Wayzata City Council Workshop Meeting Agenda
Wayzata City Hall Community Room, 600 Rice Street
Tuesday, December 19, 2017

WORKSHOP TOPIC FOR DISCUSSION:

City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Date: December 14, 2017

To: The Honorable Mayor and Members of the City Council

From: Jeffrey Dahl, City Manager

Work Shop: Discussion of Muni Operations

Update
This item was brought up recently at a Council meeting. The direction given at the meeting was that I would schedule a workshop to have more of an informal discussion of what has been happening at Wayzata Wine and Spirits AND Wayzata Bar and Grill over the past year and what we have to look forward to for 2018.

More specifically, the main objectives of workshop will be to:

1. Managers to provide general recap of 2017 and what to look forward to for 2018;
2. Council to provide feedback and ask questions regarding overall Muni operations; and
3. Determine future feedback/update processes.

Both Jeff Pietrini and Kevin Castellano will be in attendance and are looking forward to the discussion.

I've attached YTD financials, the latest edition of Liquor Operations CIP, and the previously approved 2016 Business Plan for your information.

Attachments
1. 2017 YTD Financials---Wayzata Wine and Spirits
2. 2017 YTD Financials---Wayzata Bar and Grill
3. CIP Projects
4. 2016 Business Plan

Wayzata Municipal Liquor Operations
Strategic Game Plan
9/1/15 to 8/31/16

Strategic Objective	Measurement	Strategy/Initiative	Due Date	Assigned To
1. Develop Offerings and Pricing & Marketing Strategy	• Gross profit metrics (e.g., food cost as % of revenue) • # of new menu items • Rating current menu items	1.1 Match offerings to demand – both 1.2 Build pricing strategy – both 1.3 Build promo and marketing plan – WWS	1/1/16 WBG 3/31/16 WWS 11/1/15 WBG 11/30/15 WWS 1/31/16 WWS	Jeff Kevin Jeff Kevin Kevin
2. Develop Service and Quality	• Documented service standards • % of all hires completing annual service standard test	2.1 Consistent service standards established and trained on – both 2.2 Build food plan with suppliers – WBG	1/31/16 1/31/16	Jeff (WBG)/Kevin (WWS) Jeff
3. Differentiate in the Community	▪ # of events ▪ $'s invested in City assets	3.1 Community event/sponsor plan – both	1/31/15	Jeff (WBG)/Kevin (WWS)
4. Attract, Retain, and Develop the Best Talent	▪ % of new hires completing service and product knowledge orientation test ▪ Employees evaluated on core values ▪ Turnover rate	4.1 Recruit and build orientation program based on core values – both 4.2 Document evaluation process - both	2/28/16 2/28/16	Jeff (WBG)/Kevin (WWS) Jeff (WBG)/Kevin (WWS)

Wayzata Municipal Liquor Operations
Strategic Game Plan
9/1/15 to 8/31/16

Vision

To be the premier hometown gathering place and go-to liquor store that returns a good profit to the City to invest in community assets.

Mission Statement

Our mission is to earn the trust of our residents, customers and guests. We value our employees and give them opportunities to grow and be challenged. We will invest by returning our profits in the community

Core Values

- Attentive and personal service
- Team-oriented work ethic
- Clean, quality environment
- Quality product that meets customer desires

Strategic Objectives

- Develop Offerings
- Develop Service and Quality
- Differentiate
- Attract, Retain, and Develop the Best Talent

Wayzata Municipal Liquor Operations
Financial Projections and Metrics - WBG
Actual 2012-2014 and Budgeted 2015-2020

	Actual			Budget	Budget	Projected	Projected	Projected	Projected
Liquor - Bar and Grill	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue	$2,753,507	$2,920,439	$3,142,763	$3,106,581	$3,000,000	$3,119,925	$ 3,244,644	$ 3,374,351	$3,509,242
Cost of goods sold	(883,547)	(881,753)	(995,755)	(988,125)	(909,750)	(936,190)	(955,804)	(975,234)	(995,247)
Operating expenses	(1,399,439)	(1,439,499)	(1,582,663)	(1,747,141)	(1,784,525)	(1,766,999)	(1,784,890)	(1,803,316)	(1,822,294)
Depreciation	(3,873)	(73,342)	(72,743)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)
Debt interest	-	(213)	-	(63,565)	(62,465)	(60,902)	(59,264)	(57,077)	(54,790)
Other financing sources	(155,565)	(15,000)	(15,000)	(50,320)	(50,000)	(51,500)	(53,046)	(54,637)	(56,276)
Net revenue/(expense)	311,083	510,633	476,602	184,430	120,260	231,334	318,640	411,087	507,635
Other cash use:									
Add back depreciation	3,873	73,342	72,743	73,000	73,000	73,000	73,000	73,000	73,000
Capital purchaes	-	(5,024)	(20,147)	-	-	-	(45,700)	(18,100)	-
Bond principal	-	-	-	(50,000)	(52,500)	(55,000)	(55,000)	(57,500)	(60,000)
Net cash effect	$ 314,956	$ 583,975	$ 549,345	$ 207,430	$ 140,760	$ 249,334	$ 336,640	$ 426,587	$ 520,635
Cost of goods sold	32%	30%	32%	32%	30%	30%	29%	29%	28%
Gross profit	68%	70%	68%	68%	70%	70%	71%	71%	72%
Operating expenses	51%	49%	50%	56%	59%	57%	55%	53%	52%
Net income before transfers	17%	18%	16%	8%	6%	9%	11%	14%	16%

Wayzata Municipal Liquor Operations
Financial Projections and Metrics - WWS
Actual 2012-2014 and Budgeted 2015-2020

	Actual			Budget	Budget	Projected	Projected	Projected	Projected
Liquor - Off Sale	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue	$2,411,676	$2,397,472	$2,464,176	$2,559,400	$2,559,400	$2,661,776	$ 2,768,247	$ 2,878,977	$2,994,136
Cost of goods sold	(1,783,340)	(1,754,637)	(1,805,821)	(1,851,500)	(1,712,000)	(1,763,360)	(1,816,262)	(1,870,749)	(1,926,871)
Operating expenses	(432,388)	(446,862)	(452,077)	(515,138)	(503,874)	(518,990)	(534,561)	(550,599)	(567,116)
Depreciation	(708)	(73,342)	(72,743)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)
Debt interest	-	(213)	-	(63,565)	(62,465)	(60,490)	(58,840)	(56,640)	(54,340)
Transfer out	(155,565)	(15,000)	(15,000)	(50,320)	(50,320)	(50,320)	(50,320)	(50,320)	(50,320)
Net revenue/(expense)	39,675	107,420	118,535	5,877	157,741	195,616	235,264	277,669	322,489
Other cash use:									
Add back depreciation	708	73,342	72,743	73,000	73,000	73,000	73,000	73,000	73,000
Capital purchases									
Bond principal	-	-	-	(50,000)	(52,500)	(55,000)	(55,000)	(57,500)	(60,000)
Net cash effect	$ 40,383	$ 180,761	$ 191,278	$ 28,877	$ 178,241	$ 213,616	$ 253,264	$ 293,169	$ 335,489
Cost of goods sold	74%	73%	73%	72%	67%	66%	66%	65%	64%
Gross profit	26%	27%	27%	28%	33%	34%	34%	35%	36%
Operating expenses	18%	19%	18%	20%	20%	19%	19%	19%	19%
Net income before transfers	8%	5%	5%	2%	8%	9%	10%	11%	12%

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

1.1 **Goal:** Match Offerings to Demand – both

Goal Clarification: This goal will be completed when a process is documented to develop offerings and evaluate profitability. The offerings reflect the results of the procedures used.

Goal Benefits: If this goal is achieved, both stores will have menu items that match demand, making customers want to return and pay a fair price.

Critical Success Factors: A process is documented and the offerings are updated regularly.

Action items for WBG:

1.1.1: Use Product Mix (“P-mix”) to Identify Slow-moving Menu Items

1.1.1.1: On a monthly basis, use P-mix to determine which items sell the least and document them.

1.1.1.2: On a quarterly basis, evaluate five lowest selling items based on quantitative and qualitative factors using Decision Matrix.

1.1.1.3: Based on quarterly evaluation is step 1.1.1.2, determine which menu items will be overhauled or removed and/or replaced. Document basis for the decision.

1.1.2: Perform Market Research and Analysis

1.1.2.1: On an ongoing basis, solicit feedback from guests and staff on satisfaction with current menu selections and suggestions for improvements to menu. Document feedback and suggestions to identify patterns and for future reference.

1.1.2.2: On a quarterly basis, attend local U.S. Foods conference to identify potential new menu items. In collaboration with U.S. Foods test kitchen and corporate chef, evaluate those items based on relevant quantitative and qualitative factors (Decision Matrix optional). (Note: An ongoing component of this step is utilizing vendors as a resource to identify trends, cost-effective ingredients, and other opportunities for improving offerings and reducing costs). Document the results of these efforts.

1.1.2.3: Perform monthly “competitive shops” at local concepts comparable to the Muni in terms of menu offerings and price point. Compare and contrast menu and prices with WBG’s menu and prices and document findings.

1.1.2.4 (Optional): Create seasonal feature menu to test potential new offerings for guest reaction and ease of execution. Compare results to expectations and evaluate efficacy of feature items as core menu items in light of results.

1.1.3: Update Menu and Evaluate Results

1.1.3.1: On a quarterly basis, update the menu by replacing and/or overhauling slow-moving items based on P-mix. Introduce new menu items based on analysis of market research, including factors such as cost, ease of execution, compatibility with WBG concept, variety of offerings, etc.

Action items for WWS:

1.1: Match Offerings to Demand

1.1.1: Use Reports to Identify Slow-moving Items and Top Sellers

1.1.1.1: On a monthly basis, use “In-stock, Not Sold Since [select period]” report to identify items that have not sold recently. Remove from regular stock and add to clearance bin.

1.1.1.2: On a monthly basis, and in conjunction with step 1.1.1.1, run reports by category (“Top Movers” report sorted in reverse) to identify slow-movers and track them. If item is not removed from regular inventory rotation due to manager’s judgment (e.g., an essential complementary good such as vermouth or bitters), document reasoning for re-evaluation at a later date. Manager will also evaluate slow-moving items for profit margin, emphasizing the need to replace low volume-low margin items.

1.1.1.3: On a monthly basis, run “Sales Velocity” and “Top Movers” reports to identify upward product trends. Consider underlying causes for trends (e.g., advertising, growing/diminishing popularity of brand/product type, container size, price point, market factors, etc.) and document them. If trend persists over time and is non-seasonal, increase similar offerings accordingly.

1.1.1.4: On a monthly basis, re-evaluate inventory mix to be reflective of store sales mix. Inventory levels of each category should be reflective of/similar to percent of sales average.

(Note: Trend analysis should also be useful in determining when to start and stop stocking seasonal items year over year.)

1.1.2: Perform Market Research and Analysis

1.1.2.1: On an ongoing basis, solicit feedback from guests and staff on satisfaction with current offerings and price points. Document feedback and suggestions for improvement in a log to identify patterns and for future reference.

1.1.2.2: On an ongoing basis, review industry publications like Wine Enthusiast, Wine Spectator, DRAFT, etc. Identify promising products based on experience and guest demographics and document them.

1.1.2.3: Perform monthly “comparative shops” at local concepts comparable to the WWS in terms of product offerings and price point. Compare and contrast competitor prices with WWS’ offerings and prices and document findings.

(Note: Haskell’s is only local direct competitor in terms of target market, but comparison shopping at other retailers would be beneficial.)

1.1.2.4: On an ongoing basis, work with liquor representatives to identify “hot” items, new products heavily supported by manufacturer and distributor advertising and promotional pricing. Plan to keep in stock for short term unless sales reports show sales are continue to remain high.

1.1.2.5 (Optional): Consider attending local wine and food expos and other trade shows to stay up to date on industry trends. Document takeaways for future reference when making decisions on what to offer, when to offer it, and how to market it to guests.

1.1.3: Update Offerings Based on Evaluation Results

1.1.3.1: On a quarterly basis, update the selections based on quantitative and qualitative factors identified in steps 1.1.1 and 1.1.2.

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

1.2 **Goal:** Build Pricing Strategy – both

Goal Clarification: This goal will be completed when a process is documented for pricing that includes steps in evaluating gross profit and market capacity. The strategy will also consider the market and the store's position in the market.

Goal Benefits: If this goal is achieved, both stores will be have offerings that reflect a fair price.

Critical Success Factors: A process is documented and pricing is updated quarterly.

Action items for WBG:

1.2: Build Pricing Strategy

1.2.1: Evaluate Market Pricing

1.2.1.1: On a quarterly basis (one menu section at a time), based on results of competitive shops performed in step 1.1.2.3 and other research, evaluate where WBG's menu items are significantly out of line with competitors. Consider qualitative factors (e.g., relative quality of ingredients) that may account for disparities in pricing and document results of evaluation.

1.2.1.2: For underpriced menu items, use quarterly menu reprints to raise prices incrementally by amounts that would not be perceived as "jumps" to guests (e.g., approximately $0.10-$0.35 per quarter).

1.2.2: Use Analytical Tools to Evaluate Pricing and Profit Margins

1.2.2.1: On a quarterly basis (one menu section at a time and for all new menu items), use MPP (U.S. Foods' menu pricing and food costing tool) to determine pricing for new and current menu items based on cost of ingredients and desired profit margin for menu items of that type (e.g., entrees, appetizers, salads, etc.). Price should not significantly exceed price of comparable menu items at competitors as noted in step 1.1.2.3. Document items that do not meet desired profit margin and determine if there is a more optimal combination of ingredients cost and pricing that will meet target.

Action items for WWS:

1.2: Build Pricing Strategy

1.2.1: Evaluate Market Pricing

1.2.1.1: On a quarterly basis, based on results of comparative shops performed in step 1.1.2.3 and other research, evaluate where WWS' selections are significantly out of line with competitors. Qualitative factors should not be given undue weight as product differentiation is minimal across retailers of all sizes.

(Note: WWS cannot compete on price with wholesale stores, but should be aware of wholesalers' product mix and price points. For common brands (e.g., Apothic, Cupcake, Veuve Clicquot, and Rodney Strong), try to bring prices closer to those at wholesale stores to give impression of competitiveness.)

City of Wayzata

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

1.3 **Goal:** Build Promo and Marketing Plan – WWS

Goal Clarification: This goal will be completed upon implementation of a documented annual marketing plan.

Goal Benefits: If this goal is achieved, WWS will increase sales and overall store profit.

Critical Success Factors: The plan is in writing and executed monthly.

Action items:

1.3: Build Promo and Marketing Plan

1.3.1: Conduct Regular In-store Promotional Activities

1.3.1.1: Perform weekly tastings on high-traffic days (e.g., Thursday-Saturday from 4-7 p.m.), rotating between beer, wine, and liquor. Focus on high-margin items.

1.3.1.2: Host bi-monthly in-store marketing events sponsored and staffed by vendors (e.g., Woodford Reserve glass bottle etchings, Crown Royal bag embroidery, beer glass giveaways, etc.). Promote these special events with vendor-supplied signage.
1.3.1.3: On a monthly basis, host “Wednesday Winesday” event at Wayzata Bar & Grill featuring selected wine and spirits paired with WBG food offerings to elevate public profile of both locations.

1.3.1.4 (Optional): Set up special promotional events (e.g., radio advertising combined with on-site broadcast).

1.3.2: Conduct Regular Marketing Activities

1.3.2.1: Send out quarterly mailer (approximately 15,000 – 20,000 homes) with featured products and promotions. Track results of mailer coupons in POS and evaluate effectiveness of campaign periodically (approximately quarterly, depending on advertisement/mailer date). Evaluation criteria will include increase in “comp” sales (compared to prior year), mailer redemption rate (measured in number of “reaches” or percent of mailers redeemed), number of SKUs purchased from these ads, dollar amount spent, etc.

1.3.2.2: Send out biweekly e-mail advertisements via Mailchimp announcing featured products and promotions. Perform this in conjunction with social media advertising on Facebook, Twitter, etc.

City of Wayzata

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

2.1 **Goal:** Consistent Service Standards Established and Trained On

Goal Clarification: This goal will be completed when service standards are documented and a training plan is implemented.

Goal Benefits: If this goal is achieved the, both stores' operations will achieve a high level of service that differentiates them in the market.

Critical Success Factors: A process is documented and training is completed with a high level of engagement.

Action items for WBG:

2.1.1: Design and Implement Standardized Training Program for All Positions

2.1.1.1: By end of 2015, complete design of specialized training programs. Key design elements will include a new hire orientation, position-specific shadowing schedules (e.g., servers and bartenders – five days; line cooks – four days; hosts and expos – three days), and skills & knowledge written exams.

2.1.1.2: By January 2016, identify three employees each from FOH and BOH to serve as trainers. Educate trainers on training program requirements and objectives. New employees will only be assigned to shadow trainers during their training schedules. Trainers will receive a shift differential for performing this duty.

2.1.1.3: By January 2016, begin implementation of training program after rolling it out to managers and trainers. Managers will review trainees' progress with trainers and results of daily examinations to ensure new hires are on track and all training steps are completed.

Action items for WWS:

2.1.1: Design and Implement Training Program

2.1.1.1: All staff must complete online training through Gallo University and successfully pass all sessions, including exams, applicable to retail wine and liquor sales.

2.1.1.2: By February 2016, develop supplemental employee handbook (in addition to City of Wayzata's) with policies and procedures tailored to Wayzata Wine & Spirits' operational environment and standards.

2.1.1.3: By January 2016, identify three key employees ("key holders") to serve as trainers for new hires and as supervisors during hours when general manager is not on duty. Key holders should have sufficient product knowledge to serve as a general resource for staff and customers.

2.1.2: Regularly Communicate Expectations, News, and Results to Staff

2.1.2.1: Utilize daily shift log to establish two-way communicate with management and staff. Daily information will include shift notes, cleaning/housekeeping assignments, stock-outs & product issues, etc. The log will communicate primarily shift-specific information.

Have staff sign off on shift log daily to ensure it is being reviewed. In addition, staff will communicate to management any issues encountered during their shifts in the log.

2.1.2.2: As considered necessary, post "staff update sheets" with information on staffing, new products, special promotions, instructions for ringing coupons, etc. Staff update sheets will contain more general information than the daily shift log.

2.1.2.3: Conduct semi-annual staff meeting to discuss results, staff issues, and to serve as an employee recognition/appreciation opportunity.

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

2.2 Goal: Build Food Plan with Suppliers - WBG

Goal Clarification: This goal will be completed when a plan is completed with the food suppliers and is implemented and reviewed annually.

Goal Benefits: If this goal is achieved, WBG will achieve an improving gross profit and will utilize the resources available through its vendors.

Critical Success Factors: A process is documented with input from vendors and key staff.

Action items: See step 1.1.2.2 above.

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

3.1 **Goal:** Community Event/Sponsor Plan – both

Goal Clarification: This goal will be completed when a process is documented to plan and implement community events.

Goal Benefits: If this goal is achieved, the both stores will build credibility as the "hometown" choices for residents and those outside the area.

Critical Success Factors: High-impact and/or profitable events.

Action items for WBG:

3.1.1: Select 6-8 events to participate in during 2016.

3.1.1.1: In addition to recurring promotions (e.g., "Wayzata Winesday," karaoke), select approximately two special events per quarter to participate in. Potential events include but are not limited to the following: JJ Hill Days, Wines on Wayzata Bay, The Chilly Open, Christmas tree lighting ceremony, city-wide volunteer events, and other charity events within the community.

3.1.1.2: Evaluate the business impact of participating in each special event. Considerations include brand recognition gained, costs to undertake event (e.g., additional labor and potential overtime, equipment rental, food cost, impact on core operations of diverted resources, etc.), benefit to community, and overall profitability (if special event is sales-driven).

Action items for WWS:

3.1.1: Select quarterly events to participate in during 2016.

3.1.1.1: In addition to recurring promotions (e.g., “Wayzata Winesday”), select approximately two special events per quarter to participate in. Potential events include but are not limited to the following: JJ Hill Days, Wines on Wayzata Bay, The Chilly Open, Christmas tree lighting ceremony, Be Pink, and other charity events within the community.

3.1.1.2: Evaluate the business impact of participating in each special events. Considerations include brand recognition gained, costs to undertake event (e.g., additional labor and potential overtime, equipment rental, liquor cost, impact on core operations of diverted resources, etc.), benefit to community, and overall profitability (if special event is sales-driven).

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

4.1 **Goal:** Recruit and Build Orientation Program Based on Core Values – both (also see steps 2.1.1.1 and 4.2.1.1)

Goal Clarification: This goal will be completed when new hires are made considering core values and a documented orientation program is in place.

Goal Benefits: The operations will achieve a higher, more consistent level of service. All positions will have consistent expectations.

Critical Success Factors: A process is documented and an orientation program is in place.

Action items WBG:

4.1.1: Use online tools to attract potential employees in a manner that is cost effective and requires minimal maintenance

4.1.1.1: List open positions on employment websites such as Indeed, Shiftgig and Snagajob.

4.1.1.2: Leverage network of industry contacts to recruit and to evaluate applicants when possible. Request and follow up on references prior to hiring.

4.1.2: Continually interview applicants regardless of immediate position needs

4.1.2.1: Schedule at least one interview per manager, per week, from pool of recent applicants to hone interview skills, to prepare for unanticipated hiring needs, and to hire outright any exceptional applicants that come through the door.

Action items WWS:

4.1.1: Use online tools to attract potential employees in a manner that is cost effective and requires minimal maintenance.

4.1.1.1: List open positions on employment websites such as Indeed, Shiftgig, and Snagojob.

4.1.1.2: Leverage network of industry contacts to recruit and to evaluate applicants when possible. Request and follow up on references prior to hiring.

4.1.2: Continually interview applicants regardless of immediate position needs.

4.1.2.1: Schedule at least one interview every other week from pool of recent applicants to hone interview skills, to prepare for unanticipated hiring needs, and to hire outright any exceptional applicants that come through the door.

Wayzata Municipal Liquor Operations
Goal Action Steps
9/1/15 to 8/31/16

4.2 **Goal:** Document Evaluation Process – both

Goal Clarification: This goal will be completed when a process is documented to provide feedback to employees more frequently.

Goal Benefits: More frequent quality feedback will improve staff skills and raise the level of engagement.

Critical Success Factors: A process is documented and feedback is given throughout the year. Also, staff are evaluated on achievement of core values and whether they get it, want it, and have the capacity to do it.

Action items for WBG:

4.2.1: Develop evaluation criteria ("core competencies") that incorporate core values as specified in Strategic Game Plan

4.2.1.1: Develop standard evaluation form for employees specific to Wayzata Bar & Grill (i.e., separate from other City of Wayzata employee evaluation tools). Employees will be scored on 1-5 scale on all core competencies. Once established, present the evaluation process and criteria to all current and new employees.

4.2.1.2: To achieve fair and accurate scores for employees, managers will collectively evaluate employees in annual calibration meetings. Managers will reach a consensus rating for each employee based on all managers' input.

4.2.1.3: Identify best and worst performers at each position; reward success and resolve performance deficiencies as appropriate. Find creative ways to reward success if monetary compensation is not appropriate. For poor performers, determine the cause of the performance deficiency (e.g., lack of adequate training, suitability of position to employee's skills, or attitude/motivation). Address performance issues with employee and document conversation and any corrective action necessary.

4.2.2: Conduct ongoing coaching and counseling with employees

4.2.2.1: As considered necessary, administer periodic product knowledge training and testing. Periodic training may also be aimed at service standards and operational knowledge.

4.2.2.2: Maintain shift log to keep other managers apprised of conversations held with staff and any issues that arise during a shift. If performance-related issues are identified and not corrected by employee, escalate to written warnings and document in employee's file. Further noncompliance may result in termination.

Action items for WWS:

4.2.1: Develop evaluation criteria ("core competencies") that incorporate core values as specified in Strategic Game Plan

4.2.1.1: Develop supplemental evaluation form for employees specific to Wayzata Wine & Spirits (i.e., in addition to 90-day City of Wayzata performance evaluation). Employees will be scored on 1-5 scale on all core competencies. Once established, present the evaluation process and criteria to all current and new employees. Performance reviews will be conducted annually on employee's anniversary hire date.

4.2.1.2: Identify best and worst performers on semi-annual basis; reward success and resolve performance deficiencies as appropriate. Find creative ways to reward success if monetary compensation is not appropriate. For poor performers, determine the cause of the performance deficiency (e.g., lack of adequate training, suitability of position to employee's skills, or attitude/motivation). Address performance issues with employee and document conversation and any corrective action necessary.

4.2.2: Conduct ongoing coaching and counseling with employees.

4.2.2.1: As considered necessary, administer periodic product knowledge training and testing. Periodic training may also be aimed at service standards and operational knowledge.

4.2.2.2: Maintain shift log to keep key holders apprised and to serve as a record of conversations held with staff and any issues that arise during a shift. If performance-related issues are identified and not corrected by employee, escalate to written warnings and document in employee's file. Further noncompliance may result in termination.

City of Wayzata - WBG Scorecard - Thru 11/30/17

Measurable	Year	Budget Goal	January	February	March	April	May	June	July	August	September	October	November	December	Total Thru 11/30/17
Sales	2017	$ 2,864,235	$ 215,160	$ 217,260	$ 259,177	$ 251,077	$ 273,839	$ 296,172	$ 294,965	$ 289,811	$ 326,713	$ 268,844	$ 257,894		$ 2,950,912
Sales	2016	$ 3,119,200	$ 214,391	$ 214,521	$ 237,441	$ 245,664	$ 259,107	$ 257,894	$ 263,388	$ 255,598	$ 291,117	$ 247,861	$ 230,580		$ 2,717,561
Gross profit	2017	$ 1,845,496	$ 147,354	$ 155,069	$ 181,335	$ 169,416	$ 188,495	$ 207,639	$ 203,386	$ 206,993	$ 232,751	$ 184,854	$ 174,711		$ 2,052,003
Gross profit	2016	$ 2,094,075	$ 159,148	$ 139,262	$ 160,702	$ 172,754	$ 178,702	$ 182,597	$ 196,807	$ 178,825	$ 210,403	$ 170,860	$ 154,953		$ 1,905,013
Gross profit %	2017	65.00%	69.15%	72.07%	70.73%	68.16%	69.55%	70.93%	69.84%	72.20%	71.92%	69.47%	68.53%		69.54%
Gross profit %	2016	70.82%	75.01%	65.69%	68.37%	71.00%	69.55%	71.50%	75.34%	70.64%	72.81%	69.54%	67.72%		70.10%
Personnel costs	2017	$ 1,222,524	$ 98,963	$ 101,187	$ 103,989	$ 114,487	$ 116,047	$ 123,478	$ 122,579	$ 126,285	$ 126,679	$ 114,541	$ 118,952		$ 1,267,187
Personnel costs	2016	$ 1,270,798	$ 95,586	$ 98,340	$ 106,533	$ 99,780	$ 102,800	$ 114,144	$ 104,409	$ 112,397	$ 112,479	$ 103,470	$ 109,069		$ 1,159,005
Personnel as % of sales	2017	42.68%	45.99%	46.57%	40.12%	45.60%	42.38%	41.69%	41.56%	43.58%	38.77%	42.61%	46.12%		42.94%
Personnel as % of sales	2016	40.74%	44.58%	45.84%	44.87%	40.62%	39.67%	44.26%	39.64%	43.97%	38.64%	41.75%	47.30%		42.65%
Operating exp	2017	$ 442,914	$ 34,147	$ 30,327	$ 30,008	$ 35,311	$ 35,833	$ 45,008	$ 38,203	$ 37,168	$ 41,933	$ 32,247	$ 41,248		$ 401,433
Operating exp	2016	$ 479,772	$ 28,855	$ 33,543	$ 35,738	$ 41,379	$ 35,649	$ 36,635	$ 33,522	$ 35,486	$ 34,648	$ 40,216	$ 31,601		$ 387,273
Operating as % of sales	2017	15.46%	15.87%	13.96%	11.58%	14.06%	13.09%	15.20%	12.95%	12.82%	12.83%	11.99%	15.99%		13.60%
Operating as % of sales	2016	15.38%	13.46%	15.64%	15.05%	16.84%	13.76%	14.21%	12.73%	13.88%	11.90%	16.23%	13.70%		14.25%
Net income before transfers	2017	$ 193,147	$ 15,597	$ 24,766	$ 48,427	$ 21,044	$ 38,042	$ 40,320	$ 43,903	$ 44,887	$ 65,662	$ 39,462	$ 16,000		$ 398,108
Net income before transfers	2016	$ 346,972	$ 35,628	$ 8,978	$ 22,100	$ 32,511	$ 41,538	$ 32,739	$ 59,811	$ 33,394	$ 64,377	$ 28,837	$ 15,431		$ 375,346
Net income %	2017	6.74%	7.25%	11.40%	18.68%	8.38%	13.89%	13.61%	14.88%	15.49%	20.10%	14.68%	6.20%		13.49%
Net income %	2016	11.12%	16.62%	4.19%	9.31%	13.23%	16.03%	12.69%	22.71%	13.07%	22.11%	11.63%	6.69%		13.81%
Guest check ave.	2017														
Guest check ave.	2016														

CITY OF WAYZATA, MINNESOTA
SUMMARY OF OPERATIONS - WWS SCORECARD

City of Wayzata - WWS Scorecard - Thru 11/30/17

Measurable	Year	Budget Goal	January	February	March	April	May	June	July	August	September	October	November	December	Total thru 11/30/17
Sales	2017	$ 2,634,038	$ 174,968	$ 180,630	$ 210,878	$ 205,820	$ 260,955	$ 283,486	$ 300,627	$ 290,331	$ 256,023	$ 238,876	$ 261,807		$ 2,664,400
Sales	2016	$ 2,559,400	$ 161,591	$ 178,331	$ 200,664	$ 202,807	$ 243,615	$ 265,530	$ 287,831	$ 274,052	$ 252,020	$ 235,674	$ 251,755		$ 2,553,870
Gross profit	2017	$ 782,538	$ 47,949	$ 45,105	$ 63,433	$ 50,962	$ 68,169	$ 85,302	$ 78,605	$ 84,631	$ 65,097	$ 49,417	$ 71,911		$ 710,581
Gross profit	2016	$ 707,900	$ 38,005	$ 46,480	$ 53,147	$ 53,080	$ 69,532	$ 60,617	$ 76,415	$ 67,046	$ 43,619	$ 82,611	$ 64,796		$ 655,350
Gross profit %	2017	29.7%	27.4%	25.0%	30.1%	24.8%	26.1%	30.1%	26.1%	29.1%	25.4%	20.7%	27.5%		26.7%
Gross profit %	2016	28.0%	23.5%	26.1%	26.5%	26.2%	28.5%	22.8%	26.5%	24.5%	17.3%	35.1%	25.7%		25.7%
Personnel costs	2017	$ 267,890	$ 21,659	$ 20,580	$ 20,586	$ 22,165	$ 21,746	$ 22,737	$ 25,168	$ 24,789	$ 23,796	$ 23,584	$ 24,622		$ 251,431
Personnel costs	2016	$ 313,067	$ 17,990	$ 19,244	$ 19,254	$ 20,170	$ 20,298	$ 21,311	$ 21,938	$ 22,414	$ 20,921	$ 20,712	$ 22,247		$ 226,500
Personnel as % of sales	2017	10.2%	12.4%	11.4%	9.8%	10.8%	8.3%	8.0%	8.4%	8.5%	9.3%	9.9%	9.4%		9.4%
Personnel as % of sales	2016	12.2%	11.1%	10.8%	9.6%	9.9%	8.3%	8.0%	7.6%	8.2%	8.3%	8.8%	8.8%		8.9%
Operating exp as % of sales	2017	8.7%	7.4%	6.8%	5.7%	8.1%	6.6%	5.4%	6.6%	5.6%	5.6%	7.3%	8.5%		1.4%
Operating exp as % of sales	2016	8.5%	8.4%	7.4%	5.4%	6.3%	7.1%	6.0%	5.2%	7.4%	5.5%	5.9%	7.9%		1.5%
Liquor turnover	2017		3.87	3.93	4.02	4.34	4.56	4.73	4.90	5.07	5.23	5.05	5.30		4.64
Wine turnover	2017		3.71	3.67	3.67	2.94	3.21	3.34	3.47	3.61	3.71	3.91	3.94		3.56
Beer turnover	2017		11.62	11.85	11.84	10.20	10.80	11.37	12.08	12.27	12.21	12.42	12.49		11.74
Misc	2017		5.59	5.85	6.12	6.34	6.66	7.41	8.00	8.55	8.85	8.60	8.68		7.33
Total Inventory Turn	2017	6.3	4.5	4.5	4.6	4.0	4.3	4.5	4.7	4.9	5.0	5.1	5.2		4.7
Total Inventory Turn	2016	6.3	3.6	3.6	3.8	3.8	4.0	4.1	4.3	4.5	4.5	4.9	5.6	6.3	4.3
Net income b4 transfers	2017	$ 286,896	$ 12,274	$ 11,279	$ 29,876	$ 11,109	$ 28,232	$ 46,201	$ 32,690	$ 42,511	$ 25,956	$ 7,269	$ 24,013		$ 271,409
Net income b4 transfers	2016	$ 180,262	$ 5,366	$ 12,927	$ 21,983	$ 19,185	$ 30,889	$ 22,322	$ 38,331	$ 23,176	$ 7,826	$ 47,027	$ 21,537		$ 250,569
Net income %	2017	10.89%	7.02%	6.24%	14.17%	5.40%	10.82%	16.30%	10.87%	14.64%	10.14%	3.04%	9.17%		10.19%
Net income %	2016	7.04%	3.32%	7.25%	10.95%	9.46%	12.68%	8.41%	13.32%	8.46%	3.11%	19.95%	8.55%		9.81%
Average ticket amount	2017	$ 33.95	$ 30.94	$ 31.47	$ 32.73	$ 31.35	$ 34.27	$ 34.27	$ 33.13	$ 34.02	$ 32.80	$ 32.98			$ 29.81
Average ticket amount	2016	$ 33.94	$ 29.76	$ 31.24	$ 31.57	$ 31.11	$ 33.95	$ 33.72	$ 34.74	$ 34.65	$ 34.92	$ 32.54	$ 36.30	$ 42.75	$ 29.84
Customer counts	2017	7,175	5,774	5,889	6,581	6,654	7,726	7,948	9,257	8,753	8,059	7,453			6,735.82
Customer counts	2016	7,175	5,421	5,868	6,471	6,616	7,278	7,948	8,366	7,994	7,346	7,280	7,044	8,466	6,417.09

Liquor Store Enterprise Fund Capital Project Summary Table (Fund #640)

Project Description	Estimated Year Needed	Project Costs: Current Project Cost	Project Costs: Dollars Spent to Date	Project Costs: Project Costs (with additional costs)	Project Costs: Total Cost (with Inflation)	Type of Project: New	Type of Project: Maintenance	Type of Project: Status	Financing Source: Liquor Store Enterprise Fund	Other Sources: State	Other Sources: County	Other Sources: Bonds	Other Sources: Development	Other Sources: Misc.	Other Sources: TIF	Other Sources: Special Assessment	Total Other Sources	Fully Financed?	Notes
CAPITAL IMPROVEMENTS:																			
Bar Software	2017	2,060	-	2,060	2,100	-	2,100	Ongoing	2,100	-	-	-	-	-	-	-	-	✓	Per JP
Patio Gas Tikki Torches	2017	3,526	-	3,526	3,600	-	3,600	Ongoing	3,600	-	-	-	-	-	-	-	-	✓	Moved to 2017 per JP
POS System-Receipt Printers & Credit Card Terminals	2017	10,300	-	10,300	10,300	-	10,300	Ongoing	10,300	-	-	-	-	-	-	-	-	✓	Per Kevin Castellano
Audio/Video Systems (TV's)	2018	44,345	-	44,345	45,700	-	45,700	Ongoing	45,700	-	-	-	-	-	-	-	-	✓	
Delivery Vehicle	2018	25,750	-	25,750	26,600	26,600	-	Ongoing	26,600	-	-	-	-	-	-	-	-	✓	
Muni Network	2018	23,636	-	23,636	24,400	-	24,400	Ongoing	24,400	-	-	-	-	-	-	-	-	✓	Moved to 2018-Need to Update
Patio Furniture	2018	7,638	-	7,638	7,900	-	7,900	Ongoing	7,900	-	-	-	-	-	-	-	-	✓	Moved to 2018 per JP
Security System	2021	57,782	-	57,782	65,100	-	65,100	Ongoing	65,100	-	-	-	-	-	-	-	-	✓	
Signs	2021	44,120	-	44,120	49,700	-	49,700	Ongoing	49,700	-	-	-	-	-	-	-	-	✓	
Skyjack Lift	2021	16,320	-	16,320	18,400	-	18,400	Ongoing	18,400	-	-	-	-	-	-	-	-	✓	
Tables	2021	70,907	-	70,907	79,900	-	79,900	Ongoing	79,900	-	-	-	-	-	-	-	-	✓	
Liquor Walk-In Cooler	2031	59,374	-	59,374	89,900	-	89,900	Ongoing	89,900	-	-	-	-	-	-	-	-	✓	
Muni Cabinets	2031	59,819	-	59,819	90,500	-	90,500	Ongoing	90,500	-	-	-	-	-	-	-	-	✓	
Walk-In Freezer/Cooler Combination	2031	20,484	-	20,484	31,000	-	31,000	Ongoing	31,000	-	-	-	-	-	-	-	-	✓	
Wine Cabinets	2031	42,994	-	42,994	65,100	-	65,100	Ongoing	65,100	-	-	-	-	-	-	-	-	✓	
Patio Expansion	2018	-	-	-	-	-	-	Ongoing	-	-	-	-	-	-	-	-	-	✓	New-$150,000;Council Approve?
Subtotal:		489,056.22	0.00	489,056.22	610,200.00	26,600.00	583,600.00		610,200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Major Building Maintenance & Equipment Replacement:																			
A/C Units; Additional	2017	51,500	-	51,500	51,500	51,500	-	Ongoing	51,500	-	-	-	-	-	-	-	-	✓	
Vestibule Modifications	2017	27,318	-	27,318	27,400	-	27,400	Ongoing	27,400	-	-	-	-	-	-	-	-	✓	Why we waiting to address?
Split System Cassette (20)	2025	45,020	-	45,020	57,100	-	57,100	Ongoing	57,100	-	-	-	-	-	-	-	-	✓	
Heat Pump Replacement	2027	42,769	-	42,769	57,500	-	57,500	Ongoing	57,500	-	-	-	-	-	-	-	-	✓	
Heat Pump	2030	42,769	-	42,769	62,900	-	62,900	Ongoing	62,900	-	-	-	-	-	-	-	-	✓	
Fence	2031	24,266	-	24,266	36,800	-	36,800	Ongoing	36,800	-	-	-	-	-	-	-	-	✓	
Pollution Control Unit	2031	45,020	-	45,020	68,100	-	68,100	Ongoing	68,100	-	-	-	-	-	-	-	-	✓	
Re-Roof Building (7,400 sq ft of Flat Roof @ $8.00 sq ft)	2032	66,630	-	66,630	103,900	-	103,900	Ongoing	103,900	-	-	-	-	-	-	-	-	✓	
Kitchen Hood Replacement	2037	39,393	-	39,393	71,200	-	71,200	Ongoing	71,200	-	-	-	-	-	-	-	-	✓	
Re-Roof (4,500 sq ft of Cedar @ $8.00 sq ft)	2039	40,518	-	40,518	-	-	-	Ongoing	-	-	-	-	-	-	-	-	-	✓	
Subtotal:		425,204.77	0.00	425,204.77	536,400.00	51,500.00	484,900.00		536,400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
UNALLOCATED EXPENDITURES:																			
Subtotal:		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
TOTAL:		**914,260.99**	**0.00**	**914,260.99**	**1,146,600.00**	**78,100.00**	**1,068,500.00**		**1,146,600.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**		