

The Cannon Falls City Council met in a regular session on Tuesday, January 16, 2024, in the City Council Chambers. Present were Council Members Laura Kronenberger, Derek Lundell, Steve Gesme, Lisa Groth, Ryan Jeppesen, and Diane Johnson; Mayor Matt Montgomery was absent. Also present were Neil Jensen, City Administrator (remotely); Jed Petersen, Public Works Director; Zach Logelin, Permit & License Technician; Laura Qualey, Community & Business Development Specialist; and Jeffrey McCormick, Police Chief.

- Call to Order Mayor Pro Tem Kronenberger called the City Council meeting to order at 6:30 p.m.
- Roll Call Roll call was conducted. Council Members Gesme, Groth, Jeppesen, Johnson, Kronenberger, and Lundell were in attendance. Mayor Montgomery was absent.
- Pledge of Allegiance Mayor Pro Tem Kronenberger led the recitation of the Pledge of Allegiance.
- Approval of Agenda A motion was made by Council Member Jeppesen, seconded by Council Member Lundell and unanimously carried, to approve the Agenda as presented.
- Public Input There was no public input relating to items not listed on the Agenda.
- Public Hearings:  
Introduction and First Reading of Ordinance 402, an Ordinance Amending City Code Title III Relating to Fees, Charges and Rates  
City Administrator Jensen provided background information. He discussed the administration of recycling fees on behalf of Waste Management. He noted that sexually orientated business license fees will be drafted, with assistance from the City Attorney, for Council approval by resolution and, if adopted, will be added to the fee schedule. He reviewed the proposed 2024 fee schedule. He detailed water, sewer, and stormwater fees along with WAC and SAC fee. He reviewed water park fees. He referenced Police Department fees.
- Mayor Pro Tem Kronenberger opened the Public Hearing for this item at 6:35 p.m. No one spoke during the Public Hearing. Mayor Pro Tem Kronenberger closed the Public Hearing at 6:36 p.m.
- Council Member Lundell suggested consideration of lowering liquor license fees for restaurants and bars. It was suggested to discuss potential revisions to the 2024 fee schedule.

Permit & License Technician Logelin indicated that all of the liquor license fees have been paid.

Liquor license fees were reviewed. Council Member Lundell commented that restaurants and bars are struggling right now. He suggested bringing these fees more in line with liquor license fees for wineries and taprooms. Administrator Jensen indicated that he will do some research and discuss this topic with the Finance Committee.

Council Member Johnson expressed concerns about significant increases in the WAC and SAC fees. She suggested a review of the utility enterprise fund balances and anticipated expenses. She referenced the desire for new homes to be constructed in Cannon Falls and commented regarding the financial impacts of increased hook-up fees and ongoing utility costs.

When asked to justify the proposed WAC and SAC increases, Administrator Jensen provided comparison information with other communities, stating that \$1,000 is still very reasonable. The cost of water meters was discussed. Council Member Johnson suggested smaller incremental increases. It was noted that WAC and SAC fees were significantly higher in the past but were lowered in recent years.

A motion was made by Council Member Lundell, seconded by Council Member Jeppesen, to approve the introduction and first reading of Ordinance 402 as drafted. A voice vote was conducted and the motion carried unanimously, with Council Member Johnson abstaining from the vote.

Introduction and First Reading of Ordinance 403, an Interim Ordinance Authorizing a Study and Imposing a Moratorium on the Operation of Cannabis Businesses within the City of Cannon Falls

Police Chief McCormick provided background information and discussed the State legislation that was approved in 2023. He stated that the State has not provided guidance in terms of regulation. He stated that the League of Minnesota Cities has recommended that cities consider imposing a moratorium on cannabis businesses until regulations can be implemented. He summarized discussion of potential moratorium parameters by the Police Commission. He noted that the State has given cities the authority to regulate certain business operations. He noted that the Police Commission recommends excluding existing business operations that produce and sell edibles from the moratorium. He clarified that while cannabis possession is now legal, production and sales not already permitted by statute will be controlled by the State. He stated that the moratorium would allow time for the City to review the rules that the

State plans to issue and determine whether any local regulations are warranted.

Mayor Pro Tem Kronenberger opened the Public Hearing for this item at 6:52 p.m.

Zach Rohr introduced himself as a representative of local hemp company Minny Grown. He suggested keeping in mind that it will take a period of time for the Minnesota Office of Cannabis Management (OCM) to issue the rules. He stated his understanding that the license application process will not be in place until January of 2025, when the proposed moratorium would be set to expire. He commented regarding the intent of the moratorium to allow time for the City to study potential restrictions on the time, place, and manner of cannabis sales. He noted that existing businesses have been operating responsibly and will continue to do so. He added that only the best cannabis businesses will receive State licenses and will be highly regulated. He questioned the need for additional local restrictions. He commented that the proposed ordinance language would prevent existing cannabis businesses in Cannon Falls from operating prior to January 1, 2025, if a licensing process becomes available from the State sooner than that. He spoke in opposition to a City moratorium, noting that this would do nothing to protect the citizens of Cannon Falls and would hurt small businesses.

No one else spoke during the Public Hearing. Mayor Pro Tem Kronenberger closed the Public Hearing at 6:56 p.m.

Council Member Lundell commented that because the OCM is not yet up and running, there is already a State moratorium on cannabis businesses. He asked what a local moratorium would accomplish. Chief McCormick clarified that the State's position is that cannabis businesses cannot operate without a license. He stated that the timeline for issuing licenses is currently unknown. He commented that it is hoped that the State will issue rules that will assist cities in regulating these businesses and that opportunities for input from cities will be provided. He commented that in 2022 hemp edibles were legalized without any notice. He stated that local moratoriums would allow cities and counties more time to consider zoning considerations, potential restrictions on the number of licenses that would be issued based on population, and regulations pertaining to how and where these businesses would function. He provided the example of sexually oriented business licensing. He commented that the moratorium could be lifted prior to the expiration date, if the rules

are issued by the State earlier than anticipated and local regulations can be implemented. He recommended that the City Council approve the proposed moratorium. Council Member Lundell suggested keeping up with the process, so that the City is ready to implement local regulations after the State issues the rules.

Mr. Rohr provided additional comments regarding the process and the anticipated timeline.

Chief McCormick suggested structuring the regulations similar to the liquor license ordinance. He stated that regulation and enforcement will be a joint effort by the State and local governments.

Council Member Johnson suggested that the Police Commission begin working on potential local regulations and then compare the draft regulations with the State's rules, once issued, in order for the licensing process not to be delayed. Chief McCormick noted that the regulations would need to be adopted via an ordinance process, including a first and second reading.

Mr. Rohr expressed concerns about over-regulation.

Mayor Pro Tem Kronenberger commented that existing businesses will be allowed to operate as they currently are doing. She stated that the Police Commission is committed to working on local regulations.

Council Member Johnson asked about Council consideration of regulating edible products in the past. Chief McCormick indicated that the Council declined to impose a moratorium or restrictions on the retail sales of edible hemp products, once these were legalized by the State in July of 2022.

Council Member Groth asked whether a moratorium would hinder the process of Minny Grown and other local businesses obtaining a license from the State. Chief McCormick indicated that the City may require a local license in addition to a State license. He added that it is hoped that the State will provide advance notice of the licensing process, so that the City can implement the local regulations and lift the moratorium.

Mr. Rohr reiterated his position that a moratorium would result in little benefit to the community.

Council Member Gesme asked whether the moratorium would impact any existing businesses, and Chief McCormick indicated that no existing businesses would be impacted at this time.

Mayor Pro Tem stated her opinion that a moratorium would put safeguards in place and allow the licensing process to be rolled out correctly. Council Member Lundell commented that the moratorium could be lifted at any time.

Council Member Groth asked whether the moratorium would stop someone from opening a new cannabis business. Chief McCormick clarified that non-hemp cannabis dispensaries would be prohibited during the moratorium.

Council Member Johnson suggested language that would allow the moratorium to expire within 30 days of State regulations being implemented. Chief McCormick commented that the State may roll out the regulations in progressive steps. He stated that the intent of the moratorium would not be to inhibit business but to ensure that appropriate regulations are in place.

Council Member Lundell suggested a six-month moratorium, with the option to extend it. Council Member Johnson agreed with this approach, stating her opinion that the State will issue good rules and regulations.

Chief McCormick commented that once a business is allowed to operate in a certain location and manner, it may not be possible to impose new rules of operation. Council Member Johnson reiterated her recommendation for the Police Commission to work on local rules and regulations.

Mayor Pro Tem Kronenberger indicated that action is requested regarding the first reading of Ordinance 403. Council Member Gesme commented that Ordinance 403, if adopted, could be rescinded at any time.

A motion was made by Council Member Gesme, seconded by Council Member Jeppesen, to approve the introduction and first reading of Ordinance 403, as drafted. A roll call vote was requested. Upon call of the roll, Council Members Gesme, Jeppesen, Kronenberger voted aye; Council Members Groth, Johnson, and Lundell voted nay. Three ayes; three nays; motion failed.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending December 31, 2023
- B. Just and Correct Claims – Accounting Period Ending January 11, 2024
- C. Meeting Minutes for January 2, 2024, City Council Meeting
- D. Resolution 2730, Accepting a \$75 Subway Gift Card Donation from Freeborn Manor Residents and Management to the Police Department
- E. Resolution 2731, Accepting a Monetary Donation of \$41,000 from Cannon Falls Fire Department Relief Association to the Fire Department
- F. Approve 2024 Fire Department Officers
- G. Resolution 2732, Approving Preliminary Plat Amendment for Timber Ridge
- H. Resolution 2733, Approving a Variance for Timber Ridge
- I. Approve New 3.2% Off-Sale Liquor License for Speedway
- ~~J. Approve Purchase of Swans and Trade Current Swan~~  
*This item was pulled by Council Member Johnson*
- ~~K. Approve 2024 Street Overlay Project~~  
*This item was pulled by Council Member Johnson.*

A motion was made by Council Member Johnson, seconded by Council Member Lundell and unanimously carried, to approve the Consent Agenda, minus Items J and K. Council Member Johnson expressed appreciation to retiring Assistant Fire Chief Steve Sullivan and retiring Fire Chief Mike Althoff for their service to the community.

Council Business:

Approve Purchase of Swans and Trade Current Swan

Council Member Johnson inquired regarding the tradition of keeping a pair of Trumpeter swans at Minnieska Park. Public Works Director Petersen provided historical background information. He discussed how the swans are raised and cared for. Council Member Lundell asked whether two swans are necessary and commented regarding the remaining swan. Director Petersen indicated that swans thrive better as a pair.

A motion was made by Council Member Groth, seconded by Council Member Lundell and unanimously carried, to approve the purchase of swans and the trade of the current swan.

Approve 2024 Street Overlay Project

Public Works Director Petersen provided background information and rationale for the proposed mill and overlay project. Council Member Johnson referenced other streets in need of repair and asked about

the five-year street plan and project funding. Director Petersen provided additional information in this regard.

A motion was made by Council Member Johnson, seconded by Council Member Jeppesen and unanimously carried, to approve the 2024 street overlay project as proposed.

Reports:

Council Committees /  
Commissions /  
Nonprofit  
Organizations

Cannon Falls Area Chamber of Commerce Director Maggie Wilson discussed the annual business recognition event on January 17. She detailed Cannon Fever Days activities on January 27. She discussed planning for the 2024 Discover guide and issued a request for photos. Council Member Lundell spoke in support of bringing back Cannon Fever Days.

Community & Business Development Specialist Qualey reported that an Active Transportation Program grant was awarded by MnDOT toward engineering assistance for the development of a master biking and walking plan.

Ms. Qualey also provided a John Burch Park project update and discussed grant funding toward this project. "

City Administrator Jensen summarized topics of discussion during a recent Finance Committee meeting, including Cannon Mall assessments and procedures.

Council Member Groth summarized topics of discussion during a recent Library Board of Trustees meeting, including the election of officers and assistance with materials for homeschoolers.

Council Member Gesme summarized topics of discussion during a recent Planning Commission meeting, including a variance request and preliminary plat for the Timber Ridge development and the new ordinance addressing rehabilitation centers. Permit & License Technician Logelin referenced discussion of a used car dealership.

Council Member Lundell summarized topics of discussion during a recent Public Works & Park Board meeting, including the swans and the street overlay project.

Staff

Police Chief McCormick and Public Works Director Petersen provided a reminder regarding parking restrictions during snow events. Director

Petersen also discussed a recent waste water treatment plant inspection.

Mayor and Council Mayor Pro Tem Kronenberger also thanked Chief Althoff and Assistant Chief Sullivan for their years of service to the community.

Adjournment A motion was made by Council Member Groth, seconded by Council Member Johnson and unanimously carried, to adjourn the meeting. The meeting adjourned at 7:46 p.m.

Adopted by the City Council of the City of Cannon Falls on the 6<sup>th</sup> day of February, 2024.

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Matt Montgomery, Mayor

ATTEST:

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Neil L. Jensen, City Administrator