

TO: MAYOR AND CITY COUNCIL

FROM: NEIL JENSEN, City Administrator

SUBJECT: Gronbach Construction (CannonBelles Cheese) Water and Sewer Fee Reduction

MEETING DATE: December 15, 2020

BACKGROUND

Gronbach Construction is the owner of the building that is being constructed to house CannonBelles Cheese. They are requesting a reduction in the Water and Sewer Access Fees that the city collects upon the issuance of a building permit or hookup to the city sewer and water.

They will need a 2-inch water service and a 4-inch sewer service hookup for the building. The fee for the 2-inch water is \$9,800.00 and the fee for the 4-inch sewer service is \$5,600.00 or \$15,400. As you have read in the letter, they are not asking for a specific amount but do call out another industrial / commercial user that had received a reduction in the recent past. The city actually has reduced fees for several new facilities in the past.

This request was brought to the Finance Committee for review and a recommendation. It was the consensus of the Finance Committee to lower the SAC and WAC fee from \$15,400 to \$11,200. This is the minimum fee for commercial/industrial users that hookup to our system (\$5,600 water \$5,600 sewer).

STAFF RECOMMENDATION

Please consider and approve a WAC and SAC Fee Reduction for Gronbach Construction (CannonBelles Cheese) from \$15,400 to \$11,200.

REQUESTED COUNCIL ACTION

Please make a motion to reduce the SAC and WAC fees from \$15,400.00 to \$11,200.00 for Gronbach Construction on the CannonBelles Cheese facility.

Nov 12, 2020

City of Cannon Falls

C/O Neil Jensen, City Administrator
918 River Road
Cannon Falls, MN 55009

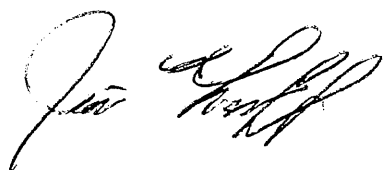
Gronbach Construction is financing and building a 5,300+ Sq Ft building, in the Industrial Park, that will be the home of CannonBelles Cheese. These ladies began their business over 4 years ago and have been working diligently on creating their own cheese plant in Cannon Falls. They love the town so much that they opened CannonBelles Coffee and Ice Cream last year, further solidifying their presence in town.

This project has been in the works for almost 2 years. Since the beginning, we have seen a dramatic increase in construction costs. The price of stainless steel has risen radically over the past 2 year. Other material costs have increased in 2020 due to the COVID-19 epidemic as a result of either slowing down production or almost doubling transportation/shipping costs. These pandemic related expenses were not expected by anyone and are difficult to adjust to. Due to the increase in costs, money is very tight on this project. This is one of the reasons we are requesting a reduction in the \$15,000 water and sewer connection fee. Previous businesses have received an almost \$5000 savings on this fee over the past year.

CannonBelles Cheese will be paying taxes in the community, as well as having a significant water and sewer bill each month. These costs paid by this company should help offset any reduction in this fee.

We hope you take this into consideration. If you have any question, please contact me at (515) 890-0350, or gronbach.construction@gmail.com.

SINCERELY,



JAMES (JIM) GRONBACH
GRONBACH CONSTRUCTION