

**SPECIAL MEETING OF THE ANOKA CITY COUNCIL
ANOKA CITY HALL
CITY COUNCIL CHAMBERS
APRIL 10, 2023**

1. CALL TO ORDER

Mayor Rice called the worksession meeting to order at 5:05 p.m.

2. ROLL CALL

Present at roll call: Mayor Rice, Councilmembers Scott, Skogquist (participating remotely from 129 E First St, Minneota, MN), Weaver, and Wesp.

Staff present: City Manager Greg Lee; Community Development Director Doug Borglund; Assistant City Engineer Ben Nelson; Electric Utility Director Del Vancura; and City Attorney Scott Baumgartner.

Absent: None.

3. COUNCIL BUSINESS

3.1 Planning Items:

3.1.A. RES/Approving a Development Agreement with Ryan Companies for Development of a Grocery Store at 7th Avenue and Bunker Lake Boulevard.

RESOLUTION

Motion by Councilmember Weaver, seconded by Councilmember Scott, to remove the item from the table.

Vote taken. All ayes. Motion carried.

Community Development Director Doug Borglund shared a background report stating staff had drafted a development agreement between the City of Anoka and Ryan Companies U.S. Inc. which encompassed the construction of a two-phase 14.07-acre commercial Planned Unit Development and an 80,000 square foot grocery store facility along with all necessary site improvements in Phase 1 of the PUD on a 7.58 acre being sold to Ryan Companies U.S. Inc. from the City of Anoka. He said should Council decide to accept Ryan Companies US Inc.'s proposed revisions to the development agreement, the resolution approving the agreement also authorizes the City Attorney to work with Ryan Companies US Inc.'s attorney to make non-substantive revisions. If there are any changes that would alter the intent of the agreement, the development agreement would be brought back to the City Council for further review and consideration. He

outlined details of the agreement that included the City being required to pay \$1,995,131 for construction of a new public road; the City would not receive reimbursement for the cost of the intersection/signal improvements on 7th Avenue of \$759,109 as originally agreed to in the purchase agreement; and the City entered into a purchase agreement to sell 14.07 acres for \$2,000,000 to Ryan Companies U.S. Inc. Mr. Borglund said that due to the construction of a new public road, there is a reduction of the land that would be sold, further resulting in a decrease in the final sale price, which if the Council agrees to move forward an amendment to the purchase agreement would be required. He outlined the total estimated City cost to be \$1,408,317 reduced from \$1,535,399, adding other potential costs not part of the agreement with Ryan but related would be \$105,000 for the 6th Avenue bump out if the Council decides to construct.

Councilmember Weaver confirmed Outlot B was the stormwater pond which would be retained by the City and the standard language in the agreement referred to as \$45/square foot was for the 9,000 square foot liquor store plus CAM and would be a \$33,000 per month rental payment.

City Attorney Scott Baumgartner commented about potential expenses as outlined in CAM and that while he understood there was work to be done, he did not want to hold up the development agreement and that the base agreement could be changed.

Councilmember Weaver asked if the agreement spoke about allowing the developer to lease. Mr. Baumgartner said the City wanted to allow for a location for the liquor store if decided and that the language will allow the parties to negotiate but if deemed not affordable could be addressed.

Councilmember Weaver cautioned against committing into perpetuity just to ensure moving forward.

Patrick Daly, Ryan Companies, said they had the same concerns the City had and noted this was a letter of intent and not a binding contract and that they will continue to work with staff on appropriate language moving forward.

Councilmember Weaver asked if it was better to enter into a letter of intent instead of an actual lease agreement to allow for other opportunities to explore. Councilmember Scott agreed.

Councilmember Skogquist asked about including a liquor study. City Manager Greg Lee said that would occur but the lease would be the next step in order to move forward as quickly as possible.

Councilmember Skogquist asked about drainage concerns and asked about the status of the \$165,000 drainage costs. Mr. Borglund responded the stormwater

holdback system had been brought to Anoka County's attention which they would have to address with no expense to the City or Ryan Companies.

Assistant City Engineer Ben Nelson said staff will work with the County to address.

Mr. Lee spoke about the value of the bump out and West River Road.

Councilmember Weaver said the bump out should not be diminished based on Parkview Lane as it stops traffic coming north on 6th Street.

Mayor Rice said he thought the bump out would prevent a large number of vehicles accessing the shopping center going west on Parkview Lane. He spoke about the importance of the roadway and signal access and that maybe we should wait for the bump out as the neighborhood may want an access onto 6th Avenue.

Mr. Lee explained the work would be done by separate contractors and not Ryan Companies.

Councilmember Skogquist said he was willing to wait to see how traffic works as it was easy to go north on either side of the store to go west then spoke about the entrance moment and how it was not the City's role to create an entrance for private development but that he would consider it as an entrance to the City from the north if placed more towards 7th Avenue.

Mr. Borglund summarized the costs of the entrance monument which totaled \$43,000.

Councilmember Weaver said he supported the monument stone, irrigation, trees and landscaping as promised to the residents.

Councilmember Skogquist noted Councilmember Weaver said those elements may occur such as fencing and monument sign and while he understood the reasoning behind those requests the City should not spend money for a private monument.

Mayor Rice asked about the monument text. Mr. Borglund said the sign was proposed to read Rum River Shores.

Councilmember Skogquist said the cost was too much and would only support if constructed towards 7th Avenue as part of the development.

Councilmember Weaver said we spoke about supporting the sign and cannot go back on that now.

Councilmember Skogquist said we spoke about supporting the sign if possible, including fencing, and while he understood the reason for the sign did not believe it should be the City's responsibility as part of private development.

Discussion was held on alternate locations of the entrance monument sign. Councilmember Scott noted the entrance monument would be good for traffic coming south.

Councilmember Weaver said without irrigation the area will look bad and that the City should do it right the first time then spoke about bringing the cost of the bump out into the discussion.

Motion by Councilmember Weaver, seconded by Councilmember Wesp, to adopt a resolution approving a development agreement with Ryan Companies for development of a grocery store at 7th Avenue and Bunker Lake Boulevard as presented by the City Attorney that will include an ornamental fence, plantings, trees, boulder, and irrigation and that the City Attorney will address language of the letter of intent instead of as presented.

Mr. Baumgartner suggested adding language in connection with construction to allow City discretion to allow space equal to 8,000-9,000 square feet to address.

Jessica Cameron, Rum River Shores, said before making the road a one-way suggested a neighborhood poll be conducted for their input. Mayor Rice said the neighborhood will have an opportunity to speak regarding traffic.

Jeffrey Taut, Rum River Shores, spoke about the necessary irrigation and the need for additional discussion regarding the bump out as a deterrent as the additional traffic was not asked for in this area.

Councilmember Weaver said the landscaping, irrigation, trees, and monument sign were important as the neighborhood would be exposed then spoke to the need to understand traffic patterns and move to the bump out soon if needed.

Mr. Taut spoke about the east/west road as a result of the bump out and if not, would it be a deterrent. Councilmember Wesp said 6th Avenue was contentious but that Anoka County would not allow a signal in this location so this was a good alternative.

Ross Peters, 4039 Park Place Circle, spoke about the proposed purchase agreement that when first presented was not a large plan but now had concerns with releasing the lot at the proposed price. He said the adjacent lot for Aldi's in Ramsey was \$60,000 per year and why was it important to sell this last undeveloped land. He spoke about the non-disclosure agreement and why they were not promoting the proposed user. He said the City could build a smaller footprint for the municipal liquor store then spoke about the east/west road as a waste of City funds. Mr. Peters said the goal of the store was to attract customers then spoke about the original site plan with a road alley from west to the signal on 7th Avenue and how Parkview Circle had no need for an additional road for the

same route. He asked what happens if no one uses Parkview Lane then said there should be a traffic study and review for the bump out. He spoke about a possible solution and the apartments being built in Andover that would provide enough traffic for a store then suggested offering community space for youth instead. He said Rum River shores was sold as a high-end development.

Councilmember Skogquist thanked Mr. Peters for his time and passion and input which has a lot of merit and while this was not an easy decision, he was supportive as it allowed the City to do a lot of what it has been talking about.

Motion by Councilmember Skogquist to designate the monument along 7th Avenue as a City monument and not a private monument for the development.

Councilmember Weaver thought the intent of the neighborhood monument was to be closer to the development and not 7th Avenue and if we want an additional City monument then we should.

Discussion was held on the monument location in the amended motion. Councilmember Weaver said the intent was to have the monument closer to the development and not 7th Avenue and should be more on the west end within 150 feet of the stop sign. Councilmember Skogquist agreed then shared frustration about the amount of discussion without a second to the motion. He said we could place signs in other neighborhoods that do not cost \$10,000 and said citizens should not pay for a private monument to a development. Councilmember Skogquist said the landscape and buffer makes sense but the private development signage should be done by the developer or neighborhood.

Motion to amend seconded by Councilmember Scott.

Councilmember Scott asked about a private monument in public spaces and if it was worthwhile to propose also having a public monument. He said this was a new development in the area and will be a great way to show where Anoka is going.

Mayor Rice there are welcome signs on the other entrances to the City and agreed signs should catch all major roads but agreed \$10,000 is expensive for a monument sign to help control traffic patterns but felt we should move forward.

Councilmember Weaver said he would support placing signage at the trail at the Andover border instead of 400 feet south.

Upon a roll call vote: Councilmembers Scott and Skogquist voted in favor. Mayor Rice, Councilmembers Weaver and Wesp voted nay. Motion to amend failed.

Councilmember Scott made a friendly amendment to the main motion to incorporate on the northern-most border of Anoka and Andover an Anoka monument in the spirit of the development occurring to the south, in addition to their monument on the west end.

Mayor Rice spoke about Mr. Peters' questions regarding the purchase agreement pricing and said this was complicated as the City is primarily interested in increasing taxable value in the City and for years sold publicly-owned property to do so. He explained they marketed the site and tried to sell before and how sometimes cities abate taxes for a period of time in order to get what it wants to see developed. He said there has been a desire for a long time to have a grocery store in the City as it adds significant tax base and while this action would sell publicly-owned property the site was under-valued for a long time then commented how tax base was almost more important than purchase price. He spoke about the City's liquor store and how there would not be another one in close proximity then shared how the City had not anticipated the east/west road but we have an investment in the signal and need to provide a road to provide safety to the community. He said he always expected a new road to serve the community and hoped to find solutions and have other property that could be used in those ways, adding the Council makes decisions like these every day to spend money wisely and make improvements to the City.

Mr. Peters said the original plan was \$2 million for 14.7 acres with the signal paid for by Ryan Companies and now after the negotiated elements the City will only receive \$591,683 and will have to pay \$105,000 for a future bump out. He agreed any liquor store should not compete but the City will be held to Ryan to develop within three years before the City's store is even established.

Councilmember Weaver asked what a life was worth which was the reason for the east/west road as we need to provide a good, safe alternative to access a busy road then shared about a recent incident on East River Road and the possibility to close a road in the event of an emergency without another way out and said having a secondary access is extremely important for the vitality of the neighborhood.

Mr. Peters said as former combat veteran he fully understood the value of a life and also understood how government can spend money unnecessarily then said 6th Avenue was working fine and the City did not need to invest \$1.3 million on a 200-foot road as it will not prevent traffic from going north without the bump out and was a waste of money.

Councilmember Wesp shared how a resident in his neighborhood was adamant that 6th Avenue have a signal but how the County said that will not occur. He spoke about a fatality a few years ago where students were killed and how the east/west road was important to him. He said he lived at 425 Parkview Lane and understood how this development will affect him and all the neighbors and how without the store or development Parkview Lane is quiet but noted there are many

children in the neighborhood and when we learned there would be no signal on 6th Avenue utilizing 7th Avenue made sense. He said Ryan did not want to pay for this but we negotiated to get it included otherwise the development would not have occurred and believe this was the best way to address. He said Mr. Peters had good ideas but noted we had an agreement in place before the pandemic and felt Ryan had the best ability to develop the site which will benefit us all.

Councilmember Scott said this site was discussed and that great ideas were brought forward for impact and cohesion and how we need to focus on all parts of Anoka having unique elements that fit well and increases the quality of life for Anoka.

Mr. Peters asked if Councilmember Wesp had a conflict of interest as a resident of the neighborhood, adding while he understood there was no financial interest the project seemed to affect his personal interest, such as traffic. Mr. Baumgartner said Councilmember Wesp had already disclosed the fact that he was a resident but was looking at the entire development and not a specific road and with no financial gain this was not a legal conflict of interest.

Mayor Rice spoke about accepting \$2 million a few months ago with a site plan but noted the City wanted to allow residents people to speak which led to many concerns and resulted in changes which were important as they helped solve potential problems.

Councilmember Skogquist left the meeting.

Upon a roll call vote: Councilmembers Scott, Weaver, Wesp, Mayor Rice voted in favor. Motion carried.

3.1.B. RES/Ryan Companies Final Plat.

RESOLUTION

Motion by Councilmember Wesp, seconded by Councilmember Scott, to remove the item from the table.

Vote taken. All ayes. Motion carried.

Mr. Borglund shared this item was for final plat for Rum River Shores North Second Addition. He said Ryan Companies U.S. Inc. is proposing the construction of a two phase 14.07-acre commercial Planned Unit Development (PUD) including an 80,000 square foot grocery store facility along with all necessary site improvements in Phase 1 of the PUD on 7.58 acres. He said the proposed final plat includes Outlot B equaling 0.32 acres which will be utilized for a City-owned stormwater pond and right-of-way equaling 1.34 acres that will be utilized by the City for construction of a new east/west road extension of

Parkview Lane connecting to the signalized intersection at CSAH-7 (7th Avenue). He said the applicant is proposing to final plat the subject property equaling 14.07 acres creating three (3) new parcels that will be owned and utilized as part of the applicant's project.

Councilmember Wesp asked about the proposed lots in the final plat and if the Council was also approving Outlot A. Mr. Borglund explained how an outlot was a holding lot and that Council will have the opportunity to review and approve final plat on those lots once users are identified.

Councilmember Wesp confirmed Council will be able to discuss the future outlots with Ryan and how Council in 2013 had ideas on what we wanted and did not want developed and ensured there would be an opportunity to discuss this time.

Motion by Councilmember Wesp, seconded by Councilmember Scott, to adopt a resolution for approval of a final plat (Rum River Shores North Second Addition).

Councilmember Weaver said he wanted to ensure the bump out option remains for consideration once we understood how traffic would be affected and that we should be ready to implement quickly if needed. Mr. Lee said they would be ready to implement but noted they wanted to involve resident input first after some time is allowed to see how traffic is affected.

Mayor Rice said the City could place jersey barriers as needed to help people navigate new traffic patterns if necessary.

Upon a roll call vote: Councilmembers Scott, Weaver, Wesp, Mayor Rice voted in favor. Motion carried.

Mayor Rice thanked Ryan Companies for their work and patience throughout this process and for the significant investment in the City.

Mr. Daley said they were excited to move forward and thanked staff and Council for their work.

ADJOURNMENT

Mayor Rice made a motion to adjourn the Special Council meeting to move into closed executive session pursuant to Minnesota Statute § 13D.05, Subd 3(b) for attorney-client discussion on PIDs #30-32-24-34-0003 and #30-32-24-33-0003. Councilmember Scott seconded the motion.

Vote taken. All ayes. Motion carried.

Time of adjournment: 6:45 p.m.

Submitted by: Cathy Sorensen, *TimeSaver Off Site Secretarial, Inc.*

Approval Attestation:

Amy T. Oehlers, City Clerk