

The Cannon Falls City Council met in a regular session on Tuesday, May 16, 2017, in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Morris Mattson, Cedar Abadie, Mike Dalton, Ken Carpenter, LeRoy McCusker, and John Althoff. Also present were Ron Johnson, City Administrator; Lanell Endres, Assistant City Administrator; Dave Maroney, Community Development Director; Tom Bergeson, Public Works Director; Greg Anderson, City Engineer; Samantha Meyer, Zoning Assistant; Nicole Miller, Library Director; and Jeff McCormick, Police Chief.

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

Roll Call All members were present.

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

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

Public Input No one came forward to speak with regard to items not listed on the Agenda.

Presentations:
2016 Wastewater
Operations Award
Presentation Public Works Director Bergeson provided background information, stating that this award is given out annually only to those who meet the qualifications and performance standards established by the Minnesota Pollution Control Agency.

Mayor Robinson presented a Certificate of Commendation to Wes Anway in recognition of exemplary efforts during 2016 to comply with the Minnesota Pollution Control Agency's NPDS / SES permit program requirements. He and the other wastewater treatment plant employees were congratulated by the Mayor and Council Members.

National Police Week
Proclamation Mayor Robinson read a proclamation in celebration of National Police Week and Peace Officers Memorial Day, designating May 11-17, 2017, as Police Week in Cannon Falls and publicly saluting the service of law enforcement officers in our community and in communities across the nation. Police Chief McCormick expressed appreciation for the support of the Mayor and City Council.

Cannon Valley Trail
Draft Comprehensive
Plan Update Trail Manager Scott Roepke reported that the Cannon Valley Trail has been working on a Comprehensive Plan update for the last nine months and was last updated in 1992. He provided an informational presentation and overview of the draft Comprehensive Plan. He

focused his comments on planned improvements and the estimated costs of these improvements.

Mr. Roepke provided background information with regard to the trail, noting that the trail has been in existence since 1986 and currently hosts approximately 100,000 visitors annually.

Mr. Roepke discussed the process of updating the Comprehensive Plan, including public input. He stated that the Comprehensive Plan follows the guidelines of the Greater Minnesota Regional Parks and Trails Commission, adding that the Comprehensive Plan is heavily relied upon when grant applications are reviewed.

Mr. Roepke reviewed the Cannon Valley Trail Vision Statement. He provided an overview of the Capital Improvement Plan format, which has been organized according to categories and implementation phases. He reviewed improvement projects pertaining to infrastructure, trail experience, business basics, and natural / cultural resources.

Mr. Roepke discussed aging bridges and bituminous along with a plan to widen most of the trail from 8 feet wide to 10 feet wide, which is the current standard. Mr. Roepke discussed water conveyance issues, including flooding and erosion concerns. He reviewed cost estimates for improvements in the areas of bridges, bituminous, and water conveyance, stating that this represents 79% of the Capital Improvement Plan. He also discussed plans for trail connections, a picnic shelter at the Welch Station access, and modern restrooms. He reported that the cost of all of the infrastructure improvements has been estimated at \$11.7 million, which constitutes 96.4% of the total CIP budget.

Director Roepke discussed improvements that would enhance the trail experience, including better access, connectivity, and education and interpretation along with partnerships in this regard. He reported that the cost of trail experience improvements has been estimated at approximately \$96,000, which constitutes 0.8% of the total CIP budget.

Director Roepke discussed land acquisition in order to protect and maintain infrastructure, protect and preserve natural and cultural resources, and provide public and maintenance facilities and services for the best trail experience possible.

Mr. Roepke discussed the benefits of trail improvements in terms of

maintenance, increased use, and increased revenue. He discussed plans pertaining to natural and cultural resources, including plans to create a Cultural Heritage Park. He reported that the cost of natural and cultural resource projects has been estimated at approximately \$139,000, which represents 1.1% of the total CIP budget.

Mr. Roepke commented that capital improvements are planned in three phases over ten years. He referenced a cooperative governmental approach to the Comprehensive Plan, including Goodhue County, the City of Red Wing, and the City of Cannon Falls. He reviewed funding strategies and revenue sources and discussed two potential funding scenarios. At the conclusion of his presentation Mr. Roepke showed a brief promotional video about the trail.

Grant funding was discussed. Parking issues were discussed. Mayor Robinson and Council Members expressed appreciation to Mr. Roepke for providing the update. Community Development Director Maroney commented with regard to the planning process.

Public Hearing:
Resolution 2277,
Approving TIF District
No. 2-7

Director Maroney provided background information, stating that the purpose of the Public Hearing will be review the components of the tax increment plan for the former Grandpa's Garage property. Following the Public Hearing, the Council will be asked to consider authorization of tax increment financing (TIF) to assist with the proposed redevelopment project. He pointed out the geographic area for the proposed TIF District on an aerial photo.

Director Maroney discussed the proposed 25-year redevelopment district and reviewed the components of the plan in detail. He stated that it has been projected that approximately \$1 million of new taxable value will be created on this property as a result of the proposed redevelopment plan. He clarified that the current \$293,000 base property value would continue to generate taxes payable by the property owner, and the additional value would generate the tax increment.

Director Maroney reported that, using the current tax rate and the current tax capacity rate established by the State Legislature, the tax increment in the first full year, 2019, would be approximately \$26,000. He commented that the current property taxes on this property are approximately \$20,000, not including assessments. He clarified that the State-wide property taxes would not be included.

Director Maroney indicated that the City is able to capture up to 10% for administrative reimbursement. The EDA was willing to finance the

\$12,000 cost of preparing the plan, in return for getting their investment repaid over time from the administrative portion. He reported that the projected annual net tax increment over the 25-year life of the district is about \$854,000, which equates to approximately \$411,000 in today's dollars.

Director Maroney summarized that, if the plan is approved, up to \$411,000 of present value assistance could be made available to David Olson to redevelop this property. He discussed variables that could affect the actual numbers.

Director Maroney discussed the differences between an economic development TIF District and a redevelopment TIF District. He reviewed the criteria that have been met in order for the property to qualify as a redevelopment TIF District according to State law. The proposed uses of the property were discussed.

Director Maroney reviewed the projected tax increment plan budget, including \$411,000 of site-related and building-related improvements that are proposed to be financed through the plan, approximately \$400,000 in interest expense, the 10% administrative expense, and a required payment to the State Auditor.

Director Maroney commented that the original net tax capacity of the property, based on the \$293,000 base market value, will continue to be paid to the City over the life of the TIF District. He reported that the plan was forwarded to Goodhue County and the Cannon Falls School District 30 days in advance of the Public Hearing and that the required Public Hearing notices were provided.

Director Maroney indicated that if the Council approves the TIF District, this would authorize David Olson to use tax increment financing for the project proposed for the former Grandpa's Garage property. He added that the terms and conditions of this financing would be detailed in a development agreement, which would be approved by the City Council. He commented that there are various options to be considered with regard to how the financing would be handled. It was clarified that the proposed redevelopment of Grandpa's Garage involves commercial land use.

It was clarified that the life of the TIF District would be up to 25 years. Council Member Abadie asked whether 25 years was chosen in order for the numbers to work out. Director Maroney commented that estimated costs for redeveloping the building for the proposed use were utilized. Director Maroney commented that projected revenue

from leases and the improvements that will be needed will be based on the different tenants that will occupy the space. In order for the project to move forward, some financing assistance will be required. He added that the development agreement will be based on additional information with regard to the tenants and more clearly defined projections. He indicated that there will be five years from the date of certification of the TIF District to make budget modifications, if needed. He commented that the State statute allows for a wide range of terms and conditions for the development agreement and structuring of the details of the tax increment financing plan. He indicated that the agreement could be structured to place more of the onus on the developer. He commented that the EDA was willing to cover the cost of the plan documents.

Council Member McCusker inquired with regard to the investment that will be made by Mr. Olson. Director Maroney reported that cost estimates shared by Mr. Olson have been in the \$1 million range. He reviewed planned building improvements, with only the concrete floor, fire safety system, and steel frame of the building being retained.

Council Member McCusker expressed concerns with regard to the City being in the lending business and giving up its tax base, stating that the citizens of Cannon Falls are absorbing the burden of this. He stated that he would be willing to write off 50% of the property taxes for five years but advised against a long-range agreement. He stated that the high-risk nature of this proposal makes him nervous.

Council Member Mattson commented that if the project does not move forward, there will be no additional tax revenue. He commented that the financing comes from the additional taxes.

Council Member McCusker commented with regard to a trucking business that occupied the space. He asked if the jobs that would be created will help the employee base, especially if these are minimum wage jobs.

Director Maroney provided a history of the property, stating that it was nearly tax forfeited. He commented regarding the declining market value of this property. He discussed the benefits of working with the developer on new investment and economic development, describing it as a trade-off.

Council Member Dalton commented that the Council's role is to evaluate the merits of Mr. Olson's proposal and decide whether this project would benefit the City and the community, adding that past

uses of the property are irrelevant to the discussion.

Council Member Dalton expressed agreement with Council Member Mattson's comments and discussed potential benefits of the project. Council Member Abadie commented that the proposed specialty shops would help draw people to an area that has suffered as a result of the Highway 52 interchange. Council Member Mattson commented that this project would help bring in new visitors to Cannon Falls.

Council Member McCusker agreed that the proposed project would benefit the community but expressed reservations with regard to the City's role in financing the project. Council Member Dalton commented that terms and conditions are not being decided at this point, stating that adoption of Resolution 2277 would authorize City staff to work with the developer on these details.

Council Member Abadie expressed concerns with regard to mortgaging the future for a potential present change that may or may not come to fruition in the way intended. She suggested building flexibility into the development agreement to allow the process to be accelerated.

Council Member McCusker commented that Dr. Molenaar did not receive any tax increment financing toward the construction of Olmsted Medical Center.

Mayor Robinson opened the Public Hearing at 7:33 p.m. No one came forward to speak. The Public Hearing was closed at 7:33 p.m.

Council Member Carpenter commented that the agreement would not necessarily be for 25 years.

Council Member McCusker asked how a shorter term would impact the tax increment financing. Director Maroney indicated that the duration will change the numbers. He commented that more specific details would help to further target the amount of investment, adding that adjustments to the agreement could be made. He reiterated that adoption of Resolution 2277 would provide an umbrella of authorization and allow the project to move forward. He referenced the five-year time frame allowed for budget adjustments. Council Member McCusker suggested exploring various financing options.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter, to adopt Resolution 2277. A vote was taken, and

the motion carried by a vote of 5:1, with Council Member McCusker dissenting.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending May 12, 2017
- B. Meeting Minutes for May 2, 2017, City Council Meeting
- C. Meeting Minutes for May 2, 2017, City Council Work Session
- D. Resolution 2278, Accepting a Donation from the VFW to the Ambulance Department
- E. Hire Unscheduled Part-Time Employee for Ambulance Department
- F. Resolution 2279, Approving a Conditional Use Permit for River Edge Properties LLC
- G. Introduction and First Reading of Ordinance 353, Amending Chapter 152 Concerning Dynamic Display Signage Locations
- H. Temporarily Adding Dave Maroney to Bank Signature Cards
- I. Annual Funding Agreements
Council Member Althoff commented that the \$5,000 in funding assistance for the Cannon Valley Fair is allocated toward the 4th of July Parade, which benefits the community more than it benefits the Cannon Valley Fair. He expressed appreciation for the funding assistance.
- J. Resolution 2280, Supporting Dedicated State Funding for City Streets
- ~~K. Resolution 2281, Accepting a Monetary Donation for the Fire Department~~
This item was pulled by Council Member Dalton.
- L. Resolution 2282, Accepting a Monetary Donation for the Fire Department

A motion was made by Council Member Carpenter, seconded by Council Member Dalton and unanimously carried, to approve the Consent Agenda, minus Item K.

Council Business:

Approve GrandStay
Hotel / Alexander
Court Projects

Director Maroney provided background information and a project update. He reported that construction of the GrandStay Hotel and Alexander Court has begun. He reported that the Public Works Commission recommended waiving the six-inch water service connection charge, as this is for fire protection. The developer has requested a five-year assessment at a 5% rate of interest for the agreed-upon \$9,800 water connection charge and the \$9,800 sewer connection charge, as recommended the Public Works Commission.

Director Maroney discussed the initiation of an encroachment

agreement and pointed out the area under discussion on a site map. The developer has proposed to put in steel culverts rather than concrete. It has been suggested to move forward with an encroachment agreement, indicating that if there are issues with the steel culverts, this will be a developer responsibility.

Director Maroney discussed challenges related to construction site access for the hotel project. Options for access to the hotel construction site have been discussed, and a temporary construction access road off of 63rd Avenue has been proposed, at an estimated cost of \$20,000. It has been proposed for the City to share in the cost of this temporary access road, at a cost of \$10,000. Director Maroney commented that construction costs for the Alexander Court project have come in under budget and that the \$10,000 can be incorporated into this project funding. Director Maroney summarized the requested Council actions with regard to the GrandStay Hotel / Alexander Court projects, as discussed. Council Member Abadie asked how it was not anticipated that construction of the road would delay construction of the hotel. Director Maroney commented that the access route that was anticipated to be used has been deemed to be unacceptable.

Council Member McCusker asked who conducted the culvert study. City Engineer Anderson referenced an extensive drainage study that was compiled by MnDOT at the time of the interchange project. He stated that this information was used to design the culverts on Alexander Court and that this information was shared with the hotel developer's engineer. He stated that the culvert design was reviewed by SEH.

Council Member McCusker requested additional information with regard to the temporary access road. Director Maroney discussed the elevation difference, noting that \$20,000 is a cost estimate. If the cost share is approved, the developer will provide itemized cost estimates and invoices for the project. He added that the proposed temporary access road was approved by MnDOT. Council Member Mattson commented with regard to other associated costs, such as replacing the curb. The benefits of keeping the project moving forward were discussed.

A motion was made by Council Member Dalton, seconded by Council Member Abadie and unanimously carried, to approve the Public Works Commission recommendation with regard to SAC and WAC fees.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter and unanimously carried, to approve the preparation of an encroachment agreement between the City and the property owner.

A motion was made by Council Member Dalton, seconded by Council Member Althoff, to approve a \$10,000 cost share toward construction of a temporary access road to facilitate construction of the GrandStay Hotel. A vote was taken, and the motion carried by a vote of 5:1, with Council Member McCusker dissenting.

Nuisance Property
Ordinance
Enforcement

Chief McCormick requested direction with regard to the Police Department assuming responsibility for ordinance enforcement and noticing of nuisances, which was previously handled by Public Works. He referenced a process that was developed in this regard and discussed Code discrepancies that have been identified. He requested direction from the City Council in order to provide guidance to Police Department personnel to ensure that nuisance situations are handled in a consistent manner. He referenced departmental discussion of dividing up the City into quadrants and assigned each Officer a quadrant to observe for potential violations during patrols. He noted that there would still be situations that would be complaint driven. He commented that nuisance ordinance enforcement is completely complaint driven at this point. He reported that the vast majority of properties come into compliance once the property owner is made aware of the complaint. He noted that some properties go in and out of compliance, which can be frustrating.

Council Member McCusker requested clarification of the process, and it was clarified that responsibilities with regard to nuisance ordinance violations have been assumed by the Police Department. Chief McCormick indicated that the Police Department can be proactive but not overly zealous in their approach, if that is the direction council chooses. Council Member McCusker suggested finding a middle ground, stating that residents have different lifestyles and resources.

Council Member Abadie asked which subsections of Chapter 97 are being discussed. Chief McCormick indicated that the discussion pertains to all of these subsections. Council Member Abadie commented that a number of different nuisances are noted in these subsections. Chief McCormick discussed the ability for Officers to use discretion. He requested guidance in terms of nuisance situations that might be observed by Officers, such as junk vehicles, as opposed to waiting for complaints to come in before action is taken. He also requested guidance in terms of applying community

standards. Director Bergeson provided additional comments with regard to enforcement challenges.

Council Member McCusker commented that complaints should be followed up, especially when they pertain to health and safety concerns.

Chief McCormick inquired about a complaint-based approach combined with the ability for Officers to observe situations that appear out of place.

Council Member Abadie suggested continuing the complaint-driven approach. She expressed concerns with regard to establishing community standards.

Chief McCormick commented that the Police Department has discussed using a 1 to 3 block range for comparison purposes.

Council Member Abadie asked how complaints are tracked. Chief McCormick described how complaints are documented, handled, and tracked.

Council Member Dalton asked whether the ordinance is strong enough in terms of multiple violations and whether something can be done to dissuade repeat offenders. Chief McCormick discussed the enforcement process, stating that this can be lengthy and complicated.

Council Member McCusker expressed concerns about the use of the term "criminal." Chief McCormick commented that most people come into compliance and discussed quality of life issues. He stated that Officers use discretion, depending upon the area.

Council Member Abadie asked whether complaints can be issued anonymously. Chief McCormick commented that property complaints are non-public.

Council agreed that the current complaint based approach should be the method used.

Assistant City Administrator Endres referenced the utility rate study results and recommendations that were provided by Ehlers & Associates. She indicated that staff suggests moving forward with these recommendations. The next step would be to call for a Public Hearing, which is recommended to be held on June 13. The Council

is asked to consider adopting a resolution that would set utility rates for the next three years, which would allow for better budgeting by both the City and residents and would eliminate the need for a yearly utility rate study. She commented that this has been done in the past and would help the City get back on track.

Council Member McCusker asked whether the Council is asked to discuss this issue now or wait until June 13 to discuss this issue. Assistant Administrator Endres requested Council direction, so that a resolution can be prepared accordingly, to be presented at the Public Hearing.

Council Member McCusker suggested consideration of not raising water and sewer rates. He inquired with regard to the revenue generated by a 5% increase in the rates. Assistant Administrator Endres indicated that she could not provide a precise answer to this question. She commented that utility rate increases help pay down infrastructure debt, adding that fund balances are below the recommended minimum levels.

Council Member McCusker asked about utility fund reserves. He commented that there was a budget surplus last year and suggested that this surplus be used to maintain the current utility rates for the next year. He commented with regard to increasing water and sewer bills.

Mayor Robinson commented with regard to the outstanding debt, adding that the rates were not raised in past years. Council Member McCusker suggested exploring other ways to pay down the debt.

Mayor Robinson referenced the utility rate study, citing the impact analysis and other information that was provided. Council Member Mattson commented that the situation was affected by the lack of development in recent years. Council Member Dalton commented that the debt will be paid off in about three years, with a plan for minimal utility rate increases at that point.

A motion was made by Council Member Dalton, seconded by Council Member Abadie and unanimously carried, to schedule a Public Hearing on utility rates for June 13.

City Administrator Johnson referenced past discussion with regard to the potential re-establishment of a Charter Commission. He indicated that the City Attorney could look into this further, if the Council desires. He discussed the process of appointing Charter Commission

members.

The potential need for Charter revision was discussed. Council Member Abadie discussed a practical interpretation of the Charter as opposed to a strict literal interpretation of the Charter. She cited the example of whether or not the City Attorney needs to be present during all Council meetings. She commented that the Charter Commission could review the Charter and research potential revisions. She stated her understanding, from training provided by the League of Minnesota Cities, that Charter cities are required by State law to have a Charter Commission.

Council Member McCusker commented that the Council voted to eliminate the requirement for the City Attorney to attend all Council meetings for financial reasons. He spoke against spending more money on revising the Charter. Council Member Althoff commented with regard to the legal expense involved with Charter revisions. Council Member Dalton asked whether the City Attorney needs to be involved in order to re-establish the Charter Commission. Council Member Abadie discussed the roles and responsibilities of a Charter Commission. Administrator Johnson indicated that the Council can recommend Charter changes, which require a public vote.

Council Member McCusker spoke in support of leaving the Charter as is. Council Member Abadie recommended discussion of re-establishing a Charter Commission, in order to be in compliance with State law.

Council Member Dalton expressed agreement with Council Member Abadie's comments.

Mayor Robinson suggested a review of the State statute during the next Council meeting.

Council Member Abadie commented that serving on a Charter Commission would be an opportunity for the public involvement.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter and unanimously carried, to table discussion on this matter until the first meeting in June.

Council Member Dalton discussed the proposed purchase of infrared cameras equipment for the Fire Department. He asked whether it might be better to allocate the \$8,500 toward a new fire truck.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter and unanimously carried, to table discussion of Resolution 2281, pending discussion with Fire Chief Todd Anderson.

Limestone Road
Repairs

This item was discussed during discussion of Mayor and Council reports.

A motion was made by Council Member McCusker, seconded by Council Member Dalton and unanimously carried, to not assess the future owners of property along a section of Limestone Road in need of street repairs.

Committee
Assignments

This item was discussed during discussion of Mayor and Council reports.

A motion was made by Council Member Abadie, seconded by Council Member McCusker and unanimously carried, to approve the recommended appointments.

Reports:
Staff

City Engineer Anderson provided an update regarding the Alexander Court project.

Director Bergeson discussed asphalt patching work and dandelion control. He reported that the temporary trail connection is nearly completed.

Library Director Miller provided an update with regard to upcoming Library activities and events.

Chief McCormick expressed appreciation for the earlier discussion with regard to nuisance ordinance enforcement. He discussed the Memorial Day Parade. He reported that a new Officer will be starting on May 30. He reviewed the anticipated route for the bike race on June 15.

Administrator Johnson reported that the Park Board will be meeting on May 25 at 6:30 p.m.

Mayor and Council

Council Member Dalton discussed the Planning Commission meeting on May 8.

Council Member Abadie discussed the Public Works Commission meeting held earlier in the day, during which a new citizen member, Jacqueline Pavek, was welcomed. She referenced discussion with

regard to the condition of Limestone Road. The developer of vacant parcels has expressed concerns with regard to whether repairs of Limestone Road would be assessed against these parcels, which are in the process of being sold. Council Member Abadie indicated that the cost for these repairs has been estimated to be between \$45,000 and \$65,000, depending upon whether additional sand needs to be brought in. She reported that the Public Works Commission discussed how these repairs should be financed. It was suggested to look into whether the cost of the repairs could be shared among the various partially responsible entities, including the City, Hentges & Sons as the contractor, and SEH, as opposed to assessing the property owners. Administrator Johnson provided additional background information. He discussed potential impacts on approximately six parcels.

Mayor Robinson stated his opinion that the City accepted the road and advised against assessing property owners. The developer has requested written assurance that property owners will not be assessed for these repairs.

The process of adding this as a Council action item was discussed. A motion was made by Council Member Abadie, seconded by Council Member Mattson and unanimously carried, to amend the Agenda to add discussion and Council action with regard to Limestone Road repairs.

A motion was made by Council Member McCusker, seconded by Council Member Dalton and unanimously carried, to not assess the property owners for the repairs on Limestone Road.

Council Member McCusker provided a Park Board update. He indicated that proposals will be forwarded for Council action in the near future. He referenced discussion with regard to dog parks.

Mayor Robinson recommended that Council Member Althoff be appointed to serve on the Planning Commission, replacing Council Member Dalton, and on the Personnel Committee, replacing Council Member Carpenter.

A motion was made by Council Member Dalton, seconded by Council Member Mattson and unanimously carried, to amend the Agenda to add this action item.

Adjournment

Following a vote with regard to the Committee appointments, the meeting adjourned at 8:49 p.m.

Adopted by the City Council of the City of Cannon Falls on the 20th day of June, 2017.

Lyman M. Robinson, Mayor

ATTEST:

Ronald S. Johnson, City Administrator