

**City of Menahga
Action Memorandum 17-031**

Subject: Award a Contract with Dakota Worldwide in the Amount of \$7,000 for a Feasibility Study at Northbound Spirits

Agenda of: May 8, 2017

Council action: Awarded

Summary statement: The 2017 budget includes funding for a feasibility study for Northbound Spirits.

The Administrator contacted Ehlers for information regarding companies who complete this type of work. Ehlers suggested two companies. Both were contacted for a quote. Both companies responded with interest, however, one company provided a quote.

Dakota Worldwide is based out of Minneapolis and has conducted other studies in Minnesota. The representative owns property on Spirit Lake and is familiar with Menahga. The proposed cost for the project is \$7,000 plus expenses.

Action Memorandum 17-031 authorizes the contract with Dakota Worldwide.

Fiscal information:

Total amount of funds listed in this legislation: \$ 7,000

This legislation (✓):

<input type="checkbox"/> Has no fiscal impact	<input type="checkbox"/> Creates a positive impact in the amount of: \$ _____
	<input checked="" type="checkbox"/> Creates a negative impact in the amount of: \$ <u>7,000</u>

Funds are (✓):

<input checked="" type="checkbox"/> Budgeted	Line items(s): <u>609-49750-305</u>
<input type="checkbox"/> Not budgeted	Affected line item(s): _____

Attachment:

- Dakota Worldwide Proposal



**Market Analysis Proposal
Menahga Municipal Liquor
Menahga, Minnesota**

Scope of Project

The purpose of this project is to determine the feasibility of either expanding the existing liquor store in Menahga or razing and rebuilding it. The project begins with field work. Competitors will be identified and evaluated based on facility size, sale volume and operations. Government officials for all the communities that will be affected by the Menahga liquor store will be queried. Building permits and subdivision activity reports will be reviewed to determine the potential market changes and population variances from the 2010 Census. Possible road changes that may affect traffic patterns will also be taken into consideration.

When the fieldwork is complete, our analyst will build a LOCUS™ model for the entire trade area. Once a model of the current marketplace has been constructed, The new store will be introduced in the LOCUS™ model and three year sales forecasts generated.

Forecasts will be based on site characteristics, population changes, existing demographics and lifestyles, competitive strengths, and any possible market changes that are likely to occur.

The price for the entire project is \$7,000 plus expenses. Expenses are essentially travel expenses for Dakota's market analyst.

Deliverables

Deliverables will include a competition map and a detailed report. The report will include:

- An executive summary of the market analysis findings
- Three year sales forecasts for all sites or sizes tested
- Trade area delineation and its adult population
- Current population estimates and demographic based on Census 2010 and Synergos Technologies POPstats population estimates
- Future population estimates going out five years from the market date
- Competitive evaluations that include estimated sales volumes and sales per sales area square foot as well as a brief narrative about each competitor
- Site evaluations including photographs, the sites' physical characteristics, traffic patterns, ingress/egress, parking traffic counts and adjacent retail help
- Current market reports showing the marketplace as it exists today with the liquor potential, existing stores' images, and a summary of potential by sector.
- All market changes that may occur and affect sales in the projected marketplace.
- Projected future marketplace reports that show the dollars taken away from the competition, the effects of market changes if applicable, and the market shares by sector

Dakota Worldwide requires a 50% down payment before field work commences. Once a down payment is received, your project will be scheduled. Timing is approximately three weeks from the beginning of the field work to when the final report is delivered.

Thank you for your interest in having Dakota Worldwide as a partner in your endeavors to expand your liquor operations. Please do not hesitate to contact me if you have any further questions.

Marcia Pfeifer
President

Dakota Worldwide

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References

Please feel free to contact the following clients of Dakota Worldwide for their comments on our products and services.

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