLOYEES, Council No. 5, Local 224.

ARTICLE 1 UNION RECOGNITION

It is understood and agreed between both parties hereto that the American Federation of State, County and Municipal Employees, Council No. 5, Local 224 is the exclusive representative of non-supervisory EMPLOYEES of the Public Works Department, and as such the UNION is authorized to enter into this AGREEMENT for and on behalf of the EMPLOYEES it so represents.

ARTICLE 2 UNION SECURITY

2.1 DUES

The EMPLOYER shall deduct per pay period an amount sufficient to provide the payment of regular dues established by the UNION from the wages of all EMPLOYEES authorizing such deduction on a form designated and furnished by the UNION.

The UNION shall confirm to the EMPLOYER, in writing, the current amount of regular dues to be withheld authorized by law.

2.2 INDEMNIFICATION

The UNION agrees to indemnify and hold the EMPLOYER harmless against any and all claims, suits, orders, or judgments brought or issued against the EMPLOYER or as a result of any action taken or not taken by the EMPLOYER under the provisions of this Article.

2.3 REPRESENTATION

The EMPLOYER agrees to recognize stewards certified by the bargaining unit as provided in this subject to the following:

- The UNION will provide a list of Union officers and Union stewards who are authorized to investigate and present grievances to the EMPLOYER. The list will remain in effect until the UNION provides a replacement(s) for an office.

The UNION will be allowed reasonable visitation by UNION representatives for the purpose of signing up new members and processing grievances.

The EMPLOYER agrees to allow EMPLOYEES to interrupt their work for a reasonable amount of time for the purpose of UNION business. Provided that the EMPLOYEE gives Supervisor prior notices of when such business will commence and when the business ended. Not more than one (1) EMPLOYEE (steward or officer) will be authorized time off with pay to investigate or present any one (1) grievance to the EMPLOYER.

Paid interruption of work for UNION business shall be limited to the investigation and presentation of grievances to the EMPLOYER at times when the EMPLOYEE is scheduled to work. It is recognized and accepted by the UNION and the EMPLOYER that the investigation and processing of grievances as hereinafter provided is limited by the job duties and responsibilities of the EMPLOYEES and shall therefore be accomplished during normal working hours only when consistent with such EMPLOYEE duties and responsibilities.

EMPLOYER shall, by request of the UNION, grant reasonable time off for union business as required by law for unpaid leave of absences by Union members who are elected or appointed officials of the UNION.

2.4 OFFICIAL NOTICES

The EMPLOYER agrees to allow the UNION to place official notices and bulletins relating to union business on a bulletin board in a common area. The UNION agrees that it will enforce the following: Items which reflect negatively on the UNION, EMPLOYEES or the City of Wayzata, shall not be posted. All posted materials must be approved by an authorized Union representative. The EMPLOYER shall have no responsibility for any materials posted on the bulletin board.

ARTICLE 3 EMPLOYER AUTHORITY AND SECURITY

- 3.1** The EMPLOYER retains the full and unrestricted right to operate and manage all manpower, facilities, and equipment; to establish functions and programs; to set and amend budgets; to determine the utilization of technology; to establish and modify the

organizational structure; to select, direct and determine the number of personnel; to establish work schedules; and to perform any inherent managerial function not specifically limited by this AGREEMENT.

- 3.2** The UNION and its members agree that during the life of this AGREEMENT, they will not cause, encourage, participate in, or support any strike, slowdown, or other interruption of, or interference with, the normal functions of the EMPLOYER. Violations of this Article shall be grounds for disciplinary action and up to and including discharge.

ARTICLE 4 DISCIPLINE

- 4.1** No EMPLOYEE shall be disciplined or discharged without cause. Any disciplinary action or measure imposed upon an EMPLOYEE may be processed as a grievance. New EMPLOYEES and EMPLOYEES who have been rehired shall be on a twelve (12) month probationary period and may be disciplined or discharged by the EMPLOYER in its sole and exclusive discretion at any time during such twelve (12) months' probationary period. EMPLOYEES who have completed the probationary period may be suspended or discharged for just cause.

Discipline may be in one or more of the following forms:

- a) Oral reprimand;
- b) Written reprimand;
- c) Suspension;
- d) Demotion;
- e) Discharge.

- 4.2** Notice of suspension, demotions, and discharges will be in written form and will state the reasons for the action taken. Suspensions will set forth the time period for which the suspension shall be effective. Demotions will state the classification to which the EMPLOYEE is demoted. The UNION and Union President will be provided with a copy of all written reprimands, notices of suspension, demotion, or discharge.

ARTICLE 5 GRIEVANCE PROCEDURE

- 5.1** Any grievance which may arise between the parties hereto shall be settled in the manner outlined below. The word "grievance" shall mean any dispute with regard to the interpretation, application or violation of any terms or provisions of this AGREEMENT.

Step 1. As the first step in the grievance procedure an EMPLOYEE having a grievance shall take up the grievance with the EMPLOYEE'S Department Head within twenty-one (21) calendar days of the date of its occurrence. The Department Head shall consider the grievance and shall respond to the EMPLOYEE within ten (10) calendar days.

Step 2. If the grievance remains unadjusted the UNION Steward, with or without the EMPLOYEE, shall present the grievance in writing to the EMPLOYEE'S Department Head, with a copy to the City Manager, within ten (10) calendar days after the initial response of the department head is due. The Department Head again shall consider the grievance and shall respond in writing to the Union Steward within ten (10) calendar days.

Step 3. If the grievance still remains unadjusted it shall be presented in writing by the Union Steward and the UNION to the City Manager within ten (10) calendar days after

the response of the department head is due. The City Manager shall respond in writing to the Union Steward and UNION within ten (10) calendar days.

Step 4. If the grievance is still unsettled either party may, by written notice to the other, request arbitration.

- 5.2** By mutual written AGREEMENT the parties hereto may waive any step and extend any time limit in the above grievance procedure. However, failure to adhere to the above time limits may result in a forfeit of the grievance or, in the case of the EMPLOYER, may require mandatory adjustment of the grievance as outlined in the last statement by the Union Steward or UNION.
- 5.3 CHOICE OF REMEDY:** If, as a result of the written EMPLOYER response in Step 3, the grievance remains unresolved, and if the grievance involves the suspension, demotion or discharge of an EMPLOYEE who has completed the required probationary period, the grievance may be appealed either to Step 4 of Article 5 or a procedure such as: Civil Service or Veterans Preference. If appealed to any procedure other than Step 4 of Article 5, the grievance is not subject to the arbitration procedure as provided in Step 4 of Article 5. The aggrieved EMPLOYEE shall indicate in writing which procedure is to be utilized; Step 4 of Article 5 or another appeal procedure and shall sign a statement to the effect that the choice of any other hearing precludes the aggrieved EMPLOYEE from making a subsequent appeal through Step 4 of Article 5. Except that with respect to statutes under the jurisdiction of the United States Equal Employment Opportunity Commissions, an EMPLOYEE pursuing a statutory remedy is not precluded from also pursuing an appeal under this grievance procedure.

ARTICLE 6 ARBITRATION

- 6.1** The City Manager and the UNION shall endeavor to select a mutually acceptable arbitrator to hear and decide a grievance which has reached Step 4 in the grievance procedure. If the City Manager and the UNION are unable to agree upon an arbitrator, they may request from the Minnesota Bureau of Mediation Services a list of five names, which names shall be from a larger list maintained by the Bureau and made up of qualified arbitrators having submitted an application therefore to the Bureau. The parties shall alternately strike names from this list, with the UNION striking the first name, until only one name remains. The remaining arbitrator then shall hear and decide the grievance.
- 6.2** The arbitrator shall have no right to amend, modify, nullify, ignore, add to or subtract from the terms and conditions of this AGREEMENT. The arbitrator shall consider and decide only the specific issue(s) submitted in writing by the EMPLOYER and the UNION, and shall have no authority to make a decision on any other issue not so submitted. The decision of the arbitrator shall be issued within ten (10) working days following the completion of testimony on the grievance.
- 6.3** The decision of the arbitrator shall be final and binding upon all parties to the dispute unless the decision violates any provision of the laws of Minnesota or rules or regulations promulgated thereunder, or violates the City Charter or ordinances or resolutions enacted pursuant thereto, or causes a penalty to be incurred thereunder. This decision shall be issued to the parties by the arbitrator and a copy thereof shall be filed with the Minnesota Bureau of Mediation Services.

- 6.4** Expenses for arbitration services and processing shall be borne equally by the EMPLOYER and the UNION. However, each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings it may cause such a record to be made. Such party shall pay for this record and shall make copies available without charge to the other party and to the arbitrator. All time spent in the grievance procedure by either the EMPLOYEE or the Union Steward shall be during their off-duty hours, unless on-duty participation is approved in advance by the City Manager.

ARTICLE 7 SENIORITY

- 7.1** New EMPLOYEES shall be on a twelve-month probationary period. The EMPLOYER shall furnish to the UNION a Seniority List of the EMPLOYEES, based upon and showing their respective dates of hire. Annually the EMPLOYER shall add to this list any new EMPLOYEES hired during the year. EMPLOYEES shall be advanced to the next salary step upon satisfactory completion of the probationary period. If an EMPLOYEE is denied a salary progression because of unsatisfactory execution of duties, the City Manager shall explain in writing to the EMPLOYEE such unsatisfactory performance.
- 7.2** Promotions within the Public Works Department will go to the EMPLOYEE deemed to be best qualified for the position to be filled. Where possible, every consideration will be given to present EMPLOYEES of the Department.

7.3 If an EMPLOYEE was promoted to a non-union position and is demoted to their former union position, they shall accrue seniority as if they had been continually employed in their former union position.

7.37.4 In the event of a layoff within the UNION, seniority shall govern if ability and other qualifying factors as determined by the EMPLOYER are equal.

The last EMPLOYEE laid off shall be the first EMPLOYEE to be recalled to work, provided the EMPLOYEE immediately meets the qualifications to perform the work involved. No new EMPLOYEE shall be hired during the two-year period following the layoff unless the laid off EMPLOYEE does not immediately have the qualifications to perform the work involved.

7.47.5 The City will notify an EMPLOYEE on layoff to return to work by registered mail at the EMPLOYEE'S last recorded address. The EMPLOYEE must return to work within 10 calendar days following notice of recall in order to be eligible for reemployment. Recall rights shall cease two (2) years after an EMPLOYEE is laid off and thereupon such EMPLOYEE shall be deemed separated from employment and shall have no further recall rights.

ARTICLE 8 VACATION

8.1 EMPLOYEES will receive the following vacation leave, based upon their years of service with the City:

0 to 05 years of service	10 days	(6 2/3 hours/month)
06 to 11 years of service	16 days	(10 2/3 hours/month)
12 to 13 years of service	17 1/2 days	(11 2/3 hours/month)
14 to 15 years of service	19 days	(12 2/3 hours/month)
16 to 17 years of service	20 1/2 days	(13 2/3 hours/month)
18 to 19 years of service	21 days	(14 hours/month)
20 to 24 years of service	23 days	(15 1/3 hours/month)
25+ years of service	24 days	(16 hours/month)

8.2 EMPLOYEES who end employment with the EMPLOYER in good standing by resignation (meaning eligible for re-hire) or retirement will receive pay for their unused accrued vacation at 100%.

8.3 No more than 200 hours are allowed to be carried over into the following year.

ARTICLE 9 SICK LEAVE

9.1 Each EMPLOYEE will earn eight (8) hours per month sick leave, to a maximum of 960 hours. Hours earned over the maximum must be converted via the Sick Leave Credit Pay Plan and, in any event, no more than 960 hours can be carried forward to the next year. Sick leave will be paid at the EMPLOYEE'S pay level at the time of illness, and in cases of prolonged illness the EMPLOYEE may also use vacation time after accumulated sick leave has expired. While on sick leave, an EMPLOYEE shall continue to earn and accrue all benefits as fully employed and on duty.

9.2 Sick leave will be granted for personal illness, injury or legal quarantine of the EMPLOYEE or for critical illness in the EMPLOYEE'S immediate family (spouse, minor children and adult children (children include: biological, step, adopted, foster and grandchildren), siblings, parents, mother and father-in-law, grandparents and stepparents). At the discretion of the City Manager, a doctor's certificate may be required showing the nature and extent of any injury or illness.

9.3 EMPLOYEES are covered by Worker's Compensation, which covers injuries received on the job. The EMPLOYEE will be paid by the City with the difference between Workers' Compensation and the EMPLOYEE'S regular pay for a period not to exceed six months. The EMPLOYEE shall not lose sick leave for this type of injury. While on Workers' Compensation an EMPLOYEE shall continue to earn and accrue all benefits as fully employed and on duty.

9.4 Sick Leave Credit Pay Out Plan
EMPLOYEES, who leave employment (in good standing) may as of the date of separation, receive compensation for a percentage of their accrued sick leave to a Minnesota State Retirement System (MSRS) Post Employment Health Care Savings Plan. The percentages are calculated as follows:

- 25% of the sick leave hours between 0 to 720 hours
- 60% of the sick leave hours between 721 hours to 960 hours
- 85% of the sick leave hours between 961 hours to 1056 hours

ARTICLE 10 JURY DUTY, FUNERAL LEAVE AND LEAVES OF ABSENCE

- 10.1 Jury Duty.** If an EMPLOYEE is called for jury duty the EMPLOYEE will be excused from work during that period. The EMPLOYER will pay the difference from that pay received for jury duty and that received as regular salary. Mileage allowance shall not be considered or deducted from regular salary.
- 10.2 Military Duty.** If an EMPLOYEE is called into the military service, whether in the reserves or active duty, armed forces of for the United States, the EMPLOYEE the City's Personnel Policy, and State and Federal Laws pertaining to military leave shall apply~~will receive no pay while gone, but the time spent will count as time worked with the City for purposes of accruing seniority. For salary purposes, upon return from military duty, the EMPLOYEE will begin on the step at which the EMPLOYEE last worked. If an EMPLOYEE is required to attend summer camp or cruise with the military reserves the EMPLOYEE will be paid by the EMPLOYER the difference between the EMPLOYEE'S pay at such summer camp or cruise and the EMPLOYEE'S regular pay.~~
- 10.3 Leaves of Absence With Pay.** EMPLOYEES required by the EMPLOYER to attend school, trainings or meetings will receive their normal pay and benefits during such school, trainings or meetings. EMPLOYEES will be provided other paid leave as required by law.
- 10.4 Leave of Absence Without Pay.** EMPLOYEES granted a leave of absence without pay will accrue no benefits while gone.
- 10.5 Funeral Leave.** In the event of the death of an EMPLOYEE'S immediate family member, EMPLOYEE will be granted up to three (3) days of funeral leave with pay, without the EMPLOYEE losing any benefit time earned. Immediate family shall be defined as spouse, parents, step-parents, children, step-children, brothers, sisters, grandparents, grandchildren, aunt, uncle or a like member of EMPLOYEE'S spouses' family, as well as any member of the EMPLOYEE'S immediate household when a close relationship exists and has been designated by the EMPLOYEE to the EMPLOYER in advance.

ARTICLE 11 HOLIDAYS

- 11.1** EMPLOYEES will receive twelve (12) holidays per year (96 holiday hours). These holidays are:
- New Year's Day
 - Martin Luther King Day
 - Presidents Day
 - Good Friday*
 - Memorial Day
 - Independence Day
 - Labor Day
 - Veterans' Day
 - Thanksgiving Day
 - Friday after Thanksgiving Day
 - 4-hours on Christmas Eve Afternoon
 - Christmas Day
 - 4-hours Floating Holiday (to be taken subject to EMPLOYER approval)

*In the event the State of Minnesota or the City Council declares Juneteenth as an official holiday in which state and city offices are closed, the Good Friday holiday shall be removed and replaced with Juneteenth.

- 11.2** For each holiday EMPLOYEES will receive the day off with pay, except as otherwise provided herein. When a holiday falls on Saturday EMPLOYEES will receive the preceding Friday off and when a holiday falls on Sunday EMPLOYEES will receive the following Monday off. In the years when the Christmas Eve holiday (December 24) falls on a Friday, EMPLOYEES will observe the holiday on Friday and Christmas Day shall be treated as an 8-hour floating holiday.

ARTICLE 12 HOURS OF WORK AND FLEXTIME

- 12.1** The regular work day for EMPLOYEES shall be eight (8) hours, which will include thirty minutes of work relief periods. An additional thirty minutes each day will be allowed for meals, but shall not count as time worked. The regular work week for EMPLOYEES shall be forty (40) hours.
- 12.2** For hours worked outside of the regularly scheduled shift (prior to 6:00 A.M. and after 3:30 P.M.). EMPLOYEES shall receive \$52.00 pay per hour differential, now referred to Flextime, upon Supervisor's approval. Flextime allows EMPLOYEE to alter the start and end times of his/her work day around their normal schedule. Flextime does not reduce the total number of hours worked in a given week. This only applies when the hours are flexed and are not in addition to overtime if eligible.

ARTICLE 13 OVERTIME, CALL BACK AND PARK'S COMPENSATORY TIME

- 13.1** Hours worked in excess of eight (8) hours within a twenty-four (24) hour period (except for shift changes) or more than forty (40) hours worked in a seven (7) days period will be compensated at overtime at one and half times the EMPLOYEE'S regular base pay rate. To the extent possible all overtime will be distributed equally among those EMPLOYEES entitled to receive it.
- 13.2** Overtime will be paid for all call back work approved by their Supervisor. The minimum amount of call back pay shall be three hours at the one and half times the EMPLOYEE'S regular base pay rate.
- 13.3** Double time will be paid for all call back work on all City recognized Holidays (on the actual Holiday not the observed Holiday). The minimum amount of call back pay shall be three hours at double time the EMPLOYEE'S regular base pay rate.
- 13.4** In lieu of overtime pay, Park Department EMPLOYEES may opt for compensatory time off calculated at the specific overtime situation rate approved by their Supervisor.
- 13.5** To stay compliant with the regulations under Section 451 of the Internal Revenue Code- Constructive Receipt, Non-exempt EMPLOYEE'S unused compensatory time (maximum of 40 hours at any time) will be paid out at the end of every year.

ARTICLE 14 ~~SNOW REMOVAL COMPENSATORY TIME OFF AND~~ ROUTINE WEEKLY ON CALL DUTY

~~14.1—Seventy-five (75) hours of overtime pay for EMPLOYEES shall be allocated for emergency snow removal each year. After this maximum is reached compensatory double time off will be granted for the remaining overtime spent in snow removal.~~

EMPLOYEES performing routine weekly on-call duties will be compensated ten (10) hours at their regular hourly base pay per week or ten (10) hours of compensatory actual time when they are assigned to routine weekly on-call duty.

The on-call week runs from Tuesday at 7:00 a.m. until the following Tuesday at 6:59 a.m.

EMPLOYEES who are assigned to routine weekly on-call duty during a City recognized Holiday week, shall receive an additional two (2) hours of actual time for compensation.

ARTICLE 15 WAGES

~~15.1—PAYDAY. EMPLOYEES will be paid semi-monthly, no later than three working days following the fifteenth of each month and the last of each month for 2019. Effective second quarter in 2020, the EMPLOYER will be processing payroll electronically and EMPLOYEES will be paid bi-weekly.~~

15.215.1 EXPENSES. Should an EMPLOYEE be required to use a private vehicle for City business, the EMPLOYEE will be paid mileage at the rate set by the Federal IRS for the current year for all EMPLOYEES, plus any necessary parking fees for the use of such vehicle. The EMPLOYER will pay an EMPLOYEE for all necessary meals, lodging and mileage for required attendance at meetings, conferences, training sessions and schools. The EMPLOYER will cover the cost of tuition and books for job related schools. If a school is held only during normal working hours and the course is approved by the EMPLOYER, EMPLOYEES shall be paid their normal rate of pay for attendance at the school.

15.315.2 WAGES.

		2022	2023	2024	2025
			3.00%	3.00%	3.00%
PSW-A.1	Entry-1 year	\$ 24.31	<u>\$ 25.04</u>	<u>\$ 25.79</u>	<u>\$ 26.56</u>
PSW-A.2	2nd year	\$ 25.88	<u>\$ 26.66</u>	<u>\$ 27.46</u>	<u>\$ 28.28</u>
PSW-B.1	3rd year	\$ 27.78	<u>\$ 28.61</u>	<u>\$ 29.47</u>	<u>\$ 30.36</u>
PSW-B.2	4th year	\$ 29.35	<u>\$ 30.23</u>	<u>\$ 31.14</u>	<u>\$ 32.07</u>
PSW-C.1	5th year	\$ 31.22	<u>\$ 32.16</u>	<u>\$ 33.12</u>	<u>\$ 34.11</u>
PSW-C.2	6th year	\$ 32.80	<u>\$ 33.78</u>	<u>\$ 34.80</u>	<u>\$ 35.84</u>
<u>PSW-C.3</u>	<u>10th year</u>		<u>\$ 34.12</u>	<u>\$ 35.15</u>	<u>\$ 36.20</u>
Dual PSW-A.1	Entry-1 year	\$ 26.84	<u>\$ 27.65</u>	<u>\$ 28.47</u>	<u>\$ 29.33</u>
Dual PSW-A.2	2nd year	\$ 28.57	<u>\$ 29.43</u>	<u>\$ 30.31</u>	<u>\$ 31.22</u>
Dual PSW-B.1	3rd year	\$ 30.67	<u>\$ 31.59</u>	<u>\$ 32.54</u>	<u>\$ 33.51</u>
Dual PSW-B.2	4th year	\$ 32.42	<u>\$ 33.39</u>	<u>\$ 34.39</u>	<u>\$ 35.43</u>
Dual PSW-C.1	5th year	\$ 34.52	<u>\$ 35.56</u>	<u>\$ 36.62</u>	<u>\$ 37.72</u>

Dual PSW-C.2	6th year	\$ 36.26	<u>\$ 37.35</u>	<u>\$ 38.47</u>	<u>\$ 39.62</u>
<u>Dual PSW-C.3</u>	<u>10th year</u>		<u>\$ 37.72</u>	<u>\$ 38.85</u>	<u>\$ 40.02</u>

		2022	2023		2024	2025
			New Scale	Wage	3.00%	3.00%
Lead PSW	Entry-1 year	\$ 36.16	Step 1	\$ 32.40	\$ 33.37	\$ 34.37
Lead PSW	2nd year	\$ 37.23	Step 2	\$ 34.82	\$ 35.87	\$ 36.94
Lead PSW	3rd year	\$ 38.35	Step 3*	\$ 37.24	\$ 38.36	\$ 39.51
			Step 4	\$ 38.37	\$ 39.52	\$ 40.71
			Step 5	\$ 39.50	\$ 40.69	\$ 41.91

15.415.3 Advancement to the next step will occur at the next regular pay period following satisfactory completion of the time of service requirement and achievement of minimum qualifications (see Appendix A).

All EMPLOYEES classified as Public Service Workers will be eligible to move to the top of the range based on satisfactory performance (EMPLOYER will determine as to whether performance was satisfactory and EMPLOYER'S determinations may be processed as a grievance but cannot be brought to arbitration) and achievement of the minimum qualifications. Once the EMPLOYEE has achieved the top step the EMPLOYEE must maintain satisfactory performance (EMPLOYER will determine whether performance was satisfactory and EMPLOYER'S determinations may be processed as a grievance but may not be brought to arbitration) in order to stay at that level.

15.515.4 At such time as the EMPLOYER specifically assigns an EMPLOYEE to work out of class as a lead worker or foreman temporarily, the EMPLOYER will pay during that assignment 10% additional per hour differential pay above the pay rate that EMPLOYEE is assigned to in the contract. This extra compensation will end at such time as the EMPLOYER reassigns that EMPLOYEE to the original classification.

ARTICLE 16 INSURANCE

16.1 The EMPLOYER will offer each EMPLOYEE the same medical and life insurance benefits which are offered to other City employees.

16.2 An EMPLOYEE who is on an approved unpaid leave of absence that is not covered under the Family and Medical Leave Act of 1993 shall be eligible to continue participation in the EMPLOYER group medical insurance plan during the unpaid leave of absence provided the EMPLOYEE pays the full premium for coverage with no contribution from the EMPLOYER.

16.3 ~~For 2019, the EMPLOYER pays up to one thousand, three hundred thirty four (1,334.00) per month towards health insurance.~~ Health Insurance premiums are determined by the EMPLOYER'S LOGIS Group Insurance, along with Gallagher (LOGIS' designated advisor). Based on the EMPLOYER'S previous years' experience and ongoing claims will determine the LOGIS "bank" that the EMPLOYER will move to and what percentage

increase it will be ~~which is. This is~~ presented to EMPLOYEES at the EMPLOYER'S annual Open Enrollment ~~for 2020, 2021 and 2022~~meeting. If the proposed monthly premium rate increase is more than 15%, the UNION may re-open the contract.

Full single coverage shall be paid 100% by the EMPLOYER and the EMPLOYER will deposit \$250.00 per month in the Health Savings Account (HSA) of single coverage EMPLOYEES.

~~16.3~~16.4 Effective February 1, or March 1, 2012, the EMPLOYER offered and will continue to offer a dental insurance plan for EMPLOYEES and their families subject to the terms of the dental insurance policy. ~~Bargaining unit participation in the dental insurance plan must meet a minimum of (80%) for the program to continue; if participation falls below 80% EMPLOYER may discontinue offering a dental insurance plan.~~ The EMPLOYER contribution toward the premium cost for dental insurance for the EMPLOYEE and family will be subject to the EMPLOYER'S insurance contribution as set forth in Section 16.3 above, and any additional cost shall be at the EMPLOYEE'S expense through payroll deduction.

ARTICLE 17 UNIFORMS ALLOWANCES

17.1 UNIFORM ALLOWANCE. Each calendar year the EMPLOYER will provide the EMPLOYEE up to \$367.00 for work clothing and uniforms. Qualifying work clothing may include, but is not limited to: pants/jeans, shirts, jacket, sweatshirts, insulated coverall or bib/jacket combination, etc. EMPLOYEES are responsible for laundering and maintenance of all work clothing and uniforms. The EMPLOYER will provide the EMPLOYEE up to \$200 each calendar year for the purchase of ANSI certified foot wear.

Any other safety related equipment required by federal, state, or local rules and regulations shall be the responsibility of the EMPLOYER to purchase and provide such items including but not limited to safety vests, safety masks, and safety harnesses.

17.2 CELL PHONE ALLOWANCE. EMPLOYEES who regularly utilize their cell phones for communication and/or are required to utilize their cell phone for accessing email and timekeeping software will be compensated with a \$10 per month cell phone allowance. EMPLOYEES who receive this allowance must be accessible via their cell phone during work hours and/or be available for emergency response or consultation as needed. Employees are expected to keep their cell phone turned on during times agreed upon and comply with the City's Technology Policy.

ARTICLE 18 SEASONAL AND TEMPORARY PUBLIC SERVICE WORKERS

~~**18.1** Seasonal and Temporary EMPLOYEES who are hired to work 40 hours per week shall be covered only by those provisions of the AGREEMENT relating to:~~

- ~~• Seasonal and Temporary work schedule to be determined by the EMPLOYER~~
- ~~• Holiday Pay for Seasonal and Temporary EMPLOYEES who are scheduled to work 40 hours Monday through Friday as stated in 18.3.~~
- ~~• Seasonal Dock Masters EMPLOYEES will be provided with one (1) t-shirt and one (1) hat.~~

18.218.1 Seasonal and Temporary Public Service Workers will be paid at a rate to be determined by the EMPLOYER which will not be below the rate for student workers and will not exceed the rate of a Public Service Worker at the top scale.

18.318.2 Seasonal and Temporary Public Services Workers who are hired to work for forty (40) hours Monday through Friday will receive holiday pay at their normal straight time rates for holidays, provided they work the full work week in which the holiday falls. Seasonal and Temporary Public Services Workers will not be eligible for any other benefits under this AGREEMENT.

ARTICLE 19 SAVINGS CLAUSE

This AGREEMENT is subject to the laws of the United States and the State of Minnesota. In the event any provision of the AGREEMENT shall be held to be contrary to law by a court of competent jurisdiction from whose final judgment or decree no appeal has been taken within the time provided, such provision shall be voided. All other provisions of this AGREEMENT shall continue in full force and effect.

ARTICLE 20 DURATION

This AGREEMENT shall be effective January 1, 202~~03~~²⁵ and shall continue in full force and effect until December 31, 202~~25~~²².

THIS AGREEMENT is executed and signed by the parties hereto through the lawfully designated officers pursuant to the authority of the governing body of the City of Wayzata and pursuant to the authorization of the American Federation of State, County and Municipal Employees, Council No. 5, Local 224 on this ____ day of _____, 20~~19~~²²

IN THE PRESENCE OF:

FOR THE CITY OF WAYZATA:

By: _____
Witness

By: _____
Mayor ~~Ken Willeo~~^{Johanna Mouton}

By: _____
Witness

By: _____
City Manager Jeffrey Dahl

**FOR AMERICAN FEDERATION OF STATE, COUNTY, and MUNICIPAL EMPLOYEES,
COUNCIL NO. 5, LOCAL 224**

By: _____
AFSCME Representative

By: _____
UNION President

By: _____
UNION Steward

By: _____
West Team Director

APPENDIX A

PUBLIC WORKS MAINTENANCE MINIMUM REQUIREMENTS

Public Service Worker Level A

- High School Diploma, GED or equivalent
- Valid Minnesota Class B Driver's License
- Ability to read, understand, and follow written and oral instructions, including safety rules.
- Ability to meet the physical demands of the job including but not limited to lifting, bending, climbing, reaching overhead, pushing and pulling.
- Ability to perform job responsibilities in climatic extremes.
- Ability to work in a cooperative manner as a member of a crew or team.
- Ability to perform routine repair and maintenance tasks in one or more of the following sections: Streets, Parks, Sewer & Water.

Public Service Worker Level B

- Meets or exceeds all the minimum requirements of Public Service Worker Level A.
- Completion of two (2) years of experience at Level A
- Minnesota Class B Driver's License or appropriate Commercial Driver's License
- Successful completion of all applicable City safety and hazardous materials training
- Demonstrated ability in the repair of small engines and of routine vehicle maintenance

CERTIFICATION:

- **Street Worker:** Ability to use non-motorized and small engine type of equipment in areas of job responsibilities
- **Park Worker:** When required by the Department Head, Minnesota Non-Commercial Pesticide/Herbicide Applicator License/Certificate
- **Sewer Worker:** Class S-D Waste Water Operator's Certificate
- **Water Worker:** Class D Water Supply System Operator's Certificate

Public Service Worker Level C

- Meets or exceeds all the minimum requirements for Public Service Worker Level B
- Completion of two (2) years of experience at Level B
- Ability to work with minimum amount of on-site supervision

Enrollment in a Public Works Certificate Program or other program related to public works maintenance offered by a technical college or community college. **Successful completion of:**

16 credits in such a public works maintenance program plus, another 8 credits or 8 CEUs in programs directly job related. (24 total) In-service training, college credits and/or CEUs may be substituted for the 16 credits at the discretion of management.

CREDIT is a credit that is a component of a program of instruction leading towards a diploma or degree.

C E U is unit of measurement of instruction. One CEU is equal to 10 hours of instruction. CEUs are used for courses that stand alone and are not part of a diploma or degree program.

CERTIFICATION: (In service training, college credits and/or CEUs may be substituted for the public works maintenance program at the discretion of management.)

Street Worker: Successful completion of course work in a public works maintenance program (16 credits), plus in-service training, or certification in one (1) or more areas including but not limited to the following areas: bituminous technology and repair, light equipment operation, tree trimming, traffic control, asphalt testing, pavement marking, snow removal, construction, concrete finishing, and surveying.

Park Worker: In addition to Minnesota Non-commercial Pesticide/Herbicide Applicator License/Certificate when required by the Department Head, successful completion of course work in a public works maintenance program (12 credits) plus, in-service training, or certification in one (1) or more areas including but not limited to the following: landscaping, irrigation, entomology, forestry, turf maintenance, building maintenance and construction, concrete finishing, and surveying.

Sewer Worker: Class S-C Waste Water Operator's Certificate plus, in-service training, or certification in one (1) or more areas including but not limited to the following: irrigation, building maintenance and construction, concrete finishing, surveying, electronics or basic electrical skills.

Water Worker: Class C Water Supply System Operator's Certificate plus, in-service training, or certification in one (1) or more areas including but not limited to the following: irrigation, building maintenance and construction, concrete finishing, surveying, electronics or basic electrical skills.

All EMPLOYEES are encouraged to cross train and earn their credits in the list of subjects in an adjacent division once they have met the minimums in the home base division.

Public Service Lead Worker for Streets, Fleet, Park and Utilities Departments

- Must have a valid Minnesota Class B Commercial Driver's License with tanker and air brake endorsements.
- Must be a current full-time City of Wayzata Public Service Worker in good standing for at least three full years.
- Must be able to perform the essential functions of the job without unreasonable physical restrictions.
- Previous experience/informal training in the supervision of department operations and workers when assigned.
- Any combination of education, training and experience which provides the required knowledge, skills, and abilities to perform the essential functions of the lead worker position may be considered.

APPENDIX B
SENIORITY LIST

<u>EMPLOYEE Name</u>	<u>Job Title</u>	<u>Date of Hire</u>
Kurt Klapprich	Lead Parks	03/18/1985
Kurt Radermacher	PSW W&S <u>Utilities</u>	04/04/1993
Bernie Poirier	Lead W&S	04/12/1993
Jason Schmieg	PSW <u>Lead</u> Streets	01/10/2000
Bart Kusske	Lead Streets <u>Fleet</u>	02/28/2000
Wyatt Schrupp 06/18/2001	PSW <u>Lead Utilities</u> W&S	
Al Montague	PSW W&S <u>Utilities</u>	04/03/2006
Ryan Anderson	PSW Streets	06/11/2008
Travis Williams	PSW Parks	05/05/2014
Troy Hoefker	PSW Dual-Parks/Bldg Maintenance	12/03/2015
Bennett Myhran	PSW Parks	04/04/2016
Brian Salonek	PSW Streets	01/02/2018
Karl Roiseland	PSW Parks	02/26/2018
<u>Sam Cousin</u>	<u>PSW Parks</u>	<u>01/01/2020</u>
<u>Quinton Dornisch</u>	<u>PSW Parks</u>	<u>03/29/2021</u>
<u>Casey Staniger</u>	<u>PSW Utilities</u>	<u>07/09/2021</u>

MEMORANDUM OF UNDERSTANDING

DATE: January 11, 2013

To: Wayzata Local No. 224 - AFSCME

From: Heidi Nelson, City Manger

Subject: Memorandum of Understanding Regarding Labor Management Committee

As a part of the 2013 AFSCME Local No. 224 contract negotiations, the establishment of a Labor Management Committee was discussed. The UNION desires to have input and information regarding the City's benefits programs. The City recognizes the value of input from EMPLOYEES in developing benefits programs and agrees to create a Labor Management Committee for the purposes of providing information about benefits options and receive input about benefits from the Labor Management Committee. The AFSCME membership will have representation on the Committee to be formed in 2013.