

The Cannon Falls City Council met in a regular session on Tuesday, February 20, 2024, 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; Zach Logelin, Permit & License Technician; Laura Qualey, Community & Business Development Specialist; and Joe Berg, Police Lieutenant

- 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 A moment of silence was held to honor the two Burnsville police officers and the firefighter/paramedic who recently lost their lives in the line of duty. Following this, Mayor Montgomery led the recitation of the Pledge of Allegiance.
- Approval of Agenda Mayor Montgomery requested the removal of Item C from the Consent Agenda, noting that the user agreement has not been finalized.
- A motion was made by Council Member Johnson, seconded by Council Member Jeppesen and unanimously carried, to approve the Agenda as amended.
- Public Input There was no public input.
- Consent Agenda
- A. Just and Correct Claims – Accounting Period Ending February 15, 2024
 - B. Meeting Minutes for February 6, 2024, City Council Meeting
 - ~~C. Approve John Burch Park User Agreements for 2024~~
This item was removed from the Consent Agenda.
 - D. Approve Minnesota Energy Resources Easement
 - E. Approve New Therapeutic Massage Practitioner License for Karen O'Connor
 - F. Resolution 2739, Approving Conditional Use Permit for a Used Car Dealership, Cars Under 10K, LLC
- A motion was made by Council Member Gesme, seconded by Council Member Johnson and unanimously carried, to approve the Consent Agenda, minus Item C.

Council Business:
Resolution 2738,
Authorizing an
Interfund Loan for
Advance of Funds to
the EDA from the City
of Cannon Falls to
Finance Hardwood
Estates

Community & Business Development Specialist Qualey provided background information. She referenced past Council discussion of professional service agreements for engineering services and construction bids for excavation work. She summarized EDA discussion of an interfund loan from the City to support the project. She reviewed Resolution 2738, which would establish a loan from the City's General Fund to the Planning and EDA Fund to cover Hardwood Estates construction costs. She detailed the proposed loan terms. She noted that the proceeds from lot sales would be used to repay the loan.

Council Member Jeppesen expressed concerns about a 20-year, 0% loan and asked who drafted the proposed loan terms. Ms. Qualey discussed the economic benefits of the new housing development and described this project as a partnership between the City and the EDA. She discussed the challenges of other types of public assistance, such as TIF or tax abatement, in this situation.

City Administrator Jensen further discussed the partnership between the City and the EDA. He stated that the EDA fund is not an enterprise fund, adding that the Council could decide to charge interest on the loan. He discussed plans for the development to be constructed in phases.

Council Gesme described the loan as a fund transfer from one City fund to another, stating that the 0% interest rate makes sense from that perspective. Mayor Montgomery referenced past discussion of the project and expressed agreement with the proposed loan terms.

Council Member Johnson commented that the funds would not be available for other projects and suggested charging at least 5% interest. She recommended a 5-year loan length, with the stipulation that proceeds from lot sales must be used to repay the loan. She stated that future City Councils should be given an opportunity to consider funding toward Phase 3 or Phase 4 of the project, as opposed to setting this expectation at this time. She reviewed the expenses that have been approved to this point and requested clarification of the additional funding being requested.

Mayor Montgomery stated that the City Council has already agreed to partner with the EDA on this project. He stated that the City's auditing firm assisted with drafting the proposed interfund loan terms.

He suggested a long-term approach to promote responsible growth, as opposed to terms that may limit the success of the project.

Administrator Jensen provided additional information regarding project expenses and provided clarification of the interfund loan amount. He noted that the EDA has made payments toward project expenses.

Council Member Johnson asked about engineering and excavating costs, and Ms. Qualey provided information in this regard.

Council Member Johnson stated that housing needs may change over time and suggested re-evaluating the situation in five years. Ms. Qualey commented that this is the reason the project has been planned in phases.

Council Member Lundell asked whether funding has been budgeted toward this project. Administrator Jensen indicated that the funds have been approved and budgeted. He referenced the advice provided by the City's financial management / auditing firm.

Council Member Lundell commented that the homes may be built faster with the EDA as the developer, as opposed to a private developer. He noted that additional homes will result in additional property tax revenue.

Council Member Gesme commented that interest expenses would result in a high price for the lots. He referenced past projects and suggested trying to ensure the success of this project.

A motion was made by Council Member Lundell, seconded by Council Member Gesme, to adopt Resolution 2738 as drafted. A voice vote was conducted, and the motion carried by a vote of 5:1, with Council Member Johnson dissenting.

Permit & License Technician Logelin provided background information and reviewed the proposed zoning text amendment relating to residential treatment facilities. He stated that there is currently a moratorium in place that prohibits residential treatment facilities from operating in residential areas. He stated that the moratorium is set to expire in May of 2024. He stated that the Planning Commission has been discussing this topic for the past few months. He referenced definitions that have been incorporated into the proposed ordinance language. He discussed CUP requirements

and conditions of approval. Mr. Logelin stated that he also conducted research and worked with the City Attorney. He stated that if Ordinance 404 is adopted, it would be effective after the moratorium expires.

Mayor Montgomery suggested incorporating the proposed regulations into the CUP process for other types of uses.

A motion was made by Council Member Johnson, seconded by Council Member Jeppesen and unanimously carried, to approve the introduction and first reading of Ordinance 404.

Reports:

Council Committees,
Commissions, and
Nonprofit
Organizations

Mayor Montgomery discussed his attendance at the annual Chamber breakfast, during which he provided a State of the City address. He noted that he referred to the current economy as encouraging and provided examples of recent growth. He stated that he also summarized 2023 accomplishments and challenges and recognized public safety employees for their hard work and dedication.

Council Member Lundell summarized topics of discussion during a recent Finance Committee meeting.

Council Member Groth summarized topics of discussion during a recent Library Board meeting.

Council Member Gesme summarized topics of discussion during a recent Planning Commission, during which Public Hearings were conducted relating to the proposed zoning text amendment and the used car dealership.

Staff

Police Lieutenant Berg expressed appreciation for the moment of silence and for the offerings of support that the Cannon Falls Police Department has received following the recent incident in Burnsville.

City Clerk Peer issued a reminder that there will be no Council meeting on March 5, due to the primary election.

Mayor and Council

Mayor Montgomery congratulated the Cannon Falls Bombers dance team on their recent performances at the State competition. He also spoke in support of law enforcement.

Adjournment

A motion was made by Council Member Gesme, seconded by Council Member Groth and unanimously carried, to adjourn the meeting. The meeting adjourned at 7:08 p.m.

Adopted by the City Council of the City of Cannon Falls on the 19th day of March, 2024.

Matt Montgomery, Mayor

ATTEST:

Neil L. Jensen, City Administrator

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