

The Cannon Falls City Council met in a work 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; Tim Malchow, EMS Chief; Brice Miller, Fire Chief; Jeffrey McCormick, Police Chief; and Joe Nobach, Assistant Fire Chief

- Call to Order                    Mayor Montgomery called the City Council work session to order at 5:00 p.m.
- Approve Agenda                A motion was made by Council Member Johnson, seconded by Council Member Gesme and unanimously carried, to approve the agenda as presented.
- 2025 Budget Discussion            City Administrator Jensen referenced a rough draft of the 2025 budget. He stated that the preliminary levy reflects a less than 4% increase. He noted that there are still some unknowns, such as LGA revenue.
- City Administrator Jensen discussed a General Fund balance increase. He highlighted 2025 expenditure increases, including employee wages and benefits, accounting and audit services, and tree removal and replacement expenses. City Administrator Jensen reviewed the capital project budgets.
- City Administrator Jensen referenced past contributions to community organizations and suggested that the Council establish a donation policy and procedure.
- City Administrator Jensen reviewed the Library budget and discussed fund transfers. He discussed the Fire Department budget and referenced equipment needs. He detailed current tax abatements and TIF agreements. He reviewed the City's bond debt.
- City Administrator Jensen discussed the water and sewer funds. He suggested considering 3% to 4% increases in water and sewer rates, to help fund utility work during upcoming street reconstruction projects and other infrastructure expenses.
- City Administrator Jensen referenced the Ambulance Service budget and suggested Council discussion of budget challenges.
- City Administrator Jensen provided an overview of estimated 2025 revenue and expenses. He thanked department heads for their work on 2025 department budgets. He discussed the Administration Department budget.

Council Member Gesme inquired regarding estimated health insurance and Workers Compensation expenses. City Administrator Jensen and Police Chief McCormick provided rationale for the anticipated changes in these expenses.

Council Member Lundell referenced past Council discussion of eliminating City donations to community organizations. It was noted that contributions have been provided to the Cannon Valley Fair, the Senior Center, the Historical Society, and the Chamber in the past. It was noted that it had previously been suggested to schedule a work session and invite representatives of community organizations to provide presentations and discuss how City funding would be utilized. City Administrator Jensen discussed a 2019 agreement, noting that the City Council reserves the right to review the financial records of community organizations receiving contributions from the City. Mayor Montgomery referenced information provided by the City Attorney relating to organizations that would be eligible to receive contributions from the City. It was decided to schedule a work session in the near future. Council Member Lundell commented that other community groups may be interested in requesting contributions. The agreement with the Historical Society relating to the property purchase was discussed. Potential work session dates were discussed, and July 23 was suggested. It was decided to add the scheduling of a work session to the upcoming Council meeting agenda for action.

City Administrator Jensen referenced future street reconstruction projects and reviewed budget placeholders toward utility work.

Council Member Johnson referenced past Council discussion of liquor license fees and recommended further discussion of the 2025 fee schedule.

Council Member Johnson suggested careful consideration before raising water and sewer rates, noting that the City's rates are higher than those of surrounding communities. City Administrator Jensen commented regarding the impacts of infrastructure projects on water and sewer rates and suggested avoiding comparisons. He referenced rising project costs. Council Member Gesme commented that water and sewer fees help fund project costs, which helps avoid bond funding. It was suggested to consider smaller incremental increases as opposed to large jumps every few years.

Mayor Montgomery asked about future projects. City Administrator Jensen and Public Works Director Petersen discussed anticipated sewer infrastructure work within the next three years.

Council Member Johnson suggested long-range capital project planning. City Administrator Jensen discussed budget planning activities for capital projects along with ongoing maintenance and equipment costs.

The 2025 fee schedule and liquor license fees were discussed.

City Administrator Jensen further discussed the Ambulance Service budget and staffing challenges. He referenced recent legislation to assist rural ambulance services. He provided examples of other communities that are losing their ambulance services or raising additional revenue to support these services. EMS Chief Malchow summarized a recent conversation with Mark Jones of OakPoint, noting that information is being gathered and an updated proposal will be submitted for consideration in the near future. He stated his understanding that Cannon Falls will be eligible to receive approximately \$180,000 in grant funding from the State, noting that there will be stipulations on how this money can be spent.

Cannabis Registration  
Delegation Discussion

Police Chief McCormick provided an update with regard to the rules and the licensing process, noting that it will take several months to finalize the rules and regulations. He stated that Goodhue County is also considering cannabis regulations, including a maximum number of dispensaries, set at the minimum number established by the State Legislature based on population. He noted that the maximum number of dispensaries in Goodhue County would be four, not including the Prairie Island Indian Community dispensary that is set to open in the near future. He stated his understanding that PIIC also intends to enter the cannabis cultivation business. He stated that the Police Commission has been working on zoning issues and considering City regulations. He noted that Goodhue County representatives would like to know whether the City of Cannon Falls plans to implement regulations, or whether it would prefer to defer to the County's regulations. He commented that it might make sense to let the County handle the regulations. He noted that Cannon Falls may or may not end up with a licensed dispensary.

Council Member Johnson asked about zoning considerations, if the City allows the County to handle the regulations. Police Chief McCormick clarified that the City would not handle the regulations but would be responsible for the zoning. He summarized ongoing staff

discussions relating to land use, locations, and environmental considerations pertaining to cannabis cultivation operations.

Police Chief McCormick suggested Council discussion and consensus with regard to the County's request.

Council Member Gesme commented regarding preliminary State regulation language.

City Administrator Jensen suggested asking whether the decision to allow the County to handle the regulations could be reversed in the future. Chief McCormick indicated that he will clarify this.

Council Members recommended allowing Goodhue County to handle the regulations, as long as there would be an option for the City to regulate cannabis in the future if desired.

The regulation limitations and hierarchy were clarified.

#### Succession Planning

City Administrator Jensen stated his intention to retire in early 2025. He suggested the development of a succession plan, to facilitate a good transition. He recommended establishing a three-person ad hoc committee for this purpose. He reviewed the typical recruitment process and timeline and discussed the use of a consultant.

Mayor Montgomery referenced the upcoming Council election and recommended that the current Council Members make the hiring decision.

City Administrator Jensen reviewed the roles and responsibilities of the committee. Mayor Montgomery also suggested seeking input from department heads. Administrator Jensen reviewed the advantages of utilizing a consultant and provided options in this regard. He suggested that the committee interview prospective consultants.

Mayor Montgomery indicated that he would serve on the committee and would talk with Council Members individually regarding their interest in serving on the committee prior the start of the upcoming Council meeting. It was noted that this item would be added to the Council meeting agenda.

Adjournment


A motion was made by Council Member Lundell, seconded by Council Member Groth and unanimously carried, to adjourn the work session. The workshop adjourned at 6:07 p.m.

Adopted by the City Council of the City of Cannon Falls on the 23<sup>rd</sup> day of July, 2024.



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Matt Montgomery, Mayor

ATTEST:



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Neil L. Jensen, City Administrator

