

1. 5:00 P.M. City Council Special Worksession Agenda

Documents:

[JUNE 12, 2023 SPECIAL COUNCIL WORKSESSION AGENDA AT 5 PM.PDF](#)

2. 5:00 P.M. City Council Special Worksession Packet

Documents:

[JUNE 12, 2023 SPECIAL WORKSESSION PACKET AT 5 PM \(REVISED\).PDF](#)



City Council Agenda
SPECIAL WORKSESSION
Monday, June 12, 2023, 5:00 p.m.
Council Worksession Room

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **COUNCIL BUSINESS and/or DISCUSSION ITEMS**
 - 3.1 Discuss/Review; Proposal From Ryan Companies Related to Amending the Purchase Agreement.
4. **ADJOURNMENT**

Members of the Anoka City Council may participate remotely in City Council meetings by interactive technology rather than by being physically present. Members of the public who desire to give input or testimony remotely may do so by attending via video conference (Zoom Webinar). The Zoom Webinar link will be posted prior to the meeting on the City of Anoka's website calendar at: <https://www.anokaminnesota.com/calendar.aspx?CID=14>. To access the link, from the online calendar, find the correct meeting date and click "More Details."

Meetings by telephone or other electronic means in accordance with Minnesota Statute 13D.021.



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COUNCIL WORKSESSION MEMO

Agenda Item # 3.1

Meeting Date: June 12, 2023
Agenda Section: Council Business and/or Discussion Items
Item Description: Discuss/Review; Proposal From Ryan Companies Related to Amending the Purchase Agreement
Submitted By: Doug Borglund, Community Development Director

BACKGROUND INFORMATION

Ryan Companies (Patrick Daly) will be present to discuss with the City Council a proposal regarding the purchase agreement for the City owned development site at the NW corner of 7th Avenue and Bunker Lake Boulevard.

FINANCIAL IMPACT

NA

COUNCIL DIRECTION REQUESTED

Provide direction to City Staff.

From: [Patrick Daly](#)
To: [Doug Borglund](#)
Cc: [Greg Lee](#)
Subject: Anoka-Grocer Site / Concept PA Amendment Proposal
Date: Wednesday, June 7, 2023 2:42:23 PM
Attachments: [image001.png](#)

Caution: This email originated outside our organization; please use caution.

Hi Doug and Greg. Thanks again to Council, Staff and you for supporting a short due diligence extension to allow us to come forward with a proposal for how we might move forward on this project together. To prepare for next Tuesday's work session, I thought it might be helpful to the group if I shared some thoughts on a proposed purchase agreement extension in advance, in hopes that it would make for a more collaborative discussion next week.

As we discussed in last month's city council meeting, a meaningful pullback has occurred in the last few months from large and mid-sized retailers, across the country, on new store expansion plans. This pullback is due to challenges in the general economy, for both the companies and their customers. Between higher interest rates than we've had in years, persistent inflation, and the possibility of a coming recession, many companies are finding a reason to push out project starts that seemed firm six months ago. In other words, what our grocery anchor for this project is experiencing, is not unique to them, or to Anoka.

Fortunately, our grocer's interest in the site and the project remains unchanged. Timing is the issue, and as I tried to explain last time we met, they have informed us that they need to push their construction date out by 12 to 24 months. My job in working with them on this is to do what I can to make the delay 12 months rather than 24 months, and we are working with them on a number of pathways for this. At the same time, as we all know, the current purchase agreement for the project between us does not allow for the possibility of any real extension in the project timeframe.

In that spirit, if we are to complete the job of delivering on the City's vision of a grocery-anchored community center on the site, we will need to agree on additional time under the purchase contract. We've heard from the City that there is some concern around the need to extend the purchase agreement without revisiting the purchase price, and we understand that. In that spirit, here is what we would propose as additional benefit to the City for adding time to the current purchase agreement:

- **First Extension (12 months of contract time beyond the current contract): Ryan will give the \$25,000 in current earnest money to the City on the signing of the Amendment, and agree to a 7.5% increase in the purchase price for the site;**
- **Final Extension (12 months of contract time beyond the first extension): If this final 12 months is needed, Ryan will give an additional \$25,000 of earnest money to the City, and increase the purchase price by an additional 7.5% over the first increase, for a total increase of 15% over the current contract price.**

I know the circumstances of needing additional time are not ideal, and we will continue to fight

against the current economic headwinds as best we can. At the same time they affect all of us, and I'm hopeful that if the community would still find value in a new grocery-anchored community center on the site, that we can figure out a way to make use of all the work we've done to date on this project, and accept an adjustment in timing that in retrospect, once construction starts and particularly when the center is opened to the community, won't feel terribly material.

Thank you advance for your consideration. I appreciate it, and I look forward to discussing further with you all next Monday.

Patrick

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