

The Cannon Falls City Council met in a regular session on Tuesday, September 19, 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; Tom Bergeson, Public Works Director; Samantha Meyer, Zoning Assistant; Nicole Miller, Library Director; Todd Anderson, Fire Chief; Sulo Kyyra, EMS Lieutenant; and Jeffrey 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 Abadie and unanimously carried, to approve the Agenda as submitted.

Public Input Alison Godfrey, 100 Grove Street North, Cannon Falls, discussed her water and sewer bills. She commented that her bills are much higher than those of friends and family living in other Minnesota communities. She requested clarification of whether these costs are related to the wastewater treatment plant and/or Sandstone Ridge. She also asked how the meters are read. She expressed concerns about senior citizens, families, and those on fixed incomes being able to afford these costs. She thanked the Mayor, Council, and City staff for their service to the community, describing this as a thankless job, but indicated that she and others would like answers to their questions about this issue.

Council Member McCusker thanked Ms. Godfrey for bringing her concerns to the Council, noting that he has received similar feedback from citizens. He indicated that he has tried to bring this up with the Council. He suggested scheduling a workshop for further discussion of potential solutions to address these concerns. He commented that high water pressure may be contributing to more substantial water leaks. He suggested that citizens try partially closing their toilet valves. He added that there are other suggestions that could be provided to citizens. He commented with regard to revenue from WAC and SAC fees that was initially anticipated from the Sandstone Ridge development.

Council Member McCusker suggested taking the Sandstone Ridge development out of the equation and dealing with the sewer and water fund issue separately. He also recommended a line-by-line budget discussion.

Council Member Mattson discussed the wastewater treatment plant, which was built in anticipation of new development, which did not occur. He commented that other communities are now building new water treatment plants, at a significantly higher cost.

Public Works Director Bergeson provided additional examples and information in this regard. He commented that, while sewer bills are higher than average, water bills are probably below average compared to other communities. He discussed the use of radio-read meters, stating that these are read every month and that usage is not estimated. He described the tiered billing process. He indicated that calls are initiated for significantly higher than normal bills.

Council Member Dalton inquired regarding debt service payments toward the water treatment plant.

City Administrator Johnson commented that the City uses the services of a consultant, Ehlers, to evaluate the financial picture and provide recommendations to the City with regard to utility rates and financial stability. Administrator Johnson discussed bond funding of past projects, including the wastewater treatment plant. He noted that the financial consultant suggests target water and sewer fund reserves to cover debt service payments, depreciation costs, and six months of operating expenses. He referenced planned street improvement projects, which will include utility upgrades.

Council Member Abadie discussed citizen dissatisfaction with the current utility rates along with a proposal for a rate increase, describing this as a perception of adding insult to injury. She provided context in this regard, stating that water and sewer rates have been increased 5% for the last three years. She noted that from 2011 to 2014 the sewer rates were increased by 10% per year. She commented that in 2008 both water and sewer rates were raised by 30%. She stated her understanding that the reasons for the significant increases had to do with decisions that were made prior to 2008 in terms of keeping utility rates stable.

Council Member Abadie provided rationale for small, incremental increases as opposed to large utility rate increases periodically. She noted that the City remains hopeful about growth and that the wastewater treatment facility could eventually be running at full capacity because of population demand.

Council Member Abadie commented that the increase for the average residential user will be approximately \$3.22 per month.

Ms. Godfrey reiterated her concerns about high utility bills and asked why a two-person household should have a bill in excess of \$100, noting that some families have bills as high as \$180. Council Member McCusker referenced an average bill of approximately \$35 to \$37 per person and suggested checking for leaks. He discussed sprinkler usage.

It was discussed that Cannon Falls is required by law to utilize a tiered rate system.

Council Member McCusker agreed with Council Member Mattson's earlier comments with regard to other communities paying a higher price for wastewater treatment plant upgrades, now that the State is mandating these improvements.

Mayor Robinson commented that the Council voted in June to set utility rates for the next three years, after which water and sewer rate increases will be held to 1%, with the bond debt being paid off. Administrator Johnson provided additional information in this regard.

Council Member McCusker inquired with regard to utilization of general fund reserves and a requirement for utility funds to be self-supporting. Assistant City Administrator Endres clarified that the City cannot levy to cover debt service payments for water and sewer improvements, adding that this debt has been paid for through water and sewer revenue. She indicated that she would need to research Council Member McCusker's question regarding a potential fund transfer. Council Member McCusker suggested consideration of transferring excess budgeted funds into the sewer and water funds in order to keep utility rates flat.

Mayor Robinson commented that utility rates in Red Wing are not much different from Cannon Falls.

Council Member Dalton commented that Director Bergeson and Public Works staff are willing to come out to residents' homes to investigate concerns. Director Bergeson commented that about half of the meters have the capability of providing 90 days worth of data. He indicated that a two-to-three person household should be generating a base bill of approximately \$45 for water and sewer. He

reiterated that concerned residents should contact his department. Council Member Abadie commented that her bill is also more than \$100.

Director Bergeson commented that his seven-person household uses about 800 to 900 cubic feet per month, at a cost of approximately \$93. He discussed how dye tablets are used to identify leaking toilets. Council Member McCusker discussed a method of testing how much water a water softener is using.

Ms. Godfrey inquired regarding utility bills for vacant or unoccupied residences. Director Bergeson indicated that these properties would be charged the same base rate. Mayor Robinson thanked members of the public for expressing their concerns.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending September 14, 2017
- B. Meeting Minutes for September 5, 2017, City Council Meeting
- C. Hire Unscheduled Part-Time Employees for Ambulance Department
- D. Warning Siren Joint Powers Agreement
- E. Resolution 2297, Approving Variance for Ironbridge Lodging, LLC
- F. Introduction and First Reading of Ordinance 354, Amending Chapter 152 of the Cannon Falls City Code, the Zoning Ordinance, Concerning the Zoning Map and Zoning Classification for a Specific Property

~~G. Sidewalk Inspection Policy~~

*This item was pulled by Council Member McCusker.*

A motion was made by Council Member Dalton, seconded by Council Member Althoff and unanimously carried, to approve the Consent Agenda as submitted, minus Item G.

Council Business:  
Purchase Fire  
Department Rescue  
Truck

Fire Chief Anderson provided background information regarding the proposed purchase. He reviewed bids he obtained for similar vehicles, noting that the price of \$491,951 appears to be competitive. He indicated that the vehicle would not be ready for delivery for approximately eight months. He discussed an upcoming price increase for an order placed after October.

Council Member Althoff expressed concerns that this purchase was not budgeted. Chief Anderson discussed equipment needs and referenced past Fire Department budget cuts. Administrator Johnson reviewed potential financing options and levy impacts.

Council Member McCusker discussed upcoming projects involving sidewalks and parking. He suggested consideration of delaying this purchase for a year, unless safety would be compromised.

Chief Anderson commented that delaying this purchase would result in increased costs later on. He discussed the fact that the current truck does not have enough room to carry all of the necessary equipment and described the proposed purchase as a need.

Council Member McCusker expressed understanding about the need for this truck but expressed concerns about continued levy increases.

Mayor Robinson asked about the need to replace other trucks. Chief Anderson indicated that the purchase of a pumper truck could be delayed and described a rescue truck as a more immediate need. The use of the rescue truck was discussed. Chief Anderson indicated that the Fire Department is responding to more rescues and ambulance assistance calls than fire calls. Council Member Carpenter expressed agreement that this places a rescue truck at a much higher priority.

Council Member Dalton asked about call volumes, and Chief Anderson indicated that the medical call volume has increased.

Council Member McCusker inquired regarding the age of the current truck. Chief Anderson stated that this vehicle is 22 years old. He added that the vehicle could be sold for an estimated \$25,000 to \$30,000. Council Member McCusker asked about the life expectancy of the new vehicle. Chief Anderson stated that this vehicle would be scheduled for replacement in 20 to 25 years. Council Member McCusker suggested reviewing the Fire Department budget in terms of the vehicle replacement schedule.

Mayor Robinson asked whether this purchase has been included in the preliminary levy and budget. Administrator Johnson indicated that the purchase has been incorporated into the budget but that the levy wouldn't be affected until 2019. Chief Anderson discussed financing options.

Council Member McCusker suggested finalizing the 2018 budget and delaying a decision with regard to this purchase until January or February of 2018. It was clarified that this purchase would not impact the 2018 levy, Chief Anderson clarified the delivery and payment schedule.

A motion was made by Council Member Abadie, seconded by Council Member Dalton, to approve the purchase of a Fire Department heavy rescue truck and apparatus for \$491,951.43 from Custom Fire Appartus, Inc. Council Member Abadie commented with regard to the cost of meeting future needs. Mayor Robinson asked whether proceeds from the sale of the current truck will be put toward the purchase of the new truck. Assistant Administrator Endres indicated that the proceeds from any sale would go back into the Fire Department fund. Council Member McCusker commented with regard to use of Fire Department funds. Council Member Althoff suggested budgeting for a future pumper truck purchase. A vote was taken, and the motion carried unanimously.

Resolution 2298,  
Adopting the  
Preliminary Tax Levy  
and Budget  
Collectible in 2018  
and Setting a Public  
Meeting Date

Mayor Robinson commented that the preliminary levy can be decreased but cannot be increased. He referenced the preliminary budget and tax capacity information that has been compiled by Administrator Johnson.

Mayor Robinson discussed a \$34,700 contribution toward Cannon Valley Trail improvements along with a request for future contributions. Council Member Abadie provided additional information, adding that the City's contribution could be offset through in-kind services. Mayor Robinson commented that the DNR will not be taking over the trail, at least for the next few years. Mayor Robinson listed some of the things that Cannon Falls is known for, including the river, the trail, the winery, and antiquing. He discussed the benefits of bringing visitors to the area.

Council Member Mattson requested clarification of the addition of a part-time employee for the Driver and Vehicle Services Office. Assistant Administrator Endres noted that this department is experiencing many procedural changes, adding that employees have been working overtime. She suggested that this position be included in the preliminary budget and evaluated prior to adoption of the final budget.

Council Member Mattson inquired with regard to administrative staffing and the request for an additional part-time employee. Assistant Administrator Endres provided additional information in this regard. She suggested that some duties be shifted to the part-time employee to relieve some of the pressure on current employees, to help make processes more efficient, and to complete projects, such as a laserfiche data processing program update. Council Members Mattson and McCusker asked about the status of a particular employee, and Council Member Abadie reminded Council Members

that employment-related topics are not appropriate for discussion in this setting.

Council Member McCusker commented that the License Center used to be self-supporting and asked why the State is not providing more assistance. Administrator Johnson described this as an unfunded mandate. He commented that it appears that the transaction time is going to be substantially longer under the new system. He added that the City is attempting to provide the best possible customer service. Council Member Mattson asked whether this office could be privatized.

Mayor Robinson indicated that this is a service provided by the City and is typically not self-supporting. He added that not every community offers this service. Council Member Mattson commented that a private entity could potentially provide this service, as is the case in Red Wing. Council Member Abadie suggested further discussion of this issue. Council Member Althoff commented that hardware stores do not make money on fishing and hunting licenses but view this as providing a service to the community.

Council Member Abadie requested clarification of a proposed levy increase of 7.8%. Administrator Johnson clarified that the preliminary levy has incorporated the classification and compensation study results and a 3% COLA increase. He discussed an estimated increase of approximately \$23 on a \$200,000 home for the City's portion of the property taxes. Council Member Abadie provided rationale for the proposed levy increase, citing the benefits of attracting and retaining talented employees.

Council Member McCusker expressed agreement with treating employees fairly but expressed concerns about proposed budget and tax increases. He indicated that he cannot support the proposed levy increase. Mayor Robinson reiterated that the preliminary levy percentage is a starting point for discussion purposes.

A motion was made by Council Member Dalton, seconded by Council Member Carpenter, to approve a preliminary tax levy increase of 7.8%. Administrator Johnson commented that a date needs to be set for a public meeting. Council Member Dalton amended his motion to include the setting of a public meeting date. Mayor Robinson restated the motion to adopt Resolution 2298, approving the 2018 preliminary property tax levy and budget and setting a meeting date for public input for December 5, 2017, at 6:30 p.m. in the City Council Chambers. At the request of Council Member Abadie, it was clarified

that Resolution 2298 sets a 7.8% levy increase cap, which can be adjusted downward but not upward. This would be an estimated tax rate increase of 1.818% in the City portion of property taxes. Mayor Robinson requested a roll call vote. Upon call of the roll, Council Members Dalton, Abadie, Althoff, Mattson, and Carpenter voted aye; Council Member McCusker voted nay. The results of the vote were reported: Five ayes; one nay, motion carried.

Sidewalk Inspection  
Policy

Council Member McCusker requested additional background information. Director Bergeson discussed information received from the League of Minnesota Cities. Council Member McCusker suggested being more proactive and discussed the current condition of the City's sidewalks, recommending that these issues be addressed.

Director Bergeson commented that the Public Works Department considers this to be a very serious issue. He noted that he brought this to the attention of a past Council about five years ago and commented that it is easy to push things down the road. He noted that the current Ordinance states that property owners are responsible for sidewalk repairs. Council Member McCusker suggested initially focusing on minor repairs.

A motion was made by Council Member McCusker, seconded by Council Member Mattson and unanimously carried, to approve the Sidewalk Inspection Policy.

High School  
Homecoming Parade

This item was added during the Reports section of the meeting. A motion was made by Council Member Abadie, seconded by Council Member Carpenter, to authorize the Police Department to initiate parking restrictions if they determine these to be necessary. The timing of the parade was discussed. A vote was taken, and the motion carried unanimously.

Reports:  
Staff:

Director Bergeson reported that Xcel Energy will be replacing street lights with new LED lights. He clarified that the only street lights owned by the City are located in the Downtown area. He commented that the new lights will be softer and whiter 3000 Kelvin LED bulbs, adding that these types of lights may be considered for the Downtown area in the future.

Library Director Miller discussed upcoming Library activities and events.



Police Chief McCormick discussed plans for a Homecoming Parade on Friday, October 6, from 1:30 to 2:00 p.m. He requested that the Council approve potential parking restrictions for the parade route. This request was moved to the Council Business section of the Agenda.

Following passage of the motion, Chief McCormick discussed parking along Highway 19 and Seventh Street during football games, noting that it has been suggested to park in the park-and-ride lot and the overflow lot. Chief McCormick issued a reminder with regard to watching for pedestrians. Council Member McCusker commented regarding the weather forecast for Friday, with a high temperature expected in the upper 80s to lower 90s.

Administrator Johnson reported that City staff has been working with a consultant on energy saving approaches, including LED lighting within City Hall, the Public Safety Building, the Library, and Public Works facility. He commented with regard to working with the consultant and Xcel Energy on other initiatives. He provided additional information with regard to Downtown street lights.

Mayor and Council

Council Member Dalton discussed an email he received pertaining to a Council Member who instructed a Public Works employee with regard to what he was supposed to be doing in terms of cleaning the Third Street Bridge. He expressed concerns about Council Members telling City staff how to do their jobs, which breaks the chain of command and causes confusion. He indicated that suggestions need to go through Department Heads, who can prioritize what needs to be done and when and direct staff members appropriately. He discussed suggestions provided by the League of Minnesota Cities in terms of the role of Council Members. Mayor Robinson expressed agreement with these comments, suggesting that Council Members contact Department Heads or Administrator Johnson with their suggestions. Council Member McCusker left the meeting at 7:51 p.m.

Council Member Abadie commented that individual Council Members are not privy to all of the various meetings that occur and do not know what has been discussed. She provided the example that the Public Works Commission recently discussed an emergent issue and determined an agreed upon course of action. She noted that a Council Member, who was unaware of this discussion, attempted to intervene in a different manner, which resulted in a City employee being placed in a difficult position.

Council Member Althoff referenced Planning Commission discussion with regard to winery expansion plans.

Council Member Althoff reported that on September 9 a 5K run/walk was held on Mill Street. He suggested that this type of event not be held on Mill Street, as this causes problems with other activities in this area. Chief McCormick provided additional information with regard to this event, stating that the Police Department really had no involvement. Council Member Althoff suggested that these types of events be held at the fairgrounds or at the school. Mayor Robinson suggested further discussion of this issue. Chief McCormick indicated that the Police Department can provide information to and work with event promoters, as per Council direction.

Mayor Robinson expressed appreciation to City staff for their work on the budget and to Public Works Department employees for patching and street maintenance work. He commented that things are going great at the Library.

Adjournment

The meeting adjourned at 7:57 p.m.

Adopted by the City Council of the City of Cannon Falls on the 3<sup>th</sup> day of October, 2017.

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Lyman M. Robinson, Mayor

ATTEST:

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Ronald S. Johnson, City Administrator