

The Cannon Falls City Council met in a regular session on Tuesday, June 17, 2014, at 6:30 p.m. in the Council Chambers. Present were Mayor Robby Robinson and Council Members Bill Duncan, Jay Sjoblom, Morris Mattson, Rodney Holst, LeRoy McCusker, and Merlyce Johnson. Council Member Jay Sjoblom arrived at 6:32 p.m. Also present were Ron Johnson, City Administrator; Lanell Endres, Assistant City Administrator; Dave Maroney, Community Development Director; Greg Anderson, City Engineer; Brenda Voshalike Ambulance Director; and Jeffrey McCormick, Police Chief.

Call to Order Mayor Robinson called the City Council Meeting to order at 6:30 p.m.

Pledge of Allegiance Mayor Robinson led in the recitation of the Pledge of Allegiance.

Approval of Agenda A motion was made by Council Member Johnson, seconded by Council Member Duncan and unanimously carried, to approve the Agenda as submitted.

Public Input No one came forward to speak for public input.

2013 Audit- Abdo, Eick & Meyers Brad Falteysek and Kevin Knopik from the accounting firm of Abdo, Eick & Meyers provided the results of the 2013 financial audit. The audit report, financial statements, and management letter were reviewed. Roles and responsibilities along with internal controls were discussed. Material audit adjustments were reviewed, which related to tower lease back-payments received from Mediacom, federal disaster aid received in 2013 but pertaining to 2012, as well as infrastructure and utility fund assets. There were no issues related to compliance with State statutes. Fund balances were discussed, including the recommendation and rationale for maintaining a minimum 50% general fund reserve. Budgeted versus actual revenue and expenditures and sources were reviewed along with comparisons with peer group cities. Special revenue fund balances were discussed. Library expenditures were clarified. Capital project balances, debt service payments, and enterprise funds were reviewed. Utility fund balance revenue and expenditures along with long-term trends were discussed. The deputy registrar and recycling funds were reviewed. Ratio comparisons were discussed. Future accounting standards were reviewed. The final 2013 budget variance was clarified.

A motion was made by Council Member Johnson, seconded by Council Member Duncan and unanimously carried, to accept the 2013 audit report.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending June 13, 2014
- B. Meeting Minutes for June 2, 2014 City Council Meeting
- C. Award 2nd Street SW Water Main Project
- D. Introduction and First Reading of Ordinance 338, Amending Chapter 111 of the Cannon Falls City Code, Concerning Alcohol Licensing and Regulations

A motion was made by Council Member Johnson, seconded by Council Member Duncan and unanimously carried, to approve the Consent Agenda as submitted.

Finance Report for
318th Street
Improvement Project
and 2nd Street SW
Street/Water Main
Project

George Eilertson from Northland Securities provided background information and reviewed a preliminary finance plan summary for the proposed 318th Street Improvement Project and the Second Street SW Street and Water Main Project, including special assessments, tax levy financing, and City-financed components. The estimated cost for the two projects was \$343,000. Based on this amount, a local bond sale was recommended to finance the two projects, with a 10-year financing term. He stated that this process would not require a bond rating. Council Member McCusker inquired with regard to the need for long-term financing for these projects. City Administrator Johnson provided additional information, including the fact that the majority of the 318th Street project cost would be repaid by special assessments over time. However, a funding source would be required to complete the project. Community Development Director Maroney provided clarification regarding the special assessment agreements for the 318th Street project. The water main portion of the Second Street SW project was reviewed, which would largely be financed by the City. Administrator Johnson stated that in-house financing could be arranged for this project if desired. Council Member McCusker recommended utilizing utility fund reserves for this project. Assistant Administrator Endres stated that pre-payments would allow for early payment of the bond if it were structured to allow for pre-payment without penalty. Mr. Eilertson stated that a call date could be established for pre-payment without penalty. He commented with regard to the impact of general fund reserves on bond ratings, with a recommendation for maintenance of a 70% general fund reserve at this time. Council Member McCusker clarified his suggestion for utilizing utility fund reserves toward this project.

It was decided to review financing options further prior to soliciting local bonding bids. Administrator Johnson reviewed prior assessments for street improvements on Second Street SW, last done in 1995, and clarified the assessment policy with regard to both

street and curb and gutter improvements. City Engineer Anderson provided additional information regarding curb and gutter replacement for this project. Mr. Eilertson reviewed the purpose of a potential reimbursement resolution. Project financing would be brought up for further discussion during the next Council meeting.

Legislative Update-
Senator Matt Schmit

Senator Matt Schmit was present and provided a legislative update, including highlights from the last couple of years and a preview of the State budget forecast, including the following:

- Alleviation of the budget deficit, pay-back of the school shift, and shoring up of budget reserves.
- Targeted investment in education and infrastructure.
- Tax cuts, increased local government aid payments, and better Federal tax conformity.
- Repeal of business-to-business sales taxes, including the warehouse tax and sales tax on agricultural equipment repair.
- Cost of living adjustment for home-based community care providers.
- Encouragement of public-private partnerships for expansion of broadband infrastructure through a matching grant program, especially in rural areas.
- Passage of a capital investment bonding bill, including funding of regional infrastructure projects.
- Promotion of stronger relationships between government entities.

Senator Schmit reviewed his committee assignments, which focused on agriculture, jobs, rural development, energy and environment, as well as his current assignment as Chair of the Fish and Wildlife Subcommittee.

Council Member McCusker commented on the productive nature of this past legislative session. Council Member Duncan expressed concerns related to seemingly inequitable per-pupil school funding for the Cannon Falls School District. Senator Schmit stated his desire to work on an equitable funding system that allocates resources fairly and gives rural school districts the resources they need to compete with more affluent suburban districts. Mayor Robinson thanked Senator Schmit for providing the legislative update.

Staff Reports

City Engineer Anderson provided a project update.

Police Chief McCormick provided a recap of the North Star Bicycle Festival, stating that the bike race went very well with few problems. He issued a reminder with regard to road closures associated with the

upcoming 4th of July parade. He also provided a safety reminder with regard to the current fast and high river conditions, which were being monitored for potential flooding concerns.

City Administrator Johnson reported on the resignation of Don Doehling from the Public Works Department. He also reported that he would be attending the League of Minnesota Cities Annual Conference.

Assistant City Administrator Endres provided a reminder about the next City Council Meeting, which would be held on Tuesday, July 1, at the Cannon Valley Fairgrounds, adding that there would be free admission to the fairgrounds that evening. The Mayor and Council Members were in agreement with moving the start time for this meeting to 6 p.m.

Mayor and Council
Reports

Council Member Johnson commented on a complaint she received regarding a significant number of water bottles being dropped in a resident's yard during the bike race.

Council Member McCusker inquired with regard to the status of the right turn lane proposal for Highway 52. Administrator Johnson and Director Maroney provided an update, indicating that a study was underway.

Adjournment

The meeting adjourned at 7:46 p.m.

Adopted by the City Council of the City of Cannon Falls on the 1st day of July, 2014.

Lyman M. Robinson, Mayor

ATTEST:

Ronald S. Johnson, City Administrator