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**CITY COUNCIL WORKSHOP AGENDA**  
**Tuesday, January 14, 2020**  
**6:30 p.m.**

1. 2020 Appointments: Boards/Commissions/Committees.
2. 2019 Goals.
3. Transition Proposal: Economic Development and Planning/Public Works/Finance and Administration.
4. Other Business.
5. Adjourn.

Posted: January 10, 2020

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## 2020 APPOINTMENTS

<p><b>Personnel/Salary Committee</b></p> <p>*Eliminate and create a Finance Committee?*</p>	
<p><b>Police Commission</b></p> <p>*Establish by Ordinance if Desired*</p>	
<p><b>Cannon Valley Trail Board</b></p> <p>Meets the 4<sup>th</sup> Tuesday of the month at 6:30 p.m. Non-meeting months are December and February</p>	<ol style="list-style-type: none"> <li>1. Mary Jill Bringgold (Council)</li> <li>2. Matt Montgomery (Council)</li> <li>3. Nate Watson (Citizen)</li> </ol>
<p><b>Economic Development Authority</b></p> <p>Meets the 2<sup>nd</sup> Wednesday of the month at 7:00 a.m. (Terms expire at the end of the year indicated.)</p>	<ol style="list-style-type: none"> <li>1. Roxanne Flaten—2020</li> <li>2. Amy Dombeck—2020</li> <li>3. Luke Cooreman—2019</li> <li>4. Morris Mattson</li> <li>5. John Althoff</li> </ol>
<p><b>Library Board</b></p> <p>Meets the 2<sup>nd</sup> Monday of the month at 6:00 p.m. (Terms expire at the end of the year indicated.)</p>	<ol style="list-style-type: none"> <li>1. Mary Jill Bringgold (Council)</li> <li>2. Morris Mattson (Council 2nd)</li> <li>3. Bruce Colwell-2019-1<sup>st</sup> term-City</li> <li>4. Leah Montgomery-2020-1<sup>st</sup> term-City</li> <li>5. _____-2020-1<sup>st</sup> term-City</li> <li>6. Carol Price-2021-2<sup>nd</sup> term-County</li> <li>7. _____-2020-1<sup>st</sup> term-County</li> <li>8. Rosie Schluter-2020-2<sup>nd</sup> term-County</li> <li>9. Elizabeth Zimmermann-2021-2<sup>nd</sup> term-City</li> </ol>
<p><b>Hiawathaland Transit Advisory Committee</b></p> <p>*Needed?*</p>	<ol style="list-style-type: none"> <li>1. Derek Lundell</li> <li>2. Steve Gesme (2<sup>nd</sup>)</li> </ol>
<p><b>Cable Commission</b></p> <p>*Establish by Ordinance if Desired*</p>	<ol style="list-style-type: none"> <li>1. Matt Montgomery</li> <li>2. Steve Gesme</li> <li>3. Rosie Schluter</li> <li>4. _____</li> <li>5. Cable Director</li> <li>6. City Administrator</li> </ol>

<p><b>Planning Commission</b></p> <p>Meets the 2<sup>nd</sup> Monday of the month at 6:30 p.m. (Terms expire at the end of the year indicated.)</p>	<ol style="list-style-type: none"> <li>1. Daniel Pidd—2019</li> <li>2. Bruce Hemmah—2019</li> <li>3. Michael Daniels—2021</li> <li>4. Josh Witt—2021</li> <li>5. Derek Lundell—2020</li> <li>6. Glen Lundell—2019</li> <li>7. Steve Gesme (Council)</li> <li>8. Matt Montgomery (2<sup>nd</sup>)</li> </ol>
<p><b>Public Works Commission</b></p> <p>*Clarify Ordinance No. 78 and 31.04 if Desired*</p>	<ol style="list-style-type: none"> <li>1. Bill Duncan</li> <li>2. Matt Montgomery</li> <li>3. Jeremy Mouw – Citizen</li> </ol>
<p><b>Park Board</b></p> <p>Meets the 3<sup>rd</sup> Thursday of the month at 6:30 p.m.</p> <p>*Establish by Ordinance if Desired*</p>	<ol style="list-style-type: none"> <li>1. Matt Montgomery</li> <li>2. Mary Jill Bringgold (Council)</li> <li>3. Josh Otto (PW Representative)</li> <li>4. Chuck Widholm</li> <li>5. Ken Carpenter</li> <li>6. Glenn Schulz</li> <li>7. Steve Nordin</li> </ol>



# Goal Setting Workshop Priorities - March 19, 2019

*Status Report – January 14, 2020:*

## I. Public Finance/Services/Facilities

**Goal A.** Freeze or lower water/sewer rates (2020/2021) – communicate with the public throughout the decision-making process! *May 31, 2019 Ehlers Proposal (\$22,000).*

**Goal B.** Evaluate opportunities to “improve” (use of space; energy efficiency; maintenance and repairs) the existing City Hall and study whether or not to build a new City Hall in Dakota County redeveloping the present City Hall site for other land use(s). *Solar Subscription Agreement with Novel Energy Solutions (\$582,340+ in Savings); Xcel Energy Report for City Hall.*

## II. Community Planning and Development

**Goal A.** Plan and strategize for growth (annexation; redevelopment; available wastewater/water capacity). *Former Lee Chevrolet property; former Cannonball property; County 24/318<sup>th</sup> Street neighborhood; Third Street Bridge Preservation; Casey’s General Store site expansion; Lorentz Meat production expansion (WWTP).*

**Goal B.** Plan and develop affordable/market rate housing (rental and ownership) and daycare services. *Staff/Property Owner initiatives including: (Molenaar Neighborhood; CR 17 (Hayes); Hardwood Estates (Mulvihill); Sandstone Ridge/SEMMCHRA; Woodridge Bluffs (Limestone); Towering Bluffs (Jablonske); Maxfield (County) Housing Study.*

## III. Internal and External Operations

**Goal A.** Improve communications by and between citizens, elected officials and staff (public relations) and better manage conflict situations and public expectations. *Modified City Council Agenda; Chamber/Economic Initiatives/GROW Cannon Falls/EDA “Coordinate, Communicate, Cooperate” collaboration meeting (Website Central – Blandin); Ordinance No. 367, Sponsorship Signs (John Burch Park); Nuisance Concerns (Sustane).*

**Goal B.** Improve technology (online payments, etc). *Little progress made.*

## Utility Rate Study

We understand the City is seeking to ensure that utility charges will remain both affordable and adequate to support operations, outstanding debt and planned improvements. The Cannon Falls Utility Rate Study (“URS”) will provide an opportunity to determine:

- Options for setting rates so that, over time, the City will have sufficient funds for capital improvements;
- Appropriate level of positive cash balances and how to maintain them; and
- Utility rates that position the City to efficiently and effectively deliver water, sanitary sewer and storm water services.

We recommend reviewing the City’s billing records and water consumption data as part of this update as we have been relying on consumption data from 2009 in prior updates. A scope of work for the rate study is attached in Appendix B.

## Project Team

The Project Managers for the FMP and URS will be Rebecca Kurtz and Kristina Norquist. Rebecca will attend the Council meetings to present the FMP and URS, as well as attend meetings with the City staff, and oversee the projects. Kristina will complete the numerical analysis.

## Proposed Cost

Ehlers will perform the Financial Management Plan and Utility Rate Study for the following not-to-exceed costs:

FMP	\$15,000
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### Utility Rate Study

Water	\$10,000
Sewer	8,000
Storm Water	<u>4,000</u>
<b>Total</b>	<b>\$22,000</b>

## Appendix B: **Scope of Work for Utility Rate Study**

Ehlers proposes to take the following steps in completing the Utility Rate Study. Our approach is flexible and has proven to deliver the information, recommendations and facilitated discussion essential to setting utility rates with confidence and accuracy.

**Step 1. Solicit feedback on concrete objectives that the City wants to achieve with the study.** At our initial meeting, Ehlers will work with staff to make sure we fully understand the utility's financial situation, including outstanding and planned capital projects and debt issuance, the City's short and long-term goals, and future estimates of land use and growth.

**Step 2. Gather data from City staff**

Rate studies are a team effort. Ehlers will work with you to ensure that we receive the necessary data for the study.

**Step 3. Complete a review of the City's Capital Improvement Plan**

- We will use information from City staff and consulting engineers, if applicable, to compile a detailed Capital Improvement Plan for the water, sanitary sewer and storm sewer utilities.
- We will ensure all utility related costs, such as equipment and capital improvement projects are included in the Capital Improvement Plan.

**Step 4. Complete rate study and financial plan**

This step will focus on providing up to two options each for water, sanitary sewer and storm sewer rates for residential and commercial customers. Ehlers will:

- Assemble and review existing historical utility system operating data
- Develop a pro forma cash flow statement showing projected usage, total operating revenues and total expenses, including operations and maintenance costs, depreciation, department servicing, net operating income, capital improvements, debt, etc. to test adequacy of existing and proposed rates
- Review utility rates and user charges to determine if the rates and charges are sufficient to pay for operations and capital improvements
- Review rate structures and offer up to two options for new rate structures



- Identify any additional issues, such as:
  - ✓ The use of debt vs. cash to pay for future capital improvements, with the emphasis on financing capital improvements with cash.
  - ✓ Minimum cash balance for the utility funds
  - ✓ The portion of costs to recover through a fixed or minimum charge
  - ✓ Address city identified issues
- Develop rate recommendations - we will develop up to two options for water, sanitary sewer and storm sewer rates.

**Step 5. Review preliminary findings with City staff**

- Review preliminary findings and seek direction for any revisions.
- Facilitate discussion to prioritize projects, if necessary, and develop around proposed charges.

**Step 6. Recommendations**

The rate analysis will give recommendations for the staff and Council to consider. The recommendations will be customized for City of Cannon Falls and will address rate structures, annual adjustments to rates, cash balance policies, and the timing of capital improvements.

**Step 7. Presentation to Council and the Community**

The rate analysis will include up to two City Council workshops or meetings.

## Utility Rate Study Project Deliverables

Upon completion, the City will have:

1. The results in either an Executive Summary or Power Point format outlining rate-setting recommendations for the City to consider; and
2. Pro-forma cashflow projection for each utility fund in the form of Excel spreadsheets.

All deliverables will be provided in electronic format whenever possible so that if the City chooses, it can update projections and spreadsheets internally in future years.





## Cannon Falls Economic Development Proposal

Cannon Falls is poised for growth, with many innovative economic strategies already being implemented to not only physically shape the community, but enhance the brand, culture, and long-term goals of the city. Though Cannon Falls' community development initiatives are all complex and interconnected, there appears to be three major categories:

### 1. Blandin Projects.

- a. Continue to implement *Cannon Roots* brand, including *Farmers Market/Minnesota Department of Agriculture* food aggregation permit.
- b. Work with Chamber, businesses and others to design and develop "*Website Central*" and administer the *Digital Marketing Loan Program*.
- c. Administer and complete the *Blandin Broadband Community Program* and projects.

### 2. EDA Programming.

- a. *Data Center* initiative.
- b. *Cannonball* redevelopment and environmental clean-up project.
- c. Assist with efforts to redevelop the former *Lee Chevrolet* site.
- d. Expand working relationships with Chamber Board, Economic Initiatives and GROW Cannon Falls.
- e. Assist with further evaluation and local efforts to plan for and construct affordable/market rate housing (rental and ownership) in Cannon Falls.
- f. Other development and redevelopment projects as may be directed by the EDA.

### 3. Planning /Zoning /Other Projects. Recommend a project-based contract or as-needed retainer:

- a. Rewrite and adopt a new *Zoning Ordinance*.
- b. Assist with providing oversight and leadership to the Planning Commission.
- c. Provide *DNR Trail Grant* administrative services.
- d. Assist with administration of the *Third Street Bridge* preservation project.



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## Rate Schedule Economic/Community Development Staffing 2020

Per project hourly rate: \$62.00 per hour

Client in-house staffing:

One day every other week	\$13,000 annually
One day per week	\$26,150 annually
One day per week plus one additional day per month	\$31,200 annually
One day per week plus two additional days per month	\$37,100 annually
Two days per week	\$43,625 annually
Three days per week	\$59,100 annually
Four days per week	\$72,350 annually
Five days per week	\$84,500 annually

Other options available upon request

Benefits of contracting with CEDA:

- Professional, cost effective team members
- All team members are available to assist in projects that a community/county may encounter
- Results driven, non-profit organization
- Stable, 33 year-old company
- 30 day contract termination clause
- Ability for the community to meet with team member(s) prior to commitment to assist with team member decision making process.
- References available



# Government Experience

You can have confidence in our 10 years of consulting services, over 55 years of quality accounting services and partnership in the government space. Since 1963, we've served cities just like yours. With an unwavering commitment to streamlining processes, training staff, and finding technology-based solutions, we proudly offer excellence in city consulting and auditing.

Out of our 160-strong, talented staff, over 40 team members are 100% focused on government clients, including services for over 100 cities and other governmental entities. By serving cities across Minnesota, we have become experts in the nuances of how to best support your city.

Our expertise affords you a consulting experience that is painless. We do this by communicating up front, coming better prepared, and being available throughout the year to support you.

## Our Process

Our methods are centered around incorporating technology to deliver unparalleled solutions for government organizations. In addition to our consulting experience, our firm expertly performs outsourcing for governments giving us a wealth of experience in a consulting role. We don't believe in a one-size-fits-all mentality. So together, we'll focus on the needs that are relevant to your city and provide the right services to meet them with a customized methodology based on your needs. We're focused on developing creative, customized solutions to help your city mitigate costs and boost efficiency.

## Our Focus

Through continuous training and growth opportunities, we've established an environment with a focus on serving city governments. We spend more than 100 hours training and onboarding to ensure success for our clients.

We truly hope that you allow us to be your partner. Together, we'll go beyond the numbers to best support your city.

## Our Financial Management and Consulting Services Include:

- Arbitrage compliance
- Budget process development
- Capital improvement planning
- Cash flow analysis
- Cost containment processes
- Debt management plans
- ERP system consulting
- Finance Director services
- Financial management plans
- Financial reporting and analysis
- Fleet: Operations and replacement rate analysis
- Interim accounting and financial services
- Internal control evaluation
- Long-term strategic planning
- Payroll processing
- Policy development
- Process flows and efficiencies
- Project management
- Quarterly and monthly reporting to management
- Reconciliations
- Software implementation
- Utility/fee analysis
- Year-end audit preparation and financial statement preparation

## Our Qualifications

- ✓ GFOA and MnGFOA Association members
- ✓ Government operations training
- ✓ MSRB Municipal Advisor Qualified Representatives (Series 50)
- ✓ Consulting services for over 100 cities
- ✓ We've assisted many municipalities in preparing for the GFOA's Certificate of Achievement for Excellence awards in financial reporting

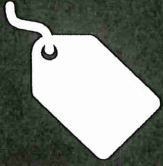


## Scope of Services

AEMFS Contract Task	Client Responsibility	Frequency
<b>Cash and Investment monitoring</b>		
Reconcile cash and investments	Review and approve	Monthly
Review Monthly to ensure timely and accurately balance		Monthly
Verify bank has proper amount of collateral pledged to City's account	Request monthly collateral statement from the bank	Monthly
Review cash flow to ensure proper amounts are available for operations		Monthly
<b>Weekly/Monthly/Quarterly</b>		
Prepare month end close	Review, approve and committ entries to financial system	Monthly
Revenue recapture - ambulance	Review and provide input	Quarterly
Monitor swift account	Review and provide input	Monthly
Reconcile building permits	Review and provide input	Monthly
MN Care tax	Review and provide input	Quarterly
Address questions/requests from Administrator, Finance Staff, Department Directors and City Council		On-going
Review budget to actual reports for coding		Monthly
Review payroll and other monthly/quarterly reports	Review and provide input	Monthly/ Quarterly
AEM will be on-site one day per week with remote work as needed		Weekly
<b>Audit Preparation</b>		
Prepare work papers and gather support for the audit of the financial statements	Cooperation in location supporting documentation as needed	March 31
Assist in the preparation of the Management Discussion and Analysis for the audit report	City Administrator to provide input	May 20

## Scope of Services

AEMFS Contract Task	Client Responsibility	Frequency
<b>City responsibilities</b>		
Devote uninterrupted time to working with us as needed		
Make candid representations about your plans and expectations		
Approve, enter and commit all journal entries to financial system		
Provide invoices for identified assets that needs to be capitalized		
Provide backup documentation for taxes and special assessments		
Make all management decisions and perform all management functions		
Provide VPN access for remote work		
Provide an individual responsible to accept our work		



# Value

We at AEM help cities achieve their financial goals.

Fees are based on the assumption and limitations outlined in the scope of work that follows below. Below are the fees for our services.

## Finance Director Services

January 22, 2020 – February 21, 2020  
February 22, 2020 – March 21, 2020  
March 22, 2020 – April 21, 2020

## Monthly Fee

\$ 11,500  
9,700  
9,500

Initial invoice will be sent within 10 days of the execution of this agreement. Monthly installment fees will be invoiced throughout the remainder of this contract.

## Audit Preparation Services

Partner/President  
Partner  
Client Services Senior Accountant

## Hourly Rate

\$ 375  
220  
185

For audit preparation services, travel will be invoiced at ½ the hourly rate and mileage at the standard IRS rate.





# Human Resources Experience

When it comes to human resources consulting and support, our team of HR experts is laser focused on what really matters – your people. Our team is comprised of experienced HR professionals with over 45 years of combined HR experience from a wide variety of internal, external, and multi-industry perspectives. The diverse background and experiences of our staff allows us to offer our clients real world, people-focused, and best-in-class HR consulting, compliance, process, and talent management solutions. By advocating the use of technology to efficiently and effectively service your organization, we are able to dedicate our time to personally supporting your team.

AEM is a full-service firm with over 160 dedicated experts experienced in areas ranging from accounting, audit, taxation, payroll, business valuation, to estate planning. Our team is here to help bring your organization to the next level of success.

## Partnering with Us

We begin every client relationship with listening to where you are today and where you want to go tomorrow, from this we are able to gain a deep understanding of the needs of your organization. We focus on understanding your culture, your leaders, and your current policies while helping you identify and prioritize your current challenges, blind spots, goals, and opportunities. This phase typically involves review of relevant documents, discussions with your leadership team, and collaboration with your key decision makers. Whenever possible, our team loves the opportunity to meet and connect with your people, face to face, to build the trust and relationships that drive rewarding partnership and project outcomes.

Your organization isn't looking for "one size fits all" solutions and templates, and our team understands that. Our commitment to really knowing your organization and your people, *before* building a solution, allows us to provide you with customized deliverables and outcomes that align with your strategic direction and add value over the long-term.

This people-centric and outcome-focused approach to HR support makes us confident that we're the right partner for your organization. Let us help you transition your HR operations from restrictive and uncertain to intentional and empowering.

## Our Human Resources experts provide:

### General HR Support

*As-needed support to handle challenging and confusing HR issues. We can help translate the rules into real-world solutions.*

### HR Assessment Projects

*Document your current HR policies and procedures, identify potential risk areas, and recommend long-term process and program improvements*

### Compliance Management Systems

*Keep your organization compliant while minimizing the paper shuffle*

### Employee Handbook development and manager/employee training

*We will provide your team with clear and predictable policies that work in real life*

### Benefit plan value analysis, enrollment support, and employee education

*Ensure your employee benefit investment receives the recognition and appreciation it deserves*

### Automation Consulting

*We will help you automate the administrative and paper heavy HR functions, improving consistency to free up your time to focus on your people*

### Affordable Care Act

*Compliance planning, management, and reporting support*

### Performance Management Program development and training

*Effectively motivate and reward the behaviors that drive organizational success*

### Manager and leadership training

*Including, but not limited to, sexual harassment, disability accommodation, effective communication, goalsetting, change management, and constructive conflict*

### Total compensation program and marketability analysis

*Ensure your compensation program is competitive, motivating, and focused on retaining your highest performers*



# Value

## SCOPE OF SERVICES

### Proposed Investment

**Comprehensive HR Assessment:** includes a full day on-site to review your current HR policies, practices, employee files, general payroll practices, and employee record-keeping. Project deliverables include a comprehensive HR Scorecard Report to help you identify and prioritize HR risks, process improvements, and opportunities as well as access to ready-made tools and templates to get you on track quickly.

**\$4,500.00**

## ON-CALL HR SUPPORT AND COACHING AT ANY LEVEL

**Technical and Administrative Support** – includes basic HR compliance, benefit support, processing best practices, basic employee communications, and access to standardized tools and templates.

**\$115.00 - \$165.00/hour**  
*(dependent on the level of staff required)*

**HR Generalist and Manager/Supervisor Support** – includes customized HR process evaluation and development, manager/supervisor coaching and development, and assistance with complex HR matters.

**\$165.00 - \$250.00/hour**  
*(dependent on the level of staff required)*

**Strategic Workforce Planning and Employment Program/Policy Development**

**\$230.00 - \$375.00/hour**  
*(dependent on the level of staff required)*