

The Cannon Falls City Council met in a joint work session with the Planning Commission on Tuesday, September 8, 2025, in the City Council Chambers. Present were Mayor Matt Montgomery and Council Members Chad Johnson, Diane Johnson, Laura Kronenberger, Ryan Jeppesen, and Chris Nobach; Council Member Lisa Zimmerman was absent. Planning Commissioners Brian Douglas, Jesse Fox, and Isaac Naatz were in attendance. Also present were Jon Radermacher, City Administrator; Sara Peer, City Clerk; Bill Angerman, City Engineer; Shelley Ryan, City Attorney; Izzy Carlson, License & Permit Technician; Laura Qualey, Community & Business Development Specialist; and Nathaniel Fox and Mike Truax, Police Officers.

Call to Order Mayor Matt Montgomery called the work session to order at 5:30 p.m.

Approve Agenda A motion was made by Council Member Nobach, seconded by Council Member D. Johnson and unanimously carried, to approve the agenda as presented.

Tract Discussion Mayor Montgomery stated that no action would be taken during the work session.

City Administrator Radermacher introduced Tract and Dakota Electric Association representatives. He noted that, now that the property has been annexed into the City of Cannon Falls, actions will be required relating to the following matters:

- A request to rezone the property from Urban Reserve to I-2.
- A request for a Conditional Use Permit to construct a data center.
- A request to overlay a PUD district.
- Actions related to land use restrictions and development standards.
- Variance requests relating to the approval process.

Administrator Radermacher indicated that five Public Hearings would be conducted during the Planning Commission meeting that would be held following the work session relating to the Tract proposal, in addition to two other Public Hearings relating to other matters.

Administrator Radermacher referenced an amendment to the PUD application relating to the location of the fencing. He discussed the development application and noted that a first draft of the development agreement is being reviewed. He described the differences between the development application and the development agreement.

Kristin Dean from Tract stated that the work session would provide an opportunity for Council Members and Planning Commission members to ask questions.

Jake Steen, attorney from Larkin Hoffman, provided suggestions for managing the Public Hearing process. Council Member / Planning Commission Chair D. Johnson recommended one presentation followed by five separate Public Hearings. Administrator Radermacher provided additional clarification of the Public Hearing process.

Council Member C. Johnson referenced the process that took place relating to a proposed data center in Farmington. He asked what was learned during this experience in terms of approaching the process.

Ms. Dean provided background information relating to the process that took place in Farmington. She stated that Tract staff worked with City of Farmington staff to better understand their Comprehensive Plan goals and zoning requirements. She noted that amendments to the plan were made following each public meeting, based on feedback that was provided and concerns that were expressed.

Ms. Dean stated with the Cannon Falls application, concerns expressed by Randolph Township residents were proactively addressed during the orderly annexation process relating to fencing, the natural buffer, the building height, and other factors. She noted that there is opportunity to add other mitigation measures.

Council Member Nobach referenced discussion of benefits to the community related to significant investment, permanent jobs, property taxes, and potential School District impacts. He asked when these benefits would become tangible.

Ms. Dean referenced an analysis that was done, noting that this was based on estimated numbers. She commented the City could opt to offer property tax or other incentives to the operator. She stated that the community would start to see these benefits when investments are made and the property increases in value.

Council Member D. Johnson stated her understanding that, other than an electrical substation, there would be no construction planned until 2029. She commented that there would be a minimal increase in the tax base until 2030 or 2031.

Ms. Dean provided additional information regarding the length of the process. She stated that Tract representatives have begun working with Dakota Electric Association representatives on a utility agreement and with the City on infrastructure improvements.

Council Member Nobach referenced resident concerns about increased utility bills. Ms. Dean confirmed that Tract would be paying for the power. Administrator Radermacher referenced ongoing discussions with regard to water and sewer rate impacts, based on the level of demand.

Betty Jo Kiesow from Dakota Electric Association spoke about the electric costs and how those costs would be applied. She noted that the developer would pay 100% of the cost of any equipment that is installed on the site. She clarified that the rates would be set up so that there are no negative impacts on members. She noted that capacity needs and distribution costs would be considered as part of the analysis.

Council Member D. Johnson asked how many data center projects are within the Dakota Electric Association member area. Ms. Kiesow commented that Dakota Electric is not involved in the Rosemount project. She noted that there are smaller projects within the member area but indicated that she could not provide more specific information. She clarified that, as a distribution cooperative, Dakota Electric Association buys its power from Great River Energy. Council Member Kronenberger asked whether the data center would have the ability to exceed the estimated power demand, thus impacting the community and potential electric rates. Ms. Kiesow indicated that Dakota Electric would make sure that it has the capacity to meet the demand. She reiterated that the end user(s) would be responsible for the costs, based on the rates established in the utility agreement.

Administrator Radermacher asked what portion of the community is served by Dakota Electric, noting that Xcel Energy covers a portion as well. Additional information was provided in this regard.

Mayor Montgomery asked about the size and scope of the proposed project, compared with other data center projects. Ms. Dean referenced sites under construction in other states, stating that the Cannon Falls project is smaller than other Tract projects.

Council Member Nobach asked about projected water usage, and Administrator Radermacher provided additional information. He

noted that the water study by WHKS indicated that the projected demand is well within the City's capacity to provide.

Council Member Nobach asked about negotiations with the School District. Ms. Dean summarized ongoing discussions with School District representatives related to potential funding opportunities.

Council Member Nobach referenced plans for seven main buildings. He asked about power generators for each building. Ms. Dean noted that the generators would only provide back-up power. She stated that each generator would be tested once per month, noting that the generators would be tested at different times. She discussed how the generators would be located and screened to minimize the noise. She commented that noise testing would be conducted as part of the design process.

Council Member Nobach asked about an air quality analysis. Tricia Sieh from Kimley Horn noted that air quality is regulated by the MPCA. Administrator Radermacher provided additional information.

Council Member D. Johnson asked about a request for exceptions to future design standards. Ms. Dean provided rationale for this language and suggested additional discussion and potential modifications.

Council Member D. Johnson inquired regarding a request for a maximum building height of 50 feet, except for the main building. Ms. Dean suggested further discussion in this regard.

Council Member Nobach asked about the potential for the developer to acquire property south of the railroad tracks. Ms. Dean indicated that there is no plan in this regard.

Council Member D. Johnson requested clarification of the CUP and PUD requests. Ms. Dean noted that the process has been designed to follow the City Code.

Council Member Nobach asked about a traffic analysis. City Engineer Angerman provided additional information and clarification.

Council Member D. Johnson referenced the proposed PUD and variance requests, stating that it may be premature to consider these at this point. Ms. Dean provided additional information and rationale for the proposed process, reiterating that the developer is working

within the framework of the City Code. She stated that the developer needs assurances in order to justify its financial investment. She noted that there will still be opportunities to negotiate and modify the agreement language.

Council Member Nobach asked about the process of working with the end user(s) regarding the taxing structure. Ms. Dean provided information in this regard, noting that the City would be in control of the process.

Mayor Montgomery expressed appreciation for the discussion.

Adjournment

A motion was made by Council Member D. Johnson, seconded by Council Member Jeppesen and unanimously carried, to adjourn the work session. The work session adjourned at 6:21 p.m.

Adopted by the City Council of the City of Cannon Falls on the 7<sup>th</sup> day of October, 2025.

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Matt Montgomery, Mayor

ATTEST:

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Jon Radermacher, City Administrator