

The Cannon Falls City Council met in a regular session on Tuesday, September 5, 2017, at 6:30 p.m. in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Morris Mattson, Cedar Abadie, Mike Dalton, Ken Carpenter, John Althoff, and LeRoy McCusker. Also present were Ron Johnson, City Administrator; Lanell Endres, Assistant City Administrator; Dave Maroney, Community Development Director; Tom Bergeson, Public Works Director; Nicole Miller, Library Director; Tim Malchow, EMS Chief; Samantha Meyer, Zoning Assistant; Greg Anderson, City Engineer; 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 Althoff, seconded by Council Member Mattson and unanimously carried, to approve the Agenda as submitted.

Public Input Babe O’Gorman, Cannon Falls, commented with regard to the First English Church bank erosion issue. He stated that this has been a problem since the pipe was installed and was not caused by any specific flood event. He expressed opposition to the use of a FEMA grant for this project.

Cannon Valley Fair
Presentation Nancy Hovel, Cannon Valley Fair Board President, introduced Greg Kurtz, Cannon Valley Fair Board Vice President. They expressed appreciation for the financial support provided by the City. President Hovel discussed the amount of work and money it takes to put on the fair, including the fireworks display and the parade. She commented that the fair, the parade, and other events held at the fairgrounds bring thousands of people to Cannon Falls. Vice President Kurtz noted that some attendees do not realize that the parade and the fireworks are organized by the Cannon Valley Fair Board. President Hovel and Vice President Kurtz requested that the City Council consider increasing the financial contribution that is provided to the Cannon Valley Fair.

Mayor Robinson commented that the 2017 Cannon Valley Fair was very successful. He expressed appreciation to the Fair Board and indicated that the Council will consider the request during the budgeting process.

Consent Agenda ~~A. Just and Correct Claims—Accounting Period Ending August 31, 2017~~
This item was pulled by Council Member Althoff.
B. Meeting Minutes for August 15, 2017, City Council Meeting
C. Meeting Minutes for August 15, 2017, City Council Work Session

D. Approve 1 to 4 Day Temporary On-Sale Liquor License for the St. Pius V Catholic Church

E. Resolution 2292, Accepting a Monetary Donation from Gemini, Inc.

F. Purchase Stryker Power Pro Stretcher for Ambulance

~~G. Purchase 2017 Road Rescue Ambulance~~

This item was pulled by Council Member Althoff.

~~H. Resolution 2293, Establishing Procedures Relating to Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code for Alexander Court~~

This item was pulled by Council Member McCusker.

~~I. Award Bid for First English Church Bank Erosion Repair Project~~

This item was pulled by Council Member McCusker.

~~J. Resolution 2295, Approving Re-Zoning of 1115 Fifth Street North~~

This item was pulled by Mayor Robinson, indicating that an Ordinance was required rather than a Resolution. Zoning Assistant Meyer provided background information. It was discussed that this item would be tabled until the next meeting.

~~K. Resolution 2296, Approving Conditional Use Permit for 1115 Fifth Street North~~

This item was pulled by Council Member Abadie.

L. Approval of Encroachment Agreement at 700 Second Street

A motion was made by Council Member Carpenter, seconded by Council Member Mattson and unanimously carried, to approve the Consent Agenda, minus Items A, G, H, I, J, and K.

Approve Classification
and Compensation
Study

City Administrator Johnson provided background information and referenced the Classification and Compensation Study report. He reported that the Personnel Committee has reviewed the report.

Council Member Dalton commented that the compensation provided to City employees was less than that of similar sized communities. He stated that if the study was approved, this would bring the compensation level up to average compared with other communities. He spoke in support of approving the classification and compensation study, stating that this would communicate to employees that their work is appreciated and would assist with recruitment and retention. He commented that there have been some misconceptions and indicated the need to communicate the impacts to employees. He noted that some of the classifications would change, adding that no one's compensation would be decreased.

Council Member Althoff echoed Council Member Dalton's comment that Cannon Falls is behind the curve in terms of compensation. He

noted that the proposal would bring employee compensation up to the mid-range of similar sized communities. He discussed the need to retain good employees.

Council Member Dalton commented with regard to budget impacts.

Mayor Robinson commented that the employees constitute one of the City's biggest assets.

Council Member Abadie commented that approximately one-third of the City's employees fall below the minimum of the average compensation range, stating that this does not allow the City to be competitive.

Council Member McCusker commented that the City has become a stepping stone for certain positions. He discussed the need to treat employees fairly without having to make budget cuts in other areas.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter, to approve implementation of Option 2 of the Springsted Classification and Compensation Study, effective October 1, 2017. A vote was taken, and the motion carried by a vote of 5:1, with Council Member McCusker voting nay.

Discuss Next Budget
Workshop Meeting or
Adoption Meeting

Mayor Robinson discussed the need to adopt a preliminary budget and levy for 2018. Administrator Johnson reported that information has been received from Goodhue County, estimating an approximately 5.85% tax capacity increase.

Council Member McCusker inquired with regard to the impact of a 5.85% tax capacity increase, and Administrator Johnson noted a potential \$229,870 increase in revenue, adding that this is not related to market value.

Administrator Johnson suggested preparing a Resolution for adoption during the September 19 City Council meeting, setting the preliminary levy at 6%, as discussed during the previous budget workshop. He noted that additional discussion would take place prior to approving the final levy and budget.

Council Member McCusker asked whether there would be significant budget changes. Administrator Johnson referenced the need to discuss budget specifics and anticipated future projects. Mayor Robinson commented that the final levy cannot exceed the preliminary levy but could be lower.

The consensus was for staff to prepare a Resolution with regard to the preliminary levy, for adoption during the next Council meeting on September 19.

Resolution 2294,
Authorizing TED
Grant Application for
Overpass-Failed

Community Development Director Maroney provided background information with regard to the proposed overpass, to be potentially financed with a TED grant if the application is submitted. He pointed out the location of the area under discussion on an aerial photo. Director Maroney referenced the TED application documents and discussed feedback received from local property owners and the community. He noted that a letter of support was received from the Goodhue County Board of Commissioners. He discussed an environmental assessment that was previously completed by MnDOT in conjunction with the Highway 52 interchange project. He reviewed traffic forecasting information.

Director Maroney discussed the potential financial impact of this project to the City of Cannon Falls. He commented that the City contributed approximately \$1.4 million of the original \$2 million commitment toward the interchange project, with the remaining \$600,000 not being committed at that time because the overpass was not constructed. He indicated that the EDA has recommended a local share commitment of 5%, or \$658,305, toward the overpass as a starting point. He noted that, adjusted for inflation, the 5% would calculate to \$692,210. Director Maroney discussed a potential bond issue of \$745,000. He commented that a TED grant, if awarded, was limited statutorily to cover no more than 70% of the project costs and that funding sources would need to be located to cover the funding gap.

Director Maroney commented that the TED application that had been compiled so far would appear to be competitive. He noted that a portion of City-owned land would be available to accommodate the overpass bridge, with the City receiving a credit against the property's value.

Director Maroney reviewed anticipated traffic flow estimates if the overpass was built.

Mayor Robinson stated his opinion that, even though there was no guarantee that a TED grant would be awarded for the project, if the application was not submitted the cost of compiling it would have been wasted.

Council Member McCusker asked whether the proposed overpass would be an asset to the City in terms of extending the trail system and/or benefiting local businesses. He commented regarding the value that on-off lanes would provide. Director Maroney commented that the plan included a sidewalk from Fourth Street across the overpass onto Willow Trail, which would connect back to existing sidewalks along 63rd Avenue. He referenced comments from property owners along the west side of Highway 52 that the proposed overpass would result in increased connectivity. He discussed improved response times and efficiency for emergency vehicles.

Council Member McCusker asked why an emergency exit was not constructed as part of the original project. Director Maroney commented regarding the results of a previous safety study. He stated his opinion that MnDOT would not agree to a restricted access off of Highway 52.

Council Member Abadie commented regarding the investment that was made in a new water treatment plant based on projected population growth, which did not occur. She questioned the accuracy of long-range traffic forecasts. She expressed appreciation to Director Maroney for his perseverance and follow-through in compiling the application documents. She commented that sometimes it takes courage to abandon a bad plan. She suggested investing in projects that will result in immediate benefits to the community.

Council Member McCusker commented regarding the \$7,000 cost of compiling the application documents and expressed agreement with Council Member Abadie's comments.

Council Member Mattson provided historical perspective in terms of development that did not occur. He discussed increasing traffic.

Council Member Dalton asked Director Maroney to comment with regard to his level of confidence regarding the traffic forecast. Director Maroney stated that this information would appear to indicate a lot more east-west traffic if the overpass bridge were constructed. Council Member Dalton commented that he was conflicted about the value of the project. He stated his opinion that the \$7,000 cost of compiling the application was valuable in terms of gathering the information. He commented that the overpass was not likely to result in increased traffic for existing businesses but added that there may be opportunity for increased development in this area. He referenced the projected cost to the City and cited other current financial

considerations, such as employee compensation.

Director Maroney discussed past growth projections, stating that recent estimates have assumed a much more conservative approach. He stated his professional opinion that the project that was built so far was unfinished and has not significantly benefited the community in terms of economic and community development, due to the fact that MnDOT pulled the overpass from the original project. He stated his opinion that the overpass bridge would help development and property values on the west side of Highway 52 by creating a more efficient traffic pattern. He declined to speculate about whether the project was worth an additional investment by the City of at least \$745,000.

Council Member McCusker commented with regard to the County Road 86 project and how much things have changed in the last four years. Mayor Robinson commented regarding investment by Dakota County in the County Road 86 project. Director Maroney noted that the project was moved up due to safety concerns following a fatal crash. He commented with regard to utility services on the east and west sides of Highway 52, noting that utilities have not been extended on the north side.

Council Member Althoff thanked Director Maroney for his hard work on the application. He indicated that he was having trouble justifying a \$700,000 investment.

Mayor Robinson clarified that, even if a TED grant was approved, the project would not necessarily move forward. He indicated that this application may pave the way for other funding opportunities. He noted that State or Federal funding may be approved in combination with a TED grant.

Council Member Abadie requested clarification of Mayor Robinson's comment that failure to apply for a TED grant may have a detrimental effect on future funding requests. Mayor Robinson commented that this process would be more difficult.

Council Member McCusker commented with regard to the extensive amount of work involving a project that may not move forward.

A motion was made by Council Member McCusker to not adopt Resolution 2294 and not proceed with submitting the TED grant application. The motion was seconded by Council Member Abadie. Council Member Carpenter spoke in support of at least submitting the

application in order to demonstrate to legislators and others that the City pursued this option. A vote was taken, and the motion carried by a vote of 4:2, with Council Members Carpenter and Mattson voting nay.

Resolution 2296,
Approving Conditional
Use Permit for 1115
Fifth Street North

Council Member Abadie requested additional information regarding the application for a conditional use permit for 1115 Fifth Street North. Zoning Assistant Meyer provided background information and clarification of Resolution 2296. She indicated that the Zoning Code required that anyone who wanted to move a structure onto property within the City limits needed to obtain a Conditional Use Permit. She reported that the applicant, William Otting, would like to move a two-family structure onto property at 1115 Fifth Street North and construct two lower level units, for a total of four units. She commented that the project would require some engineering as well as MnDOT approval for access onto Fifth Street, which was considered State Highway 20. She noted that it would take approximately one month for MnDOT to respond to the request for an access permit, once a CUP has been approved. Council Member Abadie requested clarification that the scope of the Conditional Use Permit involved the moving of the structure onto the property, and Zoning Assistant Meyer indicated that adoption of Resolution 2296 would approve a Conditional Use Permit to move a structure onto this property.

Council Member Mattson asked about drainage concerns. Zoning Assistant Meyer referenced engineering proposals that have been submitted and reviewed by City Engineer Anderson. She indicated that these plans involve the tilting of the parking area and the building of a rain garden or swale along with curb and gutter for runoff mitigation. She added that fill would have to be brought in for the building to be above grade. She commented that these issues were discussed during Planning Commission meetings. Mayor Robinson commented that approval of grading and drainage plans was a condition of approval of the CUP.

Council Member Dalton asked whether it was customary for the house mover to apply for the CUP. Mr. Otting clarified that he was involved in a family business that would purchase the building and use the structure for rental housing. He commented that professional engineers have been contracted to provide assistance and that local subcontractors would be utilized for the project.

Council Member McCusker discussed traffic and safety concerns. It was discussed that a crosswalk across Highway 20 would require MnDOT approval. Mr. Otting indicated that the structure could be

used for senior citizen housing.

Council Member Althoff referenced Planning Commission discussion of access to the property and drainage mitigation. Mr. Otting commented with regard to traffic concerns.

A motion was made by Council Member Abadie, seconded by Council Member Dalton and unanimously carried, to adopt Resolution 2296, approving the CUP for the Otting property at 1115 Fifth Street North.

Just and Correct
Claims – Accounting
Period Ending August
31, 2017

Council Member Althoff referenced his comments during a previous meeting with regard to the use of local vendors. He commented that this group of claims looked a lot better.

A motion was made by Council Member McCusker, seconded by Council Member Dalton and unanimously carried, to approve the just and correct claims for the accounting period ending August 31, 2017.

Purchase 2017 Road
Rescue Ambulance

Council Member Althoff stated his understanding that a new ambulance would be purchased in 2018. EMS Chief Malchow indicated that this purchase was budgeted for 2018. He indicated that the order would be placed now, for delivery in 2018. He added that it would take more than 120 days to build an ambulance and that factory rebates were currently available. Council Members agreed that this made good financial sense.

Council Member McCusker asked what would happen to the old ambulance. Chief Malchow indicated that it would be used as a reserve vehicle. He described the proposed new vehicle. It was clarified that this was a replacement ambulance. Chief Malchow discussed ambulance requirements and the replacement schedule.

A motion was made by Council Member Abadie, seconded by Council Member Dalton and unanimously carried, to approve the purchase of a 2017 Road Rescue ambulance.

Resolution 2293,
Establishing
Procedures Relating
to Compliance with
Reimbursement Bond
Regulations Under
the Internal Revenue
Code for Alexander
Court

Council Member McCusker reiterated his concerns about the project but stated that the process has begun.

A motion was made by Council Member McCusker, seconded by Council Member Mattson and unanimously carried, to adopt Resolution 2293.

Award Bid for First
English Church Bank
Erosion Repair
Project

Council Member McCusker indicated that he would like more information about the plans for the erosion repair at First English Lutheran Church in order to be reassured about the design of the project. City Engineer Anderson provided background information and reviewed the project plans. He pointed out the location of the area under discussion on a map.

Council Member McCusker asked about water flowing over the north side of the property and asked about curbing in the parking area. Engineer Anderson indicated that traffic bumpers have been used to act as a curb. He pointed out an area where an emergency overflow would be built.

A motion was made by Council Member McCusker, seconded by Council Member Althoff and unanimously carried, to award the project bid to Schumacher Excavating.

Staff Reports

EMS Chief Malchow discussed increased ambulance calls and planning for a new EMT class that would begin in January.

Library Director Miller discussed Library activities and staffing. She reported that she would be signing First Thursday attendees up for Library cards. She reviewed upcoming Library events.

Police Chief McCormick discussed First Thursday activities, including Code Red.

Assistant City Administrator Endres reported that credit cards were now able to be accepted for utility payments, both online and in person.

Mayor and Council
Reports

Council Member Abadie discussed a First Thursday participant, Tobacco 21, which advocates for city ordinances prohibiting the sale of tobacco to individuals under the age of 21.

Council Member Abadie referenced studies that indicate that raising the legal age to purchase tobacco does inhibit the commencement of this harmful habit by youth.

Council Member McCusker suggested consideration of moving agenda items for earlier discussion by members of the public.

Council Member Carpenter commented that the hotel project, the former Grandpa's Garage project, and the future Tilion Brewing

Company were making good progress.

Mayor Robinson thanked Director Maroney for his hard work on the TED grant application.

Adjournment

The meeting adjourned at 8:20 p.m.

Adopted by the City Council of the City of Cannon Falls on the 19th day of September, 2017.

Lyman M. Robinson, Mayor

ATTEST:

Ronald S. Johnson, City Administrator