

## Liquor Store Manager Proposal

### Background:

- Currently the City Clerk also serves in the role as the Liquor Store Manager. This was established in September 2016 to assume the dual role. The salary was increased \$5.00 an hour in February 2017.
- The Liquor Store has had significant increase in sales, as summarized below, requiring increased inventory management and fiscal responsibilities. This has made the dual role especially challenging and doesn't allow the time to look at efficiencies and improvements, conduct broader marketing & promotions to enhance sales, and give attention to day to day management needs.

|                               | 2016         | 2017         | 2018         | 2019         | 2020         |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales                         | \$509,898.00 | \$528,623.00 | \$590,936.00 | \$598,425.00 | \$735,923.14 |
| Cost of Goods Sold            | \$393,365.00 | \$394,104.00 | \$443,491.00 | \$447,799.00 | \$520,709.25 |
| Gross Profit                  | \$116,533.00 | \$134,519.00 | \$147,445.00 | \$150,626.00 | \$215,213.89 |
| Operating Expenses            | \$111,059.00 | \$104,471.00 | \$97,980.00  | \$103,539.00 | \$169,863.70 |
| Operating Income              | \$5,420.00   | \$31,998.00  | \$52,481.00  | \$46,380.00  | \$ 73,165.91 |
| Transfer to General City Fund | \$0          | \$5,000      | \$10,000     | \$40,000     | \$30,000.00  |
| Liquor Store Fund Balance     | \$5,420.00   | \$26,988.00  | \$42,481.00  | \$6,380.00   | \$17,888.18  |

\*There may be anomalies in 2020 related to covid-19

\* Data source audited fiscal data. 2020 not audited.

- There are 6 part time employee's covering 80 hours of weekly operations. There have been ongoing issues with staff turnover; 2 in 2018, 4 in 2019, and 2 in 2020. During 2020, covid-19 had resulted in increased employee absenteeism due to quarantine needs of self or family. Gaps in staff coverage and turn over significantly impacts time needed for liquor store staffing. When short staffed, the City Clerk frequently covers. In the last year this entailed 71.5 overtime hours at an additional salary cost of \$3,635.17. On a day to day basis, the management of the Liquor Store is taking increasing time, which is impacting city responsibilities where aspects of record management and timeliness are hindered.

## **Proposal:**

- Establish a Liquor Store Manager by converting an employee position. This would be a working Manager also functioning as an employee. Salary of a Liquor Store employee is in the range of \$10.60- \$13.50 an hour. Prior to 2017, the Vergas Liquor Store Manager made \$15.07 and \$16.04 an hour. Based on information from the MMBA (Minnesota Municipal Beverage Association) an average salary of a Liquor Store Manager in a smaller community is \$18.00 an hour. This variance in salary from staff to manager would range from \$7.60- \$10.50 an hour. This would be further off set by the additional \$5.00 currently paid the City Clerk for Liquor Store Duties (\$10,400.00 annually) and overtime hours paid in 2020 in the amount of \$3,635.00.

The overall cost of a Liquor Store Manager to the City would be \$43,907.00 based on benefits and a salary of \$18.00 an hour. There is \$10,400 savings from the \$5.00 an hour additional salary to the City Clerk which brings salary impact down to \$33,507.00. This is further off set by the wage already paid to an employee in the range of \$22,048.00- \$28,080 for full time work; reflecting cost impact in the range of \$5,427.00 -\$11,459.00

\*This doesn't factor in the overtime paid in 2020 in the amount of \$3635.17, which would vary each year, but would eliminate overtime cost of city clerk, highest paid city employee, doing liquor store duties.

## **Impact Considerations:**

There may be reduced funds available for transfer into the City General Fund, which has occurred annually in varied amounts, as outlined in presented data.

If a decreased liquor store profit would occur, this would impact funds available for salary. However, based on the last 3 years this does not translate into an issue, but the potential exists. Would anticipate improved profit with a manager focused on Liquor Store business.

## **Options:**

1. Immediately proceed to hire a Liquor Store Manager to allow time to recruit and hire a highly qualified person and allow for a complete orientation and training before independent in the role. As previously noted, based on a 3-year period, the average annual turnover is 2.7.
2. Wait to hire a Liquor Store Manager with the next Liquor Store employee vacancy and at this time convert the position to Liquor Store Manager and begin the recruitment and hiring process.