

The Cannon Falls City Council met in a work session on Monday, November 27, 2023, in the City Council Chambers. Present were Mayor Matt Montgomery and Council Members Laura Kronenberger, Derek Lundell, Lisa Groth, Diane Johnson, Steve Gesme, and Ryan Jeppesen. Also present were Neil Jensen, City Administrator; Sara Peer, City Clerk; Bill Angerman, City Engineer; Mike Althoff, Fire Chief; and Jeffrey McCormick, Police Chief.

Call to Order Mayor Montgomery called the City Council work session to order at 5:00 p.m.

Approve Agenda Mayor Montgomery requested an addition to the agenda involving discussion of City Administrator Jensen's vacation time. A motion was made by Council Member Groth, seconded by Council Member Gesme, to approve the agenda as discussed.

72nd Avenue Way Discussion City Administrator Jensen provided background information. Mayor Montgomery opened the meeting for public input at this point.

Mike Althoff spoke on behalf of his grandparents, Marland and Cindy Husaby, 30339 72nd Avenue Way, Cannon Falls. He stated that utility improvements were made at the time the property was annexed into the City from Cannon Falls Township. He indicated his understanding from his grandfather that there was an agreement that no further assessments would be required in the future, adding that Mr. Husaby was not in favor of the annexation. He stated that his grandparents understand that the value of their property will increase with the paving of the road, but he noted that they are concerned about the amount of the assessment. He noted that there are also concerns about 72nd Avenue Way becoming the construction road for the entire subdivision. He stated that his grandfather suggested consideration of a temporary access road off of County Road 24 to serve as a construction road. Mr. Althoff also added information relating to past projects, stating that this project is unique.

Chris Illa, 72nd Avenue Way, Cannon Falls, referenced a recent *Cannon Falls Beacon* article, in which it was acknowledged that mistakes were made by the City. She suggested that the City and property owners share the cost of the paving project.

City Engineer Angerman facilitated discussion topics relating to this item.

- 1) Current assessment policy.

City Engineer Angerman reviewed the City's current assessment policy, noting that property owners are responsible for 100% of the cost of improving a gravel road. He also quoted language from the assessment policy relating to the financing of public improvements:

"New areas are required to provide needed improvements and services before development, thereby not creating unexpected hardships on the property owners purchasing such property, nor on the general public. However, it is recognized that certain areas of the City have developed without all needed public improvements, and that methods must be found to provide these improvements without causing undue hardship on the general public or the individual property owner."

City Engineer Angerman stated his opinion that this language would allow the City Council the flexibility to modify the assessment policy in certain circumstances. He noted that the proposed project represents a unique situation.

2) Minnesota Statute 429.

City Engineer Angerman summarized language from State law pertaining to assessments, noting that Statute 429 allows for senior citizen and financial hardship deferrals. He stated that the City has offered these types of deferrals for past projects. City Clerk Peer provided additional information, noting that some deferrals have included interest and some have not. City Engineer Angerman provided examples of deferrals offered by other communities. City Administrator Jensen provided the example of the Cannon Mall property.

3) Financing Options – Term and Interest.

Mayor Montgomery asked about the interest rate. City Engineer Angerman quoted information from the City's assessment policy in this regard, noting that the City Council has the flexibility to set the interest rate and modify the term.

Council Member Johnson quoted language from the City's assessment policy, noting that the policy is intended to serve as a guide for a systematic assessment process. She commented that the policy, unlike City ordinances, does not have binding rules and regulations. Term and interest options were further discussed.

4) Methodology.

City Engineer Angerman reviewed the general methodology used to determine assessments for new construction and reconstruction projects. He noted that City Council has the authority to modify the percentage, recommending that the Council provide rationale for doing so.

City Engineer Angerman discussed the front foot method that is commonly used to calculate assessments for road projects and summarized discussion by the Finance Committee of using the REU (residential equivalent unit) method, potentially in conjunction with changing the percentage.

5) Rural Street Section versus Urban Street Section.

City Engineer Angerman reviewed the minimum standards for city streets. He discussed a potential rural street option and referenced estimated project cost impacts.

6) Sidewalks.

City Engineer Angerman referenced past discussion of the City potentially covering the cost of sidewalks. Mayor Montgomery asked about the impacts of not installing sidewalks, and additional information was provided. The Safe Routes to School grant program was discussed. Future plans for the development were discussed.

7) Turn Lane and Stormwater Pond.

City Engineer Angerman noted that turn lane costs were not incorporated into the project assessments, as the turn lane will serve the entire development. He also noted that stormwater pond costs will not be assessed.

8) Construction Entrances.

City Administrator Jensen and City Engineer Angerman provided background information and discussed construction access. Council Member Groth requested clarification of the access points into the development, and additional information was provided.

Mayor Montgomery suggested further discussion by the Council. The timeline and next steps were reviewed.

Council Member Gesme discussed past street projects and spoke in support of an urban street design. Police Chief McCormick reviewed

public safety considerations, including emergency vehicle access, parking, and traffic congestion as the development grows. The consensus of Council Members was for an urban street design.

Council Member Gesme referenced past Council discussion of the assessment options and suggested discussing the methodology. Council Members Kronenberger and Groth asked what the assessment rates would have been in 2015, when utility improvements were made. City Engineer Angerman estimated that the project costs would have been approximately 40% to 50% less in 2015. Council Member Kronenberger commented that she just finished paying off an assessment for a past project and suggested being fair to other property owners. She recommended considering the assessment policy going forward.

Council Member Johnson provided historical background information and referenced 71st Avenue Way. She stated her opinion that the developer should be responsible for paving these roads, or perhaps offer a 30-year term at 0% interest if the property owners are assessed. Council Members Groth and Kronenberger agreed that the developer should share in the cost.

City Administrator Jensen suggested that property owner assessments could reflect the cost of a rural street design, with the City paying the additional cost to upsize to an urban street design. Council Member Lundell asked about the number of homes that are planned in the Hardwood Estates development, and additional information was provided. City Engineer Angerman indicated that the assessments could be calculated based on the initial project cost estimates. Council Members expressed agreement with this approach. Terms and interest rates were discussed. City Engineer Angerman commented that some property owners utilize a home equity loan to pay for assessments. It was suggested to offer an initial five-year term at 0% interest, with interest to accrue after that. City Engineer Angerman discussed the challenges of this approach.

City Engineer Angerman asked whether sidewalks would be incorporated into the project and whether property owners or the City would be responsible for this cost. Future trail connections and stormwater management were discussed. City Administrator Jensen commented that if sidewalks are planned, they should be installed in conjunction with the street project. Options were discussed, and Council Members expressed agreement with the City being responsible for the cost of the sidewalks as part of the urban street

design. City Engineer Angerman estimated that this would result in an approximately 50/50 cost share for the project based on the preliminary cost estimate, noting that the actual numbers may change the percentage. Storm sewers were discussed. City Engineer Angerman suggested a 50/50 cost share, documenting the rationale as discussed. A market plus 1% interest rate was suggested, with a 15-year term.

Fire Chief Althoff discussed fire hydrants. City Engineer Angerman suggested that the Fire Chief and the Public Works Director discuss this topic.

Administrator
Jensen's Vacation

City Administrator Jensen requested to carry over vacation time to January of 2024, and Council Members expressed agreement with this request. City Administrator Jensen indicated that he would add this item to the Consent Agenda for the next Council meeting. He also commented that he may attend the next Council meeting remotely. Upcoming schedules were reviewed.

Adjourn

A motion was made by Council Member Groth, seconded by Council Member Jeppesen and unanimously carried, to adjourn the work session. The work session adjourned at 6:08 p.m.

Adopted by the City Council of the City of Cannon Falls on the 19th day of December, 2023.

Matt Montgomery, Mayor

ATTEST:

Neil L. Jensen, City Administrator