

Buffalo Wine & Spirits FAQs

(Updated June 3, 2025)

Why does Buffalo run its own liquor stores?

- Public safety – City ownership lets us ensure responsible sales.
- Reduce property taxes – profits stay in Buffalo and reduce our property taxes. Since 1995 the stores have returned over \$12 million to the City's general fund.

Do taxpayer dollars support the liquor stores or the new store project?

- No. Daily operations are self-funded by store sales.
- The proposed Highway 55 replacement will be paid with:
 - Cash reserves (about \$1 million saved).
 - Revenue bonds repaid from future store profits.
 - Property taxes **will not** be increased for this project.

How profitable are the stores today?

- Average net profit (last 5 years): \$600,000 per year.
- Typical transfer to the City: 75 % of profit (about \$450,000) – most goes to Parks & Recreation.
- 2024 net income: \$640,000 (about 9 % of sales).
- Transfers were temporarily cut to \$250,000 in 2024-25 to build project savings.

If future profits pay bond debt, will the City backfill the lost transfer?

- Yes – once the new store opens, higher sales and lower operating costs (one store instead of two) are expected to restore transfers to pre-2024 levels without raising taxes.

How long will it take to pay off the construction bonds?

- About 20 years based on conservative sales and interest-rate assumptions; the City can pay them off sooner if profits exceed projections.

Why replace, rather than remodel, the Highway 55 store?

- Built in 1986; multiple awkward additions.
- Narrow aisles, low ceilings, limited storage, no sprinklers.
- Too little parking and poor ADA access.
- Studies in 2023-24 showed a new 10,000-13,000 sq ft building on the same site is the most cost-effective long-term fix.

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What will the new store cost, and how was the budget set?

- A 2023 assessment estimated \$7.3 million for construction.
- Including demolition, furnishings, and contingencies, staff budgeted \$7-9 million to stay conservative.

Does store debt count against Buffalo's legal debt limit?

- No. Revenue bonds are excluded under MN Stat. 475.53.
- As of 12/31/24 Buffalo used only 28.5 % of its debt limit.

Market study highlights

- Highway 55 site captures the highest sales potential in Buffalo.
- Closing the smaller downtown store would cut duplicate costs and raise profits; overall sales may dip briefly but are forecast to reach \$8.9 million by 2027.
- Sales growth comes from higher volume, not price hikes; our prices already sit in the middle of regional competitors.

What about the downtown store site?

- If the downtown location closes, the City intends to sell the building and apply sale proceeds to the new store cost.

Will there be other revenue in the new building?

- A small tenant space is planned.
- Rent will match local market rates, but we did not count this income in bond-repayment projections to stay conservative.

Could the new store include a municipal cannabis dispensary?

- Possibly. State law allows it with a separate entrance.
- The City Council has discussed the idea but has made no decisions.

Fast facts on operations & inventory

- Competitive pricing: Regular checks against nearby municipal and chain stores keep us mid-market.
- Inventory buys: Bulk purchasing during distributor "deal" periods secures best margins; slower items get marked down quickly.
- Deliveries: Major suppliers already run multiple trucks weekly; others once a week – enough for demand today and in the new store.

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Key timeline (tentative)

Step	Target Date	Status
Hire architect	June 2025	RFP in progress
Concept/design approval	Late 2025	—
Bid & award construction	Early 2026	—
Build & open	2026-27	—

Bottom line

The proposed Highway 55 replacement is designed to modernize customer experience, keep Buffalo's liquor profits flowing to local services, without raising taxes, and position the City for steady growth over the next two decades.

How do I learn more?

Visit the project website by clicking [here](#) or typing the following into your browser:

<https://www.ci.buffalo.mn.us/735/New-Municipal-Liquor-Store>

At that site, you'll see a status report for the project and links to the [2023 facility needs assessment](#) and [2024 liquor market study](#).