

SPECIAL BEMIDJI ECONOMIC DEVELOPMENT AUTHORITY

A G E N D A

May 22, 2017

5:30 p.m. ~ Conference Room

1. CALL TO ORDER
2. DISCUSS 3RD AMENDMENT TO PURCHASE AGREEMENT WITH ICON ARCHITECTURAL GROUP, LLC EXTENDING DUE DILIGENCE PERIOD
3. ADJOURN

- 5:30 P.M. SPECIAL BEDA MEETING

BEMIDJI CITY COUNCIL

Work Session Agenda

Monday, May 22, 2017

**City Hall
Conference Room
5:30 P.M. (OR SOON THEREAFTER)**



1. CALL TO ORDER / ROLL CALL

2. CLOSE THE MEETING

For the purpose of discussing with the City's Attorney threatened litigation by the City with regards to issues with Skyline Village.

3. REOPEN THE MEETING

4. DISCUSS SUNDAY LIQUOR SALES

5. ADJOURNMENT

NOTE: All cellular devices are to be switched to a non-audible function during Council and Committee meetings.

COUNCIL AGENDA ITEM



Meeting Date: May 22, 2017

Action Requested: Consider Sunday liquor options

Prepared By: Ron Eischens, Finance Director *Ron*

Reviewed By: Nate Mathews, City Manager *Nate Mathews*

Background:

For the last several years, the state legislature debated the whether or not to allow Sunday alcohol sales. The issue has passed into law, allowing Cities the ability to sell alcohol on Sunday between the hours of 11 am to 6 pm.

Attached is a lengthy Minnesota Municipal Beverage Association (MMBA) article containing a number of references and studies on this issue. The business/economics article by Edina City Manager Scott Neal, on pages 3-4 does an excellent job detailing the projected financial impact of Sunday sales, so I will not repeat that analysis.

As staff see it, Bemidji options are as follows:

- Remain closed
- Open for hours stated in law (11am – 6 pm)
 - One or both stores?
- Open for reduced hours (11 am – 5 pm for example)

Consider the following points in evaluating this policy decision:

- Reduced traffic activity on Sunday compared to other days of the week as many other retail stores are closed.
- Competitors lack of interest in being open on Sunday
- Being open on Sunday is a customer convenience issue, supported by border cities feeling they were losing Sunday sales to neighboring states. Part of this story is neighboring states have lower liquor taxes, resulting in lower prices.
- C-stores/Grocery stores can now claim they are losing some of their Sunday liquor business, which can lead to legislative approval to allow strong alcohol sales in grocery stores, severely changing the marketplace for municipally owned liquor stores.
- Results of a recent survey of Minnesota municipal owned liquor stores (44 responses):
 - 55% will open Sunday
 - 41% undecided
 - 4% will not open Sunday

Staff Comments:

To be open Sunday will require two staff to be on duty (per store) for security and safety reasons. Based on preliminary discussions with the liquor union, a \$2 per hour premium, or overtime, would be requested for employees working on Sunday, a common practice in the grocery industry. City staff have not completed talks with the union on the Sunday wage issue, as we were uncertain of Council direction on this matter. If that is the direction, further talks with the union are required.

Sunday sales necessary to cover labor costs for both stores would be approximately \$800 per store, or \$1,600 total, assuming store hours were 11 am to 5 pm. This requires 70 customers with an average purchase of \$23. While this sales level may be achievable, the difficulty in this evaluation is Friday and Saturday sales may decrease because customers know they can purchase liquor on Sunday. With this in mind, Sunday sales amounts is only one factor to consider. We did not project reduced sales on other days as part of our analysis.

In addition to labor, there are incremental costs for supplies and utilities, which are difficult to estimate. Sunday sales required to cover additional labor costs **and** meet normal operating costs/margins would be \$4,400, or 191 customers.

Recommendation:

Based on our estimates, opening on Sunday may cover labor costs but is not expected to increase overall liquor profits. Therefore, City staff, including the Liquor Superintendent, recommend staying closed on Sunday. If Council direction is otherwise, further clarification is necessary on hours of operation, union wage issue, and which stores, one or both, are open.



MMBA | Sunday Sales: Convenience at What Cost?

MMBA

[Mission Statement](#)
[Summary Sheet](#)
[Directors](#)
[Coming Events](#)
[Sunday Sales:](#)
[Convenience at What Cost?](#)
[Magazine Rates](#)
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[Alcohol Awareness Server Training](#)
[New Minnesota Drivers License](#)
[A letter to Minnesota Retailers from Southern Wine & Spirits Chairman & CEO Harvey Chaplin](#)
[Home](#)

Links:

[Minnesota Licensed Beverage Assn.](#)
[MN Legislature](#)
[Alcohol & Gambling Enforcement](#)
[National Alcohol Beverage Control Association](#)

General MMBA Position

MMBA is opposed to this initiative.

We recognize Sunday Sales would benefit some of our members. However, the majority of facilities would eventually be negatively impacted.

Sunday Sales is not about working hours.

It is about spreading six days of sales over seven days of expenses. Alcohol is not a destination purchase. People don't get up and say "let's go alcohol shopping." It is an impulse purchase that, in the vast majority of locations, doesn't pay the day's bills. Minnesota cars buying in Wisconsin on Sunday are coming from multiple locations to one store.

* In addition, Sunday Sales has the potential to lead to the elimination of 3.2 beer and ultimately Wine & Strong Beer in Grocery / Convenience Stores.

Finally, public safety considerations should outweigh convenience.

Public Safety

2012 Minnesota State Substance Abuse Strategy

Maintain[ing] limitations on alcohol availability including: alcohol sales restricted to 6 days a week statewide and to current locations (designated liquor outlets not grocery or convenience stores)

<https://edocs.dhs.state.mn.us/lfsrver/Public/DHS-6543-ENG>

Effectiveness of Policies Maintaining or Restricting Days of Alcohol Sales on Excessive Alcohol Consumption and Related Harms

By The Hartford Courant

Repealing a ban on Sunday alcohol sales at stores increases the number of alcohol-related accidents and deaths, according to a task force of the U.S. Centers for Disease Control and Prevention that reviewed 14 studies in which laws restricting alcohol sales were changed.

Much of the debate over whether to allow alcohol sales on Sunday focused on such issues as revenue for the state and small business vs. big business, but there's been little discussion about the implications for public health.

In 2010, a team of researchers that make up the CDC's Task Force on Community Preventive Services published research in the American Journal of Preventive Medicine examining alcohol consumption in locations where bans on alcohol sales on certain days had been enacted, abolished or modified.

"We found strong and consistent evidence that limiting alcohol availability by maintaining existing limits on the days of sale is an effective strategy for preventing excessive alcohol consumption and related harms," the authors wrote.

**Minnesota Gambling
Control Board**

**Minnesota Statute
340A**

**Minn. Administrative
Rule 7515**

Robert Hahn, one of the authors of the analysis, said that "based on our conclusions, our position is to recommend against" repealing bans on the sale of alcohol.

View Study, (PDF):

[Effectiveness of Policies Maintaining or Restricting Days of Alcohol Sales on Excessive Alcohol Consumption and Related Harms](#)

Two Studies Show how Sunday Sales Negatively Impacted Public Safety in New Mexico

The original study concludes...

Our results strongly suggest that increasing alcohol availability on Sunday was associated with increases in alcohol-related motor vehicle crashes and fatalities. Legalizing Sunday package alcohol sales may increase state tax revenues, but at the same time it exacts a significant price that is paid by crash victims and their loved ones, health care providers, insurers, and law enforcement and judicial systems. State legislators should consider these consequences when deciding policy that is intended to serve the public well-being.

<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC1751802/>

The follow-up study concludes...

Our previous work has shown a significant impact of increased ARC risks when the ban on Sunday packaged alcohol sales is repealed. The current study shows that this impact varies considerably across counties in New Mexico. Furthermore, the negative impact of legalized Sunday packaged alcohol sales appear to have been mitigated in counties with large communities that quickly held an election to re-institute a ban on Sunday packaged alcohol sales.

View Study, (PDF):

[Geographic variability in alcohol-related crashes in response to legalized Sunday packaged alcohol sales in New Mexico](#)

2013 Duluth News Tribune Editorial

In 2013, the Duluth News Tribune published an editorial in favor of Sunday Sales.

The article began:

Run out of beer on a Sunday and what do some Duluthians do? They jump into their cars and motor across a bridge to a liquor store in Superior for more, hoping the few they've already had weren't a few too many.

That potentially tragic scenario is an unfortunate reality that plays out more regularly than many of us would care to think about, and not only in Duluth, but in all Minnesota border communities.

This argument indicates people who have had too much to drink should go to a liquor store closer to home to purchase more alcohol.

Business / Economics

Sunday Sales: Sunday Sales Not Good for the Bottom Line

By Edina City Manager Scott Neal

There's an annual discussion going on right now at the State Legislature around the question of whether the good citizens of Minnesota should be allowed to purchase beer, liquor and wine on Sundays. The State Legislature sets the rules for such important life choices as this, so it's only natural that they study the issue carefully, hear from all sides on the matter and then make a rational decision that's good for all concerned, right? Right.

Now I'll be the first to admit that upon moving to Minnesota in 1996 that it struck me as a little odd that I could not buy beer, liquor or wine on a Sunday. I had moved here from Iowa where you could buy beer (OK, yes, it was 3.2 beer), liquor and wine in aisle 10 at any Hy-Vee grocery store on Sunday or any other day of the week.

When I first moved here I thought it was odd that cities with municipal liquor stores would partner with private liquor stores to fight efforts to allow Sunday sales. Why? Why wouldn't we want our stores to be able to sell on Sundays? Sure, employees aren't going to like it, but isn't one of our key objectives in the liquor business to make money, and wouldn't we make more money if we could be open on Sundays and sell more product?

This is the third municipal liquor city that I've managed in Minnesota. I'm not a brilliant business mind, but I know a thing or two about the liquor business, so let's take a look at the numbers in Edina to see if the Sunday sales idea makes any sense for us.

City staff project our 2011 total sales at our three municipal retail stores to be \$13,367,072. We project our total 2011 operating expenses at \$12,338,481. That means our projected operating income for 2011 will be just over one million dollars at \$1,028,591.

In 2011, our stores will be open 307 days. We will be closed on 58 days. 52 of those 58 days are Sundays. 6 of those 58 days are holidays. In examining the hypothetical impact of the proposed legislation, I will assume that we would be open 359 days and closed 6 days in 2011.

Our 2011 projected sales per day is \$43,540. Our 2011 projected operating costs per day are \$40,190. If you do the math, the difference between these two numbers multiplied by the number of days we will be open in 2011 (307) will equal our projected net operating income for 2011: \$1,028,591.

If the Legislature changes the law on Sunday sales, it will be difficult for us not to be open on Sundays, so I will assume in this hypothetical that our stores would be open for 52 additional days in 2011. If we further assume that our projected 2011 daily operating costs of \$40,190 would not be materially different on Sundays, we would add 52 more days of operating costs at \$40,190/day to our annual operating cost totals. This would increase our projected annual operating costs in 2011 by

\$2,089,729 from \$12,338,481 to \$14,428,210; an increase of 16.9%.

On the revenue side, if we were open on Sundays and wanted to keep our projected net operating income the same (\$1,028,591), we would need total gross sales of at least \$15,456,801, which is an amount equal to the sum of our projected Sunday sales scenario operating expenses of \$14,428,210 + \$1,028,591. This gross sales goal would require an increase in our sales of \$2,089,729; and increase of 15.6%.

So, if we want to stay exactly where we are right now, fiscally, in the Sunday sales scenario we would need to hold down the increase in our projected operating expenses to 16.9% or less and increase our projected gross sales by at least 15.6%. Is that possible? Maybe, but the challenge is steep.

In 2010 our total customer count for our three store operation was 506,410. Our total sales were \$12,862,719. Average sales per customer then were \$25.39. For the sake of this example, if we hold our average sales per customer steady at \$25.39, it would take an annual increase of 102,365 in our 2011 customer count, an increase of 20%, in order to create the \$15,456,801 we need to generate our projected \$1,028,591 net annual operating income. If we work the equation the other way, keeping the customer count steady at 506,410, we would need a 20% increase in our average sales/customer, from \$25.39/customer to \$30.52/customer) in order to gross \$15,456,801 in order to net \$1,028,591.

Getting back to my previous question: Is it possible to maintain our current level of net operating income in Sunday sales scenario? Short answer: I doubt it. The likelihood that we will experience an increase in our annual operating costs under this scenario of something in the neighborhood of 16.9% is high. The likelihood that we will experience an increase in our annual gross sales under this scenario of something in the neighborhood of 15.6% is, in my view, low. I do not doubt that we will experience an increase in gross sales, but I do not see any really evidence that would support an increase of close to 15.6%.

Those are the numbers I'm looking at. If I owned a liquor store in Stillwater, Winona or Moorhead, I am sure that I'd see this situation differently. But I don't. My interpretation of the numbers is that the Sunday sales scenario is not good for the bottom line of the City's municipal liquor operation. I could be missing something here, but in the end, here's how I boil it down: good for consumers, but bad for business.

Regulatory Changes Have No Clear Positive Fiscal Effects – Ball State University:

We find that permitting Sunday sales reduces the number of retail package store establishments by roughly eight to ten percent under different model specifications. When combining a relaxation of Sunday sales with sales at non-package stores facilities, we observe the loss of just over 25 percent of package stores. This result indicates that any such regulatory change will likely result in only changes in the structure of the industry. No cross border effects of the legislation were observed. As a consequence, regulatory changes have no clear positive fiscal effects as

increased sales in one retail sector simply displace another, without boosting cross border sales.

View Study, (PDF):

[Package Store Retail Structure and the Regulation of Alcohol Sales](#)

Don't Count Sunday Liquor Tax Revenues Just Yet – Growth & Justice

The latest debate over Sunday liquor sales in Minnesota has featured claims that Minnesota is somehow missing out on \$10 million in tax revenues. I've debunked parts of this claim via twitter and comments sections, but thought it worth a post...

http://growthandjustice.typepad.com/my_weblog/2011/02/dont-count-sunday-liquor-tax-revenues-just-yet.html

Connecticut: Sunday Sales Hurts Business

By Brian M. Johnson, New Britain Herald

As the state approaches the one year anniversary of Sunday booze sales, liquor store owners aren't in a celebratory mood.

Legalization of Sunday sales was signed into law May 20, 2012.

Area liquor store owners said the law has not resulted in increased profits and has actually hurt their businesses.

Mirosław Szczygła, owner of Five Star Liquor, in New Britain, said the law is terrible for families and businesses.

"This is the worst decision we've made in Connecticut," said Szczygła. "We can't compete with Massachusetts unless we cut or lower our liquor taxes. Most of the time Sunday there is no business until after 1 p.m. when the alcoholics come in. Most regular customers have bought all their liquor by Saturday. Now I have no time for family at all. We can't even afford to take off time for holidays."

Bob Shah, owner of A&S Package Store in New Britain compared working all week to living in a golden jail.

"I haven't made any extra sales and I can't leave unless I find someone trustworthy to manage the store. The state hasn't made any extra money from this either. People still go out of Connecticut to sell liquor because of the high liquor tax. In Massachusetts they have no sales tax on liquor. What the state really needs to do is look at the numbers and review their tax rates."

Vijay Patel, owner of Discount Package Store in New Britain says he can't afford to stay open an extra day as a small liquor store.

"Our sales totals are no match for last year and there's no time for rest," said Patel. "I don't have time to see my kids. They go to school and by the time I get home at 10 p.m. they're already asleep."

In neighboring Bristol, Bruce Wolfert, owner of Wolf's Wines & Spirits in Bristol said the law hasn't done what the government promised.

"It has made no difference at the end of the week," said Wolfert. "Our sales are about the same, except now we're working seven days instead of six. That means we're spending more on electricity and heating and giving up family time."

Raj Chaddah, owner of Town & Country Discount Liquors in Bristol. sees the law as a huge burden.

"Our sales have just been spread out over another day, with the extra cost of manpower," said Chaddah.

Marvin Friedman, owner of Maple End Package Store in Bristol, said the law eliminates profits from people stocking up for Sunday.

"When the law was first signed we didn't open on Sunday and our business began to fall off," said Friedman. "When we opened Sunday, it got back to where it was, but there's been no real difference in total volume of sales."

Before we could open on Sundays, people would come in Saturday to stock up. Now there's no incentive. People may show up on Sunday, but nobody is buying extra. Any business that's open for more days pays additional costs, so we actually lose out."

Colorado: Sunday Sales Leads to Wine & Beer in Grocery Stores

Surrounded by a cadre of gas station managers and owners, primarily representing 7-Elevens and Loaf 'N Jugs, Parker stood in front of 66,000 dramatically stacked signed petitions during a press conference in the Old Supreme Court Chambers hearing room at the state Capitol on Tuesday. The petitions, collected at 7-Eleven and Loaf 'N Jug stores statewide, ask the Legislature to allow gas stations and grocery stores to sell full-strength beer.

Until last year (2008), Colorado law prohibited liquor stores, which sell full-strength beer, from remaining open on Sundays. That had given an opening to convenience store owners, who are able to sell only lower strength 3.2 beer, permitting them a monopoly on liquor sales one day each week.

However, as soon as the Legislature passed a partial repeal of the state's Blue Laws in 2008 allowing liquor stores to stay open and sell full-strength beer on Sundays, Parker says convenience stores such as his lost 75 to 80 percent of their Sunday beer sales. The storeowners say beer sales make up 6 percent of their total revenue.

Parker said now that 3.2 beer is obsolete, "The loss of sales has hurt us, and today we are only asking for the ability to compete."

Parker could be in luck. If state Sen. Jennifer Viega, D-Denver, and Rep. Buffie McFadyen, D-Pueblo West, are successful, a bill they are moving through the Legislature this year would allow the sale of full-strength beer at convenience stores.

"I certainly recognize that, with the passage of Sunday sales (last year), there has been a detrimental impact on you, on your sales and to the grocery stores who are now selling an obsolete product," Viega said to the room of storeowners. "Consumers want easy access (to products), and this allows for that."

Not everyone is behind the change. Owners of liquor stores and craft breweries said allowing convenience and grocery stores to sell full-strength beer is paramount to putting another nail in their industry's coffin. Although liquor store and brewery owners say the simple convenience of not having to make a special trip to a liquor store to buy full-strength beer seven days a week is of concern, they also expressed the fear that grocery stores will undercut the price of their liquor products as part of a rewards program for frequent shoppers.

Currently, King Soopers and Safeway discount gasoline to reward customers who reach a spending threshold.

"This legislation is not about convenience and fair competition, it's about jobs, jobs, jobs," said Jeanne McEvoy, executive director for the Colorado Licensed Beverage Association.

McEvoy said similar legislation in other states has had a devastating effect on liquor store owners, and she said South Dakota offers an example of how such a policy can destroy businesses and reduce employment opportunities statewide.

In South Dakota, 48 liquor stores were in business before similar legislation was passed. Within 10 years of the legislation's passage, only three remained. She estimates that 700 liquor stores in Colorado would close within three years should the proposed law pass.

"If the state of Colorado has a problem with Sunday sales, then fix Sunday sales," McEvoy said. "But robbing Peter to pay Paul is never good policy."

However, the bill, which was introduced this week, may not have such a dire consequences for owners of Colorado's liquor stores, supporters said.

Five states, including Colorado, still sell 3.2 percent beer while 36 states allow beer and wine sales in grocery stores, McFayden said, adding that those 36 states have found ways to make it work.

The Effort Continues in 2013: Battle Brewing Over Beer in Supermarkets

By Peter Marcus, The Colorado Statesman

Another legislative brouhaha is brewing this year over whether to allow more supermarkets and convenience stores in Colorado to sell full-strength beer, wine and liquor.

The battle is nothing new to the legislature. This year would mark the fifth most recent attempt at allowing grocery and convenience stores to sell full-strength beer. The last effort was in 2011 when two bills that would have allowed the sale died.

It is a polarizing issue, with supermarkets and convenience stores on one side of the fence, and craft brewers and liquor stores on

the other side. But Rep. Kevin Priola, R-Henderson, said he is forging ahead this year with a measured plan to allow more grocery and convenience stores in Colorado to sell full-strength beer, wine and liquor.

Rather than open the sale up to all supermarkets and convenience stores, Priola would like to first expand the current cap from one to five on liquor licenses offered to retailers.

Current Colorado law prohibits the sale of full strength beer, wine and liquor in most supermarkets and convenience stores. But state law permits owners to hold one liquor license, which is why so-called "big-box stores" like Target and Rite Aid, have one flagship location where they sell full-strength alcoholic products. All the other locations are restricted to selling 3.2 percent or lower beer, known as "near beer."

After The Colorado Statesman first wrote about Priola's bill last month, some statehouse observers believed that the Adams County lawmaker would introduce the legislation as one of his first three bills. But Priola said bill drafters put the measure on paper before it was ready. He plans on introducing the bill in the next two weeks.

"Full-strength beer is in supermarkets, it's just one license," commented Priola. "The additional licenses affects more than just grocery stores. It also would help out folks like Applejack [Wine and Spirits] and Argonaut [Liquor], as well as many other small business persons who want to have more than one location."

Priola would not disclose whether he had been approached by anyone to draft the bill, such as by the supermarket or convenience store lobby. He said he is working with all sides on the issue.

"Overall, the goal I've had is to come to some piece of legislation that helps here, helps there, and in the end leaves most folks relatively harmless," said Priola.

"I've sat in business for four years, I've heard the issue over and over, I feel like I know more about the issue than most," Priola added, noting his past committee assignments to the House Business Affairs and Labor Committee, and then to the House Economic and Business Development Committee. "I can kind of cut through the BS that you hear from both sides on what will and what will not happen."

Bill frustrates craft beer industry

But Priola will surely face another heated exchange. He is already receiving resistance from the craft brew industry and from smaller package stores. They are fearful that expanding licenses would tilt the playing field and put them out of business.

The Colorado Brewers Guild, the Wine and Spirits Wholesalers Association of Colorado and the Colorado Licensed Beverage Association have all told The Statesman that they have concerns about the legislation, but they are waiting until a measure is introduced before officially supporting or opposing the proposal.

Priola is attempting to gain their support by including language that focuses on smaller craft breweries. His measure would allow

breweries that produce only a limited number of barrels per year to sell their product in all supermarkets and convenience stores in the state. The lawmaker said he is still working on a gallon-production limit to qualify.

The legislation would also ban the sale of caffeinated alcoholic beverages and place an alcohol limit of 10 percent on so-called "alcopops," or flavored alcoholic beverages, that can be sold in grocery and convenience stores.

Brian Dunn, owner of Great Divide Brewing Company in Denver, believes the measure is a backdoor, small step to allowing full-strength beer in all supermarkets and convenience stores in Colorado. He said the current model works for his industry, noting double-digit growth, and he was reluctant to see change.

"We don't like it," lamented Dunn, who sat down with Priola to discuss the bill. "Craft is growing well enough without being in grocery stores, we don't feel like we need it."

Sales of craft beers rose 14 percent in the first half of 2012 over the same period in 2011, and production rose by 12 percent, according to the Boulder-based Brewers Association. The industry also saw revenue growth of 12 percent in 2010 and 15 percent in 2011.

Colorado ranks second for the most number of breweries, and it ranks third in breweries per capita. There are 161 licensed craft breweries in Colorado, with over 60 in planning, according to the Colorado Brewers Guild.

Since opening in 1994, Great Divide has seen unprecedented growth. Last year the brewery saw a 24 percent increase in barrel production, and the year before that there was a spike of nearly 30 percent. In Colorado alone, the craft beer company grew by nearly 50 percent, marking multiple years of similar growth, said Dunn.

"We're growing fine in Colorado," he said. "We don't need Priola's bill to help us grow."

"You didn't ask us before you wrote the bill," Dunn continued of Priola's effort. "We're not in favor of it. I'm quite sure the big brewers won't be in favor because they're excluded. What are you doing? Nobody likes this bill, except for grocery stores."

Grocers and retailers get behind effort

And indeed grocery stores are supporting the proposal. Kris Staaf, regional director of public affairs and government relations at Safeway, said expanding the cap allows supermarkets and convenience stores to show what small growth might look like.

She also pointed out that the bill would be subject to local government and community approval, which does not guarantee that supermarkets would be allowed to quickly expand their alcohol sales.

Safeway's flagship location for selling alcohol is located in Littleton at Broadway and Mineral. Staaf said a study has shown that since the store started selling full-strength beer, wine and

liquor five years ago, there has not been a negative impact to surrounding package stores.

"There was a lot of doom and gloom, people predicted all these worst case scenarios when that store went up with liquor," said Staaf. "I can tell you that the businesses around it, the liquor stores around it, we still have them in the same radius that we did before."

"There's one that if you walk out the front door and turn to the right, you can actually see it from the front door," she continued. "But also other liquor stores have opened their doors in the area since we've been open."

Staaf also tried to dispel fears that larger chains would not stock smaller craft brews, noting that the Safeway store in Littleton carries a wide selection of Colorado beer and wine.

"From the smaller guys to the larger brewers, it's a really nice, healthy mix," she said. "So, if you look at the crystal ball, are we going to carry every single product? Probably not. But what we're going to try to do is if we were able to do something where we can sell like we do in the Littleton store, I think you can look at a nice product mix."

Chris Howes, president of the Colorado Retail Council, said the issue comes down to consumer convenience and bringing Colorado in line with other states.

"We'd like to eventually bring Colorado up to speed and modernize its liquor licensing so that we look like the rest of the country," said Howes, whose organization has been lobbying for years to extend alcohol sales to all grocery and convenience stores.

Howes does not believe that Priola's bill offers a backdoor to extending alcohol sales in Colorado.

"I think it's a front door," he said. "It's a small door, but definitely the front door."

"Any step to bring a popular product to our members' stores is a positive one," Howes added. "We'd like to see eventually all of our grocers be able to sell these popular products."

Proponents Proclaim: Sunday Liquor Sales In Colorado Lead To Extra \$2 Million In Tax Revenue For State. However.....

The Denver Daily News:

The Distilled Spirits Council reported [in 2010] that Sunday liquor sales have helped Colorado's alcohol tax revenues grow 6 percent over the past year, though local liquor stores are split on whether the expanded hours are anything to toast.

Colorado State Treasury's data shows that liquor, beer and wine tax revenues increased by \$2,056,858 in the 12 months following July 1, 2008, when the bill allowing Sunday liquor sales went into effect. Although the data doesn't separate the tax revenues generated by liquor stores from bars and restaurants, the Distilled Spirits Council -- a group that represents a majority of distilled

spirit companies – says that since more than 75-percent of that tax revenue comes from liquor stores, and because Colorado restaurants and bars have seen their revenues drop in the past six months, it's credible to say that liquor stores played a big role in that 6-percent tax revenue increase.

However:

The Distilled Spirits Council admits the figures are unverifiable estimates. In addition, the figures include the 2% national average gain for that year.

See Growth & Justice Article for More:

http://growthandjustice.typepad.com/my_weblog/2011/02/dont-count-sunday-liquor-tax-revenues-just-yet.html

Legislative Action

Sample City Resolution, (PDF)

Sample Letter to Legislator / Governor, (PDF)

Newspaper Editorials:

Fergus Falls Journal

Sunday Liquor Law Fine As Is

Make no mistake, it would be beneficial to consumers if the Legislature passed a bill to allow liquor stores to sell alcohol on Sunday.

However, the hardship it would put on liquor stores, including municipal liquor stores in Fergus Falls and the surrounding area, seem to outweigh the convenience to consumers.

Since the days of prohibition, the laws preventing the sale of alcohol at liquor stores on Sundays was to maintain control over the sale of a product that clearly can be harmful if abused.

That said, the fact is that Minnesotans are used to the law, and have planned their shopping patterns around it.

Changing it would mean liquor stores, both private and municipal, would spend more money on staffing, utilities and other expenses, and would not likely see an increase in revenue, since sales would be spread out over seven days instead of six.

Other than convenience, there does not seem to be a dire need to change the law. Let's just leave it as it is.

Albert Lea Tribune

With six days a week to purchase liquor, one has to wonder why it would be necessary to buy alcohol on Sundays.

While the state legislature ponders whether to allow such sales, we have to step up and say please don't allow it.

According to various websites, alcohol is a contributing factor in

four most-commonly committed crimes: minor possession, open container, public intoxication and DWI, obviously the most serious of the four. And one site said that alcohol was a factor in 40 percent - or nearly half of all violent crimes.

We know that eliminating the sale of alcohol all together simply breeds new crimes and really isn't a logical option these days.

From an economic standpoint, municipal liquor stores aren't necessarily going to sell more alcohol than they do in six days, and they will incur expenses associated with being open - paying staff hours, lights, etc. However, with six days to purchase alcohol, and given the crime statistics and economic impact locally, we doubt it's necessary to offer liquor an additional day.

Austin Daily Herald

It shows up on the legislative agenda every couple of years, but there never seems to be much support for the idea of expanding Minnesota liquor store operating hours to include Sundays.

As in the past, this year's version of the bill should be allowed to quietly fade away because for a variety of reasons Minnesota does not need Sunday liquor sales.

There has never been any solid indication that opening liquor stores on Sunday would create an appreciable benefit for Minnesotans (or anyone else). There are some reasons that it is a bad idea.

For one thing, anyone who can't get himself or herself organized to stop by the liquor store prior to Sunday probably has less need than most to buy any liquor.

More seriously, it is very clear Sunday hours would be a problem for small operators who would, for competitive reasons, be forced to open their stores on Sunday without gaining any appreciable sales.

Minnesota's leaders have already introduced a multitude of tax and policy plans that, if they become law, are going to break the backs of some small businesses. Another hardly seems like good policy.

Minnesota has gotten along just fine without Sunday liquor sales. No one is harmed by keeping the current law intact, and there would be harm for changing it.

Letting the bill die would be good public policy.

Did you know liquor sales is not the only Blue Law in Minnesota?

Minnesota Law (Statute 168.272) provides that the sale of cars on Sundays is forbidden. In fact, anyone who sells a car on a Sunday is guilty of a misdemeanor the first time and a gross misdemeanor the next time. So, for those who support repealing the ban on liquor sales on Sunday – is it about government not interfering in commerce, or is it about more access to alcohol?

168.275 SALE OF MOTOR VEHICLE ON SUNDAY FORBIDDEN.

Any person who shall carry on or engage in the business of buying, selling, exchanging, dealing in or trading in new or used motor vehicles; or who shall open any place of business or lot

wherein the person attempts to or does engage in the business of buying, selling, exchanging, dealing or trading in new or used motor vehicles; or who does buy, sell, exchange, deal or trade in new or used motor vehicles as a business on the first day of the week, commonly known and designated as Sunday, is guilty of a misdemeanor for the first offense, and a gross misdemeanor for each succeeding offense. This section does not apply to the sale of (1) trailers designed and used primarily to transport watercraft, as defined in section 86B.005, subdivision 18, (2) trailers designed and used primarily to transport all-terrain vehicles, as defined in section 84.92, subdivision 8, (3) trailers designed and used primarily to transport snowmobiles as defined in section 84.81, subdivision 3, or (4) utility trailers as defined in section 168.27, subdivision 20.



May 22, 2017

Craig Gray
City Engineer/Public Works Director
City of Bemidji
Public Works Facility
1351 5th Street NW
Bemidji, MN 56601

Re: City of Bemidji Preliminary Feasibility Study for PFC-related water quality concerns

Dear Mr. Gray:

Thank you for requesting this proposal from Barr Engineering Co. for the preparation of a scoping feasibility study to assist the City of Bemidji with addressing the occurrence of PFOS and PFHxS in its water supply. This proposal will consist of the following sections: Barr's Understanding of the Project, City's Role, Project Team, Proposed Project Schedule, and a cost estimate of Barr's fees.

Barr's Understanding of the Project

This proposal is based on discussions and emails between the City's Director of Public Works and City Engineer (Craig Gray) and Barr's project manager (Brian LeMon). Recent water quality tests for the City's water supply wells have revealed the presence of PFHxS and PFOS at some level in almost all of its wells. Most levels have been generally increasing over time since they were first detected. Several of the concentrations exceed drinking water criteria hazard index criteria.

The City would like to know what treatment options exist for the reduction or removal of these contaminants from its water supply. They would also like a preliminary comparison of the costs to implement the various options so that they can select between them and plan a path forward to evaluate and ultimately install the needed infrastructure for treatment. In addition to considering treatment options, the City would like to consider the possibility of alternative sources of water supply that are not affected by the contaminants. Finally, they would like a plan developed for implementing a solution that will keep their system in compliance with applicable rules and regulations.

Work Plan

The project will consist of five tasks:

1. **Kickoff meeting:** Barr staff will meet with the City and appropriate stakeholders to review the current water system and water quality results. The intent of the meeting is to refine the scope of work contained in this letter, if needed, to capture what is needed to meet the City's needs.
 - o **Deliverables:**
 - Meeting invite and agenda
 - Meeting minutes

- Updated proposal if needed

2. **Gather and review existing information:** Barr will collect and review relevant data for the City of Bemidji's existing water supply including but not limited to the following data:
 - Historic water quality data for all wells.
 - Wellhead protection plan and update (prepared by Barr in 2003 and 2006, respectively).
 - Most recent amendment of the City's wellhead protection plan.
 - Past well siting studies that identify other possible well sites (prepared by Barr in 2007).
 - Current as-built plans for its water supply and treatment system located at the airport.
 - Data sheets for the firefighting foam used at the airport. This is likely to be contributing to the contamination.
 - The City's most recent water supply plan including population projections.
 - The City's most recent 10 years of water pumped and sold information.
 - Other data as needed.
 - **Deliverable:** Memorandum summarizing the details of the data gathered and reviewed.
3. **Review existing treatment technology:** After reviewing the information gathered in Task 2, Barr will assemble a list of appropriate treatment technologies that can be used to reduce or remove the contaminants from the drinking water source. The review will include a planning level cost estimate to design and install the equipment at the City's existing treatment facility. No bench or pilot testing is planned in this phase of the work; however, it is likely that these tasks will occur during the next step once an appropriate technology is identified.
 - **Deliverable:** Memorandum describing the various treatment technologies, along with preliminary schematic diagrams showing how the system would be installed relative to existing treatment and water supply infrastructure. In addition, each identified technology will include a preliminary cost to implement.
4. **Review alternative water supplies:** As a parallel path, Barr will review alternative supplies available to Bemidji that are free of the identified contaminants. This will include a review of alternative well sites in and around the City of Bemidji, as well as a review of surface water sources including the Mississippi River and Lake Bemidji.
 - **Deliverable:** Memorandum describing the various sources available, along with preliminary schematic diagrams showing how each would be installed relative to existing treatment and water supply infrastructure. In addition, each identified source will include a preliminary cost to implement.
5. **Feasibility Study Report:** Barr will then assemble the information from the tasks above into a Preliminary Feasibility Study that will document an appropriate path forward including intermediate steps that can be taken to address water supply in the interim while a final solution is being planned, permitted, and implemented. The report will include appropriate figures, tables, and text to describe the steps the City should take to provide safe and reliable drinking water to its constituents in the immediate future and in the long term.

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- **Deliverable:** Memorandum describing the various sources available, along with preliminary schematic diagrams showing how each would be installed relative to existing treatment and water supply infrastructure. In addition, each identified source will include a preliminary cost to implement.

City of Bemidji's Role

This proposal is based on the understanding that the City of Bemidji will provide available information as needed to assist in this project. Barr specifically requests that the City provide the following items to begin the work:

1. As-built information for the existing water system as noted earlier and as requested during the project
2. Any relevant updates to the City's system since Barr last worked with you
3. Escorted site visit to tour the existing wells and treatment building at the airport
4. Information describing the City's planned future growth and system expansion
5. Information on any other contamination in and around the City that might affect the well siting and surface water planning portion of the work
6. Review and comments for draft memorandum

Project Team

For this project, we have assembled a team of engineers and technicians who have experience with the City of Bemidji. Overall project quality control and management will be maintained by Brian LeMon, and elements related to groundwater and well siting will be handled by John Greer, who helped on past well siting and wellhead protection work with the City. Water treatment process planning will be handled by Jeff Ubl and Michelle Stockness, both of whom have extensive treatment plant experience and have worked with PFC series chemicals. Barr will bring in additional resources as needed to complete this work.

Proposed Project Schedule

Barr proposes to complete the project based on the following estimated schedule:

Notice to proceed:	Week 0
Site visit/kickoff meeting/data request:	By end of Week 2
Data received by Barr:	Week 3
Review of existing treatment technology/Task 3 memo:	Week 5
Review of alternative water supply options/Task 4 memo:	Week 6
First draft of Preliminary Feasibility Study to the City:	Week 8
Comments of first draft received from the City:	Week 9
Final Preliminary Feasibility Study delivered to the City:	Week 12

Cost Proposal

Barr will perform the services listed in this proposal for a preliminary estimated cost of \$29,000 to \$39,000.

Both Barr and the City acknowledge that this effort is dynamic and will change during the process as information is provided and reviewed. Costs and schedule may, and likely will, change as more is learned about the situation. If you have any questions or require additional information, please contact us. We look forward to working with the City on this project.

Sincerely,



Brian LeMon, PE
Vice President

Accepted this _____ day of _____, 2017

CITY OF BEMIDJI

By _____

Its _____