

**CITY OF FRAZEE**

**PUBLIC HEARING ON CONTINUING MUNICIPAL LIQUOR STORE  
OPERATIONS**

**Monday, December 11<sup>th</sup>, 2017**

**6:01pm**

**Present**

The Public Hearing on Continuing Municipal Liquor Store Operations of the Frazee City Council was called to order at 6:01 pm by Mayor Hank Ludtke. Council members present were Mark Flemmer, Bonnie Julius, Ken Miosek, and Mike Sharp. City staff present: Denise Anderson, Administrator; City Attorney Tom Winters; Larry Stephenson, Public Works Superintendent; Tyler Trieglaff, Police Chief and Rescue Squad President, Albert Doll, Fire Chief; Meghan Eastman, Liquor store Manager and Jolene Tappe, Event Center Manager.

Also, present – Arville Thompson, Don Trieglaff, Tyler King, Paul Thon, Jim Nelson, Diane Trieglaff, Matt Albertson, Will and Barbie Porter.

Ludtke called on Anderson to address the issue and findings of the 2016 Liquor Store operating loss. Anderson reported that the Municipal Liquor Store had an operating loss of \$40,459.00 for the year of 2016 and that unfortunately she said that the same meeting will be held in 2018 for the 2017 year due to the Liquor Store is currently operating at an approximately \$77,000.00 loss. She expressed concern that there will need to be a close watch on the revenue or losses in the next few months because should the operation incur another \$30,000.00 in loss there won't be an operating budget left to support expenses. Anderson expressed that she felt the employees at the Liquor Store work well together as a team and have work hard to bring up the expectations for guests and hoped in the next few months they could turn the corner for the operation.

Flemmer has percentages and questioned why the Liquor Store's is lower than the national averages. Eastman stated that we are not in a position to purchase in high volume which may be the reason for the average difference. Eastman and Tappe had a discussion of the transfer of costs from the Event center back to the Off-Sale expenses. Also, discussion of the Liquor Store Inventory needs to be set up correctly and that the Off-Sale and On-Sale need to be split for inventory purposes. Thompson said he has found that liquor and food sales don't go well together unless you offer "BINGO".

Sharp said that he feels the City should retain and run the Off-Sale but questioned how far could the enterprise fund be drawn down and how long can the On-Sale remain open? Also, he said possibly the Off-Sale could be relocated to Main Street in the future. The Council agreed that a watch on the operating balance will be underway, Ludtke said that there will not be money transferred from the General Fund to supplement the Liquor Store expenses.

A motion to close the meeting at 6:15 p.m. was made by Miosek, seconded by Julius. Motion carried.