

**SPECIAL WORKSESSION OF THE ANOKA CITY COUNCIL  
ANOKA CITY HALL  
CITY COUNCIL WORKSESSION ROOM  
JANUARY 12, 2026**

**1. CALL TO ORDER**

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

**2. ROLL CALL**

Present at roll call: Mayor Skogquist, Councilmembers Campbell, Rostad, Scott, and Weaver.

Staff present: City Manager Greg Lee and Assistant City Engineer Ben Nelson.

Absent: None.

**3. COUNCIL BUSINESS and/or DISCUSSION ITEMS**

**3.1 Discussion: Chapter 10, Article IV, Charitable and Legalized Gambling.**

Scott Lepak, attorney, shared a background report stating that at the January 5, 2026, meeting, the City Council directed staff to schedule a special worksession on January 12 to further discuss the proposed amendments to Chapter 10, Article IV, Charitable and Legalized Gambling. The first reading of the ordinance was postponed and will be placed on the January 20 meeting. He shared a copy of the draft amendment that highlighted the two changes made from the January 5 meeting then responded to questions from the January 5 meeting that Council had regarding Sec. 10-97 Contributions of Net Profits to City Administered Fund, only granting a waiver to organizations based in another city if the city where that organization is based also allows Anoka-based organizations to operate in their city, and options for exemptions, changes or other ways so there are no negative impacts to local organizations due to the City proposing to establish 10% contributions of net profits be given to a City fund, a local gambling tax, or an increase for lawful purpose expenditures in the trade area from 50% to 75%.

Mr. Lepak shared clarification on lawful purpose expenditures and a history of each organization's expenditures. He noted that the City would have to treat the American Legion the same as any other organization regarding any additional charitable gambling requirements that may be implemented, and then outlined gambling tax limitations and how the funds could be spent as allowable expenses.

Councilmember Scott said the Legion did a great job at the last meeting explaining what their proceeds are used for, but said ultimately the City can't treat one differently from another, so asked what other ways could be used to prioritize

the funding and redirect it back to a veteran's organization, for example. Mr. Lepak said if it fits into the specific permitted expenditures, then redirecting was possible, such as for police training, but if the expenditure was for something not localized, it wouldn't be allowed.

Councilmember Scott asked if a process similar to Blaine's grant process. Mr. Lepak said a grant process would work well, as they can fit into each of these activities as outlined in the specific grant.

Mayor Skogquist asked for clarification based on a staff-provided spreadsheet based on the current tax and contribution proposal, then noted the cheer group wasn't included at Pizza Man. Councilmember Rostad noted Pizza Man doesn't have staffed pull tabs but conducts charitable gambling through a machine.

Mayor Skogquist reviewed the spreadsheet for the group, stating the .1% tax would have generated \$4,790 for 2025, then said the total net profit, after allowable expenses, prizes, and taxes, totaled approximately \$1 million.

Bob Erickson, Anoka Ice Arena, asked if the spreadsheet totaled all the gambling organizations' proceeds from all cities or just Anoka. Mayor Skogquist said the amounts were just based on what was generated in Anoka.

Josh Jungling, Anoka Ramsey Athletic Association (ARAA), asked if the allowable expenses had already been removed. Mayor Skogquist responded that that was his understanding.

Mr. Erickson explained how they have to provide proof of allowable expenses, which don't include repairs over \$2,000, as bids are required first and weren't included in these amounts, so they have to build funds up over the year for these larger projects.

Mr. Jungling suggested looking at the year-end totals instead of every month, where there are months with actual losses. Mr. Lepak said it would depend on how the ordinance was written based on annual collections, but agreed that paying monthly could be changed, adding that it would make sense to pay annually once the organizations know the final year's total.

Mayor Skogquist agreed, stating he was more concerned with the annual total and would support paying at the end of the year.

Councilmember Campbell said we need to look at the proposed percentage as the margin was much smaller than originally thought, and would reduce each organization's funding too much. He suggested something less than 10%, adding that this action would just result in moving funding from one place to another, and suggested possibly 1% to ease into the practice and gauge the results, especially if we can't exempt certain organizations.

Andrew Boho, Anoka, said implementing a tax and contribution could affect the scholarships these organizations award and have serious impacts.

Councilmember Rostad suggested the tax and contribution could result in money going back to the organization for their scholarships or other partners, such as Eastern Star, hiring a City social worker, Waterfowl for Warriors, or others. She said this would be a way to cast a wider net for other organizations that can't conduct charitable gambling like the theater or the food shelf.

Doug Hookom, American Legion, said they donated over \$43,000 last year to various organizations in Anoka, so they were already doing this, and asked that the government please get out of their way. He said they have done a tremendous job to date and referred to the State's stadium tax that is still being collected even though the stadium is operating.

Mr. Jungling agreed, stating we just did a donation to ACBC Foodshelf and provided scholarships for youth programs, and that the City is suggesting taking the money to give to someone else, based on what they decide instead.

Councilmember Scott agreed that the local organizations are already doing the right thing, but if the City allows charitable gambling, we want to try to benefit the residents as much as we can and minimize any funds going to another state, for example. He said loopholes had been taken advantage of in the past, and we're just trying to limit the possibility of funds going outside the local trade area. He noted that most organizations are not doing this, but others may not be doing as well.

Mr. Erickson said the City can already control by not allowing a premises permit from South Dakota, for example. Councilmember Scott agreed, then asked how enforceable that was and if a bar can work with someone from outside the City. Mr. Lepak responded that the City could remove the outside allowance and address that concern now.

Mayor Skogquist explained the scenario that brought this topic forward, and not penalize any group and keep the money raised in Anoka.

Councilmember Weaver suggested eliminating the outside organization option from the Code, as that would solve the concern because we don't need to allow outside organizations, adding rent for these organizations is expensive, and if bar owners don't like it, he didn't really care, as this way it keeps everything local.

Mayor Skogquist agreed that was true, but said the net profits on most were Anoka-based organizations, adding the definition is very specific, which, while it requires that organizations still spend all their money in the trade area, it can't require that it be in Anoka only.

Councilmember Weaver suggested not allowing organizations from cities that don't allow outside organizations in their city to ensure the money doesn't leave Anoka.

Mr. Boho asked what percentage stays in the trade area and suggested cleaning up the reporting for a year first, then revisiting. Mayor Skogquist said the current reporting is so poor that we don't really know the actual amounts.

Rick Wesp, Anoka Ice Arena, said they're already paying in money and said the Council was referring to smaller organizations taking their money elsewhere, and suggested addressing that problem instead of taking money away from the arena, because all their proceeds already go to the arena.

Councilmember Weaver asked what language would cover the Council's concerns about funds leaving the community. Mr. Lepak said they could approach this from two angles: first, an outside organization was allowed to exist, so it stands to reason their proceeds would go outside the City, and second, how does the City limit funds from charitable gambling funds going to outside cities, which can't occur because of the trade area requirement outlined in Statute. He said the only workaround would be a gambling tax for enforcement purposes, as the fund could be controlled to be for Anoka only.

Councilmember Weaver said we know where the three organizations' funds present this evening are already going. Mayor Skogquist disagreed.

Mr. Erickson explained that their reporting does show where the money was going, then shared further about how they spend their general funds.

Mayor Skogquist said the City will likely create a form that will better explain where the funds are going, and then asked for clarification on some of the groups' different expenses to ensure they are local.

Mr. Jungling said his issue was that this discussion started because someone wanted to be licensed in Anoka, which didn't happen, but resulted in costing everyone a lot of money. He said their frustration was that the City was talking about money they may or may not give back to the organizations.

Mayor Skogquist said we're changing the ordinance to keep outside organizations from coming in, and the only way to do this is with a gambling tax and contribution. He used the example of Serums, who could get the highest rent from an organization that may not stay in Anoka, then noted that the tax and contribution is a common practice in most cities.

Mr. Erickson said, but the City was suggesting both a tax and a contribution. Mayor Skogquist said he would be open to discussing the amount of the tax but

wanted to create a policy that outlined where the contribution funds would be spent.

Councilmember Weaver said we still have a provision for a waiver that needs to be addressed, and that we should be setting our ordinances up for the future, as they likely will be challenged.

Councilmember Scott asked if we could have a clause that the trade area would only be included if reciprocity exists. Mr. Lepak said Statute didn't allow limiting a trade area.

Councilmember Weaver said we could allow waivers based on reciprocity, though.

Councilmember Campbell said if we delete the language regarding allowing Tier III organizations, we'd eliminate the waiver ability for non-reciprocable organizations. Councilmember Rostad disagreed with that suggestion.

Mayor Skogquist said the statute already allows this, which doesn't solve the problem.

Mr. Hookom noted Bloomington granted a waiver to its Legion. Mr. Lepak said he did not believe that was allowed by Statute and the only other tools to ensure the money stays in Anoka are proceeds from a gambling tax reimbursing itself to administer charitable gambling. He said the other tool was the City-administered fund to provide the most specific application of these funds, and that, short of that fund, the tool was the trade area, which can't be Anoka-specific.

Councilmember Campbell said Andover requires a 10% contribution in their city, which would lower the amount in the trade area.

Mr. Jungling suggested that, rather than a tax, the City could require organizations to spend 10% in Anoka. Mr. Lepak said he did not believe that was allowed.

Mr. Erickson said the tax would be fine as he understands there are costs, but that, in his opinion, the gambling fund contribution was an overreach. He said he was also on the Park Board and noted the 2040 Comprehensive Plan has the ice arena listed as an asset. He said the City helps the arena with things, which is great, but also talks about public involvement, which they are already doing. He likened it to paying for the aquatic center, which he doesn't use, then said many non-City-owned parks help the City out, too. He said it felt like the City was punishing everyone for one organization's behavior.

Councilmember Scott said he understood that viewpoint, but said having the money leave Anoka was also a punishment, and this issue exposed a loophole in the city code that needed to be addressed. He said if there's going to be a

contribution, he'd rather make our organizations whole, and that the tax would ensure the funds stay here.

Mr. Jungling said that what will happen is that the organizations will have to cut from somewhere to pay the City's 10%, and it will impact Anoka Halloween, scholarships, and other activities, adding that they already pay more now than if the contribution were implemented.

Mayor Skogquist said he understands the concerns, but said if we allow large amounts of charitable gambling proceeds leave Anoka, that is a problem. He said we've worked based on the honor system for years, but now have to do this, adding a .1% tax, which only totaled \$4,700 for all organizations and could have been higher.

Councilmember Campbell said the three outside organizations that were taking advantage of Anoka were not the organizations present and suggested not allowing waivers going forward to address this. He said the gambling tax was justified and would be well-spent, and suggested implementing that first, then reviewing for possibly the fund, then noted it wasn't fair to blame the City for this, as we're just trying to ensure there are no future abuses.

Mr. Boho suggested doing the reporting for a year to collect the data and not lose the trust of the organizations. He said the data will outline a better case for the City to suggest a fund that the organizations may actually support, too.

Mr. Erickson clarified that if the 3% wasn't enough to cover administrative costs, what would be the accounting procedure to ensure this is done? City Manager Greg Lee said the City would likely hire a separate entity to do this function, as we're trying to keep our costs down too, and suggested that if we did the 10% either through an ordinance or policy, we could fund it back if the organizations prove it was spent in Anoka. He said this way, the good organizations get their money back, and we focus on the organizations that don't.

Councilmember Weaver left the meeting at 6:18 p.m.

Councilmember Scott asked if we'd have to have custody of the money or if this could be done as a payable instead. Mr. Lepak said if we take custody of the funds, a policy would be needed on how the funds are distributed or paid back to the organization the following year.

Mr. Hookom said he liked the idea but noted there would be one year where they wouldn't be able to help people during the initial implementation period.

Councilmember Scott suggested still collecting the money, but within 30 days, estimate the return based on receipts, and establish an appeal process.

Mayor Skogquist suggested doing this biannually or quarterly, similar to the City's Round Up Program.

Mr. Wesp suggested the organizations get 8% back and the City keep 2%, so it still gets something, which helps everyone.

Mr. Jungling said he would support getting the 10% back each quarter.

Mr. Hookom said they give to veteran's organizations outside the area, such as St. Cloud, and noted this wouldn't count towards Anoka.

Mayor Skogquist said if the amount on the forms was less than those contributions in the report, it would likely be 60-85% regardless, and felt this was a creative way to incentivize having the money stay in Anoka.

Mr. Jungling said this suggestion might result in getting even more money and not punishing the organizations that are doing things right.

Mayor Skogquist said Ramsey does 5% but doesn't get any funds back, and felt it was important to make these groups whole and help those who can't get into Anoka, and would support creating a tiered system to get to 10%.

Audience member asked how many organizations were in Anoka and how would this affect their star rating with the State Gambling Board. Mayor Skogquist said there were currently seven organizations in Anoka, four local and three outside Anoka.

Mr. Lepak said he was not sure about the star rating, but would follow up, and noted they could only give amounts to qualifying organizations such as color guard, marching bands, etc.

Councilmember Campbell said it would be important to have a policy drafted at the same time. Councilmember Scott agreed so that everyone would understand what was expected.

Mayor Skogquist summarized the addition of the City of Dayton in the trade area and the Council's direction, stating this item would be coming forward to the January 20 meeting for first reading.

Mr. Lee suggested the ordinance be scheduled for the first meeting in February instead to allow time for staff to draft the policy for review at the next worksession.

Council consensus was to include the City of Dayton in the trade area, retain the 10% contribution and the .1% gambling tax, and create a policy on how to distribute the funds and return them to the organizations if certain criteria were met.

**9. OTHER BUSINESS**

None.

**10. ADJOURNMENT**

Motion by Councilmember Scott, seconded by Councilmember Campbell, to adjourn the Worksession at 6:47 p.m.

Motion carried.

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

Approval Attestation:

Amy T. Oehlers, City Clerk