

**TO: HONORABLE MAYOR AND CITY COUNCIL**  
**FROM: Laura Qualey, Economic Development**  
**SUBJECT: 2020 Economic Development Authority Annual Report**  
**DATE: February 16, 2021**

**BACKGROUND:**

According to the Cannon Falls Economic Development Authority Bylaws: *In accordance with Minnesota Statutes, Sections 469.100, The Economic Development Authority shall annually submit to the City Council a written report giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year.*

Qualey will present the 2020 Economic Development Authority Annual Report to the City Council on 2-16-21. The report was presented to the EDA Board on 2-4-2021 and was approved to send to the City Council for final approval.

**REQUESTED COUNCIL ACTION:**

Motion to approve the 2020 Economic Development Annual Report.



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## BACKGROUND OF EDA

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The Cannon Falls Economic Development Authority (EDA) was created November 3, 2005, and operates under the authority of the City Council as the chief economic development agency for the city. The EDA's goal is to improve the economic condition of Cannon Falls through appropriate commercial and industrial development, thus creating a higher tax base and quality employment opportunities.

The mission of the Cannon Falls EDA is to promote and coordinate the development and expansion of those special areas of economic activity including but not limited to industry, commerce, housing, and tourism, while maintaining a high quality of life for Cannon Falls area residents.

The bylaws of the EDA require an annual report of activities to the City Council for the preceding calendar year. This document serves as that annual report.

The Community Development Director is the City staff member assigned to implement the economic development policies and provide staff services as the liaison to the Economic Development Authority. The management of the operations relating to local economic development includes marketing and recruitment of potential businesses, meeting the expansion needs of existing businesses and working on redevelopment projects within the city limits of Cannon Falls. The Community Development Director also serves as recording secretary for the EDA meetings, which were held every month on the second Wednesday of the month at 7 a.m. in the City Hall Conference Room.

### **2020 EDA Commissioners were:**

**Luke Cooreman**, President

**Amy Dombeck**, Vice President

**John Althoff**, Treasurer, Mayor

**Morris Mattson**, City Council Liaison

**Roxanne Flaten**, Member

**Neil Jensen**, City Administrator

**Laura Qualey**, Secretary, Community & Business Development Specialist

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## GRANTS RECEIVED

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To carry out the preceding goals, the EDA administers several tools, including a local revolving loan fund, subsidy programs like tax increment financing (TIF), tax abatement and other regional, state and federal programs. The EDA also actively pursues other sources of revenue in the form of grants from various local, regional, state, and federal programs, including but not limited to:

- **Southern Minnesota Initiatives Foundation (SMIF)**
  - \$5,000 Small Towns Crisis Grant awarded August 2020 to help small towns respond and recover from the hardships created by the COVID-19 crisis and the effects on the community.
- **Explore Minnesota (on behalf of the Chamber of Commerce)**
  - \$1,000 for Crisis Tourism Grant for advertising
- **MN Department of Natural Resources (MnDNR)**
  - \$109,500 Local Trails Connection Grant awarded and denied; reapplying in 2021 for a larger grant amount from Regional Trails Connection Grant
- **MN Historical and Cultural Heritage Grant Program**
  - \$2.2 Million for 3rd Street Bridge Rehabilitation Project
- **MN Dept of Agriculture via Renewing the Countryside**
  - \$2,000 for the Farmers Market Food Aggregation program
- **USDA via Renewing the Countryside**
  - \$1,000 Farm to School Program and marketing, signage and managing the Artisan Plaza Farmers Market Food Aggregation Program
- **Compeer Financial Grant**
  - \$1,000 to Artisan Plaza Farmers Market for Marketing, Education, Research & Support of Farm to School Program and Artisan Plaza Farmers Market
- **Mayo Clinic Health System**
  - \$1,000 implementation of the Power of Produce Program at Artisan Plaza Farmers Market
- **Private land donation** along the 3rd Street bridge and Cannon River by Pat Greene for the restoration of the bridge project.

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## BUSINESS ACTIVITY

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There were five significant commercial/industrial projects permitted in 2020, with a total valuation of \$2.15 Million for new construction . They include:

1. **Trinity River, LLC dba CannonBelles Cheese** broke ground on constructing a 5,627 sq. ft. production facility at 105 Cannon Industrial Boulevard, valued at \$400,000.

2. **Carstensen Trucking** constructed a 15,000 sq. ft. facility at 700 Cannon Industrial Boulevard, valued at \$895,000.
3. **A.B. See Preschool & Early Learning Center** remodeled the former NAPA building at 300 Park St. W. for \$118,000.
4. The former **Cannonball Truckstop** was demolished in July 2020 to create an opportunity for redevelopment of the 3.25 acres. This project was co-funded by the Economic Initiatives Corporation to help spur development of the property. The project cost totalled \$185,308.07 and the property is listed for \$250,000.
5. **BFD dba Banks Outdoors** expansion broke ground for a 30,000 addition to their existing facility valid at 31633 64th Ave valued at \$1.1 million.

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## SITE INVENTORY

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Available commercial and industrial land as well as available office and commercial building inventory are available at City Hall. It can also be accessed through the internet on the City of Cannon Falls website, [www.cannonfallsmn.gov](http://www.cannonfallsmn.gov) or the Minnesota Department of Employment and Economic Development's site selection application Location One Information Service (LOIS) and CoStar Logistics.

The EDA has two sites available for industrial development: five sites available for sale and development located at:

- Lot 1 Block 1 BUSINESS PARK N 1ST REPLAT; PID 52.111.0010; 3.06 acres;
- Lot 3 Block 1 BUSINESS PARK N 1ST REPLAT; PID 52.111.0030; 2.9 acres;
- Lot 5 Block 2 EX BUSINESS PARK N ORIGINAL PLAT; PID 52.110.0090; 4.3 acres;
- 433 MILL STREET WEST; PID 52.100.4160; .36 acres;
- Lot 1 Block 1 McCANNONBALL SUBDIVISION; PID 52.730.0010; 3.25 acres;

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## BUSINESS SUBSIDIES UTILIZED AND OTHER MISCELLANEOUS ECONOMIC DEVELOPMENT ACTIVITY

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In 2020, the Cannon Falls Economic Development Authority was involved in several key development projects.

The EDA continues to administer a local Revolving Loan Fund (RLF). The EDA RLF had a year-end balance of about \$125,000 with \$403,088.43 owed from outstanding loans. Current outstanding loans are listed below:

LOAN RECIPIENT	PRINCIPAL OUTSTANDING	MATURITY DATE
Anytime Fitness	\$ 5,012.91	7/31/2021
Interstate Building Supply	\$ 39,470.18	9/19/2023
Aqualand	\$ 17,824.23	12/12/2023
Raw Bistro	\$106,945.44	1/15/2024
Keith Meyers	\$ 64,661.00	7/18/2024
Tilion Brewing Co.	\$ 92,460.07	9/24/2026
<u>ArtOrg</u>	<u>\$ 76,714.60</u>	<u>12/01/2027</u>
<b>TOTAL</b>	<b>\$403,088.43</b>	

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### COVID-19 BUSINESS ASSISTANCE

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The U. S. Treasury passed a \$150 billion Coronavirus Aid, Relief, and Economic Security (CARES) Act in February 2020 to provide fast and direct economic assistance for American workers, families, and small businesses, and preserve jobs for American industries. The Treasury made payments from the Fund to States and eligible units of local government; the District of Columbia and U.S. Territories (the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments (collectively “governments”).

Due to the SARS-COV-2 pandemic, the Federal CAREs Act provided funds to local governments for relief. As part of the relief, a portion of those funds can be given to affected businesses. It can also be transferred to other government entities and services. Assistance provided to Cannon Falls businesses and organizations include CAREs Act grants from Goodhue County. Goodhue County CAREs Act grants were awarded to 59 businesses/nonprofits totaling \$588,000. That is 27% of the total \$2,217,620 that was distributed. The following Cannon Falls area industries were awarded:

4 Agricultural	\$ 40,000
1 Childcare	\$ 10,000
1 Education	\$ 10,000
1 Financial Serv.	\$ 10,000
2 Fitness	\$ 20,000
3 Healthcare	\$ 30,000
4 Lodging/Travel	\$ 40,000
5 Manufacturing	\$ 50,000
6 Nonprofits	\$ 60,000
11 Restaurants/Bar	\$110,000
11 Retail	\$110,000
4 Salons	\$ 38,000
<u>6 Services</u>	<u>\$ 60,000</u>
<b>59</b>	<b>\$588,000</b>

The City of Cannon Falls also received \$310,327 from the CARES Act. The City utilized the funds to pay for public health expenses, personal protective equipment for city employees, payroll designated for COVID related activities, improving telework capabilities of public employees and also local economic support. The City of Cannon Falls provided \$2,000 to the Cannon Valley Senior Center, and \$28,997.49 to the Cannon Falls School District #252.

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## MISCELLANEOUS INFORMATION

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### MARKETING EFFORTS

The Cannon Falls Economic Development Authority promotes the community to prospective businesses and visitors as well. Located along TH 52 and Hwy19, home to Cannon Valley Trailhead, John Burch Park, and Lake Byllesby, Cannon Falls offers numerous opportunities for visitors seeking a short day-trip outing or vacation destination. Marketing potentially brings additional dollars into the community and helps retain and grow the vitality of our business district.

The EDA participates in a community booklet highlighting many of these features and listing the businesses offering meals, lodging, entertainment, shopping, etc. In addition, advertisements and promotional sponsorships have been made in the publication Explore MN which showcase our community and events.

The EDA also branded the local foods initiative in 2020 by launching a campaign called **Cannon Roots** which highlights the local area food/beverage producers in the community and also featuring the 'things to do' in the town as well. The marketing campaign included a 2 page advertorial in the Local FEAST! publication, a branded website found at [www.cannonroots.com](http://www.cannonroots.com), as well as two social media platforms including Facebook and Instagram. This project was made possible by grant funds from the Blandin Broadband Community grant the city received in 2018 as well as a Small Towns Crisis Grant from SMIF in 2020 to assist communities' promotional efforts related to the COVID-19 pandemic.

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## COMMUNITY DEVELOPMENT - GENERAL

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### 1. Blandin Broadband Community Grant Projects

- a. Cannon Roots local foods brand launched a website featuring the local food producers and also Cannon Valley Trail and Cannon River. This will be updated quarterly with content for new businesses and also other local adventures.

Instagram and Facebook platforms were also created for Cannon Roots as well as a SHRPA subscription which is similar to the Trip Advisor platform.

- b. The ISD \$252 received \$31,792 to aid in distance learning for our students. This included hot spots, internet service and also tablets for teachers to aid in facilitating the curriculum virtually.
- c. The Library received \$1,360 for new Chromebooks that patrons can check out.
- d. The Chamber of Commerce were recipients of a new computer and also new software called GrowthZone which will allow for better content management for the website as well as accepting online payments. \$1,528 was dedicated to this project.
- e. Cannon Valley Senior Center received \$1,025 for a new website and rebranding as well as a couple refurbished computers from the Blandin Foundation.
- f. Cannon Belles Cheese took advantage of the Digital Marketing project and received a new laptop and new website which allows for an online ordering portal for their cheeses, coffee or other food items..

## **2. Cannonball Redevelopment and Environmental Clean Up**

- a. Demolition of the structure was completed August 2020
- b. Property is listed on CoStar and LOIS which are commercial real estate platforms visible to the public.
- c. This project was the first partnership project with the Economic Initiative Corporation which funded 50% of the cost of the project.

## **3. Electric Vehicle Charging Station**

- a. ZEF Energy, Inc., has allocated up to \$100,000.00 to be used towards four Electric Vehicle (EV) charging stations. This was to be installed Fall 2020 but was pushed to Spring 2021.

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## **COMMUNITY INFORMATION CHANNEL, SOCIAL MEDIA & WEBSITE**

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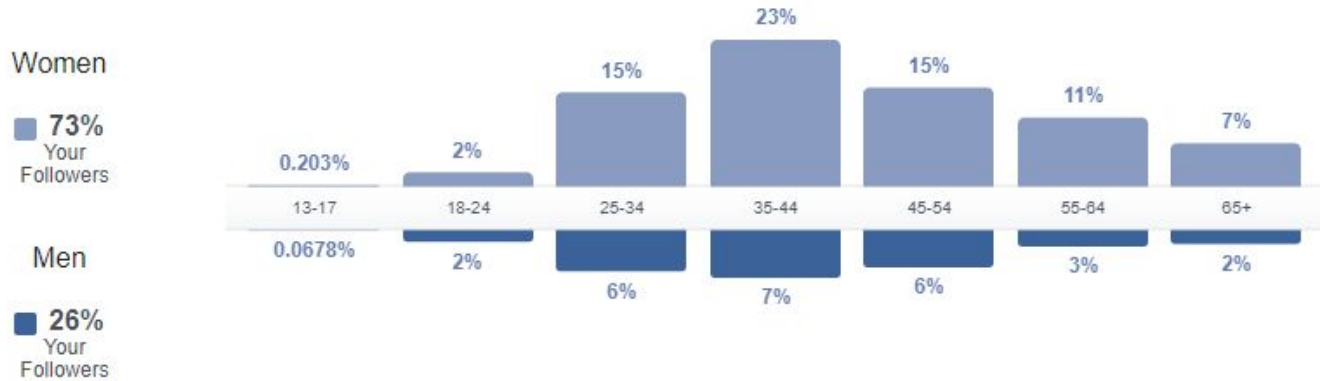
The City of Cannon Falls continues to utilize the Channel 12 Local Government Channel to keep residents informed of upcoming meetings, events, and public project information. It has proved a powerful tool for local government, the school district, and non-profit organizations to inform the community of their various activities. Especially in the time of COVID-19, our community has been able to stay connected to the happenings in and around the city.

The City of Cannon Falls official website, [www.cannonfallsmn.gov](http://www.cannonfallsmn.gov), provides information about the city departments, elected officials, council agendas, minutes, current issues and events, FAQ's, building permits and more. Updates occur on an ongoing basis and will continue

through early 2021 to allow for greater resident engagement and interaction with City services. City Hall was able to update some audio/video equipment for the conference room. This has and will enable the EDA and other City leaders to host remote meetings and engagement with meeting attendees as well as prospective.

The City also utilizes social media, specifically Facebook to reach out to citizens and visitors with timely information. We have 1460 Followers and the Demographics of them are shown below:

The people who follow your Page. This number is an estimate.



City	Your Followers
Cannon Falls, MN	808
Red Wing, MN	55
Hastings, MN	38
Randolph, MN	29
Minneapolis, MN	25
Rochester, MN	20
Northfield, MN	19
Goodhue, MN	17
Farmington, MN	17
Saint Paul, MN	15



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## PLANNING COMMISSION BACKGROUND

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The Planning Commission provides assistance to the City Council in the administration of City of Cannon Falls Zoning and Subdivision Ordinances. The recommendations of the Planning Commission are advisory in nature. Specifically, the Planning Commission reviews, holds public hearings, and makes recommendations to the City Council on all applications for zoning amendments, rezone requests, conditional use permits, and plats.

The Planning Commission holds regular meetings at 6:30 p.m. on the second Monday of every month in the Council Chambers at City Hall. The Commission consists of the following seven members annually appointed by the Mayor:

**Mike Daniels**--Chairperson  
**Bruce Hemmah**  
**Glen Lundell**  
**John Christensen**  
**Derek Lundell**  
**Bill Duncan**--Council Representative  
**Matt Montgomery** -- 2nd Council Representative  
**Dianne Howard** -- Staff Liaison is Zoning Assistant

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## VARIANCES/CONDITIONAL & INTERIM USE PERMITS/ PLATS/MINOR SUBDIVISIONS AND ANNEXATIONS

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A **variance** is defined as a modification or variation of the provisions of the City of Cannon Falls Zoning Ordinance where it is determined that by reason of special and unusual circumstances relating to a specific lot, strict application of the Zoning Ordinance would cause a practical difficulty. The Administrative Assistant administers the process for variance application and brings items forward for review by the Planning Commission. The Planning Commission holds a public hearing and forwards a recommendation to the City Council for a final decision.

There were **3** variances issued in 2020:

- 302 Ridgecrest Dr. for a 6 ft. tall fence
- 1208 W. State St. to widen their driveway
- 31633 64th Ave for a variance, encroachment for a zero-lot-line so they can connect to a pre-existing building on an owned neighborhood lot, and rezone district from a B-2 to an I-1.

To protect and promote the public health, safety, and general welfare, to provide for the orderly, economic, and safe development of land and to facilitate adequate provision for transportation,

water, sewage, storm drainage, schools, parks, playgrounds, and other public services and facilities, the City provides for the **platting** or **subdivision** of land under established standards, requirements, and procedures; consistent with MN State Statute. There were **zero** new plats approved in 2020.

A **Conditional Use Permit (CUP)** or **Interim Use Permit (IUP)** may be approved to allow a use with specific restrictions/conditions or for a limited period of time that reasonably utilizes the property in the manner not permitted in the applicable zoning district and/or allow a use that is presently acceptable but that, with anticipated development, may not be acceptable in the future. There were **three** CUPs granted in 2020:

- 24 ft. garage to be constructed on property at 201 Main Street W.
- To open and operate a residential treatment center at 31591 64<sup>th</sup> Avenue
- To construct an accessory structure that would bring their total combined accessory structure square footage over the maximum 1,500 sq. ft. City Code limitations at 103 W. Dakota Street

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## ZONING ORDINANCE

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**Zoning Code Changes;** there were zero amendments to the Zoning Code in 2020.

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## BUILDING PERMITS

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<b>2020 BUILDING PERMIT SUMMARY</b>	Permits Issued	New Units	Valuation
<b>BUILDING</b>			
SINGLE FAMILY HOMES	12	12	\$2.847 Mill
MULTI-FAMILY/APARTMENT			
COMMERCIAL/INDUSTRIAL PUBLIC/NON-PROFIT	6	4	\$3.491 Mill
OTHER (Renovations/Additions/Decks/Garages...)	139		\$1.966 Mill
<b>TOTAL</b>	<b>157</b>	<b>16</b>	<b>\$8.304 Mill</b>

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## 2021 Economic Development Goals

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Economic development goals provide a pathway that communities can follow to overcome diverse, often challenging situations. Economic stability is unpredictable but having short term goals (1-2 years) and some long term goals (3-5 years) that are reviewed on a regular basis are important given the pace of change and uncertainty in today's economy. Evaluating these goals helps to set the stage for development and growth. To achieve these goals, it's important to build public and private partnerships as well as having investment/funding connections. Having an active EDA board and support of the City Council aids in the ability to see the 'big picture'.

The creation of a strategic economic development plan is often led by an economic development professional and typically reviewed on a yearly basis. Most plans are recreated entirely every 3-5 years (often sooner given the pace of change and uncertainty in today's economy) to ensure they align with ever-changing needs.

The EDA Board determined that the following goals below are short term goals we feel can be accomplished within the next 1-2 years to set the stage for further growth in Cannon Falls.

### Annexation for development

- a. 52/86 Industrial Park out to 52
- b. County land behind Speedway/Frontier Ag and County 24
- c. Hayes Property (*12 acres already in the works for 2021*)

### Housing Developments/Affordable Housing

- a. Jablonske's Towering Bluffs
- b. Hayes Developments
- c. County land if annexed by hospital
- d. Multi-family housing

### Pursue Data Center/Cold Storage

- a. Determine current status of certification process
- b. Private landowners willingness to sell
- c. Great River Energy/Dakota Electric are key partners

### McCannonball Lot Redevelopment

- a. Straighten out easement to McDonald's
- b. Split the lot into 2 parcels; 2 acres and <1 acre
- c. Market 2 properties for development

Update the Grow Cannon Falls Promotional Video

- a.** \$4500 is allocated to this project (Spring 2021) (Blandin\$)
- b.** Incorporate the ISD #252 1:1 Device Initiative and state ranking
- c.** Use Cannon Roots Branding for tastes and adventure