

The Cannon Falls City Council met in a regular session on Tuesday, April 17, 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, and John Althoff. Also present were Lanell Endres, Interim City Administrator; Dave Maroney, Community Development Director; Wes Anway, Interim Public Works Director; Mike Althoff, Fire Chief; and Jeffrey McCormick, Police Chief.

- 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 Mattson and unanimously carried, to approve the agenda as submitted.
- Public Input There was no public input.
- Proclamation: Caitlyn Smith Day Mayor Robinson read a proclamation recognizing the accomplishments of Cannon Falls native Caitlyn Smith and designating Friday, April 20, 2018, as Caitlyn Smith Day in Cannon Falls, when she would perform a benefit concert at Cannon Falls High School.
- Public Hearing: Resolution 2342, Approving Property Tax Abatements for Stowell Management, LLC Interim City Administrator Endres provided background information regarding the public hearing for the request for property tax abatement for the Cannon River Winery expansion project. Tammy Omdal from Northland Securities, the City's financial advisor, reviewed the process, which included a Public Hearing and consideration of a motion to adopt Resolution 2342. She clarified that adoption of Resolution 2342 would give the City the authority to consider the request for tax abatement and proceed with drafting a development agreement.
- Ms. Omdal reviewed the application for tax abatement assistance for the Cannon River Winery. She reported that assistance was being requested from both the City of Cannon Falls and Goodhue County. She noted that Goodhue County would need to conduct a separate Public Hearing and approval process. She clarified that the Public Hearing conducted during this meeting would pertain only to tax abatement from the City.
- Ms. Omdal reviewed the tax abatement process. She stated that this would allow the City to consider the increase in taxes that would be generated from proposed development, adding that there would be

no impact on the City's taxes. The City would provide financial assistance according to the terms of an agreement with Stowell Management, LLC.

Ms. Omdal reviewed the terms of the proposed 12-year tax abatement, which would begin in 2020 and end in 2031. She noted that the City's portion of the abatement would be approximately \$236,000. She clarified that the actual reimbursement would depend on the actual tax abatement generated. She added that if valuation was higher than estimated, this amount would be paid off sooner and the abatement would end.

Ms. Omdal noted that the applicant was proposing to add approximately 4.8 new full-time equivalent positions. She added that job creation requirements would be detailed in the development agreement.

Ms. Omdal reported that Northland Securities had reviewed the application in detail and concluded the proposed project was not financially feasible without public financial assistance. She noted that Northland Securities found the request for tax abatement to be reasonable and appropriate.

Council Member Duncan asked whether Northland's review was based on the initial cost estimates or the increased cost estimates. Ms. Omdal reported that the review was based upon the application information, which included an estimated total project cost of approximately \$2,264,000.

Council Member Mattson asked about the bank financing letter that was included with the application, noting that there was no guarantee. Ms. Omdal clarified that this letter was part of the public financial assistance application process, adding that she found the letter to be appropriate.

Council Member Mattson asked about EDA approval. Community Development Director Maroney indicated that the purchase agreement for the EDA to sell land to the developer was contingent upon a development agreement with the City. Ms. Omdal commented that EDA's are not able to approve tax abatement.

Mayor Robinson reported that the Goodhue County EDA had issued a recommendation for tax abatement to the Goodhue County Board, with a Public Hearing scheduled for May 1.

Mayor Robinson opened the Public Hearing at 6:40 p.m. No one

came forward to speak. The Public Hearing was closed at 6:41 p.m.

A motion was made by Council Member Abadie to adopt Resolution 2342. The motion was seconded by Council Member Carpenter. Council Member Duncan stated that he was not in favor of using abatement for this project, stating that he would prefer TIF over abatement. Council Member Abadie stated her recollection that the Council weighed the two options and chose to proceed with abatement.

Upon call of the roll, Council Members Abadie, Althoff, and Carpenter voted aye; Council Members Duncan and Mattson voted nay. Mayor Robinson reported that the motion carried by a vote of 3:2.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending April 12, 2018
- B. Meeting Minutes for April 3, 2018, City Council Meeting
- ~~C. Second Reading and Adoption of Ordinance 360, Amending Chapter 111 of the Cannon Falls City Code Concerning Alcohol Licensing and Regulation~~
This item was pulled by Council Member Althoff
- D. Rescue Truck Change Order
- E. Approval of Permit for the Downtown Farmers Market
- F. Resolution 2339, Declaring a Vacancy on the City Council
- G. Resolution 2340, Requesting Conveyance of Land
- H. Resolution 2343, to Establish License / Permit Fees for Parks
- I. Resolution 2344, Accepting Donation of \$375.00 from the 9:30 Coffee Club to the Parks Department

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

Discussion of Future Bonding for the Eastside II Project and Fire Truck Purchase

George Eilertson from Northland Securities reviewed financing options for the Eastside II street improvement project and the purchase of a new fire truck. He reported that the preliminary cost estimate for the Eastside II project was approximately \$4.3 million. He stated that the bond for this project would be structured similarly to past street and utility projects. He discussed the City's strong AA-bond rating with Standard and Poor's and noted how this would favorably impact the interest rate. Mr. Eilertson reviewed potential Council actions during May, with the bond sale tentatively planned for June.

Mr. Eilertson discussed the purchase of the fire truck at an estimated cost of approximately \$500,000, of which \$350,000 to \$360,000

would be financed over a 10-year financing term. He discussed the possibility of financing this purchase with general obligation equipment certificates. He discussed plans to solicit quotes from local banks. He reviewed the next steps in the process.

Resolution 2341,
Establishing
Procedures Relating
to Compliance with
Reimbursement Bond
Regulations

Mr. Eilertson reviewed the purpose of Resolution 2341 which would allow the City to be reimbursed for certain expenditures related to the proposed street improvement project. He noted a reimbursement resolution was necessary to allow for the reimbursement.

A motion was made by Council Member Abadie, seconded by Council Member Althoff and unanimously carried, to adopt Resolution 2341.

Service Line Warranty
Program Letters

Interim Administrator Endres provided background information and referenced past discussion of the service line warranty program. She reviewed the draft letter language. She noted that, by approving the letter language, and Council would also be approving the program.

Council Member Althoff expressed concerns about City involvement as a partner in this program. Interim Administrator Endres indicated that there would be no financial involvement by the City, stating that the City was being asked to approve optional participation in the program by residents. Council Members Althoff and Abadie objected to the letter language. Council Member Abadie stated that the word "partner" carries legal significance. She suggested alternate language: "Service Line Warranties of America helps eligible customers be prepared..." She also objected to the tone of the letter, stating that this may be perceived as alarming. The use of the City's logo was discussed. Council Member Abadie suggested eliminating the first paragraph of the letter. Council Member Carpenter stated that he was in favor of the program but also had concerns about the letter language.

Interim Administrator Endres reviewed the options of tabling this item so that a revised letter could be drafted, or requesting revisions to the letter.

A motion was made by Council Member Duncan, seconded by Council Member Althoff and unanimously carried, to table this item until the next meeting, at which point a revised letter would be reviewed.

Pool Staff Wages

Interim Administrator Endres provided background information regarding pool staff wages. She reported that the Personnel Committee had reviewed the pool staff wages, noting that the Pool Manager wage was approved earlier this year.

Interim Administrator Endres reviewed a stepped wage structure for the pool staff that had been proposed by staff. She indicated that this wage structure would eliminate some of the problems that have occurred in the past and would be used as a guideline in the future. She noted that this wage structure would be subject to COLA increases. She reported that the Personnel Committee recommended Council approval of the proposal.

A motion was made by Council Member Carpenter, seconded by Council Member Mattson and unanimously carried, to approve the pool staff wages.

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

Council Member Althoff relayed concerns expressed by two liquor store owners about the proposed ordinance allowing a combined liquor license. He suggested additions to Ordinance 360 relating to the square footage of off-sale retail space; the restriction of selling only local wines and beer, with a definition of local provided; and a requirement that products would not be displayed. Council Member Abadie stated her understanding that State law would fill in the gaps in ordinance language. Director Maroney stated that he also spoke with the current license holders and provided clarification of the ordinance language. He noted that some of the provisions that were discussed during the last Council meeting were included in State law and not included in the Ordinance. He discussed the limitation in terms of square footage. He clarified that beer and wine inventory would be stored beneath the counter, noting that this was a State requirement. He stated his understanding that the current license holders were comfortable with the clarification, knowing that there were requirements under State law. Council Members Abadie and Althoff indicated that the license holders have continued concerns, even after being provided with the additional clarification. Director Maroney noted that current license holders have expressed concerns about the future. He clarified that the combination off-sale license would be for wine and beer only.

Council Member Abadie reviewed an email communication from license holder Joe Prink, who stated that he was not confident that Minnesota State law would provide the terms as discussed, as he could not locate this specific language. Council Member Abadie also raised the issue of local wine and beer sales. Director Maroney indicated that the amended ordinance does not specify a definition of local. Council Member Duncan referenced discussion with David Olson during the last Council meeting, at which time he defined local as being within a few hundred miles. He added that there was no apparent consensus of the Council in terms of a definition of local.

Council Member Abadie indicated that the two license holders separately mentioned 200 miles as being local. It was also clarified that the license would be nontransferable.

Council Member Carpenter stated his understanding from the earlier discussion that Joe Prink would be okay with Artisan Plaza selling local or regional wine and beer, especially given the limitations in terms of inventory on hand.

Council Member Abadie summarized the concerns of the two license holders in terms duplicating ordinance language from State law and adding a definition of local. Council Member Duncan stated that he does not see a need to duplicate State law language but would be willing to consider adding a definition of local. Council Member Althoff commented regarding the importance of addressing the concerns of current license holders.

Council Member Abadie asked which State law pertains to under-counter storage of wine and beer inventory. Director Maroney indicated that the State should be contacted with that question. He noted that the provisions that were discussed may not be contained in State statutes but instead governed by administrative rules.

Mayor Robinson suggested requesting this information from the State and sharing this with the two license holders. Director Maroney and Council Members agreed with this suggestion. Police Chief McCormick provided additional information, noting that there were separate provisions that govern a combination license.

Council Members discussed the challenges of adding language relating to local procurement. Director Maroney referenced discussion of limiting the issuance of a combined license to one business. Council Members expressed agreement with this limitation. Off-sale licensing costs were discussed.

A motion was made by Council Member Abadie to amend draft Ordinance 360, limiting this to the issuance of one combination license. Director Maroney stated his understanding that the second reading of Ordinance 360 could be approved, including the amendment. It was stated that this will be verified with the City Attorney. The motion was seconded by Council Member Duncan. A vote was taken, and the motion to approve the second reading and adoption of Ordinance 360, with the amendment to limit this to only one license, carried unanimously.

Staff Reports

Interim Public Works Director Anway indicated that hydrant flushing would be delayed for a week or so, due to the recent weather conditions. He discussed the City-wide clean-up event planned to be held on May 19. Council Member Duncan asked what items could be brought to the City-wide clean-up event. Interim Director Anway provided additional details in this regard, noting that car batteries and hazardous waste could not be accepted.

Fire Chief Althoff discussed the Pancake Feed scheduled for April 21. He discussed two recent fires and expressed appreciation to the Randolph-Hampton Fire Department for the assistance that was provided. He provided an update regarding the rescue truck purchase, noting that delivery was tentatively scheduled for August. He reviewed options for disposing of the old truck.

Police Chief McCormick discussed nuisance concerns that were associated with warmer weather.

Interim Administrator Endres reported that the draft of the City audit was close to being completed, with plans for this to be presented to the City Council on May 1.

Mayor and Council
Reports

Council Member Abadie discussed a recent Public Works Commission meeting, during which the purchase of a new lawn mower was recommended, at a cost of \$9,298.91. She noted that this purchase may or may not have been budgeted. Next steps were discussed.

The Mayor and Council Members expressed appreciation to the Public Works Department for their work during the recent storms.

Adjournment

The meeting adjourned at 7:25 p.m.

Adopted by the City Council of the City of Cannon Falls on the 1st day of May, 2018.

ATTEST:

Lyman M. Robinson, Mayor

Lanell Endres, Interim City Administrator