

CITY OF FRAZEE

SPECIAL COUNCIL MEETING

JANUARY 23, 2007

The special meeting of the Frazee City Council was called to order at 5:00 p.m. by Mayor Ludtke. Council members present were Miosek, Ouart, Trieglaff, and Dermody.

The meeting was to consider allegations of employment misconduct and recommendations for discipline regarding Liquor Store Manager Tracy Donahue. Written notice of the meeting was provided to Tracy Donahue on January 18, 2007.

On January 21, 2007 Tracy Donahue requested a hearing in order to respond to the allegations. The hearing was scheduled at the same time as the special meeting.

Mayor Ludtke inquired Donahue whether she would prefer to have the meeting and hearing open to the public at her request as provided by Minnesota Statute 13D.05 Subd.2(b); Donahue stated that she preferred to have the meeting and hearing closed to the public.

The meeting and hearing were closed pursuant to Minnesota Statute 13D.05 Subd.2(b) and the public was excluded from the council chambers. Present for the closed hearing in addition to the council were City Clerk -Administrator Kelcey Klemm, City Attorney Charles Ramstad, and Tracy Donahue. The hearing was held, after which Tracy Donahue was excluded from chambers for deliberations by the Council.

The meeting was re-opened to the public at 7:30 p.m., after which the following motion was made:

MOTION by Dermody, seconded by Trieglaff:

- A. That the allegations summarized as 1) inaccuracies and discrepancies with the liquor store inventory and 2) the operation of the liquor store at a loss for 2006 are sustained as supported by the findings listed below:
 1. Cigarette Inventory
 - a. Between the months of February and September, 2006, the cigarette revenue was averaging \$482.91 per month; the amount was less than the same months the previous year.
 - b. Cigarette inventory being purchased during those months exceeded the revenue that was being collected from sales of cigarettes and the value of cigarettes on hand.

- c. A new inventory system was implemented in October, 2006, with the result that cigarette sale revenue increased and cost of replacement inventory decreased.
 - 2. Liquor Inventory
 - a. The physical point of sale inventory is maintained at the liquor store and a separate cost accounting inventory is maintained at the city office.
 - b. Major discrepancies between the two inventory counts occurred in August/September and December of 2006.
 - c. An item edit log for those months show major inventory changes made by Donahue.
 - d. When asked about the edits by the City Clerk -Administrator, Donahue stated that she did not make the changes to the liquor inventory. Donahue had no explanation for those edits. Donahue did admit that she made edits to the inventory for juice, soft drinks and other items.
 - e. The net difference between the two inventories at the end of the year was \$9,683.
 - f. Inventory adjustments and discrepancies have been discussed in the past with Donahue. Donahue has been told not to edit the inventory.
 - 3. Operating Loss for 2006
 - a. The total liquor store operation resulted in an approximate loss of \$20,601 (unaudited).
- B. That the sustained allegations constitute employment misconduct as supported by the following findings:
- 1. Cigarette Inventory
 - d. The manager is responsible for all inventory and revenue. Donahue received a written reprimand on January 2, 2007.
 - 2. Liquor Inventory
 - g. The manager is responsible for maintaining, tracking, and supervising inventory. The inventory discrepancies are Donahue's responsibility.
 - h. Donahue admitted to making edits.
 - 3. Operating Loss for 2006
 - b. Operating at a profit is a performance measure for the liquor store manager.
- C. That discipline is appropriate and the appropriate discipline is termination, support by the following findings:
- 1. Continued problems with the inventory and previous reprimands did not correct the inventory issues.
 - 2. The Council has lost confidence in Donahue's abilities to manage the liquor store in a manner that will enable it to make a profit.
- D. Tracy Donahue's employment as Liquor Store Manager with the City of Frazee is terminated.

Voting in favor: Ludtke, Trieglaff, Quart, and Dermody; voting against: Miosek.

The motion passed.

Having no further business, meeting was adjourned.

ATTEST:

Kelcey Klemm, City Clerk/Treasurer/Administrator