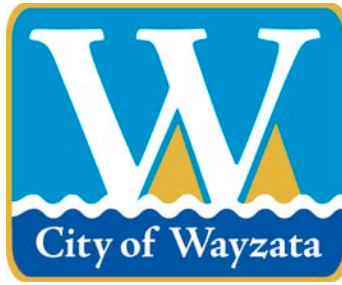


**Wayzata City Council Workshop Meeting Agenda  
Wayzata City Hall Community Room, 600 Rice Street  
Thursday, August 9, 2018**

**WORKSHOP TOPICS FOR DISCUSSION:**

1. Wayzata Municipal Liquor Operations Update (6:00 p.m.)

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**City Council**  
Mayor Ken Willcox  
Dan Koch  
Johanna McCarthy  
Alex Plechash  
Steven Tyacke

**City Manager**  
Jeffrey Dahl

**Date:** August 9, 2018  
**To:** The Honorable Mayor and Members of the City Council  
**From:** Jeffrey Dahl, City Manager  
**Work Shop:** Quarterly Update of Muni Operations

### **Update**

The intent of this work shop discussion will be for “Muni” managers to provide an update on year to date financials, capital improvement planning, and follow up from the previous quarterly report.

Attached are reports from Jeff Pietrini, Bar and Grill Manager, and Kevin Castellano, Liquor Store Manager along with their updated business plans.

### **Background**

Late last year, the Council discussed having more regular communications with the managers of the “Muni” Operations. As a result, staff suggested meeting in a work shop setting on a quarterly basis. The first work shop was December 19, 2017. After both Kevin Castellano, Manager of Wayzata Wine and Spirits (WWS), and Jeff Pietrini, Manager of Wayzata Bar and Grill (WBG), provided an update of their operations over the past year, the Council discussed the status of a marketing study that was completed at the beginning of 2015.

### **Attachments**

1. Status Summary from Kevin Castellano, WWS Manager
2. WWS 2018 Business Plan
3. Status Summary from Jeff Pietrini, WBG Manager
4. WBG 2018 Business Plan



## 2<sup>nd</sup> Quarter Review

- Sales -2% YTD VS LY. I consider this a success as 2017 was the store's biggest year, and given proximity to Total Wine, sales and traffic are great. Other muni's with stores in the same proximity of Total reported 10%-16% decline in annual sales.
- Gross Profit \$ and % are performing well despite slight sales decline. I have experimented a bit, buying differently for some of our top performing sku's which is having a positive effect on sales and margin. It requires a bit more inventory but our inventory turns are maintaining, not losing.
- Traffic counts and average ticket metrics are holding strong.
- Sales mix is pretty stagnant with wine the strong leader which is good, but year to date is the most affected category. Craft beer and tobacco sales are strong.

### Struggles

- As stated above, trying to maximize our beer/tobacco/misc category, without taking on more inventory. Being more in tune to this category.
- Keeping cost of goods in line without taking on more inventory, no outages.

### Year of Sunday Sales

- Sales are improving upon previous year. It is still now the slowest day of the week, but shorter hours of operation, and minimal staff make it definitely worth it to be open. There is legislation to extend these hours, but the 11AM-5PM works pretty well for our location.

### Turnover

- New Store Supervisor, Erin Pies. Continuously looking for part time salesperson role, tough to find!

## Priorities:

- Staffing – getting Erin trained/settled in her new role, busy last quarter fast approaching. WSET education. Replacing seasonal part time as stated above
- Wine Sales recovery (some margin, some sales)
- Maximizing profitability in MISC category. New shelving at cash wrap for tobacco/liq/misc
- Profit goals, (Nov/Dec)
- Possible commerce website
- Review advertising options



**2018 Muni Business Plan  
Wayzata Wine & Spirits  
Kevin Castellano**

Ref #	Strategic Objective	Measurement	Strategy/Initiative Action Items	Notes	Due Date
1.00	Text Club	# of customers signed up	Tracking the number of people signed up for the Text Club.		Open
1.04				1/10/18: Over 150 people signed up to date. 5/9/18: Up to 160 signed up. Continuing to do one text a week. Now able to include a photo which will help with promotions.	9/1/18
2.00	In-Store Events	Monthly Sales	Mixed approach of vendor staffed events, our staff hosting events, focusing on more variety of wine and craft beers.		Open
2.03			Currently having beer and wine tastings (1 each week).	2/14/18: This is a good promotion. Lisa owns this and determine the schedule. 5/8/18: Continues to be a strong promotion. Schedule planned out for the months ahead. 6/13/18: Will have to adjust, without the supervisor will be difficult to schedule the liquor and beer tastings. Will continue to have the 3 wine tastings per month.	9/1/18
3.00	Marketing	Monthly Sales	Identify marketing strategies to get awareness of the WWS into the community to drive traffic and sales.		Open
3.05			Promotional Mailer (seasonal).	2/14/18: 1st weekend in March this will go out, prior to Easter. 4/10/18: Next mailer is planned for May for Memorial Day. 5/9/18: Mailer going out in the next couple of days. 6/13/18: November will be the next mailer, prior to holidays; nothing scheduled prior.	12/31/18
6.00	2nd Store Analysis		Analysis on a possible second Wayzata Municipal Liquor Store.		Open

6.01			Evaluate the cost benefit of a 2nd WWS location.	11/9: Revisit in the Spring of 2018 as community growth and development continues. 5/9/18: Evaluate interest at the end of summer. A location next to a grocery store may be a good idea for future opportunity. 6/13/18: Need to have a full year with Total Wine being open before further considering a 2nd store. (Total Wine opened Dec 1, 2017)	1/31/19
<b>9.00</b>	<b>Website Sales</b>		<b>Determine what is needed to setup a website for sales and instore pickup.</b>		<b>Open</b>
9.01				2/14/18: Determine and develop a way to roll out a Wine Club program. Customers would sign up and pay to receive a wine club item. What is the interest level of customers for this type of program? 5/9/18: Change focus from Wine Club to Website Sales. Online buying for instore pickup is becoming popular. Kevin had a good conversation with Edina GM about website sales; doesn't sound like it would be very hard or expensive. 6/13/18: On hold until new full time supervisor is hired. 7/9/18: Future CIP item perhaps. Will need more info to understand cost/benefit. Focus would be on in-store pickup.	9/1/18
<b>10.00</b>	<b>Store Enhancements</b>		<b>Continuing to improve the look and appeal of the store.</b>		<b>Open</b>
10.01			Front window lights and vinyl banners.	4/10/18: Getting quotes to improve the 3 front window lights and replace the vinyl banner window covers. 5/9/18: Kevin will follow up with Kathy to get this approval for the order to be submitted. 6/13/18: Front window is done. 3 smaller windows to be done, will look to get quotes for options. 7/9/18: SighNow coming to give estimate on the 3 little windows.	8/31/18
<b>11.00</b>	<b>Delivery Vehicle</b>		<b>Purchase a new reliable vehicle to be used for liquor store deliveries.</b>		<b>Open</b>

11.01				<p>4/10/18: New vehicle model has been selected. Cost is \$16,000, is in CIP. Kevin will put in for request, Jeff is aware and will approve when it comes to his desk.</p> <p>4/10/18: Kevin will get branded vehicle decals. Looking for simple graphics that keep with the Muni branded logo features.</p> <p>5/9/18: Vehicle purchased, just waiting for delivery.</p> <p>6/13/18: Waiting for vehicle to be ready (will be a 2019)</p>	8/1/18
12.00	Staffing		Have qualified staff available to fill the scheduled staffings needs to meet customer needs.		Open
12.01				<p>6/13/18: Posted on Indeed to replace full time supervisor.</p> <p>7/9/18: Supervisor interviews scheduled. Goal is to have position filled by mid-July.</p>	7/15/18

## 2<sup>nd</sup> Quarter Update – Bar and Grill

### Sales

- April was + \$9,763.00 over last year
- May was + \$38,806.00 over last year
- June was + \$21,773.00 over last year

### Summary

#### Staffing

- Staffing was solid over the first quarter and two thirds, but we hit a major snag in May and have been struggling to recover ever since. Qualified candidates are extremely hard to find and competition is fierce for any available candidates. We have had help wanted ads out for 3 months and have received 5 candidates as a result, none of which were particularly qualified. We have aggressively sought referrals from current employees which has yielded better results. I have also contacted former employees who have worked for not only WBG, but the other restaurants I worked for prior to the Muni which has also yielded good results. We are close to shoring up our staffing level, but we are in need of several more hires to be 100% staffed.

#### Margins

- Margins are strong and operating costs are good and stable. Personnel costs are high, but not egregiously so, and attributable to the overtime and training we are currently experiencing during this transitional staffing issue.

#### Wine

- The new wine list will be on tables early in Q3 and will waive the corking fee on a \$25.00 wine purchase from the liquor store.

#### Uniforms

- We have also rolled out aquatic colored uniforms for the staff and the staff have been in support of the new colorations.

#### Interior Remodel and Patio Update

- Proposals have been submitted to City Manager for review. Will discuss at meeting.

#### Looking Ahead

- Our primary focus in Q3 will be staffing and training. When it is all said and done, we will have turned over 20-25% of our staff when you include kitchen, server, expeditor and host positions.



**2018 Muni Business Plan**

**Wayzata Bar & Grill**

**Jeff Pietrini**

Ref #	Strategic Objective	Measurement	Strategy/Initiative Action Items	Notes	Due Date
2.00	Text Club	# of customers signed up	Track customer enrollment in text club texts.		Open
2.04		Sales	Promotions and Specials sent via Text Club	1/10/18: January & February use text club to promote specials. 2/14/18: Mon & Tues tasks scheduled for next week. 5/9/18: Promoting text club on the display behind the bar. Have seen a recent increase of 70 more text club signs ups.	9/1/2018
5.00	Marketing Plan	Sales	2017 marketing plan		Open
5.03			Ads in Local Publications	2/14/18: Review marketing options with suppliers, consider fliers in Cub Foods magazine. 4/10/18: Did not review Cub Food's magazine promotion. Saw very little use of the coupon offered in the promotion. 4/10/18: Ran a 1/2 page ad in City Pages under "best of Twin Cities". Promoted a large image of the giant pretzel and the Muni Burger. 5/9/18: City Pages - did have comments from customers that they saw this ad. A direct mailer (4 months) will be going out, aimed at higher-end income households and addressed to the woman of the house, with a \$10 discount on their birthday month. Have already seen 10 of these discounts returned. 7/9/18: Continue to see good return on birthday club direct mailer.	9/1/2018
10.00	Restaurant Enhancements		Continuing to improve the look and appeal of the restaurant.		Open



10.01			Patio Cover	<p>9/20: Jeff P has looked at options for a patio covering, which will allow for additional weeks/months of patio use. Upgrade estimate would be \$70K. Looking to include Patio in the CIP discussions next week.</p> <p>10/11: Bid came back \$150 for patio cover, does not cover cost for fence and fireplace; will follow up with sales person. Jeff D will share pricing with council.</p> <p>11/9: Continue to review ideas, options and determine how to identify ROI.</p> <p>2/14/18: Updated CIP going to council in April. Need to be ready to share update and info by that April meeting.</p> <p>4/10/18: A CIP for \$225K would cover the cost (and keep under budget) for the patio expansion (cover, fireplace, tv's).</p> <p>5/9/18: Have a budget and several plans. Jeff P. to schedule in the next week meeting to discuss with Jeff D. and others details and plan.</p> <p>7/9/18: Mobile showroom that demos wall system could be avail for council to view. Direction is that would like to have proposal on pricing before showing any demo.</p>	9/1/18
10.02			Refreshing Interior	<p>2/14/18: Looking for a designer to come in and give ideas and a plan to make the dining room more unique to dining and not so much a bar feel.</p> <p>4/10/18: Jeff had samples and ideas on wall displays that tie with a vintage &amp; nautical theme. CIP to include money for interior painting.</p> <p>5/9/18: Met with an interior designer. Plan to meet with a second and made a choice.</p> <p>6/13/18: Did get a 2nd estimate, which looked good. After the 4th of July, plan to review proposals and make a decision for interior updates.</p> <p>7/9/18: Jeff P &amp; Jeff D will meet next week to review plans received. Need to get this introduced into the budget. Best time to close to do the interior would be Jan or Feb. Will take at least 6 months to approve plan, get bids and approve to do work.</p>	9/1/18

10.03			Utilize TV screens at entrance to show info about the store.	<p>4/10/18: These screens are currently not being used. Will setup screens to display the staff and info about the Muni's contribution to the city.</p> <p>5/9/18: This is in progress and on track, anticipate done in June.</p> <p>7/9/18: This is still in progress; slowed due to staffing.</p>	9/1/18
<b>12.00</b>	<b>Staffing</b>		<b>Have qualified staff with schedules that allow for managing labor to sales while giving the best service possible to customers.</b>		<b>Open</b>
12.01				<p>6/13/18: Past couple of weeks have seen some turn-over with back-of-house staff. Working as quick as possible to interview and hire. 18 interviews last week. Offer made to a kitchen training, possible to start in 2 weeks.</p> <p>7/9/18: Have hired kitchen staff, still need kitchen asst mgr; also hiring server staff.</p>	7/30/2018