

The Cannon Falls City Council met in a regular session on Tuesday, April 3, 2018, at 6:30 p.m. in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Morris Mattson, Cedar Abadie, Bill Duncan, Ken Carpenter, John Althoff, and LeRoy McCusker. Also present were Lanell Endres, Interim City Administrator; Dave Maroney, Community Development Director; Greg Anderson, City Engineer; Wes Anway, Interim Public Works Director; Samantha Meyer, Zoning Assistant; and Joe Berg, Police Lieutenant.

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

Roll Call Roll call was conducted. 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 Duncan and unanimously carried, to approve the Agenda as submitted.

Public Input Babe O’Gorman, Cannon Falls, expressed concerns about free speech. He stated his understanding that some Council Members were not allowed to speak to certain City employees. He expressed dissatisfaction with the job that the Mayor has been doing.

Arlyn Lamb, 25145 Chippendale Avenue West, Farmington, stated that he was an interim Board Member for the Downtown Farmers Market. He referenced discussions with City staff regarding the plan for this season’s market. He stated that he was working with Community Development Director Maroney to resolve remaining questions, with a goal to review the plan with the City Council during the next meeting.

Mr. Lamb reported that seven members had already committed to participating in the Downtown market, with some vendors requesting a double space. He commented that a Board of Directors would be formed once the plan had been approved for this season. Council Member McCusker thanked Mr. Lamb for the update and for his assistance with the farmers market.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending March 28, 2018
- B. Meeting Minutes for March 20, 2018, City Council Meeting
- C. Hire Aaron Nerud for the Fire Department
- D. Second Reading and Adoption of Ordinance 359, Amending Chapter 152 of the Cannon Falls City Code, the Zoning Ordinance, Concerning Production Winery Facilities in the B-1, Central Business District

- ~~E. Approve On-Sale Wine / Strong Beer License and Sunday Liquor License for Artisan Plaza, LLC
This item was pulled by Council Member Carpenter.~~
- F. Approve On-Sale Liquor License and Sunday Liquor License for Artisan Plaza, LLC
- ~~G. Resolution 2337, Approving Plans and Specifications and Ordering Advertisement for Bids for 2018 Street Improvements (Eastside II Public Improvements)
This item was pulled by Council Member Althoff.~~
- ~~H. Resolution 2338, Supporting Local Decision-Making Authority
This item was pulled by Council Member McCusker.~~
- ~~I. Approve Mediacom Assignment of Site Lease Agreement
This item was pulled by Council Member McCusker.~~
- ~~J. Approve Northland Securities Financial Agreement
This item was pulled by Council Member McCusker.~~

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

Introduction and First Reading of Ordinance 360, Amending Chapter 111 of the Cannon Falls City Code, Concerning Alcohol Licensing and Regulation

Community Development Director Maroney provided background information and an overview of the licensing request by David Olson for the Artisan Plaza. He noted that this request involved the Cannon Falls City Code and State-authorized rights to issue a combined but limited off-sale liquor license. He reviewed the request by Mr. Olson to consider amending the City Code to allow the issuance of a combined license, which would allow on-sale liquor to occur in a specific location at Artisan Plaza, along with a limited right to sell off-sale.

Director Maroney described the location of a proposed service counter from which off-sale would take place, if a combination license was approved. He clarified that liquor would not be displayed anywhere other than within the borders of the service counter, with beer and wine inventoried beneath the counter. Director Maroney referenced conversations he has had with owners of both of the existing off-sale liquor establishments in Cannon Falls to explain the request and its limitations.

David Olson introduced himself. He discussed the goals of the Artisan Plaza project and reviewed the intention of the proposed off-sale liquor licensing. He commented with regard to how these sales would enhance the sales of other businesses by bringing more people into the community.

Council Member Duncan asked whether he had talked with the owners of the existing off-sale establishments. Mr. Olson indicated that he had spoken with one of these owners but not the other.

Council Member Mattson asked what types of liquor, beer, and wine would be sold. Mr. Olson provided additional information in this regard, noting that local products would be featured. He reiterated the goal of appealing to out-of-town customers and added that the inventory would be very limited. Council Member Mattson suggested delaying this portion of the business and letting customers know where they could purchase local products, to encourage them to explore the area.

Council Member Althoff asked liquor store representatives in attendance to provide input.

Joe Prink asked what products were considered to be local. He stated that he did not oppose the project as presented, adding that he would be concerned about future off-sale license expansion.

Mr. Olson discussed the goal of selling food products that were produced within 200 miles of Cannon Falls. He provided examples of local wineries located within 80 miles of Cannon Falls. Council Member Carpenter commented that this proposal sounded more regional than local.

Director Maroney clarified that there was no statutory definition of local, adding that this related to the Artisan Plaza marketing plan for the development of a local food center, with local wine and beer being available for sale. He stated that the Council could establish license restrictions.

Council Member McCusker expressed concerns about future requests for off-sale expansion. He suggested working together with the existing off-sale establishments and local businesses to offer discounts and promotions. He stated that he would be more inclined to support the off-sale proposal if it only involved the local winery and brewery. He expressed concerns that another off-sale outlet would hurt sales for the existing establishments.

Council Member Abadie asked Mr. Olson if he would be willing to limit sales to products made in Cannon Falls. Mr. Olson discussed the intention of the proposed off-sale license. He stated that he would not be in favor of limiting off-sale to only products produced in Cannon Falls, stating that this would not be in accordance with the

Artisan Plaza theme.

Council Member Duncan asked whether there were tentative agreements in place with any local or regional producers. Mr. Olson indicated that there were no agreements, as he did not yet have a liquor license. He added that he has had conversations with some producers.

Director Maroney reviewed the licensing requests that were placed on the Consent Agenda, noting that one was approved and one is yet to be discussed. He clarified that the off-sale request under discussion would require an ordinance amendment.

Mr. Prink voiced support for the Artisan Plaza project and stated that he would be willing to work with Mr. Olson in terms of coupons or other offers.

Council Member Abadie referenced Mr. Prink's comment about supporting the proposal as presented. She asked off-sale establishment representatives to comment with regard to whether the limitations in this regard were reassuring. Joe Prink and Rod Prink both expressed agreement with this statement and expressed support for the Artisan Plaza project. Specific ordinance language was recommended, so as not to allow further off-sale expansion by other businesses.

Mr. Maroney provided information relating to other potential licensees of this limited off-sale license, if the amendment was adopted as proposed. He reviewed parking requirements and other restrictions for off-sale licensure.

Director Maroney noted that the City Council could place other restrictions on the ordinance, such as issuing only one on-sale / off-sale license in Cannon Falls or a limitation based on square footage. He noted that such restrictions would further reduce the likelihood that other businesses would seek a similar license. He noted that if the term local was defined, this definition may need to be reviewed by the City Attorney. He clarified that if a license was approved for David Olson, this would not be transferrable or assignable by sale. He added that the service counter space was very limited.

Council Member McCusker expressed concerns about the future sale of Artisan Plaza. He provided the example of the Cannon River Winery being sold and potential legal issues.

Joe Prink referenced discussion with Director Maroney about license fees and the potential to reverse the amendment in the future.

Director Maroney reviewed the ordinance adoption process, which would require two readings. He noted that a Public Hearing would be required relating to the license fee, which could occur on May 1. He discussed potential economic ramifications of the license fee.

Council Member Althoff asked Joe Prink and Rod Prink if they would be comfortable with allowing Artisan Plaza to have a limited off-sale license. They indicated that they would be okay with limited licensure as proposed.

Council Member Abadie asked about limiting the amount of retail space. Mr. Olson clarified State requirements in this regard, and Director Maroney reviewed the relevance of the 600 square feet. Council Member Althoff referenced other off-sale requirements, including parking stalls.

A motion was made by Council Member Abadie to approve the introduction and first reading of Ordinance 360, amending Chapter 111 of the City Code, including a limitation of no greater than 600 square feet of off-sale space.

It was clarified that the license could not be transferred without Council approval. Mayor Robinson asked about a limitation of one combination license in Cannon Falls. Council Member Carpenter commented that the 600 square foot restriction would limit the competition. It was noted that any future license requests would require Council approval. Council Member Mattson commented that wine and beer would be kept underneath the counter. Director Maroney commented that a unique set of circumstances would be required, from a business perspective.

The motion was seconded by Council Member Carpenter. A vote was taken, and the motion carried by a vote of 5:1, with Council Member McCusker dissenting.

Tax Forfeited Land

Interim City Administrator Endres provided background information regarding tax forfeited land. She referenced a recent letter from Goodhue County about a parcel that was forfeited in 1984 and was considered non-conservation land. Council action was requested to approve the parcel for public auction and possible sale, request a conveyance to the City for a public use, or request a conveyance to the City for a public purpose. She discussed the options, the costs

involved, and the differences between a public use and a public purpose. She described the location of the parcel along the Little Cannon River, noting that it is adjacent to City property. Interim Administrator Endres commented that this land could potentially be used for recreational purposes in the future. Council Member Carpenter noted that this land does flood periodically.

A motion was made by Council Member Abadie to request a conveyance to the City for a public purpose. Council Member McCusker spoke in support of acquiring the land and considering future trail development. The motion was seconded by Council Member McCusker. Interim Administrator Endres reviewed the conveyance approval process. Council Member Duncan asked whether this land was in a flood plain. Interim Administrator Endres indicated that this question would need to be researched. Council Member Carpenter commented that this entire area does flood periodically. A vote was taken, and the motion carried unanimously.

Resolution 2337,
Approving Plans and
Specifications and
Ordering
Advertisement for
Bids for 2018 Street
Improvements
(Eastside II Public
Improvements)

Council Member Althoff asked about the project schedule for the Eastside II improvements and asked whether reasonable bids were anticipated this late in the year. City Engineer Anderson reviewed the project schedule and bidding process. He stated that he was optimistic that a number of bids would be received. He clarified that initiating the bid process did not obligate the City to construct the project.

Council Member McCusker stated his understanding that the low bid was not accepted for the Westside project. Mr. Anderson commented that a best value contracting process was used for the Westside II project, which involved scoring and ranking the bids. He noted that this process could only be used for a certain percentage of public projects.

Council Member Mattson provided rationale for delaying the project for a year. Council Member McCusker expressed agreement with this suggestion. Council Member Duncan commented that delaying the project may result in a higher project cost. Council Member Carpenter suggested proceeding with the bidding process, noting that all of the bids could be rejected. Council Member Althoff expressed agreement with this suggestion. Council Members Duncan and Abadie commented that the project would need to be completed at some point. Council Member McCusker noted that, if the bids were rejected this year, they could be compared to next year's bids.

A motion was made by Council Member Althoff, seconded by Council Member Duncan and unanimously carried, to adopt Resolution 2337, approving plans and specifications and ordering advertisement for bids for the Eastside II street improvement project.

Resolution 2338,
Supporting Local
Decision-Making
Authority

Council Member McCusker referenced past discussion of local control. He provided the example of the City of Brainerd opposing a State regulation to add fluoride to the water supply. He expressed frustration with a recent State mandate related to water usage.

A motion was made by Council Member Duncan, seconded by Council Member Carpenter and unanimously carried, to adopt Resolution 2338.

Approve Mediacom
Assignment of Site
Lease Agreement

Council Member McCusker requested clarification of the proposed assignment of site agreement, and clarification was provided. A motion was made by Council Member McCusker, seconded by Council Member Carpenter, to approve the Mediacom assignment of site lease agreement. A vote was taken, and the motion carried by a vote of 5:1, with Council Member McCusker voting nay.

Approve Northland
Securities Financial
Agreement

Council Member McCusker expressed concerns about the cost of the proposed financial services agreement provided by Northland Securities to assist with the tax abatement application from the Cannon River Winery. A motion was made by Council Member McCusker, seconded by Council Member Duncan, to approve the agreement. A vote was taken, and the motion carried by a vote of 5:1, with Council Member McCusker voting nay.

Approve On-Sale
Wine / Strong Beer
License and Sunday
Liquor License for
Artisan Plaza, LLC

Council Member Carpenter indicated that he confused the request for on-sale wine and strong beer with the off-sale license request. A motion was made by Council Member Carpenter, seconded by Council Member Mattson, to approve the license request. A vote was taken, and the motion carried unanimously.

Staff Reports

Zoning Assistant Meyer reported that the Planning Commission meeting scheduled for April 9, during which the Cannon River Winery's expansion plan and CUP request were to be further discussed, may be cancelled. Ms. Meyer reported that the winery would not be ready to discuss a revised plan at that time and therefore the Public Hearing would be rescheduled for May 14. Ms. Meyer reported that discussion was being held with regard to procedural issues related to the Public Hearing.

Police Lieutenant Berg discussed street conditions and parking issues as a result of the recent early spring snowfall. He discussed an upcoming Coffee, Cops, and Conversation event, which would be held on April 5 at Hi-Quality Bakery.

Interim Administrator Endres reported that Tim Malchow and Sulo Kyyra, Jr. were nominated by their peers to receive Stars of Life awards. She discussed the goals of a recent Minnesota Ambulance Association event at the State Capitol, which included congratulating and recognizing award recipients, providing education to members of the Minnesota Legislature, projecting a positive image of Minnesota ambulance services, and generating media stories about Minnesota EMS. Mr. Malchow and Mr. Kyyra were congratulated on this achievement by the Mayor and Council Members.

Mayor and Council
Reports

Council Member Abadie discussed a recent Public Works Commission meeting. She expressed appreciation to City staff for their work to prepare for this meeting, during which a number of important issues were discussed.

Council Member Althoff asked whether repairs to the Limestone Ridge area were incorporated into the Eastside II project. City Engineer Anderson indicated that this work could be included as an alternate bid.

Mayor Robinson noted that, in order to include these repairs as an alternate bid, Resolution 2337 would need to be amended. A motion was made by Council Member Althoff, seconded by Council Member Duncan and unanimously carried, to amend Resolution 2337 to include the Limestone Ridge cul-de-sac work as an alternate bid.

Council Member Carpenter reported that the Park Board would not be meeting on April 5, with the next meeting tentatively scheduled for April 12.

Council Member McCusker reported that he would be resigning from the City Council following that meeting, due to health issues. He stated that it had been a privilege to serve in that role and expressed appreciation to his colleagues for working together. He distributed a letter of resignation.

A motion was made by Council Member McCusker to appoint Dave Maroney as the new City Administrator and for Samantha Meyer to assume the EDA responsibilities in the interim. He expressed appreciation to Interim Administrator Endres for the job she had been

doing. The motion was seconded by Council Member Mattson. It was noted that Ms. Meyer was a shared employee with Goodhue County.

When asked for his opinion, Director Maroney stated that the Council had established a process to recruit a new City Administrator. He referenced several conversations about this opportunity with various Council Members. He indicated that he had not made a decision regarding whether or not to apply for the position. He stated that, if it was the desire of the Council, he would welcome an opportunity to further discuss the position with the Council or with the Personnel Committee.

Council Member McCusker suggested a six-month agreement, followed by an evaluation and a potential contract extension. Director Maroney reiterated his willingness to talk further with the Council as a group.

Council Member Duncan stated that there was a process in place to recruit and hire a new City Administrator. He invited Director Maroney to apply for the position.

Council Member McCusker referenced a conversation he had with City Attorney Roger Knutson. He stated his understanding from City Attorney Knutson that it would be legal to proceed with a motion to appoint Dave Maroney as the new City Administrator.

Council Member Abadie expressed agreement that Director Maroney should be strongly considered for the position, along with other qualified candidates. Council Member McCusker stated his opinion that the most qualified candidates already work for the City.

Council Member Althoff commented that Director Maroney would be a good choice. He suggested that a discussion take place with the Personnel Committee.

The motion to appoint Dave Maroney as the new City Administrator was clarified. It was noted that the motion could be amended to pursue further discussion. Interim Administrator Endres reviewed the options for Council action. Council Member McCusker declined to amend his original motion. A roll call vote was requested. Upon call of the roll, Council Members Althoff, Mattson, and McCusker voted aye; Council Members Duncan, Abadie, and Carpenter voted nay. Interim Administrator Endres reported that the vote resulted in a 3:3 tie. Mayor Robinson cast the deciding vote, which was nay, stating

that the process should be followed. It was noted that the motion failed by a vote of 4:3.

Council Member McCusker described City employees as amazing, specifically citing the work and professionalism of Wes Anway and the Cannon Falls Police Department.

Mayor Robinson expressed appreciation to Council Member McCusker and wished him good luck in his future endeavors.

Mayor Robinson reviewed the application process for the upcoming Council vacancy.

Adjournment

The meeting adjourned at 7:45 p.m.

Adopted by the City Council of the City of Cannon Falls on the 17th day of April, 2018.

Lyman M. Robinson, Mayor

ATTEST:

Lanell Endres, Interim City Administrator