

**REGULAR MEETING OF THE ANOKA CITY COUNCIL
ANOKA CITY HALL
CITY COUNCIL CHAMBERS
MAY 4, 2020**

1. CALL TO ORDER

Mayor Rice called the meeting to order at 7:00 p.m., followed by the Pledge of Allegiance.

2. ROLL CALL

Present at roll call: (Remotely present); Mayor Rice, Councilmembers Barnett, Skogquist, and Wesp, (Physically present); Councilmember Freeburg.

Staff present (Physically present): City Manager Greg Lee, Police Chief Eric Peterson, Finance Director Brenda Springer, Public Services Director Mark Anderson, Community Development Director Doug Borglund, City Planner Clark Palmer and City Attorney Scott Baumgartner.

(Remotely present); Engineering Tech Ben Nelson, HRA Coordinator Darin Berger.

Absent at roll call: None.

3. COUNCIL MINUTES

- 3.1 Minutes of the April 20, 2020, Executive Session.
Minutes of the April 20, 2020, Regular Meeting.

Councilmember Barnett requested a change to the April 20, 2020, Regular Meeting on page 15, paragraph 7, correcting the designated amount of \$2,500 to Anoka Community Mission.

Motion by Councilmember Barnett, seconded by Councilmember Skogquist, to waive the reading and approve the April 20, 2020, Executive Session as presented and the April 20, 2020, Regular Meeting minutes as amended.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, Skogquist, and Wesp voted in favor. Motion carried.

4. OPEN FORUM

- 4.1 Police Activity Update.

Police Chief Eric Peterson provided an update to the response plan to the COVID-19 pandemic and ways to ensure continuity of service in Anoka. He shared the State has increased testing to over 3,000 tests per day with 7,234

positive tests to date and 18% positive being people over the age of 70 and 16% in congregate care facilities. He said fatalities were climbing with current being 428, 82% of which were over the age of 70. Chief Peterson said Anoka has 19 known positive cases with 7 fully recovered, similar to State-wide statistics and thanked the congregate facilities' leadership for their plans to protect long-term residents and the staff taking care of them. He shared the Anoka-Champlin Fire Department delivered over 400 masks to facilities made and donated by Anoka residents then spoke about the Governor's order extension to May 18 which most residents were following well. Chief Peterson stated officers were working to protect the City through crime investigations, checking on businesses, and providing the same level of service and noted calls for service were down. He thanked residents for taking the time to look out for others and wished everyone to be healthy and safe and to continue taking the precautions seriously.

Councilmember Barnett asked more about cases in congregate facilities and intervention work by the State. Chief Peterson described the definition of an outbreak and processes completed by the Minnesota Department of Health (MDH) to follow-up with the facility and how they involve the City to assist and obtain the necessary information to help provide each facility with necessary assistance.

Councilmember Barnett asked about each facility's partnership and if staff was satisfied with communication. Chief Peterson said he was extremely pleased with each facility's information sharing, professionalism and willingness to contact the City for help in any way.

Councilmember Skogquist referred to the State being slow in getting data on congregate facilities and asked if the same is true with all cases in Anoka with regard to officers being prepared to respond to resident calls. Chief Peterson said unfortunately information sharing has not improved and that staff was working with the Police Chiefs Association and other cities asking for better cooperation with the Governor's Office to improve procedures to get resident status information in a timelier manner from the MDH and not only through self-reporting. He explained reasons for the delay but how it was unacceptable in the eyes of first responders as they need to best prepare when responding to a call for service.

OTHER INFORMATION UNDER OPEN FORUM

Councilmember Wesp congratulated resident Lorraine Blaska on her 100th birthday which included a Mayoral proclamation, key to the City, and drive-by celebration by many. He noted changes she shared over her lifetime included technology in television and radio and transportation system that included street cars in Anoka.

5. PUBLIC HEARING(S)

None.

6. CONSENT AGENDA

Motion by Councilmember Wesp, seconded by Councilmember Freeburg, to approve Consent Agenda 6.1 through 6.3.

6.1 Approve Verified Bills.

6.2 Revising and Setting Council Calendars.

6.3 Issuance of a Tree Care/Arborist License; CAL Ventures LLC, dba: P&C Tree Service.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, Skogquist, and Wesp voted in favor. Motion carried.

7. REPORTS OF OFFICERS, BOARDS AND COMMISSIONS

7.1. Planning Items

None.

8. PETITIONS, REQUESTS AND COMMUNICATION

None.

9. ORDINANCES AND RESOLUTIONS

9.1 RES/ Recommending Approval for an LG214 Gambling Permit for Anoka Area Ice Arena Association at The Wheelhouse, 227 Jackson Street.

Councilmember Wesp stated he would be abstaining from consideration of this item due to a potential conflict of interest.

City Manager Greg Lee shared a background report stating the City has received an LG214 State application from Anoka Ice Arena Association requesting to obtain a Premise Permit to operate gambling at The Wheel House at 227 Jackson Street. A premise permit allows an organization to sell pull tabs, tipboards, etc. The Minnesota Gambling Control Board is the entity that actually grants Premise Permits; however, MN GCB requires the municipality in which the gambling takes place provide a recommendation or comment on the issuance of a premise permit.

Motion by Councilmember Freeburg, seconded by Councilmember Barnett, to adopt a resolution recommending the issuance of a State issued LG214 gambling license and premise permit for Anoka Ice Arena Association at The Wheel House, 227 Jackson Street, Anoka, Minnesota.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, and Skogquist voted in favor. Councilmember Wesp abstained. Motion carried.

9.2 RES/U.S. Highway 10/169 Improvement Project; Approving Purchase Agreement for Parcel 16 at 560 West Main Street.

RESOLUTION

Engineering Technician Ben Nelson shared a background report stating on February 18, 2020 Council adopted a resolution authorizing approval of appraised value, offer of compensation, and acquisition by eminent domain for the subject parcels requiring full acquisition. Under Minnesota Statutes, property owners who occupy the subject property and who must relocate are entitled to compensation for a protective lease for their tenants. Patchin Messner Valuation Counselors appraised Parcel 16 located at 560 West Main Street at a value of \$275,000, including trade fixtures. The seller has accepted the City's offer of \$314,400 and the additional compensation for the protective lease of \$11,000. The total purchase price is \$325,400 and the purchase agreement was shared. The Project was granted \$15M from the Local Road Improvement Program bonding bill in 2018 for the engineering, design and local construction. The funding source for this property acquisition will be from the Local Road Improvement Program. The schedule for the acquisition of the Parcel 16 included May 14 closing and substantial completion by January 2024.

Councilmember Wesp asked if funds for this property were identified and about next steps, including building demolition. Mr. Nelson said the tenant would remain on a month-to-month lease as the property is not needed until 2021 for the project and that the City will give 30 days to vacate the property after which demolition would occur as part of the project.

Councilmember Skogquist asked about other properties in the plan and if demolition will be done on a case by case or as part of a larger package. Mr. Nelson said demolition would be part of the larger Highway 10 project.

Councilmember Freeburg asked about the current tenant. Mr. Nelson replied the tenant was Lake Country Concrete.

Motion by Councilmember Freeburg, seconded by Councilmember Wesp, to adopt a resolution approving U.S. Highway 10/169 Improvements Project; Approving Purchase Agreement for Parcel 16 at 560 West Main Street.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, Skogquist, and Wesp voted in favor. Motion carried.

10. UNFINISHED BUSINESS

None.

11. NEW BUSINESS

None.

12. UPDATES AND REPORTS

12.1 Tentative Agenda(s).

The Council reviewed the tentative agendas of the upcoming Council meetings.

12.2 COVID-19; City Operations, Changes, and Impacts – Refinement of City Loan Program.

Mr. Lee shared at the last workshop Council discussed the possibility of creating a loan program to respond to needs of some businesses due to COVID-19 and that staff had created a draft policy for review and discussion.

Community Development Director Doug Borglund shared that on April 20, 2020 the City Council at its regular meeting directed staff to research options for a potential revolving small business loan program for businesses affected by COVID-19 and at the April 27, 2020, worksession City Council discussed and gave direction to develop a draft small business loan program. He reviewed the draft policy that outlined the requirements and processes related to a potential small business revolving loan fund for businesses affected by COVID-19 and said staff was looking for feedback on items contained in the draft policy including interest rate, maximum loan amount, application deadline date, and loan selection committee. He reviewed eligibility criteria and reviewed the policy based on an amount of \$250,000 for the total program and asked for Council input.

Councilmember Freeburg confirmed any loans would be personally secured and if there had been requests for this type of program by Anoka business owners. Mr. Borglund confirmed loans would be personally secured and noted staff had not received requests directly for any loan funding but noted Anoka County has had interactions with businesses looking for federal or state dollars.

Councilmember Skogquist replied the businesses he has spoken with support and such a program as State and Federal programs include many requirements.

Councilmember Freeburg asked if the Economic Development Commission (EDC) was aware of the proposed program. Mr. Borglund said staff had not contacted the EDC or Anoka Business and Landowners Association (ABLA).

Councilmember Barnett asked questions regarding the fee for development, management, and selection committee. Housing Manager Darin Berger stated the Center for Energy and Environment (CEE) would manage the program and charge a one-time \$550 set up fee and \$500 per loan amount administration fee which could be rolled into each loan amount or paid by the City, adding the Housing and Redevelopment Authority (HRA) pays fees when issuing an HRA loan.

Councilmember Skogquist spoke about the proposed loan amounts which would result in 50-65 loans based on proposed total program amount and if we want to help with the processing fee. He said with the \$1.4 million from WAC/SAC resulting generating interest of \$25,000-\$30,000 annually the City should be able to cover most or all loan fees.

Councilmember Barnett noted it was important to remember that not everyone would pay back their loans and that there is a risk to this program. Councilmember Skogquist agreed there would be a risk but said it was well worth the investment.

Councilmember Freeburg said he was concerned there has not been a big enough demand as the Anoka Area Chamber has received no requests for funding options as well and would prefer to buy down the levy and help everyone in the City instead.

Councilmember Wesp inquired about interest earnings of 1-2% and noted loan costs would be \$55,000 for the total \$300,000 program costs then shared how Minneapolis' program was not going well with 400 applicants denied based on location and concerns about interest rates. He said he liked the idea but asked if we should be looking for more long-term solutions as the economic outlook was not good for the next 18-36 months and spoke about other loan opportunities available such as buying down the levy.

Councilmember Skogquist said the City should work to be more proactive this time and that buying down the levy was not enough overall and that this program would produce better results for the investment because once businesses were gone, they may never come back and small businesses make up Anoka. He said no taxpayer funds were being risked and the more we pinpoint terms the harder the program will be to administer and broader is better as not a forgivable loan but one that is paid back.

Councilmember Barnett said she wanted to confirm this program was necessary and would have a positive impact. Mr. Lee said he was unsure why a business

would find the City's program more favorable as we were not hearing from businesses directly about additional needs.

Mr. Borglund agreed, stating based on the amounts we could offer most businesses would pursue the forgivable loans by the State first.

Councilmember Skogquist shared his discussions with business owners and how some received funds from the State but have to go to staff only and their reluctance because of the unknown and that this program would make it easy for businesses to consider. He said worst case no one applies but did not believe that would happen based on his conversations with business owners.

Councilmember Wesp stressed the importance of business owners having a stake in this program as the loans are unsecured and an interest rate is necessary then spoke about how long the impacts will affect us.

Mayor Rice spoke about how the funds were created by businesses and buying down the levy should not happen from this fund and the need to amend the policy surrounding any proposed fund changes. He agreed an interest rate should be charged if implemented then spoke about the loan condition that required in-person customer contact because they were most impacted and suggested removing that as conditions to allow others to be eligible too.

Councilmember Skogquist agreed the interest rate may be too high and would be willing to share fee costs.

Councilmember Freeburg asked about term and monthly payment. Mr. Berger said housing loans were lower but commercial loan rates were prime plus 2% so 5.25% for commercial and confirmed the proposed program would have a monthly installment required.

Mayor Rice shared a history of loan creation and how these amounts may not be enough to truly help as we do not have enough funding and how this could just result in more debt to a business and not really be helpful anyway.

Mr. Borglund noted staff was suggesting payments be deferred to 12 months.

Councilmember Freeburg asked about what collection actions would we consider should a business not be able to pay and impacts to the City.

Councilmember Wesp cautioned against compounding financially on owners and creating more of a problem in the end. Councilmember Freeburg shared concerns about knowing the stability of a borrower.

Councilmember Skogquist noted the downtown area is a huge part of the City though and if this could help even a few businesses it was well worth the funds

especially because they were not coming from taxpayers but from economic development. He said this action was not out of character and the risk is worth the investment.

Councilmember Freeburg said he wants to help too then highlighted what the City has done already in that regard with landscaping, streets, fountains, trails, and lighting to help make businesses what they are today

City Attorney Scott Baumgartner suggested program topics that need to be agreed on included interest, accrual during deferral period, length of deferral period, etc. before any decision is made.

Mayor Rice suggested a one-year deferment, 5% interest for 3 years and a \$4,000 maximum loan amount.

Councilmember Freeburg suggested a higher loan amount would be better as it would make a larger impact, such as \$20,000. Councilmember Skogquist agreed but said we do not have enough funds for that and would rather spread out the funds to help with bills such as rent or utilities for 1-2 months instead of a full year.

Councilmember Barnett said she would support a \$3,000 loan for two years beginning June 1 with 5% interest and \$250 loan fee then inquired about the loan selection committee. Mr. Berger said the committee would be completely up to us and suggested criteria such as delinquencies, zoning violations, etc. and said the application period should be soon to help move the program forward quickly and would share through a short, quick mailing.

Councilmember Freeburg asked about the committee selection size and legal challenges in denying anyone. Mr. Baumgartner said while not completely known the City is not legally obligated to loan funds and was not being discriminatory on who could apply and has outlined policy criteria for selection.

Councilmember Barnett summarized the loan program parameters and said while she believed other programs were more beneficial and that this program would not be impactful enough, she was not a business owner in Anoka and did not want to assume this would not help. She encouraged businesses to explore other programs first but was comfortable offering this program because it was not based on taxpayer dollars and would support businesses if needed.

Councilmember Barnett asked by offering \$4,000 loan amounts would we be limiting the number of available loans. Councilmember Freeburg said he did not see many applying for this program.

Discussion was held about offer versus risk and how this was a way to help and provide a tool if chosen and if using loans for other opportunities such as adding a parklet or for new businesses coming into vacated space.

Motion by Councilmember Skogquist, seconded by Councilmember Barnett, to approve the COVID-19 Revolving Small Business Loan Program that included a \$4,000 maximum loan amount, 5% interest, \$200 loan fee, three-year term with a one-year deferment for total of a four-year loan plan, selection committee comprised of internal staff for review of initial application and removal of language limiting applicants to in-person customer contact only.

Councilmember Barnett referred to concerns discussed at the workshop by the Finance Director and longer-term loan impacts. Councilmember Wesp clarified those concerns were regarding deferral of assessments based on bonds being up to three years.

Councilmember Skogquist asked about the commercial zoning element. Mr. Borglund replied the program was intended for brick and mortar businesses in the main corridors as they would be more likely to use and that ineligible businesses included home occupations and non-profits organizations.

Mr. Baumgartner clarified applications would be scored based on information submitted and suggested amending the use criteria listed to avoid subjective review.

Councilmember Wesp said these were unprecedented times and that the City did not want anyone to fail and while we have worked hard already to make Anoka a better place, he will support this loan program.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, Skogquist, and Wesp voted in favor. Motion carried.

Mayor Rice said he hoped it is a successful program that will help businesses.

Mr. Lee announced the City's new website would be available on May 6 and included more information and updates from the City.

Mayor Rice asked about Anoka High School's use of athletic fields and potential of the school district proposing a new football stadium and resulting impacts to Anoka. Councilmember Freeburg explained Goodrich Field was donated to the school in 1997 with the understanding that high school games would be played there for a specific period of time. Chief Peterson said he would follow-up with the school district and report back to Council.

Councilmember Skogquist referred to Ambi Wine Bar's recent request for an off-sale license and why it was denied because of the City's municipal off-sale

license and requested review for the possibility of a temporary change due to COVID-19 then discussed possible forgiveness of liquor license fees especially with the disparity between on-sale and beer/wine licenses. Councilmember Wesp agreed that seemed fair to forgive a portion of license fees for the time restaurants had to close completely due to the Governor's order.

Mr. Lee outlined the license impact for 2 months totaled approximately \$6,666 for the eight licensed locations and said staff would include this topic as a future agenda item for discussion.

12.3 Staff and Council Input.

None.

13. ADJOURNMENT

Councilmember Freeburg made a motion to adjourn the Regular Council meeting.

Councilmember Wesp seconded the motion.

Upon a roll call vote: Mayor Rice, Councilmembers Barnett, Freeburg, Skogquist, and Wesp voted in favor. Motion carried.

Time of adjournment: 8:41 p.m.

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

Approval Attestation:

Amy T. Oehlers, City Clerk