

The Cannon Falls City Council met in a regular session on Tuesday, August 3, 2021, in the City Council Chambers. Present were Mayor John Althoff and Council Members Bill Duncan, Laura Kronenberger, Matt Montgomery, and Mary Jill Bringgold (remotely); Council Members Steve Gesme and Derek Lundell were absent. Also in attendance were Neil Jensen, City Administrator; Dan Howard, Public Works Director; Laura Qualey, Community and Economic Business Specialist; Joe Berg, Police Lieutenant; and Nicole Miller, Library Director (remotely).

Call to Order Mayor Althoff called the City Council meeting to order at 6:30 p.m.

Roll Call Roll call was conducted. Mayor Althoff and Council Members Bringgold, Duncan, Kronenberger, and Montgomery were in attendance. Council Members Gesme and Lundell were absent.

Pledge of Allegiance Mayor Althoff led the recitation of the Pledge of Allegiance.

Approval of Amended Agenda Council Member Montgomery requested the addition of an item to the Council Business section relating to the agenda format for City meetings. A motion was made by Council Member Duncan, seconded by Council Member Montgomery and unanimously carried, to approve the Agenda as amended.

Public Hearings:
Resolution 2563,
Certifying Unpaid
Utility Charges to be
Collected with Taxes

Mayor Althoff provided background information, stating that a past Council instituted a policy to collect unpaid utility charges with property taxes, rather than shutting off the water utility. Mayor Althoff opened the Public Hearing for this item at 6:32 p.m.

Babe O’Gorman, Cannon Falls, referenced a \$10,000 delinquent charge and suggested that the Council consider instituting a policy that would include shutting off the water utility. Council Member Duncan inquired regarding the delinquent charges. City Administrator Jensen indicated that this account is associated with an apartment building. Mayor Althoff commented that the total amount of delinquent charges has increased this quarter. No one else spoke during the Public Hearing. Mayor Althoff closed the Public Hearing at 6:34 p.m.

A motion was made by Council Member Montgomery, seconded by Council Member Duncan and unanimously carried, to adopt Resolution 2563.

Resolution 2570,
Approving the
Establishment of Tax
Increment Financing
District No. 2-10
within Municipal
Development District

Community & Economic Business Specialist Qualey provided background information and described the proposed project at the former Cannonball site. Mike Bubany, representing David Drown Associates, discussed how tax increment financing is used, detailed

No. 2 and Adoption of
the Tax Increment
Financing Plan
Relating Thereto

the proposed Housing Tax Increment Financing District, summarized the pay-as-you-go TIF Plan for the project, and reviewed the benefits of the plan for the developer and for the community. He stated that 40% of the units would be reserved for families at 60% of the median income, adjusted for family size. He reviewed the terms of the proposed agreement, noting that there would be no financial risk to the City. He clarified that there would be no Section 8 housing units in this apartment complex.

Council Member Duncan asked about SAC and WAC fees for the project. Mr. Bubany provided additional information in this regard. Council Member Duncan inquired regarding the process, commenting that the public has not been adequately informed about the proposal. Mr. Bubany reviewed the next steps. He stated that certification of the TIF District would not be requested from Goodhue County until next spring, adding that adoption of the TIF Plan at this time would allow the developer to move the project forward.

Mayor Althoff opened the Public Hearing for this item at 7:00 p.m.

Diane Johnson, Cannon Falls, asked whether an environmental study has been conducted at the site. Ms. Qualey stated that a Phase 1 Environmental Site Assessment and soil borings have been conducted, noting that the property has been certified for redevelopment. Ms. Johnson asked whether the proposed rents would include utilities. Bob Keller from Keller-Baartman Properties, the developer of the project, indicated that the rents would not include utilities, adding that tenants would only pay a portion of the actual utility costs. He stated that the complex would also have heated underground parking facilities. Ms. Johnson expressed agreement with the need for more affordable housing in Cannon Falls but questioned whether the proposed site, in the middle of a commercial district, is the proper location for apartments.

David Olson, local business owner, discussed the need for affordable housing in Cannon Falls. He stated that there are some outstanding questions relating to the proposed project.

Bob Keller described the changing demographics of the area and discussed current tenant preferences. He also discussed the benefits of adding to the tax base and providing workforce housing. He offered to provide tours of Keller-Baartman housing developments in Red Wing.

Steve Bauer, local business owner, expressed agreement with the need for more housing but opposition to locating a housing development in a commercial area. He suggested moving the project to vacant land to the east of the former Cannonball site.

Doug Rechtzigel, owner of a neighboring business, stated that no one from the developer group has communicated with him about the project. He spoke in support of the project but in opposition to the proposed location in a business district. He discussed the nature of the work performed by Triangle Automotive Machine, referencing noise, lights, and odors. He also expressed concerns relating to traffic.

Jack Lucking, Cannon Falls, spoke in support of the developer's housing projects but also expressed concerns about the location. He cited safety issues and suggested other potential locations.

Dawn Lanning, Cannon Falls, stated that there has been a profound lack of information about the proposed project for the public. She commented that an informational meeting should have been scheduled early on in the process. Ms. Lanning inquired regarding the checkboxes referenced by Ms. Qualey. Ms. Qualey discussed the EDA's strategic goals, including redevelopment of the former Cannonball property and assistance with housing needs in the area. Ms. Lanning asked about school district impacts from the TIF Plan. Mr. Bubany provided additional information in this regard. Ms. Lanning commented with regard to at least 40% of the units being reserved for low-income housing. She expressed concerns that the project is not financially feasible for the developer without the City's participation, including a below-market selling price for the property. She commented that there has been no analysis of the financial impacts of the proposed TIF Plan for an already struggling school district. She suggested exploring ways to attract young families by providing more affordable single family homes. Ms. Lanning cited statistics about Cannon Falls according to www.City-Data.com along with information from a 2019 study by Minnesota Housing. She expressed disagreement with a statement in the TIF agreement that the project is consistent with the City's zoning ordinances and development plan. She also expressed concerns about the higher than average rents and the developer's ability to rent out the units.

Babe O'Gorman discussed how a TIF Plan encourages development by refunding a portion of the taxes to help cover the cost of the project. He commented that the TIF Plan was written for a housing district, noting that the property under discussion is in a commercial

district. He stated that the Planning Commission has not yet considered rezoning the property.

Mr. O’Gorman stated that the City Council should address the land use issues prior to approving a Housing TIF Plan for property that is not currently located in a residential zone. He noted that the EDA has not officially voted to approve the project. He also expressed concerns that proposals are not being considered in a consistent manner.

David Olson asked whether a TIF Plan could be applied to a better location for a housing development. It was noted that this is a possibility. He commented regarding the EDA’s plan to “get rid of the Cannonball lot.” He inquired regarding the requirement for parkland dedication in conjunction with a housing development.

Babe O’Gorman requested clarification of the information provided by Mr. Bubany. Mr. Bubany provided clarification in this regard.

Peter Bodette, neighboring business owner, suggested other potential locations for a Housing TIF District.

Mayor Althoff commented that everyone is in agreement with the need for more housing in Cannon Falls. He stated that the school district would benefit from additional students.

Mayor Althoff read a letter from the Cannon Falls Economic Initiatives Corporation in support of the proposed project.

Diane Johnson expressed agreement with the need for more affordable housing in Cannon Falls. She suggested postponing a decision on this matter, in order to evaluate other potential locations for the project.

Doug Rehtzigel suggested more discussion of the proposal with the community. He reiterated that the property has been designated as a business district. He cited traffic and safety concerns and agreed with the suggestion to consider other locations for the housing development.

Dawn Lanning suggested that the Economic Initiatives Corporation talk with business owners on the south end of Cannon Falls.

No one else came forward to speak during the Public Hearing. Mayor Althoff closed the Public Hearing at 7:56 p.m.

Mayor Althoff stated that the EDA is requesting that the City Council approve the Housing TIF District as presented.

Council Member Montgomery referenced past discussion of redevelopment opportunities for the former Cannonball property. He stated that the infrastructure can be improved to address walkability and other concerns. He commented regarding the number of parks in Cannon Falls. He stated that the housing development would result in additional commerce in the area.

Council Member Duncan asked whether other potential sites were evaluated by the developer. Bob Keller provided additional information and commented that a mixed use development concept is difficult for people to understand. He stated that the apartment complex would bring life to the neighborhood. He discussed landscaping and infrastructure improvements. He commented that other communities are providing land for housing development. He provided additional rationale for an apartment complex. He stated that this site was presented to the developer.

Council Member Duncan commented that the property has been available for purchase for a long time. He stated that housing developments are being built in other communities along major roads, in order to provide easy access.

Council Member Duncan stated that the full concept plan will be presented to the Planning Commission during the next meeting. He commented regarding the TIF District approval process, noting that this decision could be reversed prior to the TIF District being certified by Goodhue County if there are issues or concerns.

Council Member Kronenberger expressed support for the development itself but expressed concerns about the proposed location. She stated that she would not be in favor of approving a Housing TIF District that is tied to a commercial site.

Council Member Duncan commented that the people who show up to speak during Public Hearings are typically those opposed to a proposal.

Council Member Bringgold discussed the need for more market-rate rental properties in Cannon Falls. She spoke in support of approving the TIF District.

A motion was made by Council Member Montgomery to adopt Resolution 2570. The motion was seconded by Council Member Duncan. A vote was conducted, and the motion carried by a vote of 3:1, with Council Member Kronenberger voting nay.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending July 28, 2021
- B. Meeting Minutes for July 20, 2021, City Council Meeting
- C. Resolution 2564, Approving a Variance and Administrative Lot Split for Goodhue County Habitat for Humanity at 1200 Sixth Street North
- D. Resolution 2565, Approving Limited Use Permit No. 2502-0038 with the Minnesota Department of Transportation
- E. Resolution 2566, Accepting Memorial Swinging Park Bench from Carol Emery to the Parks Department
- F. Approve Police Officer Hunter Hubner Hire
- G. Approve ArtOrg Street Closure Request
- H. Approve On-Sale Liquor License for the Grand O2 Event Center
- I. Approve 2020 Freightliner Full Response Pumper Change Order
- J. Resolution 2567, Accepting a Monetary Donation of \$6,000 from the Cannon Falls Fire Relief Association to the Fire Department
- K. Resolution 2568, Authorizing Acceptance of the Sandstone Property from SEMMCHRA

A motion was made by Council Member Duncan, seconded by Council Member Montgomery and unanimously carried, to approve the Consent Agenda as presented.

Council Business:
MnDOT Project 2506
and Cooperative
Agreement #02739
(Highway 52
Roundabout
Interchange)

City Administrator Jensen provided background information regarding the final pay request for the Highway 52 roundabout interchange project. The project time frame and the City's portion of the project cost were discussed.

A motion was made by Council Member Montgomery, seconded by Council Member Duncan and unanimously carried, to approve the final pay request of \$10,455.12 relating to MnDOT Project 2506.

Resolution 2569, for
Layout Approval for
Trunk Highway 19
Pavement
Rehabilitation and
ADA Improvements
Project

Administrator Jensen provided background information regarding the project. He stated that the Public Works Commission recommends approval of the project.

Council Member Montgomery asked about crosswalks and pedestrian safety issues. MnDOT representative Mark Trogstad-Isaacson and

consulting engineer Chad Seaman provided additional information in this regard.

The City's portion of the project cost and funding sources were discussed. The anticipated project schedule was discussed.

A motion was made by Council Member Montgomery, seconded by Council Member Duncan and unanimously carried, to adopt Resolution 2569.

Agenda Format for
City Meetings

Council Member Montgomery referenced discussion during a recent work session of changing the Council meeting agenda format. He stated that it was suggested to conduct public input off-camera following official adjournment of the meeting. It was noted that this change would also apply to other boards and commissions that set aside time for public input. It was clarified that this would not apply to public hearings.

A motion was made by Council Member Montgomery, seconded by Council Member Duncan, to make this change, effective immediately. A vote was conducted, and the motion carried unanimously.

Reports:
Council
Committees/
Commissions/
Nonprofit
Organizations

Cannon Falls Area Chamber of Commerce President Kyle Paulson reported that city-wide garage sales are planned on Sept. 17 and 18. She stated that the Cannon Falls Wine & Art Festival has been scheduled for July 16-17, 2022. She discussed National Night Out activities. She stated that C&M Circus will be coming to Dennison, Minnesota, on August 5. She discussed the Open Air Fair on August 12.

Staff, Mayor, and
Council

Public Works Director Howard discussed the Third Street Bridge water main project, alley improvements, sewer cleaning activities, and landscaping at the City parking lot.

Mayor Althoff reviewed upcoming meetings.

Public Input

Public input was conducted following adjournment of the meeting.

Adjournment

A motion was made by Council Member Montgomery, seconded by Council Member Duncan and unanimously carried, to adjourn the meeting. The meeting adjourned at 7:36 p.m.

Adopted by the City Council of the City of Cannon Falls on the 17th day of August, 2021.

Steve Gesme, Mayor Pro-Tem

ATTEST:

Neil L. Jensen, City Administrator