

Council Meeting
Tuesday, April 5, 2011
City Council Chambers
7:30 p.m.



AGENDA

Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes–March 15, 2011
2. Consent Agenda
 - Minutes
 - EDA Commission – March 14, 2011
 - Park & Recreation Commission – March 14 & 29, 2011
 - Telecommunications Commission – March 15, 2011
 - Utility Commission – March 23, 2011
 - Community Center Commission - March 28, 2011
 - Correspondence
 - Kevin Freking – HRA Parking Lot Project
3. Public Comments
 - Mari Harries – Finding Windom
 - Frank Dorpinghaus – Fluoride In The Water
4. Department Heads
5. Proclamation National Library Week
6. Central Air “Bonus Bucks”
7. Fire Department Donation - “Res Q Tube”- Resolution
8. Des Moines River Dam Modeling/Survey Discussion
9. SEH Professional Services Agreement - 18th Street Drainage Study
10. LMC Community Conversation Update
11. LMC Extra-ordinary Expense Loan Program - Street Shop Improvement Project
12. MN Department of Transportation – Resolution – Mower Grant Agreement
13. Hospital Board Appointments
14. Regular Bills
15. Unfinished Business
16. New Business
17. Council Concerns



**Council Meeting
Windom City Hall, Council Chamber
March 15, 2011
7:30 p.m.**

1. Call to Order: The meeting was called to order by Mayor Kruse at 7:30 p.m.

2. Roll Call: Mayor: Kirby Kruse

Council Members: Dominic Jones, Kelsey Fossing, Corey Maricle,
Bradley Powers and JoAnn Ray

Council Members Absent: None

City Staff Present: Steve Nasby, City Administrator; Bruce Caldwell,
Street & Park Superintendent; Dan Olsen, Telecom
Manager; and Jeremy Rolfes, Telecom

3. Pledge of Allegiance

4. Approval of Minutes:

**Motion by Maricle second by Powers, to approve the City Council minutes from
March 1, 2011 as amended. Motion carried 5 – 0.**

5. Consent Agenda:

Kruse said there were minutes from the following Boards\Commissions:

- Tree Committee – February 9, 2011
- Park & Recreation Commission – February 28, 2011
- Community Center Commission – February 28, 2011
- Street Committee – March 3, 2011
- Library Board – March 8, 2011

License applications were received from the following:

- Exempt Permit – Evangelical Free Church for March 27, 2011

**Motion by Jones second by Fossing, to approve the Consent Calendar as presented.
Motion carried 5 – 0.**

6. Public Comment:

Shannon LaCanne and Trevor Slette introduced themselves as members of the Safe Routes to School Committee. LaCanne thanked the City Council for the opportunity to speak about Safe Routes to School and for the newly placed stop sign at 17th Street and 6th Avenue. She said the Police do a great job of patrolling the areas around the schools and the Safe Routes to School project is looking to enhance safety for children walking and biking to school. Walking and biking to school is also a wellness activity and part of a healthy lifestyle.

Slette said that he has younger children and when one asked to bike to school he started looking at the potential safety issues involved. So as a concerned parent he is on the Safe Routes to School Committee.

LaCanne said that she has observed the traffic on 17th Street by the Middle\High School and it is difficult for pedestrians to use the cross-walk due to heavy traffic right after school is out or at the beginning of the day. She noted that the Street Department is going to re-paint the cross-walks and sincerely appreciates their efforts. More public education is needed and information on wellness and safety has been discussed and distributed through the schools. A survey was done with school parents and the results showed a need for additional safety measures and lower speeds by the schools during school hours. The survey also showed that few kids walk or ride bikes and some of this may be due to safety, lack of bike racks or incentives. The Safe Routes to School Committee has discussed increased signage, crossing guards, lower speed limits and flashing lighted signs alerting drivers to school zones and/or cross-walks. Safe Routes to School has about \$5,000 available to undertake some of these efforts. The group will be back to work with the Street Department and Police Department to implement improved safety measures and eventually back to the Council for approvals.

7. Department Heads:

None

8. Des Moines River Dam – Recommended Action:

Kruse said that he would like to suspend the Council rules to allow for public input\comments.

Motion by Maricle, second by Ray, to suspend the Council rules and allow for public comment and input for this item. Motion carried 5 – 0.

Kruse asked the public to limit their remarks to three minutes so everyone could speak and then additional comments would be welcome.

Bruce Slocum said that he would like to see the dam removed. There are fewer dollars available for local government so use the funding from the Minnesota Department of Natural Resources (DNR) to remove the dam.

Preliminary

Mary Benson said that she would recommend removing the dam. The ground water levels by her home are lower without the dam and as a result her sump pump runs less and that would be a benefit to residents.

Kevin Freking said that he lives by the river and supports removing the dam and the placement of rock riffles.

Kruse asked if there were any other comments from the public. Hearing none he deferred discussion to the Council.

Jones said that the costs of removing the dam were lower than re-building it as DNR monies could be used. He has talked with a number of residents and is understanding and sympathetic to their concerns regarding the aesthetics and impacts of a removal. He said that one question he had asked was if the elevation of the placement of riffles could be similar to what the dam provided and this would also pool water. He said that Nasby had spoken to the DNR and answered this question for him.

Nasby said that the riffles could be used as a "stair step" to have an elevation similar to the dam. The issues involved in this type of project would include support from the DNR, additional cost to construct due to more riffles and the on-going maintenance would be higher. The DNR did express concern that the ecological benefits would be reduced as the water flow, sediment flow and general condition of the river would not be as good. They preferred a 3 or 4 riffle project to maximize ecological benefits.

Kruse noted that Ryan Doorenbos, Minnesota Department of Natural Resources, was present and may be could address this matter. He said that the DNR ecological services funding would be partially dependent on the type of project and more of an elevation change would be the most beneficial. If riffles were done at the current dam site and may be one more up stream this could also help move the river flow to the center of the channel.

Jones asked if moving the flow to the center of the channel around the bridge would help to address the concerns regarding scour by the bridge and erosion near utilities. Doorenbos thought it would, but the hydraulic modeling will need to be done to fully address these issues.

Bruce Caldwell, Street & Parks Superintendent, said that in Luverne their dam removal project was controversial with some groups, especially the fishermen. Since the dam was removed the fishing reports have been positive and now they are supportive of the change.

Nasby said that staff is asking the Council for direction on the project and then as to the options they would like to have included in the hydraulic model. The costs of the modeling will depend on how many scenarios are run.

Jones said the Council needs to take action to move the project forward. He would like to have discussion on the number of riffles with 3 – 5 of them.

Powers said he would like to see the three or five riffle option modeled and have the spacing of the riffles varied, such as one by the current dam, one upstream and one downstream. He also asked if other amenities such as a possible trail could be considered.

**Motion by Jones, second by Maricle, to move forward with removing the dam with the placement of 3 or 5 rock riffles and have the hydraulic modeling studies started.
Motion carried 5 – 0.**

9. Street Department:

Street Shop Improvements

Caldwell and Dennis Johnson, Wenck Associates, introduced themselves. Johnson said that the bids on the Street Shop remodeling project had been opened on March 7. The low bid from Everstrong Construction was slightly over the engineer's estimate for the spray foam insulation option, which was the lowest cost alternative that was bid.

Caldwell said that the Building Committee had discussed the bids and is recommending that the insulation from the West Storage Shed as shown in Option #4 be eliminated and this would save about \$7,000. Since this building is not presently heated he did not see the elimination of the insulation as problematic.

Nasby noted that if the insulation would be eliminated it would be done through a change order and the bid would need to be accepted as presented.

Caldwell said that flashing was included in the plan to prevent the seepage of water into the building at the point where the side walls attached to the floor.

Johnson said that he and Caldwell had spoken to the Electric Department and a local electrician about upgrading the electric service to the Street Shop to three phase. All were in agreement that this should be done at a cost of about \$5,000 and could be done outside of the remodeling project as it was not part of the bid items.

Nasby asked if the change to three phase power would require any converters or cause any issues with existing equipment and tools. Johnson said it would not be an issue.

Powers asked why the option for working on the West Storage Shed was recommended. Caldwell said the condition of the building was also poor in some spots as there are holes in the sheeting and the doors are junk. It would also be good to do it at the same time as the main shop so everything tied together.

Jones said he would like to discuss funding before the vote on awarding the bid.

Nasby said that there were four methods to fund the project as shown in the memorandum. These included funding the project with the General Fund Reserve, bond for the project costs, work with the Utility Commission on an intra-fund loan or obtain a loan from the League of Minnesota Cities Extraordinary Expense pool.

The General Fund has a current reserve of \$1.5 million and this is used to fund operations between the receipt of taxes and state aid. The 2011 General Fund budget is about \$2.2 million so the reserve is about two-thirds of expenditures and this fund has been a priority of the Council for the last five years as the reserve was formerly only about \$335,000. The reserve fund recommended ratio from the State Auditor is 35-50% and due to the uncertainty of state aid the City's goal has been to keep this amount at or over 50% since delays in state aid could impact our ability to pay the bonds and operational costs. Given the current amount of the reserve, the City could afford to pay for the \$350,000 Street Shop project and maintain a 50% reserve level. Nasby suggested that if these funds should be repaid to the General Fund Reserve from future budgets if no other funding for the Street Shop becomes available.

Included in the Council packet is a resolution of intent for the City to reimburse itself if General Obligation bonds were issued within the next 18 months. Since the Street Shop project is relatively small, the bond issuance costs would be too expensive for a stand-alone bond, but it could be combined with another project such as the upcoming Wastewater Main Lift Station project now being discussed. Should the Council want the option of considering a reimbursement with bonds the resolution would need to be adopted, but it does not tie the Council into that funding.

The option of getting an inter-fund loan from the utilities may be more difficult as they recently were approved to participate in the CapX transmission project, so a sizeable portion of their reserves would be tied up. This could still be discussed with the Utility Commission if the Council wanted to pursue this option.

The League of Minnesota Cities (LMC) Extraordinary Expense pool may be available, but was dependent upon a review from their structural engineer and loss control representative. The LMC representatives were in Windom today looking at the Street Shop roof, but there was no decision from them whether or not Windom qualified for this loan pool. Caldwell said the structural engineer had indicated to him that they could not find any snow or wind damage. Nasby said that since no additional damage was found the chances for the LMC loan pool may be slim.

Consensus of the Council was to fund the project with the General Fund reserve at this time and then discuss a reimbursement with bonds or other funds in the future.

Council member Powers introduced the Resolution No. 2011-11, entitled "A RESOLUTION AWARDED THE CONTRACT FOR A PROJECT ENTITLED 2011 STREET SHOP IMPROVEMENT PROJECT" and moved its adoption. The resolution was seconded by Ray and on roll call vote: Aye: Fossing, Jones, Maricle, Powers and Ray. Nay: None. Absent: None. Resolution passed 5 – 0.

Council member Maricle introduced the Resolution No. 2011-12, entitled “RESOLUTION MAKING A DECLARATION OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS SECTION 1.150-2” and moved its adoption. The resolution was seconded by Jones and on roll call vote: Aye: Jones, Maricle, Powers, Ray and Fossing. Nay: None. Absent: None. Resolution passed 5 – 0.

Street Department Equipment – Snow Blower & Tire Changer Request

Caldwell said that the 2011 budget included \$20,000 for the purchase of a new mower. This mower is able to be partially funded from FAA Airport monies as it is used at the site. The FAA would cover 70% of the cost. The mower cost is \$19,058 with \$13,340 from FAA and \$5,718 City funds. This leaves \$10,283 in the 2011 Capital budget.

Caldwell is requesting that a new snow blower be purchased for the Street Department\Water\Wastewater bob cat skid loader. The cost is \$4,707 and it would be split between the Street Department and the Water\Wastewater funds 50-50. It is needed to clear snow from sidewalks, at the water\wastewater plants, cleaning around fire hydrants and other areas. The cost from the Street Department 2011 Capital account would be \$2,354 for the snow blower. He is also requesting \$700 to purchase a used tire changer as the one at the Street Shop is obsolete and past its useful life. Together these two items come to \$3,054, which is well under the remaining amount left in the 2011 Street Department Capital budget.

Powers asked if the Utility Commission had approved the portion of the snow blower from the Water\Wastewater Department. Caldwell and Nasby said that the Water\Wastewater Department had sufficient funds already in their 2011 budget to pay for equipment such as the snow blower.

Motion by Maricle, second by Ray to authorize the Street Department to purchase a snow blower and the used tire changing equipment at a cost of \$3,054 as presented. Motion carried 5 – 0.

Caldwell said that \$7,229 would remain in the Street Department 2011 Capital account after these purchases. The Park and Recreation Commission is discussing the new slide at the pool and they may not be able to do the project for the \$20,000 they had budgeted for the new slide, so they may be coming to the Council to see if they can access any of the remaining \$7,229 in the 2011 Street Department Capital fund and/or the Park Capital Account.

10. Website Redesign Contract:

Nasby said that there is memorandum in the Council packet with details. The City web site is five years old and needs updating as software, technologies and hardware needs have changed. Staff looked at two vendors for the web site development which were Revise, Inc and Beim LLC. Staff is recommending Beim LLC as the costs were better defined and they have experience with the current web site and staff as Beim LLC developed the current site.

Preliminary

The cost of the web site redesign would be spread over all of the City departments and the EDA would be able to put some money into the project from its marketing budget. Nasby said the City had also applied for \$9,000 from the Blandin MIRC grant to pay for part of the project, but they meet on March 16 and he did not know if the project would receive any MIRC funding or not.

Staff is also recommending that the City's web site be hosted off-site as the current server may need to be replaced and the maintenance being done by Telecom is taking up their staff time. Two off-site web hosting quotes were gotten, one from GoDaddy.com for \$15\month and one from the Citizen Publishing Company for \$25\month. Nasby said the recommendation is to go with off-site hosting as it will be more cost effective than purchasing a new server and using Telecom to do IT maintenance. He said staff is also recommending using the Citizen Publishing Company as they are local and can provide prompt personal service.

Maricle said that the web site needs to be redone. He asked if the Department Heads would have access to the site. Nasby said the new site would be done with an open source software called WordPress and it works much like a Microsoft Word where it is like a "cut and paste" operation rather than manipulating a web page. As such, the plan is for all of the Department Heads to be trained on updating their pages, but he would envision keeping some control over the site by having a centralized publishing approval authority at City Hall.

Motion by Maricle, second by Fossing, to approve the web site redesign, contract with Beim LLC and to have the Citizen Publishing Company provide off-site web hosting. Motion carried 5 – 0.

11. Blandin Minnesota Intelligent Rural Communities (MIRC) Grant – Public Safety:

Nasby said that the funding for putting laptops into the City's public safety vehicles (Police, Fire and Ambulance) had been approved and the project is starting to move ahead. This grant request was part of the original \$100,000 grant request from Blandin. Other projects with the Windom Area School District, BARC and WECC had also been approved and are underway.

12. Telecom – Cinnamon Mueller Legal Services Contract:

Dan Olsen, Telecom Manager, said that the City of Windom and the SW Minnesota Broadband Group had worked on this large broadband project for the last couple of years. Windom would be providing television, telephone and internet services to the SW Minnesota Broadband Group. Recently the parties found out the television programming services from the National TV Cooperative were denied. As such, the City and SW Minnesota Broadband Group are working on a solution and need legal assistance. Both parties would use Cinnamon Mueller to provide the services, as needed, and to review all of the City's television programming agreements.

Preliminary

The Telecommunications Commission had discussed this at their March 15 meeting and recommended the approval of entering into this legal services agreement with a limit of \$10,000 in cost to the City of Windom.

Motion by Maricle, seconded by Jones, to approve the legal services contract with Cinnamon Mueller with a not to exceed limit of \$10,000 and to authorize Dan Olsen, Telecom Manager to sign the agreement. Motion carried 5 – 0.

13. Personnel Committee:

Powers said that the Personnel Committee had accepted the retirement resignations from Police Chief Shirkey and Barry Marcy, Street Department Foreman after 33 years of service.

The Personnel Committee was recommending the approval of the employee's request to use vacation time. The Personnel Committee and Civil Service Commission are recommending the filling of the Police Chief's position as soon as possible. The Personnel Committee is also recommending the filling of a maintenance worker position at the Street\Park Department.

Motion by Powers, seconded by Ray, to approve the recommendations of the Personnel Committee and Civil Service Commission as presented. Motion carried 5 – 0.

14. Regular Bills:

Motion by Maricle, seconded by Jones, to approve the bills. Motion carried 5 - 0

15. Unfinished Business:

Kruse said he is requesting the appointment of Linda Stuckenbroker to the Community Center Commission.

Motion by Powers, second by Fossing, to approve the appointment of Linda Stuckenbroker to the Community Center Commission. Motion carried 5 – 0.

16. New Business:

None.

17. Council Concerns:

Nasby said that the City is working on a plan to use the Arena for sandbagging operations in the event of a flood. Per the City Council policy public infrastructure and facilities would be handled by the City staff and private property protection is the responsibility of the property owners. Sandbags and sand would be available and the material cost would be

Preliminary

tracked if used by private property owners and invoiced unless the City was part of a declared disaster area.

Nasby also informed the Council that the LMC Community Conversation application had been completed and is being reviewed. Approximately 40 communities applied and the LMC had envisioned doing 8-12 of them so he would let the Council know if Windom was selected.

Kruse asked that citizen look at their American flags and replace them if needed.

18. Adjourn:

Kruse adjourned the meeting by unanimous consent at 8:50 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

**ECONOMIC DEVELOPMENT AUTHORITY OF WINDOM
MINUTES
MARCH 14, 2011**

1. Call to Order: The meeting was called to order by President Slette at 12:00 p.m.

2. Roll Call & Guest Introductions:

EDAWN Commissioners: Juhl Erickson, Trevor Slette, Sally Larson, Corey Maricle, and Kelsey Fossing.

Also Present: EDA Staff –Mark Hanson, Executive Director, and Mary Hensen, Adm. Asst.; and Mayor Kirby Kruse.

3. Approval of Minutes:

Motion by Commissioner Larson, seconded by Commissioner Slette, to approve the Minutes of the EDA Special Meeting held on January 24, 2011. Motion carried 4-0. (Commissioner Fossing arrived after the vote was taken.)

4. EDA 2011 Strategic Goals: The Board had tabled this agenda item from the January 24, 2011, Meeting to allow time for Mark Hanson, the new EDA Executive Director, to revise the proposed goals. Director Hanson reviewed the proposed 2011 Strategic Goals with the Board.

Motion by Commissioner Slette, seconded by Commissioner Maricle, to approve the EDA 2011 Strategic Goals. Motion carried 5-0.

(A copy of the EDA 2011 Strategic Goals is attached hereto.)

5. Spec Building – Refinancing Discussion: The EDA's spec building at 1925 North Redding Avenue was constructed in 2001 through a construction loan from the Windom Utility Commission. In April, 2006, this loan was refinanced with Bank Midwest to pay off the Utility Commission loan. The principal balance as of March 3, 2011, was \$435,074.76 plus accrued interest of \$613.33. A balloon payment on this loan is scheduled for April 14, 2011. After discussion, the following action was taken.

Motion by Commissioner Maricle, seconded by Commissioner Larson, authorizing EDA Staff to forward requests for proposals to each of the four financial institutions in Windom concerning the proposed refinancing of the Spec building loan; authorizing EDA Staff to contact Bank Midwest to request a one-month extension of the current balloon payment date (April 14, 2011) on the spec building loan; and authorizing Vice President Trevor Slette and Secretary Sally Larson to execute any documents necessary concerning this one-month loan extension. Motion carried 4-0. (Commissioner Erickson abstained from voting.)

6. Minnesota Community Capital Fund: In November, 2007, the EDA Board approved a membership in the Minnesota Community Capital Fund in the amount of \$30,000.00. The purpose of the program was to serve as a source of funding of development loans up to ten times the membership amount. These loans were sold into the secondary market. Since the time of the EDA's membership in 2007, the MCCF's ability to sell these loans into the secondary market has been curtailed. Director Hanson proposed that the EDA withdraw its membership funds from MCCF at this time.

Motion by Commissioner Slette, seconded by Commissioner Larson, authorizing EDA Staff to submit a letter to Minnesota Community Capital Fund (MCCF) requesting a refund of the \$30,000 membership fee originally paid to MCCF in 2007. Motion carried 5-0.

7. Small Cities Development Program

A. Owner-Occupied Rehab Project Review: Western Community Action processed and inspected an additional Windom property for the housing rehabilitation program. The Board received a recap sheet for this project that outlined the scope of work, the total project costs, owners' match, and proposed loan of SCDP funds. The average SCDP loan is \$15,600. The proposed project is within the funding range and is within the designated target area in Windom.

<u>Application No.</u>	<u>Proposed Improvements</u>	<u>Project Costs</u>	<u>SCDP Funds (Maximum for Project)</u>
Windom No. 57	Replace All Windows and Electrical Upgrades	\$27,708	\$15,600

Motion by Commissioner Slette, seconded by Commissioner Maricle, approving the SCDP owner-occupied rehab request for Windom Project No. 57 as submitted by Western Community Action. Motion carried 5-0.

8. Executive Director's Report

A. Future Force – Program Outline: The Board received a copy of the Development Program Outline (including budget) as prepared by Future Force. Director Hanson advised that the company will be reviewing its business model.

B. Available Residential Lots: The Board received a listing of lots in the City of Windom which are available for construction of new homes. Director Hanson advised that this list will be periodically updated as lots are sold or new lots become available.

C. Meetings & Business Activity – Recap: Director Hanson updated the Board concerning meetings in which he has participated and business contacts since the January 24th EDA Meeting.

D. Prospect Update: Director Hanson updated the Board concerning recent inquiries. There was a follow-up discussion concerning a recent inquiry for a 10,000 square foot storage warehouse and available business/industrial lots.

E. Windom Area Chamber of Commerce & WADC: Director Hanson advised that he has been talking with Chamber officials concerning more commerce activity by the Chamber and promoting local businesses to visitors in Windom for tournaments, etc.

F. Letter of Support – WECC – MIRC Application: Director Hanson provided the Board with a copy of a letter of support which he provided to WECC for inclusion in their application for MIRC grant funds for funding of technology equipment.

G. Account Update: Director Hanson updated the Board concerning an EDA fund known as the "Lindaman Revolving Loan Fund". The fund was originally established as the revenue account for repayments of improvement loans made in 1999. These loans were fully repaid in 2003 and the funds have been used for various EDA projects since that time.

9. New Business: Director Hanson advised that he has been meeting with representatives from "Finding Windom" concerning a proposed project to upgrade the marquee sign for the Windom State Theater. More information will be forthcoming concerning that proposed project.

10. Miscellaneous Information

- A. Monthly Budget Recap: The Board received a copy of the monthly budget reports for December, 2010, and January, 2011.
- B. River Bluff Townhomes – Monthly Financial Report: The Board received copies of the financial reports provided by Van Binsbergen & Associates for the periods ending December, 2010, and January, 2011.
- C. EDA Board Roster: The Board received a copy of the roster and contact information for the current EDA Board members.
- D. EDA Loan Recap: The Board received a copy of the EDA Loan Recap as of March 3, 2011.
- E. President Erickson requested that the Board and EDA Staff review available industrial/commercial land for discussion at next EDA Meeting and also think about the possible project presented under “New Business”.

11. Adjourn: By consensus, President Erickson adjourned the meeting at 1:01 p.m.

Sally Larson, EDA Secretary-Treasurer

Attest: _____
Mark P. Hanson, Executive Director

WINDOM ECONOMIC DEVELOPMENT AUTHORITY 2011 STRATEGIC GOALS

In 2011 the Windom EDA will actively promote economic growth and vitality in the Windom area. The mission Windom EDA is to expand the community's tax base and job opportunities by supporting the expansion of existing businesses and attracting new businesses.

The EDA strategic goals for 2011:

Strategic Goal 1: Recruit a manufacturing, distribution or other commercial business to locate in Windom.

1. Engage in new marketing efforts (websites, social network, collaboration) to create awareness of Windom's land/commercial assets.
2. Respond to Minnesota Department of Employment & Economic Development (DEED) and Community Venture Network (CVN) regarding prospects they provide.
3. Research possible funding sources to support potential projects.
4. Create an inventory of available properties.

Strategic Goal 2: Research and contact retail prospects i.e. grocery store/restaurant to locate or expand in Windom.

1. Research potential grocery store and restaurant opportunities for Windom by visiting similar communities, approaching current business owners, utilizing research tools such as business directories, electronic searches and referrals, and networking.
2. Create an inventory of available properties.

Strategic Goal 3: Collaborate with local manufacturing, distribution or other commercial businesses to expand/remain within the City of Windom.

1. Work with existing, local manufacturing\distribution companies concerning leases, and/or property needs.

Strategic Goal 4: Align with government and local organizations to promote the community as a whole.

1. Align with the City of Windom, ISD 177, HRA, Chamber of Commerce, WADC, Finding Windom etc. to better market the community.
2. Research the missions/vision of local organizations to develop a working relationship to align efforts.
3. Update the city website to promote the community's assets.

Strategic Goal 5: Work with the Chamber of Commerce and WADC to partner with property owners to invest in their properties in order to preserve the business district.

Telecommunications Commission Meeting Minutes

March 15, 2011

11:30am

Windom City Council Chamber

Call meeting to order 11:38

Roll Call: Cory Maricle, Forrest Fosheim, Dominic Jones, Wendell Woodcock and Virgil Meier

City Staff: Dan Olsen and Steve Nasby

Backbone Bandwidth:

Olsen explained that he has solicited quotes from all available carriers in the areas. Researching each carriers response and will provide a solution at the April 19 meeting.

Product package adjustments:

Olsen presented a concept for new cable TV packages. Woodcock requested additional HD offerings. Olsen responded that equipment has been ordered and should arrive soon. Olsen stated that programmers are requiring basic digital carrier and we will be forced to move most of the programming to a digital basic. Jones asked about programming contracts and who administers the contracts. Olsen responded that he administers the contracts with help of the NCTC and that there are over 100 contracts in place. Olsen then referred to a worksheet to talk about internet speed increases. Fosheim suggested that we increase bandwidth significantly if we obtain the needed backbone. Olsen showed two examples of how we could roll out new speed packages. Jones suggested that would be a good time to raise rates. Olsen responded that rates have never been increased. Olsen will put together scenarios for the next meeting.

Cinnamon Mueller Proposal:

Olsen explained that the NCTC has denied the SMBS group application for membership. Olsen has been working with Ureka to seek other alternatives for programming. Conversations have been held with NTTC and a method to obtain programming has not been found. Olsen explains that the Cinnamon Mueller proposal will entail review of all existing contracts and current laws to determine a method for providing video service over the SMBS network.

Motion by Maricle, second by Meier to recommend to the City Council that the Cinnamon Mueller proposal be approved and that a cap of Ten Thousand dollars be placed on the contract.

Meeting Adjourned:

Next Meeting April 19th, 2011

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
March 23, 2011

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on March 23, 2011 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson: Mike Schwalbach

Members Present: Chris Johnson and Glen Francis

Member Absent: None

City Council Liaison: Dominic Jones, Absent

Staff Present: Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager and Mike Haugen, Water/Wastewater Superintendent

Others Present: None

APPROVE MINUTES

Motion by Johnson, seconded by Francis, to approve the February 23, 2011 Utility Commission minutes as presented. Motion carried 3-0.

WATER WASTEWATER ITEMS

Minnesota Pollution Control Agency Compliance Evaluation Inspection – Haugen reviewed the results for the Compliance Evaluation Inspection (CEI) from MPCA. The inspection consisted of a visual inspection of the Wastewater Treatment Facility, review of the monthly Discharge Monitoring Reports for January 2009 thru December 2010 and influent flow was reviewed for the past 12 months. Based on the results of the CEI no violations on the terms and conditions set forth in the National Pollutant Discharge Elimination System were noted,

Bolton & Menk Agreement for Professional Services – Haugen reviewed the agreement for professional services between the City of Windom and Bolton & Menk Associates for the Wastewater Treatment Facility Improvements.

Haugen also noted that the computer system that monitors the Wastewater Treatment Facility failed approximately three (3) weeks ago. To repair this system will cost approximately \$20,000 and to replace this computer system would cost approximately \$50,000. Haugen informed the commission that his department will be using the “panel view” system to bypass the computer system and include the replacement of that system in the project with the improvements to Wastewater Treatment Facility.

Motion by Johnson, seconded by Francis, to recommend to the City Council the approval of the “Agreement for Professional Services” for the Wastewater Treatment Facility Improvements, upon approval by the City’s Legal Services. Motion carried 3-0.

Sewer Jet / Vac Quotes – Haugen said that he received four (4) bids to have the City of Windom’s sewer mains jetted for 2011. The apparent low bidder was Empire Pipe Services from Mankato, Minnesota, with a quote of \$.39 per foot for approximately 63,000 feet in 2011. Empire was the only quote that extended for a three year term with a cost of \$.42 foot for the second year and \$.45 per foot for the third year. The approximate time frame for completion of the project each year will be six (6) weeks.

Discussion was held on the cost savings of contracting the project or performing the duties in house and the quality of the work being done.

Staff was directed to get references for Empire Pipe Service on the quality of their work, cost of depreciation of equipment used if the City of Windom would be doing the work, and the costs of average employees wage and benefits that would do the work for the next meeting.

Highway 60 / 71 Water Main Relocation – Haugen said that Nasby had a recommendation for moving the water main relocation project forward as not all property owners are willing to pay for their share of the relocation costs as they want assurances that they will not be assessed in the future in the event the water main on Third Avenue is repaired / replaced. Haugen said that the City would assess \$1,500 to each property owner and 25% of the costs of repair to the bituminous, and then the City of Windom could move forward with the relocation of the water main and the assessments to these properties would be comparable to past assessments. Those property owners that do not want to hook up to the service at the time of the relocation would then pay their own costs at the time of a failure to the present water main when it is shut off because of the failure.

The commission requested that staff talk to the City’s Legal Council to see if it is lawful to shut residential or commercial water of for a period of time until they can hook up to the new main. This discussion will resume at the next regular scheduled meeting.

Other Items – Haugen informed the Utility Commission that there is a water main break on 6th Street near Perkins Creek. He said that because the water is so high, they are going to wait to repair when the water goes down. He said that the leak is small at the present time and they will watch it daily.

ELECTRIC ITEMS

CAPX Brookings – Twin Cities Transmission Investment Discussion – Grunig said that he is bringing the discussion to the table of having the Commission approve a possible cash payment to the CapX project rather than having CMMPA bond for the entire amount. However Grunig said that the investment amount has not been established by CMMPA at this time. The amount

could be \$3,310,975 as stated in the resolution or something less than that. Grunig said that at the present time the City Utilities has \$1.5 million dollars in a savings account and that a portion of this could be used for this investment project. Grunig outlined expenses that his department would typically have for energy and transmission costs monthly and other items that a reserve may be needed for. He also said that over the past few years the City's Utility has been building up its reserve fund to have a cushion for 30% to 70% of one year operating expenses, which is recommended by rate studies and expertise on Utility financial management.

After discussion the commission unanimously agreed not to fund the CapX Brookings – Twin Cities Transmission Investment with excess revenue, but to review this yearly during budget conversations with a possibility of paying down the bond at that time.

CapX Transmission Owner Services and Assignment Agreement – Grunig said this agreement is sixty (60) pages long. Grunig said that he has reviewed it and is in the hands of the City Attorney and Nasby for review. However basically this agreement designates Central Minnesota Municipal Power Agency (CMMPA) as Windom's MISO TO: (the City's transmission owner) and representative to MISO, then assigns the capacity rights in the Brookings project to CMMPA; so CMMPA in turn can transfer those capacity rights to MISO to be included in MISO's transmission ability to create rates. Grunig said that the second draft will be ready for the Utility Commission's review by their meeting in April 2011.

Utilities Plus Energy Services Proposal for Phase One Engineering Study for Electric Utility to Meet New EPA "NESHAP RICE" Standards for Generators – This discussion will be tabled for the next meeting.

Review of 2010 Energy Conservation Program – Grunig reviewed the 2010 Windom Energy Savings Summary that was presented to the Utility Commission. Grunig said that Minnesota Public Utilities Agency (MPCA) mandates a savings of 1.5% savings on KWh's per year. City of Windom Utilities achieved a savings of 2.1% in 2010.

2010 Residential Central Air Rebate Program with "Bonus Bucks" Offer – Grunig reviewed with the Utility Commission the "Central Air Bonus Bucks" energy rebate program that will begin on April 1, 2011 and end on June 30, 2011. The parameters for these rebate dollars are as follows:

- Must be a customer of the City of Windom Utilities
- Current central air conditioner must be a working unit and be at least 12 years old
- New air conditioner must be purchased between April 15, 2011 and June 30, 2011
- New air conditioner must be Energy Star and meet the guideline ratings of a 14.5 SEER and over
- Limited number of rebates available
- Utility reserves the right to load control unit

Grunig said that this rebate program has been approved by the Department of Commerce, and that they are interested in modeling similar programs to the City Utilities "Central Air Bonus Bucks".

Grunig said that rebates will be issued in the order that they are received and customers should turn in the Rebate Form to the Electric utility Office and make sure that they are able to have the unit installed in the 2011 season. This program will be limited to 55 total rebate requests, and approximately \$30,000 will be rebated. These units may also qualify for the existing Residential cooling rebates that are already in place for 2011.

The Utility Commission by general consensus approved the "Central Air Bonus Bucks" rebate program and authorized staff to complete the process.

REGULAR BILLS

Motion by Johnson, seconded by Francis, to approve payment of the bill to Wenck Associates in the amount of \$935.57 for work done at the landfill site. Motion carried 3-0.

OLD BUSINESS

None

NEW BUSINESS

Next scheduled Utility Commission meeting will be April 27, 2011 at 10:00 a.m.

Mike Schwabach, Utility Comm. Chairperson

Attest: _____
Steve Nasby, City Administrator

Community Center Commission Minutes
Monday March 28, 2011

1. Call to Order: The meeting was called to order by President Wayne Maras at 5:35 p.m

2. Roll Call: President: Wayne Maras
CC Director: Brad Bussa
Commission Members: Kelly Woizeschke
Dick Jeffrey
Hilary Mathis

Commission Liaisons: Corey Maricle
Bruce Caldwell-Absent
Jo Ann Ray-Absent

EDA Director: Mark Hanson-Absent

3. Approval of Minutes:

Motion by Dick Jeffrey, seconded by Hilary Mathis to approve the February 28, 2011 Community Center Commission Minutes. Motion carried 4-0

4. Additions to the agenda:

Under President's Report- A. Bi Monthly Meetings

5. Correspondence:

Nothing to Report

6. President's Report:

A. Bi-Monthly Meetings- WCC President Wayne Maras stated an idea of Bi-Monthly Commission Meetings had been brought up. WCC Commission discussed options on having Bi-Monthly Meetings. After reviewing ideas WCC Commission stated Bi-Monthly Meetings would be alright and could always have emergency meetings if needed. **Motion by Dick Jeffrey, seconded by Hilary Mathis to approve recommendations to move WCC Commission Meetings to Bi-Monthly Meetings. Motion carried 4-0.**

7. Director's Report:

A. Rates Review- WCC Commission discussed the rates with other comparable facilities. Group analysis is that WCC rates are reasonable and therefore will stay the same.

B. Policy Review- Commission discussed policies and procedures of room rentals and it was agreed to leave them as they are. WCC Commission looked through Rate Pamphlet and agreed to make up new colored pamphlets at printshop.

8. Resource Management:

Schedule of Events: Events are filling in nicely

Income/Expenses: Nothing new to report.

9. Miscellaneous:

Kelly Woizeschke inquired about contributions and donations and whether Windom Community Center needs a Foundation. Discussion followed and donations need approval through City Council.

10. Open Forum:

Nothing to report

11. Next Meeting:

Monday April 25, 2011 @ 5:30 pm

Adjourn:

Motion by Dick Jeffrey, seconded by Wayne Maras, to adjourn the meeting at 6:27 pm. Motion carried 4-0.

Wayne Maras, WCC President

Hilary Mathis, WCC Secretary

Attest: _____
Brad Bussa, Community Center Director

**PARK AND RECREATION COMMISSION MEETING
MINUTES MARCH 14, 2011**

1. Call to Order: The meeting was called to order by Terry Fredin at 5:15 p.m. in the council chambers at city hall.
2. Roll Call:
Commission Present: Sherri Zimmerman, Terry Fredin, Jeff LaCanne & Angie Blanshan
Commission Absent: Kay Clark
City Staff Present: Sally Oltmann Pool Manager, Recreation Director
Al Baloun & Park Superintendent Bruce Caldwell
Council Liaisons: Corey Maricle & JoAnn Ray absent
Public: Hannah Bartosh, Alan Bartosh, Jay Weber - Miracle Recreation Company Representative.
3. Approve Agenda
Motion by LaCanne, seconded by Blanshan to approve agenda with additions
Motion Carried Unanimous
4. Approve Minutes, February 28, 2011
Motion by LaCanne, seconded by Blanshan
Motion Carried Unanimous
5. Recreation Director's Report- Al Baloun
 - a. Pool Slide the Miracle Recreation Co. representative Jay Weber discussed with the group several options for slides. The commission stated they wanted something that would be exciting to go down and taller than what was first presented. If they would go with a larger slide then one of the one meter diving boards would also have to be removed due to rules and regulations. The budget for pool improvements is \$20,000 which may not be enough to purchase the larger slide. Baloun was instructed to get the costs for demolition and concrete work for a couple options. Mr. Weber was asked to get quotes on the different options and inform Baloun what is needed so the commission can make a decision. It was also stated that there is some money in the CIP account that could possibly be used to make up the shortage. The commission will need to hold a special meeting due to the shortage of time before the pool opens. They next meeting to review all the options and prices will be March 29, 2011.
 - b. Pool Manger Sally Oltmann she said all the staff have been sent letters concerning the 2011 season concerning the job openings. The pool is slated to open June 6th and close on August 17th. Oltmann said she lost the adult aerobics instructor therefore she is looking for another. If one can't be found she feels the adults that participated in prior years could run the exercises themselves.
 - c. Recreation Programming:
 1. Baloun and the commission agreed that the schedule for T-Ball should remain the same as previous years 9:00 -11:00 am. daily so not to interfere with swimming lessons. Girl's softball program will have to run at 11:00 – 12:00 am. There were some questions if girls could still participate in the T-Ball program. Baloun said they could be both T-Ball and Girls softball beings there not at the same time of day. Baloun said if there are enough kids the Tykes could play at 10:00 or 11:00 am. because not all the fields will be used for girls softball at 11:00 am. 30/60 league will be played Tuesday & Thursday evenings. Commission members recommended having a letter for participants to give out on registration night explaining the changes taking place with the youth baseball programs.

2. The advertisement for Summer Baseball Coordinator and Assistants to help with the Baseball program will be in the Citizen. It was recommended to add to the baseball coordinator position that "College students seeking coaching experience encouraged to apply".
 3. Baloun reported that he had received notification that Windom had not been chosen to host a Minnesota Twins Youth Baseball Clinic this Summer. He will reapply next year.
 4. Baloun reported that he had not heard anything more from the promoter that wanted to bring a Monster Truck Show to the Arena,
 5. Baloun handed out a Revenue/Expense Report for the Arena for the last ten years to Commission members.
 6. Baloun reported that an additional horse show had been added the second weekend of July put on by South Dakota Palomino Association
-
6. Park Superintendents Report – Bruce Caldwell
Caldwell informed the commission that the new archway at Island Park is done and will be installed within the next two to three weeks. Most of the other Park entrance signs have also been refurbished as well.
 7. Open Mike:
Jeff Lacanne- Wanted to make sure that all participants in the 30/60 League are allowed to participate in the tourney put on by the Windom Youth Baseball Association in June.
 8. Meeting Adjourned at 7:15 P.M.

**Special Meeting Park & Recreation Tuesday March 29th,
2011 5:15 p.m. Council Chambers "Pool
Improvements"**

**PARK AND RECREATION COMMISSION MEETING
MINUTES MARCH 29, 2011**

1. Call to Order: The meeting was called to order by Terry Fredin at 5:17 p.m. in the council chambers at city hall.
2. Roll Call:
Commission Present: Sherri Zimmerman, Kay Clark, Terry Fredin, Jeff LaCanne & Angie Blanshan
Commission Absent: None
City Staff Present: Recreation Director Al Baloun & Park Superintendent Bruce Caldwell
Council Liaisons: Corey Maricle attending & JoAnn Ray absent
Public: Rahn Larson & Don Jackson Windom Baseball Association representatives.
3. Approve Agenda with modifications
Motion by Blanshan, seconded by Clark to approve agenda
Motion Carried Unanimous
4. Don Jackson & Rahn Larson Windom Baseball Association Request Concession Building Construction:
 - a. Rahn and Don discussed some improvements for the Island Park baseball field complex which they need help funding for this year. They would like to add a 12 foot by 70 foot concrete slab for the batting cage on the west side of the ball park. The commission thought this request could be an option when they get bids for the concrete work for the water slide pool project in order to get a better price. Rahn and Don updated the commission on the new concession building concerning the location and size.
Caldwell said in 2012 the city will need to paint the entire outfield fence as it's been over 12 years since it was last done and it's looking bad.
 - b. Rahn also said the 30/60 league will be hosting six weeks of fundamental training this summer. They will have three experienced adult instructors and they asked for financial help from the city. This program will be held Sunday afternoons at the WRA Lincoln Field and they may need to use one of the softball fields as well. If they use the softball fields they must stay in the grass areas and not use the Agra lime infields as they are prep for the Sunday church leagues games. Ron said their association would pay for half the cost (\$180) for the instructors and they asked if the city would pay the remaining half which would be \$180.00 for the season.
Motion by Lacanne, seconded by Zimmerman to recommend that Windom Recreation pay Thirty dollars per week for at least three Windom Baseball Association clinicians to hold Sunday evening skills clinics, to assist the coaches in the 30/60 League, for up to six weeks, with a maximum of \$180 being paid to the Windom Baseball Association.
Motion Carried Unanimous
6. Recreation Director's Report- Al Baloun
 - a. Pool Slide: Baloun gave an update to the commission concerning the options for a water slide. As of the morning of this meeting he stated that there have been some issues brought forward concerning state code for a drop slide in the deep part of the pool. He also said details have to be worked out concerning the water source for the slide. The commission also reviewed the possibility of locating the slide on the south side of the pool on the east side. This area is around five feet deep and the minimum water depth for the slide is 3 ½ feet. If this location would work then we could keep both the one meter diving boards. Cost of the water slide and items associated to this project were discussed. The commission budgeted \$20,000 for the project which will not cover all the estimated costs.

The commission discussed a few options to get additional funding by applying for grants to make up the shortfall.

Motion by Blanshan, seconded by Clark, to have Baloun gather the information and complete the necessary paper work to apply for grant funding for the pool slide improvement.

Motion Carried Unanimous

Recreation Programming: Baloun handed out the draft of the 2011 Summer Recreation and Pool information that was submitted for Community Education booklet. Lacanne expressed his concern that with the changes taking place with overhand and 30/60 League that youth in fourth through sixth grade have something to do during the day. Clark and Zimmerman stated that changes being made were improvements made as the results of the surveys taken last summer. The changes in the summer program were submitted for the 2011 community Education booklet.

Motion by Blanshan, seconded by Zimmerman that the changes to the youth baseball program are supported by the commission as discussed at the February 28, 2011 Parks and Recreation meeting. Motion Carried Unanimous.

6. Park Superintendents Report – None

7. Open Mike:

Jeff Lacanne- Does not agree with the dropping of morning overhand for the 4th-6th grade.
Al Baloun- Will be out of town Wednesday, April 6-10, 2011

8. Meeting Adjourned at 7:10 P.M.

**Next Meeting Park & Recreation Monday April 18, 2011
5:15 p.m. Council Chambers
(If needed, for grant information)**

lead
3-15-11

From: Kevin Freking
651 River Road
Windom, Mn 56101

To: The Mayor and City Council of Windom

Re: Parking Lot Project

I am writing to voice my concern over the potential creation of a parking lot located at 641 River Road.

After several discussions with the local Building and Zoning official, I was left with concern that the city ordinances might not be followed in the planning and creation of this parking lot. Also of concern is the potential problems from erosion and pollution that may arise from parking lot runoff and snowmelt into the Des Moines River. I also want it to be known that I am not against the creation of a parking lot, just that the rules are adhered to during the construction. I would appreciate receiving a copy of the building plan to view as soon as one becomes available.

Respectfully,

Kevin Freking

Date/Time received: 3/30/11 4:30

Agenda Request Form

(This form can be used only once a month by the same individual(s). It is not a venue to bypass policies and procedures of city commissions and committees.)

Name: Mari Harries Telephone No: 507.822.1691

Address: 1224 3rd Ave Windom, MN 56101

Date of Council Meeting: Tuesday, April 5th (Agenda item must be turned into the city office by Friday noon preceding the Tuesday meeting.)

Subject: Introduction of Finding Windom, Our Mission, Visions and "partnership" with city.

Have you brought this to the attention of the appropriate department head? N/A
Committee? _____

Hand-outs, audio-visual materials (These must be simple and set up directly before you speak and taken down directly afterward): one handout with Finding Windom details.

This format gives citizens an opportunity to express concerns to the council without expectation of discussion or action. No more than two (2) people should speak on the same topic at one meeting. Remarks should not exceed five (5) minutes per person. They should be directed to the council as a whole and not to any individual member or department head.

M Harries
Signature

Date/Time received: 3-31-11

Agenda Request Form

(This form can be used only once a month by the same individual(s). It is not a venue to bypass policies and procedures of city commissions and committees.)

Name: Frank Dorpinghaus Telephone No: 507 832 8184

Address: 1524 5th Ave Windom

Date of Council Meeting: 4-5-11 (Agenda item must be turned into the city office by Friday noon preceding the Tuesday meeting.)

Subject: ~~Mo~~ ~~Co~~
Fluoride in the water

Have you brought this to the attention of the appropriate department head? yes Mike Haugen
Committee? _____ Water Dept

Hand-outs, audio-visual materials (These must be simple and set up directly before you speak and taken down directly afterward): _____

This format gives citizens an opportunity to express concerns to the council without expectation of discussion or action. No more than two (2) people should speak on the same topic at one meeting. Remarks should not exceed five (5) minutes per person. They should be directed to the council as a whole and not to any individual member or department head.

Frank Dorpinghaus
Signature

2010 Minnesota Statutes

144.145 FLUORIDATION OF MUNICIPAL WATER SUPPLIES.

For the purpose of promoting public health through prevention of tooth decay, the person, firm, corporation, or municipality having jurisdiction over a municipal water supply, whether publicly or privately owned or operated, shall control the quantities of fluoride in the water so as to maintain a fluoride content prescribed by the state commissioner of health. In the manner provided by law, the state commissioner of health shall promulgate rules relating to the fluoridation of public water supplies which shall include, but not be limited to the following: (1) The means by which fluoride is controlled; (2) the methods of testing the fluoride content; and (3) the records to be kept relating to fluoridation. The state commissioner of health shall enforce the provisions of this section. In so doing the commissioner shall require the fluoridation of water in all municipal water supplies on or before January 1, 1970. The state commissioner of health shall not require the fluoridation of water in any municipal water supply where such water supply in the state of nature contains sufficient fluorides to conform with the rules of such commissioner.

History: 1967 c 603 s 1; 1977 c 305 s 45; 1985 c 248 s 70; 1986 c 444

①



Government recommends lowering fluoride levels in U.S. drinking water



By **Sandra Young**, CNNc/div>
i/div>
v

STORY HIGHLIGHTS

- There has been an increase in a condition called fluorosis (CNN) -- The federal government is recommending changing the amount of fluoride in drinking water for the first time in 50 years.
- It causes spotting and streaking on children's teeth The Department of Health and Human Services and Environmental Protection Agency are proposing the change because of an increase in fluorosis -- a condition that causes spotting and streaking on children's teeth.
- The ADA says the new levels will still reduce tooth decay but minimize fluorosis The government is proposing that the recommended amount of fluoride in drinking water be set at 0.7 milligrams per liter of water. The recommended range has been 0.7 to 1.2 milligrams per liter since 1962. The EPA will determine whether the maximum amount of fluoride allowed in water will also be lowered.
- Fluoride was first added to U.S. drinking water in the 1940s Fluoride was first added to water in the United States in the 1940s to help prevent tooth decay in children 8 years and under.

RELATED TOPICS

- [American Dental Association](http://topics.cnn.com/topics/American_Dental_Association)
- [Dental and Gum Disease](http://topics.cnn.com/topics/Dental_and_Gum_Disease)
- [Dental and Oral Health](http://topics.cnn.com/topics/Dental_and_Oral_Health)
- [Environmental Issues and Protection](http://topics.cnn.com/topics/Environmental_Issues_and_Protection)

home, work, school or play," said Health and Human Services Assistant Secretary for Health Dr. Howard Koh. "And fluoridation's effectiveness in preventing tooth decay is not limited to children, but extends throughout life, resulting in improved oral health."

The Centers for Disease Control and Prevention says dental fluorosis is highest among adolescents between the ages of 12 and 15. One reason for the increase in fluorosis: Americans now have access to fluoride from a variety of sources, including toothpaste, mouth rinses and prescription supplements, the Department of Health and Human Services says

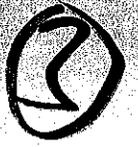
"Dental fluorosis in the United States appears mostly in the very mild form -- as barely visible lacy white markings or spots on the enamel," The department said in a statement Friday. "The severe form of dental fluorosis, with staining and pitting on the tooth surface, is rare in the United States."

The change is being made now, according to an administration official, because the current range is out of date. He said that in the 1960s, when fluoridating water began, air conditioning was much less common. So children in hotter regions drank more water and needed lower levels of fluoride to protect their teeth, while children in colder climates drank less water and needed higher levels.

"Now since air conditioning is so common," the official said, "you don't see those differences in consumption, and that's why they're getting rid of the range and recommending one level."

The American Dental Association says the new recommended levels will still reduce tooth decay but minimize fluorosis. The group says it continues to support fluoridation of community water as a safe and effective way to prevent tooth decay.

"This is a superb example of a government agency fulfilling its mission to protect and enhance the health of the American people," said ADA President Dr. Raymond F. Gist. "We have always looked to the federal health agencies to guide us on this and other public health matters, and we will continue to do so. We applaud the Department of Health and Human Services for reaffirming the safety and efficacy



UNIT F UORIDE

DANGER

TARGET ORGANS ARE

NON-TOXIC BY INGESTION

Gas, Eyes, Bones, Central Nervous System -
and System, Teeth

DO NOT GET IN EYES OR ON SKIN - DO NOT
BREATHE VAPORS

PAGE

MSDS Number: S3722 ***** Effective Date: 09/23/09 ***** Supersedes: 11/26/07

	24 Hour Emergency Telephone: 909-659-2151 CHEMTREC: 1-800-424-9300
	National Response (in Canada) CANUTEC: 613-996-8565
From: Mallinckrodt Baker, Inc. 222 Red School Lane Phillipsburg, NJ 08855	Outside U.S. and Canada Chemtrec: 783-927-3887
 	NOTE: CHEMTREC, CANUTEC and National Response Center emergency numbers to be used only in the event of chemical emergencies involving a spill, leak, fire, exposure or accident involving chemicals.

All non-emergency questions should be directed to Customer Service (1 800 582 2537) for assistance.

SODIUM FLUORIDE

1. Product Identification

Synonyms: Floridine; sodium monofluoride; disodium difluoride; natrium fluoride; Florocid
CAS No.: 7681-49-4
Molecular Weight: 41.99
Chemical Formula: NaF
Product Codes:
 J.T. Baker: 3687, 3688, 3689
 Mallinckrodt: 0467, 5309, 5325, 7636



2. Composition/Information on Ingredients

Ingredient	CAS No	Percent	Hazardous
Sodium Fluoride	7681-49-4	100%	Yes

3. Hazards Identification

Emergency Overview

DANGER! MAY BE FATAL IF SWALLOWED OR INHALED. AFFECTS RESPIRATORY SYSTEM, HEART, SKELETON, CIRCULATORY SYSTEM, CENTRAL NERVOUS SYSTEM AND KIDNEYS. CAUSES IRRITATION TO SKIN, EYES AND RESPIRATORY TRACT. IRRITATION EFFECTS MAY BE DELAYED.

SAF-T-DATA^(tm) Ratings (Provided here for your convenience)

Health Rating: 3 - Severe (Poison)
 Flammability Rating: 0 - None
 Reactivity Rating: 1 - Slight
 Contact Rating: 3 - Severe
 Lab Protective Equip: GOGGLES & SHIELD; LAB COAT & APRON; VENT HOOD; PROPER GLOVES
 Storage Color Code: Blue (Health)

Potential Health Effects

If inhaled or swallowed, this compound can cause fluoride poisoning. Early symptoms include nausea, vomiting, diarrhea, and weakness. Later effects include central nervous system effects, cardiovascular effects and death.

Inhalation:

Causes severe irritation to the respiratory tract, symptoms may include coughing, sore throat, and labored breathing. May be absorbed through inhalation of dust; symptoms may parallel those from ingestion exposure. Irritation effects may not appear immediately.

Ingestion:

Toxic! May cause salivation, nausea, vomiting, diarrhea, and abdominal pain. Symptoms of weakness, tremors, shallow respiration, cardopedal spasm, convulsions, and coma may follow. May cause brain and kidney damage. Affects heart and circulatory system. Death may occur from respiratory paralysis. Estimated lethal dose = 5-10 grams.

Skin Contact:

Causes irritation, with redness and pain. Solutions are corrosive. Effects may not appear immediately.

Eye Contact:

Eye irritant! May cause irritation and serious eye damage. Effects may not immediately appear.

Chronic Exposure:

Chronic exposure may cause mottling of teeth and bone damage (osteosclerosis) and fluorosis. Symptoms of fluorosis include brittle bones, weight loss, anemia, calcified ligaments, general ill health and joint stiffness.

Aggravation of Pre-existing Conditions:

Populations that appear to be at increased risk from the effects of fluoride are individuals that suffer from diabetes insipidus or some forms of renal impairment.

4. First Aid Measures

First aid procedures should be pre-planned for fluoride compound emergencies.

Inhalation:

If inhaled, remove to fresh air. If not breathing, give artificial respiration. If breathing is difficult, give oxygen. CALL A PHYSICIAN IMMEDIATELY.

Ingestion:

Administer milk, chewable calcium carbonate tablets or milk of magnesia. Never give anything by mouth to an unconscious person. CALL A PHYSICIAN IMMEDIATELY.

Skin Contact:

Wipe off any excess material from skin and then immediately flush skin with large amounts of soapy water. Remove contaminated clothing and shoes. Wash clothing before re-use. Apply bandages soaked in magnesium sulfate. CALL A PHYSICIAN IMMEDIATELY.

Eye Contact:

Immediately flush eyes with gentle but large stream of water for at least 15 minutes, lifting lower and upper eyelids occasionally. Call a physician immediately.

Note to Physician:

For large exposures, systemic effects (hypocalcemia and hypomagnesia) may occur.

5. Fire Fighting Measures**Fire:**

Not considered to be a fire hazard.

Explosion:

Not considered to be an explosion hazard.

Fire Extinguishing Media:

Use any means suitable for extinguishing surrounding fire.

Special Information:

In the event of a fire, wear full protective clothing and NIOSH-approved self-contained breathing apparatus with full facepiece operated in the pressure demand or other positive pressure mode.

**6. Accidental Release Measures**

Ventilate area of leak or spill. Wear appropriate personal protective equipment as specified in Section 8. Spills: Pick up and place in a suitable container for reclamation or disposal, using a method that does not generate dust. US Regulations (CERCLA) require reporting spills and releases to soil, water and air in excess of reportable quantities. The toll free number for the US Coast Guard National Response Center is (800) 424-8802.

7. Handling and Storage

Keep in a tightly closed container, stored in a cool, dry, ventilated area. Protect against physical damage. Separate from acids and oxidizing materials. Containers of this material may be hazardous when empty since they retain product residues (dust, solids); observe all warnings and precautions listed for the product.

8. Exposure Controls/Personal Protection**Airborne Exposure Limits:**

-OSHA Permissible Exposure Limit (PEL):
2.5 mg(F)/m³ (TWA)

-ACGIH Threshold Limit Value (TLV):

2.5 mg(F)/m³ (TWA)

Ventilation System:

A system of local and/or general exhaust is recommended to keep employee exposures below the Airborne Exposure Limits. Local exhaust ventilation is generally preferred because it can control the emissions of the contaminant at its source, preventing dispersion of it into the general work area. Please refer to the ACGIH document, *Industrial Ventilation, A Manual of Recommended Practices*, most recent edition, for details.

Personal Respirators (NIOSH Approved):

If the exposure limit is exceeded and engineering controls are not feasible, a half facepiece particulate respirator (NIOSH type N95 or better filters) may be worn for up to ten times the exposure limit or the maximum use concentration specified by the appropriate regulatory agency or respirator supplier, whichever is lowest. A full-face piece particulate respirator (NIOSH type N100 filters) may be worn up to 50 times the exposure limit, or the maximum use concentration specified by the appropriate regulatory agency, or respirator supplier, whichever is lowest. If oil particles (e.g. lubricants, cutting fluids, glycerine, etc.) are present, use a NIOSH type R or P filter. For emergencies or instances where the exposure levels are not known, use a full-facepiece positive-pressure, air-supplied respirator. WARNING: Air-purifying respirators do not protect workers in oxygen-deficient atmospheres.

Skin Protection:

Wear impervious protective clothing, including boots, gloves, lab coat, apron or coveralls, as appropriate, to prevent skin contact.

Eye Protection:

Use chemical safety goggles and/or full face shield where dusting or splashing of solutions is possible. Maintain eye wash fountain and quick-drench facilities in work area.

9. Physical and Chemical Properties

UN/NA: UN1690
 Packing Group: III
 Information reported for product/size: 250LB

International (Water, I.M.O.)

Proper Shipping Name: SODIUM FLUORIDE, SOLID
 Hazard Class: 6.1
 UN/NA: UN1690
 Packing Group: III
 Information reported for product/size: 250LB

International (Air, I.C.A.O.)

Proper Shipping Name: SODIUM FLUORIDE, SOLID
 Hazard Class: 6.1
 UN/NA: UN1690
 Packing Group: III
 Information reported for product/size: 250LB

15. Regulatory Information

-----\Chemical Inventory Status - Part 1\-----

Ingredient	TSCA	EC	Japan	Australia
Sodium Fluoride (7681-49-4)	Yes	Yes	Yes	Yes

-----\Chemical Inventory Status - Part 2\-----

Ingredient	Korea	--Canada--		
		DSL	NDSL	Phil.
Sodium Fluoride (7681-49-4)	Yes	Yes	No	Yes

-----\Federal, State & International Regulations - Part 1\-----

Ingredient	-SARA 302-		-SARA 313-	
	RQ	TFQ	List	Chemical Catg.
Sodium Fluoride (7681-49-4)	No	No	No	No

-----\Federal, State & International Regulations - Part 2\-----

Ingredient	CERCLA	-RCRA-	-TSCA-
		261.33	8 (d)
Sodium Fluoride (7681-49-4)	1000	No	No

Chemical Weapons Convention: Yes TSCA 12 (b): No CDIA: No
 SARA 311/312: Acute: Yes Chronic: Yes Fire: No Pressure: No
 Reactivity: No (Pure / Solid)



Australian Hazchem Code: 2Z

Poison Schedule: S2

WHMIS:

This MSDS has been prepared according to the hazard criteria of the Controlled Products Regulations (CPR) and the MSDS contains all of the information required by the CPR.

16. Other Information

NFPA Ratings: Health: 3 Flammability: 0 Reactivity: 0

Label Hazard Warning:

DANGER! MAY BE FATAL IF SWALLOWED OR INHALED. AFFECTS RESPIRATORY SYSTEM, HEART, SKELETON, CIRCULATORY SYSTEM, CENTRAL NERVOUS SYSTEM AND KIDNEYS. CAUSES IRRITATION TO SKIN, EYES AND RESPIRATORY TRACT. IRRITATION EFFECTS MAY BE DELAYED.

Label Precautions:

- Do not breathe dust.
- Keep container closed.
- Use only with adequate ventilation.
- Wash thoroughly after handling.
- Avoid contact with eyes, skin and clothing.

Label First Aid:

In all cases call a physician immediately. First Aid procedures should be pre-planned for fluoride compound emergencies. If swallowed, administer milk, chewable calcium carbonate tablets or milk of magnesia. Never give anything by mouth to an unconscious person. If inhaled, remove to fresh air. If not breathing, give artificial respiration. If breathing difficult, give artificial respiration. In case of skin contact wipe off any excess material then immediately flush skin with large amounts of soapy water. Remove contaminated clothing and shoes. Wash clothing before re-use. Apply bandages soaked in magnesium sulfate. In case of eye contact, immediately flush eyes with gentle but large stream of water for at least 15 minutes, lifting upper and lower eyelids occasionally.

Product Use:

Laboratory Reagent.

Revision Information:

No Changes.

Disclaimer:

Mallinckrodt Baker, Inc. provides the information contained herein in good faith but makes no representation as to its comprehensiveness or accuracy.

[Return to MSDS List](#) , [Previous MSDS](#) , [Next MSDS](#)

MATERIAL SAFETY DATA SHEET

Generated 07/02/2010, Revision 05/21/2010, Supersedes Revision 10/04/2007, Date Created 07/01/1994

SECTION 1. Product and Company Identification JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets

Product Code: 7173-188-270
Product Name: JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets
Manufacturer Information
Company Name: Distributed by:
 Farnam Companies, Inc.
 301 West Osborn Road
 Phoenix, AZ
Emergency Contact: CHEMTREC (800)424-9300
Alternate Emergency Contact: District of Columbia (202)483-0414
Information: Farnam Companies, Inc. (800)234-2269
Chemical Family: COMPOUND
Additional Identity Information
 39603 10-1.5-oz



SECTION 2. Composition/Information on Ingredients JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets

Hazardous Components (Chemical Name)	CAS #	Concentration	OSHA TWA	ACGIH TLV	Other Limits
Bromadiolone	28772-56-7	0.005 %	Not assigned	Not assigned	No data.
Hazardous Components (Chemical Name)	CAS #	OSHA STEL	OSHA CEIL	ACGIH STEL	ACGIH CEIL
Bromadiolone	28772-56-7	Not assigned	No data.	No data.	No data.

SECTION 3. Hazards Identification JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets

Emergency Overview

KEEP OUT OF REACH OF CHILDREN

May be harmful or fatal if swallowed or absorbed through the skin, because this material may reduce the clotting ability of the blood and cause bleeding.

Primary Entry Routes: Oral (swallowing), dermal (absorption through skin)

Route(s) of Entry: Inhalation? No , Skin? Yes , Eyes? No , Ingestion? Yes

Potential Health Effects (Acute and Chronic)

Acute Effects (Signs and Symptoms of Overexposure):

Eyes: May cause minor, transient eye irritation (redness).

Skin: May be harmful or fatal if absorbed through the skin. Symptoms of toxicity include lethargy, loss of appetite, reduced clotting ability of blood.

Inhalation: Due to this product's solid form, inhalation is unlikely.

Ingestion: May be harmful or fatal if swallowed. Symptoms of toxicity include lethargy, loss of appetite, reduced clotting ability of blood.

Chronic Effects: Prolonged and/or repeated exposure to small amounts of product can produce cumulative toxicity. Symptoms of toxicity include lethargy, loss of appetite, reduced clotting ability of blood.

Target Organs: Liver

Carcinogenicity: Contains no known or suspected carcinogens.

HMSIS: Health - 2, Flammability - 0, Reactivity - 0

LD 50 / LC 50

Oral: > 5000 mg/kg Dermal: > 2000 mg/kg

Signs and Symptoms Of Exposure

EYES: Dusts may cause minor, transient eye irritation (redness).

SKIN: May be harmful if absorbed through the skin. Symptoms of toxicity include lethargy, loss of appetite, reduced clotting ability of blood.

INHALATION: Due to this product's solid form, inhalation is unlikely.

INGESTION: May be harmful if swallowed. Symptoms of toxicity include lethargy, loss of appetite, reduced clotting ability of blood.

Medical Conditions Generally Aggravated By Exposure

Bleeding Disorders



SECTION 4. First Aid Measures
JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets

Emergency and First Aid Procedures

Eyes: Flush with water. Get medical attention if irritation persists.

Skin: Wash with soap and water. Get medical attention if irritation persists.

Inhalation: If inhaled, remove person to fresh air. Get medical attention. Ingestion: Call a physician or poison control center immediately. Have the product label available for medical personnel to read.

Induce vomiting under the direction of medical personnel. Drink 1 or 2 glasses of water and induce vomiting by touching the back of throat with finger. If syrup of ipecac is available, give 1 tablespoon (15ml) followed by 1 or 2 glasses of water. If vomiting does not occur within 20 minutes, repeat this dosage once. Do not induce vomiting or give anything by mouth to an unconscious person.

Note to Physician

This rodenticide contains an anticoagulant ingredient. If ingested, administer vitamin K1 intramuscularly or orally, as indicated in bishydroxycoumarin overdoses. Repeat as necessary based on monitoring of prothrombin times.

SECTION 5. Fire Fighting Measures
JUST ONE BITE RAT AND MOUSE BAIT Pack Pellets

Flash Pt:	NA	
Explosive Limits:	LEL: NE	UEL: NE
Autoignition Pt:	NA	

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

2011 NATIONAL LIBRARY WEEK PROCLAMATION

WHEREAS, libraries provide free access to all – from books and online resources for families to library business centers that help support entrepreneurship and retraining; and

WHEREAS, our nation's school, academic, public and special libraries make a difference in the lives of millions of Americans today more than ever; and

WHEREAS, librarians are trained professionals helping people of all ages and backgrounds find and interpret the information they need to live, learn and work in a challenging economy; and

WHEREAS, libraries are helping level the playing field for job seekers with 88% of public libraries providing access to job databases and other online resources; and

WHEREAS, libraries are places of opportunity providing programs that teach all forms of literacy, promoting continuing education, and encouraging lifelong learning; and

WHEREAS, in times of economic hardship, Americans turn to – and depend on – their libraries and librarians;

WHEREAS, libraries, librarians, library workers and supporters across America are celebrating National Library Week.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the week of April 10-16, 2011, is proclaimed National Library Week. All residents are encouraged to visit the library this week to take advantage of the wonderful library resources available and thank their librarians and library workers for making information accessible to all who walk through the library's doors. Create your own story at your library.

Adopted by the Council this 5th day of April, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

BONU BUCKS

Savings
PLUS
Your Partner for Energy Savings

For a limited time, receive a Bonus Bucks rebate when you replace a working central air conditioner that is 12 years old or older with an ENERGY STAR qualified unit

Bonus Bucks Qualifications:

- You must be a residential electric customer of Windom Municipal Utilities
 - Requires replacement of a working central air conditioner that is 12 years old or older
 - Unit must be purchased and installed by between April 15 and June 30, 2011
 - Central air conditioner must be ENERGY STAR qualified and meet qualifying SEER ratings to receive Bonus Bucks rebate
- | | |
|-----------------------------|-------|
| Units 14.5 SEER to 16 SEER: | \$500 |
| Units over 16 SEER: | \$600 |

Program Guidelines:

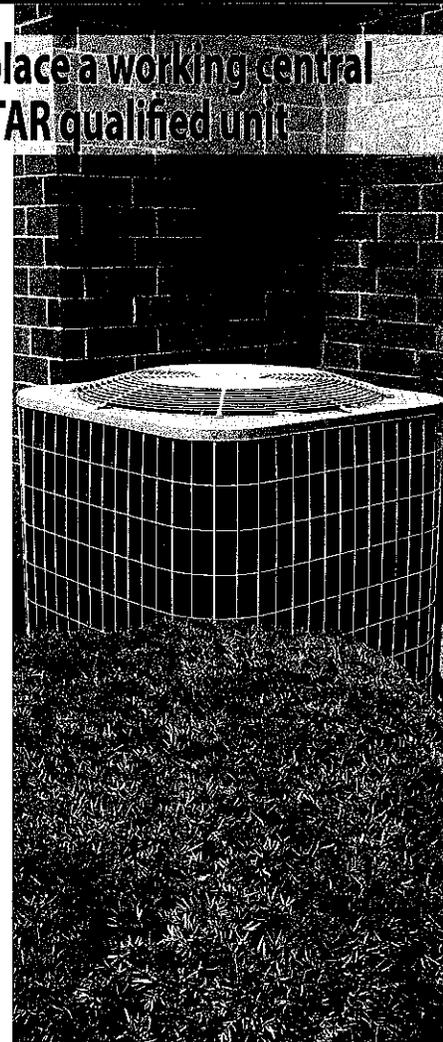
- Ask your HVAC dealer to confirm that your current air conditioner is a working unit that is 12 years old or older
- Verify with your HVAC dealer that the new unit may be installed during the Bonus Rebate timeframe
- Complete a 2011 Energy Efficient Heating & Cooling Residential rebate form. Forms are available at the Electric Utility Office, City Hall or online at www.windom-mn.com
- Turn in completed rebate form along with Bonus Bucks coupon to the Electric Utility Office to get your name added to the customer list requesting a "Bonus Bucks" rebate
 - Rebates are reserved in the order received
 - Program is limited up to 55 total rebate requests
 - Total budget for program limited to \$30,000
 - The new unit may also qualify for the existing 2011 Residential Cooling Rebates

After Installation:

- Turn in a copy of your paid invoice, an AHRI Certificate of Product Rating showing the energy efficiency ratings and any other available efficiency information on your new air conditioner to:

Windom Municipal Utilities
444 - 9th Street, PO Box 38 • Windom, MN 56101
507.831.6151 • fax 507.831.6143
www.windom-mn.com • www.cmma.org/savingsplus

Utility reserves the right to verify installation. Restrictions apply. Funding is limited. Program may be discontinued or changed without prior notice.



BONU BUCKS

CENTRAL AIR CONDITIONER REBATE



Bonus Bucks Qualifications:

- You must be a residential electric customer of Windom Municipal Utilities
 - Requires replacement of a working central air conditioner that is 12 years old or older
 - Unit must be purchased and installed between April 15 and June 30, 2011
 - Central air conditioner must be ENERGY STAR qualified and meet qualifying SEER ratings to receive Bonus Bucks rebate
- | | |
|-----------------------------|-------|
| Units 14.5 SEER to 16 SEER: | \$500 |
| Units over 16 SEER: | \$600 |

To Redeem:

- Complete and sign a 2011 Energy Star Products Rebate form. Rebate forms are available at www.windom-mn.com
- Obtain vendor/installer verification and attach this coupon to the rebate form and return it with the required documentation to:

Windom Municipal Utilities
444 - 9th Street, PO Box 38
Windom, MN 56101

Vendor/Installer Verification:

- Unit replaced was a working unit 12 years old or older

Signature: _____ Date: _____
Utility Use Only Date: _____ Rebate Total: \$ _____ Utility Representative Approval: _____

Savings
PLUS
Your Partner for Energy Savings

Windom Municipal Utilities

Central Air Bonus Bucks

PROGRAM GUIDELINES for the CUSTOMER:

- Work with HVAC vendor/dealer/installer to get verification of your home's air conditioning requirements
- Have dealer confirm that your present air conditioner is a working unit, 12 years old or older
- Verify that the dealer can install your "new" HVAC equipment during the current 2011 "cooling season" Note: New equipment must have a SEER rating of 14.5 or higher to qualify for rebates
- Fill out the 2011 *Energy Efficient Heating & Cooling Residential Rebate Form* available at the Electric Utility Office, City Hall, some HVAC dealers or "on-line" (www.windom-mn.com)
- Turn in Rebate Form with the "Bonus Bucks" coupon to the Electric Utility Office to get your name added to the customer list
 1. Rebates are reserved in the order they're received
 2. Program is limited up to 55 total rebate requests
 3. Total budget for program limited to \$30,000
 4. Your new air conditioner may also qualify for the existing Residential cooling rebates already in place for 2011
 5. Utility reserves the right to load control unit

AFTER YOUR "new" AIR CONDITIONING UNIT HAS BEEN INSTALLED by VENDOR

- Turn in a copy of your paid-up invoice, an AHRI Certificate of Product Rating showing the energy efficiency ratings and any other available efficiency information on your new air conditioner to the Windom Electric Utility

Your new HVAC equipment will be inspected by Electric Utility Staff, and the corresponding, qualifying rebate will be mailed to you. Rebates are limited to one per customer.

Residential customers may start applying for this "Bonus Bucks" air conditioning rebate offer April 15th, 2011 at 8:00 AM by following the guidelines and requirements listed above. Applications not accepted prior to April 15th.

Program will run until funds are depleted or thru June 30th, 2011.

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

**AUTHORIZATION TO ACCEPT A DONATION FROM
GLEN FRANCIS, SCOTT RAHN AND NOEL RAHN
FOR THE WINDOM FIRE DEPARTMENT**

WHEREAS, Minnesota State Statute §465.03 requires that any city accepting a grant or gift of real or personal property shall accept such by resolution of the governing body expressing the terms prescribed by the donor; and

WHEREAS, the City of Windom has received an equipment donation from Glen Francis, Scott Rahn and Noel Rahn of a "Res Q Tube" grain rescue device, valued at \$4,800, for the Windom Fire Department.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the City Council accepts the donation of equipment with a retail value of \$4,800.00 offered by Glen Francis, Scott Rahn and Noel Rahn for use by the Windom Fire Department for removing victims from partial or complete immersion in grain.

Adopted by the Council this 5th day of April, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steven Nasby, City Administrator

MEMORANDUM



CITY OF WINDOM
444 9th Street
Windom, MN 56101
Phone: 507-831-6129
Fax: 507-831-6127
www.windom-mn.com

TO: City Council
FROM: City Administrator *[Signature]*
DATE: March 31, 2011
RE: Windom Dam – Survey and Hydraulic Modeling

At the March 15, 2011 City Council meeting the decision was made to move forward with a dam removal and placement of rock riffles. The next step is to complete a survey and hydraulic modeling work which is necessary to determine the number, configuration and location of the riffles and the impacts of the dam removal.

There are two options for proceeding with this project. Below is a brief description of these options.

U.S. Army Corps of Engineers (USACE)

The USACE has indicated their ability to be involved with this project; however, they are not a granting agency and a project done in partnership with the USACE would need to follow their requirements and process. Attached is an email and schedule for the USACE feasibility study that would include an Environmental Assessment, surveying work and hydraulic modeling. Upon completion of the feasibility study the recommended alternative would be identified and presented to the City Council. The cost of this work by the USACE is estimated to be \$500,000. The USACE would cover the first \$100,000 and the balance would be cost-shared 65% federal and 35% local. Some of the City's contribution could be covered with the Minnesota Department of Natural Resources (MN DNR) Dam Safety funding and in-kind, but there would be some additional funds needed from the City. Upon completion of the USACE feasibility study a project would be selected, plans and specifications would be prepared, bids would be awarded and then construction would take place. These items would mirror the 65% federal and 35% local match cost sharing arrangement. Due to the timing of the USACE project (completion of the feasibility study by September 2012) it is likely that the City would lose the MN DNR funding from the 2008 bonding bill as the money must be used by July 1, 2013.

City of Windom

In 2007 the City worked with the MN DNR and Minnesota State legislature to secure bond funding for a Windom dam project. The City did a Request for Proposals and selected SEH, Inc. as the engineering firm for this project. In November 2008 a feasibility study was completed and options presented to the public and City Council. On March 15, 2011 the Council voted to move forward with the project. SEH, Inc. is ready to proceed with the surveying and hydraulic modeling work that needs to be completed. A cost estimate and schedule (to complete the entire construction project by June 2012) is attached. Currently there is \$217,000 in MN DNR funds remaining for the Windom project plus a possible \$70,000

- \$100,000 in grants from the U.S. Department of Fish & Wildlife. With the Council's decision of a dam removal MN DNR funding can be used to cover 100% of the surveying and hydraulic modeling work.

Council Action

City Council direction is needed to determine how to proceed with the surveying and hydraulic modeling work, but this will also direct how the entire project proceeds as the two options are nearly mutually exclusive.

If you have questions or need additional information please contact me at 831-6129 or via email at snasby@windom-mn.com.

Attachments

Main Identity

From: "Haring, Christopher P MVR" <Christopher.P.Haring@usace.army.mil>
To: <snasby@windom-mn.com>
Cc: "DeHaan, Henry C MVR" <Henry.C.DeHaan@usace.army.mil>; "Heddlesten, Anthony D MVR" <Anthony.D.Heddlesten@usace.army.mil>; "Kring, Len M MVR" <Len.M.Kring@usace.army.mil>
Sent: Wednesday, March 30, 2011 11:42 AM
Attach: Windom Schedule (March 2011).xls
Subject: Windom, MN Section 206
Steve,

Attached is the schedule for the proposed feasibility study with major Corps planning milestones and duration start/end dates identified. The schedule takes into account the work the Corps has completed to date and the additional scoping document the City consultant has produced.

For the completion of the feasibility report an Environmental Assessment (EA) will be required. The EA will include gathering data to complete alternative analysis, hydrology/hydraulics, cultural resources, economics, and civil engineering products. We can discuss in more detail if you have any specific questions.

As far as a budget the \$500k number seems to be the best estimate. The 1st \$100k is federal funded with the next \$400k being cost shared at a 65% federal (\$260k) and 35% sponsor (\$140k). The cost share amount would be included in the construction cost once the feasibility study is completed and the Project Partnership Agreement (PPA) is signed for construction to begin. The City would have no funding obligation until the PPA is signed.

Please let me know if you have any questions or would like more information.

Thanks,

Christopher Haring, P.G.
USACE-MVR-PM-F
Rock Island, IL 61204-2004
309-794-5885 (office)
815-985-6372 (cell)
309-794-5710 (fax)

Corps of Army
Engineers

Section 206 Windom, MN. Feasibility Study

Activity/Milestone	Duration	Start Date	End Date
Data Collection *define existing & FWOP conditions	30 - 160 days	April-11	July-11
Analyze & Evaluate data *Alternative analysis & define TSP	30 - 90 days	August-11	October-11
Draft Feasibility Report *Report Draft outlining alternative analysis	30 - 60 days	November-11	December-11
Value Engineering/Conduct Agency Tech Review *reviews required for technical sufficiency	30 - 60 days	January-12	February-12
Alternative Formulation Briefing *back-check of reviews from MVD HQ	30 days	March-12	March-12
Policy Guidance Memo (PGM) *memo issued by MVD required to start Public Review	30 days	April-12	April-12
Public Review of Draft Feasibility Report *requires responses to any public comments	30 days	May-12	May-12
Submit Draft Report to MVD for Approval *includes Draft Project Partnership Agreement (PPA)	30 - 60 days	June-12	July-12
Report and PPA approved	30 days	August-12	August-12
Execution of PPA with sponsor	30 days	September-12	September-12

Main Identity

From: "Rocky Keehn" <rkeehn@sehinc.com>
To: "Steve Nasby" <snasby@windom-mn.com>
Cc: "Steve Robinson" <srobinson@sehinc.com>; "Alec Boyce" <aboyce@sehinc.com>
Sent: Wednesday, March 30, 2011 12:20 PM
Attach: Project Schedule Draft 03 30 2011 June 30 deadline.pdf
Subject: Re: Windom - schedule questions

SEH, Inc
Info.

Steve,

Steve,

Here is a schedule to get done by June 30, 2012.

If you need it done by June 30 you will need to go with this schedule in my opinion. Also, had some approvals in August by the Council at special meetings since that is a bad month since you meet the 1st and 3rd and the the first Tuesday is the 2nd which make this really a very short month (last two weeks there is no Council meetings). Thus the special council session required. I also think this should be the schedule even if you do have until the end of 2012 to complete. If you have funding that can go a little longer this schedule gives you a little room to move the August dates on council approvals but if you use it as is for the up front deadlines would help make sure you get things done in time. I think a fall 2012 start is good idea to see if you can get it done and sit over the winter.

Not sure of the purpose of the Council meeting Tuesday on whether to decide to go with USACE or on your own or if you wanted real numbers from us to do the work. I did a fee without really discussing with you so provided a first shot if you need it. The fee is summarized below without a lot of detail.

H&H study \$5,500 which does include some upsteam modeling like the USACE discussed.
 Survey - No cost yet since we would need to get a local quote..have a scope pretty much ready to give them if they are about \$1,200 per day might take a week so could be up to \$10,000 and if we need a boat to do some of it could be more.

Plans and Specifications - \$19,000

Bidding Services \$2500

Meetings - Council and others \$3000

Couple of maybe costs...

Permits \$3000

EAW \$6500 (will need to check on some more since we don't really did not get good feedback)..but here is our Environmental Staff response on whether or not a EAW is needed.

Rocky,



March 28, 2011

RE: City of Windom
18th Street Drainage Study
SEH No. WINDM 114783

Steve Nasby
City of Windom
444 Ninth Street
P.O. Box 38
Windom, MN 56101

Dear Mr. Nasby:

This letter supplements the Agreement for Professional Services between City of Windom, Owner, and Short Elliott Hendrickson Inc. (SEH®) dated September 8, 2008 and addresses providing services in connection with the 18th Street Drainage Study (hereinafter called the "Project"). The scope of said services is detailed in the attached Exhibit A.

Our services will consist of conducting studies and investigations, preparing a report containing the findings of the studies and investigations along with our recommendations for the Project, preparing a preliminary design based on the approved studies and report, preparing final design documents based on the approved preliminary design, providing assistance with receiving bids for the work and negotiating a construction contract with the successful bidder, providing construction services including resident project representative services during construction, and assistance during the start-up, all as set forth in this letter and the Agreement for Professional Services between SEH and City of Windom dated September 8, 2008.

We will also furnish such Additional Services as you may request or as required.

You will pay us a fee for our services, currently estimated to be \$12, 600, in accordance with Exhibit C-1.

Payment for additional services shall be based on the time required to perform the services and the billable rates for the principals and employees engaged directly on the Project, plus charges for expenses and equipment, all in accordance with Exhibit C-1.

We will start our services promptly after receipt of your authorization. We estimate our services will be completed after 3 months. If there are delays in the Project that are beyond our control, you agree to grant additional time to complete the services.

Your budgetary limitations for construction of the Project should be provided to us in writing at an early date. We will endeavor to work within those limitations. If you request, we will submit periodic estimates of cost to give you our opinion of the probable cost of the Project. Where appropriate, if the estimated cost exceeds the budget, we will either request an adjustment in the budget or suggest a revision in the extent or quality of the Project to assist in bringing construction cost back within the budget. We do not guarantee that our opinions of probable construction cost will not differ materially from negotiated prices or bids. If you wish greater assurance as to probable construction cost or if you wish formal estimates, an independent cost estimator should be employed as provided in Section IV.A. of the Agreement, and in Exhibit B.

This letter and the Agreement for Professional Services dated September 8, 2008 along with Exhibits A, B, C-1, Appendix A represent the entire understanding between you and us in respect of the Project and may only be modified in writing signed by both of us. If it satisfactorily sets forth your understanding of our agreement, please sign the enclosed copies of this letter in the space provided below. Return one copy to us and the remaining copy is for your records.

Sincerely,

SHORT ELLIOTT HENDRICKSON INC.



Rocky J. Keehn
Project Manager

rjk

c:\documents and settings\rkeehn\my documents\projects\windom\18th street\supplemental ltr agree.docx

Accepted by: City of Windom

By: _____
Authorized Client Signature

Date: _____

Appendix A

Task 1 – Preliminary Analysis Using USGS Watershed Mapping Tool

The USGS in cooperation with Mn/DOT and Minnesota County Engineers Association have created a website that allows the user to pick almost any point in a watershed and get the drainage area and flow rates based on USGS regression equations (<http://water.usgs.gov/osw/streamstats/minnesota.html>). This tool can be effectively used to determine how much drainage area is upstream of the residential area on 18th Street. Based on the drainage areas and flow rates from these areas, a preliminary analysis can be done to determine if the upstream watershed contributes significantly to the downstream flooding problems. Observations from the site visit with City Staff supported the concept that the lower end of the watershed (where the residential area is located) would drain quickly to the river and the flooding was a result of the large upstream watershed that then contributes flow well after the residential area has drained. The USGS website calculations would help to confirm if the problem is in fact the large upstream watershed contribution.

Task 1 Fee is \$1600 and includes:

- Site visit.
- Preliminary analysis using USGS website.
- Summary Memorandum.

Task 2 – Preliminary Hydrologic Model to Determine Storage Requirements.

Assuming the USGS calculations show that storage upstream is a viable option, the next task would be to create a more complex hydrologic model to look at the best locations for storage areas and the outlet rates that would be required to use the existing drainage system. One complexity of the system is that when the river is at flood stage, the outlet system does not function the same as when the river is lower. The model will need to determine if runoff can be detained in the watershed using control gates which would allow for the river to drop before the storage water is released to the downstream storm sewer system. The purpose of this Task is to provide a preliminary analysis of the required storage areas and outlet structures to allow the City to begin discussions with upstream landowners to determine if storage easements during larger rainfall events can be obtained. It is assumed that this will be a preliminary study since snow cover will prevent surveying, detailed field recon and the ability to observe water flowing during rainfall events which will be required prior to any final design.

Task 2 Fee is \$3000 and includes:

- Verify and/or modify USGS drainage areas. Assumes City staff will do the local leg work as far as obtaining as-built on county roads for culvert locations, field visits if necessary or if of value, discuss current knowledge of the drainage system with SEH, etc. SEH will be responsible for redrawing the maps based on this information and does not anticipate a field trip is necessary.
- Convert USGS map information into HydroCAD or NRCS data (more advanced model to be used).
- Input data into HydroCAD model and look at storage opportunities.
- Summary Memorandum to discuss preliminary findings including the best locations for storage areas. It is anticipated the City will use this information to begin discussions with upstream landowners and the County.

Error! Reference source not found.

Error! Reference source not found.

Page 2

Task 3 -- Final Report

Assuming the Task 2 effort supports that the storage option is valid, it is recommended the preliminary report be updated and a final report be completed in the spring of 2011. Since current snow cover will prevent surveys, reviewing of drainage patterns, location of ditches and field checking culverts it is proposed that a final report be completed after the snow melts. This will allow for drainage boundaries to be finalized based on observed drainage patterns, provides time for the City to look at possible land areas that could be used for storage and the estimated costs of obtaining easements, allows time for field surveys to be completed to verify elevations and develop contour maps for ponding areas, and time to look for additional funding sources that may be more "Green" than a pipe solution. A refined cost estimate for the project will be provided as well as an assessment of how it can be paid for.

Task 3 Fee is \$8000 and includes:

- Verify drainage patterns in the spring and adjust mapping as needed
- Surveys (assumes three days of a two-man crew (\$3,600. May need to be adjusted up or down based on findings in Phase 2).
- Report mapping/contour maps.
- Revised HydroCAD model.
- Summary Memorandum for final options/permits.

Meetings

If meetings are required, then the fee would be travel time from the SEH Worthington office and mileage as well as time at the meeting at an average rate of \$160/hour. For example, to attend a 2- hour council meeting, SEH cost would be \$480 for time (1 hour travel to and from and 2 hours for meeting) and 70 miles at \$0.50/mile or \$35 for a total meeting cost of \$515. The City would determine if meeting attendance is required by SEH.

Final Project

This scope of services does not include final design of any of the proposed solutions. If the City decides to pursue the storage option, SEH would provide the City with a scope of work and fee to construct the proposed final project.

MEMORANDUM



CITY OF WINDOM
444 9th Street
Windom, MN 56101
Phone: 507-831-6129
Fax: 507-831-6127
www.windom-mn.com

TO: City Council
FROM: City Administrator *SN*
DATE: March 31, 2011
RE: Street Shop Remodeling Project – LMC Extra-ordinary Expense Loan Program

During the previous discussions regarding the Street Shop project various financing options were considered. The consensus of the City Council was to utilize the League of Minnesota Cities (LMC) Extra-ordinary Expense Loan Program if it were available. At that time, the City had not received a confirmation or denial of the possibility of funding from the LMC Extra-ordinary Expense Loan Program.

At the March 15, 2011 meeting the City Council awarded the bid for this project to Everstrong Construction, Inc. The total project is estimated to be about \$340,000 (including engineering). Funding for the project to proceed in 2011 was determined to come from the General Fund.

This week the City received an approval from the LMC Extra-ordinary Expense Loan Program for the Street Shop Remodeling Project up to their maximum of \$250,000. These funds would be provided to the City in 2011 for project costs and then repaid in five annual installments (2012 – 2016). The interest rate on the loan is 3%. A repayment schedule is attached for your information.

The City Council has several options with the LMC Extra-ordinary Expense Loan Program. These options include the following:

1. Continue to fund the entire project with General Fund monies; thus not using the LMC Extra-ordinary Expense Loan Program at all.
2. Use the General Fund to pay for the expenses over the \$250,000 LMC Extra-ordinary Expense Loan Program and repay the loan over the next five years (or pre-pay the loan at anytime as there is no penalty for pre-payments).
3. Reject the LMC Extra-ordinary Expense Loan Program funding and plan to issue G.O. Bonds for the project cost within the next 18 months.

Staff is recommending the acceptance of the LMC Extra-ordinary Expense Loan Program funds as there is no interest for 2011; it provides a low-interest, five year window for repayment and/or it may be repaid at anytime out of General Fund or G.O. Bond monies.

If you have any questions about the LMC Extra-ordinary Expense Loan Program please contact me at 831-6129 or via email at snasby@windom-mn.com.

Due Date	Principal	Interest	Total Payment	Balance
Original Loan				\$250,000.00
1/1/2012	\$47,088.64	\$5,363.01	\$52,451.66	\$202,911.36
1/1/2013	\$48,501.30	\$6,087.34	\$54,588.64	\$154,410.06
1/1/2014	\$49,956.34	\$4,632.30	\$54,588.64	\$104,453.71
1/1/2015	\$51,455.03	\$3,133.61	\$54,588.64	\$52,998.68
1/1/2016	\$52,998.68	\$1,589.96	\$54,588.64	(\$0.00)

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF TRANSPORTATION GRANT AGREEMENT FOR THE MUNICIPAL AIRPORT

WHEREAS, the City of Windom has received from the State of Minnesota Department of Transportation, Office of Aeronautics, a Grant Agreement No. 98573, "Grant Agreement for Airport Improvement, " for State Project No A1701-31 in an amount not to exceed \$19,057.68 for a Toro Z500 Diesel Mower Model 74269; and

WHEREAS, the City of Windom will receive from the State of Minnesota Department of Transportation, Office of Aeronautics, two-thirds of the allowable costs incurred for the project cost not to exceed \$19,057.68; and

WHEREAS, the Grant Offer is contingent upon all applicable State requirements being met; and

WHEREAS, funds have been budgeted for the City's portion of the one-third match of the project costs.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM,
MINNESOTA, AS FOLLOWS:**

1. That the City Council approves the grant offer from the State of Minnesota Department of Transportation and agrees to the terms and conditions required to accept the grant.
2. That the Mayor and City Administrator are authorized to execute the grant agreement and any amendments or required documents on behalf of the City of Windom.

Adopted by the Council this 5th day of April, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

CERTIFICATION

STATE OF MINNESOTA }
COUNTY OF COTTONWOOD}

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the Windom City Council at an authorized meeting held on the 5th day of April, 2011, as shown by the records in my possession.

Steve Nasby, City Administrator

Notary Public
My Commission Expires: _____

GRANT AGREEMENT FOR AIRPORT IMPROVEMENT EXCLUDING LAND ACQUISITION

This Agreement is by and between the State of Minnesota acting through its Commissioner of Transportation ("State"), and the City of Windom ("Recipient").

WHEREAS, the Recipient desires the financial assistance of the State for an airport improvement project ("Project") as described in Article 2 below; and

WHEREAS, the State is authorized by Minnesota Statutes Sections 360.015 (subdivisions 13 & 14) and 360.305 to provide financial assistance to eligible airport sponsors for the acquisition, construction, improvement, or maintenance of airports and other air navigation facilities; and

WHEREAS, the Recipient has provided the State with the plans, specifications, and a detailed description of the airport improvement Project.

NOW, THEREFORE, it is agreed as follows:

1. This Agreement is effective upon execution by the Recipient and the State, and will remain in effect until June 30, 2014.
2. The following table provides a description of the Project and shows a cost participation breakdown for each item of work:

<u>Item Description</u>	<u>Federal Share</u>	<u>State Share</u>	<u>Local Share</u>
Toro Z500 Diesel Mower Model 74269		2/3	1/3

3. The Project costs will not exceed \$19,057.68. The proportionate shares of the Project costs are: Federal: \$0.00, State: \$12,705.12, and Recipient: \$6,352.56. Federal funds for the Project will be received and disbursed by the State. In the event federal reimbursement becomes available or is increased for this Project, the State will be entitled to recover from such federal funds an amount not to exceed the state funds advanced for this Project. No funds are committed under this Agreement until they are encumbered by the State. No more than 95% of the amount due under this Agreement will be paid by the State until the State determines that the Recipient has complied with all terms of this Agreement, and furnished all necessary records.
4. The Recipient will designate a registered engineer (the "Project Engineer") to oversee the Project work. If, with the State's approval, the Recipient elects not to have such services performed by a registered engineer, then the Recipient will designate another responsible person to oversee such work, and any references herein to the "Project Engineer" will apply to such responsible person.
5. The Recipient will complete the Project in accordance with the plans, specifications, and detailed description of the Project, which are on file with the State's Office of Aeronautics and are incorporated into this Agreement by reference. Any changes in the plans or specifications of the Project after the date of this Agreement will be valid only if made by written change order signed by the Recipient, the Project Engineer, and the contractor. Change orders must be submitted to the State. Subject to the availability of funds the State may prepare an amendment to this Agreement to reimburse the Recipient for the allowable costs of qualifying change orders.
6. The Recipient will make payments to its contractor on a work-progress basis. The Recipient will submit requests for reimbursement of certified costs to the State on state-approved forms. The State will reimburse the Recipient for the state and federal shares of the approved Project costs.
 - a. At regular intervals, the Recipient or the Project Engineer will prepare a partial estimate in accordance with the terms of the contract, special provisions, and standard specifications for the Project(s). Partial estimates must be completed no later than one month after the work covered by the estimate is completed. The Project Engineer and the contractor must certify that each partial estimate is true and correct, and that the costs have not been included on a previous estimate.
 - b. Following certification of the partial estimate, the Recipient will make partial payments to the contractor in accordance with the terms of the contract, special provisions, and standard specifications for the Project(s).

- c. Following certification of the partial estimate, the Recipient may request reimbursement from the State for costs eligible for federal and state participation. A copy of the partial estimate must be included with the Recipient's request for payment. Reimbursement requests and partial estimates should not be submitted if they cover a period in which there was no progress on the Project.
 - d. Upon completion of the Project(s), the Recipient will prepare a final estimate in accordance with the terms of the contract, special provisions, and standard specifications for the Project(s). The final estimate must be certified by the Recipient, Project Engineer and the contractor.
 - e. Following certification of the final estimate, the Recipient will make final payment to the contractor in accordance with the terms of the contract, special provisions, and standard specifications for the Project(s).
 - f. Following certification of the final estimate, the Recipient may request reimbursement from the State for costs eligible for federal and state participation. A request for final payment must be submitted to the State along with those project records required by the State.
7. For a Project which involves the purchase of equipment, the Recipient will be reimbursed by the State in one lump sum after the Recipient: (1) has acquired both possession and unencumbered title to the equipment; and (2) has presented proof of payment to the State, and (3) a certificate that the equipment is not defective and is in good working order. The Recipient will keep such equipment, properly stored, in good repair, and will not use the equipment for any purpose other than airport operations.
 8. If the Project involves force-account work or project donations, the Recipient must obtain the written approval of the State and Federal Aviation Administration (FAA). Force-account work performed or project donations received without written approval by the State will not be reimbursed under this Agreement. Force-account work must be done in accordance with the schedule of prices and terms established by the Recipient and approved by the State.
 9. Pursuant to Minnesota Statutes Section 360.305, subdivision 4 (g) (1), the Recipient will operate its airport as a licensed, municipally-owned public airport at all times of the year for a period of 20 years from the date the Recipient receives final reimbursement under this Agreement. The Airport must be maintained in a safe, serviceable manner for public aeronautical purposes only. The Recipient will not transfer, convey, encumber, assign, or abandon its interest in the airport or in any real or personal property, which is purchased or improved with State aid funds without prior written approval from the State. If the State approves such transfer or change in use, the Recipient must comply with such conditions and restrictions as the State may place on such approval. The obligations imposed by this clause survive the expiration or termination of this Agreement.
 10. This Agreement may be terminated by the Recipient or State at any time, with or without cause, upon ninety (90) days written notice to the other party. Such termination will not remove any unfulfilled financial obligations of the Recipient as set forth in this Agreement. In the event of such a termination, the Recipient will be entitled to reimbursement for eligible expenses incurred for work satisfactorily performed on the Project up to the date of termination. The State may immediately terminate this Agreement if it does not receive sufficient funding from the Minnesota Legislature or other funding source, or such funding is not provided at a level sufficient to allow for the continuation of the work covered by this Agreement. In the event of such termination, the Recipient will be reimbursed for work satisfactorily performed up to the effective date of such termination to the extent that funds are available. In the event of any complete or partial state government shutdown due to a failure to have a budget approved at the required time, the State may suspend this Agreement, upon notice to the Recipient, until such government shutdown ends, and the Recipient assumes the risk of non-payment for work performed during such shutdown.
 11. Pursuant to Minnesota Rules 8800.2500, the Recipient certifies that (1) it presently has available sufficient unencumbered funds to pay its share of the Project; (2) the Project will be completed without undue delay; and (3) the Recipient has the legal authority to engage in the Project as proposed.
 12. Pursuant to Minnesota Statutes Section 16C.05, subdivision 5, the Recipient will maintain such records and provide such information, at the request of the State, so as to permit the Department of Transportation, the Legislative Auditor, or the State Auditor to examine those books, records, and accounting procedures and practices of the Recipient relevant to this Agreement for a minimum of six years after the expiration of this Agreement.
 13. The Recipient will save, defend, and hold the State harmless from any claims, liabilities, or damages including, but not limited to, its costs and attorneys' fees arising out of the Project which is the subject of this Agreement.

14. The Recipient will not utilize any state or federal financial assistance received pursuant to this Agreement to compensate, either directly or indirectly, any contractor, corporation, partnership, or business, however organized, which is disqualified or debarred from entering into or receiving a State contract. This restriction applies regardless of whether the disqualified or debarred party acts in the capacity of a general contractor, a subcontractor, or as an equipment or material supplier. This restriction does not prevent the Recipient from utilizing these funds to pay any party who might be disqualified or debarred after the Recipient's contract award on this Project.
15. All contracts for materials, supplies, or construction performed under this Agreement will comply with the equal employment opportunity requirements of Minnesota Statutes Section 181.59.
16. The amount of this Agreement is limited to the dollar amounts as defined in Article 3 above. Any cost incurred above the amount obligated by the State is done without any guarantee that these costs will be reimbursed in any way. A change to this Agreement will be effective only if it is reduced to writing and is executed by the same parties who executed this Agreement, or their successors in office.
17. For projects that include consultant services, the Recipient and its consultant will conduct the services in accordance with the work plan indicated in the Recipient's contract for consultant services, which shall be on file with the State's Office of Aeronautics. The work plan is incorporated into this Agreement by reference. The Recipient will confer on a regular basis with the State to coordinate the design and development of the services.
18. The parties must comply with the Minnesota Government Data Practices Act, as it relates to all data provided to or by a party pursuant to this Agreement.
19. Minnesota law, without regard to its choice-of-law provisions, governs this Agreement. Venue for all legal proceedings arising out of this Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.
20. For projects including federal funding, the Recipient must comply with applicable regulations, including, but not limited to, Title 14 Code of Federal Regulations, subchapter I, part 151; and Minnesota Rules Chapter 8800.
21. For all projects, the Recipient must comply, and require its contractors and consultants to comply, with all federal and state laws, rules, and regulations applicable to the work. The Recipient must advertise, let, and award any contracts for the project in accordance with applicable laws. The State may withhold payment for services performed in violation of applicable laws.
22. Under this Agreement, the State is only responsible for receiving and disbursing federal and state funds. Nothing in this Agreement will be construed to make the State a principal, co-principal, partner, or joint venturer with respect to the Project(s) covered herein. The State may provide technical advice and assistance as requested by the Recipient, however, the Recipient will remain responsible for providing direction to its contractors and consultants and for administering its contracts with such entities. The Recipient's consultants and contractors are not intended to be third party beneficiaries of this Agreement.



Memo

To: Council Members
From: Mayor Kirby Kruse
CC: Steve Nasby
Date: 4/1/2011
Re: Hospital Board Appointments

Hospital Board terms expire each year on 4/30/2011. Three terms will expire this year. Those three-year terms include Mary Klosterbuer, Kathy Ratzlaff and Peggy Pfeffer.

Mary Klosterbuer has served the maximum number of terms allowed and is no longer eligible to serve on the Hospital Board. Mike Fisher has agreed to fill Mary's open board position. Kathy and Peggy have each agreed to serve another 3-year term.

Due to Terry Utech's recent job change and relocation, an appointment is needed to fill his term that will expire on April 30, 2012. Ryan McNamara has agreed to fill Terry's remaining term.

Hospital Board Appointments

Ryan McNamara	4/30/12
Kathy Ratzlaff	4/30/14
Peggy Pfeffer	4/30/14
Mike Fisher	4/30/14

Council Action Requested: The City Charter states the Hospital governing board is to be appointed by the Mayor and confirmed by the City Council.

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	FIRE RELIEF ASSOC.	REIMBURSE FROM STATE OF	3,000.00
		Total for Department 101	3,000.00*
CITY OFFICE	BANK MIDWEST INSURAN	SURETY BOND	112.00
		Total for Department 103	112.00*
P & Z / BUILDING OFF	SW MN CHAPTER OF I.C	DUES	75.00
		Total for Department 106	75.00*
CITY HALL	JAY KUEHL	SNOW REMOVAL	60.00
		Total for Department 115	60.00*
POLICE	KEVIN L. PATTERSON	GAS	64.08
POLICE	UNICEL	TELEPHONE	190.89
		Total for Department 120	254.97*
FIRE DEPARTMENT	VOL, FIREMEN'S BENEF	DUES	324.00
		Total for Department 125	324.00*
STREET	MN ENERGY RESOURCES	HEATING	1,572.42
		Total for Department 140	1,572.42*
		Total for Fund 01	5,398.39*
LIBRARY	JAY KUEHL	SNOW REMOVAL	60.00
LIBRARY	MN ENERGY RESOURCES	HEATING	989.53
		Total for Department 171	1,049.53*
		Total for Fund 03	1,049.53*
AMBULANCE	Verizon Wireless	TELEPHONE	90.27
		Total for Department 176	90.27*
		Total for Fund 13	90.27*
MULTI-PURPOSE BUILDI	VERONICA DIAZ	REFUND- DEPOSIT	175.00
		Total for Department 177	175.00*
		Total for Fund 14	175.00*
LIQUOR	BELLBOY CORP	MERCHANDISE	712.00
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	5,183.10
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	3,734.94
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	4,059.85
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	34.76
LIQUOR	JOHNSON BROS.	MERCHANDISE	2,224.77
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	1,731.84
LIQUOR	VINOCOPIA, INC	MERCHANDISE	120.00
LIQUOR	WINE MERCHANTS	MERCHANDISE	404.00
		Total for Department 180	18,205.26*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 60			18,205.26*
WATER	COUNTY WIDE DIRECTOR AD		45.83
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	146.88
WATER	SOURCE ONE SOLUTIONS	UTILITY BILL - SERVICES	793.39
WATER	RED ROCK RURAL WATER	REIMBURSE FOR ROOM	480.63
Total for Department 181			1,466.73*
Total for Fund 61			1,466.73*
	ANTHONY RANDLE	REFUND - UTILITY PREPAYM	300.00
	NANCY SELL	REFUND - STATEMENT CREDI	.66
Total for Department			300.66*
ELECTRIC	CENTRAL MINNESOTA MU	CIP SERVICE ASSESSMENT	4,083.00
ELECTRIC	CENTRAL MINNESOTA MU	POWER COST	180,668.64
ELECTRIC	COUNTY WIDE DIRECTOR AD		45.84
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	146.88
ELECTRIC	SOURCE ONE SOLUTIONS	UTILITY BILL - SERVICES	1,636.33
ELECTRIC	MN DEPT OF HEALTH	PERMIT FEE	100.00
ELECTRIC	MN REVENUE	ANNUAL EMISSIONS FEE	25.00
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	175.22
ELECTRIC	BANK MIDWEST	NSF CHECK	405.95
ELECTRIC	ZIEGLER, INC.	MAINTENANCE AGREEMENT	3,150.00
ELECTRIC	NANCY SELL	REFUND - STATEMENT CREDI	9.62
Total for Department 182			190,446.48*
Total for Fund 62			190,747.14*
SEWER	COUNTY WIDE DIRECTOR AD		45.83
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	146.88
SEWER	SOURCE ONE SOLUTIONS	UTILITY BILL - SERVICES	793.38
SEWER	MN POLLUTION CONTROL	REGISTRATION	300.00
SEWER	MN REVENUE	PERMIT FEE	5,900.00
SEWER	MN ENERGY RESOURCES	HEATING	956.00
Total for Department 183			8,142.09*
Total for Fund 63			8,142.09*
ARENA	QUALITY GLASS	MAINTENANCE	423.64
Total for Department 184			423.64*
Total for Fund 64			423.64*
ECONOMIC DEVELOPMENT	COUNTY WIDE DIRECTOR AD		137.50
ECONOMIC DEVELOPMENT	MARK HANSON	MILEAGE	83.64
Total for Department 187			221.14*
Total for Fund 67			221.14*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	BIG TEN NETWORK	SUBSCRIBER	1,564.00
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBER	41.32
TELECOMMUNICATIONS	COMCAST MEDIA CENTER	SUBSCRIBER	20.05
TELECOMMUNICATIONS	DISCOVERY DIGITAL NE	SUBSCRIBER	35.92
TELECOMMUNICATIONS	FOX SPORTS	SUBSCRIBER	5,571.40
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	440.61
TELECOMMUNICATIONS	HUB TELEVISION NETWO	SUBSCRIBER	8.98
TELECOMMUNICATIONS	KARE	SUBSCRIBER	507.20
TELECOMMUNICATIONS	LIFETIME	SUBSCRIBER	701.12
TELECOMMUNICATIONS	SOURCE ONE SOLUTIONS	POSTAGE	9.07
TELECOMMUNICATIONS	SOURCE ONE SOLUTIONS	UTILITY BILL - SERVICES	1,735.49
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	SUBSCRIBER	21,663.70
TELECOMMUNICATIONS	OWN	SUBSCRIBER	19.04
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	86.06
TELECOMMUNICATIONS	SHOWTIME NETWORKS IN	SUBSCRIBER	281.60
TELECOMMUNICATIONS	TOWER DISTRIBUTION C	SUBSCRIBER	222.39
TELECOMMUNICATIONS	KEN JANOVSKY	REFUND -STATEMENT CREDIT	9.43
	Total for Department 199		32,917.38*
	Total for Fund 69		32,917.38*
	Grand Total		258,836.57*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	PITNEY BOWES	RENTAL CHARGES	29.84
CITY OFFICE	SELECTACCOUNT	PARTICIPANT FEE	91.50
	Total for Department 103		121.34*
P & Z / BUILDING OFF	PITNEY BOWES	RENTAL CHARGES	29.84
	Total for Department 106		29.84*
CITY HALL	JOE'S LAWN CARE	BOILER INSPECTION	116.25
CITY HALL	MN ENERGY RESOURCES	HEATING	1,233.96
	Total for Department 115		1,350.21*
POLICE	PITNEY BOWES	RENTAL CHARGES	29.84
POLICE	JEFFREY SHIRKEY	EXPENSE	8.31
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,073.04
	Total for Department 120		2,111.19*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	130.86
	Total for Department 125		130.86*
STREET	AMOCO OIL COMPANY	GAS	593.64
STREET	NAPA AUTO PARTS	MAINTENANCE	55.42
STREET	PITNEY BOWES	RENTAL CHARGES	29.84
	Total for Department 140		678.90*
	Total for Fund 01		4,422.34*
LIBRARY	JOAN HUNTER	MILEAGE	39.78
LIBRARY	JOE'S LAWN CARE	BOILER INSPECTION	116.25
	Total for Department 171		156.03*
	Total for Fund 03		156.03*
AIRPORT	PITNEY BOWES	RENTAL CHARGES	29.84
	Total for Department 174		29.84*
	Total for Fund 11		29.84*
AMBULANCE	BOB AXFORD	EXPENSE	33.81
AMBULANCE	KATE AXFORD	EXPENSE	19.96
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	52.42
AMBULANCE	ROBIN SHAW	EXPENSE	33.62
AMBULANCE	PITNEY BOWES	RENTAL CHARGES	29.84
AMBULANCE	ALLAN REMPEL	EXPENSE	33.44
	Total for Department 176		203.09*
	Total for Fund 13		203.09*
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	1,679.09
MULTI-PURPOSE BUILDI	WINDOM AREA CHAMBER	LAUNDRY TABLECLOTHS	34.15
	Total for Department 177		1,713.24*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 14			1,713.24*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,746.95
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	250.60
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	4,635.35
LIQUOR	JOHNSON BROS.	MERCHANDISE	1,959.86
LIQUOR	PITNEY BOWES	RENTAL CHARGES	29.84
Total for Department 180			10,622.60*
Total for Fund 60			10,622.60*
WATER	DATA-PAC MAILING SYS	MAIL METER RENTAL	82.50
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	167.70
WATER	MN DEPT OF HEALTH	REGISTRATION	90.00
WATER	MN ENERGY RESOURCES	HEATING	757.69
WATER	PITNEY BOWES	RENTAL CHARGES	29.84
Total for Department 181			1,127.73*
Total for Fund 61			1,127.73*
ELECTRIC	AMOCO OIL COMPANY	GAS	1,006.17
ELECTRIC	DATA-PAC MAILING SYS	MAIL METER RENTAL	82.50
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	167.75
ELECTRIC	MN ENERGY RESOURCES	HEATING	624.24
ELECTRIC	PITNEY BOWES	RENTAL CHARGES	29.84
ELECTRIC	BANK MIDWEST	NSF CHECK	293.89
Total for Department 182			2,204.39*
Total for Fund 62			2,204.39*
SEWER	AMOCO OIL COMPANY	GAS	140.53
SEWER	DATA-PAC MAILING SYS	MAIL METER RENTAL	82.50
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	167.70
SEWER	MN ENERGY RESOURCES	HEATING	15.73
SEWER	PITNEY BOWES	RENTAL CHARGES	29.84
Total for Department 183			436.30*
Total for Fund 63			436.30*
ARENA	MN LABOR LAW POSTER	SUPPLIES	67.25
ARENA	PITNEY BOWES	RENTAL CHARGES	29.84
Total for Department 184			97.09*
Total for Fund 64			97.09*
ECONOMIC DEVELOPMENT	PITNEY BOWES	RENTAL CHARGES	29.84
Total for Department 187			29.84*
Total for Fund 67			29.84*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	B B C AMERICA	SUBSCRIBER	19.86
TELECOMMUNICATIONS	DATA-PAC MAILING SYS	MAIL METER RENTAL	247.50
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.95
TELECOMMUNICATIONS	GODFATHER'S PIZZA	EXPENSE	31.51
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	503.10
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	204.11
TELECOMMUNICATIONS	ONVOY, INC	SS7 SERVICE	1,001.67
TELECOMMUNICATIONS	PITNEY BOWES	RENTAL CHARGES	89.52
TELECOMMUNICATIONS	RFD TV	SUBSCRIBER	195.31
TELECOMMUNICATIONS	RWB ADVERTISING	ADVERTISING	208.00
		Total for Department 199	2,544.53*
		Total for Fund 69	2,544.53*
	AFLAC	INSURANCE	372.64
	LAW ENFORCMENT LABOR UNION	UNION DUES	210.00
	LOCAL UNION #949	UNION DUES	1,585.44
	MN BENEFIT ASSOCIATI	INSURANCE	262.28
		Total for Department	2,430.36*
		Total for Fund 70	2,430.36*
		Grand Total	26,017.38*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	SECR REV FUND/CITY O	SUPPLIES	4.00
		Total for Department 101	4.00*
CITY OFFICE	STEVE NASBY	EXPENSE	170.11
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
CITY OFFICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	40.77
		Total for Department 103	290.88*
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
		Total for Department 106	24.00*
CITY HALL	COLE PAPER INC.	SUPPLIES	247.95
		Total for Department 115	247.95*
POLICE	MN NCPERS LIFE INSUR	INSURANCE	144.00
POLICE	SECR REV FUND/CITY O	POSTAGE	14.49
POLICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
		Total for Department 120	178.85*
FIRE DEPARTMENT	SECR REV FUND/CITY O	POSTAGE	10.00
FIRE DEPARTMENT	VOL, FIREMEN'S BENEF	DUES	196.00
		Total for Department 125	206.00*
STREET	AMUNDSON DIG	MAINTENANCE	382.50
STREET	MN NCPERS LIFE INSUR	INSURANCE	80.00
		Total for Department 140	462.50*
RECREATION	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
		Total for Department 150	20.36*
PARKS	MN NCPERS LIFE INSUR	INSURANCE	16.00
		Total for Department 165	16.00*
		Total for Fund 01	1,450.54*
LIBRARY	COLE PAPER INC.	SUPPLIES	100.24
LIBRARY	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
		Total for Department 171	110.42*
		Total for Fund 03	110.42*
POOL	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
		Total for Department 175	10.18*
		Total for Fund 12	10.18*
MULTI-PURPOSE BUILDI	COLE PAPER INC.	SUPPLIES	317.28
MULTI-PURPOSE BUILDI	A H HERMEL CANDY & T	MERCHANDISE	164.60
MULTI-PURPOSE BUILDI	MN NCPERS LIFE INSUR	INSURANCE	32.00
MULTI-PURPOSE BUILDI	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
		Total for Department 177	534.24*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 14			534.24*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,524.35
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	100.50
LIQUOR	FIELDSTONE VINEYARDS	MERCHANDISE	541.04
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,746.85
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	5,413.35
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	377.05
LIQUOR	JOHNSON BROS.	MERCHANDISE	5,075.09
LIQUOR	GENE LENNING	POSTAGE / SUPPLIES	125.22
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00
LIQUOR	MN ENERGY RESOURCES	HEATING	375.08
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	3,389.98
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	4,460.14
LIQUOR	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	40.72
LIQUOR	VINOCOPIA, INC	MERCHANDISE	120.00
LIQUOR	BANK MIDWEST	NSF CHECK	17.95
Total for Department 180			26,339.32*
Total for Fund 60			26,339.32*
WATER	GODFATHER'S PIZZA	EXPENSE	9.25
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	161.46
WATER	MN NCPERS LIFE INSUR	INSURANCE	40.00
WATER	SECR REV FUND/CITY O	SUPPLIES	6.50
WATER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	40.72
WATER	WENCK ASSOCIATES, IN	LANDFILL	935.57
Total for Department 181			1,193.50*
Total for Fund 61			1,193.50*
SECR REV FUND/CITY O REFUND-UTILITY PREPAYMEN			500.00
KAYLEE BRAMSTEDT REFUND - UTILITY PREPAYM			300.00
Total for Department			800.00*
ELECTRIC	CRA PAYMENT CENTER	MAINTENANCE	1,238.13
ELECTRIC	GODFATHER'S PIZZA	EXPENSE	9.27
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	161.46
ELECTRIC	CHERYL LILLEGAARD	MILEAGE	90.67
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	351.54
ELECTRIC	SECR REV FUND/CITY O	POSTAGE	17.75
ELECTRIC	SECR REV FUND/CITY O	REPAIR JACKET	10.00
ELECTRIC	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	40.72
Total for Department 182			2,015.54*
Total for Fund 62			2,815.54*
SEWER	GODFATHER'S PIZZA	EXPENSE	9.25
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	161.45

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	RANDY LYONS	MEALS	12.82
SEWER	MN NCPERS LIFE INSUR	INSURANCE	56.00
SEWER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	65.14
		Total for Department 183	304.66*
		Total for Fund 63	304.66*
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
ARENA	MN ENERGY RESOURCES	HEATING	1,516.47
ARENA	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	36.65
		Total for Department 184	1,585.12*
		Total for Fund 64	1,585.12*
	ELECTRIC FUND	LOAN PAYMT TO ELEC SPEC	709.72
		Total for Department	709.72*
ECONOMIC DEVELOPMENT	ECON DEV ASSOC OF MI	DUES	225.00
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMT TO ELEC SPEC	239.78
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	8.00
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O	POSTAGE	2.92
		Total for Department 187	475.70*
		Total for Fund 67	1,185.42*
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	484.38
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	QUEST	TELEPHONE	104.96
TELECOMMUNICATIONS	SECR REV FUND/CITY O	SUPPLIES	4.50
TELECOMMUNICATIONS	SHOWTIME NETWORKS IN	SUBSCRIBER	281.60
TELECOMMUNICATIONS	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	61.08
		Total for Department 199	1,000.52*
		Total for Fund 69	1,000.52*
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDEMO1	1,202.00
	MN NCPERS LIFE INSUR	INSURANCE	32.00
		Total for Department	1,234.00*
		Total for Fund 70	1,234.00*
		Grand Total	37,763.46*

WINDOM PUBLIC LIBRARY

Calling all World Travelers!



One World, Many Stories

Readers of all ages will travel the globe this summer as the Windom Public Library presents "One World, Many Stories" summer library program.

Kids will explore countries and cultures from around the globe through stories, crafts and other activities. The 2011 Summer Reading Program is open to young people, preschool through young adult offering programs, weekly trivia questions, story times, and Munchin' around the world Lunch Bunch and the very popular Teen Beach Bag Contest!

Families are invited to join the Read-to-Me portion of the program.

Registration for "One World, Many Stories" begins Monday, June 13.

For more information, call the library at 831-6131 or visit our website at <http://www.windom-mn.com/> www.windom-mn.com or stop by the library and pick up a schedule of activities.



SUMMER PARKS & RECREATION

If you are unable to attend registration on May 4, send all forms to: Windom Parks & Rec., PO Box 38, Windom. Any registrations received after May 9th will result in a \$15 late fee.

Summer Baseball Program

TYKES T-BALL

This program is for children who are eligible to attend kindergarten during the 2011-12 school year. Youth will have fun learning the fundamentals of baseball.

Tuesdays & Thursdays, May 31-July 14, 9-9:45 a.m. and 10-10:45 a.m. (Please register for either the 9 or 10 am session.) Windom Recreation Area, evening sessions TBA. Fee: \$35.

KINDERGARTEN T-BALL

This program is for children who were eligible or attended kindergarten this past year. They will work on fundamentals of baseball along with playing some games.

Mondays, Wednesdays, Fridays, June 1-July 15, 9-9:45 a.m. and 10-10:45 a.m. (Please register for either the 9 or 10 am session.) Windom Recreation Area, evening sessions TBA. Fee: \$35.

COACH PITCH/T-BALL (Completed GR. 1-3)

Coaches will pitch to participants and Tee after a set amount of swings. Sessions will be one hour long with 45 minutes for games and 15 minutes being spent on fundamentals daily.

Weekdays, beginning Tuesday, May 31-July 15. Tuesday Evenings 5:30 p.m. Games this year will be at 9:00 a.m. or 10:00 a.m. Tuesday mornings are set aside for fundamentals. Fee: \$35.

***Playoffs for Coach/Pitch/T-Ball will be held the week of July 11 at 5:00 p.m.**

30/60 BASEBALL LEAGUE (Completed GR. 4-6)

New this year: Overhand will be replaced with the 30/60 Baseball League. Games will be played two evenings a week - Tuesdays and Thursdays - against teams from Red Rock, Mt. Lake, and Worthington. Games will be played both in town and out of town.

Practice will be held at least twice a week with volunteer coaches. If interested in volunteering to help coach, please put your name on the registration form in the space that is provided.

Fee: \$35.

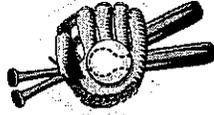
~ 30/60/ Tourney will be held on Saturday, July 16 ~



PARKS & REC. GIRLS SOFTBALL

(completed GR. 1-3)

Learn the fundamentals of softball - throwing, batting and catching - and the rules of the game.



Monday-Thursday, 9:00-10:00 a.m.

Tuesdays, 5:00 p.m.

Windom Recreation Area

Fee: \$35.00

Instructor: Kristi Maricle

ADULT SAND VOLLEYBALL

The organizational meeting for Adult Sand Volleyball will be held Wednesday, April 27, at 7 p.m. in the City Hall Council Chambers.

All information for registration will be distributed at this meeting. *It is MANDATORY that all teams have a representative there.* Again this year, the league will look to divide into two levels. This league is open to anyone who has graduated from high school.

FALL PARKS & RECREATION ACTIVITIES



Information will be given to all summer recreation participants regarding registration for fall programs. The Fall programs will be held August through mid-October.

BOYS & GIRLS FALL SOCCER (GR. K-3)

BOYS & GIRLS YOUTH FLAG FOOTBALL

Program for students in Gr. 2-3

Program for students in Gr. 4-6



~ Watch for more information on these programs. ~

REGISTRATION FORM - WINDOM PARKS & RECREATION PROGRAM ONLY

Registration for the Summer Parks & Recreation activities and Community Education classes will be held **Wednesday, May 4, 5:00-7:00 p.m.** at the Windom Community Center during swimming lesson registration. Please have separate checks for Swimming Registrations, Pool Passes, Summer Recreation Activities and Community Education classes. **Registrations received after May 9 will result in a \$15 late fee.**
Mail to: **Windom Parks & Recreation, PO Box 38, Windom, MN 56101.**

NAMES OF CHILDREN	GRADE (2010-11)	ACTIVITY
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
5. _____	_____	_____

**** Note: If registering for K-T-Ball or Tykes, please specify either 9:00 a.m. or 10:00 a.m. session.**

Volunteer Coach: Name _____
Activity willing to volunteer to coach. _____

SCHOLARSHIP FUND: The City of Windom is committed to offering programs for all the youth of our community. No youth will be denied access to programs due to lack of funds. Financial assistance is available to families. Contact Al Baloun at the Arena for information.

PARENT'S NAME _____ **PHONE (H)** _____
ADDRESS _____ **(W)** _____

Person to contact if parent cannot be reached in an emergency: _____
Phone: _____

REFUND POLICY - Requests for a full refund must be received before the second day of the recreation program. No refunds will be given after the second day unless for medical reasons; a note from your doctor required.

I (We) authorize emergency medical treatment to insure the well being of the above named child(ren) by qualified medical and emergency personnel.

Signature _____ Relationship _____ Date _____



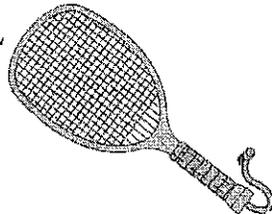
The Hershey Track and Field Youth Program will be offered for youth between the ages of 9 - 14. Youth are divided into three age groups: 9 & 10 yrs. (born during 2001-02); 11 & 12 yrs. (born during 1999-00); 13 & 14 yrs. (born during 1997-98) The competitor's group is determined by the participant's age as of December 31, 2011 (eg. a child is 12 yrs. old at the time of the meet, but his/her birthday is on Dec. 10, this child would compete with the 13 & 14 yr. old age group.) Each age group is divided by male or female.

The District meet will be held in Worthington on **Saturday, June 18** for the following events:

Ages 9 & 10	Ages 11 & 12	Ages 13 & 14
1. 50 Meter Dash	1. 100 Meter Dash	1. 100 Meter Dash
2. 100 Meter Dash	2. 200 Meter Dash	2. 200 Meter Dash
3. 200 Meter Dash	3. 400 Meter Dash	3. 800 Meter Dash
4. 400 Meter Dash	4. 800 Meter Dash	4. 1600 Meter Dash
5. -----	5. -----	5. 4 x 100 Mr. Relay
6. Stdg. Long Jump	6. Stdg. Long Jump	6. Stdg. Long Jump
7. Softball Throw	7. Softball Throw	7. Softball Throw

First and second places at the Districts will qualify for the state meet on Saturday, June 25 in Litchfield. Practices will be held beginning May 24 from 3:30-5 p.m. at the High School Track. The track program will end on June 27. Fee: \$40. (Includes District Fee)

SUMMER RACQUETBALL PROMOTION



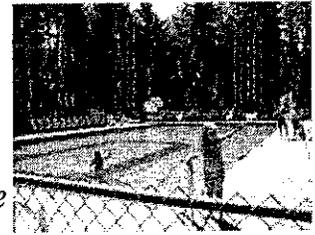
The Windom Arena will be offering Summer Racquetball until the end of September.

Each Tuesday evening, 5:30-7:30 p.m., both courts will be reserved for racquetball players only. Show up and be ready to play. (NO CALLING NECESSARY TO PLAY.) From two to eight people per hour can participate. Any level of player can participate. Regular court fees will be charged during this time frame.

Hourly Rates are as follows:
Non-Members - \$3.00 Students - \$1.50

Memberships are available monthly, quarterly, semi-annually and annually. If you have any questions feel free to contact Al Baloun at the Windom Arena at 831-6122.

WINDOM SWIMMING POOL



Tentative Opening Date
Monday, June 6

2011 RATES - Save money on season passes bought during May. Starting May 1, passes will be available for sale at Windom City Hall. **Season passes will also be available at Swimming Lesson Registration on May 4.**

SPLASH BASH - Saturday, July 30 - Doors open at noon!

- * **Daily:** Students - \$3.00 ***Daily:** Adults - \$3.50
- * **Daily:** Wading Pool/Non-Swimmer - \$1.00
- * **Daily Family Swim** - \$5.00

- * **Season Family:** \$85 - *After May 31* - \$95.
- * **Season Individual:** \$50 - *After May 31* - \$55.
- * **Season Wading Pool/Non-Swimmer Individual Pass:** \$25.

DAILY PUBLIC SESSIONS

OPEN SWIM TIMES

Monday-Sunday 2:00-5:00 p.m.
 Tuesday, Thursday & Saturday 6:00-8:00 p.m.

***ADULT HOUR:** Monday-Thursday..5:00-6:00 p.m.
 Adults may do self led aerobics, swimming or water walking. No instructor during this time. Music will be provided.

***FAMILY SWIM:** Monday, Wednesday, Friday & Sunday 6:00-8:00 p.m.

PRIVATE POOL RENTAL: \$75 minimum up to party of 40, (add'l fee based on number in party/hour).

Each child may sign up for one swim lesson level at a time. Once a child has completed a level, they may sign up for another level.

Registration for:

- **Swimming Lessons**
- **Summer Recreation**
- **Community Education Activities**



Wednesday, May 4
5:00-7:00 p.m.
Windom Community Center

Please write separate checks

WINDOM SWIMMING LESSONS - CLIP & BRING (with fee of \$28 per class) TO REGISTRATION

on Wednesday, May 4th at the Windom Community Center from 5:00-7:00 p.m. Registration is on a first come basis. Fill in the blanks below with your preferred time for swimming lessons.

***NO EARLY REGISTRATIONS.** All registrations received in the mail will be processed beginning Thursday, May 5.

IF THERE IS MORE THAN ONE REGISTRATION, PLEASE COMPLETE A REGISTRATION FORM & MEDICAL RELEASE FOR EACH STUDENT. Copies of registration form are acceptable for multiple registrations.

REFUND POLICY: Parents taking their child out of lessons after the first day will receive a refund of \$20. All refund requests must be made prior to the third lesson.

If you have questions concerning the level you wish to register, contact Al Baloun at 831-6122 between 9 a.m.- 4:30 p.m.

LESSON REGISTRATION: Please mark your 1st, 2nd & 3rd choices (Example: 1 Level 3)

SESSION I

Monday-Friday, June 20-24

Monday-Wednesday, June 27-29

(June 30 & July 1 - make-up dates)

9:00-9:45 a.m.

Adaptive

Level 5

Level 6

10:00-10:45 a.m.

Level 2

Level 3

Level 5

11:00 a.m.-11:45 a.m.

Level 1

Level 2

Level 3

Level 4

12:00-12:45 p.m.

Level 1

Level 2

Level 3

Level 4

SESSION II

Tuesday-Friday, July 5-8

Monday-Thursday, July 11-14

(July 15 - make-up date)

9:00-9:45 a.m.

Level 4

Level 6

10:00-10:45 a.m.

Level 1

Level 2

Level 3

Level 5

11:00 a.m.-11:45 a.m.

Level 1

Level 2

Level 3

Level 4

12:00-12:45 p.m.

Level 1

Level 2

Level 3

Level 4

SESSION III

Monday-Friday, July 18-22

Monday-Wednesday, July 25-27

(July 28 & 29 - make-up dates)

9:00-9:45 a.m.

Level 5

Level 6

10:00-10:45 a.m.

Level 2

Level 3

Level 4

Level 5

11:00 a.m.-11:45 a.m.

Level 1

Level 2

Level 3

Level 4

12:00-12:45 p.m.

Level 1

Level 2

Level 3

Level 4

Parent & Child Aquatics

Level 1 & 2 - 6 Months-Age 3

Monday-Friday, July 11-15

5:00-5:30 p.m.

5:30-6:00 p.m.

Fee: \$15

Preschool Aquatics-Level 1, 2, 3 -

Ages 3-5 years old

Monday-Friday, July 11-15

5:00-5:30 p.m.

5:30-6:00 p.m.

Fee: \$ 15.

* An adult must accompany each child in the water.

Guard Start Fee: \$35.

8:00-10:00 a.m.

July 5-8, July 11-15

ADULT LESSONS - If interested, contact a staff member at the pool.

On **Swimming Lesson Registration Night**, one person may register their immediate family and one other family. Any additional registrations will not be accepted and you will be expected to go to the back of the registration lines. Multiple registrations will be accepted after registration night is complete. All seats at registration are first come, first served. No reserving spots.

MEDICAL RELEASE & HISTORY:

STUDENT'S NAME _____ AGE & BIRTHDAY _____

ADDRESS _____
(Street) (City/Township) (Zip)

LEGAL GUARDIAN _____

ADDRESS (if different than above) _____

HOME PHONE _____ (WORK) _____

In the event a guardian can't be reached, who else may we phone in case of emergency? _____

(Name, Phone, Relationship)

FAMILY PHYSICIAN _____

(Name, Phone, Clinic)

MEDICAL HISTORY - Has the above named student experienced any of the following?

Hearing impairment or chronic ear problems Heart conditions Sight impairment Loss of consciousness
 Any other medical concerns (please attach separate note of explanation.)

I (We) authorize emergency medical treatment necessary to insure the well being of the above named child by qualified medical & emergency personnel.

Signature(s) _____ Relationship _____ Date _____

Main Identity

From: "Cederholm, Heather" <hcederholm@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Cc: "Board of Directors--LMC" <BoardofDirectorsLMC@lmc.org>; "IGR" <IGR@lmc.org>; "Communications" <Communications@lmc.org>; "Directors" <Directors@lmc.org>
Sent: Friday, April 01, 2011 2:04 PM
Subject: [legislative] Friday Fax--April 1, 2011
Status check on House and Senate budget bills

This week has been a busy week on the House and Senate floors. The House and Senate have devoted most of the floor sessions this week to passage of the finance bills that make up the individual pieces of their respective budgets. Early next week, we expect both bodies to complete their floor work and send the bills to conference committees which could begin as early as Monday night and Tuesday.

The governor's office and the legislative leadership started exchanging letters on the individual omnibus bills, as well as the overall budgetary outlook. Based upon this correspondence, it appears that if the conference committee reports closely mirror either the House or Senate versions of these omnibus appropriations bills, they would likely be vetoed by the governor, potentially setting the stage for a very busy April and May. The House and Senate established the early budget deadline with the intent of devoting the last month of the session to work on policy bills.

Below is a brief summary of the status of the major omnibus finance bills.

NOTE: () refers to the bill number that will be used in conference committee.*

Agriculture and Rural Economies Finance (SF 1016)

LMC Contact: Craig Johnson, (651) 281-1259 or cjohnson@lmc.org

Status: The bills have been approved in their respective bodies, and a conference committee has been named to resolve the differences in the bills.

Senate conferees: Sen. Doug Magnus (R-Slayton); Sen. Gary Kubly (DFL-Granite Falls); Sen. Gary Dahms (R-Redwood Falls); Sen. Sean Nienow (R-Cambridge); Sen. Jeremy Miller (R-Winona)

House conferees: Rep. Rod Hamilton (R-Mountain Lake); Rep. Paul Anderson (R-Starbuck); Rep. Ron Shimanski (R-Silver Lake); Rep. Mike LeMieur (R-Little Falls); Rep. Kent Eken (DFL-Twin Valley)

Education Finance (SF 1030/HF 0934*)

Status: The bills have been approved in their respective bodies, but a conference committee has not yet been appointed.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

Environment, Energy, Natural Resources, Commerce and Utilities (HF 1010*/SF 1029)

LMC Contact: Craig Johnson, (651) 281-1259 or cjohnson@lmc.org

Status: The bills have been approved in their respective bodies, but Senate conferees have not yet been appointed.

House conferees: Rep. Denny McNamara (R-Hastings); Rep. Tom Hackbarth (R-Cedar); Rep. Paul Torkelson (R-St. James); Rep. Joe Hoppe (R-Chaska); Rep. David Dill (R-Crane Lake).

Senate conferees: Not yet appointed.

Health and Human Services (SF 760*/HF 927)

Status: The Senate bill has been approved on the floor. The bill was sent to the House, where it was referred to the Ways and Means Committee.

House Conferees: Not yet appointed.

Senate Conferees: Not yet appointed.

Higher Education (SF 924/HF 1101*)

Status: The bills have been approved in their respective bodies but conferees have not yet been

appointed.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

Jobs and Economic Growth (SF 887*/HF 1049)

LMC Contact for Economic Development Provisions: Jennifer O'Rourke at (651) 281-1261 or jorourke@lmc.org

LMC Contact for MN Housing Finance Agency Provisions: Ann Higgins at (651)281-1257 or ahiggins@lmc.org

Status: The Senate bill has been approved on the floor. The Senate bill was sent to the House, where it was referred to the Ways and Means Committee, amended with the House language in HF 1049 and sent to the Taxes Committee. The bill has not yet been approved on the House floor.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

Judiciary and Public Safety (SF 958*/HF 853-Public Safety and HF 440-Judiciary)

LMC Contact: Anne Finn, (651) 281-1263, afinn@lmc.org

Status: The Senate bill has been approved on the Senate floor. The House Ways and Means Committee replaced the language in SF 958 with the merged language in HF 853 and HF 440 to line the bills up with the Senate bill. The amended version of SF 958 was approved on the House floor.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

State Government Finance (SF 1047*/HF 577)

LMC Contact: Gary Carlson, (651) 281-1255, gcarlson@lmc.org or Anne Finn, (651) 281-1263, afinn@lmc.org

Status: The Senate bill has been approved on the floor. The Senate bill was sent to the House where it was referred to the Ways and Means Committee. The Ways and Means Committee has not yet acted on the bill but will eventually amend it with the House language in HF 577 and send it to the House floor.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

Omnibus Tax Bill (HF 42*/SF 27)

LMC Contact: Gary Carlson, (651) 281-1255, gcarlson@lmc.org or Jennifer O'Rourke at (651) 281-1261 or jorourke@lmc.org

Status: The House bill has been approved on the floor. The Senate, upon the recommendation of the Rules and Administration Committee, will take up the House bill and replace the language in the bill with the language in SF 27.

House conferees: Not yet appointed.

Senate conferees: Not yet appointed.

Transportation (HF1140*/SF 898)

LMC Contact: Anne Finn, (651) 281-1263, afinn@lmc.org

Status: The House bill has been approved on the floor. The Senate, upon the recommendation of the Rules and Administration Committee, will take up the House bill and replace the language in the bill with the language in SF 898.

House: Not yet appointed

Senate: Not yet appointed

House completes Tax bill; Senate on Monday

This past Monday, the House omnibus tax bill was approved on the floor. The Senate version of the bill will be considered next Monday (April 4). After the Senate completes floor action on their version of the bill, we expect a conference committee to be appointed, with meetings likely beginning by mid-week.

To briefly recap, here is a summary of some of the major provisions included in the House and Senate versions of the omnibus tax bill:

Senate Bill (SF 27)

For 2011, the Senate bill will reduce Local Government Aid (LGA) by \$102 million and will reduce Market Value Homestead Credit (MVHC) reimbursements by \$48 million. These cuts are identical to the cuts in the vetoed HF 130 and would effectively freeze most cities at their 2010 level for LGA and MVHC after the 2010 unallotment reductions and the 2010 supplemental budget reductions.

For 2012, the Senate bill continues the \$102 million LGA reduction by freezing the LGA amounts to cities. It also eliminates the entire MVHC program. To buffer the impact of the MVHC elimination on homeowners, homesteaded properties would receive a

market value exclusion that will effectively reduce the tax capacity of the property and therefore shift the loss of the MVHC reimbursement to all properties.

The Senate bill also generally authorizes cities or groups of cities to impose a local sales tax of one-half percent, with voter approval, that could be used to fund civic and convention centers; public libraries; parks, trails, and recreation centers; overpasses, arterial, and collector roads; bridges, railroad overpasses, and railroad protection measures; water quality for groundwater and drinking water pollution problems; fire and law enforcement facilities; and municipal buildings.

For cities that elect to impose a sales tax under this new authorization, the city's LGA attributable to the Greater Minnesota regional center aid base (for 27 Greater Minnesota cities with populations of more than 10,000 under the 2000 census) or the jobs base aid (for all cities with populations greater than 5,000) would be reduced.

The Senate bill includes local sales tax amendments or authorizations for the cities of Rochester, Clearwater, Fergus Falls, Lanesboro, Hermantown, and Hutchinson as well as specific tax increment financing (TIF) modifications for the cities of Cohasset, Lino Lakes, and Ramsey. The Senate bill also includes a one-year extension of last year's tax increment authorization to accommodate the slow economic recovery.

The bill includes a \$3.5 million annual grant program that would make consolidation grants available to cities and counties. The program would be administered by the state auditor, and the maximum grant would be \$100,000. The bill also includes a two-year provision that allows library maintenance of effort requirements to be reduced to 90 percent of the 2011 current law requirements.

House Bill (HF 42)

Under the House bill as approved, Minneapolis, St. Paul, and Duluth will have their 2011 LGA reduced by nearly \$75 million while all other cities will receive their certified 2011 LGA distributions with no immediate reduction.

For the 2012 distributions, all non-first class cities will receive either their net 2010 LGA after all cuts or their certified 2011 LGA, whichever is less. The first class cities of Minneapolis, St. Paul, and Duluth will receive only 50 percent of either their 2010 net LGA or their certified 2011 LGA, whichever is less.

Unlike the Senate bill, the House bill includes a two-year extension of traditional levy limits. Cities over 2,500 in population and all counties will be subject to a two-year extension (through taxes payable in 2013) of current law levy limits. Those levy limits are computed as the lesser of 3.9 percent or the implicit price deflator (IPD) for state and local government consumption expenditures, which is currently running at roughly 2.4 percent.

The levy limit language includes all of the traditional special levies contained in current law except for the special levy for MVHC cuts. This special levy was eliminated due to the fact that the MVHC program will be eliminated beginning in 2012.

The House bill includes local sales tax language for the cities of Cloquet, Fergus Falls, Hutchinson, Marshall, Lanesboro, Medford, Rochester, Clearwater, and Hermantown. Although the bill includes these local sales taxes, it also includes a two-year moratorium that prohibits local units of government from holding a referendum for a local sales tax. The sale tax statute now also includes a permanent prohibition on expending funds by a local unit of government for the promotion of a local sales tax, although after the two year moratorium, this prohibition does not prohibit a city from conducting a referendum.

The bill includes a few local development provisions, including those for the cities of Lino Lakes, Ramsey, and Taylors Falls. Additionally the bill still includes last year's provision to allow TIF pooling to be used in certain foreclosure situations on market rate housing.

The bill also includes a small cooperation, consolidation, and innovation grant program that is available to cities, counties, and townships. The program will receive roughly \$1.6 million per year, with a grant maximum of \$100,000 per unit of government, funded on a first come, first served basis. The bill would also exempt purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision. Finally, the House bill includes a two-year suspension in county and city contributions under the library funding requirements, also known as library maintenance of effort.

Questions? Contact Gary Carlson at (651) 281-1255 or gcarlson@lmc.org or Jennifer O'Rourke at (651) 281-1261 or jorourke@lmc.org

Variance bill vote coming soon

HF 52, the bill drafted by the League and a large group of allies to correct statutes to address the loss of city variance authority and

clarify county and municipal variance statutes to lessen the likelihood of future litigation, is now the first bill on the House's list to be brought to a vote once budget bills have been completed. The bill was amended in committee, over the objections of local government, to leave the statutory language for how and when conditions may be imposed as part of a variance in different forms for counties than for cities. In its current state, the League is opposing the House version of the bill and is working to resolve the language difference concern. Negotiations are now underway to craft language that would work for both sides in this issue. If agreement on a compromise can be reached before the bill is voted on in the House, the amendment could be adopted there. Otherwise, it can be made in the Senate version. The Senate companion bill, SF 13, has not yet been scheduled for a hearing, but our bill author, Sen. Gen Olson (R – Minnetrista), will be requesting a hearing on her bill as soon as possible.

Questions? Contact Craig Johnson at (651) 281-1259 or cjohnson@lmc.org.

Two election bills important to cities to be heard in House next week

The House Redistricting Committee on Thursday, April 7 will hear testimony from cities and counties supporting speedy action on HF 978 (Rep. Tim Sanders, R-Blaine). The bill would allow cities with wards that hold local elections this year to wait until after legislative redistricting to redraw ward boundaries. These cities could do their ward redistricting in 2012.

The League encourages cities affected by HF 978 to contact members of the House Redistricting Committee in advance of the hearing.

Also on Thursday, the House State Government Finance Committee will hear testimony on HF 210 (Rep. Mary Kiffmeyer, R-Big Lake), far-reaching voter photo ID legislation that would end vouching and require cities and other local election jurisdictions to conduct provisional balloting at the polls. (See articles in January 12, February 9, and March 9 issues of LMC *Cities Bulletin*.)

The Minnesota Department of Management & Budget is surveying a sample of cities and counties to analyze the costs that local units of government would incur to implement provisions of HF 210. Results of that analysis are scheduled to be presented to the committee on Thursday.

Questions? Contact Ann Higgins at (651) 281-1257 or ahiggins@lmc.org.

Bill to expand provisions of common interest ownership act raises concerns

Last week SF 926 (Sen. Chris Gerlach, R-Apple Valley) and companion bill HF 1254 (Rep. Kurt Bills, R-Rosemount) were introduced. These bills raise concerns about the impact on cities of measures that would allow owners of units in common interest communities to terminate the management structure for those units by a simple majority rather than by a vote of at least 80 percent of the votes in the association.

The League encourages member cities to review the details of the provisions in the legislation and to contact LMC to comment on the implications for cities of the proposed changes, particularly with regard to the proposal to lower the threshold for dissolving such associations. Please contact Ann Higgins with your input at ahiggins@lmc.org or (651) 281-1257 soon.

Representatives of the Minnesota Association of Realtors, the Minnesota Multi-Housing Association, and the Association of Municipal Building Officials have raised concerns about the implications of that provision and others in the legislation.

Questions? Contact Ann Higgins at (651) 281-1257 or ahiggins@lmc.org.

Study draft outlines retirement plan alternatives, costs

This morning the state's three statewide public pension plans released a draft of a study that analyzes switching Minnesota's current public employee pension plans to defined contribution or hybrid plans. The study was mandated under last year's omnibus pension bill. The final report must be delivered to the Legislature by June 1. The statewide pension plans are soliciting comments on the draft report.

The study starts with a look at the looming retirement crisis facing the nation, as millions of Americans realize their savings will be inadequate to support a secure retirement. Putting that in context with current Minnesota public pension plans and alternative retirement plan structures, the report lists advantages and disadvantages of each. Finally, it provides an actuarial study of the costs involved in switching from the current defined benefit plans to a defined contribution plan structure, preserving the benefits already earned. One of the conclusions in the draft report is that a switch would not come without significant costs attached.

Below is a statement released by Public Employees Retirement Association (PERA) executive director Mary Vanek:

“We ask that legislators and other interested individuals take the time to analyze the many issues involved in any significant alterations to our existing retirement system. First, there are significant additional costs involved in switching from our current defined benefit plans to defined contribution or hybrid plans--\$1.1 billion over the first 10 years in the case of our General Plan, and \$2.76 billion for the three statewide systems. There would be no overnight savings. Only after years might overall funding costs decline. But, in addition to simply looking at the costs, I would hope consideration of benefit adequacy, cost effectiveness, financial security, fairness, economic impacts, and employee retention will all be part of the overall discussion. This is not the place for hasty decisions.”

To view the executive summary of the report, click [here](#).

To view the entire draft study, click [here](#).

If you would like to comment on the study, please send your comments by May 2, 2011, to

Mary Vanek, Executive Director
Public Employees Retirement Association
60 Empire Drive, Suite 200
St. Paul, MN 55103-2088

Comments will be reviewed before the final report is issued on June 1.

Questions? Contact Anne Finn at (651) 281-1263 or afinn@lmc.org.

Pension commission members appointed

The Legislative Commission on Pensions and Retirement (LCPR), the group of legislators that considers and oversees all aspects of public pension planning in Minnesota, is ready to meet now that House members have been appointed.

The commission makes recommendations to the Legislature including financing of the various pension funds and financing of accrued liabilities. In a typical legislative session, all public pension legislation is reviewed by the commission before action in policy making committees.

The commission consists of five members of the Senate and five members of the House of Representatives. Members are appointed at the commencement of each biennium, and the chair of the commission alternates between the Senate and the House on a biennial basis. This biennium, a House member will have the gavel.

The Senate members, who were appointed earlier in the 2011 legislative session, are:

- [Sen. Roger Chamberlain](#) (R-Lino Lakes)
- [Sen. Ted Daley](#) (R-Eagan)
- [Sen. Sandy Pappas](#) (DFL-St. Paul)
- [Sen. Larry Pogemiller](#) (DFL-Minneapolis)
- [Sen. Julie Rosen](#) (R-Fairmont)

Below are the House members of the LCPFP:

- [Rep. Phyllis Kahn](#) (DFL-Minneapolis)
- [Rep. Mary Kiffmeyer](#) (R-Big Lake)
- [Rep. Morrie Lanning](#) (R-Moorhead)
- [Rep. Mary Murphy](#) (DFL-Hermantown)
- [Rep. Steve Smith](#) (R-Mound)

The new LCPR is scheduled to hold its first meeting on April 8. The meeting is expected to be organizational; the panel will elect a chair, vice chair, and secretary.

Questions? Contact Anne Finn at (651) 281-1263 or afinn@lmc.org.

Interested in airports? Apply for the State Aviation System Plan Advisory Committee

Nominations are being sought for individuals interested in serving on the State Aviation System Plan (SASP) Advisory Committee. The committee will provide insight and guidance to the Minnesota Department of Transportation as it drafts a new plan in the coming year. The SASP Advisory Committee will provide input from perspectives representing both aviation and non-aviation interests. Read more information about the SASP and the appointment here.

The committee will meet four to six times during the course of the study to review progress and provide recommendations. The meetings will be scheduled for approximately two hours at two- to three-month intervals. Meetings will be held in St. Paul, and the advisory committee hopes to complete the project in one year. **Elected and appointed officials are eligible to apply.**

The League is requesting that elected city officials interested in serving on the SASP Advisory Committee complete a brief questionnaire and submit it along with a resume to Heather Cederholm at hcederholm@lmc.org by **noon on April 8**.

Questions? Contact Heather Cederholm at (651) 281-1256 or hcederholm@lmc.org.

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GROUND LEVEL: BROADBAND

Who should build the next generation of high-speed networks?

by Jennifer Vogel, Minnesota Public Radio

March 24, 2011

Windom, Minn. — Dan Olsen, who runs the municipal broadband service in Windom, was just about to leave work for the night when he got a call. The muckety-mucks at Fortune Transportation, a trucking company on the outskirts of town, were considering shuttering their office and leaving the area.

"They said, Dan, you need to get your butt out here now," Olsen recalls. "I got there and they said, 'You need to build fiber out here. What would it take for you to do it?'"

Fortune, which employs 47 people in the town of 4,600, two and a half hours southwest of the Twin Cities, relies on plenty of high-tech gadgetry. Broadband Internet access figures into how the company bids for jobs, communicates with road-bound truckers, controls the temperatures in its refrigerated trucks and remotely views its office in Roswell, New Mexico. Fortune even uses the Internet to monitor where and to what extent drivers fill their gas tanks in order to save money.

Yet, when it was time to upgrade company systems three years ago, Fortune's private provider couldn't offer sufficient speeds.

That's where Windomnet came in. Though Fortune was a mile outside the municipal provider's service area, "We jumped through the hoops and made it happen," recalls Olsen. "The council said, 'Do it and we'll figure out how to pay for it.' We got a plow and a local crew. We had it built in 30 days."

Across rural Minnesota, cities, counties, cooperatives and companies are planning or building broadband internet networks. The goal is to provide even those who live in the remotest parts of the state with high-speed internet in order to foster job growth, better health care and increased educational opportunities. The most optimistic observers think telecommuting and other internet-based endeavors could help stabilize the populations of rural areas.

The big question is, who should build these networks—public entities or private companies? The debate has been playing out all over the state, exposing the seemingly innocuous topic of internet access to the vagaries of knock-down, drag-out ideological brinksmanship.

There have been fights, disinformation strategies, derogatory letter and email campaigns, and even lawsuits. In this sense, the broadband debate is a microcosm of the national public-versus-private debate, pertaining to everything from health insurance to the delivery of the mail.

For his part, Dale Rothstein, who runs the IT systems at Fortune in Windom, says, "I get three calls per month from people trying to get me to convert. I say 'no.' Dan and Windomnet took care of us. I'm not going anywhere. It's a great relationship. When there is a problem, I call and it's taken care of. It's great to have a local company to deal with."

When it comes to building outstate high-speed networks, models abound. Sometimes the big, national companies step up. Often, small, local companies or co-ops take the lead, finding practical gain in bringing better service to a limited customer base. In other cases, often as a last resort, municipalities finance the installation of high-speed and run it like a utility.

Eighteen state projects are set to receive more than \$228 million in federal stimulus dollars, infusing public money into many private systems and ushering in the heyday of the public/private hybrid.

One project, in western Minnesota's Lac qui Parle County, serves as a good example both of a public-private partnership and of a big private provider taking a pass. Pam Lehmann, executive director of the county's economic development authority, wanted to bring fiber to every home in the county.

She likens fiber to electricity or the telephone, explaining, "People who reside here have as much value as people anywhere in the whole world." Lac qui Parle was willing to throw in for a feasibility study and even planned to apply for federal stimulus dollars.

First, Lehmann went to Connecticut-based Frontier Communications, which provides telephone and internet service to roughly half the county. "The local folks at Frontier had a great interest in pursuing something like this," she says. "We had two meetings with some of the upper management. They said they didn't have the funds available for a project like this. When they are looking at the big picture, a small county in west-central Minnesota was not their priority at that time."

Frontier's area general manager for Minnesota, Scott Behn, confirmed the exchange via email. "Frontier currently provides widely-available broadband service in the portions of the county that we do currently serve," he wrote. "But, given all the facts at the time, we were not in a position to attempt to expand our service territory to the entire county."

Behn added that Frontier "believes there is a place for public/private partnerships in the telecommunications marketplace." However, "Simply pouring public money into projects that overbuild and compete with networks built by private investment discourages private investment and does not help reach those highest cost households. Duplication of the network is no guarantee of success, and is often simply a waste of both public and private resources."

Undeterred, Lehmann turned to the other provider in the county, a local cooperative called Farmers Mutual, which had already installed fiber to the majority of its customers. Farmers said yes.



Dale Rothstein

Now, with the help of nearly \$10 million in federal stimulus dollars, every Lac qui Parle resident is scheduled to have high-speed fiber to the door by 2014. Public assistance was necessary to move ahead, says Lehmann. "Would this have been possible without grant dollars? Never."

Lac qui Parle's experience is typical, says Jack Geller, director of the EDA Center at the U of M, Crookston. A big telecom, he says, "asks, 'How are we going to deploy our capital?' They're going to deploy it where it's going to have greatest return on investment. In Minneapolis and Seattle and Denver and Albuquerque. Over time, they deploy that capital farther and farther out. But Lac qui Parle will wait in anybody's timeline."

"If you look at the history of the deployment of broadband," continues Geller, "when it first was being rolled out in the early part of the 2000s, it was not uncommon to see the smaller rural companies and cooperative telephone companies deploying this technology first. It was simple to see why. They have small service areas. Where else are they going to invest?"

Two sites that have emerged in recent months as broadband battlegrounds are Sibley County in south central Minnesota and Lake County on the North Shore.

City and county officials in Sibley County and neighboring Renville County have formed a joint board to plan what would be a publicly owned fiber optic project to deliver high speed Internet service to thousands of homes, farms and businesses. They have run into opposition from Frontier.

Lake County was the recipient of the largest federal stimulus award in the state, \$66 million in loans and grants, but its planning has sputtered. Cable company competitor Mediacom has objected loudly and the county had to change consultants when the first one it chose was tainted by association with a troubled project in Vermont.

One of the more contentious examples in the state's broadband history unfolded a few years ago in Monticello, a commuter city about 40 minutes northwest of the Twin Cities, where now there are two competing fiber networks. One is owned by TDS, a private provider based in Chicago. The other, FiberNet, is owned by the city.

Back in 2007, perceiving that available internet speeds were too slow and priced too high, 74 percent of the citizens of Monticello voted to build a municipal fiber-to-the-door system. The city was in the process of selling the bonds necessary for the project when it was slapped with a lawsuit by TDS, which claimed the financing scheme was illegal because broadband shouldn't be considered a utility. The courts eventually sided with Monticello, but not before TDS began laying its own fiber network throughout the city.

Fast forward to today, a city with two fiber networks. Andrew Petersen, director of external affairs for TDS, acknowledges "the importance of broadband to stimulate economic development in urban and rural communities" and says his company would have built a fiber network eventually, without prodding from the city. He believes the network may be somewhat ahead of its time, though.

TDS offers 100 megabits per second connections, Petersen says, yet, "the vast majority of our customers have speeds between 1.5 and 3. That's both perfectly adequate for telecommuting and downloading video. And it's also affordable."

Monticello's city administrator, Jeff O'Neill, says the city doesn't rue building the year-and-a-half-old FiberNet, although it got a later than planned start on drawing subscribers because of the lawsuit. "We're getting good take rates," O'Neill says, largely because of the city's focus on attentive customer service. "We're marching toward a successful business plan."

Standing in FiberNet's "head end" building, full of the spotless, quiet equipment that makes the network run, O'Neill explains, "We built this to have freedom, to have choice. The community, liberals and conservatives, found a common goal here, to have the freedom to get the service you need to preserve your economic security. Some say government shouldn't get into this, but private companies shouldn't be entitled to a monopoly."

"How do you get the incumbent to build a fiber network?" asks O'Neill. "You build one of your own."

Even the Monticello citizens who aren't signed up for FiberNet are benefitting, O'Neill adds, because TDS has lowered its rates. (TDS's Peterson denies a correlation, stating, "I think we set the price in the marketplace. We think competition is always good..") In the end, O'Neill says, "You can't measure success solely by the bottom line, but by how it affects the community."

Municipal systems draw less fire in the far-flung parts of the state, where bigger telecoms have less at stake. Places like Windom, which is cited as a resounding success or a miserable failure, depending on whom you ask. Critics point out that Windomnet has lost money five years in a row.

Dan Olsen retorts that Windomnet was never designed to make money; one of the benefits of a municipal system is that nobody takes profits out of it. He says the plan was to break even by year five, which arrived in 2010, and it looks like they'll come within \$50,000 of doing so.

"We don't charge enough to make money," says Olsen, noting that Windomnet serves the vast majority of the town's 2,000 homes with internet, phone, cable or all three. They also provide free service to city buildings and the library. "The point is not to make money, but to break even," Olsen says. "The number one goal of the system is to provide broadband to the residents of Windom."

Now, because of almost \$13 million in stimulus dollars, Windomnet is expanding to include eight surrounding towns: Jackson, Lakefield, Round Lake, Bingham Lake, Brewster, Wilder, Heron Lake and Okabena, where many citizens still have dial-up. The stimulus money will go to the eight cities and they, in turn, will pay fees to Windomnet, acting as the network's hub.

There are many ways to measure a broadband network's success, says the U of M's Geller. "You can measure it by, yes, the public voted for it and they have a system. You can measure it financially, which is more tricky. You can measure it by, are people getting good service for a good price?"

He describes the situation in Monticello as a major grudge match. But, Geller says, "Look at the infrastructure now. It's great. Maybe you measure that as success."

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CGMC in Brief

March 31, 2011

Contact: Tim Flaherty
651-225-8840

State Budget Takes Center Stage

It has been a very busy week at the legislature. The House and Senate have held floor sessions every day and some evenings in attempt to pass all of their finance bills. The Dayton Administration has been making its stance known through a series of letters from agency commissioners commenting on the individual finance bills and a letter from the governor, described below, and outlining his framework for a budget solution. We expect the Legislature to wrap up the initial passage of the bills and to begin their conference committees next week.

Governor Dayton Lays Ground Rules for Negotiations

On Monday March 28th, Governor Dayton sent a letter to GOP leadership outlining his proposed framework for negotiating a final balanced budget solution. In the letter, the governor stated he will not start formal negotiations until the House and Senate have agreement in their positions. The governor will also not sign any bills until a full comprehensive solution has been reached. Additionally, the governor is following precedent set by Governor Pawlenty and asking for the removal of all policy language from budget finance bills. Finally the governor he will not began negotiations with the legislature until they agree to allow the Departments of Management and Budget and the Department of Revenue to be the final arbiters of expenditure and revenue proposals and the final agreement. The full letter is attached.

CGMC Staff Meet with Governor Dayton's Office

Tim Flaherty, Lobbyist, and Steve Peterson, Senior Policy Analyst, met with the Governor's staff this past week to update them on CGMC issues, lobbying efforts and media work. The governor's staff reiterated the governor's support of the LGA program and encouraged the CGMC to remain strong in its efforts to protect and enhance the program for the whole state.

House Passes Omnibus Tax Bill

On Monday, the House passed its omnibus tax bill, H.F. 42. The bill, if enacted, would fund cities, other than Minneapolis, St. Paul and Duluth, at their full certified 2011 Local Government Aid. In 2012 these same cities would receive the lower of their paid 2010 LGA or certified 2011. Minneapolis, St. Paul and Duluth would see a 25% reduction from their 2010 paid LGA in 2011 and be fully phase-off LGA by 2014. The total LGA appropriation would be reduced to \$274 million in 2014.

The bill also includes a continuation of the current levy limits for 2012 and 2013. City levy limits are equal to 3.9% or the rate of inflation, whichever is less. Cities are allowed to levy back LGA losses.



TIF Provisions At Issue In Tax Bills

Before debate on the bill began, the Minnesota Department of Revenue sent a letter to the bill's author, Rep. Davids (R – Preston), analyzing the bill and highlighting what it saw as the policy implications of the proposed tax bill. The letter stated that property taxes would increase by \$859 million over the next three years as a result of aid reductions. It went on to state that because of the property tax increases, Minnesota's tax system would become even more regressive. A copy of the full letter and the Department's analysis of the bills' income tax cuts and overall impact on Minnesota tax system are attached.

Despite the concerns raised by the MNDOR, the bill passed the House 73 to 59 with one DFL member joining all the Republicans who voted to pass the bill.

As reported in an earlier version of the *CGMC in Brief*, both the Senate and House Tax Committees proposed efforts to expand TIF economic development provisions for local units of government. The House tax bill, H.F. 42, contains no TIF extension. Rep. Loon (R – Eden Prairie) offered an amendment in committee to add the TIF provisions to the House Tax Bill, but withdrew her amendment when the committee further amended her initial amendment so that it would exclude TIF property taxes from counties. The Senate tax bill, S.F. 27, includes a 1-year extension of TIF authority for economic development purposes, moving the deadline to July 1, 2012; housing construction, however, must begin before July 1, 2011. The Senate will consider the full tax bill on Monday; the House passed their version on the 28th.

The original TIF proposal supported by city organizations, including the CGMC, extended the deadlines by two years, and contained no specific housing provisions. The disparities between the House and Senate versions leave the future of the TIF provisions murky. It is likely that Reps. Linda Runbeck and Ann Lenczewski – both opponents of the TIF provisions – will sit on the tax conference committee. Because it takes at least three votes on each side to approve a conference committee provision, it may be difficult to maintain the Senate position on the TIF expansion. The CGMC will continue working with the other city organizations to secure the TIF expansions in the final bill.

Please contact Flaherty & Hood lobbyist J.D. Burton at jdburton@flaherty-hood.com or 651-225-8840 if you have any questions or would like additional information.



Environmental Bills Advance

The Senate and House both approved their omnibus Environment Bills , S.F. 1029 and H.F. 1010, respectively. Before the bills passed, the Commissioners of the Minnesota Department of Natural Resources and the Minnesota Pollution Control Agency circulated letters to the legislature outlining their concerns with the bill.

Reductions in general funding base. Both the Senate and House significantly reduce funding to the DNR and the MPCA. Long term, these cuts could result in higher fees to local governments. Both agencies expressed concern that they will not be able to meet the goals of the permitting reforms passed earlier in the session because of the impact these cuts would have on staffing.

Invasive species management. The House bill reduces funding for aquatic and terrestrial invasive species programs while the Senate provides an increase in this area. Neither bill provides for a requested increase in watercraft licenses and non-resident fishing license surcharge for aquatic invasive species programs.

Sulfate standard. Both bills propose a temporary suspension of the current 10 mg/L sulfate standard with a less stringent limit while the issue is studied. The MPCA claims that the "EPA has not indicated any willingness to accept a legislated change" to this standard. What this means is that even if the legislature approves and the governor were to sign off on this standard change, the EPA may not allow it to move forward.

Policy changes. In addition to the sulfate standard changes, both bills include policy changes such as the directive to coordinate with Wisconsin on the phosphorus standard for Lake Pepin. The Governor has stated that he does not like policy provisions being buried in finance bills so these items could face removal.

Please contact Flaherty & Hood lobbyist Elizabeth Wefel, eawefel@flaherty-hood.com or 651-259-1924, if you have any questions or would like additional information.

CGMC and LGA News Round-up

Many of the newspapers statewide were focused on the Legislature's introduction of finance bills. This Detroit Lakes Online article mentioned fears that the House tax bill could mark the beginning of the end of LGA: <http://bit.ly/hezBK9>

Doug Grow wrote a column in MinnPost about the debate around the finance bills, including a link to the most recent letter that the Governor sent to the Legislature. He also added some quotes from the House floor debate about LGA before passage of the tax bill: <http://bit.ly/g53bEg>



In Alexandria, the Echo Press detailed some of the cuts to services that the city is considering in anticipation of possible cuts in state funding: <http://bit.ly/gwH8cE>

An Inforum editorial published today also raised the alarm about some legislators' push to end LGA, and comes to the defense of the program. <http://bit.ly/dU8IOy>

Last week, Greater Mankato Growth hosted a panel discussion on Local Government Aid that included North Mankato Mayor Mark Dehen and Mankato City Manager Pat Hentges. GMG has a page with links to news stories and position statements from the participants here: <http://bit.ly/ePN12Z>

Sen. Richard Cohen (DFL – St. Paul) introduced a bill, S.F. 1064, that would modify the governor's unallotment authority. Under this bill, the total unallotment could not exceed two percent of total general fund appropriations for the biennium and no single appropriation could be reduced more than ten percent. No program could be eliminated through unallotment. Rep. Carlson (DFL – Crystal) has authored the house companion, H.F. 980. With only DFL authors, it is not clear whether the bill will advance in either side of the legislature.

If you want real time updates on committee and floor action, the CGMC and several of its lobbyists are active on Twitter. You can follow the CGMC @greatermncities; Elizabeth Wefel @St_Paul_Girl, Bradley Peterson @bmpeterson, J.D. Burton @burtonjd and Glenn Fladeboe @GlennFladeboe.

Modification of unallotment statute proposed

CGMC and Social Media



MINNESOTA • REVENUE

March 28, 2011

Representative Greg Davids
585 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155-1606

Dear Representative Davids:

We are writing to highlight several of the key tax policy implications contained in HF42, the House Omnibus Tax Bill.

The major provisions of HF42 include a three-year phase-in of income tax rate reductions to the bottom and middle income tax brackets, reductions to local government aids and credits of \$692 million for FYs 2012-13, conversion of the market value homestead credit to a reduction in net tax capacity, reductions to the property tax refund program for renters by reducing the rent assumed to be property tax from 19% to 12%, and applies levy limits for two years. In addition, HF42 repeals the sales tax refund requirement for capital equipment, reduces the statewide business property tax levy, eliminates the Sustainable Forest Incentive Act, modifies the Green Acres program, enhances the Research and Development Credit, creates a dedicated income tax withholding for science and technology, establishes a local redesign grant program, and includes sales tax conformity provisions and various other changes to tax laws.

According to our analysis of HF 42, the major provisions in the bill would have the following impacts:

- Increase property taxes by \$859 million over the next three years as a result of local aid reductions and, if combined with the reductions in property tax refunds paid to renters, would total \$1.2 billion of increased property tax and reduced property tax relief over the next three years.
- The reduction in the proportion of rent assumed to be property tax for renters from 19% to 12% will make the tax system more regressive. The proposal will reduce the total amount paid in refunds by about 50%, dropping the average refund paid by \$300 from \$643 to \$343. Approximately 38,000 renters, or about 12% of recipients, would no longer receive a refund.
- Net property taxes would increase for all classes of property, including farmers, homeowners, and businesses. Business taxes would increase \$63 million statewide next year despite the proposed reduction in the statewide business levy.
- Property taxes would increase by an estimated 4.3% statewide, including 3.7% in the metro area and 5.3% in greater Minnesota.
- The difference between planned local aid reductions and expected property tax increases—about \$230 million per year—is the anticipated amount by which local governments would reduce costs and services.

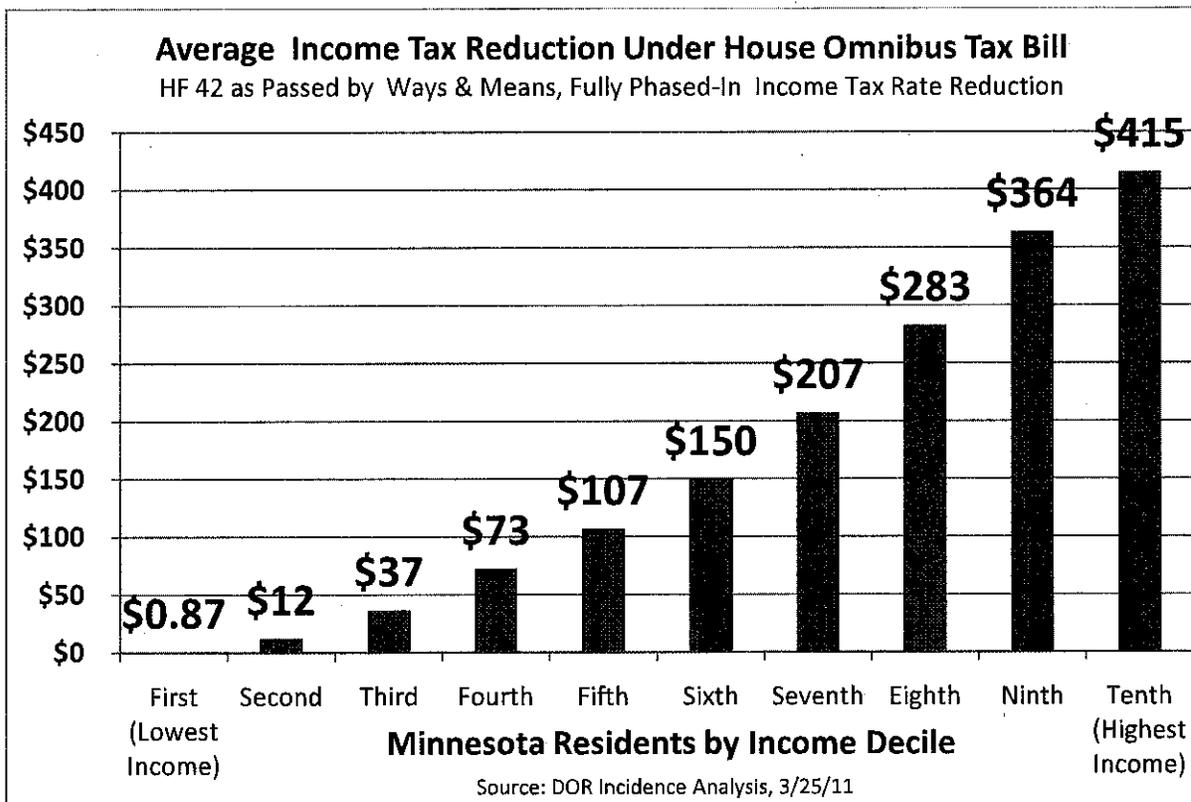
Commissioner's Office
600 North Robert Street
St. Paul, MN 55146-7100

Tel: 651-556-6003
Minnesota Relay 711 (TTY)
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- In tax year 2014, the first year the income tax rate reductions would be fully phased in, income tax revenue would fall by \$459 million (or 5.3 percent).
- The income tax cuts would shrink the income tax share of total state and local tax revenue, dropping it below the property tax share. This reverses the pattern that held every year from 1997 through 2008, when the income tax share exceeded the property tax share. Under the February forecast, that historic relationship was projected to hold once again in 2013 and later years.

As summarized in the chart on the following page, although the income rate cuts are limited to the first two rate brackets, much of the tax reduction goes to high-income taxpayers. About half of the tax cut goes to those with incomes over \$100,000, and one-quarter goes to the top 10 percent. More specifically,:

- Average income tax relief under HF42 is 3 times greater for the top 20% than for the middle 20% and 60 times greater than for the bottom 20%; and
- Nearly 47% of the total income tax relief will go to the wealthiest 20% of households.



A More Regressive Tax System Under HF42

The property tax is a very regressive tax and HF42 would result in even greater reliance on local property tax. Based on our analysis of HF42, the regressive nature of the local property tax increases and the reductions to renter property tax refunds will out-weigh the proposed income tax reductions resulting in a more regressive overall tax system.

While HF42 proposes to phase-in reductions in the lower and middle income tax brackets, reductions for the wealthiest Minnesotans are substantially greater than for average Minnesotans. As a result, the increased property tax burdens and renter refund reductions out-weigh improvement in progressivity that would otherwise result from reductions to the lower and middle income tax brackets.

Population Decile Suits Index, All Taxes	
1990	-0.007
1992	-0.017
1994	-0.011
1996	-0.017
1998	-0.040
2000	-0.031
2002	-0.018
2004	-0.024
2006	-0.059
2008	-0.054
2013 Est.	-0.047
2013, HF 42	-0.050

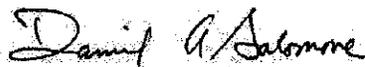
Source: DOR Incidence Analysis, 3/25/11

The table below summarizes the estimated tax incidence of HF42. The complete analysis is available on the Department's website at:
[http://taxes.state.mn.us/legal_policy/Revenue Analyses/HF0042%20Incidence%20Analysis_1.pdf](http://taxes.state.mn.us/legal_policy/Revenue_Analyses/HF0042%20Incidence%20Analysis_1.pdf)

2013 Population Decile	Income Range	Current Law Tax Burden as Percent of Income	Net Change in Minnesota Tax Burden as Percent of Income
First	\$ 11,298 & under	30.46%	1.23%
Second	\$11,299 to \$18,732	12.10%	0.59%
Third	\$18,733 to \$26,788	11.02%	0.34%
Fourth	\$26,789 to 35,561	11.55%	0.15%
Fifth	\$35,562 to 46,044	12.06%	0.00%
Sixth	\$46,045 to 59,437	12.10%	-0.13%
Seventh	\$59,438 to 76,276	12.07%	-0.19%
Eighth	\$76,277 to 99,386	12.30%	-0.22%
Ninth	\$99,387 to 142,225	11.89%	-0.21%
Tenth	\$142,226 & over	10.36%	-0.06%
All		11.47%	-0.07%
Top 5%	\$200,907 & over	10.07%	-0.02%
Top 1%	\$472,626 & over	9.68%	0.04%

Thank you for your willingness to work with the Department on various provisions. We look forward to continuing to work with you in the coming weeks as you develop a final legislative tax bill.

Sincerely,



Daniel A. Salomone
Acting Commissioner



Matt Massman
Assistant Commissioner – Tax Policy

Cc: Representative Paul Thissen



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

March 28, 2011

Senator Amy T. Koch
Majority Leader, Minnesota Senate
208 Capitol
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155

The Honorable Kurt Zellers
Speaker of the House
463 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155

Dear Leader Koch and Speaker Zellers:

At our bi-weekly breakfast last Tuesday, we discussed briefly the protocol we would follow to discuss and agree upon a balanced state budget for the 2012-13 biennium. After further consideration, I would outline a framework for those discussions.

I will begin formal negotiations with you or your representatives on bills with significant revenue or expenditure implications after both the House and the Senate have passed the conference reports. At that point you will have one legislative position established, with which to compare my position as set forth in my final budget proposal.

Furthermore, except for small expenditures that might mirror my proposed budget, I will not agree to any bills containing revenue increases, reductions, or expenditures, until after the Legislature has established and decided upon one complete, comprehensive, and balanced budget for the 2012-13 biennium, either through the passage of all relevant conference reports or some other definitive mechanism. I will not favorably consider a single budget bill without knowing its relationship to a complete and balanced budget solution.

A complete, comprehensive, and balanced budget for the next biennium was required of me, when I submitted my final budget to you. I believe it is essential that the Legislature meet the same requirement, as a necessary precondition before we begin to negotiate a final budget resolution.

Senator Amy T. Koch
The Honorable Kurt Zellers
March 28, 2011
Page 2

I am very concerned, Speaker Zellers, by the comments that you and other legislators made last week about your disregard for the fiscal notes being prepared by the Department of Management and Budget. MPR quoted you as saying that "in some cases, the GOP majority doesn't trust the analysis being put forward by state agencies now controlled by the governor. 'I'm not surprised that the people who do not want to do this came back with a fiscal note that is not supportive of the cause,' (you) said."

The MPR report cites former Republican Speaker of the House David Jennings, who said "fiscal notes have been a fact of life as long as he's been around the legislative process. 'The numbers have to come from somewhere,' Jennings said. 'The understanding among and between the Legislature was that they would rely on the department of finance's numbers and everybody would agree that those are the numbers we're going to use.'"

MMB Commissioner James Schowalter says in the same report that he never sees the fiscal notes before they are released and has no say in the analysis. He also said "14 members of his staff assemble the notes for the Legislature after working with experts in the different state agencies." Moreover, this process is built on the constructive, non-partisan input and review by legislative fiscal staff.

As I said to both of you at our last breakfast, I have instructed the Commissioner of the Department of Management and Budget and the Commissioner of the Department of Revenue to work with legislative fiscal staff to ensure that their agencies' fiscal notes and other analyses, both before our final discussions begin and throughout those negotiations, must provide all of us with the same honest, unbiased, and impartial analyses of all our proposals.

In return, they must be accepted by all parties as the official arbiters of the revenues and expenditures resulting from our respective proposals. Otherwise, there will be no objective basis for our reaching final agreement upon an honestly and accurately balanced biennial budget, as the Minnesota Constitution requires of us.

Given those remarks, I will not begin final negotiations with you or your representatives, until I have been assured by you that you are willing to accept the Departments of Management and Budget and Revenue as the official and final arbiters of our respective expenditure and revenue proposals and our final agreements. Nor will I begin final negotiations with you, until those two agencies have reviewed and concurred with you that your budget proposals and conference reports contain verifiable and accurate expenditure and revenue assumptions and projections.

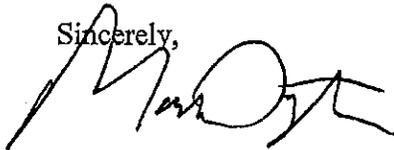
Senator Amy T. Koch
The Honorable Kurt Zellers
March 28, 2011
Page 3

Finally, I invite you to initiate a genuine and long-overdue reform to the legislative process by removing all extraneous policy items from your appropriations and tax bills. Governor Pawlenty properly opposed this practice of inserting policy matters into revenue and expenditure bills, and I concur with his position on this matter.

We have already negotiated successfully, and I have signed into law, important policy legislation such as the Streamlining of Permitting, Alternative Licensure, and the Protection of Police Canines. They should serve as models for how we can work constructively together to reach bi-partisan accords.

However, I want to serve notice now, with almost two months remaining until your adjournment, that I will not sign revenue or expenditure bills that include policies, to which I have not agreed, which I oppose, and which should be passed and presented to me as separate legislation. If I reject those items, and therefore the bills containing them have to be returned for separate passage, those delays will be the Legislature's responsibility, not mine.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton". The signature is stylized with a large, looped "M" and a "D" that extends into a long horizontal stroke.

Mark Dayton
Governor



Update: State Budget Process Enters Next Phase

The League is tracking several budget bills that will impact cities; conference committees will soon begin work on reconciling the proposals.

(Published Mar 30, 2011)

After last week's flurry of protracted committee hearings on budget bills, the House and Senate will spend most of their time this week completing work on those budget bills, which will involve meetings of the **House Ways and Means Committee** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024)) and the **Senate Finance Committee** ([Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmt_id=1007&ls=](http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmt_id=1007&ls=)), and then lengthy floor sessions processing their respective budget bills.

On March 28, the House processed the omnibus tax and the omnibus transportation finance bills while the Senate finalized the omnibus jobs and economic development finance and the omnibus agriculture finance bills.

On March 29, the Senate took up the omnibus environment and natural resources, higher education, and judiciary finance bills while the House considered the omnibus state government finance, education, and higher education bills.

Although by the end of the week the House and Senate are expected to have each crafted budgets that address the state's \$5 billion deficit through spending reductions, the two plans contain substantial differences and will almost certainly require a round of conference committees to resolve the differences. Conference committees on the major budget bills could convene as early as late this week.

Governor's role

Beyond the conference committees, there is the governor. On March 28, Gov. Dayton sent a letter to legislative leaders outlining his expectations for negotiations on the state budget. In his letter, he states that he will not begin budget negotiations until the House and Senate have finalized all of their conference committee reports on the state budget.

Gov. Dayton also highlighted an emerging issue related to the process for analyzing and estimating the fiscal impact of proposals on the state budget. Traditionally, Minnesota Management and Budget (MMB), in concert with the appropriate state agency, are asked to analyze proposals and develop official estimates of the impact of the proposal. These "fiscal notes" have generally been used by the Legislature and the administration to develop the state budget.

Discrepancies between estimates

This year, some of the House and Senate committees have incorporated fiscal estimates not based on official MMB estimates, but instead on third parties or private consultants. For example, the Senate state government finance bill includes an estimate of the potential revenue of an initiative referred to as the

“federal offset program,” which would authorize the commissioner of Revenue to enter into a reciprocal agreement with the federal government under which the state would collect certain debts owed to federal agencies by offsetting those debts from state payments or state tax refunds, and the federal government would reciprocate with respect to state debts from federal payments or refunds due to debtors.

According to the fiscal estimates used in the Senate bill, this initiative was estimated to generate \$36.6 million in additional state revenues over the 2012-2013 biennium. However, when the Department of Revenue analyzed the proposal and considered existing state compliance initiatives, it pegged the potential revenue estimate at only \$4.3 million.

In his letter, Gov. Dayton insists that all fiscal estimates used in the state budget must be coordinated through MMB. “Otherwise, there will be no objective basis for our reaching final agreement upon an honestly and accurately balanced biennial budget, as the Minnesota Constitution requires of us.”

Pending omnibus funding bills

Following are the omnibus budget bills the League has been tracking. Click on the links to get the latest versions of the bills as well as spreadsheets.

Environment and natural resources finance

HF 1010 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H1010.1.html&session=ls87>) (Rep. Denny McNamara, R-Hastings)

View the House environment spreadsheet (pdf) (Link to: <http://www.house.leg.state.mn.us/fiscal/files/env11.pdf>)

SF 1029 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S1029.0.html&session=ls87>) (Sen. Bill Ingebrigtsen, R-Alexandria)

View the Senate environment spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/Env_SF1029%20Budget%20All%20Articles.pdf)

For more information, contact Craig Johnson at cjohnson@lmc.org (Link to: <mailto:cjohnson@lmc.org>) OR (651) 281-1259.

Jobs and economic development

HF 1049 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H1049.1.html&session=ls87>) (Rep. Bob Gunther, R-Fairmont)

View the House jobs and economic development spreadsheet (pdf) (Link to:

<http://www.house.leg.state.mn.us/fiscal/files/ed11.pdf>))

SF 887 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0887.2.html&session=ls87>) (Sen. Geoff Michel, R-Edina)

View the Senate jobs spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/EconDev_Econ%20Dev%2011%20SESS%20FY12-13,%2014-15%20All%20Fds%20Gov%27s%20Sen%20Competitive%207.pdf)

For more information about economic development provisions, contact Jennifer O'Rourke at jorourke@lmc.org (Link to: <mailto:jorourke@lmc.org>) OR (651) 281-1261.

For more information about Minnesota Housing Finance Agency provisions, contact Ann Higgins at ahiggins@lmc.org (Link to: <mailto:ahiggins@lmc.org>) or (651) 281-1257.

Judiciary finance

Note: Senate Judiciary and Public Safety are combined into one bill.

HF 440 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H0440.1.html&session=ls87>) (Rep. Steve Smith, R-Mound)

View the House judiciary budget spreadsheet (pdf) (Link to: <http://www.house.leg.state.mn.us/fiscal/files/judic11.pdf>)

SF 958 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0958.1.html&session=ls87>) (Sen. Warren Limmer, R-Maple Grove)

View the Senate judiciary and public safety budget spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/PS_%20Budget%20Tracking%20FY%202012-13.pdf)

For more information, contact Anne Finn at afinn@lmc.org (Link to: <mailto:afinn@lmc.org>) or (651) 281-1263.

Public safety and crime prevention finance

Note: Senate Judiciary and Public Safety are combined into one bill.

HF 853 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H0853.1.html&session=ls87>) (Rep. Tony Cornish, R-Good Thunder)

View the House public safety and crime prevention budget spreadsheet (pdf) (Link to:

<http://www.house.leg.state.mn.us/fiscal/files/public11.pdf>)

SF 958 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0958.1.html&session=ls87>) (Sen. Warren Limmer, R-Maple Grove)

View the Senate judiciary and public safety budget spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/PS_%20Budget%20Tracking%20FY%202012-13.pdf)

For more information, contact Anne Finn at afinn@lmc.org (Link to: <mailto:afinn@lmc.org>) (651) 281-1263.

State government finance

HF 577 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H0577.1.html&session=ls87>) (Rep. Morrie Lanning, R-Moorhead)

View the House state government budget spreadsheet (pdf) (Link to:

<http://www.house.leg.state.mn.us/fiscal/files/states11.pdf>)

SF 604 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0604.0.html&session=ls87>) (Sen. Mike Parry, R-Waseca)

View the Senate state government spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/SG_SF1047.pdf)

For more information, contact Gary Carlson at gcarlson@lmc.org (Link to: <mailto:gcarlson@lmc.org>) or (651) 281.1255, or Anne Finn at afinn@lmc.org (Link to: <mailto:afinn@lmc.org>) or (651) 281-1263.

Taxes

HF 42 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H0042.3.html&session=ls87>) (Rep. Greg Davids, R-Waseca)

View the House omnibus taxes spreadsheet (pdf) (Link to: <http://www.house.leg.state.mn.us/fiscal/files/tax11Omnibus.pdf>)

HF 481 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=ceH0481.1.html&session=ls87>) (Rep. Linda Runbeck, R-Circle Pines)

View the House Property and Local Sales Tax Division spreadsheet (pdf) (Link to:

<http://www.house.leg.state.mn.us/fiscal/files/PropertyTaxDiv11.pdf>)

SF 27 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0027.1.html&session=ls87>) (Sen. Julianne Ortman, R-Chanhassen)

View the Senate taxes spreadsheet (pdf) (Link to: [http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/Tax_SF27%](http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/Tax_SF27%20OTB_3%2025%2011_2x.pdf)

[20OTB_3%2025%2011_2x.pdf](http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/Tax_SF27%20OTB_3%2025%2011_2x.pdf))

For more information, contact Gary Carlson at gcarlson@lmc.org (Link to: <mailto:gcarlson@lmc.org>) or (651) 281-1255, or Jennifer O'Rourke at jorourke@lmc.org (Link to: <mailto:jorourke@lmc.org>) or (651) 281-1261.

Transportation Finance

HF 1140 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=H1140.3.html&session=ls87>) (Rep. Mike Beard, R-Shakopee)

View the House transportation budget spreadsheet (pdf) (Link to: <http://www.house.leg.state.mn.us/fiscal/files/trans11.pdf>)

SF 898 (Link to: <https://www.revisor.mn.gov/bin/bldbill.php?bill=S0898.3.html&session=ls87>) (Sen. Joe Gimse, R-Willmar)

View the Senate transportation budget spreadsheet (pdf) (Link to:

http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2011/Trans_Budget%20Tracking%2012-13_Senate.pdf)

For more information, contact Anne Finn at afinn@lmc.org (Link to: <mailto:afinn@lmc.org>) or (651) 281-1263.

For more information

Learn more about **legislative committee deadlines** (Link to: <http://www.leg.state.mn.us/leg/deadlines.aspx>) or access spreadsheets from other **House Department of Fiscal Analysis** (Link to:

<http://www.house.leg.state.mn.us/fiscal/tracking.htm>) and fiscal staff of **Senate Counsel, Research and Fiscal Analysis**

Office (Link to: <http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/index.php?ls=#header>) committees.

Read the current issue of the Cities Bulletin (Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)

Your LMC Resource

The League's intergovernmental relations team can help you with your questions about state budget legislation.

Connect with IGR staff (Link to: <http://www.lmc.org/page/1/IGR-Staff.jsp>)



Full House Approves Omnibus Tax Bill with City Cuts

The bill contains LGA and MVHC reimbursement cuts as well as levy limits.

(Published Mar 30, 2011)

The full House on March 28 approved **HF 42** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF42&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF42&ssn=0&y=2011)), the omnibus tax bill, the first of a dozen bills that will form the backbone of the state's 2012-2013 biennial budget. The proposal calls for cuts to local government aid (LGA) and market value homestead credit (MVHC) reimbursement to cities as well as the ultimate elimination of the MVHC program. In addition, the bill extends city levy limits for two years.

Overall, the omnibus tax bill cuts state spending by roughly \$870 million for the two-year 2012-2013 budget period. However, when the income tax and other tax reductions included in the bill are netted out, the bill only reduces the state deficit by approximately \$550 million.

Efforts to restore LGA funding weren't approved

The floor session, which lasted over six hours, included lots of debate and amendments. One amendment, offered by **Rep. Lyle Koenen** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10769](http://www.house.leg.state.mn.us/members/members.asp?id=10769)) (DFL-Clara City), would have restored LGA funding by modifying the corporate tax treatment of income from foreign operation corporations and foreign royalties. That amendment was amended by **Rep. Keith Downey** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=15311](http://www.house.leg.state.mn.us/members/members.asp?id=15311)) (R-Edina) to remove the LGA restoration and direct the additional tax revenues to reductions in the general corporate income tax rates.

House DFL members offered a number of additional amendments to the Koenen amendment that would have restored funding to the renters refund program, expanded the homeowner property tax relief program, and eliminated cuts to higher education. None of these amendments were approved and, in the end, the Koenen amendment was withdrawn, leaving the cuts to property tax relief programs, including the LGA and MVHC cuts unchanged from the original bill.

Aid and credit cuts

Under the House bill as approved, Minneapolis, St. Paul, and Duluth will have their 2011 LGA reduced by nearly \$75 million while all other cities will receive their certified 2011 LGA distributions with no immediate reduction.

For the 2012 distributions, all non-first class cities will receive either their net 2010 LGA after all cuts or their certified 2011 LGA, whichever is less. The first class cities of Minneapolis, St. Paul, and Duluth will receive only 50 percent of either their 2010 net LGA or their certified 2011 LGA, whichever is less.

The League has prepared a spreadsheet showing the 2011 and 2012 LGA appropriations as proposed in the current versions of the Senate and House omnibus tax bills.

View the LGA spreadsheet (pdf) (*Link to: http://www.lmc.org/media/document/1/2011_2012_lgaproposals.pdf*)

Although the 2011 LGA cuts are focused exclusively on Minneapolis, St. Paul, and Duluth, all cities will experience cuts in their 2011 distributions of MVHC reimbursement. The MVHC reimbursement will be cut by the amount of each city's supplemental 2010 cut, which is a \$48 million reduction statewide. Beginning in 2012, the MVHC program is eliminated entirely and converted into a classification for qualifying homesteads.

Levy limits

The bill does not include the property tax freeze proposal included in the initial version of the property tax article, but it does include a two-year extension of traditional levy limits. Cities over 2,500 in population and all counties will be subject to a two-year extension (through taxes payable in 2013) of current law levy limits. Those levy limits are computed as the lesser of 3.9 percent or the implicit price deflator (IPD) for state and local government consumption expenditures. For illustrative purposes, the annual IPD change for calendar year 2010 was 2.392 percent. However, the official calculation for the IPD will be computed at the end of the first quarter of 2010 (March 31) and that data is not yet available.

The levy limit language includes all of the traditional special levies contained in current law except for the special levy for MVHC cuts. This special levy was eliminated due to the fact that the MVHC program will be eliminated beginning in 2012.

Local sales taxes

The bill includes a number of other provisions, including local sales tax language for the cities of Cloquet, Fergus Falls, Hutchinson, Marshall, Lanesboro, Medford, Rochester, Clearwater, and Hermantown. During the floor debate, **Rep. Tina Liebling** (*Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=12268>*) (DFL-Rochester) offered an amendment to extend the permitted uses of the Rochester sales tax to include regional youth and elder community facilities, but after a long debate, her amendment was defeated.

Although the bill includes these local sales taxes, it also includes a two-year moratorium that prohibits local units of government from spending public funds to seek a future local sales tax or to hold a referendum on a possible local sales tax. **Rep. Steve Drazkowski** (*Link to:*

<http://www.house.leg.state.mn.us/members/members.asp?id=15286>) (R-Mazeppa) offered an amendment to modify the local sales tax moratorium language to permanently prohibit a local unit of government from expending funds for the promotion of a referendum to support imposing a local option sales tax. The amendment went on to specify that a political subdivision may only expend funds to conduct the referendum. The amendment was adopted on a 108 to 24 vote.

Economic development

The bill includes a few local development provisions, including those for the cities of Lino Lakes, Ramsey, and Taylors Falls. Additionally the bill still includes last year's provision to allow tax increment finance pooling to be used in certain foreclosure situations on market rate housing.

The bill also includes a small cooperation, consolidation, and innovation grant program that is available to cities, counties, and townships. The program will receive roughly \$2.5 million per year, with a grant maximum of \$100,000 per unit of government, funded on a first come, first served basis.

Other provisions

The bill would exempt purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision. The exemption was sought last year by the City of Freeport and would be effective retroactively for sales and purchases made after June 30, 2007. However, no refunds may be made for amounts already paid on water purchased between June 30, 2007, and Jan. 30, 2010.

The omnibus tax bill includes a two-year suspension in county and city contributions under the library funding requirements, also known as library maintenance of effort.

The full Senate is expected to take up its version of the omnibus tax bill on March 30. The bill is significantly different than the House bill and as a result, a conference committee will likely have to ultimately resolve the differences between the two bills. That conference committee could meet by the end of the week. (**Read related article.** *(Link to: <http://www.lmc.org/page/1/sentaxbill.jsp>)*)

Read the current issue of the Cities Bulletin *(Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)*

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org *(Link to: <mailto:gcarlson@lmc.org>)*

Contact Jennifer O'Rourke

IGR Representative

(651) 281-1261 or (800) 925-1122

jorourke@lmc.org *(Link to: <mailto:jorourke@lmc.org>)*



Senate Unveils Omnibus Tax Bill

The bill includes reductions to LGA and MVHC reimbursements beginning in 2011, and the elimination of the MVHC program beginning in 2012.

(Published Mar 25, 2011)

The **Senate Taxes Committee** (*Link to:*) released the initial draft of its omnibus tax bill (**SF 27** (*Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0027&ssn=0&y=2011*)) on March 23, and took testimony on it the next day. The committee is still considering amendments to the bill.

The bill includes reductions to local government aid (LGA) and market value homestead credit (MVHC) reimbursements to cities beginning in 2011. Other provisions include the elimination of the MVHC program beginning in 2012; a number of local sales tax authorizations or extensions; authority for cities to enact local sales taxes for capital projects; tax increment modifications; and a small grant program for local government consolidations.

For 2011, the bill will reduce LGA by \$102 million and will reduce MVHC reimbursements by \$48 million. These cuts are identical to the cuts in the vetoed HF 130 and would effectively freeze most cities at their 2010 level for LGA and MVHC after the 2010 unallotment reductions and the 2010 supplemental budget reductions.

For 2012, the bill continues the \$102 million LGA reduction by freezing the LGA amounts to cities. It also eliminates the entire MVHC program. To buffer the impact of the MVHC elimination on homeowners, homesteaded properties would receive a market value exclusion that will effectively reduce the tax capacity of the property and therefore shift the loss of the MVHC reimbursement to all properties.

The League has prepared a spreadsheet showing the 2011 and 2012 LGA appropriations as proposed in the current versions of the Senate and House omnibus tax bills.

View the LGA spreadsheet (pdf) (*Link to: http://www.lmc.org/media/document/1/2011_2012_lgaproposals.pdf*)

Local sales taxes

The bill also generally authorizes cities or groups of cities to impose a local sales tax of one-half percent, with voter-approval, that could be used to fund civic and convention centers; public libraries; parks, trails, and recreation centers; overpasses, arterial, and collector roads; bridges, railroad overpasses, and railroad protection measures; water quality for groundwater and drinking water pollution problems; fire and law enforcement facilities; and municipal buildings.

For cities that elect to impose a sales tax under this new authorization, the city's LGA attributable to the Greater Minnesota regional center aid base (for 27 Greater Minnesota cities with populations of more

than 10,000 under the 2000 census) or the jobs base aid (for all cities with populations greater than 5,000) would be reduced.

The bill includes local sales tax amendments or authorizations for the cities of Rochester, Clearwater, Fergus Falls, Lanesboro, and Hutchinson.

Other items

The bill includes a \$3.5 million annual grant program that would make consolidation grants available to cities and counties. The program would be administered by the state auditor, and the maximum grant would be \$100,000.

The bill includes a one-year extension of last year's tax increment authorization to accommodate the slow economic recovery. The bill also includes specific modifications for the cities of Cohasset, Lino Lakes, and Ramsey.

In other measures, the bill reduces and phases out the statewide property tax; makes significant reductions in the renters refund program, modifies and expands the homeowners property tax refund program; reduces county program aid; and eliminates the sustainable forest incentive act program.

Read about the House omnibus tax bill (*Link to: <http://www.lmc.org/page/1/housetax.jsp>*)

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (*Link to: <mailto:gcarlson@lmc.org>*)



Public Safety Bills Raid Fire Safety Account and Statewide Radio Fund

Omnibus public safety bills would transfer funds from the Fire Safety Account and the Allied Radio Matrix for Emergency Response to the state's general fund.

(Published Mar 30, 2011)

Omnibus public safety finance bills that will be debated in the House and Senate chambers this week would move funds from two dedicated public safety accounts—the Fire Safety Account and the Allied Radio Matrix for Emergency Response (ARMER)—to the state's general fund.

The Fire Safety Account is a dedicated account derived from a surcharge on homeowners' insurance premiums for the purpose of funding the State Fire Marshal's Office, firefighter training, and regional fire service initiatives. The fund was raided by the Legislature and governor in 2010, when \$15 million was diverted to the state's general fund. The House omnibus public safety bill, **HF 853** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF853&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF853&ssn=0&y=2011)) (**Rep. Tony Cornish** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10757](http://www.house.leg.state.mn.us/members/members.asp?id=10757)), R-Good Thunder), would transfer \$8.5 million from the Fire Safety Account to the general fund for the next biennium. The Senate's bill, **SF 958** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0958&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0958&ssn=0&y=2011)) (**Sen. Warren Limmer** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1032&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1032&ls=)), R-Maple Grove), would make a similar transfer of \$6.5 million.

ARMER is the radio system used primarily by emergency responders to communicate during emergencies like natural disasters. The build-out of the system is being funded in part by a dedicated surcharge on telephone bills. The House omnibus public safety bill takes \$5.2 million from ARMER for the biennium and transfers it to the state's general fund. The Senate omnibus bill in its current form funds ARMER at \$6.8 million for the biennium, the level recommended by Gov. Dayton.

The League urges members to contact legislators to let them know the Fire Safety Account and the ARMER system are critical statewide programs. Further, using funds that are collected for a specific purpose to balance the state's general fund violates the public's trust.

Read the current issue of the Cities Bulletin ([Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp](http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp))

Your LMC Resource

Contact Anne Finn

Assistant IGR Director

(651) 281-1263 or (800) 925-1122

afinn@lmc.org (Link to: <mailto:afinn@lmc.org>)

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Senate Tax Bill Summary

LGA - Reduces LGA to the 2010 paid level or certified 2011 whichever is less for 2011 and 2012. In 2013 and thereafter LGA is funded at \$426 million on the formula.

Market Value Credit – In 2011 cities will receive that same level of MVC reimbursement as they did in 2010. In 2012 and thereafter the program converts from a credit on total property taxes to a reduction in a homeowner's tax capacity, thus not requiring any reimbursements from the state to local governments.

Local Option Sales Tax – Allows city's, through a referendum, to impose local sales taxes up to 0.5% for selected capital improvement projects. Projects include, conventions and civic centers, public libraries, parks, trails and recreational centers, overpass, arterial and collector roads, or bridges on, adjacent to, or connecting a Minnesota state highway system, railroad overpasses or crossing safety improvements, flood control, water quality projects addressing groundwater and drinking water pollution problems, court facilities, fire, law enforcement or public safety facilities, or municipal buildings.

Cities that impose a local option sale tax have an LGA offset. The offset will come only from the regional center aid and jobs base aid portion of the LGA formula. The offset will be equal to the revenue generated from the sales tax, but cannot be more than their total of regional center aid and jobs base aid. This offset only applies to local sales taxes imposed or renewed after June 30, 2011.

Consolidation Grants – Provides \$3.5 million in fiscal years 2012 and 2013 to local governments to help offset cost of consolidation. The maximum grant is \$100,000.

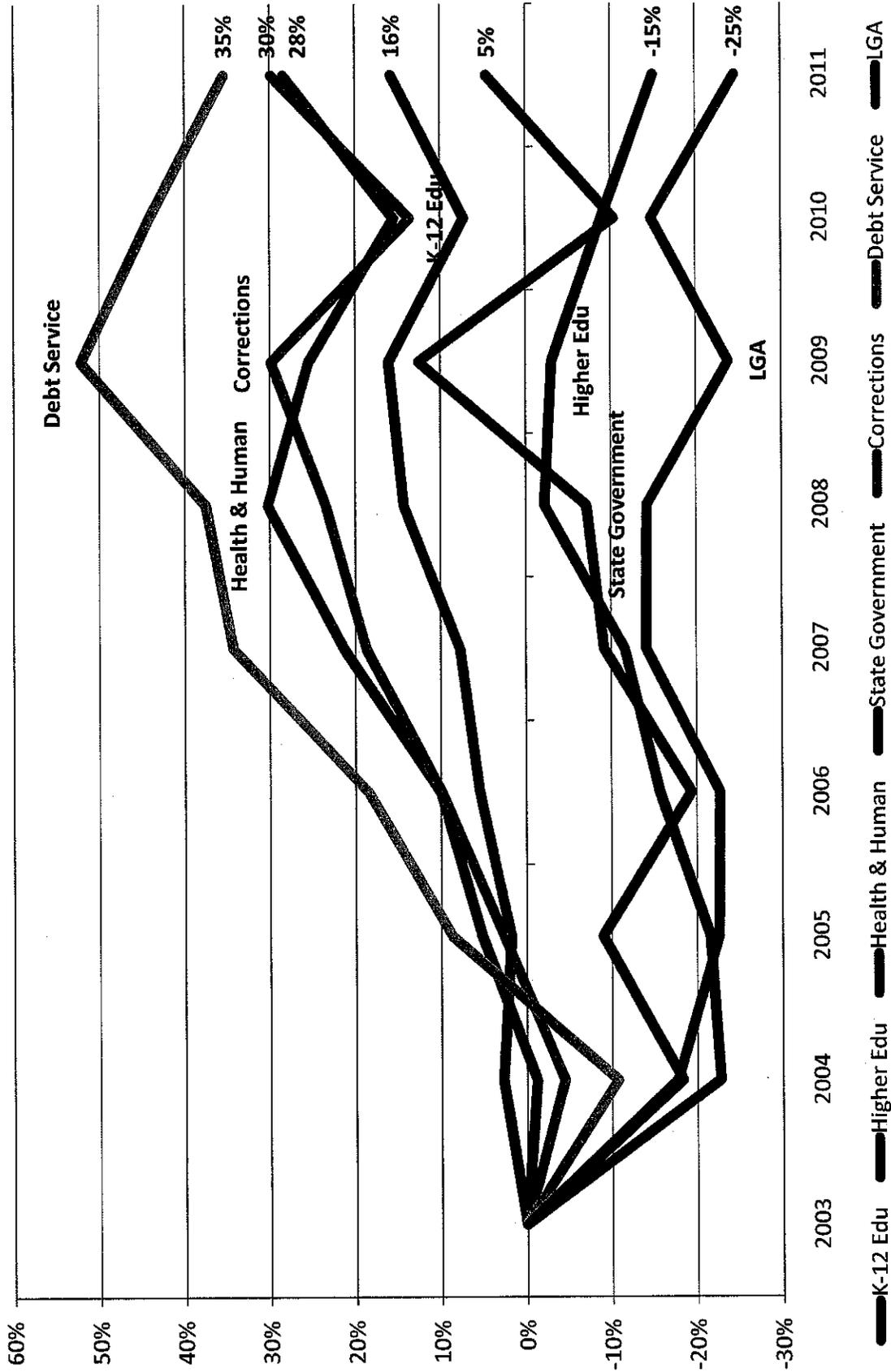
Estimated Reductions in 2011 LGA and Market Value Credit under SF 82 and SF 27

3/22/2011

	2011 CERTIFIED		FINAL PAID 2010		2011 PROPOSED		LGA REDUCTION	2011 ESTIMATED		2010 FINAL		2011 PROPOSED		MARKET VALUE		
	LGA		LGA		LGA			MV CREDIT		MV CREDIT		MV CREDIT		MV CREDIT		CREDIT
	527,100,646		426,565,251		425,345,348		(101,755,298)	60,246,987		12,148,508		12,148,508				(48,098,479)
CLAY	25,659		27,550		25,659		-	3,408		1,703		1,703				(1,705)
CLAY	12,022		12,477		12,022		-	2,811		1,884		1,884				(927)
CLAY	300,164		259,159		259,159		(41,005)	39,233		10,380		10,380				(28,853)
CLAY	647,508		538,040		538,040		(109,468)	41,534		6,438		6,438				(35,096)
CLAY	38,852		40,562		38,852		-	7,125		3,395		3,395				(3,730)
CLAY	7,618,290		6,790,628		6,790,628		(827,662)	560,518		13,765		13,765				(546,753)
CLAY	73,496		76,658		73,496		-	15,913		8,908		8,908				(7,005)
CLAY	138,006		143,376		138,006		-	8,356		0		0				(8,356)
CLEARWATER	443,748		368,125		368,125		(75,623)	42,209		10,206		10,206				(32,003)
CLEARWATER	146,914		148,252		146,914		-	20,809		7,883		7,883				(12,926)
CLEARWATER	60,600		60,511		60,511		(89)	11,929		6,839		6,839				(5,090)
CLEARWATER	4,065		4,080		4,065		-	763		370		370				(393)
CLEARWATER	24,244		24,267		24,244		-	4,450		3,130		3,130				(1,320)
COOK	155,889		96,422		96,422		(59,467)	45,760		15,487		15,487				(30,273)
COTTONWOOD	26,063		27,487		26,063		-	4,977		1,552		1,552				(3,425)
COTTONWOOD	112,493		115,913		112,493		-	15,077		7,563		7,563				(7,514)
COTTONWOOD	895,926		807,450		807,450		(88,476)	88,301		42,842		42,842				(45,459)
COTTONWOOD	68,812		71,222		68,812		-	12,091		6,479		6,479				(5,612)
COTTONWOOD	230,048		236,778		230,048		-	37,890		22,315		22,315				(15,575)
COTTONWOOD	1,478,031		1,202,917		1,202,917		(275,114)	198,638		94,127		94,127				(104,511)
CROW WING	0		0		0		-	17,829		0		0				(17,829)
CROW WING	4,120,638		3,637,320		3,637,320		(483,318)	362,986		71,154		71,154				(291,832)
CROW WING	0		0		0		-	0		0		0				-
CROW WING	859,960		756,240		756,240		(103,720)	106,092		50,029		50,029				(56,063)
CROW WING	0		0		0		-	3,098		0		0				(3,098)
CROW WING	10,677		2,164		2,164		(8,513)	9,667		4,929		4,929				(4,738)
CROW WING	30,564		2,495		2,495		(28,069)	19,321		3,737		3,737				(15,584)
CROW WING	0		0		0		-	797		0		0				(797)
CROW WING	0		0		0		-	1,584		0		0				(1,584)
CROW WING	0		0		0		-	1,273		624		624				(649)
CROW WING	0		0		0		-	0		0		0				-

Growth in General Fund Expenditure since FY 2003

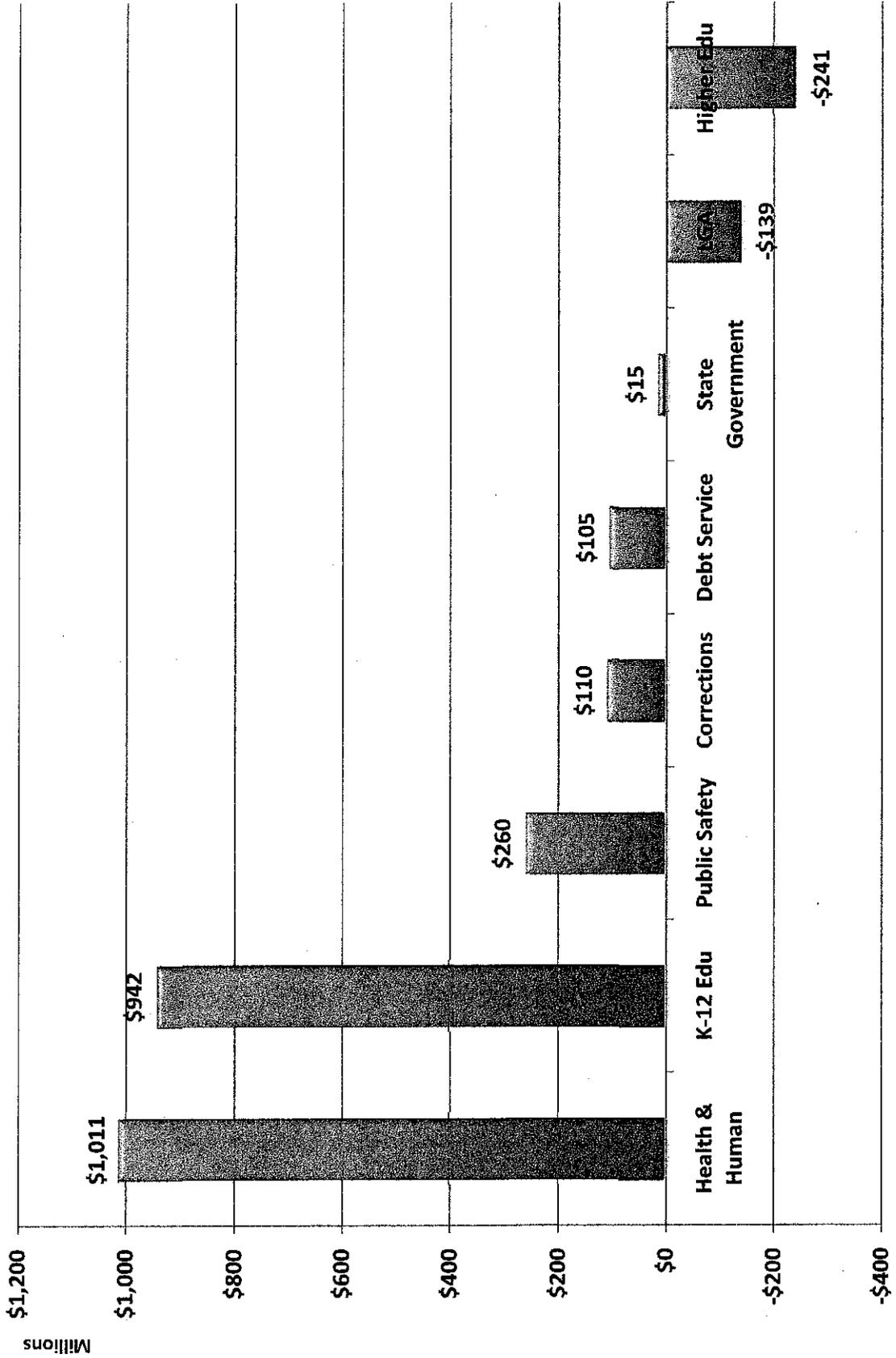
Actual dollars (not inflation adjusted)



Data Source: MN Office of Budget and Management Economic Forecasts
 Prepared for by Flaherty and Hood, P.A. for the Coalition of Greater Minnesota Cities, 3/1/2011.

Difference in General Fund Spending between FY 2003 to FY 2011

Actual Dollars (not inflation adjusted)





Dedicated to a Strong Greater Minnesota

March 18, 2011

Speaker of the House Kurt Zellers
463 State Office Building
St. Paul, MN 55155-1298

Dear Speaker Zellers,

I am writing to express concerns and request a meeting in response to Rep. Runbeck's recently unveiled House Property and Local Tax Division Report. Before getting into our concerns, I would like to first acknowledge that the division was clearly responsive to the concerns of greater Minnesota Cities as it relates to LGA funding for the next biennium. We especially appreciate that the program is being funded at its certified level for 2011.

However, the overall direction of the bill and the discussion in the division give us great pause. Specifically, we would like to draw your attention to two issues.

First, we strongly disagree with the phase out and subsequent exclusion of Minneapolis, St. Paul, and Duluth from the program. It does not appear that this phase out is based on any policy analysis, statistical study or rationale. We may be able to have robust discussions about a given city's need based on tax base and other objective criteria, but no program worth its salt should arbitrarily pick winners and losers. The long-term relationship between the state and local units of government must be based on objective criteria.

Most distressing, however, are the comments that Rep. Runbeck made about the LGA program during the discussion. In response to a question from Rep. Marquart, Rep. Runbeck stated, "what this is aiming to do is to begin the phase out of LGA...so we are looking to those that have the strongest tax bases, that can live off their tax bases, have had great growth, have great vibrancy, are in a solid metro retail area and that's where the phase out is beginning." Under closer questioning from Rep. Marquart, Rep. Runbeck maintained her criticisms of the LGA program, but never backed away from the statement that this was the beginning of the end of the LGA program. We do want to acknowledge that Rep. Branden Petersen stated for the record that Rep. Runbeck's comments were her own and that they did not reflect the view of the committee.

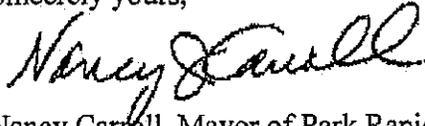
Speaker of the House Kurt Zellers
March 18, 2011
Page Two

Nonetheless, the statements of committee chairs carry a lot of weight and our association believes that it is imperative that the House Majority position be clarified. Does this bill "begin the phase out of LGA?"

Several greater Minnesota city officials are planning to be in St. Paul on the afternoon of March 23. I am requesting that you meet with them to discuss Rep. Runbeck's comments and the long-term sustainability of a strong LGA program. If you are available to meet on March 23 between 1:30 p.m. and 6:00 p.m., please contact Bradley Peterson at 651-259-1911 and we will have a group of city officials available to meet with you.

We appreciate your attention to this and look forward to working with you to create strong communities across Minnesota.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Nancy Carroll". The signature is written in a cursive style with a large, prominent initial "N".

Nancy Carroll, Mayor of Park Rapids
President, Coalition of Greater Minnesota Cities



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March 23, 2011

3/22/2011 10:08:00 AM

PUBLISHER'S NOTEBOOK: LGA makes sure all cities in state serve their residents

By David Phillips
Bluff Country Newspaper Group

In recent years, cuts to Local Government Aid (LGA) have been a fact of life for area cities. For example, Spring Grove received \$418,687 in LGA in 2007 and had certified increases promised for each subsequent year, but cuts resulted in decreases, culminating in a payment of just \$367,822 in 2010, according to the Minnesota House Research Department. The cuts were often last minute decisions to help balance shortfalls in the state budget.

In 2011, the state is facing a \$5 billion budget deficit and, rather than more emergency cuts in LGA to help fix short-term problems, the Legislature is looking at the philosophical merits of the entire LGA system. There is consideration by one House committee calling for elimination of the program by 2014.

There is a trend, sparked by the Tea Party movement, to force the removal of government support for individuals, making them more self-reliant and less dependent on public subsidies. That philosophy is carrying over to the debate on LGA as the argument against LGA is that it is welfare for cities, which should pay for their services from taxes generated locally without the supplemental funding from the state.

Budget deficits mean some tough decisions and every constituency that sees a potential loss is going to complain. However, LGA is something that, even for people living in Bloomington or some other city that doesn't need LGA, makes the entire state stronger and more secure.

For local cities, the loss of LGA would truly be devastating as the state funding makes up more than half of the budgets for many municipalities in the area. The state funding doesn't lead to extravagant spending by cities in our area. Instead, the LGA is enabling services that are expected by residents no matter where they live.

To cope with the previous cuts in LGA, cities have had to cut or reduce hours of personnel, cut back or eliminate service and postpone annual maintenance, which is showing up as potholes or cracks in streets. There has also been discussion of closing swimming pools, delaying purchases of large equipment, even fire trucks, reducing police protection and taking on other cost-cutting measures to key services.

City officials are nervously watching action at the Legislature, predicting dire consequences even if LGA is just cut. Elimination of the program would be disastrous.

Some cities in Minnesota have had no consequences to the reduction in LGA because they don't rely on LGA for services. They have a strong base of property tax to fund their cities. However, there is nothing like a Bloomington, with its Mall of America, in our rural area, so cities here use LGA to provide what are considered basic services to our residents.

LGA was created in 1971 as a property tax relief program in the Minnesota Miracle, a series of legislative reforms that changed the way government was financed in the state. That miracle, which more radically changed the way education is funded in the state, uses sales and income taxes raised in Minnesota to reduce property taxes and take pressure off local governments that have less revenue to provide for the needs of its citizens.

There have been minor reforms in the Minnesota Miracle over the years to more specifically target cities based on their financial needs. Those with lower property tax bases receive more LGA.

The opponents of LGA argue that property taxes only are a better way to fund services than redistributing funds taken in by the state. Their philosophy is that local people should pay for local services. If they need more money for services, raise property taxes, or, possibly, increase local sales taxes if the state laws change to allow this.

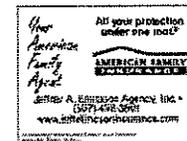
However, the question is whether Minnesota should become a state of have and have-not communities? Isn't Minnesota one big family where every citizen deserves to live in a community where basic needs are met by local services?

Police and fire protection, maintenance of roads, public parks, planning and zoning, functional wastewater treatment, clean drinking water, programs for youth and recreational opportunities are essential for healthy communities no matter where they are located in Minnesota. The word "right" has taken on a too comprehensive meaning, but citizens should at least have, if not the right, the opportunity to live in a community where basic services are met.

Although the program may smack of wealth redistribution, legislators representing wealthy communities that don't need LGA shouldn't look to balance the budget at the expense of poorer communities. The concept of self-reliance for individuals doesn't necessarily transfer over to communities, as there are many complex factors involved in making sure essential needs are available to residents of various communities.

LGA, as designed through the Minnesota Miracle, makes the entire state more secure, even if some communities benefit more than others. We all need to contribute our fair share to ensure the success of all communities in Minnesota.

No city is an island and the Legislature shouldn't try to reverse that condition by taking away the connections that bind all of us together.



Main Identity

From: "Cederholm, Heather" <hcederholm@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Cc: "Directors" <Directors@lmc.org>; "AMM" <AMM2@lmc.org>; "Communications" <Communications@lmc.org>; "IGR" <IGR@lmc.org>; "Board of Directors--LMC" <BoardofDirectorsLMC@lmc.org>; "Harris, Laura" <LHarris@lmc.org>
Sent: Friday, March 25, 2011 3:15 PM
Subject: [legislative] Friday Fax-March 25, 2011
The following information includes changes as of NOON today.

Senate Tax Bill unveiled and will be marked up today

On Wednesday, the Senate Tax Committee released the initial draft of its omnibus tax bill and on Thursday morning, the committee received testimony on the provisions contained in the bill. As this edition of the *FridayFax* is being drafted, the committee is meeting to consider amendments to the bill.

For cities, the bill includes reductions to city local government aid (LGA) and market value homestead credit (MVHC) reimbursements beginning in 2011, the elimination of the MVHC program beginning in 2012, a number of local sales tax authorizations or extensions, authority for cities to enact local sales taxes for capital projects, tax increment modifications and a small grant program for local government consolidations.

For 2011, the bill will reduce LGA by \$102 million and will reduce MVHC reimbursements by \$48 million. These cuts are identical to the cuts in the vetoed HF130 and would effectively freeze most cities at their 2010 level for LGA and MVHC after the 2010 unallotment reductions and the 2010 supplemental budget reductions.

For 2012, the bill continues the \$102 million LGA reduction by freezing the LGA amounts to cities and then eliminates the entire MVHC program. To buffer the impact of the MVHC elimination on homeowners, homesteaded properties would receive a market value exclusion that will effectively reduce the tax capacity of the property and therefore shift the loss of the MVHC reimbursement to all properties. The League has prepared a spreadsheet showing the 2011 and 2012 LGA appropriations as proposed in the current versions of the Senate and House omnibus tax bills.

Local Sales Taxes

The bill also generally authorizes cities or groups of cities to impose a local sales tax of one-half percent, with voter-approval, that could be used to fund civic and convention centers, public libraries, parks, trails and recreation centers, overpasses, arterial and collector roads, bridges, railroad overpasses and railroad protection measures, water quality for groundwater and drinking water pollution problems, fire facilities and law enforcement facilities and municipal buildings.

For cities that elect to impose a sales tax under this new authorization, the city's LGA attributable to the greater Minnesota regional center aid base (for 27 greater Minnesota cities with populations greater than 10,000 population under the 2000 census) or the jobs base aid (for all cities with populations greater than 5,000) would be reduced.

The bill includes local sales tax amendments or authorizations for the cities of Rochester, Clearwater, Fergus Falls, Lanesboro and Hutchinson.

Other Items

The bill includes a \$3.5 million annual grant program that would make consolidation grants available to cities and counties. The program would be administered by the state auditor and the maximum grant would be \$100,000.

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The bill reduces and phases out the statewide property tax, makes significant reductions in the renters refund program, modifies and expands the homeowners property tax refund program, reduces county program aid and eliminates the sustainable forest incentive act program.

city	FINAL 2010 LGA	CERT 2011 LGA	LGA 2011 Senate Tax Bill (lesser of 11 cert or 10 actual)	Change from Certified 2011 to Sen Tax Bill	2011 LGA House PT Division Report Amended	Difference between Certified 2011 and House 2011	2012 LGA House PT Division Report Amended	Difference between Certified 2011 and House 2012
			<i>2012 would be the same</i>		<i>Only Mpls. St Paul Duluth cut to 2011</i>			
WEST UNION	5,713	6,048	5,713	(335)	6,048		5,713	(335)
WESTBROOK	236,778	230,048	230,048	-	230,048		230,048	-
WESTPORT	5,898	6,371	5,898	(473)	6,371		5,898	(473)
WHALAN	8,551	8,001	8,001	-	8,001		8,001	-
WHEATON	562,909	630,509	562,909	(67,600)	630,509		562,909	(67,600)
WHITE BEAR LAKE	1,532,448	2,311,521	1,532,448	(779,073)	2,311,521		1,532,448	(779,073)
WILDER	16,726	16,106	16,106	-	16,106		16,106	-
WILLERNIE	77,984	75,922	75,922	-	75,922		75,922	-
WILLIAMS	41,672	42,229	41,672	(557)	42,229		41,672	(557)
WILLMAR	4,052,790	4,482,275	4,052,790	(429,485)	4,482,275		4,052,790	(429,485)
WILLOW RIVER	47,419	45,572	45,572	-	45,572		45,572	-
WILMONT	89,437	86,327	86,327	-	86,327		86,327	-
WILTON	7,670	8,560	7,670	(890)	8,560		7,670	(890)
WINDOM	1,202,917	1,478,031	1,202,917	(275,114)	1,478,031		1,202,917	(275,114)
WINGER	33,739	33,075	33,075	-	33,075		33,075	-
WINNEBAGO	503,310	564,536	503,310	(61,226)	564,536		503,310	(61,226)
WINONA	9,162,003	10,187,418	9,162,003	(1,025,415)	10,187,418		9,162,003	(1,025,415)
WINSTED	547,848	666,947	547,848	(119,099)	666,947		547,848	(119,099)
WINTHROP	393,587	453,587	393,587	(60,000)	453,587		393,587	(60,000)
WINTON	23,527	23,847	23,847	-	23,847		23,847	-
WOLF LAKE	8,078	8,042	8,042	-	8,042		8,042	-
WOLVERTON	25,568	24,318	24,318	-	24,318		24,318	-
WOOD LAKE	111,785	108,208	108,208	-	108,208		108,208	-
WOODBURY	-	-	-	-	-		-	-
WOODLAND	-	3,168	-	(3,168)	3,168		-	(3,168)
WOODSTOCK	33,462	32,442	32,442	-	32,442		32,442	-
WORTHINGTON	2,705,107	3,030,078	2,705,107	(324,971)	3,030,078		2,705,107	(324,971)
WRENSHALL	42,398	42,399	42,399	-	42,399		42,399	-
WRIGHT	7,938	7,938	7,938	-	7,938		7,938	-
WYKOFF	118,215	118,215	118,215	-	118,215		118,215	-
WYOMING	-	-	-	-	-		-	-
ZEMPLE	742	742	742	-	742		742	-
ZIMMERMAN	235,842	327,531	235,842	(91,689)	327,531		235,842	(91,689)
ZUMBRO FALLS	34,610	34,610	34,610	-	34,610		34,610	-
ZUMBROTA	426,975	545,593	426,975	(118,618)	545,593		426,975	(118,618)
	1426,438,012	1527,100,646	1425,218,109	(101,882,537)	1525,553,990	(74,546,657)	1354,255,492	(172,345,154)



Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org

House Ways and Means Committee amends Omnibus Tax Bill

On Wednesday, the House Ways and Means Committee considered the House omnibus tax bill (HF 42) as forwarded by the House Taxes Committee. Overall, the bill cuts state spending by roughly \$870 million for the two-year FY 2012-2013 budget period. However, when the income tax and other tax reductions included in the bill are netted out, the bill only reduces the state deficit by approximately \$550 million. The Ways and Means Committee is the last committee stop prior to floor action on the bill.

The Ways and Means Committee considered only a handful of amendments to the bill including an amendment to delete the metropolitan fiscal disparities repeal. The initial amendment to repeal the metropolitan fiscal disparities program was offered last Saturday by Representative Ann Lenczewski (DFL-Bloomington) and was unexpectedly adopted on a close 12 to 10 vote. The Fiscal Disparities program is a commercial and industrial tax base sharing program that currently redistributes roughly \$425 million in property tax base among metro communities. The repeal would have created significant shifts in property taxes in the metro area and would have also eventually shifted an estimated \$3 million in LGA to cities in the metro area. The amendment to eliminate the repeal was offered by Ways and Means Chair Mary Liz Holberg (R-Lakeville) and was approved on a voice vote.

The other significant adopted amendment was a provision also offered by Representative Mary Liz Holberg that reinstates levy limits. Under the amendment, cities over 2,500 population and all counties will be subject to a two-year extension (through taxes payable in 2013) of current law levy limits. Those levy limits are computed as the lesser of 3.9 percent or the implicit price deflator (IPD) for state and local government consumption expenditures. For illustrative purposes, the annual IPD change for calendar year 2010 was 2.392 percent. However, the official calculation for the IPD will be computed at the end of the first quarter of 2010 (March 31) and that data is not yet available.

The levy limit language includes all of the traditional special levies contained in current law except for the special levy for MVHC cuts. This special levy was eliminated due to the fact that the MVHC program will be eliminated beginning in 2012.

Impact of cuts on cities

Under the House bill as amended in the Ways and Means Committee, Minneapolis, St. Paul, and Duluth will have their 2011 LGA reduced by nearly \$75 million while all other cities will receive their certified 2011 LGA distributions with no cut.

For the 2012 distributions, all non-first class cities will receive either their net 2010 LGA after all cuts or their certified 2011 LGA, which is less. First class cities will receive only 50 percent of either their 2010 net LGA or their certified 2011 LGA, whichever is less. The League has prepared a spreadsheet showing the 2011 and 2012 LGA appropriations as proposed in the current versions of the Senate and House omnibus tax bills.

In addition to changes in the LGA distribution, all cities will experience cuts in 2011. The 2011 MVHC reimbursements to cities will be cut by the amount of their supplemental 2010 cut, which is a \$48 million reduction statewide. Beginning in 2012, the MVHC program is eliminated entirely and converted into a classification for qualifying homesteads.

Other provisions

The bill includes a number of other provisions, including local sales tax language for the cities of Cloquet, Fergus Falls, Hutchinson, Marshall, Lanesboro, Medford, Rochester, Clearwater and Hermantown. Despite including these local sales taxes, the bill also includes a two-year moratorium that prohibits local units of government from spending public funds to seek a future local sales tax.

The bill includes a few local development provisions, including those for the cities of Lino Lakes, Ramsey, and Taylors Falls. Additionally it still includes last year's provision to allow TIF pooling to be used in certain foreclosure situations on market rate housing. The bill also includes a small cooperation, consolidation, and innovation grant program that is available to cities, counties, and townships. The program will receive roughly \$2.5 million per year, with a grant maximum of \$100,000 per unit of government, funded on a first come, first served basis.

The bill would exempt purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision. The exemption was sought last year by the City of Freeport and would be effective retroactively for sales and purchases made after June 30, 2007. However, no refunds may be made for amounts already paid on water purchased between June 30, 2007, and January 30, 2010.

The bill includes a two-year suspension in county and now city contributions under the library funding requirements, also known as library maintenance of effort (MOE). The original amendment only exempted counties from the library funding requirement. After the League testified and expressed concerns about the potential shift in library costs from counties to cities, Rep. Linda Runbeck offered an amendment that added cities to the two-year library MOE suspension. Library advocates, including the Minnesota Library Association, opposed both changes but indicated to the League that they understood the dilemma for cities if only counties were exempt from the MOE requirement.

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org

Economic development budget bills move through committee

In both the House and Senate this week, major budget bills for the jobs and economic development committees were assembled, debated, amended and are now ready for the floor. The League and Metro Cities testified on the DEED programs related to land recycling and contaminated clean-up—specifically the Redevelopment program, the Minnesota Investment Fund, and the Contaminated Clean-up account. These programs have been raided over the last few years and, at times, not funded in order to help solve the state budget deficit.

In short, the Governor's budget for these three programs is better than the House, which is better than the Senate's. Rep. Bob Gunther (R-Fairmont) chairs the House Jobs and Economic Development Committee while the Senate's panel—Jobs and Economic Growth is led by Senator Geoff Michel (R-Edina). The bills specifically are HF 1049 (Rep. Gunther) and SF 887 (Sen. Michel). Having made their way through all the finance committees, the bills will be on the floor next week for debate and likely in conference committee in the days ahead.

Questions or comments? Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Transportation bills propose reductions to transit funds

The House and Senate omnibus transportation finance bills made their way through committees this week. The most controversial provisions are those that reduce funding for metropolitan and Greater Minnesota transit.

Transportation is a unique part of the state's budget in that much of the spending is constitutionally determined. As the House Research Highway Finance Overview describes, almost all road funding is handled outside of the state's general fund. State funding primarily comes from three transportation-related taxes (the gas tax, the motor vehicle sales tax, and the vehicle registration tax) and is allocated to the Highway User Tax Distribution Fund (HUDTF). The portion of transit that is funded by the state comes out of the general fund. Neither bill contains any revenue increases—such as gas tax or registration tax increases—so municipal state aid, county state aid and the trunk highway funds will remain stable.

For transportation, the state provided about \$166 million in general fund dollars last biennium (FY2010-11), much of which is used for transit. The governor's budget recommends total general fund spending of \$180 million for the next biennium. The House omnibus transportation bill, HF 1140 (Rep. Mike Beard, R-Shakopee) provides just \$41.7 million in general fund dollars for the coming FY2012-13 biennium. Before the bill went to House Ways and Means, it would have taken \$30 million in FY2012 and \$39 million in FY2013 from the local option sales tax levied by five counties in the Twin Cities Metropolitan Area and would have used it to help balance the state's general fund budget. A number of individuals and organizations testified in opposition to the dramatic cuts and, in particular, to the taking of locally generated sales tax dollars for state purposes. The language of the bill would have required the Metropolitan Council to raise transit fares to a level that would generate an additional \$10 million per year and to shift funds from the Livable Communities and Right-of-Way Acquisition funds prior to reducing transit service levels. The provision was removed in House Ways and Means. HF 1140 will be debated on the House floor early next week.

The Senate omnibus transportation bill, SF 898 (Sen. Joe Gimse, R-Willmar), has a larger general fund amount available: \$139 million for the coming biennium as opposed to the \$41.7 million in the House bill. The Senate bill does not propose to take funding from the ¼ cent sales tax levied in the five counties in the Twin Cities Metropolitan Area. The proposed cut to metropolitan area transit is reduced, but the cut to Greater Minnesota transit funding is slightly higher than in the House bill (\$4 million per year or \$8 million for the biennium). SF 898 is expected to be passed to the full Senate from the Senate Tax Committee later today.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Omnibus finance bills advancing

Earlier in the 2011 Legislative Session, House and Senate leadership set March 25 as the deadline for omnibus budget bills to pass out of committees. This deadline reversed the longtime practice of passing policy bills first and then moving on to the budget.

As always, the days leading up to the deadline were hectic ones at the Capitol. Many committees held marathon meetings and debated dozens of amendments. By the end of the day today, all omnibus bills will be ready for floor debates in both bodies. They are almost certain to end up in conference committees before reaching Governor Mark Dayton's desk.

Below is a list of the omnibus budget bills the League has been tracking. Click on the links to get the latest versions of the bills, as well as spreadsheets.

Environment and Natural Resources Finance

LMC Contact: Craig Johnson, 651-281-1259 or cjohnson@lmc.org

HF 1010 (Rep. Denny McNamara, R – Hastings)
House Environment Spreadsheet

SF 1029 (Sen. Bill Ingebrigtsen, R – Alexandria)
Senate Environment Spreadsheet

Jobs and Economic Development

Economic Development Provisions: LMC Contact Jennifer O'Rourke 651-281-1261 or jorourke@lmc.org
MN Housing Finance Agency Provisions: LMC Contact Ann Higgins 651-281-1257 or ahiggins@lmc.org

HF 1049 (Rep. Bob Gunther, R-Fairmont)
House Jobs and Economic Development Spreadsheet

SF 887 (Sen. Geoff Michel, R-Edina)
Senate Jobs Spreadsheet

Judiciary Finance

(note: Senate Judiciary and Public Safety are combined into one bill)

LMC Contact: Anne Finn, 651.281.1263, afinn@lmc.org

HF 440 (Rep. Steve Smith, R-Mound)
House Judiciary Budget Spreadsheet

SF 958 (Sen. Warren Limmer, R-Maple Grove)
Senate Judiciary and Public Safety Budget Spreadsheet

Public Safety and Crime Prevention Finance

(note: Senate Judiciary and Public Safety are combined into one bill)

LMC Contact: Anne Finn, 651.281.1263, afinn@lmc.org

HF 853 (Rep. Tony Cornish, R-Good Thunder)
House Public Safety and Crime Prevention Budget Spreadsheet

SF 958 (Sen. Warren Limmer, R-Maple Grove)
Senate Judiciary and Public Safety Budget Spreadsheet

State Government Finance

LMC Contacts: Gary Carlson, 651.281.1255, gcarlson@lmc.org or Anne Finn, 651.281.1263, afinn@lmc.org

HF 577 (Rep. Morrie Lanning, R-Moorhead)
House State Government Budget Spreadsheet

SF 604 (Sen. Mike Parry, R-Waseca)
Senate State Government Spreadsheet

Taxes

LMC Contacts: Gary Carlson, 651.281.1255, gcarlson@lmc.org or Jennifer O'Rourke 651-281-1261 or jorourke@lmc.org

HF 42 (Rep. Greg Davids, R-Waseca)
House Omnibus Taxes Spreadsheet

HF 481 (Rep. Linda Runbeck, R-Circle Pines)
Property and Local Sales Tax Division Spreadsheet

SF27 (Sen. Julianne Ortman, R-Chanhassen)
Senate Taxes Spreadsheet

Transportation Finance

LMC Contact: Anne Finn, 651.281.1263, afinn@lmc.org

[HF 1140 \(Rep. Mike Beard, R-Shakopee\)](#)
[House Transportation Budget Spreadsheet](#)

[SF 898 \(Sen. Joe Gimse, R-Willmar\)](#)
[Senate Transportation Budget Spreadsheet](#)

Learn more about [legislative committee deadlines](#) or access spreadsheets from other [House](#) and [Senate](#) committees.

Questions? Contact [IGR Staff](#) or call Heather Cederholm at 651-281-1256.

Public safety bills raid Fire Safety Account and statewide radio fund

House and Senate public safety committees have both recommended provisions that would transfer funds from the Fire Safety Account and the Allied Radio Matrix for Emergency Response (ARMER) to the state's general fund.

The Fire Safety Account is a dedicated account derived from a surcharge on homeowners insurance premiums for the purpose of funding the State Fire Marshal's Office, firefighter training and regional fire service initiatives. The fund was raided by the legislature and governor in 2010, when \$15 million was diverted to the state's general fund. The House omnibus public safety bill, [HF 853 \(Rep. Tony Cornish, R-Good Thunder\)](#), would transfer \$8.5 million from the Fire Safety Account to the general fund for the next biennium. The Senate's bill, [SF 958 \(Sen. Warren Limmer, R-Maple Grove\)](#), would make a similar transfer of \$6.5 million.

ARMER is the radio system used primarily by emergency responders to communicate during emergencies like natural disasters. The build-out of the system is being funded in part by a dedicated surcharge on telephone bills. The House omnibus public safety bill takes \$5.2 million from ARMER for the biennium and transfers it to the state's general fund. The Senate omnibus bill in its current form funds ARMER at \$6.8 million for the biennium, the level recommended by Governor Mark Dayton.

The League urges members to contact legislators to let them know the Fire Safety Account and the ARMER system are critical statewide programs. Further, using funds that are collected for a specific purpose to balance the state's general fund violates the public's trust.

Both the House and Senate omnibus public safety budget bills will have floor debates next week.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Pension contribution shift not included in omnibus bill

A Senate bill that would shift a portion of the employer pension contribution to employees for many state and local government workers was not included in the omnibus bill released by the [Senate Committee on State Government Innovation and Veterans](#) this week.

On Monday, the committee heard [SF 813 \(Sen. Gretchen Hoffman, R-Vergas\)](#), a proposal that would shift three percent of employer pension contributions to employees for a large number of state and local government workers. As introduced, the three percent pension contribution shift in the proposal would have reduced state general fund costs for state employee contributions by roughly \$25 million per year. The bill would have similarly decreased the pension contributions by local government employers for all employees in the Public Employees Retirement Association (PERA), except police and fire employees, by an estimated \$155 million per year. The city employer share of that amount was estimated to be \$35 million per year. A similar shift for teachers is also included in the bill. At Monday's hearing, Sen. Hoffman offered an early amendment to reduce the shift from three percent to two percent, which would reduce the potential cost savings to the state and local units of government by one-third.

A number of stakeholders, including the League, testified against the bill. The League's opposition was based on concerns the shift would destabilize PERA, which the League and others have worked in recent years to stabilize.

When the omnibus state government finance bill, [SF 604 \(Sen. Mike Parry, R-Waseca\)](#), was unveiled Tuesday, it did not contain the pension contribution shift. However, Sen. Parry indicated he is still interested in pursuing passage of the provision.

Questions? Contact Anne Finn at 651,281.1263 or afinn@lmc.org.

Environment spending bills heavy on policy changes

Omnibus Environment budget bills have been approved in the House and Senate Environment and Natural Resources Finance Divisions and by the House Ways and Means committee. The bills and their spread sheets can be reviewed at [HF 1010 \(Rep. Denny McNamara, R – Hastings\)](#)

House Environment Spreadsheet, and SF 1029 (Sen. Bill Ingebrigtsen, R – Alexandria) Senate Environment Spreadsheet.

The primary changes that affect cities are found in the policy sections of the bills, although some of the funding changes are also important. A more complete summary of these bills will be in the *next Cities Bulletin*, but here are a few key items to note:

- Both bills create a water management account that would take water appropriation and permit fees that are currently transferred to the general fund and dedicate them to running the water programs at DNR that they are theoretically intended to fund. The League has supported this change for several years.
- Extends the sunset of the petroleum tank clean-up fund until 2017.
- A small increase to wastewater certification costs will be put into statute, although the state is also in the process of drafting rules to reduce the levels of training and certification required, especially for new technology small systems.
- Funds are supplied for a study to determine the appropriate sulfate standard necessary to protect wild rice. The current standard is 10 milligrams per liter, but has not been applied to permits. The House changes the standard to 50 milligrams per liter while the new standard is being developed. The Senate suspends the current standard until the new rule is completed, since it is not being used right now in permits.
- House reduces the general fund appropriations to the Pollution Control Agency from \$17 million for the biennium to just over \$6 million. Most of those reductions come to the agency's water programs. The Senate does not reduce its funding.
- The House has numerous other policy provisions, including a study of water agencies for efficiency, repeal of the statutes instructing how rules should be developed for the Mississippi River Critical Area in the metro area, a moratorium on new water-related rules from being developed in the state, and new statute that assures that the MPCA addresses phosphorus limits related to Lake Pepin in conjunction with Wisconsin and based on summer algae levels impacts.

Questions? Contact Craig Johnson at 651-281-1259 or cjohnson@lmc.org

More than 160 city officials attended the 2011 Joint Legislative Conference

Yesterday, local officials from cities, school districts, counties, and townships came together for a day of advocacy, information sharing, and networking in St. Paul. Minnesota School Board Association (MSBA), Association of Minnesota Counties (AMC), and the Minnesota Association of Townships (MAT) joined the League in co-hosting the event.

The League's IGR staff debriefed city attendees on issues and answered questions during breakfast. The morning's legislative panel included Sen. Scott Dibble, Rep. Matt Dean, and Rep. Paul Thissen. Concurrent sessions followed the panel: Jenn O'Rourke moderated a session on 'Job Creation and Economic Development' with representatives from DEED, the Governor's office, and the Minnesota Chamber of Commerce. Anne Finn and Gary Carlson participated in the session 'The Future of Employee Rights and Benefits' with Sen. Mike Parry (R-Waseca). Ryan O'Connor from AMC moderated a session on Government Redesign efforts with Gopal Khanna and State Auditor Rebecca Otto. The League's General Counsel, Tom Grundhoefer, joined with staff from the Minnesota Counties Insurance Trust and Minnesota Schools Boards Association Insurance Trust to present on 'Joint Powers Agreements.' Gov. Dayton spoke to the crowd of more than 530 city, county, school, and township officials at lunch and also answered questions. Gov. Dayton's remarks can be accessed online. Be sure to read next week's *Cities Bulletin* for more on the Legislative Conference.

A big thanks to all who attended the day's events and especially those who traveled to the Capitol to meet with legislators! Advocating for your city really does have an impact—especially as finance bills near deadline tonight at 11:59 p.m.

If you miss the IGR staff already, consider registering for the League's Annual Conference (Rochester, June 15-17) where staff will summarize the, hopefully, completed legislative session.

If you attended and did not receive an e-mail from hcederholm@lmc.org with a survey link, please contact Heather Cederholm at 651-281-1256; we would love to hear what you thought about the conference and about your experience advocating for your city.

Senate Capital Investment Committee offers alternative to House approach in bonding

The Senate Committee on Capital Investment recommended SF 986 (Sen. Dave Senjem, R-Rochester), as amended, to pass on Friday morning and re-referred the bill to the Senate Finance Committee, to be one of the "tools in the tool box" for putting together the Senate position on the funding of the state budget for the next biennium.

SF 986, which has no companion measure in the House, directs the Commissioner of Management & Budget to refinance state GO bonds if interest rate savings to Minnesota are more than costs associated with issuing or refinancing such bond issues. The result of such refinancing as authorized in the legislation is estimated to reduce state appropriations for FY2012 and FY2013 by \$60 million. To the extent that the refinancing authorized in SF 986 does not reduce state appropriations by that amount, the commissioner is directed to delay issuing state GO bonds that have not yet been issued to accomplish that savings for the next biennium.

The language of the amendment to SF 986 that was adopted at today's committee meeting also provides that any delay incurred as a result is not to be counted toward the four-year time limit set forth in current state law for the future sale of such bonds. There was no opposition to the motion to approve the legislation.

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org or Ann Higgins at 651-281-1257 or ahiggins@lmc.org.

Heather Cederholm | Member Outreach Coordinator
Intergovernmental Relations Department
Tel: (651) 281-1256 | Fax: (651) 215-4113
hcederholm@lmc.org | www.lmc.org
League of Minnesota Cities
145 University Ave. West | St. Paul, MN 55103

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Coalition of Greater Minnesota Cities

CGMC in Brief

March 24, 2011

Contact: Tim Flaherty
651-225-8840

CGMC Members Lobby Rural Senators

Yesterday, the CGMC held another successful lobbying day for members. Several CGMC mayors, council members and city staff met at Flaherty & Hood offices to hear firsthand the impacts of the Senate Tax Bill on LGA and other property tax aid and credit programs. After the briefing members went over to the Capitol to continue to press the case for full funding of the LGA program. Members also met with Sen. Bill Ingebrigtsen chair of the Environment Committee to discuss dedicated funding for regional parks in greater Minnesota, the bill that would limit city authority to regulate wells, and other environmental issues impacting greater Minnesota cities.

Speaker Zellers meets with CGMC City Officials

During discussion in the House Property and Local Tax Division on the House Republican LGA proposal, Rep. Linda Runbeck (Circle Pines) made the statement that the bill was "the beginning of the phase out of LGA." In response to this comment and because of substantive concerns with the bill CGMC President Nancy Carroll sent the attached letter to Speaker of the House Kurt Zellers requesting that he meet with CGMC members who were going to be at the Capitol for the lobby day yesterday.

We are very pleased that Speaker Zellers met for over a half hour with Worthington Mayor Alan Oberloh, Ely Mayor Roger Skraba, Le Sueur Councilman Bob Broeder, Le Sueur administrator Rick Almich, International Falls administrator Rod Otterness, Windom administrator Steve Nasby and CGMC Lobbyist Bradley Peterson. During the meeting CGMC members had a spirited dialogue with Rep. Zellers regarding Rep. Runbeck's comments, the need to maintain a rational, defensible, and fact based LGA formula, and the long-term importance of the program for a strong state into the future.

House Tax Bill Update

The House tax bill passed on a party line vote Wednesday out of the Ways and Means committee, its last stop before the full House. Before final passage out of the committee, levy limits, exactly the same as the last three years of levy limits, were added to the bill. This is a 3.9% levy limit or inflation, whichever is less and allows for levy authority for reductions in LGA.



Senate Tax Bill Summary

The Senate Taxes committee released its omnibus tax bill yesterday. The bill will be voted on Friday before heading to the full Senate. Below is a summary of the Senate tax bill and an update on the House omnibus tax bill. For more information and links to the runs and examples, please visit the CGMC website at greaterminncities.org under the article entitled "[Senate Taxes Committee Releases Omnibus Bill.](#)"

Local Government Aid. The Senate bill reduces LGA to the 2010 paid level or certified 2011, whichever is less for 2011 and 2012. In 2013 and thereafter LGA is funded at \$426 million on the formula. The detailed run for this bill may be found [here](#).

Market Value Credit. Under the bill, in 2011 cities will receive that same level of MVC reimbursement as they did in 2010. In 2012 and thereafter the program converts from a credit on total property taxes to a reduction in a homeowner's tax capacity, thus not requiring any reimbursements from the state to local governments. An example of how this impacts property taxpayers can be found on the CGMC website [here](#).

Local Option Sales Tax. The bill would allow cities, through a referendum, to impose local sales taxes up to 0.5% for selected capital improvement projects. Projects could include the following: conventions and civic centers, public libraries, parks, trails and recreational centers, overpass, arterial and collector roads, or bridges on, adjacent to, or connecting a Minnesota state highway system, railroad overpasses or crossing safety improvements, flood control, water quality projects addressing groundwater and drinking water pollution problems, court facilities, fire, law enforcement or public safety facilities, or municipal buildings.

Cities that impose a local option sale tax would have an LGA offset. The offset will come only from the regional center aid and jobs base aid portion of the LGA formula. The offset will be equal to the revenue generated from the sales tax, but cannot be more than their total of regional center aid and jobs base aid. This offset only applies to local sales taxes imposed or renewed after June 30, 2011. You can see how much regional center and jobs aid your city gets [here](#).

Consolidation Grants. The bill provides \$3.5 million in fiscal years 2012 and 2013 to local governments to help offset the cost of consolidation. The maximum grant is \$100,000.



Media Coverage of CGMC and LGA Continues

The Spring Grove Herald published a great column about the history of LGA and how important it is to cities as it helps communities provide basic services. Read the column here: <http://bit.ly/eC8Vmi>

The West Central Tribune from Willmar wrote about CGMC's efforts to keep LGA at the 2011 certified level. The article mentions that LGA has already been the target of cuts in the past. Tim Flaherty is quoted as saying, "The purpose of local government aid ... has been to focus some property tax relief so that we have good services wherever you are in the state at a reasonable tax rate." Read the article here: <http://bit.ly/goO7sH>

Lori Sturdevant took a "what if" approach and asked Mayor Ness of Alexandria and Mayor Nordhagen of Thief River Falls what Minnesota would look like if there had never been LGA. The consensus is that Minnesota would be a very different place without it, and not for the better: <http://bit.ly/hmUrcA>

The Winona Daily News printed an article about some legislators' wish to reformulate LGA altogether: <http://bit.ly/dP7hZD> and followed up with an opinion piece on the perceived political nature of the House tax plan <http://bit.ly/hxZZEG>

And last week, the Hutchinson leader published a powerful editorial in defense of LGA and asking the Legislature not to tie cities' hands if they are put in the position of having to make up for lost state revenues: <http://bit.ly/fi0u4i>

Senate Tax Bill Extends TIF Provisions

The Senate omnibus tax bill, introduced on Wednesday, includes a 1-year extension of the expanded TIF provisions first passed in 2010's "jobs" bill. This provision expands TIF to any type of project (office, retail, housing, etc.) if there was a finding of job creation and if the construction began by a certain date. The bills would also extend a provision that suspends various rules limiting the use of tax increment revenues under certain conditions.

Unlike the TIF provisions as introduced, the Senate tax TIF extensions are for 1 year, and not 2 years. Also, for the development of any housing, the construction must begin July 1, 2011.

A companion measure was not included in the House omnibus tax bill. For more information, please contact J.D. Burton with Flaherty & Hood at 651-225-8840.



Cuts to Greater Minnesota Transit in House and Senate

Both the House and Senate omnibus transportation bills make reductions to general fund appropriations for greater Minnesota transit. With a general fund base established at \$28.8 million for the current biennium, the general fund allocation in the House bill for the next biennium represents a \$7.4 million reduction. To address some of these reductions, the House refills the coffers with projected revenues from MVST. The projected increase is about 1%. However, this program does not take into account the fact that historically the MVST is lower than projected, inflation, or rising fuel prices.

The Senate proposes a \$8 million general fund reduction for greater Minnesota transit for the next biennium.

These bills are a moving target as changes are made in each committee. We will keep you informed as the bills move through the process.

House and Senate Environmental Bills Moving To Floor

The House and Senate Environmental Committees rolled out and passed their environmental omnibus bills. They are expected to reach the floor next week. Here are a few of the highlights relevant to our cities:

- The House proposes significant cuts to general fund spending for the Pollution Control Agency, the Department of Natural Resources, and the Water and Soil Resources Board. Some of these cuts will hit the water programs at these agencies. The bill does not contain fee increases for permit holders. The reduced spending, however, could result in delays in water projects or future increases in permit fees.
- The House also proposes replacing the current standard on sulfate discharge in wild rice water, which is currently at 10 mg/L, with a 50 mg/L standard until a study can be completed on the appropriate level.
- The Senate Bill, S.F. 1029, contains the provision requiring that the MPCA coordinate with the Wisconsin DNR on the phosphorus standard in Lake Pepin and advocate a standard that takes into consideration the impact of phosphorus on algal growth and applies only during the growing season.

If you have any questions regarding the Environmental Bills, please contact Elizabeth Wefel at eawefel@flaherty-hood.com





House Committee Finalizes Omnibus Tax Bill

The bill retains the original proposed LGA and MVHC cuts and eliminates the metropolitan fiscal disparities program.

(Published Mar 21, 2011)

On Saturday, March 19, the **House Taxes Committee** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021)) finished its work on the omnibus tax bill (**HF 42** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF42&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF42&ssn=0&y=2011))). Although more than 25 amendments were offered by members, the committee did not further modify the local government aid (LGA) and market value homestead credit (MVHC) cuts that were originally included in the bill. The bill will now go to the **Ways and Means Committee** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024)) on March 23 and should be on the House floor by March 24 or 25.

The bill includes an array of tax-related changes, including an income tax reduction for low- to middle-income tax brackets that will save income taxpayers \$221 million over the next two years; repeal of the business tax refund delays; reduction in the statewide business property tax; elimination of the political campaign refund program and the sustainable forest incentive act; and a reduction in the renters refund program costs by roughly \$93 million per year. Overall, the bill cuts state spending by \$872.9 million over the two-year period. However, when the income tax and other tax reductions are netted out, the bill only reduces the state deficit by \$549.6 million.

Impact on cities

Under the bill, Minneapolis, St. Paul, and Duluth will have their 2011 LGA reduced by nearly \$75 million while all other cities will receive their certified 2011 LGA distributions with no cut. For the 2012 distributions, all non-first class cities will receive either their net 2010 LGA after all cuts or their certified 2011 LGA, whichever is less. First class cities will receive only 50 percent of either their 2010 net LGA or their certified 2011 LGA, whichever is less.

Beyond city LGA, there will be cuts to all cities in 2011. All cities will have their 2011 MVHC reimbursement cut by the amount of their supplemental 2010 cut, which is a \$48 million reduction statewide. After 2012, the MVHC program is eliminated entirely and converted into a classification for qualifying homesteads. Note that the bill no longer includes a property tax freeze or levy limits. A recap of the cuts in the bill is provided below.

March 19 amendments

Perhaps the most significant change to the bill occurred with the last amendment of the day on March 19, offered by **Rep. Ann Lenczewski** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10369](http://www.house.leg.state.mn.us/members/members.asp?id=10369)) (DFL-Bloomington), to repeal the metropolitan fiscal disparities program. The amendment was adopted on a 12-10 vote.

In 2011, the metropolitan fiscal disparities program included more than \$420 million in commercial and industrial tax base growth. Specifically, the program requires that 40 percent of the commercial and industrial growth that has occurred since 1971 be contributed to the pool. This pool of commercial and industrial tax base is then shared among local taxing entities throughout the seven-county metro area on the basis of population and relative property tax base wealth, or tax base per capita. This tax base is converted into property tax revenue for each city, county, and school district by applying the entity's previous year's tax rate to its distribution from the pool.

Elimination of the program would return the currently shared tax base to the host community. The table below shows the 2011 contributions and distributions totaled by each county. If the program were eliminated, the tax base of the county and the cities, schools, and townships within each county would decrease by the amount in the column labeled "Current Law Net." Note that for Hennepin County, the elimination would result in a net increase in local tax base.

**Elimination of Metropolitan Fiscal Disparities Program under HF 42:
Effect on Tax Base by County**

County	2011 Contribution	2011 Distribution	Current Law Net
Anoka	\$36,111,248	\$56,476,913	+\$20,365,665
Carver	\$9,452,470	\$11,332,770	+\$1,880,300
Dakota	\$52,609,165	\$58,689,903	+\$6,080,738
Hennepin	\$214,637,699	\$156,286,105	-\$58,351,794
Ramsey	\$69,229,905	\$89,293,062	+\$20,063,157
Scott	\$12,804,554	\$16,927,997	+\$4,123,443
Washington	\$25,869,017	\$31,707,508	+\$5,838,491
Total	\$420,714,258	\$420,714,258	0

Note that the elimination of the fiscal disparities program will have delayed impacts beyond the seven-county metro area. The LGA formula includes a measure of tax base that is the net of fiscal disparities contributions and distributions and, therefore, many cities in the metro area that are currently net recipients under the fiscal disparities program will appear to be less property wealthy under the LGA formula and as a result, it is possible that some of these cities will receive a larger share of the LGA distribution.

Due to the current law delay in how the fiscal disparities program works, the impact on the LGA formula would not occur until the 2013 LGA distribution. However, the House Research Department estimates that overlaying the elimination of fiscal disparities on the 2011 LGA formula would shift roughly \$3.3 million in LGA from cities in Greater Minnesota to cities in the metro area.

Rep. Jenifer Loon (Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=15313>) (R-Eden Prairie) offered a scaled-back version of her bill, **HF 776** (Link to: [https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF776&ssn=0&y=2011)

[b=House&f=HF776&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF776&ssn=0&y=2011)), a bill that would have extended by another two years the tax increment financing (TIF) flexibilities passed in last year's **Chapter 216** (Link to: [https://www.revisor.mn.gov/laws/?](https://www.revisor.mn.gov/laws/?id=216&doctype=Chapter&year=2010&type=0)

[id=216&doctype=Chapter&year=2010&type=0](https://www.revisor.mn.gov/laws/?id=216&doctype=Chapter&year=2010&type=0)). Her amendment would have allowed only a one-year extension and would not have allowed certain housing projects to use the TIF flexibility. Before she could move to a vote on the amendment, Rep. Lenczewski (DFL-Bloomington) successfully amended the Loon amendment by adding language that would have taken the county tax rate out of the increment

calculation for TIF projects. With that Lenczewski language added to the Loon amendment, Rep. Loon withdrew her amendment.

Rep. Diane Loeffler (*Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=12270>*) (DFL-Minneapolis) offered an amendment to rename the LGA program the “Rural and Some Suburbs Government Aid” program in light of the fact that the bill phases first class cities out of the formula over four years. **Rep. Linda Runbeck** (*Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=10575>*) (R-Circle Pines) offered an amendment to the Loeffler amendment that would have replaced that title with “Basic Aid for Services in Cities” aid. Loeffler dropped her amendment and the program remains “LGA.”

2011 Impacts

For pay 2011, the bill will reduce LGA funding by roughly \$75 million, with all of this reduction coming from the cities of Minneapolis, St. Paul, and Duluth. All other cities will receive their certified 2011 LGA amounts with no reduction.

View estimates of the 2011 and 2012 distributions of LGA to all cities (pdf) (*Link to:*

http://www.house.leg.state.mn.us/comm/docs/p0317cvr_merged.pdf)

For 2011, cities will also lose a total of \$48 million in MVHC reimbursements through an extension of the 2010 supplemental budget cuts. These cuts are identical to the cuts contained in the vetoed HF 130 and will impact all but a handful of cities that lost all of their MVHC reimbursement under the unallotment reductions imposed two years ago. You can find the 2011 MVHC estimate for each city and the estimate for the remaining amount after the cut in the last two columns of the following spreadsheet.

View estimates of the MVHC cut (pdf) (*Link to: <http://www.house.leg.state.mn.us/hrd/issinfo/h0130cc.pdf>*)

2012 Impacts

For 2012, Minneapolis, St. Paul, and Duluth will receive LGA equal to 50 percent of either their 2010 LGA after all cuts or their certified 2011 LGA, whichever is less. All other cities will have their LGA reduced to the amount under HF 130, which is either their 2010 LGA after all cuts or their 2011 certified formula amount, whichever is less. The total LGA cut from the current law LGA distribution is \$172.8 million. Please note that cities under 1,000 in population will have no cuts in 2012, other than normal changes in their LGA distribution due to the operation of the LGA formula.

Beginning in tax year 2012, the MVHC program is entirely eliminated, saving the state roughly \$260 million per year. The elimination of the credit is coupled with the creation of a class rate reduction for qualifying homes that will partially offset the loss of the MVHC, but this change will shift property taxes among all properties and some of the shift will fall back on homes that had previously directly benefited from the MVHC.

For city finances, the main feature of this MVHC change appears to be that city property tax levies will no longer be affected by the program and state funding cuts and, therefore, a city should receive all of the levy it certifies each year to the county.

2013 Impacts

For 2013 distributions, Minneapolis, St. Paul, and Duluth will receive LGA equal to 25 percent of either

their 2010 final LGA after all cuts or their certified 2011 LGA, whichever is less. For all other cities, the LGA formula will be used to distribute a total appropriation of roughly \$319 million. The total LGA cut from the current law LGA distribution is \$208 million.

2014 Impacts

For 2014 distributions, Minneapolis, St. Paul, and Duluth will receive no LGA while suburban metro cities will receive LGA permanently frozen at their 2013 level. For all other cities, the LGA formula will be used to distribute a total appropriation of roughly \$283.3 million. The total LGA cut from the current law LGA distribution is \$244 million.

Summary of cuts

Note that the state deficit is roughly 15 percent. LGA cuts are 14 percent for the 2011 distribution, 33 percent for the 2012 distribution, and 39 percent for the 2013 distribution, and LGA will receive only 46 percent of the current law funding level in 2014. The table below summarizes the cuts to cities over the next four years.

Cuts to City LGA and MVHC under HF 42
(In millions)

	Tax Year 2011	Tax Year 2012	Tax Year 2013	Tax Year 2014
MVHC Cut	-\$48.0	N/A*	N/A	N/A
Original LGA Appropriation	\$527.1	\$527.1	\$527.1	\$527.1
First Class City Cut	-\$74.5	-\$111.5	-\$147.0	-\$182.5
Cuts to all Other Cities	0	-\$61.3	-\$61.3	-\$61.3
Total HF 42 Cut	-\$74.5	-\$172.8	-\$208.3	-\$243.8
Remaining Appropriation	\$452.6	\$354.3	\$318.8	\$283.3
Percent Reduction	-14.1%	-32.8%	-39.5%	-46.3%

*As described above, the MVHC program is eliminated beginning in tax year 2012, saving the state an estimated \$260 million per year in reimbursement costs. However, through the elimination of the program, there is no direct impact on city budgets after tax year 2011.

Other provisions

The bill includes a number of other provisions, including local sales tax language for the cities of Cloquet, Fergus Falls, Hutchinson, Marshall, Lanesboro, Medford, Rochester, Clearwater and Hermantown. Despite including these local sales taxes, the bill also includes a two-year moratorium that prohibits local units of government from spending public funds to seek a future local sales tax.

The bill includes a few local development provisions, including those for the cities of Lino Lakes, Ramsey, and Taylors Falls. Additionally the bill still includes last year's provision to allow TIF pooling to be used in certain foreclosure situations on market rate housing.

The bill also includes a cooperation, consolidation, and innovation grant program that is available to cities, counties, and townships. The program will receive roughly \$2.5 million per year, with a grant maximum of \$100,000 per unit of government, funded on a first come, first served basis.

The bill would exempt purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision. The exemption was

sought last year by the City of Freeport and would be effective retroactively for sales and purchases made after June 30, 2007. However, no refunds may be made for amounts already paid on water purchased between June 30, 2007, and January 30, 2010.

The bill includes a two-year suspension in county and now city contributions under the library funding requirements, also known as library maintenance of effort (MOE). The original amendment only exempted counties from the library funding requirement. After the League testified and expressed concerns about the potential shift in library costs from counties to cities, Rep. Linda Runbeck offered an amendment that added cities to the two-year library MOE suspension. Library advocates, including the Minnesota Library Association, opposed both changes but indicated to the League that they understood the dilemma for cities if only counties were exempt from the MOE requirement. **(Read related article.**

(Link to: <http://www.lmc.org/page/1/library-moe.jsp>)

Read the current issue of the Cities Bulletin *(Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)*

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org *(Link to: <mailto:gcarlson@lmc.org>)*

Contact Jennifer O'Rourke

IGR Representative

(651) 281-1261 or (800) 925-1122

jorourke@lmc.org *(Link to: <mailto:jorourke@lmc.org>)*



Governor Signs 2010 Federal Tax Conformity Legislation

Changes in the new law include income exclusion for dependents up to age 26, but do not require the issuance of corrected W-2 forms.

(Published Mar 23, 2011)

Gov. Dayton on March 21 signed into law **Chapter 8** ([Link to: https://www.revisor.mn.gov/laws/?id=8&year=2011&type=0](https://www.revisor.mn.gov/laws/?id=8&year=2011&type=0)), an act that brings Minnesota's individual income tax and corporate franchise tax statutes into conformity with the majority of the federal tax law changes enacted since March 18, 2010.

However, the bill incorporates the changes in state income tax law that cover only tax year 2010. The **House** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021)) and **Senate** ([Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=1019&ls=](http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=1019&ls=))

Taxes committees will likely work on a permanent extension after the House and Senate budgets are complete.

The new law also repeals a law enacted during the first special session of 2010 that had directed the commissioner of Revenue to delay paying corporate franchise and sales tax refunds to shift \$152 million in refund obligations from fiscal year 2011 to fiscal year 2012. That change was enacted last year as a part of the budget-balancing legislation that was also intended to help the state with cash flow needs. With the improvement in the state's economy, that shift was deemed to be unnecessary.

Some of the principal federal changes Minnesota would conform to for only tax year 2010 include:

- An extension of the income exclusion for health insurance to include benefits for adult children up to age 26.
- An extension of the higher education tuition deduction.
- An extension of the educator classroom expense deduction.
- An extension of the enhanced deduction of charitable contributions of computers.
- An increase in the maximum exclusion for employer-provided adoption assistance.
- An extension of the authority for individuals age 70½ or older to transfer up to \$100,000 from an IRA or Roth IRA directly to a qualified charity.
- An extension of the increase in the federal adjusted gross income limit on the amount of qualified conservation easements that may be claimed as a charitable deduction.
- An extension of various provisions related to depreciation and expensing.

Under the new law, employers are not required to issue new W-2 forms for tax year 2010 if they have already issued W-2s for 2010 that show the value of health insurance coverage provided to adult

children under age 27 that was previously included in state taxable income.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (*Link to: <mailto:gcarlson@lmc.org>*)

Contact Erin Rian

Human Resources Manager

(651) 215-4095 or (800) 925-1122

erian@lmc.org (*Link to: <mailto:erian@lmc.org>*)

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Main Identity

From: "Cederholm, Heather" <hcederholm@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Cc: "AMM" <AMM2@lmc.org>; "Board of Directors--LMC" <BoardofDirectorsLMC@lmc.org>; "Communications" <Communications@lmc.org>; "IGR" <IGR@lmc.org>
Sent: Friday, March 18, 2011 3:35 PM
Subject: [legislative] Friday Fax--March 18, 2011
House Tax Committee hears omnibus tax bill

On Friday morning, the full House Tax Committee took up HF 42, the bill that will now become the House version of the omnibus tax bill. At today's hearing, the committee first approved a delete-all amendment to HF42, which generally includes individual income and corporate franchise tax, sales and use tax and special tax provisions. The committee then amended HF 42 with the language contained in the Property and Local Tax Division report, HF 481, to create the core of the omnibus tax bill.

Tax Chair Greg Davids (R-Preston) offered several other amendments, including an amendment to the property and local tax article that makes further changes to the cuts in the Local Government Aid formula and other provisions that will directly impact cities. The most significant change in the amendment is the treatment of LGA cuts for suburban metro cities. Under the author's amendment, the suburban metro cities will be essentially cut in a manner identical to the non-first class cities of Minneapolis, St. Paul and Duluth.

Additional information on the Property and Local Tax Division report as it was finalized on Wednesday night can be found here.

2011 Impacts

Under the author's amendment, the cuts in 2011 to LGA and Market Value Homestead Credit (MVHC) reimbursement will not change. For pay 2011, the bill will continue to reduce LGA funding by roughly \$74.5 million, with all of this reduction coming from the cities of Minneapolis, St. Paul, and Duluth. All other cities, including suburban metro cities will receive their certified 2011 LGA amounts with no reduction. You can find updated estimates of the impact of the 2011 and 2012 LGA changes here.

For 2011, cities will also lose a total of \$48 million in MVHC reimbursements through an extension of the 2010 supplemental budget cuts. These cuts are identical to the cuts contained in the vetoed HF 130 and will impact all but a handful of cities that previously lost all of their MVHC reimbursement under the unallotment reductions imposed two years ago. Estimates of the MVHC paid in 2010 can be found in the last column on this spreadsheet.

2012 Impacts

The major change in Friday's author's amendment will impact LGA distributions to suburban metro cities beginning in 2012. These cities will have their LGA reduction modified and lightened with the cut being identical to the reduction applied to other non-first class cities. The 2012 reduced LGA will be equal to the lesser of their 2010 LGA (after all cuts last year) or their certified 2011 LGA. Before the amendment, the LGA distribution to suburban metro cities would have been equal to only 75 percent of the above amount.

Minneapolis, St. Paul, and Duluth will receive the deepest reductions with their LGA in 2012 equal to 50 percent of either their 2010 LGA after all cuts or their certified 2011 LGA, whichever is less. The cut to the three first class cities would be \$109.8 million while the cut to all other cities would be \$63 million. Please note that cities under 1,000 in population will generally have no cuts in 2012 due to the fact that they were exempt from the 2010 ratified unallotment reductions. There may be increases or decreases to individual cities due to the operation of the LGA formula.

As with the bill that emerged from the Property and Local Tax Division, beginning in tax year 2012, the MVHC program is entirely eliminated, saving the state roughly \$260 million per year. The elimination of the credit is coupled with the creation of a class rate reduction for qualifying homes that will partially offset the loss of the MVHC, but this change will shift property taxes among all properties and some of the shift will fall back on homes that had previously directly benefited from the MVHC.

For city finances, the main feature of this MVHC change appears to be that city property tax levies will

no longer be affected by the program and state funding cuts and, therefore, each city should receive its entire levy certified each year to the county.

2013 Impacts

For 2013 distributions, Minneapolis, St. Paul, and Duluth will receive LGA equal to 25 percent of either their 2010 final LGA after all cuts or their certified 2011 LGA, whichever is less. For all other cities, the author's amendment will use the LGA formula to distribute a total appropriation of roughly \$318.8 million. The cut to the three first class cities would be \$145.5 million while the cut to all other cities would be \$63 million

2014 Impacts

For 2014 distributions, Minneapolis, St. Paul, and Duluth will receive no LGA while all other cities will receive an LGA distribution via the formula using an appropriation of \$283.3 million. The cut to the three first class cities would be \$180.9 million while the cut to all other cities would be \$63 million.

Note that the state deficit is roughly 15 percent. LGA cuts are 14 percent for the 2011 distribution, 33 percent for the 2012 distribution, and 40 percent for the 2013 distribution, and LGA will receive only 46 percent of the current law funding level in 2014.

Other changes impacting cities

Under the Property Tax Division report, a variety of county maintenance-of-effort provisions were suspended, including the county library maintenance-of-effort requirement. In testimony on Wednesday night, the League raised concerns about the potential impact of county reductions in library funding and the possibility that pressure would be placed on cities to fill the void. Under the author's amendment, the library maintenance of effort requirement for cities will also be suspended for the two year period.

The bill includes local sales taxes or amendments to existing sales taxes for the cities of Fergus Falls, Hutchinson, Marshall, Lanesboro, Clearwater, Rochester, Medford, Hermantown and Cloquet. However, the bill also includes a two-year moratorium on local governments expending public funds related to seeking future local sales taxes.

The bill also includes a number of tax increment provisions as well as a sales tax exemption for water used for firefighting purposes based on a request from the city of Freeport.

The House Tax Committee currently plans to work all day on Saturday and possibly on Monday to complete the committee work on the bill. Chair Davids has repeatedly indicated to the committee this morning that they must vote on the bill by midnight Monday in order to send the bill to the Ways and Means Committee before sending the bill to the floor. League staff will be covering these hearings and if events necessitate, we might be sending updates over the weekend.

The Senate Tax Committee will unveil their bill perhaps as early as next Tuesday evening. That bill will likely be heard at an extended hearing Wednesday, with testimony and amendments later in the day and into the evening.

Contact Gary Carlson at gcarlson@lmc.org or Jennifer O'Rourke at jorourke@lmc.org with questions or concerns at any point over the weekend.

Youth access tobacco licensing bill passes first House committee

A bill we wrote about in last week's Friday Fax, HF 962 (Rep. Larry Howes, R-Walker) was substantially amended in its first committee stop on Thursday in the House Government Operations and Elections Committee. The original bill made it easier for retailers selling tobacco to minors, to not lose their license. The delete-everything amendment as adopted does not now pre-empt cities with their local ordinances, which has always been a strong point for those advocating on strong youth access laws. The actual language states: "In lieu of the license suspension provision of this subdivision or a similar local ordinance, the licensing authority may take any alternative, authorized enforcement action that the authority deems fit if it determines that the violation was caused by a sincere mistake made by an employee of the licensee. Prior to making a determination to take alternative enforcement action, the licensing authority shall consider whether or not the licensee has a company policy which prohibits the sale of tobacco to minors, provides relevant employee training, and conducts unannounced compliance checks on employees."

The bill was initiated by lobbyists for the convenience stores. Their concern all along has been with the current license suspension and the amount of business a convenience store loses. Everything for them can hinge on one employee's mistake.

The League testified on the amendment stating that the current law is working, but that we have been working with the retail advocates to see if there is a way to accommodate for extenuating circumstances. Various health groups testified against it, also preferring a strong state law—among them the American Cancer Society, the American Heart Association, and the American Lung Association. Golden Valley City Council Member Bob Shaffer testified and shared their story of working with a Walgreens drugstore that was regularly selling tobacco to minors. Additionally, the City of Plymouth's Police Chief Mike Goldstein sent a letter outlining their concerns with the language as originally presented in HF 962.

The next stop for this bill will be the Health and Human Services Reform committee, chaired by Rep. Steve Gottwalt (R-St. Cloud). Currently, a

Senate companion bill has not been introduced.

Questions? Contact Jennifer O'Rourke, at 651.281.1261 or jorourke@lmc.org

House Transportation Committee unveils omnibus finance bill

The House Transportation Policy and Finance Committee today released a preliminary version of the omnibus transportation finance bill. The contents of the bill were offered as a delete-everything amendment to another bill, HF 1140 (Rep. Mike Beard, R-Shakopee).

The committee heard an overview of the bill but is not expected to vote on passage until the evening of Monday, March 21.

Under the targets given to the committee by House leadership, the committee was ordered to cut about \$60 million, which means virtually all of its budget that comes from the state's general fund. Transportation is a unique part of the state's budget in that much of the spending is constitutionally determined. As the House Research Highway Finance Overview describes, almost all road funding is handled outside of the state's general fund. State funding primarily comes from three transportation-related taxes (the gas tax, the motor vehicle sales tax, and the vehicle registration tax) and is allocated to the Highway User Tax Distribution Fund (HUDTF). The portion of transit that is funded by the state comes out of the general fund. What this means is that all state transit funding will be eliminated, and transit will be forced to rely on local sources and user fees. The total amount eliminated from the Greater Minnesota Transit Fund is \$3.81 million per year, and the total amount from Metropolitan Transit is \$25.69 million per year.

The bill does not contain any revenue increases—such as gas tax or registration tax increases—so municipal state aid, county state aid and the trunk highway funds will remain stable provided revenues meet projections.

The League and other transportation advocates will testify in opposition to the bill on the grounds that transit funding is an essential part of local economies. Expect multiple amendments before the bill reaches the House floor.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

House Redistricting Committee Wants to Hear from Cities

Representative Sarah Anderson (R-Plymouth), Chair of the House Redistricting Committee, and Representative Mary Murphy (D-Hermantown), the lead for the House Minority Caucus members of the committee, are sending letters to cities (directed to city clerks as local election administrators) requesting information on concerns cities may have regarding the impact of legislative redistricting at the local level.

Of particular importance, the legislators are seeking information regarding specific local concerns about how existing legislative district boundaries as they were drawn after the 2000 U.S. Census have affected representation of the community at the state level, as well as how those legislative district lines have adversely affected the process of conducting elections at the local level.

The League provided the House Redistricting Committee with city hall addresses and the names of city clerks listed in the LMC 2011 Directory of Minnesota City Officials to assist in directing the committee correspondence to local election administrators.

Representatives Anderson and Murphy have indicated that the goal of the House Redistricting Committee is to produce a fair legislative (and congressional) redistricting plan and map of the new boundaries state legislative and congressional districts through the legislative process.

Cities where existing legislative district boundaries have resulted in difficulties for the city in the process of redrawing precinct or city ward boundaries or in effective representation of the city at the state level are encouraged to identify those circumstances and submit information regarding of local concerns to the committee.

The letter contains the names and official legislative addresses for both legislators along with their email addresses.

Questions? Contact Ann Higgins at 651-281-1257 or ahiggins@lmc.org.

Senate Judiciary and Public Safety budget bill released

On Thursday, the Senate Judiciary and Public Safety Committee released their proposed budget appropriations for FY 2012-13. The budget maintains funding for core services to the courts and increases the public defenders budget, which is a constitutionally required service. The full Judiciary and Public Safety Committee budget bill will be introduced on Monday, March 21. Committee Chair, Sen. Warren Limmer (R-Maple Grove) will carry the bill.

A financial hole of \$27 million was filled in the Department of Corrections - Institutions budget. There are no proposed reductions to domestic abuse shelters and services. Also spared in the proposal are regional violent and drug task forces, the Peace Officer Standards and Training

(POST) Board. Most social service programs that do require a matching grant from local communities are proposed for elimination. The measure also includes a one-time transfer of \$8.5 million from the Fire Safety Account to the general fund.

The committee will hear testimony on, and consider amendments to, the measure next week.

[Click here](#) to see the budget tracking spreadsheet.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Pension shift bill to be heard

On Monday, the Senate Committee on [State Government Innovation and Veterans](#) will hear a proposal that would shift 3 percent of the current employer pension contribution to employees for a large number of state and local government workers.

The bill, [SF 813](#), is authored by [Sen. Gretchen Hoffman](#) (R-Vergas) and is co-authored by [Sens. Mike Parry](#) (R-Waseca), [Dave Thompson](#) (R-Lakeville), [Roger Chamberlain](#) (R-Lino Lakes), and [Scott Newman](#) (R-Hutchinson).

According to Sen. Parry, the proposal would reduce state general fund costs for state employee contributions by roughly \$25 million per year. For the Public Employees Retirement Association (PERA), the proposal would not impact employees in the Police and Fire plans but would have the effect of decreasing the contributions by employers for all other PERA employees by an estimated \$155 million per year. That current employer cost would be shifted to employees, which would have the effect of reducing their salaries by 3 percent. The city share of that \$155 million is estimated to be roughly \$35 million.

For additional information on the contribution changes in the bill, please refer to the League's [Cities Bulletin](#) article from this week.

According to PERA, there would be an actuarial cost to this proposal, which would result in a need for an increase in future employer and employee contributions into the plan of approximately 0.5 percent of pay. This negative impact on the plan is due to the fact that when a city employee leaves public employment before retirement, that person may withdraw his or her personal contributions into PERA with interest. If employee contributions are increased by 3%, employees withdrawing funds would be receiving a larger refund. The employer contributions remain in the PERA system, however, and with the shift to greater employee contributions, the amount remaining in the system after an employee's withdrawal would be reduced.

While the proposed legislation has the short-term benefit of reducing local government costs, it could have a negative impact on the ability of cities to attract and retain employees at a time when the city workforce is aging, and cities are experiencing challenges in attracting a new generation into municipal employment. In the past several years, many cities have asked their employees to accept significant wage reductions and absorb a greater share of their health insurance benefit costs. Under this proposal, city employees will see another immediate reduction in their wages.

On Thursday, the League's [Board of Directors](#) considered the proposal and its impact on cities across the state. After a lengthy discussion on the merits and deficiencies of the proposal, the Board voted to oppose the bill, due to the negative impacts on the funding level on the PERA plan, the potential impacts on recruitment and retention of employees, as well as the fact that there is a pending legislatively-mandated study that will provide legislators with potential options for reform. The Board also thought that adjusting pension contributions to help solve a general fund budget deficit would be poor public policy and perhaps set an undesirable precedent.

We will report on the committee hearing in next week's [Cities Bulletin](#).

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org

Heather Cederholm | Member Outreach Coordinator
Intergovernmental Relations Department
Tel: (651) 281-1256 | Fax: (651) 215-4113
hcederholm@lmc.org | www.lmc.org
League of Minnesota Cities
145 University Ave. West | St. Paul, MN 55103

Connecting & Innovating since 1913



Coalition of Greater Minnesota Cities
CGMC in Brief

March 17, 2011

Contact: Tim Flaherty
651-225-8840

**Property Tax
Division Report
Moves on to Full Tax
Committee**

The House Property Tax Division passed its division report on a 9-8 party line vote. The report will now be combined with the full omnibus tax bill that will likely be passed this Saturday.

There were several changes made from the original division report released last weekend. The report now gives all cities, with the exception of Minneapolis, St. Paul and Duluth, their full 2011 certified LGA. Suburban cities are then phased down, by 2013, to 50% of 2010 paid LGA or certified 2011, whichever is lower, instead of completely eliminated. For all other cities, the report did not change. Minneapolis, St. Paul, and Duluth will have their LGA phased out by 2014. Greater Minnesota cities will receive their full 2011 certified LGA and then, in 2012, the lower of their 2010 paid LGA or certified 2011 before returning to the formula in 2013. The final report also removed the previously proposed levy limits.

Steve Peterson, Senior Policy Analyst for Flaherty & Hood, P.A. testified on behalf of the CGMC on the bill. Mr. Peterson stated that the CGMC supported the removal of the levy limits, and the full funding of cities' 2011 certified LGA; however, the CGMC does not support the reduction in LGA in the out years or reducing aid to cities based strictly on geography. President Nancy Carroll sent letter to House Republicans in Greater Minnesota thanking them for their support. A copy of the letter is attached.

The Senate is currently working to put together their omnibus tax bill that is scheduled to be released Wednesday, March 23.

**CGMC Lobbying Day
Next Week**

As we continue to make our case at the legislature there is no substitute for having local officials connect with legislators. Please join us for another lobbying day on the afternoon of Wednesday March 23. We will convene at the Flaherty & Hood Offices at 1:00 pm for a quick briefing before heading to the capitol. Our focus will be the Senate. Please try to make an appointment with your senator for that afternoon. We will also try to set appointments with other key senators for that afternoon as well.

Please RSVP to or contact Bradley Peterson with any questions at bmpeterson@flaherty-hood.com.



LGA and CGMC in the media

In response to the House Property Tax Division Report, CGMC President Nancy Carroll released the following statement: **“We are pleased that the proposal recognizes the importance of LGA to homeowners and businesses in greater Minnesota, however we strongly disagree with exclusion of metro and suburban communities from a policy that has benefitted the entire state.”** The Bemidji Pioneer quoted Mayor Carroll in their story about the House tax plan here: <http://bit.ly/gb8Kr0>

Granite Falls Mayor Dave Smiglewski also voiced his disapproval of cuts to LGA to metro cities, a sentiment mentioned and echoed in this Star Tribune editorial: <http://bit.ly/fUxLBX>

Last week’s column by Star Tribune Commentary Editor D.J. Tice used the Voss Report to argue against LGA, saying that people in metro cities pay a larger percentage of their income in property taxes. This column drew a bipartisan response from Republican Rep. Rod Hamilton and DFL Senator Kathy Sheran: <http://bit.ly/fZSK88>

Even the Star Tribune Business section took notice, as columnist Neal St. Anthony wrote about local chambers of commerce passing resolutions in support of LGA: <http://bit.ly/gcwWFI>

Slow Results for Angel Program in Greater Minnesota

On Tuesday, the Department of Employment and Economic Development released a legislatively mandated report outlining the status and progress of the Minnesota Angel Tax Credit Program, enacted in 2010. A full copy of the report can be found [here](#).

The report found that of the \$28 million in tax credit investments produced by the new Angel program, only \$1.785 million went towards investment in greater Minnesota companies. This represents only 6 of the 67 businesses who received a qualifying investment under the fund. The report describes this lack of investment in greater Minnesota as “surprising” and “a concern,” and states that “DEED has begun actively working with Minnesota’s angel community to identify ways to increase angel activity in Greater Minnesota.”

The Angel Tax Credit program, formally known as the Small Business Investment Tax Credit, was enacted into law in 2010 (Minn. Stat. §116J.8737) as part of the 2010 “jobs” bill.

Flaherty & Hood, P.A. attorney/lobbyist J.D. Burton met with DEED and Angel investor representatives in early February to discuss the program and how the CGMC can work with DEED and the Angel groups to promote business development in greater Minnesota cities. If you’d like more information about this program, or the CGMC’s efforts, please contact J.D. via [email](#) or by phone at 651-225-8840.



House introduces Omnibus Environmental Bill

The House Environment, Energy and Natural Resources Finance and Policy Committee introduced its omnibus bill yesterday and it has been creating some controversy. One significant issue is the temporary suspension of MPCA rules regarding sulfate in wild rice waters. As noted in previous CGMC issues, the current standard for sulfate in wild rice waters is extremely low at 10 mg/L. Because there has been very little study on the issue, the soundness of that level is questionable. The omnibus bill directs the MPCA to study the issue and amend its rules on the standard. Before the new standard is in place, the 10 mg/L is suspended and replaced with a 250 mg/L standard, the current sulfate standard for drinking water.

Upcoming Events

Mark Your Calendars! 2011 CGMC Labor & Employee Relations Seminars

The CGMC Labor and Employee Relations Committee will be sponsoring two seminars again this year from 10:00 a.m. to 4:00 p.m. as follows:
Thursday, June 2, 2011 in Brainerd and Thursday, June 9, 2011 in Mankato.



March 14, 2011

Dear Rural Republican House Member,

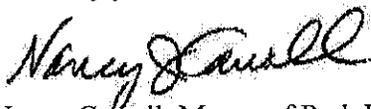
I am writing on behalf of the members of the Coalition of Greater Minnesota Cities to express our appreciation to you and your colleagues for the ongoing support for the LGA program for greater Minnesota as expressed in the House Property and Local Tax Division Report unveiled on Saturday. We have no doubt that this outcome is the direct result of rural House members standing up for their communities at the legislature. We would like to especially recognize the commitment to paying the certified LGA amounts for 2011.

We understand that your proposal is just the first step towards the legislature reconciling a budget with the governor. Nonetheless we are counting on you to continue to support this program which has helped rural communities remain strong places to raise a family and do business.

While we are thankful for the strong support that this proposal shows for communities in greater Minnesota, we strongly disagree that Cities of the First Class and many deserving suburban communities with the same needs and burdens as greater Minnesota cities should be excluded from the program. We believe that inclusiveness is the key to a strong relationship between the state and its local governments, and hope that the legislature will recognize the legitimate needs of communities across the state which the LGA program has addressed so well over the years.

Thank you for your work on behalf of your communities. The folks back home are counting on you in St. Paul.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Nancy Carroll".

Nancy Carroll, Mayor of Park Rapids
President, Coalition of Greater Minnesota Cities



House Property Tax Bill Seeks Major City Cuts

The bill phases out LGA for Minneapolis, St. Paul, and Duluth, and imposes deep future cuts for all other cities.

(Published Mar 16, 2011)

The **House Property and Local Tax Division** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87022](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87022)) on March 12 unveiled its property tax article, which will be incorporated into the omnibus tax bill. The Division amended its draft report this morning (March 16) to remove a city property tax freeze and to moderate the local government aid cuts originally proposed for cities in the seven-county metro area.

Even after the amendment, the bill contains cuts to the market value homestead credit (MVHC) reimbursement for all cities in 2011; a phase-out of the local government aid (LGA) system for the cities of Minneapolis, St. Paul, and Duluth beginning in 2011; and LGA reductions for Greater Minnesota cities and suburban metro cities beginning in 2012.

The Division report will now go to the full **House Taxes Committee** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87021)), where it will be merged with the balance of the omnibus tax bill. The full omnibus tax bill should reach the floor no later than March 25.

2011 Impacts

For pay 2011, the bill will reduce LGA funding by roughly \$75 million, with all of this reduction coming from the cities of Minneapolis, St. Paul, and Duluth. All other cities will receive their certified 2011 LGA amounts with no reduction.

View estimates of the impact on LGA in 2011 and 2012 (pdf) ([Link to: http://www.house.leg.state.mn.us/comm/docs/p0316a6cyr_merged.pdf](http://www.house.leg.state.mn.us/comm/docs/p0316a6cyr_merged.pdf))

For 2011, cities will also lose a total of \$48 million in MVHC reimbursements through an extension of the 2010 supplemental budget cuts. These cuts are identical to the cuts contained in the vetoed HF 130 and will impact all but a handful of cities that lost all of their MVHC reimbursement under the unallotment reductions imposed two years ago.

View estimates of the MVHC cut (pdf) ([Link to: http://www.house.leg.state.mn.us/hrd/issinfo/h0130cc.pdf](http://www.house.leg.state.mn.us/hrd/issinfo/h0130cc.pdf))

2012 Impacts

For 2012, suburban metro cities will have their LGA reduced to 75 percent of *either* their 2010 LGA (after all cuts last year) *or* their certified 2011 LGA, whichever is less. Minneapolis, St. Paul, and Duluth will receive LGA equal to 50 percent of *either* their 2010 LGA after all cuts *or* their certified 2011 LGA, whichever is less. All other cities (those outside the seven-county area) will have their LGA reduced to the amount under HF 130, which is *either* their 2010 LGA after all cuts *or* their 2011 certified formula

amount, whichever is less. The total LGA cut from the current law LGA distribution is \$177.3 million. Please note that cities under 1,000 in population will have no cuts in 2012, other than normal changes in their LGA distribution due to the operation of the LGA formula.

Beginning in tax year 2012, the MVHC program is entirely eliminated, saving the state roughly \$260 million per year. The elimination of the credit is coupled with the creation of a class rate reduction for qualifying homes that will partially offset the loss of the MVHC, but this change will shift property taxes among all properties and some of the shift will fall back on homes that had previously directly benefited from the MVHC.

For city finances, the main feature of this MVHC change appears to be that city property tax levies will no longer be affected by the program and state funding cuts and, therefore, a city should receive all of the levy it certifies each year to the county.

2013 Impacts

For 2013 distributions, Minneapolis, St. Paul, and Duluth will receive LGA equal to 25 percent of *either* their 2010 final LGA after all cuts *or* their certified 2011 LGA, whichever is less. Suburban metro cities will receive LGA equal to 50 percent of *either* their 2010 final LGA after all cuts *or* their certified 2011 LGA. For all other cities, the LGA formula will be used to distribute a total appropriation of roughly \$309.9 million. The total LGA cut from the current law LGA distribution is \$217.2 million.

2014 Impacts

For 2014 distributions, Minneapolis, St. Paul, and Duluth will receive no LGA while suburban metro cities will receive LGA permanently frozen at their 2013 level. For all other cities, the LGA formula will be used to distribute a total appropriation of roughly \$274.4 million. The total LGA cut from the current law LGA distribution is \$252.7 million.

Note that the state deficit is roughly 15 percent. LGA cuts are 14 percent for the 2011 distribution, 34 percent for the 2012 distribution, and 41 percent for the 2013 distribution, and LGA will receive only 48 percent of the current law funding level in 2014.

Property tax freeze/levy limits

In her March 16 amendment, **Chair Linda Runbeck** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?district=53A](http://www.house.leg.state.mn.us/members/members.asp?district=53A)) (R-Circle Pines) moved to remove the 2012 property tax freeze from the bill. Under the original freeze/levy limit, any city receiving LGA would have been subject to the property tax limit for 2012 equal to *either* 102 percent of a city's 2010 certified property tax levy *or* its actual 2011 certified property tax levy, whichever is greater.

By calculating the limit in this manner, any city that increased its 2011 levy at a rate less than 2 percent, including the 321 cities that froze or cut levies in 2011, would have had some additional authority to levy in 2012. According to House Research, there were 363 cities that receive LGA and also increased their levy by two percent or more in 2011, and as a result, these cities would not have been able to increase their levy in 2012, except for increasing debt service cost for existing debt, new debt that is approved by voters, new construction, and costs related to natural disasters.

Although the freeze was removed from the bill, perhaps one of the biggest deficiencies in the structure of the levy limit relates to the deep cuts in LGA that are scheduled for the 2012 distributions. The freeze would *not* have allow cities losing aid from increasing their property tax levy to cover any 2012 aid cuts. Given the magnitude of the aid losses in 2012, which totals \$177.3 million, this feature would have been a significant deviation from past levy limits, which have generally allowed levy increases for aid losses.

Other items

The bill includes a number of other provisions, including local sales tax language for eight cities and a number of tax increment items. **(Read related article.)** (*Link to: <http://www.lmc.org/page/1/local-tif-bills.jsp>*)

The bill also includes a cooperation, consolidation, and innovation grant program that is available to cities, counties, and townships. The program will receive roughly \$4 million per year, with a grant maximum of \$100,000 per unit of government funded on a first come, first served basis.

Impacts of the bill

According to a simulation prepared by House Research that overlays the pay 2012 cuts and the elimination of the MVHC program, aids and credits to local units of government would be reduced by roughly \$488 million, but statewide property taxes would only increase by \$391.2 million due to assumptions about the behavior of city and county officials in replacing the aid and credit losses with higher property tax levies. The \$391.2 million tax increase represents a statewide 4.9 percent increase in property taxes, with taxes in Greater Minnesota increasing by 5.9 percent while taxes in the metro area would increase by 4.3 percent.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (*Link to: <mailto:gcarlson@lmc.org>*)



House Ways and Means Adopts Budget Targets

The targets will govern each of the committees as they prepare their appropriations bills for the 2012-2013 state budget.

(Published Mar 16, 2011)

The **House Ways and Means Committee** ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87024)) On March 14 approved a budget resolution that sets the broad parameters for the House appropriations committees as they finalize their budget recommendations for the 2012-2013 biennium. As expected, the House targets closely match the state's projected revenue stream under the February state budget forecast.

One of the major categories of state spending that will impact cities is the Taxes, Aids, and Credits target. That target includes funding for local government aid, market value homestead credit reimbursement, police and fire pension aids, county program aid, and the homeowner and renter's property tax refund programs.

Although the House targets will result in a 15.7 percent reduction in spending within that category, the target does not obviously include a \$300 million income tax reduction for low- to middle-income filers. As a result, the actual cuts to existing aids and credits programs within that category of spending is roughly \$850 million for the biennium or a 24 percent reduction in those programs, which is nearly double the overall cut to state spending of 12.2 percent under the targets. For more information on the aid and credit reductions under these targets, **read related article** ([Link to: http://www.lmc.org/page/1/proptaxarticle.jsp](http://www.lmc.org/page/1/proptaxarticle.jsp)).

The table below summarizes the House budget targets and provides a comparison to spending in each area for the 2010-2011 biennium and to the existing law spending levels for the 2012-2013 biennium.

House State Budget Targets (in millions)

Appropriation Area	FY 2010-11	Current Law 2012-13	House Targets 2012-13	\$ Change	% Change
				Current Law to House Targets	Current Law to House Targets
Education	\$13,812.5	\$14,321.9	\$14,310.7	\$-11.3	-0.1%
Shift *	-1,882.9	+1,301.7	-152.6	-1,454.3	NA
Net Education	11,929.6	15,623.6	14,158.1	-1,465.5	-9.4%
Higher Education	2,949.6	2,916.6	2,505.5	-411.1	-14.1%
Taxes, Aids, and Credits	3,018.8	3,507.7	2,958.1	-549.6	-15.7%
Health and Human Svcs.	10,201.7	12,337.8	10,707.1	-1,630.7	-13.2%
Environ/Energy/Nat Res	312.0	293.5	228.1	-65.4	-22.3%
Ag/Rural Development	86.8	89.4	76.8	-12.6	-14.0%
Transportation	167.0	180.2	120.2	-60.0	-33.3%
Judiciary	734.8	726.8	726.8	0	0.0%
Public Safety	1,123.3	1,055.8	1,025.8	-30.0	-2.8%
Jobs/Economic Develop.	195.4	168.2	81.6	-86.7	-51.5%
State Government	887.0	912.9	443.7	-469.3	-51.4%
Capital Investment	852.6	1,225.8	1,165.8	-60.0	-4.9%
All Other	14.5	-16.9	58.2	75.0	NA
Total	\$32,473.0	\$39,021.6	\$34,255.7	\$-4,765.8	-12.2%

**The House targets delay the repayment of the K-12 education shift that was enacted last year.*

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (*Link to: <mailto:gcarlson@lmc.org>*)

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Bill to Reduce Employer Pension Contributions, Shift to Employees

The proposal would shift 3 percent of the current employer pension contribution to employees for many state and local government workers.

(Published Mar 16, 2011)

A proposal introduced March 14 in the Senate would shift 3 percent of the current employer pension contribution to employees for a large number of state and local government workers. The bill, **SF 813**

(Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0813&ssn=0&y=2011), is authored by **Sen.**

Gretchen Hoffman *(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15331)* (R-Vergas) and is co-authored by Sens. **Mike Parry** *(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15321)* (R-Waseca),

Dave Thompson *(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15337)* (R-Lakeville), **Roger Chamberlain** *(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15325)* (R-Lino Lakes), and **Scott Newman** *(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=10819)* (R-Hutchinson).

According to Sen. Parry, the proposal would reduce state general fund costs for state employee contributions by roughly \$25 million per year. For the Public Employees Retirement Association (PERA), the proposal would have the effect of decreasing the contributions of all PERA employers by an estimated \$155 million per year. That cost would be shifted to employees, which would have the effect of reducing their salaries by 3 percent. The city share of that \$155 million is roughly \$35 million.

For the PERA Plans that include cities, the proposal would modify employee and employer contributions as follows:

	Current Employee Rate	Current Employer Rate	Proposed Employee Change	Proposed Employer Change	Proposed Employee Rate	Proposed Employer Rate
Coordinated Plan	6.25%	7.25%	+3.00%	-3.00%	9.25%	4.25%
Police and Fire	9.6%	14.4%	No Change	No Change	9.6%	14.4%
Basic Plan	9.10%	11.78%	+3.00%	-3.00%	12.10%	8.78%

According to PERA, there would be a negative actuarial cost to this proposal, which would result in a need for an increase of approximately .5 percent of pay if the contribution shifts occur. When a city employee leaves public employment, that person may withdraw his or her personal contributions into PERA with interest. However, the employer contributions into PERA remain in the PERA system. With the shift to greater employee contributions, the amount remaining in the system after an employee's withdrawal would be reduced.

While the proposed legislation has the short-term benefit of reducing local government costs, it could have a negative impact on the ability of cities to attract and retain employees at a time when the city workforce is aging, and cities are experiencing challenges in attracting a new generation into municipal

employment. In the past several years, many cities have asked their employees to accept significant wage reductions and absorb a greater share of their health insurance benefit costs. And now this proposal will have the immediate effect of reducing employee wages.

The League supported the changes made in 2010 to stabilize the PERA Plans and address funding deficiencies. The current proposal may adversely impact the plan's funding level, and therefore, increase the need for future contribution increases for both employers and employees. The League's policy on retirement benefits does not specifically address the approach proposed in this bill. League staff will be asking the LMC Board of Directors to help formulate a policy position on this bill at its March meeting.

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

Contact Gary Carlson

IGR Director

(651) 281-1255 or (800) 925-1122

gcarlson@lmc.org (*Link to: <mailto:gcarlson@lmc.org>*)

Contact Laura Kushner

Human Resources Director

(651) 281-1203 or (800) 925-1122

lkushner@lmc.org (*Link to: <mailto:lkushner@lmc.org>*)



Fire Relief Associations May Face IRS Penalties or Revocation of Tax-Exempt Status

Over the past nine months, there has been increasing confusion and uncertainty regarding the requirement that Minnesota firefighter relief associations file 990 information returns with the Internal Revenue Service (IRS). In response to various communications by the Office of the State Auditor and other groups, many relief associations attempted to file by an extended Oct. 15, 2010, deadline under the IRS's one-time Voluntary Compliance Program (VCP).

The VCP was set up to allow certain nonprofit organizations to avoid some of the consequences associated with failing to meet the form 990 filing requirements for the 2007, 2008, and 2009 tax years.

It has now come to light that some relief associations have received, or will be receiving, communications indicating that the IRS will do one of the following:

- Impose penalties for failing to file timely returns. Apparently, some entities that filed by the Oct. 15 deadline under the VCP were not eligible for the VCP (for example, if their assets at the end of 2007 were greater than \$250,000) and are now being assessed penalties for filing some or all of the 2007-2009 returns late.
- Revoke the tax-exempt status of the relief association if the association did not file one or more of the 2007-2009 returns by the last of those year's original May 17, 2010, due date (for organizations that failed to get into the VCP).

If your city or relief association has received any of these communications from the IRS, please notify the League. League staff can work with your attorney and/or auditor to try to coordinate a common and consistent response to the IRS.

On a closely related issue, there has been a longstanding question about whether relief associations can take advantage of an exemption from the 990 filing requirements due to being an "affiliate of a governmental unit." Although Minnesota law treats relief associations as "government entities," the IRS has noted that many associations do not meet the tests to be considered an "affiliate of a governmental unit" under federal law. Discussions are underway with Sen. Amy Klobuchar's office to try to clarify the law so that Minnesota relief associations would not have to undertake the 990 filings. That effort is also looking to preserve the tax-exempt status of associations even if 990-series filings were not made on the 2007-2009 years.

Read the current issue of the Cities Bulletin ([Link to: http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp](http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp))

Your LMC Resource

Contact Tom Grundhoefer

General Counsel

(651) 281-1266 or (800) 925-1122

tgrundho@lmc.org (*Link to: <mailto:tgrundho@lmc.org>*)

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Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Mayors and Managers, ACTION ALERT

From: Tim Flaherty

Date: March 15, 2011

Re: **CGMC Response to House Property Tax Division Report**

On Saturday March 12th the House Property Tax Division released its Division Report. The report will be voted on Wednesday or Thursday of this week before being included in the full omnibus tax bill which is scheduled to be voted on by Saturday. The report contains the following proposal.

- Greater Minnesota cities, other than Duluth, receive their full 2011 certified LGA. In 2012, these cities will see their LGA reduced to their 2010 paid LGA or their certified 2011 LGA, whichever is lower.
- Metro suburbs will have their 2011 LGA reduced by 50% and have their LGA eliminated in 2012.
- Minneapolis, St. Paul, and Duluth LGA will be reduced 25% in 2011, 50% in 2012, 75% in 2013, and eliminated in 2014.
- In 2013 and beyond, Greater Minnesota cities will have their LGA distributed based on the LGA formula at a funding level equal to the amount of LGA received by greater Minnesota cities in 2012, or \$265 million.
- Cities will see a reduction of \$48 million in their Market Value Credit MVC reimbursements in 2011. The MVC program is eliminated in 2012 (no cost to cities).
- Cities that receive LGA in 2012 will be subject to levy limits equal to their 2010 levy plus 2% or their 2011 levy (whichever is higher). Cities may choose to reject their LGA if they wish not to be bound by levy limits.

The CGMC would like you to contact your greater Minnesota Republican House Member(s) today and tell them the following about the House Property Tax Division Report.

- Thank them for recognizing the importance of LGA to your community, and their full funding of 2011 certified LGA. Be sure to tell them the problems that come with a mid-year cut and that the CGMC still opposes the LGA reductions for 2012.

- The LGA program has been a good policy for the entire State of Minnesota for forty years. The formula is based on need and tax base and all cities that qualify should receive aid regardless of their geographic location. This will keep the LGA program defensible and sustainable.
- Cities don't need levy limits. We have kept our spending down and should have all tools available to continue to manage our cities efficiently and responsibly in order to maintain healthy economic growth.

The CGMC encourages you to stay involved in the debate at the capitol. Please join us March 23 at 1pm for another lobbying day at the Capitol.

Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Saturday, March 12, 2011 12:55 PM
Subject: [legislative] UPDATED: House Releases details for Property Tax article of Omnibus Tax Bill
House Releases details for Property Tax article of Omnibus Tax Bill

Around midnight on Friday, the House Tax Committee released a spreadsheet containing information on the contents of the property tax article that will be incorporated into the omnibus tax bill. The plan contains deep cuts to some cities. Below is an early summary of the contents of the bill based upon information in the spreadsheet. We may update this with more information when we see the actual language of the article around 1:00 pm today (Saturday).

2011 LGA cuts (total=\$100.4 million):

For pay 2011, the bill will reduce LGA funding by roughly \$100.4 million, which is similar to the cut contained in the vetoed first budget bill, HF130. However, the structure of the cuts is substantially different than the earlier bill. According to the spreadsheet, suburban metro cities will have their 2011 LGA reduced by 50 percent of their certified 2011 amount while the cities of Minneapolis, St. Paul and Duluth will have their distributions cut by 25 percent. Apparently, all other cities will receive their certified 2011 LGA amounts.

2012 LGA cuts (total=\$190.7 million):

For the 2012 distribution, suburban metro cities will have the balance of their LGA permanently eliminated, while Minneapolis, St. Paul and Duluth will receive only 50 percent of their LGA. All other cities will apparently have their LGA reduced to the amount under HF130, which is the lesser of their 2010 LGA after all cuts or their 2011 certified formula amount.

2013 LGA cuts (total=\$226.2 million):

For 2013 distributions, suburban metro cities will apparently receive no LGA while Minneapolis, St. Paul and Duluth will receive only 25 percent of their LGA. All other cities will apparently continue to receive an amount of LGA equal to the lesser of their 2010 LGA after all cuts or their certified formula amount.

2014 LGA cuts (total=\$261.7 million):

For 2014 distributions, suburban metro cities and Minneapolis, St. Paul and Duluth will receive no LGA while all other cities will apparently continue to receive an amount of LGA equal to the lesser of their 2010 LGA after all cuts or their certified formula amount.

Please note that it appears that cities under 1,000 population will apparently have no cuts, other than normal formula changes, in any of these years and that after pay 2014, it appears that only outstate cities will receive LGA, with the exception of Duluth and other cities off the formula.

It is interesting to note that the state deficit is roughly 15 percent. LGA cuts are 19 percent for the 2011 distribution, 36 percent for the 2012 distribution, 43 percent for the 2013 distribution and LGA will only receive 50 percent of the current law funding level in 2014.

MVHC cuts:

For pay 2011, cities will apparently lose \$48 million in market value homestead credit reimbursements. There are few details on this cut but it appears that it will likely be distributed to all cities in a manner similar to the 2010 supplemental cut.

Beyond the 2011 cut, the entire MVHC program is eliminated, saving the state roughly \$260 million per year. The elimination will create a class rate reduction for qualifying homes that will partially offset the loss of the MVHC. Property taxes would shift among properties but the main feature of this change appears to be that city levies will no longer be affected by the program and therefore, a city should receive all of the levy it certifies each year to the county.

Freeze/levy limits:

It is not clear from the spreadsheet whether a two-year property tax freeze or levy limits are included in the bill. There is a separate hearing on the HF481, the freeze bill again this coming

Wednesday, so today's bill may not yet include the provision.

Local sales taxes:

The bill includes local sales taxes or amendments to existing local sales taxes for the cities of Fergus Falls, Hutchinson, Marshall, Lanesboro, Clearwater, Rochester, Medford, and Hermantown. The bill will apparently include an extended moratorium on expending public funds related to a new local sales tax through 2013. The bill apparently does not include any general local sales tax authority or sales tax/LGA offset.

Other features include:

- City of Taylors Falls border city development zone authorization
- City of Ramsey tax increment special rules
- City of Lino Lakes tax increment extension
- Authority to pool tax increments for development of market rate housing
- Cuts to the renters refund program
- Repeals the sustainable forest incentive program
- Eliminates the political campaign refund
- Reduces County Program Aid
- Reduces PILT (payment in lieu of taxes) program for townships and counties

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House Research Department
03/09/2011
Run: P0309

2011 and 2012 LGA under Current Law, vs. HF 130 and Division Proposal

The attached run shows the certified 2011 LGA and estimated 2012 LGA under current law, 2011 LGA under H.F. 130 (conference committee report), and under the proposal in the House Property Tax Division report.

H.F. 130 provided that each city would get the lesser of (1) its certified 2011 LGA or (2) its paid 2010 LGA amount for both Pay 2011 and Pay 2012

Under the division proposal (shown in columns 3 and 6) Aid payments for cities would be as follows:

In Pay 2011

- 1st class cities as of 2008 would receive 75% of the aid under H.F. 130
- Cities in the metropolitan area (except 1st class cities) would receive 50% of its aid under H.F. 130
- Remaining cities would receive the same aid as certified in Pay 2011

In Pay 2012

- 1st class cities as of 2008 would receive 50% of the aid under H.F. 130
- Cities in the metropolitan area (except 1st class cities) would receive no aid
- Remaining cities would receive the aid amount under H.F. 130

- **Column 1:** Certified 2011 LGA
- **Column 2:** H.F. 130 LGA in 2011
- **Column 3:** 2011 LGA under Division proposal
- **Column 4:** Loss in 2011 LGA under Division proposal compared to certified 2011 LGA
- **Column 5:** Estimated 2012 LGA under current law
- **Column 6:** 2012 LGA reduction under Division proposal
- **Column 7:** Loss in 2012 LGA under Division compared to current law 2012 LGA

For further information contact: Pat Dalton 651-296-7434

2011 and 2012 LGA under Current Law vs. HF 130 and Division Proposal

Cityname:	Cert. 2011 LGA	HF130 2011 LGA	Division 2011 LGA	2011 Aid Loss under Division	Current Law 2012 LGA	Division 2012 LGA	2012 LGA loss under Alter.
	(1)	(2)	(3)	(4=1-3)	(5)	(6)	(7=5-6)
OSAKIS	459,347	380,867	459,347	0	465,888	380,867	85,021
PARKERS PRAIRIE	269,454	225,671	269,454	0	259,384	225,671	33,713
PELICAN RAPIDS	1,108,326	908,614	1,108,326	0	1,116,858	908,614	208,244
PIERZ	422,872	362,938	422,872	0	432,717	362,938	69,779
PIPESTONE	1,721,966	1,535,857	1,721,966	0	1,691,583	1,535,857	155,726
PRINSBURG	75,659	75,659	75,659	0	71,189	75,659	-4,470
RANDALL	127,770	124,275	127,770	0	134,696	124,275	10,421
RAYMOND	203,926	203,926	203,926	0	196,276	203,926	-7,650
RED LAKEFALLS	615,086	546,204	615,086	0	620,004	546,204	73,800
REDWOOD FALLS	1,299,574	1,075,270	1,299,574	0	1,284,361	1,075,270	209,091
RENVILLE	469,045	408,605	469,045	0	466,303	408,605	57,698
ROYALTON	187,267	187,267	187,267	0	181,488	187,267	-5,779
RUSHFORD CITY	647,410	559,018	647,410	0	641,691	559,018	82,673
SACRED HEART	192,791	192,791	192,791	0	188,580	192,791	-4,211
SANDSTONE	976,638	825,349	976,638	0	1,021,414	825,349	196,065
SAUK CENTRE	1,128,286	966,004	1,128,286	0	1,131,933	966,004	165,929
SEBEKA	169,550	169,550	169,550	0	167,548	169,550	-2,002
SHERBURN	341,081	291,361	341,081	0	331,607	291,361	40,246
SILVER BAY	539,835	450,020	539,835	0	520,215	450,020	70,195
SLAYTON	854,281	762,656	854,281	0	834,301	762,656	71,645
SLEEPY EYE	1,446,750	1,274,191	1,446,750	0	1,490,466	1,274,191	216,275
SPRING GROVE	422,582	367,822	422,582	0	415,919	367,822	48,097
SPRING VALLEY	921,956	797,702	921,956	0	920,438	797,702	122,736
SPRINGFIELD	975,580	875,030	975,580	0	953,730	875,030	78,700
ST JAMES	1,477,960	1,336,057	1,477,960	0	1,447,832	1,336,057	111,775
STAPLES	1,060,589	957,573	1,060,589	0	1,043,714	957,573	86,141
STARBUCK	376,604	316,109	376,604	0	363,394	316,109	47,285
STEPHEN	193,225	193,225	193,225	0	190,686	193,225	-2,539
STEWART	131,959	131,959	131,959	0	133,899	131,959	1,940
TRACY	956,325	859,170	956,325	0	944,922	859,170	85,752
TRIMONT	218,148	218,148	218,148	0	214,044	218,148	-4,104
TRUMAN	439,632	392,748	439,632	0	445,770	392,748	53,022
TWIN VALLEY	269,231	269,231	269,231	0	261,501	269,231	-7,730
TWO HARBORS	1,271,785	1,107,828	1,271,785	0	1,236,005	1,107,828	128,177
TYLER	424,263	387,654	424,263	0	412,523	387,654	24,869
ULEN	138,006	138,006	138,006	0	132,626	138,006	-5,380
VERNDALE	130,357	130,357	130,357	0	129,588	130,357	-769
WABASSO	183,887	183,887	183,887	0	177,547	183,887	-6,340
WADENA	1,307,177	1,191,075	1,307,177	0	1,339,180	1,191,075	148,105
WALNUT GROVE	225,413	225,413	225,413	0	218,663	225,413	-6,750
WARREN	663,624	561,156	663,624	0	697,394	561,156	136,238
WATKINS	251,433	251,433	251,433	0	253,169	251,433	1,736
WELCOME	237,131	216,934	237,131	0	250,516	216,934	33,582
WELLS	1,077,347	893,883	1,077,347	0	1,098,120	893,883	204,237
WESTBROOK	230,048	230,048	230,048	0	226,299	230,048	-3,749
WHEATON	630,509	562,909	630,509	0	623,469	562,909	60,560
WINDOM	1,478,031	1,202,917	1,478,031	0	1,522,479	1,202,917	319,562

Property tax assertions were misleading

- The tax is based on property values, not income, and people make choices about where to live.

By ROD HAMILTON and KATHY SHERAN

In his March 6 commentary "A myth-busting look at property taxes," D.J. Tice asserted that suburbs bear the brunt on property taxes, citing a little-known report to assail cities receiving property tax relief through the local government aid program without taking a harder look at the whole story.

The proposition that suburban taxpayers are being treated unfairly was based on data found in the "Voss Report" (find it at <http://bit.ly/hq2lfy>), a study by the state Department of Revenue that compares income to property taxes paid. But as is so often the case, numbers can be misleading.

The Voss report shows that many suburban taxpayers do pay a higher percentage of their income on property taxes. Looking at this one statistic, it sounds reasonable that suburban taxpayers are being mistreated, but that does not hold up once you dig deeper into the report.

Like it or not, property taxes are based on property values, not income. The main comparison Tice made was between taxes on properties in southwest Minnesota and properties in the southwest suburbs, so we will concentrate on those two areas.

The Voss report shows that median homeowners in a southwest suburban city like Eden Prairie live in homes four times more valuable than property owners in a rural city like Worthington, and have twice the income. Since property taxes are based on value, it makes sense that the owner of the \$76,000 median-valued home in southwest Minnesota pays less than the owner of the \$325,000

median-valued home in southwest suburbia. In fact, homeowners in southwest Minnesota actually pay a higher amount of property taxes compared with the values of their homes.

People have a choice in where they live. While the cost of homes is higher in the southwest suburbs, people who live there are willing to spend more of their incomes on high-value homes in order to live in more-desirable neighborhoods. Median homeowners in the southwest metro live in homes with values 3.17 times higher than their median household incomes of \$100,448. In southwest Minnesota, median homeowners live in homes with values only 1.58 times higher than the median household income of \$48,952.

Suburbanites are also more willing and able to put additional money into their schools, another choice they have made. In 2008, the base year of the Voss report, metro school districts had triple the voter-approved excess levies than did districts in greater Minnesota. Those homeowners weren't aggrieved; they agreed to ratchet up the cost of their property taxes on their own.

Most disturbing, Tice uses the Voss report to attack the local government aid program, which goes only to cities. Yet the report includes more than city tax data; it also includes property taxes on schools, counties and other taxing jurisdictions. City property taxes make up only 29 percent of the property taxes paid to local units of government, so the Voss report cannot and should not be used to assess the LGA program.

The issues LGA addresses have nothing to do with the portion of income a homeowner pays for property taxes. The purpose of the program is to reduce inequalities between property-poor and property-rich cities. It helps businesses as well as homeowners and is critical to the economic well-being of many cities.

Tice takes another wrong turn when he questions whether we should continue to "shower rural Minnesota governments with state tax dollars" while those living in property-rich suburbs get relatively little state aid. Unfortunately, he is wrong on both sides. Local government aid to cities has been cut 25 percent from 2002 to 2010, while property tax relief programs "showered" on suburbs have remained unscathed.

When the state took over transit funding in 2002, it provided millions of dollars of property tax relief to suburban homeowners, and that has not been cut. When the state took over school levies in 2002, it provided hundreds of millions of dollars in property tax relief to suburban homeowners, and that has not been cut. When the state changed the income eligibility for the circuit breaker, which provides relief for homeowners paying too much of their incomes in property taxes, it channeled millions of dollars to relatively high-income households in high-valued suburban homes. These forms of state aid are just harder to recognize as property tax relief programs and aren't seen as such an easy target as the LGA program.

LGA should be a priority, not a target for cuts. It is important to the economic health of many cities and the entire state. The state's priority now should be job creation and economic recovery. Suburban homeowner property tax relief does not accomplish that goal, but it is provided by the local government aid program. It is time to start fully recognizing the value of the property tax relief program that has done so much to make all parts of our state, not just the metro area, competitive in attracting job-producing businesses.

Rod Hamilton, a Republican, represents Mountain Lake in the Minnesota House. Kathy Sheran, a Democrat, represents Mankato in the Minnesota Senate.

Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Cc: "Directors" <Directors@lmc.org>; "Communications" <Communications@lmc.org>; "IGR" <IGR@lmc.org>
Sent: Saturday, March 12, 2011 4:25 PM
Subject: [legislative] UPDATE 2: House Property Tax Division Report
 Update on House Property Tax Division Report

The House Property Tax Division just completed a quick overview of their committee report, taking no testimony. The Division will take testimony on the bill on Wednesday morning at 8:15 AM and then consider amendments on Wednesday evening at a hearing currently scheduled for 6:00 PM

In addition to the information we sent earlier today, the bill includes a variation on the property tax freeze that would limit property taxes for cities and counties for the 2012 tax year. The limits would not apply to cities that receive no 2012 LGA or cities that choose to forego their 2012 LGA distribution. In other words, the limit would apply to all other cities receiving LGA, including cities under 2,500 population, who have traditionally been exempt from levy limits.

The property tax limit for 2012 would be equal to the greater of 102 percent of a city's 2010 certified property tax levy or its 2011 certified property tax levy. By calculating the limit in this manner, any city that increased their 2011 levy at a rate less than 2 percent, including the 321 cities that froze or cut levies in 2011, would have some additional authority to levy in 2012.

The freeze would allow a city to increase its levy to cover debt service increases for debt issued before May 31, 2011 but the language would prohibit the issuance of new debt after May 31, 2011 if it requires a levy increase in 2012, unless the debt is approved by voters. The freeze also includes limited adjustments for new annexations and new construction, where the levy could be increased by the amount of annexed or new construction value multiplied by the 2011 city tax rate. There is also levy authority for the costs related to disasters.

Please note that the freeze would NOT allow cities losing aid or credit reimbursement from increasing their property tax levy to cover any 2012 aid or credit loss. Given the magnitude of the aid losses in 2012, which total \$190 million, this is a significant deviation from past levy limits which have generally allowed levy increases for aid losses.

Text of the amendment is available here:
<http://www.house.leg.state.mn.us/comm/docs/A11-0139.pdf>

A computer run with estimates of the 2011 and 2012 LGA impacts is available here:
http://www.house.leg.state.mn.us/comm/docs/p0309cvr_merged.PDF

A spreadsheet with information on the impacts of the Division report is available here:
<http://www.house.leg.state.mn.us/comm/docs/DivisionRpt3.11.11Final.pdf>

We will have more details in next week's Cities Bulletin.

Jennifer O'Rourke | Intergovernmental Relations
 Tel: 651.281.1261 | Toll free: 800.925.1122 | Fax: 651.215.4119
jorourke@lmc.org | www.lmc.org
 League of Minnesota Cities
 145 University Avenue West | Saint Paul, MN 55103

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From: "Finn, Anne" <AFinn@lmc.org>
To: <legislative@listserv.lmc.org>
Cc: "Board of Directors--LMC" <BoardofDirectorsLMC@lmc.org>; "Directors" <Directors@lmc.org>; "Communications" <Communications@lmc.org>; "AMM" <AMM2@lmc.org>; "IGR" <IGR@lmc.org>
Sent: Friday, March 11, 2011 3:38 PM
Subject: Friday Fax--March 11, 2011
Budget targets released: Deeper cuts on the way

Yesterday, the House and Senate leadership released their committee budget targets that will guide the formation of the respective House and Senate budget plans for the upcoming 2012-2013 state biennium that will begin on July 1, 2011. The targets do not specify how each spending committee will structure their bills, but instead become a limit to the total amount that the committee can spend. Details on committee spending plans will be discussed over the next two weeks.

The House and Senate plans are similar in that they spend considerably less than the budget proposal released by Governor Mark Dayton (DFL) on February 15. The Governor's budget plan would have increased state taxes to fund much of the state's \$5 billion deficit while the House and Senate plans will reduce spending. The governor's total budget proposal would spend roughly \$37 billion, while the House and Senate will spend in the neighborhood of \$34 billion.

For cities, the major category of state spending—a cluster of programs referred to as “property tax aids and credits”—would have vastly different funding levels under the three plans. Property Tax Aids and Credits include the obvious programs like local government aid (LGA), the market value homestead credit (MVHC) and county program aid (CPA). The category also includes other major programs including the homeowner property tax refund (PTR), the renters refund program as well as smaller programs such as police and fire pension aids.

The governor would essentially fully fund the current law programs in this category of property tax aids and credit, which would require \$3.508 billion over the two year budget cycle. In contrast, the Senate target for that category is \$2.728 billion, or \$780 million lower than the governor while the House target is \$2.655 billion, or \$852 million lower than the governor. For reference, the total spending in that category for the 2010-11 biennium after all cuts was \$3.019 billion, while spending in that category under the vetoed HF130 bill would have been about \$2.9 billion. In other words, the plans will include larger cuts that would reduce funding below the 2010-2011 biennium.

One piece of the House plan, a proposed \$300 million income tax cut for low and middle-income families, is apparently funded within the category of property tax aids and credit. If that is confirmed, the low and middle income tax relief will have to be covered by a redirection of funds from other property tax aids and credits programs, possibly including LGA and MVHC.

The House Ways and Means committee will discuss the targets on Monday and will likely release additional details. The League will cover that hearing in next week's edition of the *Cities Bulletin*.

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org

Local sales tax request bills in front of joint tax panel--general authorization coming?

On Wednesday, several cities presented their bills for local option sales tax authorizations, or changes to existing authorizations, in front of a joint panel of made up of House Property and Local Taxes and Senate Taxes. The seven cities were: Clearwater (SF 363-Sen. Amy Koch, R-Buffalo), Cloquet (SF 644-Sen. Tony Lourey, DFL-Kerrick), Hutchinson (SF 276-Sen. Scott Newman, R-Hutchinson), Marshall (SF 312-Sen. Gary Dahms, R-Redwood Falls), Fergus Falls (SF 53-Sen. Gretchen Hoffman, R-Vergas)

Lanesboro (SF 423-Sen. [Jeremy Miller](#), R-Winona) and Rochester (SF 632, Sen. [David Senjem](#), R-Rochester). Members of the committee asked the usual questions about exporting the tax to people outside the city, and details on the projects with city representatives handling all of the questions. Because legislators were in joint session, they could not officially act or amend any of the bills at the Wednesday meeting.

On Thursday the Senate Tax Committee brought the bills back up and amended many of them. All of the bills were laid over for possible inclusion in an omnibus bill that is likely to be put together in the next two weeks. Also heard was Tax Chair [Senator Julianne Ortman's SF 467](#) which would allow general authorization for a city to have a ½ cent sales tax with a local referendum for up to 10 years for a project of regional significance. (The bill spells out a variety of uses). The committee had a short discussion about ramifications of that sales tax for metro cities, how locals should handle the referendum, and possible local government aid offsets.

The League was prepared to testify on Senator Ortman's bill to address a number of issues, but the committee ran out of time and Senator Ortman said the matter would come up again in the coming days. We expect this next week. House Tax Chair [Rep. Greg Davids](#) (R-Preston) is carrying the companion ([HF 649](#)), and it is scheduled for a hearing today in the [House Property and Local Tax Division](#).

Expect a full story on this issue in the next *Cities Bulletin* as the Friday House Property Tax committee will have started their discussion on the topic, and the idea may become part of the Property and Local Tax articles that are set to be released by the committee at a meeting on Saturday.

Questions? Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Sunday liquor store sales bill up in Senate Commerce next week

[Sen. Roger Reinert](#) (DFL-Duluth) is the chief author of [SF 197](#), a bill that will allow Minnesota liquor stores to be open on Sundays as well as holidays that are currently prohibited in law such as Thanksgiving and Christmas Eve. The bill is slated for a hearing in [Senate Commerce and Consumer Protection committee](#) on Wednesday, March 16th, at 10:30 a.m. in room 123 of the Capitol. Interested parties may want to connect with members on the committee. The bill is the only one currently on the agenda. The companion, [HF 375](#) ([Rep. Phyllis Kahn](#), DFL-Minneapolis) has not yet been scheduled for a hearing.

This could be the year that this proposal passes, given the many new members of the legislature and their focus on free-market, good-for-business proposals. The LMC does not have a position on the specific proposal, but has heard from cities both in support and in opposition of the bill. Proponents will argue convenience, border issues and the possibility of increased revenues for the state. Opponents will argue that it results in increased staffing, overhead costs, and possible public safety costs, and does not result in more alcohol purchases, but simply would spread the purchases over seven days, instead of six.

Questions? Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Bill would convert the homestead credit into a classification

A bill introduced yesterday by [Rep. Linda Runbeck](#) (R-Circle Pines), [HF 1046](#), would eliminate the current market value homestead credit (MVHC) program and convert it into a classification reduction for qualifying homeowners, saving the state roughly \$260 million per year. The tax capacity reduction would generally mirror the impact of the current MVHC credit but homeowners would not experience the same financial benefit.

Currently, the state reimburses local units of government roughly \$260 million per year for the program, which is effectively a state payment of property taxes on behalf of qualifying homeowners. This \$260 million reimbursement is already less than the actual credit that appears on homeowner statements due to the extension of about \$25 million in city MVHC cuts to roughly 120 cities in the 2010 supplemental budget bill.

Under the Runbeck bill, beginning with taxes payable in 2012, property taxes actually spread by counties would increase by \$260

million statewide while homestead tax capacity through the new classification reduction would be reduced by roughly \$260 million. In contrast to the credit that currently provides 100 percent of the \$260 million directly to the benefit of homeowners, the classification break would shift property taxes among different types of property. Some of that shift would fall back on homeowners. In fact, an early estimate suggests that home taxes would rise by roughly \$129 million, or 3.6 percent while all other classes of property would see an average increase of 3.8 percent.

Since the MVHC program was established in 2001, many cities have experienced annual cuts in their reimbursement for the credit. In 2010, all cities experienced a reduction in the MVHC reimbursements under the supplemental budget bill.

League legislative policies support the bill. The policy, FF-8 states, "The MVHC program should be restructured to provide the credit directly from the state to the homeowner. If the program cannot be restructured as a direct taxpayer payment, the formula parameters should be adjusted in the future to match the resources available for the program or the program should be eliminated."

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org

House committee unanimously approves LMC elections bill

The House Government Operations & Elections Committee voted unanimously yesterday to approve HF 978 (Rep. Tim Sanders, R-Blaine) after hearing testimony from city clerk Tom Ferber from Bloomington, Co-Chair of the LMC Elections Task Force. The bill will make one more stop, in the House Redistricting Committee, where the Chair and one of the co-authors of HF 978, Rep. Sarah Anderson (R-Plymouth) is interested in a discussion of the provision (Section 2) that directs cities with wards holding city elections in odd-numbered years to redistrict ward boundaries after the legislature is redistricted, which will not occur until 2012. Following committee action there, the bill will go to the House floor for final action.

The companion measure will be introduced in the Senate on Monday by Sen. Roger Chamberlain (R-Lino Lakes).

Other provisions in the bill of interest to cities include:

- ending in-person absentee voting at 3 p.m., on the Saturday immediately preceding a primary, special or general election;
- allowing cities to establish a single combined polling place for contiguous precincts within the city and repealing the current restriction making that authority available only to cities of under 2,500 to 5,000 population with a combined total of fewer than 500 registered voters;
- directing the court to expedite issuing a final order for relief on petitions alleging errors, omissions or wrongful acts regarding placement or printing of the name (or description) of a candidate or question on the ballot in order to ensure timely printing of the ballots; and
- allowing a single ballot board to accept and reject both mail ballots and absentee ballots, which are to be counted together and reported as one vote total for each precinct.

Questions, contact Ann Higgins at (651) 281-1257 or ahiggins@lmc.org.

House committee hears Fire Safety Account bills

On Thursday, the House Public Safety and Crime Prevention Policy and Finance Committee heard two bills aimed at protecting funds in the Fire Safety Account for local fire departments.

The Fire Safety Account was created in 2007, under a statute signed into law by Governor Tim Pawlenty. Homeowners and commercial property owners pay a "fire safety surcharge" of 0.65 percent on insurance premiums. The surcharge, which is listed as a line-item on policyholders' statements, is deposited into the Fire Safety Account. The account is used for firefighter training, state chemical and decontamination response teams, as well as the State Fire Marshall's office. The average homeowner pays \$5.20 into the fund annually.

Last year, against the objections of the League and fire service organizations, over \$15 million from the account was diverted for fiscal years 2010 and 2011 to the general fund to aid the state's ailing budget. Rep. Steve Smith (R-Mound) has introduced two bills that will be heard Thursday. One is HF 474, a bill that would prohibit future raids of the Fire Safety Account. It does not restore the funds that were taken from the account, but it protects the account from future transfers by adding a provision stipulating that funds in the account must be appropriated to the Department of Public Safety for the purposes identified in Minn. Stat. § 299F.012.

The second bill is HF 609. It authorizes the commissioner of the Department of Public Safety to make grants annually to fire departments with money appropriated from the fire safety account. It also requires fire departments to report on the uses for the money. The League and fire service advocates testified in favor of both bills. At the end of the hearing, both bills were laid over for possible inclusion in the omnibus public safety bill, which will be unveiled in the next two weeks. Members are encouraged to ask legislators to support the measures.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Plan to attend the March 24 Joint Legislative Conference

The Joint Legislative Conference, happening March 24 in St. Paul, is an opportunity to learn about legislative issues, network with other local officials, and talk to state decision-makers about the legislative priorities of Minnesota local governments. Once again this year, the League offering this event in cooperation with statewide county, school and township associations.

Read more and register for the Joint Legislative Conference

Anne Finn | Assistant Intergovernmental Relations Director
Tel: (651) 281-1263 or (800) 925-1122 | Fax: (651) 215-4117
afinn@lmc.org | www.lmc.org

League of Minnesota Cities
145 University Ave. West | St. Paul, MN 55103
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