

**WORKSESSION OF THE ANOKA CITY COUNCIL
ANOKA CITY HALL
CITY COUNCIL WORKSESSION ROOM
OCTOBER 24, 2022**

1. CALL TO ORDER

Mayor Rice called the worksession meeting to order at 5:00 p.m.

2. ROLL CALL

Present at roll call: Mayor Rice, Councilmembers Barnett, Skogquist, Weaver, and Wesp.

Staff present: City Manager Greg Lee; Community Development Director Doug Borglund; Police Chief Eric Peterson; Finance Director Brenda Springer; Assistant Finance Director Liz Douglas; Assistant City Engineer Ben Nelson; Senior City Planner Clark Palmer; Public Services Administrator Lisa LaCasse; Greenhaven Golf Course Manager Larry Norland; Police Chief Eric Peterson; Electric Utility Director Del Vancura; Public Services Director Mark Anderson; and City Attorney Scott Baumgartner.

Absent: None.

3. COUNCIL BUSINESS and/or DISCUSSION ITEMS

Item 3.3 was moved forward to this point in the agenda.

3.1 Discussion; Green Haven Golf Course and Event Center
(1) Green Haven Golf Course Financial Consultant.
(2) Lease Extension for Food and Beverage Services.

City Manager Greg Lee stated the discussion would first include financials for golf operations followed by the restaurant lease which ends in 2024 and the possibility of extending the lease.

Greenhaven Golf Course Manager Larry Norland shared a staff report with background information stating there was discussion at the last budget meeting about the prospect of hiring a golf course consultant to review golf operations at Green Haven Golf Course and provide insight to the financial management and strategies to make more money. Staff has previously forwarded and included a potential type of analysis to be considered. He added the contract with the Tollettes will be ending on December 31, 2023 and they have asked for an extension and have proposed some terms. This has become an item due to the fact that they are starting to get inquiries for 2024 and since their contract has not officially been extended, they feel they cannot take deposits and guarantee

reservations which could have a negative impact on their ability to fill the banquet business going forward. He said the potential cost of a golf course consultant is between \$23,000 and \$28,000, although that can vary depending on the exact information the council is requesting and said staff is seeking direction as to whether the City Council would like to contract with a golf course consultant and if so, are there any specific parameters that should be studied as well as direction to work with Tavern ownership on a contract extension or seek other options.

Councilmember Skogquist said he supported the proposal as he wanted to understand the management including both golf operations and food/banquet operations then spoke about how Coon Rapids made changes to Bunker Hills operations which resulted in successes.

Mr. Lee noted the consultant would focus only on golf operations and if the Council wanted a broader analysis another firm would be needed.

Mr. Norland said the new point-of-sale system and increased revenue is due in large part to getting the highest demand tee times at the highest price and allowing booking windows 30 days out.

Councilmember Weaver said he was disappointed when the golf course requested \$400,000 from the general fund for golf carts as he felt that should have come from the enterprise funds then commented on how some employees may be conducting side businesses on City time and the need for separation from those doing the study and those operating the golf course. He said there were good proposals on how the property could generate money with a driving range and new housing surrounding the course and that he would like to see what that tax capacity increase and levy impact those changes could provide.

Councilmember Barnett spoke about the loss of \$752,000 over five years and how this study should have been done years ago and was absolutely necessary. She said she looked forward to learning how golf leadership should be and how the consultant cannot be someone we are familiar with and should be led by someone other than Mr. Norland and the need for a summary report once analysis is complete.

Finance Director Brenda Springer spoke about how the loss included not just operations but depreciation and all other costs, including capital investment.

Mr. Lee clarified there were no employees using City time for side businesses then added it may be difficult to find a consultant Mr. Norland is not familiar with and while he could oversee the project it would be important to have a golf professional like Mr. Norland present who better understands Green Haven.

Councilmember Weaver said he was a big proponent of the golf course as the potential is endless but there needs to be review and improvement.

Ed Evans, Anoka, asked how the electric and water meters at the course are paid. Assistant Finance Director Liz Douglas said electric and water are paid from funds from the golf course.

Mayor Rice noted there are only so many tee times available each day so the need to maximize those times are important then noted costs always included depreciation versus equipment and real estate.

Discussion was held on the valid expense of depreciation and how taxpayers do not get that specific money back.

AUDIO ISSUES – MINUTE 35

Councilmember Weaver asked about separating the event center from the golf course as he did not believe there is a complete relationship between the two. Ms. Springer said the operations were split seven years ago in 2015.

Mr. Norland said the split between operations was due in large part to funding by the clubhouse and the push to have a restaurant as the golf course did not have the ability to fund those improvements.

Councilmember Barnett spoke about the importance of a holistic approach to this proposal.

Mr. Lee summarized Council direction to identify consultants to look at both the golf operations and the event center and to delay contract extension discussions with the Tollettes.

Councilmember Skogquist suggested a short-term lease extension for one year as we continue this process.

AUDIO ISSUES – MINUTE 46

Mr. Lee suggested extending the contract through 2023 then review again once the study has been completed.

Councilmember Weaver said the Tollettes have done a great job and brought forward what the Council wanted and supported the short-term extension.

Mr. Tollette shared background on Bunker Hills that included a former tenant defaulting on the lease that cost the City a lot of money so they hired a management company to help produce a profit. He said they are the only municipal golf course that does not rent out their restaurant and noted it is not for profitability but an amenity then shared the fee structure that included profit sharing.

Councilmember Barnett said a review of the event center would be good and noted the Tollettes requested a 14-year lease and asked how comfortable they were with covering utility costs and taxes then splitting the percentage of revenue and suggested a two-year lease amendment may be better.

Mr. Norland said a review was critical now because if we wait it could affect revenue for 2023. He said while the golf course was not performing to Council's expectations, he noted they were coming out of the worst recession which hit players hard, adding revenues in 2019 was \$900,000 and are not on track to be \$1.6 million, which is a 40% increase. He said they will continue to leverage the tee sheet and other elements and looked forward to learning how operations could be done better for more profitability.

Discussion was held regarding the Tavern's sales and revenues over the past years.

Councilmember Wesp spoke about how the Tollettes have grown the restaurant and while we need to address the golf course, we are doing what has to be done, adding this topic became a campaign issue. He said the City works to do good for the community and agreed we should have proposed a consultant for the golf course a while ago and supported working with the Tollettes going forward.

Mayor Rice said it would be good to have an outside agency endorse all the work done at the course and compare all elements involved in a golf course, adding all costs are increasing.

Mr. Lee said staff will need time to identify a consultant for the event center but will work to identify a golf operations consultant as soon as possible.

Ms. Tollette spoke about the difficulty of signing contracts without deposits if no lease was in place and asked what they should do for 2025 booking inquiries.

Mayor Rice suggested keeping staff informed as bookings continue into the future, adding any changes that occur as part of the consultant's review will be balanced against a new 14-year lease.

Councilmember Barnett said the Council intends to continue leasing with the Tollettes and should have more direction within six months.

Councilmember Skogquist said he would support a lease extension for up to two years through 2025 because even if there are large operational changes there would be time to adjust which gives the Tollettes a three-year window of operation.

3.2 Discussion; Relating to Proposed Cannabinoid Products.

City Attorney Scott Baumgartner shared a staff report with background information stating a draft cannabinoid products ordinance was presented to the City Council for a first reading on September 19, 2022. The Council discussed the ordinance and decided to table first reading and directed staff to bring the topic back for further discussion. One of the main items of concern discussed by the City Council on September 19, 2022, was the proposed distance restrictions of establishments selling cannabinoid products in relation to their distance from schools, churches, parks, etc. He reviewed the law effective July 1, 2022, that amended the sale in detail. He said along with testing and labeling requirements, edible cannabinoids must meet several other requirements, including packaging without appeal to children and child-resistant packaging or containers. He said as sellers of these products are not licensed by the State the proposed ordinance provides a licensing framework to regulate the sale of cannabinoid products within the City. It is anticipated that fees will be associated with the licensure under this ordinance and reviewed other cities' proposed fees. Mr. Baumgartner said staff was requesting direction on proposed distance restrictions, the need to determine who can sell so law enforcement can conduct compliance checks, and whether to limit the number of licenses.

Councilmember Weaver said he would be abstaining from the discussion due to a potential conflict of interest.

Councilmember Barnett said because the City does not limit tobacco licenses, we should not limit cannabinoid licenses as long as they qualify then said the distance requirements should instead be a zoning amendment that includes the use as well as a licensing process for compliance and being able to identify locations selling these products.

Councilmember Skogquist agreed, saying the sale should include providing ID and having products behind the counter adding he would support sales at any location because the State will more than likely move to legalize marijuana soon anyway.

Mayor Rice suggested the products be in a locked case and not just behind the counter, including any 21-over establishments. Mr. Baumgartner noted that would be an additional requirement than tobacco product sales.

Mr. Baumgartner said he believed manufacturing would be allowed in the M-2 industrial zoning and that licensing would likely be reviewed as a next step in the process.

Councilmember Skogquist said he wants to follow State law but cautioned against being too restrictive because then people will just order the products online. He said the current structure would allow the purchase and is a balance by requiring a license and create a partnership.

Councilmember Barnett asked about the hours of sale. Mr. Baumgartner said hours of sale are not outlined in Statute but could be similar to off-sale liquor stores.

Police Chief Eric Peterson said his main concern is no regulation as then there is no chance to do compliance checks, including vendors on a street corner. He said he would support a license similar to tobacco with products behind counters to deter thefts and shoplifting as well as underage sales.

Mayor Rice said he supported licensing similar to tobacco but noted this is an intoxicating-type product and could be easier to result in concerns with use, such as when driving.

Mr. Baumgartner summarized Council direction to create an ordinance that allowed licensing for all retail establishments, not in liquor store as outlined by Statute, no limit to the number of licenses, and no distance restrictions.

Discussion was held on the proposed violations. Mr. Baumgartner said if an egregious sale is conducted it would allow the Council the option to revoke the license while still allowing law enforcement to address criminally.

Mayor Rice suggested law enforcement be allowed the discretion to bring failures to Council for possible revocation at the first compliance failure.

Councilmember Barnett said she would support moving forward with the proposed ordinance but encouraged time to allow for compliance and said if staff sees concerns once implemented to let Council know so they can be addressed.

Mr. Baumgartner spoke about administrative penalties and how they may not be beneficial in failures and result in a lot of staff time to oversee. He shared that the Minnesota Board of Pharmacy had posted some FAQs regarding testing and education for compliance checks.

Mayor Rice noted other states can buy higher concentrations and the importance of knowing where products are coming from so the higher concentrations are not sold here.

3.3 Discussion; Amendment to the Anoka Power Sales Agreement with Minnesota Municipal Power Agency (MMPA).

Electric Utility Director Del Vancura shared a background report stating Anoka Municipal Utility has an agreement with Minnesota Municipal Power Association (MMPA) to purchase power through December 31, 2050. He said MMPA takes a long-term approach to power supply planning that includes assembling a diversified portfolio of owned and purchased generation containing both conventional and renewable resources and in order to continue to supply power at

a cost below the wholesale market, MMPA would like to amend our contract by extending it through 2060. This agreement was discussed at the September 21, 2022 Utility Board meeting and was unanimously agreed to extend the contract. He said there was no financial impact to this action and that staff is requesting direction from the City Council on whether or not they would like a resolution prepared for the November 7, 2022, agenda to approve the amendment to the Anoka Power Sales Agreement.

David Niles, Avant Energy, shared how Anoka was a founding member of MMPA in 1992 then shared how the contract was extended until 2050. He spoke about the MPA's mission for reliable and competitively priced power and how they provided power to over 160,000 customers at rates consistently lower than Xcel Energy. He shared plans to build renewable energy which helped control price and doing so in a renewable and responsible manner, adding they had a good plan in place with another wind farm coming online soon. Mr. Nils spoke about their current 42% renewable energy which is a good balance and with more contracts coming were requesting an extension to 2060. He said investment decisions are 30-year decisions, similar to home mortgages, and that 8 of the 12 members have already approved the extension.

MMPA President Evans stressed the importance of buying energy over 30 years in advance and how the people building these projects have to have fixed contracts in order to borrow money for projects. He said the City would not be committing dollars but committing to buying the energy if a project is built. He said Anoka is the fourth largest purchaser of energy through MMPA which is very important.

Mr. Niles shared MMPA bond rating of AA- which is an external validation of their work being on track.

Councilmember Skogquist supported the extension as MMPA does is a very professional management group that does good work. Council consensus was to support the proposed amendment as presented.

UPDATES/REPORTS/COUNCIL SUGGESTIONS FOR TENTATIVE FUTURE AGENDA ITEMS

4.1 Update; TH-47 BNSF Grade Separation Open House.

Assistant City Engineer Ben Nelson shared a background report stating at the July 25, 2022 worksession meeting, the Minnesota Department of Transportation (MnDOT) project team representatives provided Council with an overview of the open house, alternatives dismissed, alternatives under evaluation, refined alternatives evaluation, recommend alternative, and next steps/updated schedule for the Highway 47 (Ferry St) and BNSF crossings project. Council provided direction to MnDOT that the City's

preference was Alignment Alternative #2, which is the best and safest alignment for the traveling public as it reduces the curves and reduces dangerous truck turning movements that occur near the curves in Alignment Alternate #5.

Councilmember Skogquist suggested the City begin thinking about other options because MnDOT did not have the funds for alternatives to this project.

Mr. Lee agreed, adding if we are not giving consent it would be wise to develop a narrative outlining why. He said being the County seat all roads go through Anoka and that the City consistently has to sacrifice in projects like this and that message needs to be shared. He said this project would remove Well #2 and noted Statute does not allow a road to be built on a wild and scenic area river and did not believe it would be allowed if approved.

Councilmember Weaver stated this alignment is not the safest route and wipes out valuable land and riverfront, adding he is against placing traffic from the north into the industrial park.

Dr. Evans suggested speaking with the chair of Anoka County Fairgrounds as the event will be greatly affected with this new alignment.

Mr. Lee encouraged attendance at the open house as Alter Metals may have many there to encourage this project moving forward.

Public Services Administrator LaCasse shared about displaying a giant pumpkin in Anoka in the fountain area as part of Anoka Halloween.

An idea was shared for a senior center on the property next to the parking ramp across from the lot the City is trying to sell. She said the center could be used for many activities, offices and voting, and could include a nearby liquor store.

4. ADJOURNMENT

Motion by Councilmember Weaver, seconded by Councilmember Wesp to adjourn the Worksession at 7:13 p.m. Motion carried.

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

Approval Attestation:

Amy T. Oehlers, City Clerk