

The Cannon Falls City Council met in a work session on Tuesday, September 3, 2019 at 7:02 p.m. in the City Council Chambers. Present were Mayor John Althoff, and Council Members Mary Jill Bringgold, Bill Duncan, Steve Gesme, Derek Lundell, Morris Mattson and Matt Montgomery. Also present were Dave Maroney, City Administrator; Lanell Endres, Finance Director/Assistant City Administrator; and Jeff McCormick, Police Chief.

Purpose The purpose of the work session was to review the proposed 2020 budget with regard to the Cannon Valley Trail request, debt and administrative reorganization.

Cannon Valley Trail Presentation Scott Roepke, Manager of the Cannon Valley Trail, was present and reviewed information regarding the Trail's capital improvement plan. The Cannon Valley Trail is governed by a Joint Powers Agreement between Goodhue County, the City of Red Wing and the City of Cannon Falls and has been in operation since 1986 with approximately 100,000 visitors per year. He noted all three entities have provided monetary support for the plan the previous two years.

Manager Roepke reviewed four categories of the capital improvement plan – infrastructure, trail experience, business basics and natural/cultural resources. He noted the aging bridges and bituminous and the need for replacement. He also noted they were planning to expand the width of the trail from eight feet to ten feet to try to meet the demands of the trail usage. He reviewed issues with flooding, erosion and the problem with culverts starting to fill in and needing replacement. He discussed access points, connections and land acquisition stating the trail purchased 8.8 acres adjacent to Camp Pearson.

Manager Roepke informed the Council of several grants that the Trail had received toward bridge replacement, trail connections, vault toilets, signage and prairie restoration and stated they would continue to pursue other grant opportunities.

Further discussion included connection to the Mill Towns Trail, updating the Joint Powers Agreement and possibly revisiting the responsibilities of each entity such as payroll and accounts payable processing. They also discussed the time frame of the improvements. Manager Roepke noted it was a 10-year plan and he was seeking another two-year commitment of support from each entity. It was noted that the capital support for the Trail was included in the proposed 2020 budget.

Debt Presentation Finance Director Endres presented information regarding bonds and debt. She noted that several of the bonds were nearing completion – some of which impacted the levy while others did not. She indicated that the fund balances would be reviewed a year or two before their

completion for any possible levy adjustments. She reviewed information on the water and sewer fund debt obligations noting the 2001 PFA loans would be paid off at the end of 2022. She also noted that over \$10 million of the debt obligation was to be paid by the water and sewer funds and the impact to water and sewer utility rates. She also indicated that possible refunding (refinancing) opportunities were being explored.

General Information
& Levy Updates

Finance Director Endres provided information regarding updates to the preliminary levy proposal noting that the levy amount had increased with an anticipated impact of 10.72%. She reviewed several factors that impacted the proposed budget: a slight decrease in health insurance premiums from initial estimates; removal of election equipment purchase; increase in public works personnel costs for wages and health insurance and increase in Improved Streets to include \$130,000 for a mill and overlay project.

She also noted that a levy amount of \$39,600 was added for the tax abatement for the Grand Stay Hotel but that theoretically the increase in the tax base should negate any increase in the levy. She stated the levy impact would be determined by the tax capacity information and anticipated the updated figures would be available from the County before adoption of the final levy in December.

Director Endres indicated there were many other areas of the budget that were not discussed and asked that she be contacted if the Council had any questions.

Director Endres reminded the Council that a preliminary levy needed to be adopted by the end of September and that once adopted the amount could not be increased but could be lowered. She stated she was looking for a consensus from the Council for the preliminary levy amount for the resolution that would be presented at the next meeting.

Administration
Summary

City Administrator Maroney discussed his observations for administrative services asking the Council to look within the existing budget to make changes that he felt would make operations more efficient. He stated he would recommend organizing the departmental functions as finance, human resources, city clerk, and community services.

He stated he would like to have financial matters be evaluated more fully and the finance director position to be integrated throughout the organization. He also stated he would like to have human resources spend more time on personnel within the organization and increase

efforts in that area. Administrator Maroney indicated the city clerk would be involved with governance, records and elections and community services would include licensing, building, planning, zoning, economic development, and motor vehicle. He discussed working with CEDA as a consultant for economic development projects noting that this relationship has worked well and could be continued going forward. He also stated that alternatively a full-time planner could be hired for that position.

Administrator Maroney informed the Council that the City did not currently have contracts with the City Engineer (SEH) or the City Attorney (Campbell Knutson) and stated the City could solicit proposals for these professional services.

He reviewed the goals discussed earlier in the year regarding utility rates and charges and noted that work would begin during the fourth quarter of this year.

He also discussed staff and council relationships, time demands of staff, staff training, personnel management and retaining and recruiting personnel.

Administrator Maroney reviewed the Economic Development Department with regard to a possible contract with CEDA that would allow experienced staff to be engaged for different types of projects as may be needed.

He discussed the tax abatement for the Grand Stay Hotel noting that due to the higher than estimated valuation, there would likely be a shorter abatement period. He also reviewed the \$130,000 for the mill and overlay project included in the proposed levy indicating that patching and filling potholes was not proving to be sufficient. It was estimated that about eight blocks could be done for that amount and that it would preserve the life of the underlying utilities.

The Council discussed getting requests for proposals for the professional services discussed and staff training and cross-training.

Consensus

The Council agreed to the preliminary levy as presented and to use those amounts for the adopting resolution on September 17, 2019.

Adjournment

A motion was made by Council Member Duncan, seconded by Council Member Mattson to adjourn the meeting. All present voted aye. The meeting was duly adjourned at 7:59 p.m.

Adopted by the City Council of the City of Cannon Falls on the 17th day of September, 2019.

John O. Althoff, Mayor

ATTEST:

David Maroney, City Administrator