

The Cannon Falls City Council met in a regular session on Tuesday, June 18, 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; Tim Malchow, EMS Chief; Brice Miller, Fire Chief; Jeffrey McCormick, Police Chief; and Shelley Ryan, City Attorney.

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 Mayor Montgomery requested the addition of two items under the Council Business portion of the meeting agenda:

- D. City Administrator Succession.
- E. Schedule Work Session – July 23.

A motion was made by Council Member Johnson, seconded by Council Member Jeppesen and unanimously carried, to approve the Agenda as amended.

Public Input Mayor Montgomery reviewed the public input procedure.

Brian Jensen spoke on behalf of Progressive Rail relating to the proposed CUP and variance requests for Dollar General. He stated that Progressive Rail would be in support of the proposed CUP and variances, as long as an 8-foot fence is erected to separate the store from the railroad tracks.

Presentation:
2023 Audit
Presentation

Tyler See, Audit Manager at Abdo, provided an overview of the results of the City's 2023 financial audit. He reviewed the audit opinion from the City's auditors, noting that an unmodified (clean) audit opinion was issued with regard to the City's financial statements. He discussed compliance testing results, noting that no instances of noncompliance with State statutes were identified.

Mr. See described an internal control finding related to the fact that Abdo is engaged to perform the audit and also drafts the City's

financial statements. He noted that this is a common audit finding for small cities. He provided procedural recommendations relating to a journal entry review process and a quarterly financial reporting process.

Mr. See reviewed the City's general fund balance. He referenced the City's policy to maintain a fund balance of 40% to 50% of the City's budgeted expenditures for the following year. He noted that the City is meeting or exceeding this fund balance policy. He detailed budget to actual revenue and expenses for 2023 and provided comparison information from past years. He referenced fund transfers related to capital projects.

Mr. See reviewed special revenue funds, debt service funds, and capital project funds. He detailed enterprise funds, including the water fund, sewer fund, stormwater fund, recycling fund, and the ambulance fund.

Mr. See reviewed key performance indicators, including comparison information with peer cities relating to tax rates, taxes per capita, debt per capita, current expenditures per capita, and capital expenditures per capita.

Council Member Johnson referenced the recycling fund balance and asked about the use of these funds. City Administrator Jensen provided information in this regard. Council Member Johnson suggested consideration of lowering the recycling fees.

A motion was made by Council Member Johnson, seconded by Council Member Jeppesen and unanimously carried, to approve the financial audit as presented.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending June 12, 2024
- B. Meeting Minutes for June 4, 2024, City Council Meeting
- C. Resolution 2761, Accepting a Sweet Kneads Bakery Gift Card Donation of \$100 from Seig and Max to the Police Department
- D. Approve Peace Officers Assistance at the Goodhue County Fair
- E. Resolution 2762, Accepting a Monetary Donation of \$1,500 from Invenergy to the Fire Department
- F. Approve Hiring of Firefighters
- G. Approve Monthly Water Bills for Fairgrounds
- H. Approve Cannon Valley Trail Support

- I. Approve Submittal of ARMER Equipment Grant Program Application for the Fire and Ambulance Departments
- J. Approve John Burch Park Grant Applications

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

Council Business:

Resolution 2763,
Approving Variances
for Dollar General

Permit & License Technician Logelin provided background information and summarized past discussion of variance requests for Dollar General by the Planning Commission. He reviewed an updated site plan that was presented to the Planning Commission on June 10, which eliminated the need for one of the variances. He noted that Dollar General is asking for a nine space reduction to the number of required parking stalls and a 13.7 foot front setback variance. He noted that approval of the variances would be contingent upon approval of a Conditional Use Permit. He stated that the Planning Commission recommends approval of the variances.

Mayor Montgomery requested clarification of the public input procedure. City Attorney Ryan stated that a Public Hearing would not be conducted, adding that Council Members may ask the applicant questions. She summarized the legal framework for approving Conditional Use Permits and variances. She reviewed the Council's responsibilities in this regard and detailed a suggested process.

Mayor Montgomery commented that variances are being requested for a new building, stating that this is rare. He asked whether the building could be designed without the need for variances.

Travis Munn, civil engineer and senior project manager representing the applicant, provided additional information. He referenced the site selection process. He reviewed the practical difficulties relating to the shape of the parcel and the railroad easement. He noted that the applicant has tried to alleviate some of the concerns by decreasing the size of the proposed building, which eliminated one of the variances. He stated that the store is being located as far away from the railroad tracks as possible due to safety concerns, which has necessitated the need for a front setback variance.

Council Member Lundell asked about relocating the building such that a variance would not be needed. Mr. Munn summarized discussion of potential options, stating that an alternative design was not

possible due to the shape of the property, the safety concerns, and the easement. He discussed the property acquisition and lease process between Dollar General and a developer.

Mayor Montgomery asked about the other property that was considered. Mr. Munn indicated that he did not have this information.

Council Member Johnson further commented with regard to discussion by the Planning Commission. Mr. Munn summarized a recent conversation with a representative of Progressive Rail relating to signage and fencing to address safety concerns. He clarified that a 6-foot fence is being proposed. Truck traffic and access were discussed.

Council Member Gesme referenced Planning Commission discussion of the setback variance and asked about further decreasing the size of the building. Mr. Munn noted that the building size cannot be further decreased, adding that the building cannot be moved closer to the railroad tracks.

Mayor Montgomery asked about parking requirements. City Attorney Ryan referenced the City Code and suggested considering the reasonableness of the variance requests based on the proposed use. Mr. Munn reviewed information provided by Dollar General relating to parking needs.

Council Member Lundell requested clarification of the variance approval process. City Attorney reviewed the legal basis for determining practical difficulty, including unique site characteristics.

Council Members Kronenberger expressed concerns about approving variance requests for new construction. She stated that she appreciates the fact that the applicant has revised the site plan and building design to try to mitigate concerns. Council Member Groth echoed variance concerns.

Mayor Montgomery commented that variances typically pertain to existing structures. He asked whether further adjustments could be made or an alternative property selected for the proposed store.

Council Member Lundell expressed concerns about setting a precedent.

Council Member Johnson commented regarding the character of the neighborhood and noted that the property has been vacant for a long period of time. She discussed the benefits of the proposed store and stated her opinion that the requested variances seem reasonable.

City Administrator Jensen stated that an affirmative vote of three-fifths of the Council would be required to approve the CUP and variance requests.

It was decided to take action relating to the Conditional Use Permit first. Following action relating to the CUP request, the variances were considered.

A motion was made by Council Member Kronenberger, seconded by Council Member Johnson, to approve the parking stall variance. A roll call vote was conducted. Council Members Groth, Jeppesen, Johnson, Kronenberger, and Lundell voted aye; Council Member Gesme abstained from the vote. Five ayes; no nays; one abstention; motion carried.

A motion was made by Council Member Johnson to approve the setback variance. A roll call vote was conducted. Council Members Jeppesen, Johnson, Kronenberger voted aye; Council Members Groth and Lundell voted nay; Council Member Gesme abstained from the vote. Three ayes; two nays; one abstention; motion carried.

Resolution 2764,
Approving Conditional
Use Permit for Dollar
General

A motion was made by Council Member Johnson to adopt Resolution 2764, approving the Conditional Use Permit request, with conditions of approval as listed in the resolution language along with conditions that the applicant install a 6-foot privacy fence on the northern boundary of the property and install and signage prohibiting left turns onto 4th Street. The motion was seconded by Council Member Kronenberger. Council Member Lundell asked about the approval and potential appeal process for the CUP and the variances, and City Attorney Ryan reviewed the process. A roll call vote was conducted. Council Members Jeppesen, Johnson, Kronenberger, and Lundell voted aye; Council Member Groth voted nay; Council Member Gesme abstained from the vote. Four ayes; one nay; one abstention; motion carried.

Following the votes, the Mayor authorized the City Attorney to draft findings consistent with the Council's actions relating to the CUP and variance requests.

Active Transportation
Summit

Public Works Director Petersen reported that the Cannon Falls Active Transportation Planning Committee will be hosting a summit on June 25 and June 26. He stated that a tour will be conducted along with discussion of public comments relating to the Cannon Falls Active Transportation Plan and interactive map and a MnDOT funded demonstration project.

Community & Business Development Specialist Qualey provided additional information, summarized recent project team discussions with community groups, detailed other activities in conjunction with the summit, and further discussed the demonstration project. She invited the public to attend the summit. She reviewed the goals of the project and referenced future grant funding opportunities.

City Administrator
Successor

Mayor Montgomery reported that a City Administrator Succession Committee has been established, with members to include Mayor Montgomery and Council Members Jeppesen and Kronenberger.

Schedule Work
Session

Mayor Montgomery referenced Council discussion of the 2025 budget planning process. A motion was made by Council Member Jeppesen to schedule a work session on July 23 at 5:00 p.m. to discuss City donations. He stated that representatives of community organizations will be invited to discuss how City funding would be utilized. The motion was seconded by Council Member Johnson, a vote was conducted, and the motion carries unanimously.

Reports:
Council Committees /
Commissions /
Nonprofit
Organizations

Community & Business Development Specialist Qualey provided an EDA update. She stated that ground has been broken on two homes in the Hardwood Estates development and three lots have been sold. She also discussed assistance with grant applications toward City equipment and John Burch Park amenities.

Mayor Montgomery summarized recent discussions by the Public Works and Park Board.

Mayor Montgomery summarized recent topics of discussion by the Finance Committee.

Council Member Gesme summarized topics of discussion during a recent Planning Commission meeting, including further discussion of the Dollar General CUP and variance requests, and a possible church relocation.

Staff Public Works Director Petersen provided a mill and overlay project and John Burch Park project updates. Mayor Montgomery commented that the Historical Society removed some of the original limestone from the wall.

Police Chief McCormick discussed potential high water and flooding concerns. He stated that he is working with Dakota County representatives to monitor the conditions. He suggested exercising caution.

Mayor and Council Council Member Johnson asked about the speed sign. Police Chief McCormick provided information in this regard.

Adjournment A motion was made by Council Member Groth, seconded by Council Member Jeppesen and unanimously carried, to adjourn the meeting. The meeting adjourned at 7:39 p.m.

Adopted by the City Council of the City of Cannon Falls on the 2nd day of July, 2024.

Matt Montgomery, Mayor

ATTEST:

Neil L. Jensen, City Administrator