

The Cannon Falls City Council met in a regular session on Tuesday, November 21, 2023, in the City Council Chambers. Present were Mayor Matt Montgomery and Council Members Laura Kronenberger, Derek Lundell, Steve Gesme, Lisa Groth, Ryan Jeppesen, and Diane Johnson. Also present were Neil Jensen, City Administrator; Sara Peer, City Clerk; Jed Petersen, Public Works Director; Laura Qualey, Economic & Business Specialist; Bill Angerman, City Engineer; Zach Logelin, Permit & License Technician; Mike Althoff, Fire Chief; and Jeffrey McCormick, Police Chief.

- Call to Order Mayor Montgomery called the City Council meeting to order at 6:30 p.m.
- Roll Call Roll call was conducted. All members were in attendance.
- Pledge of Allegiance Mayor Montgomery led the recitation of the Pledge of Allegiance.
- Approval of Agenda A motion was made by Council Member Groth, seconded by Council Member Gesme and unanimously carried, to approve the Agenda as presented.
- Public Input Mayor Montgomery reviewed the public input procedure.
- Becky Youngmark, Cannon Falls, introduced herself as a Park Board Member. She discussed a proposal by Council Member Lundell to combine the Park Board and the Public Works Commission. She expressed concerns about the lack of communication and transparency regarding the proposal. She added that she and other Park Board Members became aware of the proposal only after it was mentioned in *The Beacon*. She stated that the Finance Committee is recommending that the Park Board be folded into the Public Works Commission and asked whether the Finance Committee has the authority to make a recommendation. She noted that the elimination of the Park Board would require ordinance revisions and the establishment of a new ordinance. She noted that the Park Board was re-instituted in 2016 by the City Council because the parks had been neglected. She stated that subsequently there have been significant improvements to the parks and referenced a list of additional improvements that was submitted to the Park Board. She discussed several proposed new housing developments and commented that parks encourage new residents to move into the community. She recommended that the City Council consider what is best for the citizens of Cannon Falls by making no changes to the current structure of the Park Board.

Tim Dehmer, Cannon Falls, referenced the public input procedure and asked the Council to consider placing the topic of flag etiquette on a future meeting agenda.

Public Hearings:
2024 Final Budget
and Levy Public
Hearing

Mayor Montgomery opened the Public Hearing for this item at 6:39 p.m.

City Administrator Jensen provided an overview of the final 2024 City budget. He noted that the City Council will be asked to approve the final budget and property tax levies during the second Council meeting of December. He stated that a General Fund levy increase of 4.22% is being proposed, with a non-General Fund levy increase of 5.45% being proposed. He reviewed projected 2024 revenue, including an increase in LGA funding. He discussed increased expenses relating to employee wages and benefits. He summarized 2024 capital projects and detailed project funding sources. He discussed anticipated equipment purchases. Administrator Jensen reviewed the next steps in the process.

No one from the public spoke during the Public Hearing for this item. Mayor Montgomery closed the Public Hearing at 6:47 p.m.

Resolution 2718,
Ordering
Improvements and
Directing Preparation
of Final Plans and
Specifications for
72nd Avenue Way
Improvements

Mayor Montgomery opened the Public Hearing for this item at 6:48 p.m.

City Engineer Angerman provided background information and discussed the proposed project. He stated that, following the Public Hearing, the Council will be asked to consider whether or not to move the project forward. He noted that final project plans, project financing, and assessment percentages would be reviewed during subsequent meetings.

City Engineer Angerman discussed the location of the proposed project. He provided rationale for the street improvements, noting that the current gravel road does not comply with City standards. He referenced the City's assessment policy for this type of project. He provided historical background information relating to the Hardwood Estates phased subdivision. He stated his understanding that the initial plan was for 72nd Avenue Way to be paved during the second phase of development, adding that apparently no development agreement was signed at that time.

City Engineer Angerman detailed the proposed project, referenced City ordinances, discussed the engineering study that was conducted, and reviewed the process.

City Engineer Angerman referenced preliminary project cost estimates and reviewed the bidding process. He noted that an assessment hearing would be conducted in the spring, once the final numbers are known. He discussed the anticipated project schedule.

City Engineer Angerman reviewed the assessment calculation method. He summarized recent discussions by the Finance Committee regarding potential assessment options.

City Engineer Angerman reviewed Resolution 2718 and stated that a four-fifths affirmative vote (five out of six Council Members) would be required to move the project forward.

Mayor Montgomery and City Administrator Jensen reviewed the Public Hearing procedure.

Drew Otte, 30320 72nd Avenue Way, Cannon Falls, expressed concerns about the lack of information that has been provided to impacted property owners regarding the project. He stated that the proposed assessments would result in a financial burden. He urged the City Council to consider property owner impacts in their decision-making process.

Chris Illa, 30350 72nd Avenue Way, Cannon Falls, asked why the City did not follow its ordinances when properties were annexed into the City. She stated that property owners would not benefit from the project. She stated information regarding potential assessments was not disclosed to her when she purchased her home. She stated that the City should take responsibility for its error.

Christina Sieben, 30379 72nd Avenue Way, Cannon Falls, asked why the City allowed six homes to be built on the east side of 72nd Avenue Way without the road being paved. She expressed opposition to assessing the property owners for 100% of the project cost, adding that the project will benefit the City more than the property owners.

Mike Bohlen, 30360 72nd Avenue Way, Cannon Falls, stated that he and his wife purchased the first home in Hardwood Estates in 2017. He suggested that the City Council consider an assessment policy

that would not result in the property owners paying for 100% of the project cost. He stated that the project will only benefit the EDA and the developer. He commented that the street layout has been changed without any input from current property owners. He referenced other streets that do not adhere to City standards.

Mark Roesler stated that he owns 30319 72nd Avenue Way, Cannon Falls, as a rental property to supplement his retirement income. He stated that the proposed assessment would have a life-changing impact. He stated that the benefit to property owners would be negligible and recommended that the City and the developer share the project cost.

Heidi Blount, 30370 72nd Avenue Way, Cannon Falls, introduced herself as a lifelong resident of Cannon Falls. She stated that she and her husband purchased a home that was constructed by the Cannon Falls Housing Initiative, with no mention of potential future assessments at that time. She asked why the road was not paved 20 years ago when utility services were installed. She stated that her home has a rural feeling. She stated that the developer should be responsible for street improvements at this time. She also expressed concerns about transparency and suggested including property owners in the discussion.

Andy Cummings introduced himself as an investor, developer, and builder from the Rochester area. He stated that he owns the properties located at 30330 72nd Avenue Way and 30340 72nd Avenue Way. He referenced obstacles and MPCA requirements for developers and asked what triggered this scenario. He also inquired regarding the project engineer, and it was noted that the City Engineer, WHKS, will manage the project. He stated that the lots were sold for future development and suggested that the developer should be responsible for paving the road.

No one else spoke during the Public Hearing. Mayor Montgomery closed the Public Hearing at 7:17 p.m. He clarified that the Council is being asked to consider whether to move the project forward and will not be taking action regarding assessments at this time.

Council Member Lundell asked how the Council could approve the project without knowing the project financing plan. Mayor Montgomery reviewed the process, adding that more details would be provided later.

Council Member Gesme commented that there were plans to eventually improve the existing gravel road. He suggested keeping in mind that other homeowners have been assessed 100% for projects impacting their properties.

Council Member Johnson referenced other City streets that are not up to City standards. She referenced triggering events that initiated this project. She stated that she is not comfortable moving forward with this project until a long-range master plan for future street improvements is developed.

Council Member Groth suggested moving forward with the project while continuing to discuss the assessments.

Council Member Kronenberger commented regarding a past assessment on her property. Council Members Groth and Kronenberger described the current situation as challenging.

Council Member Lundell noted the large potential assessment amounts for this project.

Council Member Kronenberger commented that street improvements are often incorporated into the purchase prices for homes and lots, which did not occur with these properties.

Mayor Montgomery stated that this is a unique situation. He further summarized discussion by the Finance Committee. He stated that the project needs to happen, with the question being how to pay for the project and determine a fair and equitable plan. He suggested exploring creative solutions in this regard.

Council Member Johnson asked about bonding for the project. City Administrator Jensen indicated that this project would not be financed by bonds. He suggested, if the project moves forward, that the Council schedule work sessions for further discussion of the project layout and plans along with project financing. He provided examples of potential adjustments that would assist the property owners while preserving the City's current assessment policy.

Council Member Gesme commented that the project financing plan needs to be fair to all residents. Council Members expressed agreement with scheduling a work session to discuss potential options. Council Member Johnson suggested tabling action

regarding the project until more information can be gathered and a plan developed.

City Engineer Angerman discussed project planning activities. City Administrator Jensen detailed the anticipated project timeline. The assessment appeal process was reviewed.

A motion was made by Council Member Lundell, seconded by Council Member Gesme. A roll call vote was requested. Upon call of the roll, Council Members Gesme, Groth, Jeppesen, Kronenberger, and Lundell voted aye; Council Member Johnson voted nay. Five ayes; one nay; motion carried.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending November 16, 2023
- B. Meeting Minutes for November 7, 2023, City Council Meeting
- C. Second Reading and Adoption of Ordinance 399 and Summary of Publication, an Ordinance Amending City Code 151.112 Relating to Private Wells and Individual Sewer Treatment Systems
- D. Resolution 2716, Approving Limited Use Permit No. 2506-0026 with MnDOT
- E. Resolution 2717, Accepting a Monetary Donation of \$2,500 from Lorraine Rimer to the Fire Department
- F. Approve Professional Services Agreement with WHKS for 72nd Avenue Way Improvements Project
- G. Approve Professional Services Agreement with WHKS for Hardwood Estates Second Subdivision
This item was pulled by Council Member Jeppesen
- H. Approve Revised Pay Study
- I. Approve Letter of Support for Progressive Rail's Application for Minnesota Rail Service Improvement Program
- J. Approve Massage License for Jessica Moreton
- K. Resolution 2719, Authorizing 2024 City License Renewals

A motion was made by Council Member Jeppesen, seconded by Council Member Johnson and unanimously carried, to approve the Consent Agenda, minus Item G.

Council Business:

MnDOT Active
Transportation
Planning Assistance
Grant Application

Economic & Business Specialist Qualey provided background information. She discussed the grant opportunity and reviewed how the funds, if awarded, would be allocated toward the development of a bicycle and pedestrian master plan and pilot project.

A motion was made by Council Member Groth, seconded by Council Member Gesme and unanimously carried, to approve the submission of a grant application.

Fire Department
Relief Association
Bylaws Amendment

Fire Chief Althoff provided background information and reviewed proposed bylaws amendments, including a proposed change to the pension vesting requirements. He stated that the Board of Trustees and the membership voted unanimously to recommend the revisions. He discussed the Fire Department Relief Association finances. The average length of service and current recruiting challenges were discussed.

Fire Chief Althoff discussed reciprocity and reviewed the benefits of aligning vesting policies with other fire departments. The effective date of the vesting change was clarified.

A motion was made by Council Member Jeppesen, seconded by Council Member Johnson and unanimously carried, to approve the Fire Department Relief Association bylaws amendments as presented.

Public Works and
Park Advisory Board

Mayor Montgomery provided background information and referenced past discussion of this topic. He provided rationale for the proposal.

Council Member Lundell was asked whether the proposal was discussed with the Park Board. He stated that this was mentioned as a possibility but never formally discussed, noting that the November Park Board meeting was cancelled.

When asked why the Finance Committee discussed this topic, Mayor Montgomery commented that this was discussed because of the impact on City staff time. City Administrator Jensen commented regarding the role of the Finance Committee, noting that this group was formerly called the Personnel Committee.

The current organizational structures of the Park Board and the Public Works Commission were reviewed.

The effective date of the ordinance changes, if approved, was clarified.

Council Member Johnson expressed concerns about the process, stating that the Park Board should have been included in the discussion. She also commented regarding citizen involvement on

the Park Board. She suggested scheduling a work session to discuss the structure of all of the City's boards, committees, and commissions.

Council Member Gesme expressed agreement with seeking input from the Park Board. Council Member Lundell and Mayor Montgomery spoke in support of the proposed new structure.

The proposed mix of Council and citizen representatives was reviewed.

City Administrator Jensen clarified that the first reading of an ordinance can include revisions, noting that there will be a second reading to finalize the ordinance language.

City Administrator Jensen discussed the challenges of recruiting citizens to participate on City boards, committees, and commissions. It was noted that there have been vacancies on the Planning Commission for a long period of time.

It was suggested to establish a range of members or appoint alternate members. The application and appointment process was reviewed.

Becky Youngmark, Cannon Falls, provided additional comments.

1. Introduction and First Reading of Ordinance 400, an Ordinance Repealing Ordinances 369 and 373.

A motion was made by Council Member Lundell, seconded by Council Member Gesme, to approve the first reading of Ordinance 400 as presented. A voice vote was conducted and the motion carried by a vote of 5:1, with Council Member Johnson dissenting.

2. Introduction and First Reading of Ordinance 401, an Ordinance Establishing a Public Works and Park Advisory Board.

A motion was made by Council Member Kronenberger to approve Ordinance 401, adjusting the representation to reflect five citizens and two Council Members. The motion was seconded by Council Member Gesme. A voice vote was conducted and the motion carried unanimously, with Council Member Johnson abstaining from the vote.

Approve Professional
Services Agreement
with WHKS for
Hardwood Estates
Second Subdivision

Council Member Jeppesen stated that he has concerns regarding the proposed Hardwood Estates development. He indicated that he pulled this item from the Consent Agenda for Council discussion and action.

City Engineer Angerman reviewed the proposed agreement.

A motion was made by Council Member Groth, seconded by Council Member Lundell, to approve the agreement with WHKS as presented. A voice vote was conducted and the motion carried by a vote of 4:2, with Council Members Jeppesen and Johnson dissenting.

Reports:

Council Committees /
Commissions /
Nonprofit
Organizations

On behalf of Cannon Falls Area Chamber of Commerce Director Maggie Wilson, Council Member Gesme discussed the upcoming Deck the Falls events. Small Business Saturday activities were also discussed.

Council Member Kronenberger summarized topics of discussion during a recent Library Board, including review of a financial report and an update of the Libraries on Wheels program.

Staff

Public Works Director Petersen provided an update regarding the Grove Street project.

City Engineer Angerman provided updates regarding the Hardwood Estates project and the 2023-2024 street improvement project.

Police Chief McCormick discussed traffic impacts associated with Deck the Falls activities. He provided an update regarding squad vehicle acquisition challenges. Chief McCormick reported that Cannon Falls is expected to receive approximately \$30,000 in State public safety aid.

City Administrator Jensen asked about potential dates for a work session, and November 27 was suggested.

Mayor and Council

Mayor Montgomery congratulated the Cannon Falls Bombers football team for making it to the semi-finals and congratulated the Cannon Falls High School theater program on its recent production of *Beauty and the Beast*.

Adjournment

A motion was made by Council Member Jeppesen, seconded by Council Member Groth and unanimously carried, to adjourn the meeting. The meeting adjourned at 8:25 p.m.

Adopted by the City Council of the City of Cannon Falls on the 5th day of December, 2023.

Matt Montgomery, Mayor

ATTEST:

Neil L. Jensen, City Administrator

DRAFT