

Liquor store has lost \$73K over last 2 years

Council hopes changes will restore profitability

By Seth Schmidt

Is the glass of future profits half-full or half-empty for the Tracy Municipal Liquor Store?

That question remained unanswered, following a public hearing Monday to consider whether the City of Tracy should continue to operate its off-sale municipal liquor store.

State law required the hearing, because the liquor store has lost money for the past two years.

During the 2017 calendar year, the off-sale liquor store lost \$34,795. In 2016, Tracy liquor store operations—which included an on-sale bar for the first nine months—lost a combined \$38,818.

City officials said the liquor store posted a small profit in 2015, but an exact figure was not available.

Ordinarily, municipal liquor stores are designed to generate profits, which can be used to fund other city expenses or decrease property taxes. The last time Tracy liquor store profits went into the city's general fund was 2014, when \$10,000 was transferred.

City Attorney Matt Gross advised that the council can opt to keep open or close the

liquor store, or to put the question to a citizen referendum during the next general election.

The hearing did not attract any citizen opinions, on whether the liquor store should stay open.

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Council consensus is to continue to implement changes at the liquor store, with the goal of restoring profitability.

Paul Kaspszak executive director for the Minnesota Municipal Beverage Association, reviewed for the council a set of recommendations he'd presented to the city's liquor store committee on Jan. 3. Kaspszak feels that changes in pricing, buying, marketing, and scheduling can return Tracy's liquor store to profitability. (See related story). Then-mayor Steve Ferrazzano invited Kaspszak in January to make a presentation to the full council on Feb. 12.

After hearing Kaspszak's recommendations, council members were in agreement, that time should be granted to see if the liquor store can turn around its profitability.

"It is kind of silly to even consider getting out of the liquor store business until we try some of these things," said Mayor Pam Cooreman.

"I'm fully committed to seeing what happens and hopefully it gets better," said Councilman Tony Peterson. He said the recommendations suggested by Kaspszak should be given a chance to work.

Expert: Tracy can have profitable liquor store

By Seth Schmidt

Paul Kaspszak, executive director of the Minnesota Municipal Beverage Association, had a blunt message for the Tracy City Council Monday.

"There is positively no reason that a town of 2,000 people can't support a liquor store," he said.

A concerted, team effort, Kaspszak predicted, can return the Tracy liquor store to profitability.

"Some of you may think that you have tried everything and there is no hope. The fact is that you haven't tried anything. There are serious issues (at the liquor store) that can be controlled," he said, with "across the board" changes.

One of the mistakes being made now, he said, is that the Tracy store is trying to compete with a liquor store in Marshall on price.

"(You) can't compete with Marshall," he said. "Tracy has to be a store of convenience."

The Tracy operation, Kaspszak said, needs to set its prices so that it can have an acceptable gross-profit margin, even if that means losing some sales to a lower cost store in Marshall.

He cited his work with a liquor store in Olivia, which competed with a larger liquor store in Willmar, 25 miles away. Establishing greater profit margins in Olivia, he said, helped turn a losing operation into a profitable one.

Initially, Kaspszak said, Olivia customers complained about prices being too high. In time, that sentiment changed to and accepting, "Your prices really aren't that bad."

Kaspszak felt that a well-run Tracy store should be able to capture an acceptable local market share, even with retail prices somewhat greater than those of a nearby, larger competitor.

Other suggestions that Kaspszak shared included tracking sales productivity, group buying, a better mix of product, promoting sales with special events, and making the facility as appealing as possible.

"When was the last time you did a re-set (of the liquor store aesthetically)?" Turning around the operation to profitability, Kaspszak



Paul Kaspszak, executive director of the Minnesota Municipal Beverage Association, and Nanette Serbus, municipal liquor store manager from Olivia, and MMBA board member, talked with the Tracy City Council Monday night.

cautioned, won't happen overnight, but the basics of a good operation really aren't complex.

The city's liquor store committee, he said, should be meeting with the store manager at least once a month, if not twice. The manager should be required to make "bullet point" reports to city leaders on key operating points.

The liquor store committee must hold the manager accountable for needed changes, and it is the council's job to exercise oversight, he said.

In order to be successful, Kaspszak said, "everyone has to be on board" with an improvement plan. However, to date, Kaspszak said he hasn't seen that.

"That is an issue that has slowed some progress," he said.

Asked by Councilman Tony Peterson to be more specific, Kaspszak responded.

"There doesn't seem to be a unified effort by everyone involved ... to understand that the old way wasn't working ... and the old way needs to be changed."

Kaspszak said unified support for "moving forward as a community, as a council and as a liquor committee" in making changes "for the betterment of the community" is essential.

Cooreman asked how long a financial turn-around had taken in Olivia.

Kaspszak responded that in the second year of new management, the store had gone from a loss to "\$50,000 in

the black."

Peterson asked how important location is to a store's success.

"There is no question that location is important," Kaspszak said. Small towns often struggle with the issue of whether to keep a municipal liquor store downtown close to established retailers, or move to a highway location with greater traffic, he said.

Kaspszak cited three reasons why municipalities exit the liquor store business. The first, that a town can't support a store, doesn't apply in Tracy, he said.

Secondly, a "political agenda" for having private enterprise run the liquor store instead of city government, can develop, especially if there is a private party that wants to operate a liquor store.

The third reason occurs, Kaspszak said, when municipal store management "doesn't keep up with current trends and the council isn't willing to do anything about it."

Kaspszak felt that there is "absolutely no reason" why a municipal liquor store can't be as profitable as a privately-owned liquor store with good management. "The rules of the game are the same."

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Liquor store committee member Rosemary Martin reported that steps have already been taken to implement some of Kaspszak's marketing suggestions. She expressed optimism that liquor store profits will show improvement later this year.

50th remembrance

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Volunteers staffed an emergency Red Cross canteen in the National Guard Army for several days after the storm. Volunteers from left included Arlene Frechette and Rose Onken.

logo, will be sold through the end of February.

• A 50th anniversary Tracy Tornado quilt will be raffled off.

• An evening comedy dinner show at The Caboose will feature Tracy native Jeff Bergs.

• A community lunch will be served at Tracy Lutheran Church.

• Historical displays will be set up about the Tracy Tornado.

• A medallion hunt will be held in Central Park.

All net proceeds are earmarked for the senior scholarships that will be given in memory of the tornado victims.

The nine people who died in the tornado were Nancy Vlahos, 2; Barbara Holbrook, 50; Walter Swanson, 47; Ella Haney, 84; Mildred Harden, 75; Ellen Morgan, 75; Otelia Werner, 75; Fred Pilatus, 71; Paul Swanson, 60.

Thoma wants to include a framed summary of each individual's life, when the memorial scholarships are presented to the seniors. In

order to do that, he's hoping to find surviving family members who can share biographical information about their loved ones.

Thoma is also looking for donations for the silent auction, or for cash donations to help meet up-front expenses. He can be emailed at scott@thomabooks.com, or called at 320-894-6007. His mailing address is 2113 21st. Ave. SW, Willmar, MN. 56201. Checks should be made out to "Tracy Tornado Scholarships." The "Never Forget" T-shirts will be sold on-line during February at <https://tinyurl.com/yayhz48t>.

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Thoma was nine-years-old when the tornado struck his neighborhood. He's passionate about remembering the cataclysmic event that changed so many lives, and the community efforts to rebuild Tracy. He also wants people to remember the nine tornado victims.

"As a young boy, I watched my father help remove two of the people that were killed across the street from us. That

memory will never leave me."

In 2012, Thoma wrote a book, "Out of the Blue," that recounted the story of the Tracy Tornado from the perspectives of two sisters. He helped raise money for an engraved monument that was dedicated at the Tracy Tornado Tree Memorial in 2013.

Helping organize the 50th anniversary event, Thoma adds, is a way for him to "give back" to the community that gave so much to him when he was growing up. He hopes the event will draw large numbers of people to Tracy, and provide a boost to the local economy.

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The Tracy Tornado was on the ground for 25 minutes, as it wreaked a 13-mile path of destruction from Lake Sarah to northeast of Tracy. Nearly 200 houses in Tracy were destroyed, along with the Tracy Elementary School. Several farmsteads southwest of Tracy were obliterated. The powerful tornado is one of only a handful of F-5 tornados to be documented in Minnesota.

Hook

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The senior has come to realize that no award is greater than the person who receives it, and would just as soon be remembered for how she treats her peers than for the hardware she's earned.

"I've been blessed with a supportive family, school faculty, and friends that have made my high school career fun and memorable," said Hook. "Years from now, people won't remember what awards I've received, but they will remember how I treated and encouraged them."

Hook will be recognized locally at the Saturday, Feb. 24, girls' sub-section quarterfinal basketball game, which tips off at 7 p.m. Triple "A" recipients are chosen by a multi-level process involving the MSHSL's member schools and administrative regions. The four

state award recipients (a girl and a boy from a Class A and AA school) are honored at a banquet and an on-court ceremony at the Boys' State Basketball Tournament on March 24. Each of the four state award recipients will receive a four-year, \$1,000 scholarship.

Hook joins Gabbie Gervais—the 2017 Region 3A winner a year ago—Jenna Boerboom (2000) and Kara Swanson (1998) as past 3A winners from Tracy Area High School.

"This award does help validate my hard work, but I've learned that awards should not be my ultimate goal. It is more important to enjoy what I'm doing and enjoy who I'm doing it with."

This year's boys' winner in Region 3A is Logan Josephson of Redwood Valley.

Leonard

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Leonard said his love of politics was sparked as a junior in high school after attending American Legion Boys State. He carried that affinity for politics through his college years at St. Johns and law school at the University of Minnesota.

"I've always been drawn to law and policy at the grassroots level," he said. "I didn't really consider running to serve the people of Minnesota until what happened in the 2016 election. I'm not part of the establishment elite, I don't come from wealth, but I have passion, and I care about what happens to our country and state."

Leonard said he's received a lot of positive support since announcing his decision to be given a chance to spread his message. He said the backbone of his progressive grass roots campaign is progress for the people in areas like a more fair economy for all, livable wages

for all, fair taxation and equal pay for equal work.

Leonard has his own practice, Leonard Law, and lives in Minneapolis. The 1991 graduate of TAHS is looking to become the first openly gay man in the U.S. Senate.

"I think Minnesota has the opportunity to make history by electing the first openly gay man to the Senate," he said. "I'm really proud to be able to represent that. At my core, I'm still the guy who grew up in Walnut Grove, and it shouldn't matter who I love or who my family is, but that would be a pretty big deal. When I grew up, there was no really good role model that I could look at and do something like this someday, so to me, it's important to provide an example of someone who can do that."

Leonard married John Mason in 2015, the same year and month that the Supreme Court ruled in favor of gay

marriage in Minnesota.

Leonard calls the days since he announced a "whirlwind." He said he's not nervous about the campaign, or about the fact that he doesn't have the political experience of his opponent.

"I've worked hard my entire life, with some of the most prestigious law firms, I've opened businesses and advocated for companies," he said. "I feel like my experience is the equivalent of having served at lower-level offices."

Leonard knows there is a lot of work to do this spring and summer, and "right now our goal is to get to the primary and get the endorsement by the DFL for the State Convention," he said. "We plan on going all the way to the primary on Aug. 14—that's the most important day right now."

Leonard's parents, Mary and Gerald, live on Lake Shetek.