

Council Meeting
Tuesday, April 6, 2010
City Council Chambers
7:30 p.m.



AGENDA

Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes – March 16, 2010
2. Consent Agenda
 - Minutes
 - Park & Recreation Commission – March 15, 2010
 - Telecommunication Commission – March 19, 2010
 - Community Center Commission – March 22, 2010
 - Utility Commission – March 24, 2010
 - EDA Commission – March 29, 2010
 - Street Committee – March 31, 2010
3. Public Hearing – Langley Street Vacation
4. Resolution of Recognition – Windom Boys Basketball Team
5. Proclamation National Library Week
6. License Application
 - Good Samaritan Society – Exempt Permit
7. Department Heads
8. 2010 Seal Coat Project Quotes
9. Telecom - Adara Contract Equipment and Service
10. Poet Water Agreement
11. Mayor Appointments for Boards and Commissions
12. Set Schedule for Budget Workshop
13. Regular Bills
14. Unfinished Business
15. New Business
16. Council Concerns
17. Adjourn



Council Meeting
Windom City Hall, Council Chamber
March 16, 2010
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: Jean Fast, Corey Maricle, Robert Messer, Bradley Powers and JoAnn Ray

Council Members Absent:

City Staff Present: Steve Nasby, City Administrator; Bruce Caldwell, Street Superintendent; Dan Olsen, Telecom Manager, Doug Scrivens, Emergency Management Director and Terry Glidden, Telecom

Public Present: Rahn Larsen and Dirk Abraham

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Powers second by Ray, to approve the City Council minutes from March 2, 2010. Motion carried 5 – 0.

5. Consent Agenda:

Kruse said that minutes were received from the following Boards\Commissions:

- Economic Development Authority – March 8, 2010
- Library Board – March 8, 2010
- Telecommunications Commission – March 8, 2010

Motion by Fast second by Maricle, to approve the consent agenda. Motion passed 5–0.

6. License Applications:

Application for a Dance Permit from the Windom Fire Department at the Windom Community Center on April 17, 2010.

Motion by Maricle second by Ray, to approve the Dance Permit for the Windom Fire Department at the Windom Community Center on April 17, 2010. Motion passed 5–0.

7. Department Heads:

Doug Scrivens, Emergency Management Director, updated the Council on the City's preparations and planning for possible flooding. 20,000 sand bags have been purchased and are available and the coordination for the delivery of sand has been done. He said it is the City's responsibility to protect public infrastructure and property and homeowners are primarily responsible for their own privately owned property. Sand bag cost is 25 cents per bag and delivered sand is \$10\ton. Data on river levels are easily available from the Army Corps of Engineers at www.rivergages.com and the river levels appear to be stabilizing with small increases anticipated. Property owners along Perkins Creek have been contacted and report about 1-1.5 feet of rise in the creek level would bring flood waters to their structures. Scrivens noted that there is a lot of water around so the high waters may be around for awhile, but significant flooding and damage is not expected.

Messer asked if other communities have a fee for sand bags. Scrivens noted that most cities do have a charge and with the tight budgets this is a necessity. Property owners are responsible for their own properties. There are DNR programs and some grant funds available for flood protection.

Powers asked about ice jams and if we can remove them. Scrivens replied that the Army Corps of Engineers would need to be consulted for anything in the river.

Fast asked if the water at Perkins Creek is expected to rise the 1 – 1.5 feet and endanger those residential properties. Scrivens said he had spoken to several property owners and they are not seeing the water coming up very fast so if it does keep coming up we will have some time to respond. Fast noted that the flow was increasing so wouldn't the water levels rise too. Scrivens said that is correct, but the water levels are not rising as much as the flow.

Dan Olsen, Telecom Manager, updated the City Council on the status of the federal telecom stimulus project. He noted that the Telecom Commission would be meeting on Friday to discuss.

Bruce Caldwell, Street Superintendent, said that the Street Department will be short-staffed due to a medical leave of absence and he intends to hire temporary, seasonal help this summer to keep up with park work, street repairs and ball field maintenance. The part-time help was budgeted and there would be a salary savings from the medical leave.

Kruse said he is concerned with the looming Local Government Aid (LGA) cuts and if we do see the big reductions there will be an immediate need to cut expenses.

Messer said that the Street\Park Department needs the help.

Powers asked if the part-time help was an hourly rate and did not accrue benefits. Caldwell said that is correct and his plan is to have a flexible 40 hour week schedule. Powers asked if other Departments would have any staff available to help out. Caldwell said they do use staff from other Departments on projects, but this is not a workable day-to-day solution.

Powers asked what the staffing level would be on April 5 when the medical leave started. Caldwell said that there would be 2.5 FTEs in Streets and 1 FTE in Parks.

Fast asked if we could hire someone that is a student or a retired person. Caldwell said that is the direction he would like to go.

Messer asked if we could contract someone to mow the Airport, which may save us money. Caldwell replied that he thought the cost would be similar to doing it in-house.

Caldwell said he also wanted to ask the public to please remove their trash cans from the streets. He said some residences leave their cans in the street, by the curb and do not take them in after they have been emptied. This practice can cause a variety of problems so he asked that everyone take them in.

Motion by Powers, seconded by Messer, to authorize the hiring of part-time, temporary staffing in the Street Department. Motion carried 5 – 0.

8. Telecom – Service Contract and Programming Renewals:

Olsen said that the Telecom Commission had approved the addition of the Gospel Music Channel. The first two years are free and then it is 14 cents per subscriber in year three.

Motion by Messer, seconded by Fast, to authorize the programming agreement for the Gospel Music Channel. Motion carried 5 – 0.

Olsen stated that the Showtime and Movie Channel programming agreements were up for renewal and the cost would increase by 80 cents per subscriber.

Fast asked if that increase would be passed on to the subscribers that elect to get Showtime and the Movie Channel. Olsen said it would when rates are reviewed.

Motion by Messer, seconded by Maricle, to authorize renewing the programming agreement for Showtime and the Movie Channel. Motion carried 5 – 0.

Olsen said that a service contract between the City and the SWWC Coop is up for renewal. Olsen reviewed the services that are provided and the cost savings.

Motion by Messer, seconded by Maricle, to authorize renewing the services agreement with the SWWC Coop. Motion carried 5 – 0.

Fast asked if the services agreement was working well. Olsen said it has been a good relationship.

Preliminary

9. Regular Bills:

Motion by Maricle, seconded by Ray, to approve the regular bills. Motion carried 5 – 0.

10. Unfinished Business:

None

11. New Business:

None

12. Council Concerns:

Maricle said that the Windom Fire Department still had raffle tickets for the Harley Davidson motorcycle available and tickets can be purchased from any fire fighter.

13. Adjourn:

Kruse adjourned the meeting by unanimous consent

Meeting adjourned at 7:58 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

PARK AND RECREATION COMMISSION MEETING
MINUTES MARCH 15, 2010

1. Call to Order: The meeting was called to order by Terry Fredin at 5:15p.m. in the council chambers at city hall.
2. Roll Call:
Commission Present: Sherri Zimmerman, Kay Clark, & Jeff LaCanne
Commission Absent: Angie Blanshan
City Staff Present: Recreation Director Al Baloun & Park Director
Bruce Caldwell
Council Liaisons: Corey Maricle & JoAnn Ray Absent
Public: None
3. Approve Agenda
Motion by Clark, seconded by LaCanne to approve agenda
Motion Carried Unanimous
4. Approve Minutes, February 2010
Motion by LaCanne, seconded by Clark
Motion Carried Unanimous
5. Park Superintendent-Bruce Caldwell
 - a. Seasonal part time help in parks: Caldwell updated the commission stating he has talked to City Administrator Steve Nasby concerning filling the seasonal part time position sometime in late April or early May. Caldwell said on April 5th he will loose one of his full time street department staff and that person will not be returning. The street staff also helps in the parks during busy times so it is absolutely essential that someone comes on board to help in the parks during the summer months.
6. Recreation Director's Report- Al Baloun
 1. Arena Items:
 - a. Entry Reconstruction- Al had met with Terry Fredin and Jeff LaCanne on March 4, 2010 to discuss the drawings that he had received from Lampert's for materials for entry reconstruction. Fredin had questions on the way the trusses were being installed. Baloun updated Fredin and LaCanne during the meeting on a discussion that he had with the adjustor in regards to steel siding replacement. The adjustor had advised Al to get quotes for siding, of which were made available to Fredin and LaCanne. Door replacement quotes were also looked at. At the commission meeting Baloun presented the following quotes for door replacement to meet handicapped accessibility rules:

Worthington Glass-	\$16,908.08
Quality Glass-	\$16,103.31

The commission recommended accepting Quality Glasses proposal contingent on not having to put a down payment before the doors were received and delivery within six weeks.
Baloun will meet again with the Commission Building committee before the next meeting.
 - b. Ice Season- The compressors were shut down today. Clark mentioned that the Windom Youth Hockey Association is interested in using the Archery Area for dry land training. Adult supervision and fees would have to be worked out with the Hockey Association for this to happen.

Continued on Page 2

2. Summer Recreation; Summer programs will run from June 9- July 23, 2010. The 4-6 grade Nite baseball teams will participate in two home tourneys in Windom this Summer. One on June 19 put on by the Baseball Association and then the 30/60 tourney on July 17, put on by Windom Parks and Recreation.

7. Open Mike:
Baloun stated that he will be taking some personal vacation time off from March 23-30, 2010.

8. Meeting Adjourned at 6.05P.M.

Next Park & Recreation Meeting April 12, 2010 5:15 p.m. Council Chambers

Telecommunication Commission Minutes
March 19, 2010

1. Call to Order:

2. Roll Call:

Commission Members Present: Forrest Fosheim, Wendell Woodcock, Virgil Meier, Robert Messer

Commission Members Absent: Corey Maricle

City Staff Present: Dan Olsen, Steve Nasby

Public Present: None

3. Stimulus Organization Involvement/action Required:

Olsen presented the current JPA outline to the commission. Explained the general direction of the group at this time.

We have three options: Participate as a full voting member, Participate as a non voting member Or completely leave the group.

Olsen explained each of the options to the commission.

Olsen made a recommendation that we not make a decision until we have RUS documents in front of us. It was agreed that we do not have enough information as to the City of Windom participation at this time and we will wait for the RUS to provide details.

4. Adjourn:

Community Center Commission Minutes
Monday March 22, 2010

1. Call to Order: The meeting was called to order by President Wayne Maras at 5:45 p.m.

2. Roll Call: President: Wayne Maras
CC Director: Brad Bussa
Commission Members: Dick Jeffrey
Kelly Woizeschke
Hilary Mathis-Absent
Commission Liaisons: Corey Maricle-Absent
Bruce Caldwell-Absent
Jo Ann Ray-Absent
EDA Director: Aaron Backman – absent

3. Approval of Minutes:

Motion by Kelly Woizeschke, seconded by Dick Jeffrey, to approve the January 25, 2010 Community Center Commission Minutes. Motion carried 3-0

4. Additions to the agenda:

Under Presidents Report-
a. Election of Officers

Under Directors Report-
d. Hand out Senior Men's names for Friday night key
e. Seasonal Part-time Help

5. Correspondence:

a. Nothing to Report

6. President's Report:

a. Election of Officers-**Motion by Kelly Woizeschke, seconded by Dick Jeffrey, to table until next meeting. Motion carried 3-0.**

7. Director's Report:

a. Policy Review-Commission reviewed Policy and Procedures Manual that is handed out to large groups and wedding parties. Under Dance License Fees a change was made that License maybe picked up at City Hall and must have City Council's approval 30 days prior to event. The City requires a fee for 2 Police Officers at each public dance event.

b. Liquor License Review-WCC Director Bussa reported in January Meeting that the Commission asked Director to check into possibilities of Windom Community Center obtaining a full Liquor License. Director Bussa reported that he had

received the 2009 MN Statutes on Intoxicating Liquor and On Sale License in which commission reviewed. Director Bussa stated he had contacted Ken Hoffman on Insurance Rates. Commission advised Director Bussa to get as much information and figures together and when ready, take to City Council. **Motion was made by Dick Jeffrey , seconded by Wayne Maras to have Director Bussa present to City Council for approval to issue a full Liquor License to Windom Community Center and to approve that in future the Windom Community Center would become soul Liquor Provider. Motion carried 3-0.**

- c. Spring Flea Market/Garage Sale May 15, 2010-Director Bussa reported on upcoming Flea Market/Garage Sale on May 15, 2010. Commission input was also asked on helping with costs on event. 12x14 ft Booths will be \$20.00 and include 1 table and 2 chairs, additional tables would be \$5.00. Admission at the door would be \$1.00 and hotdogs and chips served for lunch. The time will be 9:00am to 2:00pm with set up times on Friday and prior to event. 2 vendors will be allowed per area and all vendors will be advised that ALL items are to be removed at end of day.
- d. Hand out Senior Men's names for Friday night key- a handout with 6 names for key for seniors opening doors on Friday Night was accepted and Commission advised all names on list should be shown what needs to be done before locking up.
- e. Seasonal Part-time Help-Director Bussa reported an ad has been placed in Citizen for applications.

8. Resource Management:

Schedule of Events: Events are still coming in
Income & Expense: Report enclosed, no questions

9. Miscellaneous:

Nothing to report.

10. Open Forum: Nothing to Report

11. Next Meeting: Monday April 26, 2010 at 5:30pm

Adjourn:

Motion by Kelly Woizeschke, seconded by Dick Jeffrey, to adjourn the meeting at 6:50 pm. Motion carried 3-0.

Wayne Maras, WCC President

Attest: _____
Brad Bussa, WCC Director

, WCC Secretary

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
March 24, 2010

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on March 24, 2010 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson Pro Tem: Keith Bloomgren

Members Present: Chris Johnson

Members Absent: Mike Schwalbach

City Council Liaison: Jean Fast Absent

Steve Nasby, City Administrator; 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 Bloomgren, to approve the February 17, 2010 minutes as presented. Motion carried 2-0

WATER WASTEWATER ITEMS

National Pollutant Discharge Elimination System Permit – Haugen reviewed the letter that he received from Minnesota Pollution Control Agency notifying the City of Windom Wastewater Department that they are being presented with a commendation on March 24, 2010 at the 73rd Annual Wastewater Operations Conference recognizing the department for ensuring the following:

- Facility was overseen by a properly certified operator
- Facility did not exceed the effluent limits contained in your permit
- All of the required monthly and annual reports were timely and complete
- Facility did not experience any bypasses, enforcement actions or inspections identifying significant compliance concerns

Haugen notified the Utility Commission that Glen Lund would be accepting the award on behalf of the City of Windom Wastewater Department, and commended his department for a job well done.

Bio-solids Annual Report – Haugen reviewed the Bio-solids Annual Report with the Utility Commission. Bloomgren asked if this report contained the gallons applied, Haugen said that was

correct and that a chemical analysis of the bio-solids also needed to be taken, and that the land must meet certain qualifications be able to have bio-solids applied.

Water Usage Report for 2009 – Haugen said that 268,975,134 gallons of water were pumped in 2009. Red Rock Rural Water used approximately 25,000,000 gallons of water less in 2009 compared to 2008. Haugen also presented a report showing the water pumped from the city wells. Haugen also said that at the present time Red Rock Rural Water is pumping ½ million gallons water per day as Red Rock Rural Water facility is off line. Poet's usage also decreased between 2008 and 2009.

Wastewater Treatment Plant Data – Haugen presented the Utility Commission with data showing that the wastewater treatment plant treated 369,295,000 gallons of water in 2009, which was the same as 2008. PM Windom flow is up 8% from 2008. Haugen said 53,301,230 gallons are from infiltration of water which is attributed from run off and PM Windom.

Poet Bio-Refinery Contract Update – Haugen informed the Utility Commission that the Poet Bio-Refinery Board had approved the revised water contract. Nasby said that it would go to the City Council for approval on April 6, 2010. At the time of approval of the contract Poet Bio-Refinery will be invoiced for their water usage minimums for 2009, and the minimum charges for 2010 as outlined in the contract.

Towlerton Property – Haugen said that the attorneys representing Lee Towlerton have indicated that Towlerton would be addressing the issue of oil (fuel) in the ground at the former Towlerton Motors property, and that he would keep the Utility Commission updated.

Happy Chef Building – Haugen said that he has notified Brad and Tina Chester the new owners of the Happy Chef property that the city of Windom would like to relocate the water line, to remove it from the Highway, with a 2 inch line, and the cost of this project would be assessed back to them.

Lee Peterson – Haugen said that Lee Peterson intends to retire at the end of May 2010, but he has not given notification of this in writing.

ELECTRIC ITEMS

Appliance Rebate Program Review - Grunig provided an excel spread sheet outlining the Appliance Rebate Program from 2003 – 2009. The dollars that have been rebated during that time were \$187,835.00 and the Kwh's saved were 195,570 Kwh's. Grunig also said that there have been 9000 compact florescent lights distributed throughout Windom during that time at a cost of \$31,000. The Kwh's saved over that time period could furnish power to 72 homes for one year.

Rental Security Light Audit – Grunig prepared data showing the cost of power and maintenance for security lights. This data showed that the cost to operate a 400 Watt security light is \$15.51 per month, and at the present time the City Utilities is charging \$10.00 per month for rent of these lights. The data also showed that the cost to operate 100 Watt security lights is \$5.28 per

month, and the City Utilities is charging \$5.00 per month to rent these security lights. Grunig is recommending to the Utility Commission that the charge for the 400 Watt security light should be \$18.00 per month, and the rental charge of the 100 Watt security light should be \$8.00 per month.

Motion by Johnson, seconded by Bloomgren, to increase the monthly charge for the 400 Watt security light to \$18.00, and the monthly charge for the 100 Watt security light to \$8.00. Motion carried 2-0.

Distribution Study – Grunig reviewed items in the Distribution System Study that was prepared in 2007. 9.0 Existing System Deficiencies – The item addressed is as follows:

“The 2.4KV switchgear is rated to interrupt 50 MVA or 12,028 amps of fault current, under normal conditions, when no generators are running, the available fault current on the 2.4 KV bus is 13,031 amps. When all the generators are running, this increases to 22,740 amps. If there is a fault on the 2.4 KV bus or on the gas turbine generator leads, the 2.4 KV breakers will not be able to interrupt the fault current. This situation may cause the breaker to fail catastrophically, resulting in an explosion and fire at the power plant.”

Grunig said the re-wiring of the 2.4KV switchgear was provided by Utilities Plus Energy Services (UPES) and the bustie (step-up) transformer is now protected by the 13.8 KV switchgear eliminating the issues with the 2.4KV generator breaker. This transformer need only be energized now when running the turbine generator saving \$6,500 and 118,000 KWH's per year for the Utility. UPES provided the following information on the action to correct the problem. Utilities Plus Energy Services provided the following information on the action to correct problem.

2,400 Volt Circuit Breaker Rating

“The fault current interrupting rating of the existing 2,400 volt switch gear is 50 MVA. The maximum fault current on the 2,400 volt bus as shown on the one line diagram is 58.43 MVA. This fault current was only seen by the 2,400 volt bus feeders. These breakers are planned to be removed. The maximum fault current seen by the gas turbine breakers is 39.53 MVA. This value could increase to 49.42 MVA if the fault current on the 13.8 KV bus increased to 500 MVA. We believe that the fault duty the 2,400 volt generator breaker is (74 years old) is required to interrupt should be reduced to 40 MVA. Therefore, transferring the trip of the 2,400 volt generator to the 13.8 KV circuit breaker, was a justified change to prevent a circuit breaker failure.”

New Vision Co-Op – Grunig informed the Utility Commission that New Vision Co-Op will be removing 2 of their small steel bins (50,000 bushel) and a dryer. This will cause them to replace their 600 amp service with at 2,000 amp service at a cost of \$30,000 to the utility. Because of the need to have more energy available to New Vision Co-Op, Grunig requested to have the Utility Commission review the way demand meters are being billed. Grunig said that in early 2005 the City had billing software through Primal Systems, and this was not capable of billing minimums for demand metering, so at that time the City Utilities billed for actual usage only.

However, the new software is capable of billing minimums for demand and is requesting that he bring information to the next meeting if they were interested in looking at that data.

General consensus from the Utility Commission was that they would be interested in reviewing the present billing procedures for demand metering.

REGULAR BILLS

Motion by Johnson, seconded by Bloomgren, to approve the payment of the Wenck bill in the amount of \$407.25 for a landfill expense. Motion carried 2-0.

OLD BUSINESS

None

NEW BUSINESS

Next meeting date was set for April 28, 2010 at 10:00 a.m.

On motion the meeting was adjourned at 11:15 a.m.

Keith Bloomgren, Commission Chairperson Pro Tem

Attest: _____
Brigitte Olson, Assistant City Administrator

**ECONOMIC DEVELOPMENT AUTHORITY OF WINDOM
MINUTES
SPECIAL MEETING
MARCH 29, 2010**

1. Call to Order: The meeting was called to order by President Slette at 12:04 p.m.

2. Roll Call & Guest Introductions:

EDAWN Commissioners: Trevor Slette, Juhl Erickson, and Bob Messer.

Also Present: EDA Staff – Aaron Backman, Executive Director; City Administrator Steve Nasby; Mayor Kirby Kruse, Staff Denise Nichols, and Lisa Fredin, WADC Liaison.

3. Public Hearing – Sale of Land - 12:05 p.m.:

A. Chairman Slette opened the Public Hearing at 12:05 p.m. Executive Director Aaron Backman provided information regarding an offer that was received for the purchase of the property located at 427 Sixth Avenue. The initial offer made by the buyer on March 13, 2010, was \$110,000. A counter offer was made and accepted on March 14, 2010, for the sales price of \$114,000. Director Backman reviewed the contingencies regarding the offer.

President Slette asked if there were any other questions or comments from anyone in the audience. No other comments were received from anyone present. All public testimony was completed. President Slette closed the public hearing at 12:13 p.m. and referred the matter to the EDA Board for consideration.

B. Follow-up Action to Public Hearing:

Resolution introduced and motion by Commissioner Messer, seconded by Commissioner Erickson, to adopt EDA Resolution No. 2010-01, entitled “Resolution Approving Sale of Property Described as Lot 1, Block 1 of Riverbluff Estates Subdivision to the City of Windom, Cottonwood County, Minnesota”.

Upon roll call vote being taken, the following voted in favor thereof: Commissioners Slette, Erickson and Messer; the following voted against the same: None; the following were absent: Commissioners Maricle and Larson. (The Resolution was adopted.)

After further discussion, the following actions were taken.

Motion by Commissioner Messer, seconded by Commissioner Slette, authorizing a loan from the River Bluff Estates Revolving Loan Fund of up to \$5,000 to Purchaser Steven Mau for down payment assistance, which shall be forgiven over the period of five years if the home remains the Purchaser’s principal residence. Motion carried 3-0.

Motion by Commissioner Slette, seconded by Commissioner Messer, authorizing an improvement loan from the River Bluff Estates Revolving Loan Fund of up to \$15,000, for the purpose of installation of two bedrooms and a bathroom in the lower level of the home, with no interest to accrue on the loan and deferred payments for the period of ten years or until such time as the home ceases to be the Purchaser's principal residence, whichever occurs first. Vote: Ayes: 2; Abstained: Commissioner Erickson.

Motion by Commissioner Erickson, seconded by Commissioner Messer, authorizing EDA Executive Director Aaron Backman to disburse funds from the River Bluff Estates Revolving Loan for the down payment assistance and the improvement loan upon the submission by the Purchaser of the required documentation. Motion carried 3-0.

4. Unfinished Business – None.

5. New Business – None.

6. Miscellaneous Information:

The Commission discussed the remaining balance and allowed uses of the River Bluff Estates Revolving Loan Fund. The Commission agreed that they would need to explore the use of any remaining funds in the revolving loan fund.

The Commission discussed the EDA's sales price for the undeveloped lots in the Riverbluff Estates Subdivision and the annual cost for maintaining the lots. It was suggested that the sales price per lot should be increased. After further discussion, no consensus was reached concerning this action. The Commission discussed the possibility of contacting the new property owners in the subdivision and informing them that there are adjoining lots available for sale by the EDA.

7. Adjourn: By consensus, President Slette adjourned the meeting at 12:28 p.m.

Trevor Slette, President

Attest: _____
Aaron Backman, Executive Director

STREET DEPARTMENT COMMITTEE
MINUTES MARCH 31, 2010

Call to Order: The meeting was called to order at 4:30 P.M. at City Hall

Members Attending: Committee Member: Brad Powers, JoAnn Ray

City Staff Present: Street Superintendent Bruce Caldwell & Representative Craig Mueller from Wenck Engineering

Public: None

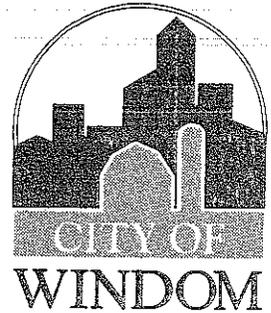
1. 2010 Seal Coat Project Review Bids.
Caldwell and Mueller stated that the bids came in over budget and after some discussion the committee agreed to drop 8th Street & the small parking lot west of Bank of the West and north of the Center Stop public parking lot. The Electric Department has to do some underground utility work in the parking lot in the alley by Bank of the West this summer so doing a seal would be pointless. These streets will be added to the 2011 project. The low bidder with the deductions was Bituminous Paving \$39,440.00 plus \$3,155.00 for engineering all totaling \$42,595.00 which is \$2,405.00 under budget.
Recommendation by Street Committee is to approve bid with deductions
2. Snow Plow Damage 1305 4th ave Caldwell stated that a fence was damage at this address and after inspection the fence was within the alley right-of-way. Caldwell contacted our insurance company for review.
3. Winter Expense Report Caldwell reported that the total cost for salt/sand, fuel, snow hauling hire and overtime cost \$54,031.67. This does not include maintenance on vehicles or plow blades.
Note Attachment showing years from 1994-2010.
4. Budget Items: the committee discuss the shortage of LGA funding and looked at possible areas to reduce the 2010 budget for the department.
 - a. Reduce the amount of parking stall line painting on streets and lots.
We will paint all the crosswalks in town then all the parking stall lines on the concrete streets first. Use the remaining paint we have in stock do other areas where needed.
Note: the committee asked if the new line painter was ordered which was budgeted for in 2010. Caldwell said it hasn't been ordered as of yet because of additional LGA reductions for this year. This item will be reviewed at the City Council budget meeting on April 20th. The committee said they are hopeful we will find the resource to make the purchase in May so the painting can be done prior to Riverfest.
 - b. Eliminate or reduce dept staff working on special event items such as hauling tables and building fences for dances due to the lack of staffing.
 - c. Eliminate weekend staffing during the summer, checking parks and restrooms etc; no callouts for plugged toilets unless there would happen to be a specialty event where this has to be done which at times the street staff did these items. Street staff has helped with this duty.
 - d. Eliminate sweeping private lots without a charge; this would include all churches and business.
 - e. Change the storm sewer maintenance responsibility back to the WWTP as they have the equipment and staffing.

5. Street Department Staffing & Equipment Used When Working for Other Departments. Caldwell issued a log sheet showing how much time the street department staff and equipment is needed for snow removal at the Community Center, Arena, Hospital & Airport. Tel-com, Electric & WWTP were not included in this report as they were minor. During the winter months the department spent 321 hours plowing snow for the above departments.
In the summer months the street department hauls used horse bedding out following shows at the Arena. Caldwell has been keeping track of this item since 2005 and the annual cost to the street department ran from \$9,000.00 to \$4,300.00 depending on how many shows there was per year. This was for labor, fuel and equipment used. This did not include any lawn mowers they used during the summer.
None of these costs are billed back to any of the departments other than the hospital. The committee stated that even though most of the departments don't get billed for these services the dollars still come from one source. Billing other departments wouldn't necessarily reduce the total budget but it would be much more accurate if each department would list our costs accordingly. Such as snow removal, mowing and Arena items.
6. Staffing the committee discussed the shortage of staffing due one of the full time street department persons leaving or retiring mid summer. That person will no longer be available for duties after April 5th. Caldwell said he only has 2 full time street department staff plus 1 staff person that does mechanic duties half his time then he helps with street maintenance the other half. Due to the bad winter when the mechanic was out plowing snow he was unable to perform maintenance on several vehicles from all departments. Presently he is extremely busy trying to get caught up therefore he is unable to help with spring cleanup in the street or park departments. Not counting the department head the street and park staff have approximately 33 weeks of comp off time or vacation to use up during the summer months. So it will be difficult to say the least to get much maintenance work done for either department. Caldwell said we must find the resource to hire another full time street department person no later than August or early September otherwise much need maintenance and services will be reduced considerably.
7. Meeting adjourned at 5:15 P.M.

City of Windom Street Department Winter Expense Report

Year Oct 1st-April 1st	Salt/Sand \$ <u>B</u>	Fuel \$ <u>C</u>	Snow Hire \$ <u>D</u>	Total \$ Columns B-C-D <u>E</u>	O.T. Hrs Worked <u>F</u>	O.T. Pay Av. \$25.00 <u>G</u>	All Total E & G <u>E & G</u>
1994-1995	\$6,212.13	\$3,569.47	N/A	\$9,781.60	N/A	N/A	
1995-1996	\$5,664.76	\$4,684.24	N/A	\$10,349.00	N/A	N/A	
1996-1997	\$8,563.45	\$9,408.96	N/A	\$17,972.41	N/A	N/A	
1997-1998	\$7,532.45	\$9,250.66	N/A	\$16,783.11	486	\$12,150.00	\$28,933.11
1998-1999	\$7,532.45	\$5,324.25	N/A	\$12,856.70	531	\$13,275.00	\$26,131.70
			1/1/00-3/31/00				
1999-2000	\$6,669.78	\$3,966.81	\$2,446.50	\$13,083.09	348 1/2	\$8,712.50	\$21,795.59
2000-2001	\$8,076.49	\$11,115.34	\$4,968.00	\$24,159.83	633	\$15,825.00	\$39,984.83
2001-2002	\$4,693.30	\$6,178.09	\$2,924.05	\$13,795.44	359	\$8,975.00	\$22,770.44
2002-2003	\$6,188.28	\$4,706.20	\$1,120.00	\$12,014.48	457 1/2	\$11,437.50	\$23,451.98
2003-2004	\$5,971.74	\$5,049.09	\$2,177.50	\$13,198.33	362 1/2	\$9,062.50	\$22,260.83
2004-2005	\$8,220.50	\$5,850.00	\$1,050.00	\$14,070.50	427 1/2	\$10,687.50	\$24,758.00
2005-2006	\$11,591.78	\$10,068.03	\$1,080.00	\$21,659.81	362	\$9,050.00	\$30,709.81
						Av. \$27.50	
2006-2007	\$7,510.43	\$9,198.31	\$3,870.00	\$20,578.74	416	\$11,440.00	\$32,018.74
2007-2008	\$16,294.79	\$9,128.55	0	\$25,423.34	327 3/4	\$9,013.13	\$34,436.47
2008-2009	\$22,137.32	\$12,700.00	\$1,165.00	\$36,002.32	338.00	\$9,295.00	\$45,297.32
2009-2010	\$17,364.43	\$11,850.00	\$5,622.24	\$34,836.67	698	\$19,195.00	\$54,031.67

Does Not Include Cutting Edges for Snow Units or Repairs Due to Winter Plowing
 Note Overtime can be taken in time off and not actual pay.



March 22, 2010

NOTICE OF PUBLIC HEARING

Notice is hereby given that a hearing will be held before the Windom City Council on Tuesday, April 6, 2010, in the City Council Chambers located at 444 9th Street. The Council meeting will begin at approximately 7:30 p.m. with the public hearing to be held at approximately 7:35 p.m.

The purpose of the public hearing is to consider the proposed vacation of a portion of Langley Street between 16th Street and 17th Street legally described as:

All that part of Langley Street located in Lot 7, County Auditor's Subdivision No. 4 in the City of Windom, Cottonwood County, Minnesota, which lies south of the south right-of-way line of 17th Street extrapolated east, and which lies east of a line running parallel with, and 20 feet east of the west line of Lot 7, County Auditor's Subdivision No. 4 in the City of Windom.

By order of the Windom City Council:

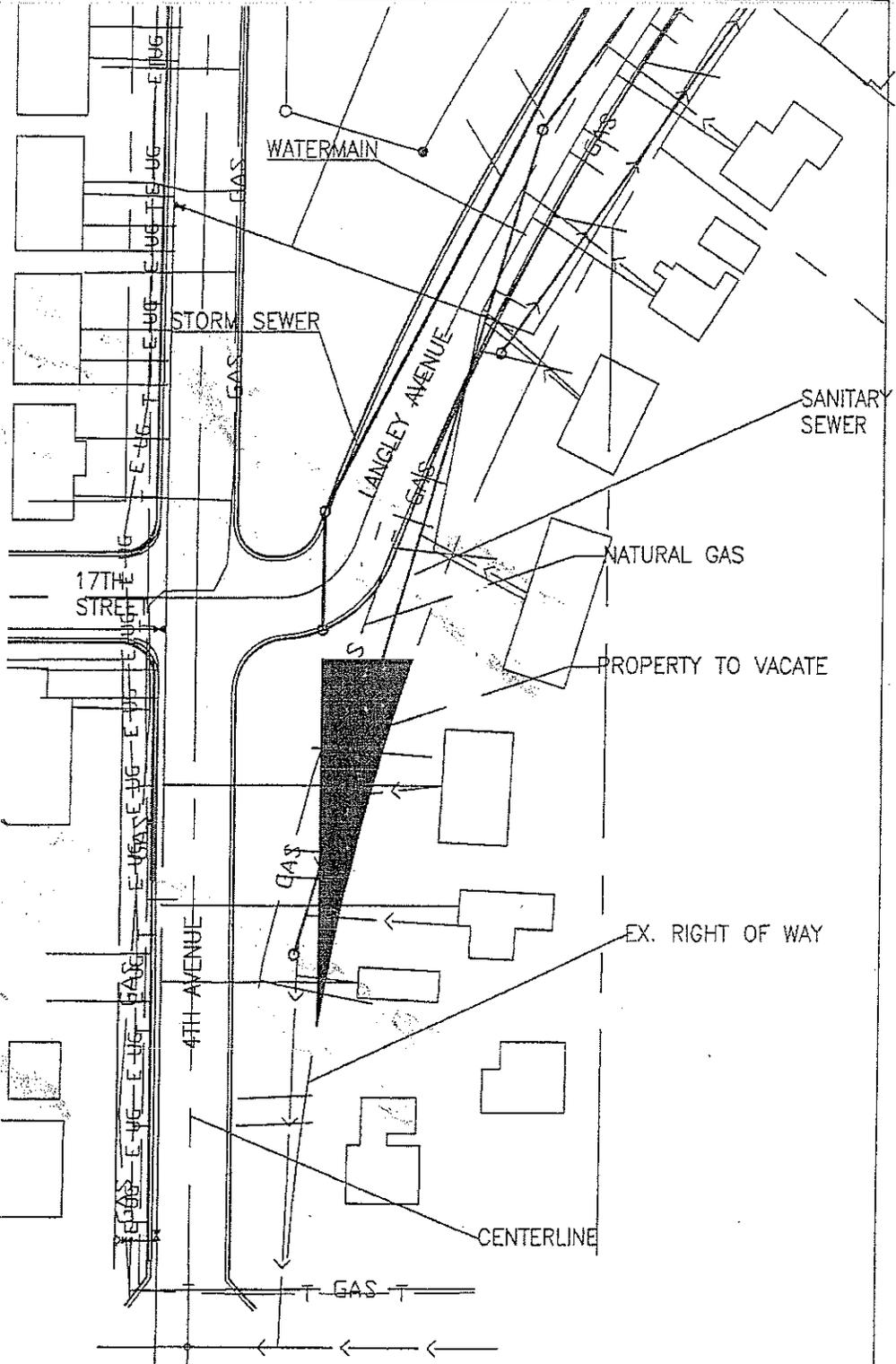
Steve Nasby
City Administrator

Published March 24, 2010



Plot Date & Time: 12 March 2010 4:03 PM

LEGEND
 PROPOSED VACATION OF PROPERTY AREA



R:\Drafting\0045 City of Windom\23\CAD\CIV\NEW RIGHT OF WAY.dwg



CLIENT
 CITY OF WINDOM
 444 9TH STREET
 WINDOM, MN 56101

PROJECT 2009 STREET IMPROVEMENT PROJECT
 SHEET TITLE 4TH/LANGLEY INTERSECTION PROPOSED RIGHT OF WAY

REV	DWN	APP	REV DATE	DWN BY	CHK'D	APP'D	DWG DATE	PROJECT NO.	SHEET NO.	REV NO.
				CAM	CAM	CAM	03/10/10	0045-00		
							SCALE NTS			

RESOLUTION # 2010-

INTRODUCED:

SECONDED:

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

A RESOLUTION APPROVING THE VACATING OF A PORTION OF LANGLEY STREET COUNTY AUDITOR'S SUBDIVISION NO. 4 AS DESCRIBED HEREIN

WHEREAS, the City of Windom has called for the vacation of a portion of Langley Street right-of-way in County Auditor's Subdivision No. 4 described as follows:

All that part of Langley Street located in Lot 7, County Auditor's Subdivision No. 4 in the City of Windom, Cottonwood County, Minnesota, which lies south of the south right-of-way line of 17th Street extrapolated east, and which lies east of a line running parallel with, and 20 feet east of the west line of Lot 7, County Auditor's Subdivision No. 4 in the City of Windom.

WHEREAS, the City Council adopted a resolution setting a public hearing on said vacation to be held on April 6, 2010, at 7:35 p.m.; and

WHEREAS, the City Clerk of the City of Windom caused written notice of said hearing to be mailed to each of the property owners affected by the proposed vacation at least 10 days before the hearing; and

WHEREAS, the City Clerk caused said written notice of the hearing to be published and posted at least 10 days before said hearing; and

WHEREAS, a public hearing on the proposed vacation was held on on April 6, 2010, at 7:35 p.m. in the Council Chambers in City Hall, Windom, Minnesota; and

WHEREAS, the City Council for the City of Windom believes it to be in the best interest of the City of Windom to vacate a portion of the aforementioned Street.

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

1. That it is in the best interest of the City of Windom to vacate a portion of the Langley Street right-of-way, and therefore the vacation of the aforementioned street right-of-way is hereby approved.
2. The City of Windom hereby reserves a utility easement within the boundaries of the aforementioned vacated street right-of-way.
3. The City Clerk for the City of Windom shall prepare a Notice of Completion of the proceedings which shall contain the name of the city, identification of the vacation, a statement of the time of completion thereof, and a description of the real estate and lands affected. Further, the City Clerk shall present the same to the Cottonwood County Auditor for the purpose of entering the same into the transfer records for the County of Cottonwood.

Adopted this 6th day of April, 2010.

Kirby G. Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

RESOLUTION # 2010-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**RESOLUTION RECOGNIZING THE 2009-2010 WINDOM
EAGLES BASKETBALL TEAM**

WHEREAS, the 2009-2010 Windom Eagles Basketball Team competed in the Minnesota Class AA State Semifinals Boys Basketball Tournament and have represented their school and community admirably; and

WHEREAS, the players and coaches have put forth their best efforts in conference, sectional and state matches in basketball competition; they have acted in a sportsmanlike manner and upheld the honor of their school; and

WHEREAS, the players and coaches of the 2009-2010 Windom Eagles Basketball Team deserve the support and the congratulations of the community.

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

1. The 2009-2010 Windom Eagles Basketball Team, Coaches, and Parents of the participating individuals are commended for their successful season in 2009-2010.
2. The City Administrator is authorized and directed to incorporate this Resolution in the City's official records and present a copy to the Windom Area School District as evidence of the admiration and gratitude of the City of Windom and its citizens.

Adopted this 6th day of April, 2010.

Kirby G. Kruse, Mayor

Attest: _____

Steve Nasby, City Administrator

RESOLUTION #2010-

INTRODUCED:

SECONDED:

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

2010 NATIONAL LIBRARY WEEK PROCLAMATION

WHEREAS, libraries everywhere play a vital role in supporting the quality of life in their communities; 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 the 21st Century; and

WHEREAS, libraries serve as crucial technology hubs for people in need of free Web access, computer training, and assistance in locating job resources; and

WHEREAS, libraries are part of the American Dream – places of opportunity, education, self-help and lifelong learning; and

WHEREAS, library use has risen nationwide among all types of library users continuing a decade-long trend; and

WHEREAS, libraries, librarians, library workers and supporters across America are celebrating National Library Week with "The Campaign for America's Libraries".

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the week of April 11-17, 2010, 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.

Adopted by the Council this 6th day of April, 2010.

Kirby G. Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

Application fee for each event	
If application postmarked or received:	
less than 30 days before the event	more than 30 days before the event
\$100	\$50

ORGANIZATION INFORMATION

Check # _____ \$ _____

Organization name: Evangelical Lutheran Good Samaritan Society Previous gambling permit number: X0475810006

Type of nonprofit organization. Check one.

- Fraternal
 Religious
 Veterans
 Other nonprofit organization

Mailing address: Box 5038 City: Sioux Falls State: SD Zip Code: 57117-5038 County: Minnehaha

Name of chief executive officer (CEO): David Horazdovsky Daytime phone number: 605-362-3109 Email address: dhorazdo@god-sam.com

Attach a copy of ONE of the following for proof of nonprofit status. Check one.

Do not attach a sales tax exempt status or federal ID employer numbers as they are not proof of nonprofit status.

- Nonprofit Articles of Incorporation OR a current Certificate of Good Standing.**
 Don't have a copy? This certificate must be obtained each year from:
 Secretary of State, Business Services Div., 180 State Office Building, St. Paul, MN 55155 Phone: 651-296-2803
- IRS income tax exemption [501(c)] letter in your organization's name.**
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS at 877-829-5500.
- IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**
 If your organization falls under a parent organization, attach copies of both of the following:
 a. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling, and
 b. the charter or letter from your parent organization recognizing your organization as a subordinate.
- IRS - proof previously submitted to Gambling Control Board**
 If you previously submitted proof of nonprofit status from the IRS, no attachment is required.

GAMBLING PREMISES INFORMATION

Name of premises where gambling activity will be conducted (for raffles, list the site where the drawing will take place)

Good Samaritan Society - Windom

Address (do not use PO box): 705-6th St. City: Windom MN Zip Code: 56101 County: Cottonwood

Date(s) of activity (for raffles, indicate the date of the drawing)

April 17, 2010

Check the box or boxes that indicate the type of gambling activity your organization will conduct:

- Bingo*
 Raffles
 Paddlewheels*
 Pull-Tabs*
 Tipboards*

* **Gambling equipment** for pull-tabs, bingo paper, tipboards, and paddlewheels must be obtained from a distributor licensed by the Gambling Control Board. EXCEPTION: Bingo hard cards and bingo number selection devices may be borrowed from another organization authorized to conduct bingo.

Also complete Page 2 of this form.

Print Form

Reset Form

To find a licensed distributor, go to www.gcb.state.mn.us and click on List of Licensed Distributors, or call 651-639-4076.

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT

If the gambling premises is within city limits,
a city official must check the action that the city is taking on this application and sign the application.

The application is acknowledged with no waiting period.
 The application is acknowledged with a 30 day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
 The application is denied.

Print city name _____
On behalf of the city, I acknowledge this application.

Signature of city official receiving application _____

Title _____ Date ____/____/____

If the gambling premises is located in a township, a
county official must check the action that the county is taking on this application and sign the application.
A township official is not required to sign the application.

The application is acknowledged with no waiting period.
 The application is acknowledged with a 30 day waiting period, and allows the Board to issue a permit after 30 days.
 The application is denied.

Print county name _____
On behalf of the county, I acknowledge this application.
 Signature of county official receiving application _____

Title _____ Date ____/____/____

(Optional) TOWNSHIP: On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within township limits. [A township has no statutory authority to approve or deny an application [Minnesota Statute 349.166]]

Print township name _____

Signature of township official acknowledging application _____

Title _____ Date ____/____/____

CHIEF EXECUTIVE OFFICER'S SIGNATURE

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the date of our gambling activity.

Chief executive officer's signature _____ Date _____

Complete a separate application for each gambling activity:

- one day of gambling activity,
- two or more consecutive days of gambling activity,
- each day a raffle drawing is held

Send application with:

- a copy of your proof of nonprofit status, and
- application fee for each event.

Make check payable to "State of Minnesota."

To: Gambling Control Board
 1711 West County Road B, Suite 300 South
 Roseville, MN 55113

Financial report and recordkeeping required

A financial report form and instructions will be sent with your permit, or use the online fill-in form available at www.gcb.state.mn.us. Within 30 days of the activity date, complete and return the financial report form to the Gambling Control Board.

Questions?
 Call the Licensing Section of the Gambling Control Board at 651-639-4076.

This form will be made available in alternative format (i.e. large print, Braille) upon request.
Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information requested; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If you supply the information requested,

the Board will be able to process your organization's application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data are available to: Board members, Board staff whose work requires access to the

information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this Notice was given; and anyone with your written consent.

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: June 19, 2003

Evangelical Lutheran Good Samaritan Society
4800 W 57TH St
Sioux Falls, SD 57117

Person to Contact:
Ms. K. Hilson 31-07340
Customer Service Representative
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
45-0228055

Dear Madam:

This letter is in response to your request of June 19, 2003, regarding your organization's tax exempt status.

Our records indicate that a determination letter issued in May 1955 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section 509(a)(2).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Evangelical Lutheran Good Samaritan Society
45-0228055

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

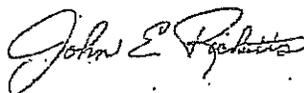
Section 6104 of the Internal Revenue Code requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. The law also requires organizations that received recognition of exemption on July 15, 1987, or later, to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. Organizations that received recognition of exemption before July 15, 1987, and had a copy of their exemption application on July 15, 1987, are also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. For additional information on disclosure requirements, please refer to Internal Revenue Bulletin 1999 - 17.

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

City of Wintom
2010 Sealcoat Improvements
Revised Table of Streets

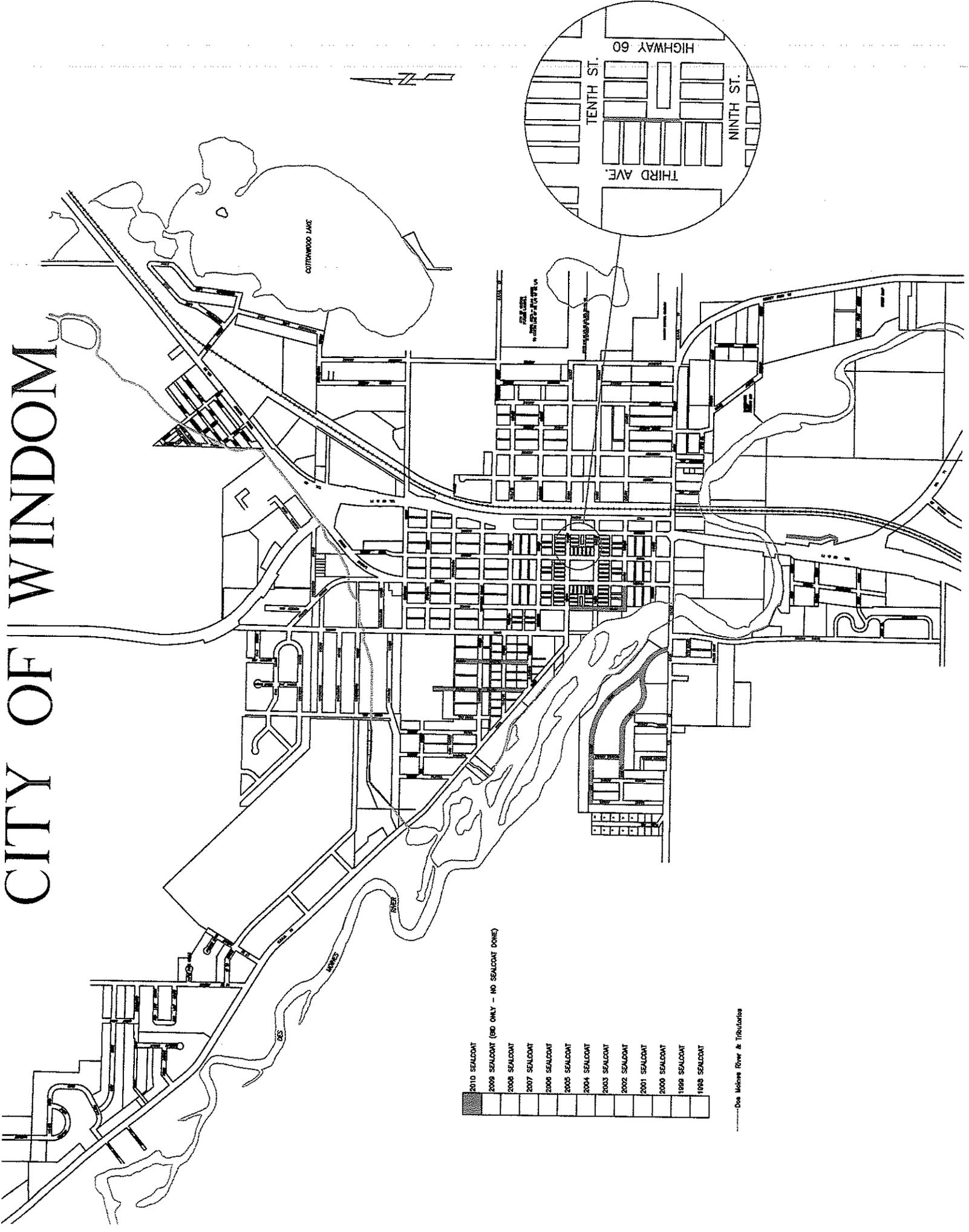
2010 Seal Coat Streets	3/31/2010 From	To	Length	Width	Area, S.F.	Area S.Y.	Last Done
5th ave	8th street	10th street	900	32	28800	3200	2001
8th ave	River Road	Arena	1080	32	34560	3840	2001
7th ave	River Road	School/fairgrounds	1080	32	34560	3840	2001
Service Road Lamperts	hwy 60	Bowling Alley	1300	30	39000	4333	2001
Des. Moines Drive	1/2 block west of Fairview	Winnie	452	32	14464	1607	new in 05
Des. Moine Drive	6th street	1/2 block w Fairview	1533	24	36792	4088	2002
Highland Road	Des. Moine Drive	1/2 block w Fairview	1543	24	37032	4115	2002
Total					225208	25023	

City Streets Sealcoat

ITEM	UNIT	UNIT PRICE	EST QUANT.	AMOUNT
Bituminous Material for Seal	Gallon	\$3.85	6500	\$25,025.00
Red Rock	Ton	\$48.00	300	\$14,400.00
	Subtotal			\$39,425.00
	Total with Engineering			\$42,579.00

2010 SEAL COAT IMPROVEMENTS WINDOW, MINNESOTA 56101		ENGINEER'S ESTIMATED COST		McLaughlin & Schulz, Inc. BIDDER		Bituminous Paving BIDDER		Morris Sealcoat & Trucking, Inc. BIDDER		OMG Midwest, Inc. BIDDER		
ITEM	APPROX QUANTITY	UNIT	COST	AMOUNT	UNIT COST	AMOUNT	UNIT COST	AMOUNT	UNIT COST	AMOUNT	UNIT COST	
STREET												
BASE BID 1												
BITUMINOUS MAT'L FOR SEAL	7200	GAL	\$ 3.50	\$ 25,200.00	\$ 4.19	\$ 30,168.00	\$ 3.85	\$ 27,720.00	\$ 3.71	\$ 26,712.00	\$ 3.50	\$ 25,200.00
RED ROCK	315	TON	\$ 40.00	\$ 12,600.00	\$ 47.00	\$ 14,805.00	\$ 48.00	\$ 15,120.00	\$ 51.53	\$ 16,231.95	\$ 64.80	\$ 20,412.00
BASE BID 1 SUBTOTAL				\$ 37,800.00		\$ 44,973.00		\$ 42,840.00		\$ 42,943.95		\$ 45,612.00
BASE BID 2												
BITUMINOUS MAT'L FOR SEAL RC/MC	6650	GAL	\$ 3.50	\$ 23,275.00	\$ 4.19	\$ 28,701.50	\$ 3.85	\$ 25,372.50		\$ -	\$ 3.50	\$ 23,275.00
BITUMINOUS MAT'L FOR SEAL CRS-2P	350	GAL	\$ 3.50	\$ 1,225.00	\$ 3.72	\$ 1,302.00	\$ 6.00	\$ 2,100.00		\$ -	\$ 5.20	\$ 1,820.00
RED ROCK	315	TON	\$ 40.00	\$ 12,600.00	\$ 47.00	\$ 14,805.00	\$ 48.00	\$ 15,120.00		\$ -	\$ 64.80	\$ 20,412.00
BASE BID 2 SUBTOTAL				\$ 37,800.00		\$ 44,808.50		\$ 43,592.50		No bid		\$ 46,207.00

CITY OF WINDOM



2010 SALCANT
2009 SALCANT (BO ONLY - NO SALCANT DONE)
2008 SALCANT
2007 SALCANT
2006 SALCANT
2005 SALCANT
2004 SALCANT
2003 SALCANT
2002 SALCANT
2001 SALCANT
2000 SALCANT
1999 SALCANT
1998 SALCANT

--- Dos Moines River & Tributaries

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING, entered into this _____ day of _____, 2010, by and between the City of Windom, Minnesota, whose address is 444 9th Street, PO Box 38, Windom, Minnesota 56101, hereafter referred to as "Seller", and Ethanol2000 Limited Liability Partnership, d/b/a POET Biorefinery – Bingham Lake, whose address is PO Box 85, Bingham Lake, Minnesota 56118, hereafter referred to as "Purchaser".

WHEREAS, Seller and Purchaser entered into a Water Purchase Agreement in February 1997, whereby Seller, by Resolution No. 97-05, agreed to sell Purchaser potable treated water under the terms and conditions of that written agreement (hereinafter, the "Water Purchase Agreement"); and

WHEREAS, following entry into the Water Purchase Agreement, Purchaser expanded its plant and operations necessitating an increase in the water volume purchased from Seller and, as a result, the parties executed a Memorandum of Understanding on July 12, 2002 to increase the volume of water to Purchaser; and

WHEREAS, Purchaser has substantially developed its own water resource to meet most of its water needs, and accordingly has asked Seller to modify the Water Purchase Agreement to provide for a decrease in water volume; and

WHEREAS, Seller is willing to modify the Water Purchase Agreement as requested by Purchaser upon certain terms and conditions as set forth in this Memorandum of Understanding.

NOW, THEREFORE, it is the understanding and agreement of the parties as follows:

1. That those volumes and terms and conditions set forth in Exhibit "A" of the Water Purchase Agreement and the July 2002 Memorandum of Understanding shall be modified to read as follows:

Minimum Yearly Volume	40,000,000 gallons
Maximum Yearly Volume	110,000,000 gallons
Maximum Monthly Volume	10,000,000 gallons
Water on Reserve	110,000,000 gallons

2. Purchaser shall pay Seller a lump-sum payment of \$484,000.00 upon execution of this Memorandum of Understanding as payment for Purchaser's proportional share of Seller's outstanding debt on the Water Treatment Facility described in Paragraph B of the Water Purchase Agreement. The parties acknowledge and agree that such payment by Purchaser shall be in full satisfaction of any and all obligations of

Purchaser, contractual or otherwise, to pay or reimburse Seller for any costs, expenses, claims, obligations or liabilities in any way relating to or associated with the Water Treatment Plant described above, including without limitation any costs of construction, operation, maintenance, repair, or replacement thereof, and Seller hereby releases and forever discharges Purchaser, its affiliates, and their successors and assigns with respect to all such costs, expenses, claims, obligations and liabilities, including without limitation all obligations described in Paragraph D of the Water Purchase Agreement, which shall have no further force or effect.

3. All water purchased by Purchaser from Seller shall be billed at an initial rate of \$2.67 per 1,000 gallons of water as measured through the water meter installed by Seller. Such rate shall be subject to adjustment by Seller in accordance with the terms and conditions of Paragraph A of the Water Purchase Agreement.
4. For calendar year 2009, the parties agree that Purchaser shall pay Seller at the rate of forty percent (40%) of the water purchase rate of \$2.67 per 1,000 gallons (which equals \$1.068 per 1,000 gallons) for those gallons of water not purchased by Purchaser up to the Water on Reserve amount set forth in Paragraph 1. For example, if Purchaser purchased 70,000,000 gallons of water in 2009, Purchaser must pay Seller for 40,000,000 gallons of water at the rate of \$1.068 per 1,000 gallons. (Note: The City's invoice for 2009 will be paid by POET within 30 days of the execution of this agreement)
5. For each subsequent year during the term of the Water Purchase Agreement if Purchaser purchases less than the Water on Reserve amount set forth in Paragraph 1 Purchaser shall pay Seller as follows:
 - i. to the extent that such purchases are less than 40,000,000 gallons, Purchaser shall pay Seller at the water purchase rate established under Paragraph 3 above for any gallons of water not purchased up to 40,000,000 gallons; and
 - ii. to the extent such purchases are less than 110,000,000 gallons, Purchaser shall pay Seller at 40% of the water purchase rate established under Paragraph 3 above for any gallons of water not purchased up to 110,000,000, excluding any water not purchased up to 40,000,000, which shall be paid for under sub-paragraph (i).

For example, if Purchaser purchased 30,000,000 gallons of water from Seller in 2010, Purchaser must pay Seller for 10,000,000 gallons of the unpurchased water at the full water purchase rate and must pay Seller for 70,000,000 gallons of the unpurchased water at 40% of the water purchase rate.

IN WITNESS WHEREOF, the undersigned agree to this Memorandum of Understanding and have the authority to execute this document.

Seller: City of Windom

Kirby Kruse, Mayor

Resolution Number

Attested:

Steve Nasby, City Administrator

**Purchaser: Ethanol2000 Limited Liability Partnership, d/b/a POET
Biorefinery – Bingham Lake**

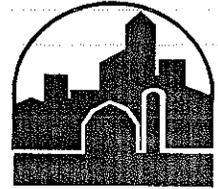
By: _____

Title

By: _____

Title

MEMORANDUM



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

TO: City Council
FROM: Utility Commission
DATE: April 2, 2010
RE: POET Bio-Refinery Water Purchase Agreement – Proposed Memorandum of Understanding

In October 2009, POET Bio-Refinery and City representatives began discussing the parameters for a possible change in the water purchase agreement. The Utility Commission discussed this item at its November and December 2009 meetings and again in February 2010. The following is a brief outline of this issue.

History

In 1997 the City of Windom and Ethanol 2000 (now known as POET Bio-Refinery) entered into an agreement for the purchase of water for the operation that identified a minimum water purchase of 65,000,000 gallons and a maximum of 95,000,000. In July 2002, a memorandum of understanding was executed between the parties to increase the yearly minimum to 110,000,000 gallons and the maximum to 140,000,000. Due to the usage by POET Bio-Refinery the City sized its water plant (constructed in 1997) and water storage facilities (second water tower) to accommodate these volumes.

Development of Water Resource and Process Change by POET Bio-Refinery

Over the last two years POET Bio-Refinery has developed its own water resource and implemented a zero-discharge system that are designed to improve efficiencies at the Plant, conserve water and be beneficial to the environment. Through these changes the need for water from Windom has been reduced.

Benefit to the City of Windom

Reductions in water usage by POET Bio-Refinery would benefit the City through less water pumped from the existing aquifers and wells thus prolonging their life-cycle and allowing for the possible growth in demand for water from Windom citizens, new\existing businesses or other water user agreements without having to expand the well field, treatment plant or other infrastructure.

Proposal to Amend the Water Purchase Agreement

POET Bio-Refinery and City staff met several times to discuss this matter, specifically the needs and financial implications to both parties. The parameters we have been discussing include the following:

- 40,000,000 gallon minimum water purchase (per contact pricing)
- 70,000,000 gallon reserve for POET Bio-Refinery (at 40% of the water purchase cost)
- \$484,000 one-time, up front payment by POET Bio-Refinery to the City for debt reduction.

Revenue Comparisons

If the current water user agreement remains in force POET would be obligated to purchase a minimum of 110,000,000 gallons. The revenue generated from this sale would total \$293,700 (110,000,000 gallons at \$2.67 per 1,000 gallons). The proposed amendment would include \$106,800 for water purchases (40,000,000 gallons at \$2.67 per 1,000 gallons) **plus** \$74,760 for reserve water (70,000,000 gallons at \$2.67 per 1,000 gallons x 40%). In addition, there will be approximately \$68,000 in annual debt service savings on water treatment plant loan. Overall, the amendment would total an annual revenue and savings of about \$249,560.

The reduction in annual revenue from the current water purchase agreement (minimum usage) compared to the proposed Memorandum of Understanding (MOU) is \$44,140. This amount will be off-set to some extent, through savings in the Water Department's operation and maintenance (e.g. electricity, chemicals and longer equipment life).

Additional Information

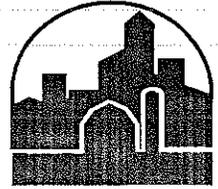
Attached is a memorandum prepared by City staff answering questions raised by the Utility Commission at their November 2009 meeting. This information, presented at the Commission's December 2009 meeting, may be helpful in understanding the discussions between the Utility Commission and POET Bio-Refinery.

Approval Process

On December 16, 2009 the Windom Utility Commission recommended the approval of the terms within the proposed MOU and confirmed this recommendation at their February 17, 2010 meeting. The POET Bio-Refinery Board approved the proposed MOU on March 2, 2010.

If you have questions or need additional information please contact Randy Dittmann, POET Bio-Refinery, at 831-0063 extension 20201, Steve Nasby, City Administrator at 831-6129 or Mike Haugen, Water Superintendent, at 831-6138. Mr. Dittmann is scheduled to attend the April 6, 2010 City Council meeting to answer questions.

MEMORANDUM



CITY OF WINDOM
444 9th Street
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TO: Utility Commission
FROM: Steve Nasby, City Administrator
DATE: December 10, 2009
RE: POET Bio-Refinery Water Purchase Agreement Amendment – Follow-up Information

Per the Commission's discussion, City staff has met with Randy Dittman, POET Bio-Refinery, to provide some additional information related to the possible amendment of our industrial water user agreement.

The Commission requested that information be provided for the following:

- 1. Would POET reduce the maximum amount of water to be purchased?** Yes, POET would agree to reduce the maximum water purchase from 140 million gallons to 110 million gallons.
- 2. Can water purchases by POET be limited to a maximum of 10 million gallons in any month?** Yes.
- 3. Is there a State of Minnesota – DNR surcharge fee for water drawn in the summer months and will POET's potential water use in these months increase the City's fee?** There is a State surcharge for June – August in the amount of \$20 per one million gallons pumped that is in excess of the City's base (determined in January each year). If POET were to pump the maximum of 10 million gallons in any of these months the surcharge would be \$200. If the maximums were pumped in June – August the highest surcharge would total \$600 for the year.
- 4. What is the term of the proposed amendment to the industrial water user agreement?** POET is agreeable to an amendment for the duration of the original term of the agreement. As such, the amendment would be in place from 2010 through 2017.
- 5. What would have been the size of Windom's water plant if water to POET had not been included in the construction of the facility?** In 1997 the plans show that POET (a.k.a. Ethanol 2000) would constitute 23.1% of the usage. Therefore, it is logical to estimate that the Windom Water Treatment Plant would have been approximately 75% of the size it is today.
- 6. Estimated economy of scale and/or other savings to Windom due to having POET as a large industrial user since 1997?** This "economy of scale" number is difficult to

quantify as the Water Treatment Plant was designed to serve this capacity and there are not readily defined price differences for inputs such as electricity or chemicals. Non-quantifiable benefits to the City of Windom through reductions in water usage by POET Bio-Refinery would benefit the City through less water pumped from the existing aquifers and wells thus prolonging their life-cycle. It would also allow for the possible growth in demand for water from Windom citizens or new/existing businesses without having to expand the well field, treatment plant or other infrastructure.

7. **In 2009 POET will not meet the minimum of 110 million gallons purchased in the existing industrial water users' agreement. How does POET anticipate addressing this issue?** POET's position is that they pay for the water that has been used to date.
8. **The proposal to amend the water purchase agreement that was presented to the Commission in November included:**

A minimum water purchase threshold of 40 million gallons. At the current rate this is \$106,800 for water purchases (40,000,000 gallons at \$2.67 per 1,000 gallons). Water on Reserve of 70 million gallons at 40% of the water rate (which is \$74,760 for 70,000,000 gallons at the current rate of \$2.67 per 1,000 gallons x 40%). Plus a one-time, up front capital payment of \$484,000. This debt payment equals a \$68,000 estimated annual debt service savings on water treatment plant loan. These three items account for a total of \$249,560.

Does this proposal accurately calculate the costs for Operation and Maintenance (O & M) and Debt Service related to POET's usage and current water purchase agreement? In 1997 when the Water Plant was being designed the City's engineering firm, Bolton & Menk, provided some calculations on these costs (please see attached memo). Using the numbers from Bolton & Menk, prior usage and 2009 budget information staff calculated POET's fair share cost using three different methods.

Method #1 uses the information from page one of the engineer's memo that shows total costs (capital and O & M). These numbers showed that POET's share of total costs were 25.1%. Using the 2009 Water Department budget of \$1,009,210 x 25.1% = \$255,330 as POET's share.

Method #2 is based on POET's usage from Windom's system averaged over the last three years. This information shows that POET counted for 29.2% of the water pumped. Using the 2009 Water Department budget of \$1,009,210 - \$430,000 debt service and \$25,000 for landfill expenses = \$557,210 as O & M expenses. \$557,210 x 29.2% = \$162,705 as POET's share for O & M. Adding in the debt service for POET's share of the water plant of \$68,000 (based on \$484,000 one-time, up front debt payment) = \$230,705 as POET's share.

Method #3 uses the information from page two of the engineer's memo based on the O & M costs only. These numbers show that POET's share of O & M cost was 46.8% of the Water Department's expense less capital. Based on the 2009 cost of water of \$2.67/1000 gallons, POET's O & M share would be \$1.249\1000 gallons. Based on the 40 million gallon purchase option at full price with 70 million gallons on reserve (priced at \$1.249\1000) plus the one-time, up front debt service payment of \$484,000 that is the annual equivalent of \$262,269.

Averaging the numbers from all three methods of calculating POET's share equals \$249,435 (\$255,330 + \$230,705 + \$262,269 = \$748,304 / 3).

9. **How will the reduction in water sales to POET impact the Water Department's 2010 budget?** In 2008 POET purchased approximately 140 million gallons of water for \$355,000. If POET only purchased the minimum of 110 million per the current contract the 2009 revenue would be \$293,700. The proposed amendment to the water purchase contract effective in 2010 anticipates annual revenue to be \$249,560.

The difference in annual revenue from the water purchase agreement (at 110 million minimum) compared to the proposed amendment is \$44,140. This amount will be reduced to some extent through savings in the Water Department's operation and maintenance (e.g. electricity, chemicals and longer equipment life).

Randy Dittman, from POET Bio-Refinery, is scheduled to be at the December 16th Utility Commission to review this information with the Commission and to answer questions.

Should the Utility Commission recommend moving forward a formal proposal would need to be drafted and sent to the Windom City Council and POET Bio-Refinery for approval. If you have questions or need additional information please contact Randy Dittmann, POET Bio-Refinery, at 831-0063, Steve Nasby, City Administrator at 831-6129 or Mike Haugen, Water Superintendent, at 831-6138.

MEMORANDUM

DATE: February 7, 1997
TO: Dennis Nelson, City Administrator
FROM: Bob Brown, Bolton & Menk, Inc.
SUBJECT: Water Treatment Facility Improvements

I recalculated the water rates based on the low bid we received for the water treatment facility improvements and a summary is presented in the attached Table 1. The user rates are based on the following cost estimates and assumptions:

		Annual Costs
1. Water Usage Used for Determining Capital Costs and Operation and Maintenance Costs:		
• City of Windom	166,500,000 gallons/yr.	<i>59.7% low</i>
• Red Rock Rural Water	50,000,000 gallons/yr.	<i>17.4% low</i>
• Ethanol 2000	<u>65,000,000 gallons/yr.</u>	<i>23.1% low</i>
Total Estimated Yearly Usage	281,500,000 gallons/yr.	<i>100%</i>
2. Estimated Water Treatment Construction Costs with 3 percent construction contingency (All Users)		
	\$2,923,140	\$208,362 ⁽¹⁾
3. Estimated Operation, Maintenance, and Replacement Costs for Water Treatment Facility (All Users)		
• Personal Services (wages, benefits, etc.)	\$ 89,250	\$186,500/yr.
• Supplies and Services	72,250	\$186,500
• Replacement of Water Treatment Facility Equipment (i.e. pumps, controls, etc.)	<u>25,000</u>	
	\$186,500	
4. Estimated Operation and Maintenance Costs for Distribution and Storage System (City of Windom only)		
• Personal Services (wages, benefits, etc.)	\$15,750	\$66,500/yr.
• Supplies and Services	12,750	\$66,500
• Replacement of Distribution and Storage Facilities	<u>38,000</u>	
	\$66,500	
5. Estimated Engineering Costs for Water Treatment Facility (All Users)		
	\$218,000	\$15,540 ⁽¹⁾
6. Estimated Water Distribution System Improvements		
• City of Windom Only	\$110,000	\$9,590 ⁽²⁾
• All Users	140,000	\$12,206 ⁽²⁾
• Red Rock Rural Water Only (tie into City's distribution system)	100,000	\$8,718 ⁽²⁾
7. Booster Pump Station		
• Ethanol 2000 Only	\$148,000	\$12,903 ⁽²⁾
8. New Well/Well House		
	\$200,000	\$17,436 ⁽²⁾
9. Annual Debt Service Factors		
• 20 yr. @ 4% interest = 0.07128 A/P Factor		
• 20 yr. @ 6% interest = 0.08718 A/P Factor		

⁽¹⁾ 20 yr. @ 4% interest used

⁽²⁾ 20 yr. @ 6% interest used

Table 1
Updated Estimated Water User Rates
Water Treatment Facility Improvements
Windom, Minnesota

User	Costs/1000 gallons								Total Costs with all Improvements
	Water Treatment Capital Costs with Engineering	Well/Well House	Water Treatment O & M Costs	Total Water Treatment Costs (Capital + O&M)	City of Windom Water Distribution & Storage O & M Costs	Booster Pump Station for Ethanol 2000	Distribution System Improvements		
City of Windom	0.80-76	0.07-06	0.67-63	1.54 1.45	0.40	---	0.11		-2.05 (1) 1.96
Red Rock Rural Water	0.80 76	0.07-06	0.67-63	1.54 1.45	---	---	0.23-19		-1.77- 1.64
Ethanol 2000	0.80-76	0.07-06	0.67-63	1.54 1.45	---	0.20	0.05		1.79- 1.70

(1) Current City water rate is \$1.50/100 ft.³ or \$2.01/1000 gallons.

$(\text{No Capital}) \cdot 0.06 + .63 + .20 = 1.05 = .94$ (for) 46.8% of $\$2.01/1000$ water cost
 $\frac{1997 \text{ Post } 0/m}{50}$
 $7009 = 46.8\%$ of current water cost of $\$2.67/1000 = 1.24$

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	STEVE NASBY	EXPENSE	32.00
CITY OFFICE	PITNEY BOWES	RENTAL CHARGES	2.51
CITY OFFICE	SELECTACCOUNT	PARTICIPANT FEE	91.50
	Total for Department 103		126.01*
P & Z / BUILDING OFF	MIDWEST WIRELESS	TELEPHONE	12.01
P & Z / BUILDING OFF	PITNEY BOWES	RENTAL CHARGES	2.51
	Total for Department 106		14.52*
CITY HALL	MN ENERGY RESOURCES	HEATING	1,259.89
	Total for Department 115		1,259.89*
POLICE	KENT F. KELLY	EXPENSE	233.60
POLICE	PITNEY BOWES	RENTAL CHARGES	2.51
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,317.28
POLICE	UNICEL	TELEPHONE	104.09
	Total for Department 120		2,657.48*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	105.99
	Total for Department 125		105.99*
EMERGENCY MANAGEMENT	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	23.23
EMERGENCY MANAGEMENT	BERG BAG COMPANY	POLY BAGS	4,951.52
	Total for Department 130		4,974.75*
STREET	AMOCO OIL COMPANY	GAS	47.98
STREET	MIDWEST WIRELESS	TELEPHONE	98.21
STREET	MN DEPT OF PUBLIC SA	INSPECTION	24.00
STREET	MN ENERGY RESOURCES	HEATING	1,556.41
STREET	PITNEY BOWES	RENTAL CHARGES	2.51
STREET	CARQUEST AUTO PARTS	MAINTENANCE	124.61
	Total for Department 140		1,853.72*
	Total for Fund 01		10,992.36*
LIBRARY	GE MONEY BANK/AMAZON	SUBSCRIPTION	39.65
LIBRARY	MN ENERGY RESOURCES	HEATING	804.89
LIBRARY	THE LAND	SUBSCRIPTION	22.00
	Total for Department 171		866.54*
	Total for Fund 03		866.54*
AIRPORT	PITNEY BOWES	RENTAL CHARGES	2.51
	Total for Department 174		2.51*
	Total for Fund 11		2.51*
AMBULANCE	KATE AXFORD	EXPENSE / REFRESHER	213.40
AMBULANCE	BOUND TREE MEDICAL,	EQUIPMENT	171.54
AMBULANCE	VAUGHN CORWIN	EXPENSE	151.81
AMBULANCE	TIM HACKER	EXPENSE	12.53

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
AMBULANCE	KDOM RADIO	ADVERTISING	206.00
AMBULANCE	MIDWEST WIRELESS	TELEPHONE	89.79
AMBULANCE	PITNEY BOWES	RENTAL CHARGES	2.51
AMBULANCE	PRAXAIR DISTRIBUTION SERVICE		211.21
AMBULANCE	JIM SKARPHOL	EXPENSE	11.56
AMBULANCE	JIM SKARPHOL	RENT OF FARM & HOME SHOW	25.00
AMBULANCE	MN WEST COMMUNITY	REGISTRATION	658.56
AMBULANCE	ANDY WALL	AMBULANCE CLOTHING	63.00
AMBULANCE	CARQUEST AUTO PARTS	MAINTENANCE	14.42
	Total for Department 176		1,831.33*
	Total for Fund 13		1,831.33*
MULTI-PURPOSE BUILDI	COCA-COLA BOTTLING C	MERCHANDISE	19.12
MULTI-PURPOSE BUILDI	MIDWEST WIRELESS	TELEPHONE	9.99
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	1,697.10
MULTI-PURPOSE BUILDI	RIVER BEND LIQUOR	MERCHANDISE	52.08
	Total for Department 177		1,778.29*
	Total for Fund 14		1,778.29*
	MN DEPT OF EMPLOY & E LOAN REPAYMENT SPAP-99-\$		3,074.22
	Total for Department		3,074.22*
PM REVOLVING LOAN FU	MN DEPT OF EMPLOY & E LOAN REPAYMENT SPAP-99-\$		90.78
	Total for Department 172		90.78*
	Total for Fund 15		3,165.00*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	8,987.20
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	147.00
LIQUOR	COUNTY WIDE DIRECTOR	ADVERTISING	35.00
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	67.00
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,397.36
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	9,251.60
LIQUOR	JOHNSON BROS.	MERCHANDISE	5,596.71
LIQUOR	MN ENERGY RESOURCES	HEATING	431.06
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	3,354.58
LIQUOR	PITNEY BOWES	RENTAL CHARGES	2.51
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	2,169.97
LIQUOR	THE AMERICAN BOTTLIN	MERCHANDISE	105.30
LIQUOR	BANK MIDWEST	NSF CHECK -RIVER BEND LI	22.20
LIQUOR	WINE MERCHANTS	MERCHANDISE	377.00
	Total for Department 180		32,944.49*
	Total for Fund 60		32,944.49*
WATER	COUNTY WIDE DIRECTOR	ADVERTISING	40.00
WATER	SUNSHINE FOODS	SUPPLIES	20.95
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	300.00

CITY OF WINDOM

FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
WATER	MIDWEST DATA, INC	CREDIT APPLIED	-321.68
WATER	MIDWEST DATA, INC	UTILITY BILL-SERVICES/CR	792.22
WATER	MN DEPT OF HEALTH	REGISTRATION	90.00
WATER	MN ENERGY RESOURCES	HEATING	545.84
WATER	PITNEY BOWES	RENTAL CHARGES	2.52
	Total for Department 181		1,469.85*
	Total for Fund 61		1,469.85*
	BRIAN LEWIS	REFUND - UTILITY PREPAYM	125.00
	Total for Department		125.00*
ELECTRIC	AMOCO OIL COMPANY	GAS	548.91
ELECTRIC	CENTRAL MINNESOTA MU	CIP SERVICE ASSESMENT	1,884.00
ELECTRIC	CENTRAL MINNESOTA MU	POWER COST	189,550.34
ELECTRIC	COUNTY WIDE DIRECTOR	ADVERTISING	40.00
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	300.00
ELECTRIC	MIDWEST DATA, INC	CREDIT APPLIED	-155.95
ELECTRIC	MIDWEST DATA, INC	UTILITY BILL-SERVICES/CR	1,633.98
ELECTRIC	MIDWEST WIRELESS	TELEPHONE	87.03
ELECTRIC	MN DEPT OF HEALTH	LICENSE FEE	100.00
ELECTRIC	MN ENERGY RESOURCES	HEATING	449.02
ELECTRIC	PITNEY BOWES	RENTAL CHARGES	2.52
ELECTRIC	WESTERN COMMUNITY AC	REFUND	56.77
ELECTRIC	CARQUEST AUTO PARTS	MAINTENANCE	25.08
ELECTRIC	BANK MIDWEST	NSF CHECK-CITY	59.46
	Total for Department 182		194,581.16*
	Total for Fund 62		194,706.16*
SEWER	AMOCO OIL COMPANY	GAS	148.54
SEWER	COUNTY WIDE DIRECTOR	ADVERTISING	40.00
SEWER	ELECTRIC FUND	MAINTENANCE	12.70
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	300.00
SEWER	MIDWEST DATA, INC	CREDIT APPLIED	-155.95
SEWER	MIDWEST DATA, INC	UTILITY BILL-SERVICES/CR	492.22
SEWER	MN ENERGY RESOURCES	HEATING	981.23
SEWER	PITNEY BOWES	RENTAL CHARGES	2.51
SEWER	CARQUEST AUTO PARTS	MAINTENANCE	9.05
	Total for Department 183		1,830.30*
	Total for Fund 63		1,830.30*
ARENA	AMOCO OIL COMPANY	GAS	74.88
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	167.73
ARENA	HOMETOWN SANITATION	HAUL GARBAGE	130.88
ARENA	MIDWEST WIRELESS	TELEPHONE	77.95
ARENA	MN ENERGY RESOURCES	HEATING	1,332.09
ARENA	PITNEY BOWES	RENTAL CHARGES	2.51
	Total for Department 184		1,786.04*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 64			1,786.04*
	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	675.18
Total for Department			675.18*
ECONOMIC DEVELOPMENT	AARON BACKMAN	EXPENSE	320.13
ECONOMIC DEVELOPMENT	COUNTY WIDE DIRECTOR	ADVERTISING	50.00
ECONOMIC DEVELOPMENT	EHLERS & ASSOC., INC	SERVICE	237.50
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	274.32
ECONOMIC DEVELOPMENT	MIDWEST WIRELESS	TELEPHONE	11.85
ECONOMIC DEVELOPMENT	MN ENERGY RESOURCES	HEATING	57.50
ECONOMIC DEVELOPMENT	PITNEY BOWES	RENTAL CHARGES	2.51
ECONOMIC DEVELOPMENT	SIJAMBO CAFE	EXPENSE	43.71
Total for Department 187			997.52*
Total for Fund 67			1,672.70*
TELECOMMUNICATIONS	AT & T	USAGE CHARGES	176.82
TELECOMMUNICATIONS	BIG TEN NETWORK	SUBSCRIBER	1,574.07
TELECOMMUNICATIONS	COUNTY WIDE DIRECTOR	ADVERTISING	70.00
TELECOMMUNICATIONS	DISH NETWORK	SERVICE	3,400.00
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.95
TELECOMMUNICATIONS	GODFATHER'S PIZZA	EXPENSE	27.77
TELECOMMUNICATIONS	GRAYBAR ELECTRIC CO	MAINTENANCE	41.48
TELECOMMUNICATIONS	HOMETOWN SANITATION	HAUL GARBAGE	73.92
TELECOMMUNICATIONS	H P SUBS CLUB, LLC.	BILLING CONTRACT SERVICE	900.00
TELECOMMUNICATIONS	MIDWEST DATA, INC	CREDIT APPLIED	-341.15
TELECOMMUNICATIONS	MIDWEST DATA, INC	UTILITY BILL-SERVICES/CR	1,732.98
TELECOMMUNICATIONS	ONVOY, INC	BANDWIDTH BILLING	2,968.52
TELECOMMUNICATIONS	ONVOY, INC	SS7 SERVICE	2,050.16
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	190.07
TELECOMMUNICATIONS	PITNEY BOWES	RENTAL CHARGES	7.53
TELECOMMUNICATIONS	RFD TV	SUBSCRIBERS	196.97
TELECOMMUNICATIONS	SUBWAY	EXPENSE	27.79
TELECOMMUNICATIONS	CARQUEST AUTO PARTS	MAINTENANCE	12.81
TELECOMMUNICATIONS	ZAYO BANDWIDTH	BANDWIDTH BILLING	5,471.71
TELECOMMUNICATIONS	DAY BY DAY, INC.	ADVERTISING	756.00
Total for Department 199			19,381.40*
Total for Fund 69			19,381.40*
	AFLAC	INSURANCE	371.32
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDMO1	1,202.00
	LAW ENFORCMET LABOR	UNION DUES	210.00
	LOCAL UNION #949	UNION DUES	1,558.56
	MN BENEFIT ASSOCIATI	INSURANCE	114.18
	MINNESOTA REVENUE	WAGE LEVY	267.00
Total for Department			3,723.06*
Total for Fund 70			3,723.06*

CITY OF WINDOM

FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Grand Total			276,150.03*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	STEVE NASBY	EXPENSE	163.60
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 103		243.60*
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
	Total for Department 106		24.00*
POLICE	MN NCPERS LIFE INSUR	INSURANCE	128.00
	Total for Department 120		128.00*
FIRE DEPARTMENT	MIDWEST WIRELESS	TELEPHONE	44.78
	Total for Department 125		44.78*
STREET	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 140		80.00*
PARKS	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 165		32.00*
	Total for Fund 01		552.38*
AIRPORT	MN POLLUTION CONTROL	AIRPORT STORM & WA PERMI	400.00
	Total for Department 174		400.00*
	Total for Fund 11		400.00*
AMBULANCE	ELECTRIC FUND	MAINTENANCE	40.60
	Total for Department 176		40.60*
	Total for Fund 13		40.60*
MULTI-PURPOSE BUILDI	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 177		32.00*
	Total for Fund 14		32.00*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	4,635.20
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	136.60
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,798.92
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	5,866.40
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	963.89
LIQUOR	JOHNSON BROS.	MERCHANDISE	3,095.07
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00
LIQUOR	PEPSIAMERICAS	MERCHANDISE	147.00
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	317.96
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	7,515.10
	Total for Department 180		25,508.14*
	Total for Fund 60		25,508.14*
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
WATER	MN NCPERS LIFE INSUR	INSURANCE	40.00
WATER	WENCK ASSOCIATES, IN	LANDFILL	407.25
	Total for Department 181		597.25*
	Total for Fund 61		597.25*
	SECR REV FUND/CITY O	REFUND - UTILITY PREPAYM	625.00
	LUKE MARTIN	UTILITY PREPAYMENT	125.00
	Total for Department		750.00*
ELECTRIC	MN DEPT OF EMPLOY & E	UNEMPLOYMENT BENEFIT	23.23
ELECTRIC	CRA PAYMENT CENTER	MAINTENANCE	443.32
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
	Total for Department 182		712.55*
	Total for Fund 62		1,462.55*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
SEWER	MN NCPERS LIFE INSUR	INSURANCE	72.00
	Total for Department 183		222.00*
	Total for Fund 63		222.00*
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 184		32.00*
	Total for Fund 64		32.00*
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	24.00
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O	EXPENSES	3.50
	Total for Department 187		27.50*
	Total for Fund 67		27.50*
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	450.00
TELECOMMUNICATIONS	MIDWEST WIRELESS	TELEPHONE	536.25
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	QUEST	TELEPHONE	98.56
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	175.37
	Total for Department 199		1,324.18*
	Total for Fund 69		1,324.18*
	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department		32.00*
	Total for Fund 70		32.00*
	Grand Total		30,230.60*

CITY OF WINDOM

FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
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First Supplemental Budget Bill Passes

The legislation, which is on its way to the governor, will reduce city aids and credits by an additional **\$52.5 million for 2010**.

(Published Mar 31, 2010)

The first supplemental budget bill, **HF 1671** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1671&ssn=0&y=2009](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1671&ssn=0&y=2009)) (**Rep. Lyndon Carlson** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10089](http://www.house.leg.state.mn.us/members/members.asp?id=10089)), DFL-Crystal/**Sen. Richard Cohen** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1008&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1008&ls=)), DFL-St. Paul), makes reductions to various parts of the budget to begin addressing the fiscal year deficit the state is facing. The House and Senate each passed the **conference committee report** ([Link to: https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrhf1671.html&session=1s86](https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrhf1671.html&session=1s86)) on March 29, and it is now on its way to Gov. Pawlenty. According to the governor's staff, he will sign the bill.

The final bill—which only addresses \$283 million, or about one-third, of the state's current-year budget deficit—will reduce city aids and credits by \$52.5 million for 2010. These cuts are in addition to the governor's unallotments for 2010 that were announced last summer. For 2011, the aid cuts are \$56.5 million.

Points of contention

Five areas of major contention in the budget were:

- The public safety article.
- The state government article.
- Roughly \$8 million in petro fund transfers, which was taken out of the bill due to the governor's concerns.
- Roughly \$8 million in a workers' compensation assigned risk transfer, which was also removed due to the governor's concerns.
- A total of \$25 million in fees associated with a mutual fund fee increase, again removed because of the governor's concerns.

City lobbyists worked to make sure the deep \$52.5 million cut initially proposed was not increased even further. In the end, city stakeholders were pleased to find out that additional cuts were not imposed on cities.

Details about city cuts

The 2010 reduction would be computed as the lesser of (1) 3.4287 percent of the city's certified levy plus LGA and taconite aid or (2) \$28 per capita using the city's 2008 population. The reduction would first be taken from the city's market value homestead credit (MVHC) reimbursement and then, to the extent necessary, from the city's local government aid (LGA) distribution. Unlike the governor's recent unallotment reductions, the cuts would be applied to all cities, regardless of city size.

The bill does not include any extension of levy limits. Under current law, levy limits will be in place for one more year (taxes payable in 2011).

- **View a spreadsheet containing details about the 2010 city cuts (pdf)** (*Link to: <http://www.house.leg.state.mn.us/hrd/issinfo/LGA10cut1671cc.pdf>*)
- **View a spreadsheet containing details about the 2011 city cuts (pdf)** (*Link to: <http://www.house.leg.state.mn.us/hrd/issinfo/LGA11cut1671conf.pdf>*)

Public safety

The public safety article of the bill contains various accounts, and impacts three state agencies: the Department of Public Safety, the Department of Transportation, and the Department of Corrections. The article also contains provisions pertaining to the state's criminal justice (courts) system. The most significant cuts for cities are as follows:

- About \$10.5 million from the Fire Safety Account, which is funded with a dedicated surcharge on insurance premiums, will be diverted to the state's general fund. Approximately \$2 million will remain in the Fire Safety Account, and will be used to fund the State Fire Marshall, hazardous materials response team training, and other fire training purposes.
- The Sentenced to Serve program budget was reduced. Formerly, the state paid for half of the program. Under this bill, the state will now pay one-fourth of the costs. Participating offenders will pay a fee, and entities that use the program will be required to pay a larger portion for the services.
- Cuts to the Peace Officer Standards and Training (POST) Board were minimal for the current biennium. The operating budget for POST will be cut by \$8,000 in fiscal year (FY) 2010 and by \$17,000 in FY 2011, but that will not impact the training reimbursement. Using the number of officers from the reimbursement payments last year (approximately 9,000 officers), POST estimates the reimbursement per officer to be approximately \$368 for FY 2010 and increase to \$378 for FY 2011.
- The budget for the state's courts was reduced by \$9.6 million. Although the cut was lower than the governor's proposed \$15 million, the change is expected to create further challenges for the system, which has been chronically underfunded.

Environment

The environmental sections of the bill are found in Article 3 and include several agencies that regularly interact with cities: the Pollution Control Agency (PCA), the Department of Natural Resources (DNR), and the Board of Water and Soil Resources (BWSR). A common theme in the reductions was that unencumbered balances in grant or cost share programs were often reduced or completely eliminated. Clean water partnership grants and most of the local cost-share grant programs run by BWSR were significantly reduced.

Under the bill, the PCA must collect the cost of attorney general services related to processing environmental assessment worksheets from project proposers. This is a significant change that will affect some city projects and is estimated to result in an additional \$535,000 being collected by the agency in FY 2011.

Proposed cuts in funding for emerald ash borer and gypsy moth programs at the Department of Agriculture were eliminated from the bill. The Department of Agriculture and DNR agreed to work on an interagency arrangement to make sure there is no loss in state response or support for local governments to

fight these pests and to make sure no federal funds are lost.

Economic development

Cuts to the Department of Employment and Economic Development were made largely in the operations area, and cuts to actual programs and pass-thru funding were spared. Most of those programs that benefit cities, such as the redevelopment account and business infrastructure, are funded with bonding dollars and not with general fund money.

Overall, this first phase of the supplemental budget package will reduce the state deficit by slightly more than \$310 million. The Legislature is assuming that Congress will pass an extension of the Medicaid changes, which will reduce the state's cost by roughly \$408 million. Those pieces would reduce the remaining deficit to roughly \$280 million. That amount will be covered by cuts in the yet-to-be-unveiled health and human services bill and perhaps the K-12 bill.

View a spreadsheet containing the line-item budget changes (pdf) (*Link to: <http://www.house.leg.state.mn.us/fiscal/files/hf1671.pdf>*)

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

Your LMC Resource

Contact League staff members for more information about this supplemental budget bill.

For city cuts information:

Contact Gary Carlson

IGR Director

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

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

Contact Lena Gould

Policy Analyst

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

For city cuts or economic development information:

Contact Jennifer O'Rourke

IGR Representative

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

For public safety information:

Contact Anne Finn

Assistant IGR Director

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

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Federal Local Jobs Bill Would Help Save City Jobs

The bill would expend up to \$75 billion over the next two years to help local governments retain employees.

(Published Mar 31, 2010)

While the economy continues to show sputtering signs of overall recovery, economists predict that revenue to state and local government will continue to stagnate and even decline for at least an additional two years. H.R. 4812, called The Local Jobs for America Act, would provide a direct federal lifeline for cities, counties, and school districts as they struggle to maintain essential services and local government employment during this recovery time. The bill is now making its way through the U.S. House of Representatives.

Specifically, the bill would expend up to \$75 billion over the next two years for local governments to retain employees that otherwise would be laid off, rehire those already laid off, and create new positions either within the government or through community-based organizations that provide services local governments cannot. Funding would be provided for two years of employment without any obligation of local continuance once the federal funds run out.

Governments serving populations of 50,000 and over would receive direct entitlement appropriations based on population, poverty, and unemployment levels, while smaller jurisdictions would receive funding passed through their respective states but largely allocated based on federally determined formulas. This is the first proposal of direct and flexible federal assistance to local governments to be offered in decades.

Learn more about the legislation on the U.S. House Education and Labor Committee website *(Link to: <http://edlabor.house.gov/blog/2010/03/local-jobs-for-america-act.shtml>)*

Minnesota Congressman Keith Ellison was one of the first four co-sponsors of the bill, and Congresswoman Betty McCollum has also signed on. Willmar Mayor Les Heitke, in his capacity as the 2nd Vice President of the National League of Cities (NLC), recently met with chief author Rep. George Miller (D-Calif.) to pledge support in securing passage of the legislation.

Consider contacting your representative and both Minnesota senators to urge their support. The NLC has prepared a model letter and model resolution for cities to express their support of this legislation.

- **View the model letter (doc)** *(Link to: <http://www.nlc.org/ASSETS/1F11FB7EC23A41C69A473C6372EEA54A/SAMPLE%20Letter%20HR%204812%20Jobs%20Bill%20CoSponsors.doc>)*
- **View the model resolution (doc)** *(Link to: <http://www.nlc.org/ASSETS/C9DDA1F2AC5C4B2F8CF68B4F18370FB8/SAMPLE%20Resolution%20in%20Support%20of%20HR%204812.doc>)*
- **Learn more from the NLC website** *(Link to: <http://www.nlc.org>)*

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



15-Minute Advocate: Ice Arena Air Quality Bill Skates On

Cities need to contact legislators to express concern about this unfunded mandate.

(Published Mar 31, 2010)

1. Get Informed

In a case that proves that good intentions can have unanticipated and unfunded consequences, a bill to improve air quality inside Minnesota's indoor ice arenas could end up costing skaters, hockey players, and cities that operate arenas thousands of dollars in unproven equipment and training.

A bill that would mandate installation of an electronic air monitoring device in every indoor ice arena is moving quickly through committees in the House and Senate. Under the bill, **HF 3512** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF3512&ssn=0&y=2009](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF3512&ssn=0&y=2009)) (**Rep. Rick Hansen** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?leg_id=12282](http://www.house.leg.state.mn.us/members/members.asp?leg_id=12282)), DFL-South St. Paul)/**SF 3175** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3175&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3175&ssn=0&y=0&ls=86)) (**Sen. Ellen Anderson** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1001&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1001&ls=)), DFL-St. Paul), the monitoring device must be equipped with an alarm that sounds when the carbon monoxide level in the facility is elevated. The monitor must then activate an exhaust system. Ice arena personnel would be required to have training in operating and maintaining the device.

The primary advocate for the legislation is a figure skater and skating coach who became ill from what she claims was chronic exposure to carbon monoxide generated by ice resurfacing and edging equipment.

The Senate **State and Local Government Operations and Oversight Committee** ([Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmtc_id=1026&ls=86](http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmtc_id=1026&ls=86)) amended the Senate version of the bill to exempt arenas that use only electric resurfacers and edgers, equipment that does not produce carbon monoxide.

Both versions of the bill are awaiting hearings in Finance committees, where the fiscal impact can be discussed in further detail.

2. Take Action

Contact members of the House and Senate Finance Committees to express concern about this unfunded mandate legislation.

Access contact information for House Finance Committee members ([Link to: http://www.house.leg.state.mn.us/comm/committeemembers.asp?comm=86106](http://www.house.leg.state.mn.us/comm/committeemembers.asp?comm=86106))

Access contact information for Senate Finance Committee members ([Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmtc_id=1007&ls=#members](http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmtc_id=1007&ls=#members))

Talking points on HF 3512/SF 3175:

- The health and safety of ice arena users and visitors is a priority of the highest order.
- This is well intended legislation, but also another unfunded mandate.
- The cost of implementing this legislation would be highly problematic at a time when budget challenges are prevalent and deep cuts from the state are anticipated on a number of fronts.
- The proposed action levels for operation of the exhaust systems do not seem to be rooted in any scientific research on the subject of indoor air quality.
- The time line for implementation of the proposed monitoring system does not allow for proper budgeting and installation of the unit. The effective date of the bill in its current form is Jan. 1, 2011.
- Minnesota Ice Arena Managers Association has been working with the Minnesota Department of Health to improve the current standards, education, and testing. These subject experts should be allowed to devise a plan that will protect their customers and stand the test of time.
- The League would prefer an alternative to this legislation that improves compliance with air quality safety precautions and monitoring.

3. Stay Involved

The League will continue to monitor this legislation and update members through League publications. Making a difference can take just minutes.

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

Your LMC Resource

Contact Brian Strub

Member Outreach Manager

(651) 281-1256 or (800) 925-1122

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

Make a Difference in Minutes

The 15-Minute Advocate provides even the busiest city advocates with tools to make a difference by telling their city story.

Read more about effective advocacy and telling your city story (*Link to: <http://www.lmc.org/page/1/tell-your-city-story.jsp>*)



Negotiations Underway for Property Maintenance, Rental Property Code Legislation

The League is working toward a compromise on the Senate version of the bill, which was amended with language preferred by builders and landlords.

(Published Mar 31, 2010)

Legislation that would clarify what authority cities have to develop and enforce various property maintenance and rental property ordinances has progressed through all required committees and awaits action on the floor of both the House and Senate.

However, the two versions of the bill, **HF 2945** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2945&ssn=0&y=2009](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2945&ssn=0&y=2009)) (**Rep. Tim Mahoney** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10394](http://www.house.leg.state.mn.us/members/members.asp?id=10394)), DFL-St. Paul) and **SF 2759** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2759&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2759&ssn=0&y=0&ls=86)) (**Sen. Dan Sparks** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1062&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1062&ls=)), DFL-Austin), contain great differences. The House bill contains language supported by the League, the state fire chiefs and fire marshals, and a number of individual cities. This legislation clarifies that cities can have property maintenance and rental property codes, but only if they do not conflict with the State Building Code.

The language in the Senate bill is the result of an amendment drafted by organizations representing builders, realtors, and landlords, and is not supported by the League.

Various interested parties and legislators are trying to develop compromise language that clarifies city authority to have ordinances that keep properties safe, sanitary, and in good repair without replacing or exceeding standards in the State Building Code.

Background

The Minnesota Supreme Court made a ruling in 2008 related to rental property maintenance in a case involving the City of Morris and Sax Investments, Inc. That ruling and a subsequent decision related to the City of Mankato created doubt as to whether a city could have any ordinance in place related to the “structure and components” of a building other than those in the State Building Code.

However, there are issues that a city may need to be able to control related to a building’s structure and components in a preventative manner, not only at the time of construction or when the component structurally fails. Ordinances regulating the condition of flooring, paint, and walls, for example, as well as requirements for having sinks in bathrooms and the efficiency of furnaces in single-family houses converted to rental uses, are among a long list of areas where the State Building Code does not protect residents.

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))



'MN Idea Open' Seeking Ideas to Promote Healthy Living

Ideas being collected on how a community could use \$15,000 to promote increased physical activity and better eating could earn someone \$500 and a chance to see their idea become a reality.

From Fosston to Faribault, ideas are flooding into a new idea-generating contest known as the Minnesota Idea Open. The contest, a project of Minnesota Community Foundation, is open to all Minnesotans and seeks ideas for how to address important issues. The first major statewide challenge focuses on the issue of obesity, specifically seeking ideas for how their communities could use \$15,000 to help people eat smart and be active. As an added incentive, the individual with the best idea will receive \$500.

Even those not entering might learn from the growing list of submitted ideas.

The goal for the Minnesota Idea Open is to create a fun and engaging way for Minnesotans to learn about critical issues impacting the state, develop creative new solutions for addressing those issues, and be inspired to act. They plan to sponsor at least one major statewide idea challenge each year and will be looking for suggestions for future challenges.

Judges will narrow the ideas to a few finalists and Minnesotans will be invited to vote for the idea they think is the best. The winning idea will become a reality. The deadline for submitting ideas is **April 9**.

Idea submissions—which do not need to be formal plans or proposals—will be reviewed and judged based on the following criteria:

- **Innovation:** Is the idea a creative or fresh solution? Ideas may be a new twist on an existing solution, or a completely new approach.
- **Impact:** Will the idea make a difference? Submit ideas that are feasible and are likely to help people eat smart and/or be active.
- **Sustainability and potential for growth:** Will the idea stick and can it be repeated in other communities? Submit ideas that will be in practice a year—or even several years—from now, and ones that other communities can adopt.

For example, a submission from a member of the New Prague Park Board centers on the importance of walking.

“It’s all about walking. Easy to do, no special equipment needed,” reads this New Prague entry. “In addition to walking, exercise stations along our trail system will provide an additional opportunity to get fit. T-shirts with the ‘Walk About Town, WAT’ logo on them would allow participants to be identified as part of a group, and be visible in our community. The grant funds would be used to get the program started and used for the purchase of materials.”

Visitors to the Minnesota Idea Open website can also join group discussions with other Minnesotans and issue experts as well as find resources to learn more about the issue. For more information, visit the Minnesota Idea Open website or call (800) 491-0343.



House and Senate Approve Supplemental Budgets with City Cuts

The House and Senate bills each call for \$52.5 million in additional cuts to 2010 state aids for cities.

(Published Mar 24, 2010)

The full House and Senate on March 22 approved separate initial supplemental budget bills that address roughly \$312 million of the state's projected \$1 billion deficit for the balance of the current 2010-2011 biennium. The bills both include \$52.5 million in additional cuts to the 2010 distributions of local government aid (LGA) and market value homestead credit (MVHC) reimbursements. The remaining components to the state's supplemental budget will be finalized in the coming weeks.

The conference committee on **HF 1671** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1671&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1671&ssn=0&y=0&ls=86)), which was appointed to iron out the differences between the two plans, had its first meeting on March 23. The House conferees are Reps. **Lyndon Carlson** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10089](http://www.house.leg.state.mn.us/members/members.asp?id=10089)) (DFL-Crystal), **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), **Michael Paymar** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10513](http://www.house.leg.state.mn.us/members/members.asp?id=10513)) (DFL-St. Paul), **Loren Solberg** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10626](http://www.house.leg.state.mn.us/members/members.asp?id=10626)) (DFL-Grand Rapids), and **Pat Garofalo** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=12262](http://www.house.leg.state.mn.us/members/members.asp?id=12262)) (R-Farmington). The Senate conferees are Sens. **Richard Cohen** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1008&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1008&ls=)) (DFL-St.Paul), **Tom Bakk** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1003&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1003&ls=)) (DFL-Cook), **Linda Higgins** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1017&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1017&ls=)) (DFL-Minneapolis), **Jim Vickerman** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1065&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1065&ls=)) (DFL-Tracy), and **Steve Murphy** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1040&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1040&ls=)) (DFL-Red Wing).

What about the remaining deficit?

At this time, it is not clear whether Gov. Pawlenty will accept this first phase of the supplemental budget package. He has publicly stated that he would prefer to see the entire budget package. It is also not clear whether he will raise concerns about the longer-term state budget deficit. According to the state's **February Economic Forecast** ([Link to: http://www.doer.state.mn.us/fin/fu](http://www.doer.state.mn.us/fin/fu)), the state will face a \$5.8 billion deficit for the 2012-2013 biennium. According to Minnesota Management and Budget, the governor's supplemental budget proposal would have reduced that deficit by roughly \$2.9 billion, largely by extending many of his fiscal year (FY) 2011 unallotment reductions (which include the 2010 city aid and credit reductions) into the next biennium.

The next phase of the House and Senate supplemental budgets will likely include an assumption that Congress will approve an extension of the federal medical assistance percentage that is estimated to reduce the state's contribution to Medicaid costs by roughly \$408 million, which would reduce the remaining FY 2010-2011 deficit to roughly \$275 million to \$300 million. The balance of the additional

budget adjustments would be focused on health and human services and K-12 education programs—the only two major portions of the state’s budget untouched by the cuts in HF 1671.

Supplemental budget cuts to cities

There has been some confusion about the additional budget cuts being proposed by the governor, House, and Senate. All three proposals include additional cuts (in addition to the 2010 unallotments announced by the governor last July) to the 2010 distributions of LGA and MVHC to cities. None of the three proposals provides an exemption for small cities. The governor’s supplemental budget proposal, including the additional cuts to cities, is only a proposal to the Legislature and was not an exercise of unallotment power. In other words, none of the three budget-balancing proposals has yet been enacted into law.

The table below summarizes the impact of the three proposals on cities for the balance of 2010 and for 2011. Each of the proposals would compute the 2010 aid reductions as a percent of each city’s certified levy plus LGA and taconite aid. The proposals differ not only in magnitude but in the allocation of the cut between LGA and MVHC. The governor’s proposal would first reduce the LGA distribution to each city and then, to the extent necessary, reduce the city’s MVHC reimbursement. The House and Senate proposals reverse the allocation of the cut—first taking the reduction from MVHC and then, to the extent necessary, from LGA.

**Proposed Supplemental LGA and MVHC Cuts
Governor, House and Senate (in millions)**

	Additional Pay 2010 Cuts	Pay 2011 Cuts
Governor: Local Government Aid	\$118.1	\$220.5
Governor: Market Value Homestead Credit	\$6.8	\$32.3
Governor Total	\$124.9	\$252.8
House: Local Government Aid	\$7.9	\$37.4
House: Market Value Homestead Credit	\$44.6	\$25.5
House Total	\$52.5	\$62.9
Senate: Local Government Aid	\$7.8	\$24.7
Senate: Market Value Homestead Credit	\$44.7	\$25.4
Senate Total	\$52.5	\$50.1

The difference between the governor’s allocation and House and Senate plans does not alter the size of the cut that any individual city will receive. However, due to the fact that MVHC is distributed in late October and December—while LGA is distributed in July and December—half of the cuts to MVHC will occur three months later than if the cut was applied to LGA. The League has prepared a spreadsheet showing a city-by-city comparison of the cuts under the three different proposals.

View the 2010-11 proposed cuts comparison spreadsheet (pdf) (*Link to:*

<http://www.lmc.org/media/document/1/201011proposedcuts.pdf>)

Cuts for 2011 and beyond

For 2011, each of the three plans would impose the cuts to LGA by re-computing the distribution with a reduced appropriation. The governor’s proposal would appropriate \$337.6 million while the House plan would appropriate \$520.7 million and the Senate plan \$533.5 million. For MVHC, the House and Senate would permanently extend the governor’s 2010 MVHC unallotment reductions totaling \$25.5 million into 2011 and beyond while the governor would extend the 2010 unallotment reductions of \$25.5 million plus his proposed additional supplemental reduction of \$6.8 million for a total MVHC reduction of \$32.3 million.

It is expected that the conference committee on HF 1671 will complete its work and send the conference committee report back to the House and Senate floors before the Easter/Passover recess, which begins March 30. A report on the conference committee negotiations will be included in the March 26 edition of the League's *FridayFax*.

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

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Bills Propose Changes to Data Practices and Open Meeting Law

The League and other local government associations are working to negotiate the terms of the proposals.

(Published Mar 24, 2010)

The League is actively working with county, school board, and township associations to influence two bills that propose to modify **Chapter 13** ([Link to: https://www.revisor.mn.gov/statutes/?view=part&start=13&close=13C](https://www.revisor.mn.gov/statutes/?view=part&start=13&close=13C)), the Minnesota Government Data Practices Act (MGDPA), and **Chapter 13D** ([Link to: https://www.revisor.mn.gov/statutes/?view=part&start=13D&close=13D](https://www.revisor.mn.gov/statutes/?view=part&start=13D&close=13D)), the Open Meeting Law.

The Information Policy Analysis Division (IPAD) of the Minnesota Department of Administration is supporting changes to the Open Meeting Law to reflect case law and address the use of communications and information technology. The Minnesota Newspaper Association (MNA) is sponsoring legislation to make changes to the MGDPA that has the potential to redefine the way in which cities and other units of government are held responsible for implementing the law, and to respond to complaints to compel compliance with MGDPA requirements and requests for data.

HF 2958 ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2958&ssn=0&y=2009](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2958&ssn=0&y=2009)) (**Rep. Gene Pelowski** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10516](http://www.house.leg.state.mn.us/members/members.asp?id=10516)), DFL-Winona)/**SF 2518** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2518&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2518&ssn=0&y=0&ls=86)) (**Sen. Ann Rest** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1051&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1051&ls=)), DFL-New Hope) would make changes to the Open Meeting Law that reflect current case law regarding the following issues:

- The definitions of “public body” and “meeting.”
- The grounds for closing meetings.
- Conditions for meetings conducted by telephone or electronic means.
- The posting of notices of special meetings.

HF 2899 ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2899&ssn=0&y=2009](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2899&ssn=0&y=2009)) (Pelowski) and **SF 2354** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2354&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2354&ssn=0&y=0&ls=86)) (**Sen. Don Betzold** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1006&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1006&ls=)), DFL-Fridley) propose to put into effect a new administrative law proceeding as an alternative to court litigation to determine whether complaints brought for an order to compel local government entities, including cities, to comply with the MGDPA will be upheld or dismissed. Both bills are moving through final legislative committee review and will soon be on the floor in both the House and Senate for final action.

Key features of HF 2958/SF 2518 of most interest to cities include new definitions of “meeting” and “public body.” The bills provide that a quorum of members of a public body assembling to conduct public business is viewed as a meeting, while a “public body” is “any multi-member state or local

governing body, including a committee, subcommittee, commission, board, or other similar body of a state agency or local governing body or statewide or local public pension plan.”

Terms of the legislation are intended to codify case law that has addressed these and other matters, including clarifying which meetings are subject to the Open Meeting Law, and requiring governing bodies to identify the legal basis for closing meetings as well as describe the topic that is the subject of the closed meeting. A new clarification also provides that meetings subject to the Open Meeting Law may also be conducted by phone or other electronic means as long as the meeting criteria found in **Minnesota Statutes, section 13D.021, subdivision 1** ([Link to: https://www.revisor.mn.gov/statutes/?id=13D.021](https://www.revisor.mn.gov/statutes/?id=13D.021)) are observed. Provisions would also require governing bodies to allow recording or photographing of meetings in a manner that the local governing body reasonably determines does not disrupt the meeting.

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))

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Joint Powers Bill Amended and Approved

A compromise has been reached to address local government concerns.

(Published Mar 24, 2010)

A bill that originally would have restricted joint powers agreements from containing any provision that would be deemed to circumvent or impinge on the rights of employees was reconsidered and amended to address many of the concerns of local units of government.

SF 3075 ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3075&ssn=0&y=2010](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3075&ssn=0&y=2010)), authored by **Sen. David Tomassoni** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1064&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1064&ls=)) (DFL-Chisholm), was amended and approved during the March 19 hearing of the Senate **State and Local Government Operations and Oversight Committee** ([Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=1026&ls=86](http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=1026&ls=86)). The companion bill, **HF 3533** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF3533&ssn=0&y=0&ls=86](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF3533&ssn=0&y=0&ls=86)) (**Rep. Tom Rukavina** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10574](http://www.house.leg.state.mn.us/members/members.asp?id=10574))), DFL-Virginia) was heard on March 23.

New language

The new language requires that cities negotiate with a union on the effects of a joint powers agreement that results in the elimination, replacement, or restructure of a position held by a public employee who is covered by a union contract. The “effects to the employee” may include, but are not necessarily limited to, severance payments, continued health insurance, or possibly seniority-related benefits if the employee is hired in the new joint powers entity. This requirement is only applied to cities where the union and the city have not already negotiated contract language that details the effects of the job elimination on the affected union employee.

The requirement of the new language detailing negotiation over the elimination or replacement of a position is generally consistent with Minnesota case law that already requires this type of negotiation between the employer and unionized employees when there is no relevant contract language and the city is contracting out with private entities. The same legal rationale would also arguably apply to local governments contracting with each other. The new language does add a requirement for restructured positions. The new language is preferable over the language that was originally proposed because it keeps the negotiations focused on the city and the employees being affected by the change, with the joint powers entity separate from those discussions.

Original language concerning to local government

Under the original bill, a joint powers agreement in which one governmental unit performs a service or function for another governmental unit may not contain a provision that circumvents or impinges upon the rights of employees of the governmental unit or the terms and conditions of employees covered by a collective bargaining agreement and represented by an exclusive representative as certified by the Bureau of Mediation Services.

During the initial Senate hearing of the bill, the League and the Minnesota Inter-County Association raised concerns about the impact of the restriction on future joint powers arrangements. Under the

original legislation, the League was concerned that the bill would have created a strong disincentive to enter into joint powers agreements and, in fact, the requirements of the bill could have jeopardized any significant consolidation or joint powers project that involves the transfer of employees or elimination of positions in order to gain operational efficiencies.

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

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Ice Arena Mandate Moving Quickly

The bill would require all indoor ice arenas to contain an electronic air monitoring device with a carbon monoxide alarm.

(Published Mar 24, 2010)

A bill that would mandate installation of an electronic air monitoring device in every indoor ice arena is moving quickly through committees in the House and Senate.

Under the bill, **HF 3512** (*Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF3512&ssn=0&y=2009*) (**Rep. Rick Hansen** (*Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=12282>*),

DFL-South St. Paul)/**SF 3175** (*Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF3175&ssn=0&y=0&ls=86*) (**Sen. Ellen Anderson** (*Link to:*),

DFL-St. Paul), the monitoring device must be equipped with an alarm that sounds when the carbon monoxide level in the facility is elevated. The monitor must then activate an exhaust system. Ice arena personnel would be required to have training in operating and maintaining the device.

The primary advocate for the legislation is a figure skater and skating coach who became ill after chronic exposure to carbon monoxide generated by ice resurfacing and edging equipment.

Senate amendment exempts some rinks

On March 19, the Senate **State and Local Government Operations and Oversight Committee** (*Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=1026&ls=86*) amended the Senate version of the bill to exempt arenas that use only electric resurfacers and edgers. This equipment does not produce carbon monoxide.

Cost concerns

In meetings with stakeholders, the League has acknowledged safety considerations, but has also raised concerns about the potential cost of implementing this legislation at a time when budget challenges are prevalent. The League would prefer an alternative that improves compliance with air quality safety precautions and monitoring.

Both versions of the bill are awaiting hearings in Finance committees, where the fiscal impact can be discussed in further detail.

The effective date of the bill in its current form is Jan. 1, 2011.

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

Your LMC Resource

Contact Anne Finn

Assistant IGR Director



Pension Stabilization Bills Progress

Committees in both the House and Senate approved the bill, which is intended to provide financial sustainability to public employee pension plans.

(Published Mar 24, 2010)

The pension stabilization legislation that emerged in early March from the Legislative Commission on Pensions and Retirement was considered and approved in separate hearings of the **House State and Local Government Operations Reform, Technology and Elections Committee** (*Link to:*

http://www.house.leg.state.mn.us/comm/committee.asp?comm=86132), and the **Senate State and Local Government**

Operations and Oversight Committee (*Link to: http://www.senate.leg.state.mn.us/committees/committee_bio.php?*

cmt_id=1026&ls=86).

These bills, **SF 2573** (*Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF2573&ssn=0&y=2010*)

(**Sen. Don Betzold** (*Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1006&ls=*), DFL-Fridley) and **HF**

2952 (*Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF2952&ssn=0&y=0&ls=86*) (**Rep. Mary**

Murphy (*Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10444*), DFL-Hermantown), are now being referred to as the “pension financial sustainability bill.”

The bills are based on recommendations from the boards of the state’s three big public employee pension plans—the Public Employees Retirement Association (PERA), the Teachers Retirement Association (TRA), and the Minnesota State Retirement System (MSRS).

The proposed changes for PERA

The bills attempt to ensure stability of benefits for retirees as well as active employees through a series of shared sacrifices that will impact employers, employees, and retirees. The core of the PERA Board sustainability recommendations include a General Plan contribution increase of 0.25 percent from the employer and 0.25 percent from the employee; a Police and Fire (P&F) Plan contribution increase of 0.3 percent from the employer and 0.2 percent from the employee; and a reduction from 2.5 percent to 1 percent in the annual pension benefit adjustment to retirees.

The bills would also increase the vesting requirement in the general plan from three years to five years, while the vesting requirement in the P&F plan would be increased to from three years to 10 years in a phased-in schedule. Other changes in the PERA recommendations would decrease interest paid to certain employees who leave public service and either withdraw contributions or leave funds in the pension system.

Education Minnesota concerns

Education Minnesota, the statewide teacher’s union raised concerns about the differential benefits available under TRA for teachers hired after 1989. Although they did not specifically oppose the sustainability changes to TRA contained in the bill, they did support a benefit improvement for post 1989 teachers. Neither bill was amended to include any benefit improvement in the TRA plan.



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Supplemental budget bill (phase-one) nears completion

The House and Senate Conference Committee on HF 1671, the omnibus first phase supplemental budget bill, worked into the evening on Thursday but was not able to fully complete its work. Most of the bill, including the property tax aids and credits article has apparently been finalized, but the higher education and state government articles of the bill have a few remaining issues that have not been resolved.

For cities, the original House and Senate versions of the bills were remarkably similar. The final bill, if approved today, will reduce city aids and credits by an additional \$52.5 million for 2010. These cuts are in addition to the governor's unallotments for 2010 that were announced last summer.

The 2010 reduction would be computed as the lesser of 1) 3.4287 percent of the city's certified levy plus local government aid (LGA) and taconite aid or 2) \$28 per capita using the city's 2008 population. The reduction would first be taken from the city's market value homestead credit (MVHC) reimbursement and then, to the extent necessary, from the city's LGA distribution. Unlike the governor's recent unallotment reductions, the cuts would be applied to all cities, regardless of city size.

For 2011, the agreement splits the difference between the House and Senate positions. The House would have increased the city cut in 2011 to \$62 million while the Senate plan would have decreased the cut to \$500 million. The compromise will increase the city cut to \$56 million for the 2011 distribution.

The bill does not include any extension of levy limits. Under current law, levy limits will be in place for one more year (taxes payable in 2011). The governor had included a permanent extension of levy limits in his supplemental budget proposal. His proposal would have also limited the permissible levy increase for state aid reductions to 50 percent of the aid or credit loss. The House and Senate appear to agree with the League that levy limits are unnecessary.

Overall, this first phase of the supplemental budget package will reduce the state deficit by slightly more than \$310 million. The Legislature is assuming that Congress will pass an extension of the Medicaid changes that will reduce the state's cost by roughly \$408 million. Those pieces would reduce the remaining deficit to roughly \$280 million. That amount will be covered by cuts in the yet-to-be-unveiled health and human services bill and perhaps the K-12 bill. We expect the phase-one supplemental budget bill to be considered on the House and Senate floors on Monday.

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org.

Will there be another tax bill?

Earlier this session, inquiring minds may have thought this would be a year to NOT have an omnibus tax bill. With the Jobs bill (HF 2695/SF 2568), and the aids and credits cuts moving along early, some thought that might be the official end of any real tax work for 2010.

Signs are starting to point to YES now, with a number of finance and revenue issues coming up, and tax committees still discussing policy



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and local bills. On Friday morning the House Finance Committee took up just-introduced HF 3741 (Rep. Loren Solberg, DFL-Grand Rapids), which would move up a number of payment schedules including the state property tax and some sales taxes to help with cash flow problems for the state. The bill comes from the Pawlenty administration and its presence in committee created a colorful dialogue about the state budget deficit situation, and what that was likely to look like next year. The bill was sent on to House Tax Committee. A Senate companion has not yet been introduced. This is exactly the kind of bill that would likely be included in a larger omnibus bill and something the state probably needs.

Other signals have been sent as well. Earlier this week the Tax chairs each introduced companion bills (HF 3729/SF 3327) and have announced this will be the omnibus vehicle. The House will take up a number of local tax increment financing (TIF) bills on April 7 after the spring break. The Senate Tax Committee will likely hold more hearings, although none are scheduled as of this FridayFax deadline.

Questions? Contact Jennifer O'Rourke at 651-281-1261 or jorourke@lmc.org.

Jobs-Jobs-Jobs bill moving toward Monday floor vote

The main jobs-stimulus bill for this session, HF 2695 (Rep. Ann Lenczewski, DFL-Bloomington) and SF 2568 (Sen. Tom Bakk, DFL-Cook) is headed for floor action on Monday, March 29 in both bodies, but will likely face a hiccup or two before final passage. While these bills have been discussed in a variety of committees almost since session started in February, there have been questions

on how to pay for them and some policy conflicts. The goal for this particular piece of legislation has been to avoid the conference committee work all-together, so there has been a lot of negotiating between the tax chairs, and Commissioner Ward Einess and the governor. Not having a conference committee on such a major piece of legislation is pretty rare, but there are reasons for trying to pass the same bill—such as avoiding any tricky tax increase votes on the floor, or amendments to spend the money elsewhere.

The latest version that passed Senate Taxes on Thursday night contained a provision, that the House was not open to earlier in the committee process, that would take a seldom used, low-income fuel credit that currently costs the state \$30 million. By eliminating that, those funds would cover parts of the bill that cost money, specifically the historical rehabilitation tax credit and the angel investment tax credits in the bill. The House prefers using increased tax compliance by the Department of Revenue, which the commissioner has stated can't necessarily raise all that would be needed. Also, Thursday night, the Senate Tax committee added a few tax increment finance related amendments that hadn't passed House muster earlier in the week, including a statewide Housing Replacement TIF provision supported by the League.

A troublesome amendment was defeated on Tuesday night when HF 2695 was up in the House Tax Committee. A provision that would allow for a general, automatic extension for every building permit—totally thwarting local control—was attempted by Rep. Laura Brod (R-New Prague). The amendment was defeated soundly on a voice vote, with Rep. Ann Lenczewski (DFL-Bloomington), Rep.



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Jim Davnie (DFL-Minneapolis), Rep. Diane Loeffler (DFL-Minneapolis), Rep. Roger Reinert (DFL-Duluth), and Rep. Joe Mullery (DFL-Minneapolis) speaking against the amendment and in favor of local control by cities. Interestingly, the amendment did not give the same broad extension to county or state permitting.

Both bodies had the goal of passing this prior to the Easter/Passover break, and the governor has long-supported the angel investment tax credit. If they can all agree on how to pay for it the bill will likely become law soon. Expect to see an update in next week's *Cities Bulletin*.

Questions? Contact Jennifer O'Rourke at 651-281-1261 or jorourke@lmc.org.

LMC Legislative Conference draws 500 officials

Nearly 500 city, county, township, and school officials attended the annual LMC sponsored Legislative Conference and City Day at the Capitol on March 25. They came from cities small and large, far and near, to tell their city story. Attendees heard from Sen. Tarryl Clark (DFL-St. Cloud), Sen. David Senjem (R-Rochester), Rep. Tony Sertich (DFL-Chisholm), Minnesota Secretary of State Mark Ritchie, and David Parkhurst, Director and Legislative Council with the National Governor's Association in Washington, DC.

Shuttle buses ran continuously between Capitol and the downtown St Paul conference facility during the afternoon to allow attendees to meet with their legislators. Many successful meetings between city officials and legislators occurred yesterday at the Capitol.

Special thanks to Paynesville City Councilmember Jeff Bertram for his comments to city leaders at the conference encouraging them to meet with their legislators, both at the conference and throughout the year, and his reminder to also remember to thank legislators for their service, "even when we don't always agree with them." Bertram served in the Minnesota House of Representatives 1987-1996 and currently serves on the LMC Board of Directors.

Thank you to all those who attended the 2010 LMC Legislative Conference!

April 2 deadline for Complete Streets Advisory Group nominations

Nominations are open for two city officials, one from the metro and one from a small city, to serve on a Mn/DOT advisory group working to develop a Complete Streets policy. Appointees can be elected or appointed city officials. Interested individuals should complete a brief questionnaire found online at <http://www.lmc.org/page/1/current-appointments.jsp> and return the questionnaire along with a resume or brief biography by noon on Friday, April 2, 2010. To receive the questions via email or fax, contact Brian Strub at bstrub@lmc.org, 651-281-1256, or 800-925-1122.

Questions? Contact Assistant IGR Director Anne Finn at 651-281-1263 or afinn@lmc.org.

Legislature/FridayFax to take a break

After racing through the committee deadlines and working feverishly on phase-one of a supplemental budget over the last three weeks, the Capitol pace is about to come to a



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screaming--but temporary--halt. The House and Senate will meet Monday, March 29 but then they will recess until Tuesday, April 6 at 8:30 a.m. As a result of the break, the League will not compile and send an edition of the FridayFax on April 2.

The recess will not affect the distribution of the *Cities Bulletin*. The bulletin will be distributed next week and will include updates on legislative events that occur through Monday.

There appears to be a chance that the 2010 legislative session could even end early this year. Both the House and Senate appear to be positioning themselves to clear the floor calendars and with the passage of the first phase of a \$1 billion budget-balancing package, they may be in a good position to adjourn sine die well before the May 17 constitutional deadline. But don't hold your breath. There are many variables that will influence the next several weeks, including whether the governor decides to sign the supplemental budget and a possible release of a Supreme Court decision on the unallotment lawsuit.

Although legislative offices are open during the break, legislators usually return to their districts. Take advantage of the legislative recess and contact your House and Senate members.

Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org.



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Senate releases its supplemental tax budget: Includes cuts for cities

On Thursday, the Senate Tax Committee unveiled its proposal for city aid and credit reimbursement reductions as an amendment to SF 3223, the Senate's larger supplemental budget balancing bill. The Senate supplemental budget proposal would reduce aids and credit reimbursements to cities and counties by an additional \$105.8 million for distributions in 2010. For cities in 2010, the bill is very similar to the House proposal. The additional cuts to local government aid (LGA) and market value homestead credit (MVHC) total \$52.5 million.

Although the governor proposed a permanent extension of levy limits with a 50 percent restriction on levy increases for aid and credit cuts, the House and Senate bills maintain current law, which will sunset levy limits after the 2011 city budget year.

Additional 2010 cuts

Much like the House plan, the Senate's additional 2010 cut to each city would be computed as 3.4287 percent of the city's

In comparison, the governor's plan would reduce cities by an additional \$125 million in 2010, with \$118.1 million from LGA and \$6.8 million from MVHC reimbursement while the House plan reduces city MVHC reimbursements by \$44.6 million and LGA by \$7.9 million.

Under the Senate plan, counties would lose roughly \$53 million in 2010, almost all of which would come from reductions in county MVHC reimbursements. Townships would not be cut in 2010.

Cuts for 2011 and beyond

The Senate plan extends the aid and credit reimbursement reductions for cities and counties into the next biennium. For 2011, cities would lose roughly \$50 million in LGA and MVHC reimbursements, with roughly \$25 million coming from LGA and \$25 million from MVHC cuts. Similar to the House proposal, the \$25 million LGA appropriation reduction would be distributed via the LGA formula while the \$25 million in MVHC reimbursement cuts would be a permanent extension of 2010 cuts to 127 cities that lost



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reduced by roughly \$4.7 million in 2011 and 2012 under the Senate proposal.

League staff will provide more information on the Senate, House and governor's proposals in next week's *Cities Bulletin*.

A spreadsheet of city-by-city reductions under SF 3223 can be found here,
<http://www.senate.leg.state.mn.us/departments/fiscalpol/tracking/2010/Taxes%20-%20SF%203223%20City%20Reductions.pdf>

Information on the House plan can be found here,
<http://www.house.leg.state.mn.us/comm/committee.asp?comm=86103>

Read more on the House plan in this week's *Cities Bulletin*,
<http://www.lmc.org/page/1/housebudgetbill.jsp>.

The House and Senate will likely process the revised first phase of their respective supplemental budget bills next week. League staff will provide more information on the Senate, House and governor's proposals in next week's *Cities Bulletin*.

Questions? Contact Gary Carlson at (651) 281-1255 or gcarlson@lmc.org or contact Jenn O'Rourke at (651) 281-1261 or jorourke@lmc.org or (800) 925-1122.

Bonding bill signed, but with 52 line-item vetoes

Gov. Pawlenty's office issued a letter on March 15 announcing that the governor had signed the capital investment (bonding) bill, **HF 2700**, but that he had stripped more than \$300 million in projects from the bill using his line-item veto authority.

The bill's authors, **Rep. Alice Hausman** (DFL-St. Paul) and **Sen. Keith Langseth** (DFL-Glyndon), expressed deep disappointment, noting they had included the governor's priority projects in the package in the spirit of compromise. The bill includes \$36 million to expand the sex offender treatment facility at Moose Lake. This was one of the governor's priorities, but the money appropriated is much less than he requested.

Below are some of the funds the governor eliminated from the bill:

- \$10 million from two University of Minnesota projects.
- \$134 million that would have funded 16 Minnesota state colleges and universities projects.
- \$750,000 to renovate the Coon Rapids dam.
- \$1 million for campground expansion in Two Harbors.
- \$25 million for Reinvest in Minnesota Conservation Reserve.
- \$1 million for grants to local units of government to construct or renovate cooperative local facilities.
- \$3.5 million for the Northwestern Minnesota Regional Sports Center in Moorhead.
- \$3 million for a regional fire safety training center in Maplewood.
- \$2 million for a new public safety building in Princeton.
- \$2.5 million for greater Minnesota Transit.
- \$3 million for port development assistance.
- \$3.7 million for the Range Regional Airport.
- \$6.5 million for an addition to the Department of Transportation training center in Arden Hills.



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- \$1 million for the Hoffman Interlocking Rail Yard in St. Paul.
- \$43.5 million for the Metropolitan Council's Transit Capital Improvement Program.
- \$2 million for the Minneapolis Sculpture Garden.
- \$1.1 million for Phalen-Keller Regional Park.
- \$2 million for Springbrook Nature Center.
- \$1 million for Theodore Wirth Winter Recreations Center.
- \$2 million for Early Childhood Learning and Child Protection Facilities.
- \$475,000 for the Headwaters Science Center in Bemidji.
- \$2.2 million for renovation of the Potter Memorial Auditorium in Chatfield.
- \$12 million for the Mankato Civic Center auditorium.
- \$28 million for renovation and expansion of the Mayo Civic Center Complex in Rochester.
- \$13 million for expansion of the St. Cloud Civic Center.
- \$5 million for the Asian-Pacific Cultural Center in St. Paul.
- \$10 million to the Minnesota Housing Finance Agency.
- \$9.357 million to the Historical Society for renovation of the Oliver H. Kelly Farm.

The authors of the bill do not expect attempts to override any of the vetoes. An earlier version of the bill, which was passed by both bodies, was pulled back after the governor said he would veto it because of its size and priorities. Legislative leaders returned the bill to the Senate, rather than send it to the governor's desk.

The Legislature approved a revised package that brought the bill's price tag total down slightly and contains the six core projects identified by the governor. However, the overall cost of the bill still exceeded the governor's \$725 million limit. Officials representing the governor said he might be willing to raise the cap if his priority projects were included in the package.

While there is \$36 million to expand the sex offender treatment facility at Moose Lake, it is less than the \$89.07 million that Gov. Pawlenty requested. Conferees were told \$61 million would provide the needed infrastructure. The original conference committee report had no money for the expansion.

[View the governor's veto letter, which contains a list of the vetoed projects \(pdf\)](#)

Questions? Contact Anne Finn at (651) 281.1263 or afinn@lmc.org.

Housing replacement TIF bill heard in both bodies

A bill that would allow cities to use current tax increment financing (TIF) pooling authority for market-rate housing related to the foreclosure crisis was heard in both the House and Senate tax committees this week and laid over for possible inclusion in either the JOBS bill or another omnibus tax bill later this session.

HF 2511 (Mullery, DFL-Minneapolis) and SF 2255 (Rest, DFL-New Hope) expand the current pooling statute that is already allowed for with affordable housing. Several cities have been granted this ability off and on since the mid 1990s, and the League and others are advocating this be expanded statewide given



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the foreclosure crisis right now. The authority would have a sunset of 2015 as it is written.

Is this something your city might use? If so, contact Jennifer O'Rourke at the phone number or e-mail address shown below. The provision came close to becoming law in last year's omnibus tax bill, but ultimately failed to make the cut. Some cities that have used this, or had the authority in the past include: Duluth, St. Paul, Minneapolis and Brooklyn Park. The special requesting cities are likely to get their authorization again, but some legislators are not interested going statewide.

Also on the TIF front: several cities presented their individual tax increment law change requests in the Senate Tax Committee on Thursday and the Senate Transportation Committee took up a transit-oriented development TIF bill (SF 2919, Dibble-DFL, Minneapolis) and passed it on to the full Senate Tax Committee for consideration. A more complete story on this will be featured in next week's *Cities Bulletin*.

Questions: Contact Jennifer O'Rourke at (651) 281-1261 or jorourke@lmc.org.

Ignition interlock device legislation moving

A bill that would require individuals convicted of driving while impaired (DWI) to install an ignition interlock device on every vehicle they drive is moving through the Legislature. The measure, HF 3106 (Bigham, DFL-Cottage Grove/SF 2741 (Murphy, DFL-Red Wing) is a priority for the Minnesota Department of Public Safety (DPS) and Gov. Pawlenty (R). An ignition interlock device prevents a vehicle from starting until a sober driver breathes into

an attached breathalyzer. If the breathalyzer registers a blood alcohol content (BAC) above 0.02 percent, the vehicle will not turn on and the failure is reported. The device also requires random breath samples after the equipped vehicle begins moving.

As introduced, the bill would impose the interlock device requirement on first-time DWI offenders and on every vehicle the offender drives. However, as the bill has moved through committees, it has been modified significantly. The House and Senate version are now vastly different. In the House version, for instance, the legislation would apply to repeat offenders. The Senate version contains a provision requested by the League that would allow an individual subject to the interlock device requirement to drive an employer-owned vehicle while performing job duties. The exception would be subject to an agreement between the employer and the DPS and would exclude commercial vehicle drivers.

HF 3106 is awaiting a hearing in the House Transportation Finance and Policy Division. The Senate companion is awaiting a hearing in full Finance Committee.

Questions? Contact Anne Finn at (651) 281.1263 or afinn@lmc.org.

Tribal joint powers bill on its way to the governor

Cities interested in a bill that would add indian tribes to the current joint powers statutes under Minn. Stat. 471.59, may want to take time to call the governor's office and voice support for the bill. The bill is HF 2797 (Hilty, DFL-Finlayson)/SF 2259 (Rest, DFL-New Hope). The bill was debated on the House floor



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Two sought for Complete Streets Advisory Group

The League is seeking two city officials, one from a small city and one from a metropolitan area city, to serve on a Mn/DOT advisory group working to develop and implement a Complete Streets policy. Appointees can be either elected or appointed city officials. Interested individuals should complete a brief questionnaire found online at <http://www.lmc.org/page/1/current-appointments.jsp> and return the questionnaire along with a resume or brief biography by noon on Friday, April 2, 2010. To receive the questions via email or fax, contact Brian Strub at bstrub@lmc.org, (651) 281.1256, or (800) 925-1122.

Questions? Contact Anne Finn, Assistant IGR Director (651) 281-1263 or e-mail afinn@lmc.org.

Attend March 25 LMC Legislative Conference

Raise your city's visibility at the Capitol by attending the LMC Legislative Conference for Cities, Counties, Schools and Townships on Thursday, March 25. This statewide gathering gives cities the opportunity to have their voices heard while educating state leaders about the important partnerships between state and local governments.

Register online at <http://www.lmc.org/page/1/legislative-conf10.jsp> or onsite on March 25.

Attendees will get the latest news from legislative leaders about proposals to address

the state budget shortfall and the implications for local government; hear from David Parkhurst, economic authority with the National Governors Association about the long-term economic outlook for state and local governments; and have opportunities to tell your city story to your legislators. Join with city, county, school district, and township officials from around the state to advocate the importance of local services on the quality of life in our communities. Register now at www.lmc.org.

REMINDER: Attendees should call ahead and schedule appointments for one-on-one meetings with your senator and representative. Schedule legislative appointments after 1:30 p.m. on March 25 and take the free shuttle bus from the conference to the Capitol.

Questions? Contact Rebecca Erickson at (651) 281-1222, (800) 925-1122 or rerickson@lmc.org.

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Questions?

Call Amy Mansager at (651) 281-1240/(800) 925-1122, or e-mail: amansager@lmc.org

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- April 15—Biwabik
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- April 22—Rochester
- April 27—St. Cloud
- April 29—St. Paul

Who should attend?

- City Clerks/Administrators
- Staff from Small Cities
- Human Resources Staff
- Mayors & Council Members
- Risk Managers
- Safety Coordinators
- Police Officers
- Public Works Staff
- Firefighters

Main Identity

From: "Strub, Brian" <BStrub@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Thursday, March 18, 2010 4:15 PM
Subject: [legislative] SF 3223: Senate proposal for city aid & credit reimbursement reductions
 The Senate Committee on Taxes unveiled their proposal for city aid and credit reimbursement reductions this morning in SF 3223, which will become part of the larger Senate tax bill. The Senate proposal would reduce aids and credit reimbursements to cities and counties by an additional \$105.8 million for distributions in 2010, with just less than one-half of the reduction coming from cities.

Additional 2010 cuts

Much like the House plan, the Senate's additional 2010 cut to each city would be computed as 3.4287 percent of the city's certified 2010 property tax levy plus its original certified LGA plus taconite aids. There is no exemption from the cuts for small cities. Like the House proposal, the Senate's additional 2010 cut would be first taken from the city's remaining market value homestead credit reimbursement and then from the city's remaining LGA if necessary.

Again, similar to the House plan, the Senate proposal would further reduce MVHC reimbursements to cities in 2010 by \$44.7 million and LGA by \$7.8 million, or a total of \$52.5 million. These cuts are in addition to \$128 million in unallotment reductions already imposed on cities in 2010. In comparison, the governor's plan would reduce cities by an additional \$125 million in 2010, with \$118.1 million from LGA and \$6.8 million from MVHC reimbursement while the House plan reduces city MVHC reimbursements by \$44.6 million and LGA by \$7.9 million.

Cuts for 2011 and beyond

The Senate plan extends the aid and credit reimbursement reductions into the next biennium. For 2011, cities would lose roughly \$50 million in aid and credit reimbursements. In comparison, the total cut to cities would have been roughly \$252 million under the governor's supplemental budget proposal and \$62.9 million under the House plan.

The Senate plan splits the 2011 and 2012 cuts more equally between cities and counties. The cut to counties in 2010 is roughly \$53 million. Counties would lose \$51 million in both 2011 and 2012. As in the House plan, townships, which were exempt from any additional cut in 2010, would have their MVHC reimbursement reduced by roughly \$4.7 million in 2011 and 2012 under the Senate proposal.

More information

League staff will prepare a more thorough analysis of the Senate proposal for this week's Friday Fax and next week's Cities Bulletin.

A spreadsheet of city by city reductions under SF3223 can be found here,
<http://www.senate.leg.state.mn.us/departments/fiscal/pol/tracking/2010/Taxes%20-%20SF%203223%20City%20Reductions.pdf>

Read more on the House plan in this week's Cities Bulletin,
<http://www.lmc.org/page/1/housebudgetbill.jsp>.

Information on the House plan can be found here,
<http://www.house.leg.state.mn.us/comm/committee.asp?comm=86103>.
 Questions? Contact Gary Carlson at 651-281-1255 or gcarlson@lmc.org or contact Jenn O'Rourke at 651-281-1261 or jorourke@lmc.org or 800-925-1122.

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Policy committees dominate the week.....

....but the budget-balancing discussions continue in the background. This past Monday morning, the Senate Finance Committee unveiled the first of three bills that will form the backbone of the Senate's budget-balancing package. The first bill includes appropriations for higher education, environment and natural resources, energy, agriculture, veteran's affairs, economic development, transportation, public safety, judiciary and state government. The committee considered the plan again on Wednesday and increased the savings to slightly more than \$200 million for the balance of the current biennium.

Assuming that first Senate bill is close to completion, it would leave the Senate plan with a remaining deficit of roughly \$800 million for the current biennium. These additional cuts would come from the remaining sectors of the state budget including health and human services, k-12 education and property tax aids and credits.

The bill that will include appropriations reductions for the property tax aids and credits area, including local government aid (LGA) and market value homestead credit (MVHC) will likely be unveiled sometime next week. Although there have not yet been any public release of details of that bill, we have heard that the Senate proposal will include cuts to LGA and MVHC but that the cuts will be smaller than the \$125 million proposed by the governor. At this time, we do not know how the cuts will be distributed.

We also expect that the House will roll out more details about their budget balancing plan

this coming week, perhaps including the components of the property tax aids and credits reductions. We will report on additional details in next week's *Cities Bulletin*.

Questions? Contact Gary Carlson at 651.281.1255 or gcarlson@lmc.org.

League thwarts progress on new mandates and limits on local control

As the first committee deadline passes today, League staff is reflecting on the volume of bills heard in House and Senate policy committees. The first committee deadline is the date by which a bill must complete travel through policy committees in at least one body. Bills that do not meet this deadline must either receive permission from the Rules Committee to advance or be adopted as an amendment to another bill. As deadlines approach, agendas change frequently, and it is not unusual for one committee agenda to include dozens of bills.

While the League has initiated a number of bills and has advocated in support of several measures initiated by organizations with common interests, staff has also worked to stall or halt progress on legislation that would impose new mandates or limit local control. Below is a sampling of bills that have been at least temporarily slowed in the process due in part to the League's influence:

- A telecommunications bill that would limit a municipality's method of financing a telephone exchange, require a feasibility study, prohibit discrimination in favor of a municipality's own telephone exchange and require competitive bidding (HF 2629, Dill, DFL-Crane Lake/SF 2532, Bakk, DFL-Cook).



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- A bill that would limit the conditions under which an employer can conduct a credit check on a prospective employee (HF 3592, Sterner, DFL-Rosemount/SF 3112, Carlson, DFL-Eagan).
- A bill that would require the prevailing party to pay attorney fees related to veterans preference litigation (HF 3332, Jackson, DFL-Milaca/SF 2920, Fobbe, DFL-Zimmerman).
- An exemption for class II and class III railroads from paying levies or special assessments related to stormwater infrastructure (HF 3173, Beard, R-Shakopee/SF 2848, Jungbauer, R-East Bethel).
- A bill that would make the state law on overtime, which under current law begins at 48 hours in a week, consistent with federal law, which begins at 40 hours. The League worked with the author to make sure seasonal city exempt workers remain exempt (HF 2912, Atkins, DFL-Inver Grove Heights/SF 2347, Latz, DFL-Saint Louis Park).
- Bills to mandate sick time benefits for part time workers (HF 612/SF 461 and HF 2959/SF 2553, (Lesch, DFL-Saint Paul and Anderson, DFL-Saint Paul).
- A bill that would have mandated that all public buildings be cleaned with only products approved by the state as 'environmentally sensitive' (HF 2963, Peterson, DFL-New Hope/SF 2593, Torres Ray, DFL-Minneapolis).
- A bill that would require the Department of Natural Resources to certify ordinances, ordinance amendments, rezoning or variances that affect the Lower St. Croix River before they could be enacted or enforced by a local government (HF 3406, Scalze, DFL-Little Canada/SF 2820, Rest, DFL-New Hope).

To be clear, these bills are not officially dead until the gavel falls on the last day of session; however, the chances of a bill being viable diminish as each deadline passes. The next committee deadline—the date by which a bill must pass through policy committees in both the House and Senate—is next Friday, March 19.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Mandate hat-trick: new equipment, new training, no funding

Ice arena managers were stuck on the bench as a new unfunded mandate impacting indoor ice arenas was passed by the House Health Care and Human Services Policy and Oversight Committee March 10.

HF 3512 (Hansen, DFL-South St. Paul) would require indoor ice arenas to have a state approved electronic air monitoring devices installed and further mandate state approved training, additional reporting, and inspections by state regulators. The bill contains language to fund retrofitting arenas with this equipment but no actual funds to do so.

The bill is a response to several reported cases of carbon monoxide related illnesses among figure skaters and hockey players. On



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March 11 a companion bill was introduced in the Senate.

The arena managers, who along with League staff were not able to address the House committee, attended the hearing intent upon educating legislators on existing Minnesota Department of Health mandates for indoor air quality reporting requirements and existing arena safety measures.

The House bill now moves onto the House Finance Committee.

Cities and other operators of indoor ice arenas should contact their own legislators and members of the House Finance committee (listed below) to express their concern over this unfunded mandate.

2010 House Finance Committee Members
 Chair: Rep. Lyndon Carlson, 651-296-4255,
rep.lyndon.carlson@house.mn
 Lead-GOP: Rep. Mark Buesgens, 651-296-5185,
rep.mark.buesgens@house.mn
 Rep. John Benson, 651-296-9934,
rep.john.benson@house.mn
 Rep. Laura Brod, 651-296-4229,
rep.laura.brod@house.mn
 Rep. Bobby Joe Champion, 651-296-8659,
rep.bobby.champion@house.mn
 Rep. Karen Clark, 651-296-0294,
rep.karen.clark@house.mn
 Rep. Tom Emmer, 651-296-4336,
rep.tom.emmer@house.mn
 Rep. Pat Garofalo, 651-296-1069,
rep.pat.garofalo@house.mn
 Rep. Mindy Greiling, 651-296-5387,
rep.mindy.greiling@house.mn
 Rep. Tom Hackbarth, 651-296-2439,
rep.tom.hackbarth@house.mn

Rep. Alice Hausman, 651-296-3824,
rep.alice.hausman@house.mn
 Rep. Bill Hilty, 651-296-4308,
rep.bill.hilty@house.mn
 Rep. Larry Howes, 651-296-2451,
rep.larry.howes@house.mn
 Rep. Thomas Huntley, 651-296-2228,
rep.thomas.huntley@house.mn
 Rep. Al Juhnke, 651-296-6206,
rep.al.juhnke@house.mn
 Rep. Phyllis Kahn, 651-296-4257,
rep.phyllis.kahn@house.mn
 Rep. Mary Kiffmeyer, 651-296-4237,
rep.mary.kiffmeyer@house.mn
 Rep. Kate Knuth, 651-296-0141,
rep.kate.knuth@house.mn
 Rep. Paul Kohls, 651-296-4282,
rep.paul.kohls@house.mn
 Rep. Ann Lenczewski, 651-296-4218,
rep.ann.lenczewski@house.mn
 Rep. Mary Murphy, 651-296-2676,
rep.mary.murphy@house.mn
 Rep. Michael Paymar, 651-296-4199,
rep.michael.paymar@house.mn
 Rep. Gene Pelowski Jr., 651-296-8637,
rep.gene.pelowski@house.mn
 Rep. Joyce Peppin, 651-296-7806,
rep.joyce.peppin@house.mn
 Rep. Tom Rukavina, 651-296-0170,
rep.tom.rukavina@house.mn
 Rep. Marty Seifert, 651-296-5374,
rep.marty.seifert@house.mn
 Rep. Ron Shimanski, 651-296-1534,
rep.ron.shimanski@house.mn
 Rep. Steve Simon, 651-296-9889,
rep.steve.simon@house.mn
 Rep. Nora Slawik, 651-296-7807,
rep.nora.slawik@house.mn
 Rep. Steve Smith, 651-296-9188,
rep.steve.smith@house.mn
 Rep. Loren Solberg, 651-296-2365,
rep.loren.solberg@house.mn



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Rep. Paul Thissen, 651-296-5375,
rep.paul.thissen@house.mn
 Rep. Jean Wagenius, 651-296-4200,
rep.jean.wagenius@house.mn
 Rep. Ryan Winkler, 651-296-7026,
rep.ryan.winkler@house.mn

*Questions: Contact Brian Strub at
 651.281.1256 or bstrub@lmc.org.*

Senate committee rejects moratorium on digital billboards

The Senate Transportation Committee last night voted down a bill that would have placed a three-year moratorium on the erection of new digital billboards. The bill would halt the placement of new devices while a federal study related to safety is completed. Proponents of the bill, SF 2369 (Pappas, DFL-St. Paul), testified that the advertising devices are distracting to drivers and that the illumination produced is offensive to nearby residential areas.

Representatives of digital billboard manufacturers and marketers said they are working with road authorities and individual municipalities to address concerns.

The bill failed on a roll call vote after some legislators said they were convinced the industry could be adequately regulated at the local level. A hearing on the House companion, HF 2921 (Paymar, DFL-St. Paul) was cancelled.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Bonding bill update

A revised capital investment bill, HF 2700, was passed by the House and Senate this week and is awaiting action by Gov. Tim Pawlenty (R). An earlier version of the bill was pulled back after the governor said he would veto it because of its size and priorities. Instead, legislative leaders returned the bill in the Senate, rather than send it to the governor's desk. Late last week, the bill's authors, Rep. Alice Hausman (DFL-St. Paul) and Sen. Keith Langseth (DFL-Glyndon) negotiated a new agreement with representatives of the governor.

The overall cost of the bill still exceeds the governor's \$725 million limit. Officials representing the governor have said he might be willing to raise the cap, but that he is likely to line-item veto some provisions.

The conference committee report on HF 2700 calls for nearly \$1 billion in general obligation bonding, a small decrease from the amount in the bill that *almost* reached the governor last month. The report includes \$47.5 million to expand the sex offender treatment facility at Moose Lake. Gov. Tim Pawlenty requested \$89.07 million, and conferees were told \$61 million would provide the needed infrastructure. The earlier conference committee report had no money for the expansion.

To view a spreadsheet that itemizes the projects in the current conference committee report, go to <http://www.house.leg.state.mn.us/fiscal/files/bond10.pdf>.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.



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Bill prohibits simultaneous council/full-time city employment

A bill that would prospectively prohibit full-time city employees from simultaneously serving as an elected city councilmember of the same city was approved by the Senate State and Local Government Operations and Oversight Committee at a Friday hearing. The bill, SF 2953, is authored by Sen. Gen Olson (R-Minnetrista).

According to Sen. Olson, the bill was introduced to make city statutes consistent with county and school statutes. Mound Mayor Mark Hanus testified in support of the bill. Sen. Tony Lourey (DFL-Kerrick) indicated that a city in his district currently has a full-time city employee serving on the city council and that the individual's employment status with the city was well-known prior to being elected.

The League currently has no policy on the legislation. The bill is prospectively constructed and would only impact individuals running for city council after August 1, 2010.

Questions? Contact Gary Carlson at 651.281.1255 or gcarlson@lmc.org.

Bill that would increase funds for rail crossing upgrades passes first hurdle

A League-initiated bill that would increase the amount of money available for railroad crossing upgrades passed out of the Senate Transportation Budget and Policy Division on Thursday, meeting the deadline to stay viable this session. The bill, SF 2548 (Murphy, DFL-Red Wing), increases the portion of state traffic fines and forfeited bail money that is allocated

to the Railroad Grade Crossing Safety Account from \$600,000 to \$1 million.

The Railroad Grade Crossing Safety Account funds the following kinds of projects:

- Low cost signal projects (circuitry upgrades)
- Re-use of equipment originally purchased with federal funds
- Right-of-way acquisition for larger federally funded grade crossing projects
- Road construction to facilitate crossing closures
- Matches for railroad crossing closures (up to \$7,500)
- Preliminary engineering for closure projects

Projects are selected by the Minnesota Department of Transportation's (MnDOT) Rail Section. The department testified that there is demand for more money in this account and that they are willing to administer the additional funds.

The bill was referred to the Senate Finance Committee. The House companion, HF 2548 (Hortman, DFL-Brooklyn Park) has not yet been scheduled for a hearing.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Last call on League's liquor bill – this year

One bill that did not move past introduction this year was a League-initiative (HF 3121, Daynie, DFL-Minneapolis/SF 2699, Rest, DFL-New Hope). The League was seeking clarification on a city's ability to issue



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conditions on local liquor licenses. The Minnesota Licensed Beverage Association voiced several concerns over the legislation, and parties were not able to reach a compromise with the quick committee deadlines—so the League opted to not pursue the bill this session. The issue was brought through the LMC Improving Services Delivery Policy Committee this summer and fall.

In other liquor news, both House and Senate commerce committees assembled their omnibus liquor bills this week in the form of HF 3186 (Atkins-DFL-Inver Grove Heights) and SF 2808 (Scheid-DFL-Brooklyn Park). There is not much out of the ordinary with either piece of legislation; it typically houses the local law changes requested by cities and others, to Minn. Stat. 340A. Also, the annual State Auditor report on municipal liquor store finances was released last week—and can be found at <http://www.osa.state.mn.us/default.aspx?page=municipalLiquorStoreOperations>.

Questions: Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

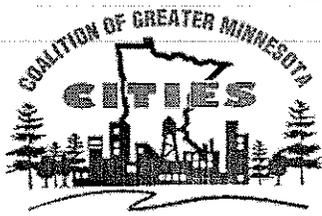
Legislative Conference just two weeks away

Raise your city's visibility at the Capitol by attending the LMC Legislative Conference for Cities, Counties, Schools and Townships on March 25. This statewide gathering gives cities the opportunity to have their voices heard while educating state leaders about the important partnerships between state and local governments.

At this conference, you will get the latest news from legislative leaders about proposals to address the state budget shortfall and the implications for local government; hear from David Parkhurst, an economic authority with the National Governors Association about the long-term economic outlook for state and local governments; and talk with legislators about the top issues affecting your city. Take this opportunity to join with city, county, school district, and township officials from around the state to advocate the importance of local services on the quality of life in our communities. Register now at www.lmc.org

REMINDER: Attendees should call ahead and schedule appointments for one-on-one meetings with your senator and representative. Schedule legislative appointments after 1:30 p.m. on March 25 and take the free shuttle bus from the conference to the Capitol.

Questions? Contact Rebecca Erickson at 651-281-1222, 800-925-1122 or rerickson@lmc.org.



Coalition of Greater Minnesota Cities

CGMC in Brief

March 25, 2010

Contact: Tim Flaherty
651-225-8840

Fate of budget bill puts city media efforts in holding pattern

This week, the legislature made strides toward completing its final budget package. On Monday, the House and Senate voted to pass their supplemental budget bills, which are now being resolved in conference committee. As reported last week, the legislature's supplemental budget bill will cut over \$300 million in state spending, including \$52.5 million in city aid and credit payments for 2010 and \$106 million in 2011. To see how your city's LGA and MVC payments would be affected under the legislature's plan and the governor's plan for both years, visit www.greatermncities.org/lga-property-tax-relief.

We expect that the House and Senate will pass the conference committee report on Monday. While the rest of the legislature's plan to close the state's \$1 billion budget gap—which will likely include Health and Human Services cuts, GAMC savings, and federal money—seems like an easy path to an end-of-session deal with the governor, **there is a small chance that the governor could veto the supplemental budget bill.** The governor has frequently said that LGA is an unsustainable program, so he may view the legislature's cuts as too lenient and ask them to revise their numbers.

Because the fate of the legislature's supplemental budget bill is uncertain, we are revising our media plans for next week. Previously, we asked all cities to hold press conferences during the legislature's Easter break (next week) to publicize possible budget cuts for 2010 and 2011 under the governor's proposed budget cuts. **We are asking cities to delay these press conferences until we know if the governor will sign or veto the bill.** In the event that the governor vetoes the bill, we will need to save these press events in order to respond strongly to the governor's actions.

Once the legislature passes its bill, the governor has three days to sign or veto it. This means that cities need to be ready to respond to a potential veto as early as Thursday next week. Please continue planning possible budget outcomes under the governor's 2010 and 2011 LGA/MVC cuts and discussing the governor and legislature's proposals at your city council meetings in preparation for these media events.

CGMC stops expansion of BDPI grant to metro cities

Last week, the CGMC successfully prevented an expansion of the Greater Minnesota Business Development Public Infrastructure (BDPI) grant to certain metro area cities. As members will recall, the BDPI grant provides up to 50% of capital costs to greater Minnesota counties and cities to help develop industrial parks.

Sen. Julianne Ortman (R-Chanhassen) introduced S.F. 3701 to open the BDPI



grant to metro cities within four miles of a greater Minnesota county and under 10,000 in population. The bill received a hearing on Wednesday, March 17th in the Senate Economic Development Committee. CGMC lobbied the committee in opposition to this bill and testified during the hearing, arguing the grant does not have enough money to sustain an expansion. The committee then laid the bill on the table, effectively stopping it for the year. A similar measure was introduced in the House, but no hearing is scheduled.

CGMC includes tracking data in Angel Investment bill

Over the past several weeks, the House and Senate have considered measures to implement an Angel Investment Tax credit program in Minnesota. Two “jobs bills” with this credit are moving through the legislative process (S.F. 2568 and H.F. 2695), as well as stand-alone legislation (S.F. 2307).

This week, CGMC successfully inserted a provision into these bills that would accurately track the geographic location of the qualified small businesses that receive investments spurred by this tax credit. The purpose is to get a better idea of whether or not the Angel Investment tax credit actually benefits greater Minnesota. Both the House and Senate tax chairs have included this provision in their bills, which passed their respective tax committees this week. The provision is a part of the bill’s reporting requirements to the legislature. The overall status of these bills, however, remains murky. The governor has not stated whether he would support the bills because a funding source has yet to be identified. We’ll continue to monitor these bills as they move through the legislative process.

CGMC-supported transit bill advances in House

On Tuesday, the House Transportation Finance and Policy Division passed a transit clean-up bill—drafted in consultation with CGMC—that would create better transparency related to greater Minnesota’s transit needs. The legislation, H.F. 3486/Morrow (DFL-St Peter) would require MnDOT to develop a greater Minnesota transit investment plan that would identify the operating and capital costs necessary to meet 100% of greater Minnesota transit and projected bus service hours, and move the department toward meeting those costs and goals. The legislation would also shine greater light on MnDOT’s federal funding accounting processes, and potentially preclude MnDOT from shifting greater Minnesota transit operating dollars to commuter rail. The legislation was designed to ensure metro and commuter rail funding is not paid for at the expense of greater Minnesota transit operating funds. The House bill now moves to the full House Finance Committee. A Senate companion likely will be heard in committee soon.

Cities able to loan money for energy efficiency projects under new bill

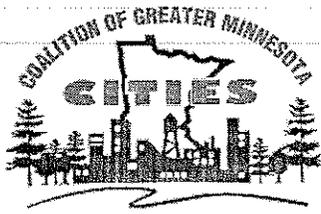
Sen. Ken Kelash recently introduced a bill (S.F. 2887) that would authorize home rule charter and statutory cities to make loans to property owners who install energy efficient or renewable energy improvements. The loans would be repaid through a special assessment collected through the property tax, and the program would be funded initially through the sale of revenue bonds. The bill has been referred to the Senate Energy, Utilities, Technology and Communications Committee.



Pharmaceutical bill moves to House & Senate floors

The pharmaceutical disposal bill (S.F.1568/H.F. 1217) that the CGMC Environment & Energy Committee has been monitoring passed in the necessary committees and has moved to the general calendar in both the House and Senate. Unfortunately, the bill has been significantly gutted as it moved through the committee process. Instead of creating a system that would have required manufacturers and wholesalers to address the disposal of pharmaceuticals, it instead permits a certain class of persons, including law enforcement officers and the MPCA, to possess drugs for the purposes of disposing them. Thus, local governments and government agencies could conduct programs to dispose of controlled substances, but the bill does not create a mechanism or funding to do so. We expect that the bill will be voted on in the next several days.





Coalition of Greater Minnesota Cities

CGMC in Brief

March 17, 2010

Contact: Tim Flaherty
651-225-8840

LGA reduced \$8 million in legislature's supplemental budget, but cities still cut \$52.5 million in total

The legislature put its budgeting process into fast-forward mode this week, working quickly to cut over \$300 million in state spending. As part of the budget cuts, cities will face a \$52.5 million reduction in aid and credit payments for 2010. Cities will lose up to 3.4% of their levy plus aid—but no more than \$28 per person—through a reduction in their Market Value Credit payment. Cities that do not have enough MVC will then lose LGA. This method is opposite to previous reductions that have first reduced LGA than MVC. In total, LGA will be reduced \$8 million and MVC will be reduced \$44.6 million. The \$52.5 million reduction is part of \$105 million removed from aids and credits with reductions to counties making up the difference. A city by city run for 2010 can be found at www.greatermncities.org/lga-property-tax-relief.

The supplementary budget also addresses 2011 LGA and MVC. In 2011, the LGA program returns to its pre-unallotment current law funding level, but will be reduced \$37 million to \$521 million. MVC will be reduced for high-property wealth cities by \$25.5 million and townships will see a reduction of \$5 million. Counties will also see a reduction of \$37 million in 2011. A city by city run for 2011 can be found at www.greatermncities.org/lga-property-tax-relief.

The legislature's budget cuts in 2010 city LGA and MVC is \$72.5 million less than the governor's proposed supplemental budget. In 2011, the legislature's budget provides \$183 million more in LGA funding than the governor's budget.

To balance the budget, the legislature needs to bridge a \$994 million gap between revenue and expenditures. In addition to this tax bill working through the bodies, \$155 million in Health and Human Services will need to be cut. These cuts, combined with \$147 million in savings from the restructuring of the General Assistance Medical Care and \$408 million of federal funds that have passed the U.S. House and Senate and should be finalized shortly (not part of health care bill), will balance the state's budget for the remainder of the biennium.

State Supreme Court hears unallotment arguments

On Monday, the Minnesota Supreme Court heard arguments in the unallotment lawsuit appeal. As soon as the arguments began, the justices jumped in with tough questions for both sides' attorneys. The justices spent time focusing on whether the statute granted the governor too much authority over legislative matters and whether the timing of the governor's unallotment actions was in accordance with the statute. One justice also pointed out that the court is reluctant to declare statutes unconstitutional. Although the



questions for the governor's attorneys seemed tougher, generally questions asked during oral argument do not signal how the court will rule.

As a side note, the court had previously decided that attorneys for parties who had filed amicus briefs would not be allowed to argue. That is not unusual because of time constraints. At the end of the arguments, the court stated it would make a decision expeditiously. It is difficult to say how long it will take the court to issue its opinion, but we expect that it will be at least three to four weeks.

Governor pares down bonding bill with line-item vetoes

On Monday, Governor Pawlenty used his line-item veto authority to eliminate roughly \$320 million from the the legislature's \$1 billion bonding bill. In general, local projects that the governor considered to have questionable statewide significance were struck out.

Surviving the veto pen was the greater Minnesota Business Development Public Infrastructure grant, which will receive just slightly over \$8.5 million, excluding earmarks, which is one of the highest amounts ever achieved for this grant since the its inception in 2003. As we noted last week, we are disappointed in the earmarks, but are pleased that the bill still received over \$8.5 million in a difficult bonding year. This grant will help dozens of cities secure or attract jobs in their communities.

Many of our communities may also be impacted by the line-item veto of \$21 million in park and trail money that would have benefited mostly state assets but also some regional areas. A spreadsheet showing the governor and conference committee's recommendations plus the governor's final vetoes is available at www.greatermncities.org/economic-development.

Compact TIF proposal advances

CGMC's proposal to create a new type of TIF district for compact development, which was introduced in last year's land use reform bill, is being carried in both the House and Senate jobs bills that are currently moving through the process. Earlier this week, H.F. 2695 (Lenczewski), containing the compact TIF and other job creation tools, was heard in the House Tax Committee. The Senate version, S.F. 2568 (Bakk), was heard and passed out of the Senate Finance Committee this morning and sent to the Senate Tax Committee where it will be heard on Thursday (March 18). The hope on the part of the legislature is to pass this stand-alone job creation bill as soon as possible.

CGMC Environment and Energy Committee opposes arsenic TMDL

The EPA Region 7 is proposing a TMDL for arsenic for two sections of the Mississippi River near Keokuk, IA. This TMDL sets a wasteload allocation for arsenic of **zero**, which is basically impossible to meet and below the 2.5 ug/L "non-detect" threshold measured by most wastewater treatment plants. Furthermore, the draft TMDL identifies point source discharges all the way up the Mississippi River and its tributaries, all the way up to Grand Rapids. (Basically what this means is that the EPA is trying to create a regulation that

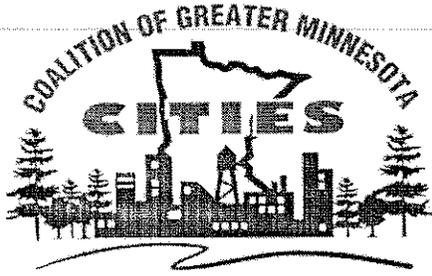


will affect almost all members cities who have wastewater facilities, and this regulation will be very difficult to meet.)

The environmental lawyer that CGMC works with on federal matters, John Hall, has prepared a response to the TMDL coordinator asking that this TMDL be withdrawn. The CGMC Environment and Energy Committee has signed on to the response and worked to get the League of Minnesota Cities to sign on as well. Other municipal groups from Minnesota and other states are also joining in the response.

The proposal can be found at www.greatermncities.org/environment-energy. The EPA is accepting comments until April 2. You may want to forward this information to your wastewater plant operators in case they are interested in providing comments.





Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Mayors and Administrators
From: Tim Flaherty
Date: March 16, 2010
Re: Legislature's tax proposal

This afternoon, the House and Senate tax committee chairs released their framework for closing the state's budget deficit. The committees' plan proposes \$200 million in spending reductions and \$105 million in reductions to property tax aids and credits. A full budget plan is yet to be released, but is expected to heavily rely on federal money. For 2010, the reduction to property tax aids and credits would require an \$8 million cut to LGA and a \$44.6 million cut to the Market Value Credit. A city's individual reduction would be no more than 3.4% of its levy plus aid for 2010, with a cap at \$28 per capita, and the cut would come from a city's Market Value Credit before its LGA, which is a change from past reductions. This bill is expected to be voted on tonight in the House tax committee and Thursday in the Senate tax committee. The bill would reach the floors of both chambers Monday for a vote.

Clearly on its face, a reduction of \$52 million to cities is much better than the governor's proposed \$125 million cut for 2010. However, before breathing a sigh of relief cities must understand that **the legislature's proposed cut to cities is based on an incomplete budget plan** that to a large extent assumes the federal government will follow through on sending a significant amount of funding to the state. Furthermore, the legislature itself was critical of the governor's inclusion of this money in his budget and questioned the reliability of his proposal.

For this reason, we have provided the talking points below to use when contacted by your local media regarding the legislature's proposal:

1. We appreciate the legislature's recognition that the governor's cuts to LGA are too deep and will cause severe service cuts in greater Minnesota.
2. Because the legislature's proposal relies heavily on yet-to-be-received federal money, we must be prepared to fight against deeper reductions in state aid.

3. Unallotment remains a possible outcome in the session's budget solution. For this reason, cities will continue to prepare possible city budget reductions under the governor's proposal, which we see as a "worst case scenario," and communicate the impacts of these cuts to residents.

Even though the legislature's proposal is much more favorable to our communities, cities cannot afford to stay quiet on the erosion of the state-local partnership. Please keep being vocal in your opposition to LGA cuts and continue your 2010 budget planning and media efforts as detailed in my March 10 memo using the governor's proposed state aid reductions.



Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Mayors and Administrators

From: Tim Flaherty

Date: March 29, 2010

Re: **Legislature passes supplemental budget bill**

Today the legislature passed a \$312 million budget deficit reduction bill. The bill reduces aids and credits by \$105 million in 2010, \$52.5 million of which comes from cities. In 2011, the bill reduces the LGA program by \$31 million to \$527 million. Market Value Credit reimbursement for high-wealth communities will also be cut in 2011 and beyond. Attached to this email are two runs outlining the further 2010 reductions to cities and predicted 2011 LGA.

The budget deficit reduction bill includes cuts to all areas of the state budget with the exception of Health and Human Services and K-12 education. The \$312 million in cuts, along with \$150 million in savings from the General Assistance Medical Care bill, reduces the state's current budget deficit to around \$550 million. The House has outlined a budget that would require roughly \$150 million in cuts to Health and Human Services and \$400 million in federal money to balance the state's budget.

The negotiations over the deficit reduction bill took place over the weekend. The main sticking points were the public safety budget, where the governor wanted lower cuts, and a fee on mutual funds brokerages that would raise \$25 million. The legislature believed the fee would be acceptable to the governor because he had a similar fee in previous years' budget recommendations. The governor did not agree to this fee, creating a \$25 million gap in the bill. The governor's office wanted to fill the gap with greater reductions in aids and credits. The legislature did not move on their original \$105 million target for this area. The legislature and governor agreed on several smaller budget funds transfers and cuts to make up the \$25 million difference and slightly decrease the cuts to the public safety budget.

If you have any questions about the supplemental budget bill, please contact Steve Peterson at 651-225-8840 or smpeterson@flaherty-hood.com.

**2010 City Cuts under Governor's
 Proposal and under HF 1671., the
 conference committee report**

Cityname:	Certified 2010 LGA +MV credits (1)	Governor's 2010 Total Unallotments (2)	Governor's Suppl. 2010 cuts (3)	HF1671 Supplemental cuts (4)	Gov. Suppl. cuts/capita (5=3/pop.)	HF1671 Suppl. cuts/capita (6=4/pop)
SHERBURN CITY O	406,704	55,880	69,504	28,028	69	28
SILVER BAY CITY	670,430	109,615	158,039	55,440	80	28
SLAYTON CITY OF	978,431	111,815	125,973	52,945	62	26
SLEEPY EYE CITY	1,614,127	182,886	211,516	88,897	60	25
SPRING GROVE CI	503,844	67,560	72,681	30,547	57	24
SPRING VALLEY CI	1,051,064	136,782	148,054	62,225	58	24
SPRINGFIELD CITY	1,095,253	122,650	146,665	61,642	66	28
ST JAMES CITY OF	1,641,031	177,008	193,517	81,333	42	18
STAPLES CITY OF	1,176,271	134,326	147,952	62,182	47	20
STARBUCK CITY O	456,853	73,865	97,078	37,436	73	28
STEPHEN CITY OF	219,445	0	26,563	11,164	38	16
STEWART CITY OF	169,462	0	41,249	14,924	77	28
TRACY CITY OF	1,078,579	118,415	156,933	59,528	74	28
TRIMONT CITY OF	259,397	0	38,471	16,169	56	24
TRUMAN CITY OF	487,050	50,195	55,383	23,277	47	20
TWIN VALLEY CITY	302,285	0	36,566	15,368	46	19
TWO HARBORS CIT	1,446,392	199,967	222,470	93,501	62	26
TYLER CITY OF	482,273	48,519	54,542	22,923	46	19
ULEN CITY OF	151,138	0	17,571	7,385	33	14
VERNDALE CITY O	149,237	0	20,327	8,543	37	16
WABASSO CITY OF	221,517	0	40,361	16,963	63	26
WADENA CITY OF	1,435,060	158,142	174,536	73,355	42	17
WALNUT GROVE CI	254,507	0	34,611	14,547	51	21
WARREN CITY OF	690,182	69,311	78,482	32,985	47	20
WATKINS CITY OF	292,532	0	60,009	25,221	64	27
WELCOME CITY OF	256,256	0	56,302	18,732	84	28
WELLS CITY OF	1,117,406	118,530	135,567	56,977	55	23
WESTBROOK CITY	271,116	0	33,852	14,227	50	21
WHEATON CITY OF	707,622	82,500	105,128	41,720	71	28
WINDOM CITY OF	1,610,957	218,631	243,572	102,370	56	23
WINNEBAGO CITY	638,662	75,106	84,170	35,375	61	25
WINTHROP CITY O	524,010	73,150	81,416	34,218	62	26
Group Total	102,852,894	9,892,189	15,036,340	6,067,767	57	23
Cities under 500 P						
AKELEY CITY OF	73,353	0	20,890	8,780	52	22
ALBERTA CITY OF	33,873	0	7,054	2,965	56	24
ALDRICH CITY OF	7,513	0	946	398	24	10



2011 cuts to LGA and MV Credits
under HF 1671 conference
committee and Governor's Proposal

Cityname:	Estimated 2011 LGA - curr.law (1)	HF 1671-2011 LGA (2)	HF 1671 -2011 MV cred. cuts (3)	Total HF1671- 2011 cuts (4=1-2+3)	Gov. 2011 LGA (5)	Gov. 2011 MV credit cuts (6)	Total Governor's 2011 cuts (7=1-5+6)
SHERBURN CITY O	365,973	340,548	0	25,425	222,116	0	143,857
SILVER BAY CITY O	539,835	539,835	0	0	349,154	0	190,681
SLAYTON CITY OF	886,481	854,281	0	32,200	622,096	0	264,385
SLEEPY EYE CITY	1,552,408	1,444,471	0	107,937	1,013,952	0	538,456
SPRING GROVE CI	448,916	422,582	0	26,334	275,382	0	173,534
SPRING VALLEY CI	989,219	920,477	0	68,742	616,109	0	373,110
SPRINGFIELD CITY	1,018,871	975,580	0	43,291	721,430	0	297,441
ST JAMES CITY OF	1,589,546	1,479,149	0	110,397	1,083,539	0	506,007
STAPLES CITY OF	1,125,079	1,060,589	0	64,490	731,058	0	394,021
STARBUCK CITY O	389,675	376,604	0	13,071	253,184	0	136,491
STEPHEN CITY OF	207,314	192,930	0	14,384	135,632	0	71,682
STEWART CITY OF	141,543	131,729	0	9,814	71,213	0	70,330
TRACY CITY OF	1,023,182	956,325	0	66,857	711,835	0	311,347
TRIMONT CITY OF	230,433	218,148	0	12,285	139,603	0	90,830
TRUMAN CITY OF	466,537	438,950	0	27,587	295,443	0	171,094
TWIN VALLEY CITY	275,923	269,231	0	6,692	178,381	0	97,542
TWO HARBORS CIT	1,331,931	1,271,785	0	60,146	857,670	0	474,261
TYLER CITY OF	453,510	424,263	0	29,247	300,732	0	152,778
ULEN CITY OF	142,721	138,187	0	4,534	91,017	0	51,704
VERNDALE CITY O	139,836	130,142	0	9,694	88,342	0	51,494
WABASSO CITY OF	194,541	183,887	0	10,654	113,689	0	80,852
WADENA CITY OF	1,390,336	1,307,177	0	83,159	954,102	0	436,234
WALNUT GROVE CI	238,017	225,413	0	12,604	156,684	0	81,333
WARREN CITY OF	663,623	663,623	0	0	452,627	0	210,996
WATKINS CITY OF	269,725	251,012	0	18,713	186,590	0	83,135
WELCOME CITY OF	254,403	236,725	0	17,678	133,309	0	121,094
WELLS CITY OF	1,077,348	1,077,348	0	0	705,163	0	372,185
WESTBROOK CITY	245,071	230,048	0	15,023	152,653	0	92,418
WHEATON CITY OF	670,568	630,509	0	40,059	459,159	0	211,409
WINDOM CITY OF	1,577,961	1,475,626	0	102,335	876,923	0	701,038
WINNEBAGO CITY	574,586	564,536	0	10,050	404,916	0	169,670
WINTHROP CITY O	466,229	453,587	0	12,642	302,362	0	163,867
Group Total	96,193,397	91,653,067	20,555	4,560,885	63,174,976	64,341	33,082,762
Cities under 500 P							
AKELEY CITY OF	48,881	48,881	0	0	23,605	0	25,276
ALBERTA CITY OF	29,637	28,357	0	1,280	22,503	0	7,134
ALDRICH CITY OF	6,423	6,423	0	0	5,178	0	1,245

StarTribune.com



Minn. lawmakers sign off on \$312M in budget cuts

ST. PAUL, Minn. - Minnesota lawmakers signed off Monday on \$312 million in cuts to local governments, public colleges, farm programs and more after agreeing with Gov. Tim Pawlenty on the outlines of a partial deficit-reduction plan.

Democrats who run the Legislature pushed the bill through before breaking for a week to observe Passover and Easter. It passed the Senate on a 44-23 vote and the House 76-55. The bill would solve about a third of a projected \$1 billion deficit.

The Republican governor said through a spokesman that he plans to sign the bill if the final language lines up with the deal reached over the weekend. Spokesman Brian McClung said Pawlenty preferred a full deficit fix but is "doing our best to work with what they're offering."

The budget bill brings the state's budget problem below \$700 million over the next 14 months. With a healthy dose of federal aid in the congressional pipeline — \$400 million or more — Minnesota legislators will have a relatively small gap to confront before the required May 17 adjournment.

"The federal funds coming in give us major relief," said Rep. Lyndon Carlson, a Democrat who heads the House Finance Committee.

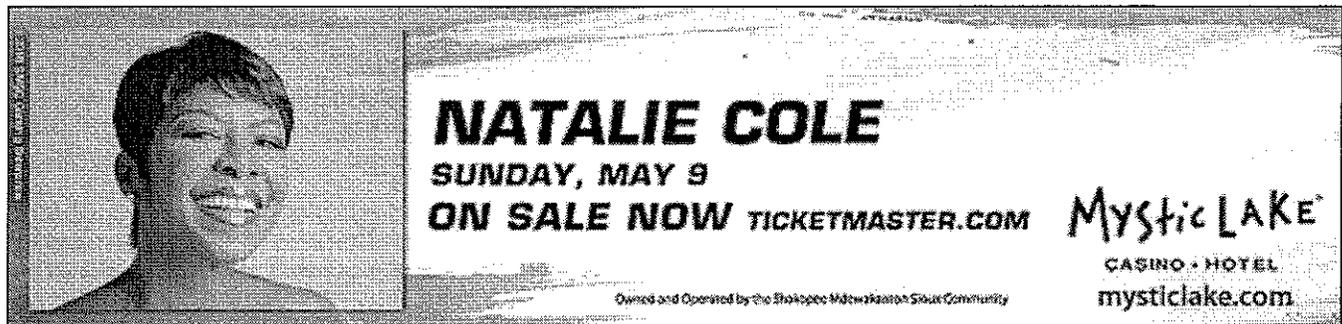
Carlson said the way things are shaping up, the Legislature won't see a repeat of the tax-increase debate it has had in recent years.

The heaviest blow in the bill is to local government allowances, with \$105 million in cutbacks. But that's far less than the \$250 million reduction Pawlenty sought. The state's public colleges — run by the University of Minnesota and the Minnesota State Colleges and Universities system — would have to get by on a combined \$47 million less.

Other cuts touch programs less visible to the public: the state will put off a \$260,000 upgrade to its dairy inspection and food monitoring system; the tourism promotion office will have \$555,000 less to work with; the Historical Society will feel a \$770,000 pinch.

Negotiators blunted some cuts by transferring money from special accounts, like \$5 million from a fund meant for petroleum tank cleanup and \$10.7 million from a fund usually dedicated for fire safety

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training.

Republicans criticized Democrats for not putting forward a plan to erase the entire budget shortfall. Rep. Keith Downey of Edina said the majority also hasn't shown how they will respond if the state Supreme Court invalidates Pawlenty's use of executive power to cut \$2.7 billion last year. A ruling is pending in the lawsuit over the power, called unallotment, and the House has filed a friend-of-the-court brief supporting the legal challenge.

A much bigger deficit is projected for the budget cycle that starts in mid-2011.

"We've stood here for 15 months knowing that we're going to hit that wall and the hurricane's off shore. It's nice and sunny today," Downey said.

Opposition also came from Democratic Rep. Tom Rukavina of Virginia, one of 11 Democrats in the governor's race. He said the bill was more in line with Republican priorities than Democratic ones.

"You people should all vote for this. This is what you want, to cut government," he said to Republicans on the House floor.

House Minority Leader Kurt Zellers said Democratic lawmakers left the tough choices until later and failed to include GOP proposals, such as offering early retirement to state workers or setting up a process to get rid of old programs. The bill "cut a little bit here, a little bit there," he said. "Why not reform government?"

Carlson, DFL-Crystal, said legislative negotiators finished the bill over the weekend with a handshake between Pawlenty's chief of staff and his top budget adviser. They dropped a \$25 million plan to increase a fee on mutual funds to avoid a veto.

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