

**Council Meeting
Tuesday, January 4, 2011
City Council Chambers
7:30 p.m.**



AGENDA

Call to Order
Pledge of Allegiance

1. Oath of Office
2. Appointment of City Administrator and Assistant City Administrator
3. Approval of Minutes
 - Council Minutes–December 21, 2010
4. Consent Agenda
 - Minutes
 - Utility Commission - December 22, 2010
5. Appointment of Street Superintendent
6. Appointment of City Attorney and Assistant City Attorney
7. Designation of Financial Institutions
8. Designation of Official Newspaper
9. 2011 Mayor Appointments and Reappointments
 - Council Appointments
 - Board & Commission Appointments
10. Resolutions of Appreciation – Council Members
11. Department Heads
12. Snow Emergency - Declaration
13. License Application
 - Permise Permit – Cottonwood Co. Game & Fish League
14. Regular Bills
15. Unfinished Business
16. New Business
17. Council Concerns
18. Adjourn



2011
Windom City Council
Regular Meeting Schedule

12-6-10

<u>Date</u>	<u>Time</u>	<u>Location</u>
January 4, 2011	7:30 p.m.	City Council Chambers, City Hall
January 18, 2011	7:30 p.m.	City Council Chambers, City Hall
February 1, 2011	5:15 p.m.	City Council Chambers, City Hall
February 15, 2011	7:30 p.m.	City Council Chambers, City Hall
March 1, 2011	7:30 p.m.	City Council Chambers, City Hall
March 15, 2011	7:30 p.m.	City Council Chambers, City Hall
April 5, 2011	7:30 p.m.	City Council Chambers, City Hall
April 19, 2011	7:30 p.m.	City Council Chambers, City Hall
May 3, 2011	7:30 p.m.	City Council Chambers, City Hall
May 9, 2011	4:30 p.m.	City Council Chambers, City Hall (Board of Review)
May 17, 2011	7:30 p.m.	City Council Chambers, City Hall
June 7, 2011	7:30 p.m.	City Council Chambers, City Hall
June 21, 2011	7:30 p.m.	City Council Chambers, City Hall
July 5, 2011	7:30 p.m.	City Council Chambers, City Hall
July 19, 2011	7:30 p.m.	City Council Chambers, City Hall
August 2, 2011	7:30 p.m.	City Council Chambers, City Hall
August 16, 2011	7:30 p.m.	City Council Chambers, City Hall
September 6, 2011	7:30 p.m.	City Council Chambers, City Hall
September 20, 2011	7:30 p.m.	City Council Chambers, City Hall
October 4, 2011	7:30 p.m.	City Council Chambers, City Hall
October 18, 2011	7:30 p.m.	City Council Chambers, City Hall
November 1, 2011	7:30 p.m.	City Council Chambers, City Hall
November 15, 2011	7:30 p.m.	City Council Chambers, City Hall
December 6, 2011	7:00 p.m.	City Council Chambers, City Hall
December 20, 2011	7:30 p.m.	Windom Community Center

Please note: this schedule identifies all regular Windom City Council Meetings. Special meetings or public hearings may be called in addition to this schedule. Both Regular and Special City Council Meetings will have a Meeting Agenda posted on the official bulletin board at City Hall. The Board of Review date is tentative.

Windom City Hall, 444 9th Street
Windom Community Center, 1750 Cottonwood Lake Drive

For additional information please contact the City Clerk's Office at 507.831.6129 or visit the City's web site at www.windom-mn.com

MEMORANDUM



CITY OF WINDOM
444 9th Street
P. O. Box 38
Windom, MN 56101
Phone: 507-831-6129
Fax: 507-831-6127

TO: City Council
FROM: City Administrator *Steve Nasby*
DATE: December 27, 2010
RE: **2011 Appointments and Designations**

The first City Council meeting of the year is primarily an organizational meeting. As such, there are numerous appointments to Boards, Commissions and Council committees. Additionally, appointments for City officers and designations are also made at this time.

To assist the City Council with these tasks the following is a listing of the current City officers and official designations of Financial Institutions and Newspaper.

City Administrator\Clerk and Assistant City Administrator\Clerk

City Administrator – Steve Nasby
Assistant City Administrator – Brigitte Olson

Street Superintendent

Bruce Caldwell

City Attorney and Assistant City Attorney

City Attorney – Dan McDonald
Assistant City Attorney – Ron Schramel

Financial Institutions

Bank of The West
Bank Midwest
United Prairie Bank
Fulda Credit Union

Official Newspaper

Cottonwood County Citizen

**Council Meeting
Windom Community Center
December 21, 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: None

City Staff Present: Steve Nasby, City Administrator; Brigitte Olson, Assistant City Administrator; Bruce Caldwell, Street & Park Superintendent; Marv Grunig, Electric Utility Manager; Jeff Shirkey, Police Chief; Mike Haugen, Water\Wastewater Superintendent; Brad Bussa, Community Center Director; Kevin Stevens, Water Department; Denise Nichols, Information\Finance; Mary Hensen, EDA\P&Z Administrative Assistant and Jeremy Rolfes, Telecom

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Ray second by Fast, to approve the City Council minutes from December 7, 2010. Motion carried 5 – 0.

5. Consent Agenda:

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

- Economic Development Authority – December 2, 8, 9, and 14, 2010
- Telecommunications Commission – December 7, 2010
- Park and Recreation Commission – December 13, 2010
- Library Board – December 14, 2010

Motion by Maricle second by Powers, to approve the consent agenda. Motion passed 5 - 0.

6. Department Heads:

Bruce Caldwell, Street & Park Superintendent, said that due to the heavy snow again this year he is anticipating the need to enact the Snow Emergency ordinance and would be

bringing a recommendation to the next City Council meeting. Caldwell reminded residents to move their cars off the street to assist with snow plowing and not to re-park in the same spot if the plow had to by-pass a car. Snow from sidewalks and driveways is not to be pushed or blown into the streets.

Fast asked about the placement of garbage bins. Caldwell asked that they not be placed on the street, but need to stay behind the curb. If the bins are in the street they could be hit by snow plows and/or staff has to get out and move them, which causes extra time and expense to the City.

Ray thanked the Street department for all of their efforts and for keeping up with snow removal. Kruse too thanked the Street department for its work as Windom's streets are plowed much better than other communities he has visited.

7. License Applications:

Kruse said annual license applications have been received as follows:

Cigarette Licenses

Casey's General Stores	Hy-Vee
Country Pride	Amoco
Erickson Oil Co.	Super America
RiverBend Liquor	Center Stop

**Motion by Maricle, seconded by Ray, to approve the cigarette licenses as presented.
Motion carried 5 - 0.**

Game of Skill Licenses (all for C & N Sales)

Phat Pheasant Pub	Eagles Club
Sun Bowl	Happy Chef

Motion by Maricle, seconded by Fast, to approve the Game of Skill licenses as presented. Motion carried 5 - 0.

Theatre License

Windom State Theatre

**Motion by Messer, seconded by Fast, to approve the Theatre license as presented.
Motion carried 5 - 0.**

Game of Skill (for John Hedquist)

Windom Arena	Windom Laundromat
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Motion by Maricle, seconded by Ray, to approve the Game of Skill license pending the receipt of the license payment. Motion carried 5 - 0.

Kruse said there was also a request for an Exempt Permit for Ducks Unlimited for a raffle and bingo on April 2, 2011.

Motion by Messer, seconded by Fast, to approve the Exempt Permit for Ducks Unlimited for an event on April 2, 2011. Motion carried 5 - 0.

8. Tree Commission Recommendation – Tree Planting Standards (Revision):

Caldwell said the resolution from 1982 covering tree planting and standards needed to be updated. The proposed language had been developed by the Tree Committee with help from Dave Bucklin. The main changes included the definition for set back along with the species of street trees specified.

Council member Maricle introduced the Resolution No. 2010-45 entitled “RESOLUTION AMENDING RESOLUTION #17-82 TREE PLANTING STANDARDS.” and moved its adoption. The resolution was seconded by Powers and on roll call vote: Aye: Ray, Maricle, Powers, Fast and Messer. Nay: None. Absent: None. Resolution passed 5 – 0.

9. Windom Ambulance Service – Rates:

Nasby said that the Ambulance Department had surveyed a number of other local ambulance services and found that Windom’s rates were low. The cost of medical supplies, replacement ambulance rigs and other equipment has been rising. As the ambulance’s rates have not been increased in several years, the Ambulance Director is recommending an adjustment as presented in the memorandum.

Motion by Messer, seconded by Ray, to approve the recommended change in rates for the Windom Ambulance Service. Motion carried 5 - 0.

10. Windom Area Hospital – Medicare & Medicaid Service Provider Agreement:

Nasby said the Federal Medicare and Medicaid programs are transitioning to electronic payment systems. The Windom Area Hospital does several million dollars in transactions annually with these programs. The Federal government is requiring all hospitals to name a “responsible party”. Since the City owns the hospital, the City Council is being asked to accept the designation as the federally “responsible party” for Medicare and Medicaid transactions. The Windom Area Hospital has assets, as well as insurance, to protect the City against potential claims.

Motion by Powers, seconded by Fast, to approve the City of Windom as the federally responsible party for the Windom Area Hospital. Motion carried 5 - 0.

11. EDA Commission – EDA Director Hiring Recommendation:

Nasby said that the EDA has recommended the replacement of the EDA Executive Director's position following the resignation of Aaron Backman on October 29, 2010. The position was advertised and 30 applications were received. Six individuals were interviewed and three finalists selected. Following the second round of interviews the EDA Commission is recommending the hiring of Mark Hanson. A copy of the proposed offer of employment showing the terms and conditions of employment are in the Council packet.

Mr. Hanson addressed the City Council. He is excited about the opportunity to work in Windom. He has approximately 13 years of economic development experience, most recently in Marshall, MN. His primary area of expertise is in marketing, business development and recruitment. He is currently looking for a house for himself and his two children. In his off time his hobbies are golf, billiards, camping and biking. He plans to start on or before January 18, 2011.

Motion by Messer, seconded by Maricle, to approve the offer of employment as presented to Mark Hanson to assume the position of Windom EDA Executive Director. Motion carried 5 – 0.

12. 2011 City of Windom Tax Levy:

Kruse said the proposed 2011 tax levy is \$1,580,042. Nasby said the proposed tax levy is a 1% increase over the 2010 tax levy of \$1,564,129. The 2011 tax levy is based on a zero budget change from 2010 to 2011, and the additional \$15,000 in the 2011 tax levy is for maintenance on the traffic signal poles. The City had been working with MN DOT on this item, but found it is the City's responsibility for maintenance.

Council member Fast introduced the Resolution No. 2010-46 entitled "A RESOLUTION APPROVING 2010 TAX LEVY, COLLECTABLE IN 2011." and moved its adoption. The resolution was seconded by Maricle and on roll call vote: Aye: Messer, Fast, Powers, Maricle and Ray. Nay: None. Absent: None. Resolution passed 5 – 0.

13. Approve 2011 City of Windom Budget:

Nasby said that the City Council had several budget workshops and solicited public input for the formation of the proposed budget. The 2011 budget is presented as nearly a zero net change in expenditures from 2010. Some savings were realized due to debt service reductions, which enabled some capital purchases to be included in 2011. The budget is also assuming that the City receive the same amount of Local Government Aid (LGA) from the State of Minnesota as was permitted in 2010 of about \$1.1 million. If the State cuts LGA again then the Council will have to revisit the budget, but we will not know anything until later in the year after the legislature convenes and the new governor takes office.

Motion by Powers, seconded by Ray, to approve the 2011 City of Windom budget as proposed. Motion carried 5 – 0.

14. Designation of General Fund Balance:

Council member Messer introduced the Resolution No. 2010-47 entitled “A RESOLUTION DESIGNATING GENERAL FUND BALANCE.” and moved its adoption. The resolution was seconded by Maricle and on roll call vote: Aye: Fast, Powers, Maricle, Ray and Messer. Nay: None. Absent: None. Resolution passed 5 – 0.

15. Regular Bills:

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

16. Unfinished Business:

None

17. New Business:

Windom Airport - Kruse said that there was an item for the Airport to be discussed. Nasby said that the City of Windom had received a very generous donation from the Myrtle Stroud Estate consisting of approximately 102 acres of land adjacent to the Windom Airport. Jim Krueger, the estate’s representative, and City Attorney Dan McDonald have been working very hard on this item and deserve many thanks. The item before the City Council is to formally accept the bequest of property, due to the impending end of the calendar year this item is requested to be acted upon at this meeting.

Council member Messer introduced the Resolution No. 2010-48 entitled “AUTHORIZATION TO ACCEPT A DONATION FROM THE MYRTLE STROUD ESTATE FOR THE WINDOM AIRPORT.” and moved its adoption. The resolution was seconded by Maricle and on roll call vote: Aye: Powers, Maricle, Ray, Messer and Fast. Nay: None. Absent: None. Resolution passed 5 – 0.

18. Council Concerns:

Ray thanked Bruce Toninato for his career with the Windom Police Department and wished everyone a Merry Christmas.

Messer wished everyone a Merry Christmas and thanked the citizens of Windom for the opportunity to serve on the City Council.

Fast wished everyone a Merry Christmas.

Powers wished everyone a Happy New Year.

Preliminary

Nasby thanked Messer and Fast for their public service.

Kruse thanked Messer and Fast for their service on the City Council and wished everyone a Merry Christmas.

19. Adjourn:

Meeting was adjourned by unanimous consent at 7:49 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
December 22, 2010

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on December 22, 2010 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson: Mike Schwalbach

Members Present: Chris Johnson and Keith Bloomgren

Member Absent: None

City Council Liaison: Jean Fast

Steve Nasby, City Administrator; Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager and Mike Haugen, Water/Wastewater Superintendent

Others Present: Ken Hoffman, League of MN Cities Insurance Representative

APPROVE MINUTES

Motion by Johnson, seconded by Bloomgren, to approve the November 17, 2010 minutes as presented. Motion carried 3-0.

WATER WASTEWATER ITEMS

Review Insurance Information on No-Fault Sewer Backups: Ken Hoffman, League of MN Cities Insurance Trust (LMCIT) Representative reviewed the no-fault coverage for sewer backups. Hoffman said that the City does not meet the minimum underwriting criteria as outlined:

- Formulizing inspection and maintenance programs
- Formulizing program to indentify and handle problem areas of the system-areas with root problems
- Maintaining proper records which reflect inspections, maintenance and handling of problem areas.

Hoffman reviewed the limitations of the insurance if the city was eligibile. They are as follows:

- Any event, weather-related or otherwise, for which FEMA assistance is available
- Any interruption in the electric power supply to the city's sewer system or to any city sewer lift station which continues for more than 72 hours

- Rainfall or precipitation that exceeds the amount determined by the National Weather Service to constitute a 100-year storm event.

The coverage limitations are as follows: the basic limit is \$10,000 per building per year. The city also has options to purchase additional limits of \$25,000 or \$40,000 per building. For purposes of the limit, a structure or group of structures that is served by a single connection to the city's sewer system will be considered as single building.

No rate for this coverage has been established for the city as it is not eligible. However 8.5% is estimated for the \$10,000 limit.

Haugen said that LMCIT has provided him with a sewer back-up book that gives him templates for policies and procedures that can be followed and adopted.

The commission directed staff to begin the process of writing policies and to document all work being done to sewer mains.

Staffing Discussion – Haugen said that his department is continuing to log duties and time associated with each duty, and that he would present them to the commission at the next meeting.

Iowa Lakes Rural Water Update – Haugen said that Iowa Lakes will be connecting three (3) homes to the sewer system before December 24, 2010, and that the connection fee would be sent shortly.

Staff was directed to check the contract between Iowa Lakes Rural Water and the City of Windom, as the commission thought payment should be received before connections can be made. Schwalbach also asked staff to get listings of all properties that would be connected to the sewer system.

Main Lift Station Project - Haugen asked for the wishes of the Utility Commission, on the Main Lift Station Project, and which engineer they would like to hire from the interviews done at the last meeting.

Motion by Johnson, seconded by Bloomgren, to have Bolton & Menk Associates develop and design specifications for the Main Lift Station. Motion carried 3-0.

Highway 60 Water Main Project Update – Haugen said that letters have been sent to the six (6) property owners included in the Highway 60 Water Main Project, and that the due date for response or voluntary participation in the project was due by January 1, 2011. At the present time he has had responses from Freedom and Casey's. Both of these businesses are willing to participate in the project.

Water / Wastewater Rate Discussion – Nasby reviewed three (3) water rate worksheets with the Utility Commission. These rates were discussed at length, and the impact that the new rates

would have for its customers. It was decided that eliminating the 300 cu ft of free water, in the current rate structure would comply with the State of Minnesota mandate for water conservation.

Motion by Johnson, seconded by Bloomgren, to implement the following water rate effective for the January usage, which is billed out February 2011. This rate is for residential, commercial and industrial usage. The rate is as follows:

Minimum Fee	\$12.13
100 – 500 cu. ft.	\$1.10 per 100 cu. ft.
501 – 1000 cu. ft.	\$2.48 per 100 cu. ft.
Over 1001 cu. ft.	\$3.28 per 100 cu. ft.

Motion carried 3-0.

ELECTRIC ITEMS

Review Utility Customer Delinquent Account History – Grunig reviewed the write off history for 2010 with the Utility Commission. Grunig said that in the last few years the City has written off approximately \$12,000 per year for electric, water and sewer. This year the write offs totaled \$8,747.96. He said that the \$300 utility prepayment could be responsible for the reduction in the write offs.

Windom’s Transmission Attachment “O” Filing – Grunig said that in 2008 the process to file an Attachment “O” to claim an Annual Transmission Revenue Requirement (ATRR) on Windom’s transmission assets was begun. These assets are the 2.5 to 3 miles of 69kV transmission tap lines that feed the substation by the Power House and the 69kV switching equipment in the Windom ITC substation south of town. Windom has received its first ATRR payment in the amount of \$29,661.79 for the period of April 2010 to October 2010. The City of Windom should be receiving monthly payments of approximately \$6,000.

Grunig said that because this process is in place, his confidence in an investment in the Brookings – Twin Cities Transmission Project thru CMMPA has been restored.

Brookings County – Hampton CapX 345kV Transmission Line - Grunig informed the Utility Commission that the second review of the contract is now in place. Grunig said that many items in the contract are there for commitments of the Bond Resolution which makes the bonds sellable at a preferred rate. He also said that Nasby, himself and the City Attorney are in the process of reviewing the redline items in the second draft of the contract, and that presently the City Attorney has an issue with the length of the term of the agreement. The City of Windom has an \$878,821 development share in the project and could commit to as high as \$2,421,500.

Grunig said that he expects to have the outstanding issues resolved and the Resolution will be ready to vote to commit/not to commit to this project, and to the level of commitment, by the next commission meeting.

Western Area Power Administration – 2021 Power Marketing Initiative (PMI) – Grunig said that the City of Windom gets about one-half of its wholesale power thru Western Area Power Association (WAPA). This contract will expire on December 31, 2010. This Contract has a fixed Rate of Delivery (CROD). Grunig said that he met with WAPA on December 1, 2010 in Sioux to begin the process for the 2021 Power Marketing Initiative. The present contract was a 20 year contract, and the new PMI will be for 30 years.

REGULAR BILLS

Motion by Bloomgren, seconded by Schwalbach, to approve the Wenck Associates bill in the amount of \$2,766.00 Motion carried 3-0.

OLD BUSINESS

None

NEW BUSINESS

The next meeting dates will be January 26, 2011 and February 23, 2011.

Jean Fast thanked the Utility Commission for all they do for the City of Windom, and that she admires them for all the knowledge they possess.

The Utility Commission thanked Fast for volunteering to be on the City Council, and wished her the best in the future.

None

On motion the meeting was adjourned at 11:40 p.m.

Mike Schwalbach, Utility Comm. Chairperson

Attest: _____
Steve Nasby, City Administrator

RESOLUTION 2011-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**A RESOLUTION EXPRESSING SINCERE APPRECIATION TO ROBERT
MESSER FOR FAITHFUL SERVICE TO THE CITY OF WINDOM**

WHEREAS, the City of Windom wishes to express grateful recognition to ROBERT MESSER for outstanding public service faithfully rendered to the City of Windom as Ward II Councilmember from January, 2005, through December, 2010; and

WHEREAS, the City also wishes to express recognition of his splendid abilities, of his time and unselfish efforts; and

WHEREAS, ROBERT MESSER has rendered faithful and efficient service to this community as a public official and leader of civic affairs.

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

1. That this City Council, on behalf of its members, City officials, employees of the City of Windom, and the citizens of this community extends to **ROBERT MESSER** its humble expressions of esteem for serving the City well, and its best wishes for good health, success and prosperity.
2. That a copy of this resolution be included in the official records of the City Council of the City of Windom and a copy presented to Robert Messer.

Adopted this 4th day of January, 2011.

Kirby G. Kruse, Mayor

Attest: _____

Steven Nasby, City Administrator

RESOLUTION 2011-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**A RESOLUTION EXPRESSING SINCERE APPRECIATION TO JEAN
FAST FOR FAITHFUL SERVICE TO THE CITY OF WINDOM**

WHEREAS, the City of Windom wishes to express grateful recognition to JEAN FAST for outstanding public service faithfully rendered to the City of Windom as Ward I Councilmember from January, 2007, through December, 2010; and

WHEREAS, the City also wishes to express recognition of her splendid abilities, of her time and unselfish efforts; and

WHEREAS, JEAN FAST has rendered faithful and efficient service to this community as a public official and leader of civic affairs.

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

1. That this City Council, on behalf of its members, City officials, employees of the City of Windom, and the citizens of this community extends to **JEAN FAST** its humble expressions of esteem for serving the City well, and its best wishes for good health, success and prosperity.
2. That a copy of this resolution be included in the official records of the City Council of the City of Windom and a copy presented to Jean Fast.

Adopted this 4th day of January, 2011.

Kirby G. Kruse, Mayor

Attest:

Steven Nasby, City Administrator

MEMORANDUM



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

TO: City Council
FROM: Utility Commission
DATE: December 22, 2010
RE: Water Rate Adjustment

The Utility Commission has discussed rate adjustments for water, wastewater and the electric utilities. At this time, the Commission has voted to change the water rates. The most recent increase in water rates was in December 2008. The new water rates will become effective January 2011.

Costs continue to increase for inputs, such as electricity, parts, equipment and chemicals and more significantly debt service related to improvements made during the last two street projects. These costs need to be covered along with the building of a reasonable reserve to address unforeseen items, such as was experienced with the expensive water main repairs on Highway 60/71.

In addition to these reasons, the State of Minnesota continues to mandate water conservation through "conservation water rates", which means increasing the cost of water based upon usage. Our current rates include a minimum fee (for water service) and two tiers of pricing based on usage. To address both the need for additional revenue and to further comply with the State regulations the Utility Commission has approved the following for residential and commercial customers:

Current Rate

\$12.13 minimum + State Taxes & Fees
0 – 300 cubic feet of water use = Free
300 – 700 cubic feet = \$2.48/100 cubic feet
700 + cubic feet = \$2.76/100 cubic feet

January 2011 Effective Rate

\$12.13 minimum + State Taxes & Fees
\$1.10/100 cubic feet of water use up to 500 cubic feet
500 – 1000 cubic feet = \$2.48/100 cubic feet
1000+ cubic feet = \$3.28/100 cubic feet

Under this rate structure the minimum everyone pays will remain the same; however, the first 300 cubic feet of water use will be priced at \$1.10/100 cubic feet instead of being "free". Second, the pricing tier for water billed at \$2.48/100 cubic feet will be expanded from 700 cubic feet to 1,000 cubic feet. Last, the highest price tier for water will increase from \$2.76/100 cubic feet to \$3.28/100 cubic feet.

This new water rate structure eliminates the "free" water use under 300 cubic feet, but it provides a more equitable pricing table throughout by escalating rates on high water users while minimizing the impact lower volume users.

The rates for industrial users will be as follows:

Bingham Lake	\$3.98/1000 gallons (current)	\$4.73/1000 gallons (new rate)
Poet Bio-Energy	\$2.67/1000 gallons (current)	\$3.17/1000 gallons (new rate)
Red Rock RW	Minimum \$12.13 + \$1.96/1000 gallons (current)	
	Minimum \$12.13 + \$2.33/1000 gallons (new rate)	

ORDINANCE NO. 134, 2ND SERIES

AN ORDINANCE OF THE CITY OF WINDOM, MINNESOTA
AMENDING CITY CODE CHAPTER 9,
ENTITLED "PARKING REGULATIONS"

THE CITY COUNCIL OF THE CITY OF WINDOM, MINNESOTA, DOES
ORDAIN:

SECTION 9.30 EMERGENCY IS HEREBY AMENDED TO READ:

Section 9.30 Snow Emergency.

Subd. 1. Definitions.

A. Snow Emergency – for purposes of this Section, the term "snow emergency" means a condition created on City streets because of the presence of snow, freezing rain, sleet, ice or snow drifts thereon, or other natural phenomenon which create or are likely to create hazardous road conditions or impede or likely to impede the free movement of fire, health, police, emergency or other vehicular traffic when the same have been duly declared by the Mayor, City Administrator or Chief of Police.

B. Snow Emergency Routes – The City Council may from time to time designate by resolution certain snow emergency routes upon which no parking shall be permitted during a snow emergency as set forth elsewhere herein. Upon designation of snow emergency routes by the Council, a public notice shall be published in the official newspaper identifying such routes. Such notice shall be posted in City Hall, 444 9th Street, Windom, Minnesota.

C. Street – includes all streets, avenues, alleys or other public ways in the City of Windom.

D. Vehicle – includes all motor vehicles, trailers of all kinds, and contrivances of any kind being moved on wheels.

E. Business District – The streets in the business district of the City of Windom, as used in this section, are hereby defined as follows:

- 10th Street from 5th Avenue east to 1st Avenue;
- 9th Street from 5th Avenue east to 1st Avenue;
- 4th Avenue from 8th Street north to 11th Street;
- 3rd Avenue from 8th Street north to 11th Street

Subd. 2. Rules and Regulations.

Rules and regulations relating to snow removal shall be in accordance with the uniform policy promulgated by the City. Such regulations shall be posted in the office of the City Administrator, and further notice may otherwise be given as the Council may direct.

Subd. 3. Unlawful Acts.

- A. During a snow emergency, it is unlawful to park or leave standing any vehicle upon a snow emergency route designated and duly sign-posted as such.
- B. During a snow emergency, it is unlawful to park or leave standing any vehicle upon a street on which parking has been restricted by the declaration of a snow emergency.

Subd. 4 Parking Vehicles to Facilitate Snow Removal

- A. Other than parking in business district, in the event that a "snow emergency" has been issued, the parking of vehicles on the streets in the City on odd-numbered dates shall be allowed only on sides of the streets which have buildings or tax parcels with addresses ending in an odd number and on those dates parking shall be prohibited on the sides of the streets which have buildings or tax parcels with addresses ending in an even number. During the same time period, the parking of vehicles on the streets in the City on even-numbered dates shall be allowed only on the sides of the streets which have buildings or tax parcels with addresses ending in an even number and on those dates parking shall be prohibited on the sides of the streets which have buildings or tax parcels ending in an odd number.

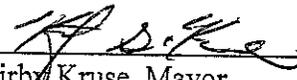
The above prohibitions apply only between the hours of 12:01 a.m. to 11:59 a.m.

- B. Parking in Business District During Snow Removal Period – On streets in the business district, as herein defined, no person shall park any vehicle during a snow emergency, as herein defined, on the side of the streets where signs have been posted by authorized City agents under authority from the City Council designating "No Parking During Snow Emergency" by reason of snow removal operations, which no parking rule shall begin at 2:00 a.m., as herein provided, and shall terminate on that part of the street after 6:00 a.m.
- C. This section shall not apply if City signs direct that parking should occur in a different way on any street.

- D. No vehicle shall be parked upon any street, alley, publicly-owned parking facility or right-of-way outside of the designated parking lanes so as to block the removal of snow from any such street, alley, publicly-owned parking facility or right-of-way.
- E. Violation of this section shall be a petty misdemeanor and shall be grounds for any police officer to remove the vehicle as authorized by Section 9.23.

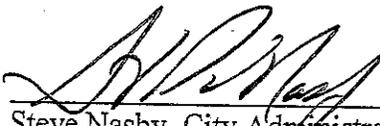
EFFECTIVE DATE OF ORDINANCE. This ordinance becomes effective from and after its passage and publication.

Adopted by the City Council of the City of Windom, Minnesota, this 16th day of February, 2010.



Kirby Kruse, Mayor

ATTEST:



Steve Nasby, City Administrator

1st Reading: February 16, 2010

2nd Reading: March 2, 2010

Adoption: March 2, 2010

Published: March 10, 2010

RESOLUTION #2011-

INTRODUCED:

SECONDED:

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

RESOLUTION OF APPROVAL OF PREMISE PERMIT

WHEREAS, the City of Windom has hereby reviewed the premise permit application as submitted by the Cottonwood County Game & Fish League; and

WHEREAS, the City of Windom has no opposition to the issuance of said permit.

NOW, THEREFORE BE IT RESOLVED, that the City of Windom hereby approves the premise permit, as submitted by the Cottonwood County Game & Fish League, for lawful gambling at 821 4th Avenue, Windom, MN.

Adopted by the Council this 4th day of January, 2011.

Kirby G. Kruse, Mayor

Attest: _____
Steven Nasby, City Administrator

Minnesota Lawful Gambling
LG214 Premises Permit Application Annual Fee \$150

FOR BOARD USE ONLY

Check # _____

\$ _____

Organization Information

1. Organization name Cottonwood Co. Game & Fish League License number 02553
2. Chief executive officer (CEO) Craig Thompson Daytime phone 507-831-3710
3. Gambling manager Robert A hanson Daytime phone 507-831-4570

Gambling Premises Information

4. Current name of site where gambling will be conducted Fraternal Order of Eagles Aerie #3891
5. List any previous names for this location _____
6. Street address where premises is located 821 4th ave.
 (Do not use a P.O. box number or mailing address)

7. City Windom	Township OR	County	Zip code 56101
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8. Does your organization own the building where the gambling will be conducted?
 Yes No If no, attach LG215 Lease for Lawful Gambling Activity
9. Is any other organization conducting gambling at this site? Yes No Don't know
10. Has your organization previously conducted gambling at this site? Yes No

Gambling Bank Account Information (must be in Minnesota)

11. Bank name Bank Midwest Bank account number _____

12. Bank street address 245 9th street City Windom State MN Zip code 56101

All Temporary and Permanent Off-site Storage Spaces

(for gambling equipment and records related to this site - must be stored in Minnesota)

13. Address (Do not use a P.O. box number) Cottonwood Co, Fair grounds, Game & Fish windom City windom State MN Zip code 56101

assistant gambling mgr. Gary Olson 423000 City windom State MN Zip code 56101

Bingo Occasions (including bar bingo)

14. Enter day and beginning/ending hours of bingo occasions (A.M. or P.M.). An occasion may not exceed 8 hours.

Day	Beginning/Ending Hours	Day	Beginning/Ending Hours
_____	_____ to _____	_____	_____ to _____
_____	_____ to _____	_____	_____ to _____
_____	_____ to _____	_____	_____ to _____
_____	_____ to _____	_____	_____ to _____

Reset Form

Print Form

Local Unit of Government Approval	
<p>CITY APPROVAL for a gambling premises located within city limits</p> <p>City name <u>Windom</u></p> <p>Date approved by city council _____ / _____ / _____</p> <p>Resolution number _____</p> <p>Signature of city personnel _____</p> <p>Title _____ Date _____ / _____ / _____</p>	<p>COUNTY APPROVAL for a gambling premises located in a township</p> <p>County name _____</p> <p>Date approved by county _____ / _____ / _____</p> <p>Resolution number _____</p> <p>Signature of county personnel _____</p> <p>Title _____ Date _____ / _____ / _____</p>

Acknowledgment and Oath

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. I hereby consent that local law enforcement officers, the Board or its agents, and the commissioners of revenue or public safety and their agents may enter the premises to inspect it and enforce the law. 2. The Board and its agents, and the commissioners of revenue and public safety and their agents are authorized to inspect the bank records of the gambling account whenever necessary to fulfill requirements of current gambling rules and law. 3. I have read this application and all information submitted to the Board is true, accurate, and complete. 4. All required information has been fully disclosed. | <ol style="list-style-type: none"> 5. I am the chief executive officer of the organization. 6. I assume full responsibility for the fair and lawful operation of all activities to be conducted. 7. I will familiarize myself with the laws of Minnesota governing lawful gambling and rules of the Board and agree, if licensed, to abide by those laws and rules, including amendments to them. 8. Any changes in application information will be submitted to the Board no later than 10 days after the change has taken effect. 9. I understand that failure to provide required information or providing false or misleading information may result in the denial or revocation of the license. |
|---|---|

Signature of Chief Executive Officer (designee may not sign) _____ Date _____

Print name _____

<p>Required Attachments</p> <ol style="list-style-type: none"> 1. If the premises is leased, attach a copy of your lease. Use LG215 Lease for Lawful Gambling Activity. 2. \$150 annual premises permit fee, for each permit. Make check payable to "State of Minnesota." <p>Mail to: Gambling Control Board 1711 West County Road B, Suite 300 South Roseville, MN 55113</p> <p>Questions? Call 651-639-4000 and ask for Licensing.</p>	<p>Monthly Regulatory Fee</p> <p>If you receive a premises permit for this site, there is a monthly regulatory fee of 0.1% (.001) of gross receipts from lawful gambling conducted at the site. The fee is reported on the G1 Lawful Gambling Monthly Summary and Tax Return and paid with the monthly tax report.</p> <hr/> <p>This form will be made available in alternative format (i. e. large print, Braille) upon request.</p>
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<p>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 your organization supplies the information requested, the Board will be able to process your organization's application.</p>	<p>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 that will remain public. Private data about your organization are available to: Board members; Board staff whose</p>	<p>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.</p>
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CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	HY-VEE FOOD STORE	MAYORS MEDAL	13.68
MAYOR & COUNCIL	PICTURE THIS PHOTOGR	MAYORS MEDAL-PICTURES	150.00
	Total for Department 101		163.68*
CITY OFFICE	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	34.60
CITY OFFICE	INDOFF, INC	SUPPLIES	135.89
CITY OFFICE	HY-VEE FOOD STORE	MERCHANDISE	24.92
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
CITY OFFICE	WINDOM QUICK PRINT	SUPPLIES	380.28
	Total for Department 103		655.69*
P & Z / BUILDING OFF	INDOFF, INC	SUPPLIES	48.57
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
P & Z / BUILDING OFF	WINDOM QUICK PRINT	SUPPLIES	194.99
	Total for Department 106		267.56*
CITY HALL	COLE PAPER INC.	SUPPLIES	138.64
CITY HALL	SCHWALBACH HARDWARE	MAINTENANCE	20.28
	Total for Department 115		158.92*
POLICE	MN NCPERS LIFE INSUR	INSURANCE	144.00
POLICE	POSITIVE ID INC	SERVICE	154.21
	Total for Department 120		298.21*
FIRE DEPARTMENT	HEIMAN FIRE EQUIP. C	MAINTENANCE	2,838.76
	Total for Department 125		2,838.76*
STREET	AMUNDSON DIG	MAINTENANCE	531.25
STREET	FRANKS SHOE REPAIR	MAINTENANCE	3.00
STREET	WINDOM AUTO VALU	MAINTENANCE	322.39
STREET	JERRY'S REPAIR	MAINTENANCE	99.30
STREET	MN NCPERS LIFE INSUR	INSURANCE	80.00
STREET	POWERPLAN	MAINTENANCE	145.01
STREET	SANFORD LABORATORIES	TESTING	71.08
STREET	TOWNMASTER	MAINTENANCE	477.20
	Total for Department 140		1,729.23*
RECREATION	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	34.57
	Total for Department 150		34.57*
PARKS	WINDOM AUTO VALU	MAINTENANCE	9.07
PARKS	MN NCPERS LIFE INSUR	INSURANCE	16.00
	Total for Department 165		25.07*
GENERAL	WHITE PROPERTIES	REFUND-PAID BILL TWICE	2.00
	Total for Department 201		2.00*
	Total for Fund 01		6,173.69*
LIBRARY	COLE PAPER INC.	SUPPLIES	138.63
LIBRARY	INDOFF, INC	SUPPLIES	-27.51

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
		Total for Department 171	111.12*
		Total for Fund 03	111.12*
	BANK MIDWEST	TRANS TO EQUIP FUND FOR	8,871.25
		Total for Department	8,871.25*
		Total for Fund 04	8,871.25*
POOL	A & B BUSINESS EQUIP MAINTENANCE CONTRACT		34.57
POOL	LEAGUE OF MN CITIES	DEDUCTIBLE	797.75
		Total for Department 175	832.32*
		Total for Fund 12	832.32*
AMBULANCE	BOUND TREE MEDICAL,	EQUIPMENT	440.81
AMBULANCE	CREATIVE DESIGN	SERVICE	216.00
AMBULANCE	TIM HACKER	EXPENSE	54.32
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	9.90
AMBULANCE	BRAD POWERS	EXPENSE	37.81
AMBULANCE	KIM POWERS	EXPENSE	61.38
AMBULANCE	PAULA RAVERTY	EXPENSE	5.87
AMBULANCE	ZOLL MEDICAL CORPORA	SUPPLIES	384.76
		Total for Department 176	1,210.85*
		Total for Fund 13	1,210.85*
	SCHWALBACH HARDWARE	MAINTENANCE	1,385.08
	LAMPS AND SCREENS ON SCREEN		982.82
		Total for Department	2,367.90*
MULTI-PURPOSE BUILDI	A & B BUSINESS EQUIP MAINTENANCE CONTRACT		34.57
MULTI-PURPOSE BUILDI	COLE PAPER INC.	SUPPLIES	337.83
MULTI-PURPOSE BUILDI	HOMETOWN SANITATION	HAUL GARBAGE	51.52
MULTI-PURPOSE BUILDI	HY-VEE FOOD STORE	MERCHANDISE	12.02
MULTI-PURPOSE BUILDI	MN NCPERS LIFE INSUR	INSURANCE	32.00
		Total for Department 177	467.94*
		Total for Fund 14	2,835.84*
SCDP	SW MN HOUSING PARTNE	DRAW REQUEST	8,823.00
		Total for Department 163	8,823.00*
		Total for Fund 17	8,823.00*
LIQUOR	A & B BUSINESS EQUIP MAINTENANCE CONTRACT		34.57
LIQUOR	ENVIROMASTER, INC.	SERVICE	39.54
LIQUOR	JOHNSON BROS.	MERCHANDISE	2,039.67
LIQUOR	JOHNSON HARDWARE	MAINTENANCE	73.23
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	MN ENERGY RESOURCES	HEATING	301.02
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,889.15
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	605.90
LIQUOR	S&K LINES	FREIGHT	384.40
LIQUOR	BANK MIDWEST	NSF CHECK	16.00
LIQUOR	VINOUCPIA	MERCHANDISE	115.50
		Total for Department 180	6,530.98*
		Total for Fund 60	6,530.98*
WATER	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	34.60
WATER	AMUNDSON DIG	MAINTENANCE	210.00
WATER	INDOFF, INC	SUPPLIES	131.46
WATER	HAWKINS, INC	CHEMICALS	3,041.06
WATER	GCC ALLIANCE CONCRET	MAINTENANCE	213.54
WATER	HENRY'S WATERWORKS,	METERS	649.87
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	141.56
WATER	MN VALLEY TESTING	TESTING	56.25
WATER	MN NCPERS LIFE INSUR	INSURANCE	40.00
WATER	HD SUPPLY WATERWORKD	MAINTENANCE	202.16
WATER	WENCK ASSOCIATES, IN	LANDFILL	2,766.80
WATER	WHITE PROPERTIES	REFUND-PAID BILL TWICE	25.32
		Total for Department 181	7,512.62*
		Total for Fund 61	7,512.62*
	RESCO	INVENTORY	456.54
	WESTERN COMM ACTION	REFUND FOR AMELIA CORONA	153.99
	KARIAN PETERSON POWE	NEW CONSTRUCTION	3,425.00
	ROCHELLE TOMLINSON	REFUND - UTILITY PREPAYM	300.00
	TONY VERNAL	REFUND - UTILITY PREPAYM	300.00
	WHITE PROPERTIBS	REFUND-PAID BILL TWICE	.73
		Total for Department	4,636.26*
ELECTRIC	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	34.60
ELECTRIC	ALTERNATIVE TECHNOLO	MAINTENANCE	210.00
ELECTRIC	COLE PAPER INC.	SUPPLIES	102.48
ELECTRIC	CRA PAYMENT CENTER	MAINTENANCE	19.58
ELECTRIC	GDF ENTERPRISES, INC	MAINTENANCE	7.62
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	141.56
ELECTRIC	WINDOM AUTO VALU	MAINTENANCE	4.04
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
ELECTRIC	BRAD BUSSA	CLEANING	184.60
ELECTRIC	BANK MIDWEST	NSF CHECK	360.00
ELECTRIC	WHITE PROPERTIES	REFUND-PAID BILL TWICE	12.70
		Total for Department 182	1,173.18*
		Total for Fund 62	5,809.44*
SEWER	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	69.17

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	ELECTRIC PUMP	MAINTENANCE	369.90
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	141.56
SEWER	HY-VEE FOOD STORE	MERCHANDISE	15.38
SEWER	MN VALLEY TESTING	TESTING	2,709.00
SEWER	MN NCPERS LIFE INSUR	INSURANCE	56.00
SEWER	SCHWALBACH HARDWARE	MAINTENANCE	145.14
SEWER	HD SUPPLY WATERWORKD	MAINTENANCE	78.72
SEWER	WHITE PROPERTIES	REFUND-PAID BILL TWICE	43.13
	Total for Department 183		3,628.00*
	Total for Fund 63		3,628.00*
ARENA	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	34.57
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
ARENA	MN ENERGY RESOURCES	HEATING	1,008.42
ARENA	HOCKEY ASSOCIATION	ARENA CONCESSION EXP	65.35
	Total for Department 184		1,140.34*
	Total for Fund 64		1,140.34*
	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	700.92
	Total for Department		700.92*
ECONOMIC DEVELOPMENT	INDOFF, INC	SUPPLIES	133.13
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	248.57
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	8.00
	Total for Department 187		389.70*
	Total for Fund 67		1,090.62*
	SOUTHWEST/WEST CENTR	EQUIPMENT	5,317.14
	Total for Department		5,317.14*
TELECOMMUNICATIONS	A & B BUSINESS EQUIP	MAINTENANCE CONTRACT	103.71
TELECOMMUNICATIONS	AZAR COMPUTER SOFTWA	LICENSE	4,000.00
TELECOMMUNICATIONS	FIBER INSTRUMENT SAL	FIBER	143.40
TELECOMMUNICATIONS	GLOBAL GOV'T/EDUCATI	SUPPLIES	406.00
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	424.70
TELECOMMUNICATIONS	IMC NETWORKS CORP	MAINTENANCE	278.00
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	NEW STAR SALES & SER	COPIER MAINTENANCE	35.00
TELECOMMUNICATIONS	QUEST	TELEPHONE	104.64
TELECOMMUNICATIONS	SIJAMBO CAFE	SUPPLIES	49.38
TELECOMMUNICATIONS	UNIVERSAL SERVICE AD	USER FEES	841.58
TELECOMMUNICATIONS	WINDOM QUICK PRINT	SUPPLIES	186.32
TELECOMMUNICATIONS	ICEWARP, INC	SOFTWARE	847.02
TELECOMMUNICATIONS	MIDWEST GARAGE DOORS	SERVICE	112.80
	Total for Department 199		7,596.55*
	Total for Fund 69		12,913.69*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
		JOHNSON COUNTY COURT PAYROLL DEDUCTION #CDDMO	1,202.00
		MN NCPERS LIFE INSUR INSURANCE	32.00
		Total for Department	1,234.00*
		Total for Fund 70	1,234.00*
		Grand Total	68,717.76*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	LEAGUE OF MN. CITIES	REGISTRATION	285.00
MAYOR & COUNCIL	SECR REV FUND/CITY O	SUPPLIES	7.28
MAYOR & COUNCIL	LINDA KINTZE	MAYOR'S MEDAL - TREATS	52.50
		Total for Department 101	344.78*
CITY OFFICE	PITNEY BOWES	RENTAL CHARGES	29.84
CITY OFFICE	SELECTACCOUNT	ADM FEE	87.84
		Total for Department 103	117.68*
P & Z / BUILDING OFF	PITNEY BOWES	RENTAL CHARGES	29.84
P & Z / BUILDING OFF	EXPRESS TECHNOLOGY,	MAINTENANCE	82.04
		Total for Department 106	111.88*
POLICE	PITNEY BOWES	RENTAL CHARGES	29.84
POLICE	SECR REV FUND/CITY O	POSTAGE	45.90
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,408.40
		Total for Department 120	2,484.14*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	134.09
		Total for Department 125	134.09*
STREET	AMOCO OIL COMPANY	GAS	480.43
STREET	JERRY'S REPAIR	MAINTENANCE	1,056.61
STREET	PITNEY BOWES	RENTAL CHARGES	29.84
		Total for Department 140	1,566.88*
		Total for Fund 01	4,759.45*
LIBRARY	PARENTS MAGAZINE	SUBSCRIPTION	7.99
LIBRARY	MN ENERGY RESOURCES	HEATING	856.61
		Total for Department 171	864.60*
		Total for Fund 03	864.60*
AIRPORT	ELECTRIC FUND	MAINTENANCE	22.39
AIRPORT	PITNEY BOWES	RENTAL CHARGES	29.84
		Total for Department 174	52.23*
		Total for Fund 11	52.23*
POOL	JO VOXLAND	REFUND - SWIM LESSONS	28.00
		Total for Department 175	28.00*
		Total for Fund 12	28.00*
AMBULANCE	MARY HOLMEN	TRAINING REIMBURSEMENT	413.60
AMBULANCE	PITNEY BOWES	RENTAL CHARGES	29.84
		Total for Department 176	443.44*
		Total for Fund 13	443.44*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	1,556.97
	Total for Department 177		1,556.97*
	Total for Fund 14		1,556.97*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	6,671.96
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,483.14
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	16,983.22
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	382.39
LIQUOR	JOHNSON BROS.	MERCHANDISE	3,872.24
LIQUOR	PBC - PEPSI BEVERAGE	MERCHANDISE	157.20
LIQUOR	PITNEY BOWES	RENTAL CHARGES	29.84
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	4,464.73
LIQUOR	THE AMERICAN BOTTLIN	MERCHANDISE	119.30
LIQUOR	WINE MERCHANTS	MERCHANDISE	438.50
	Total for Department 180		35,602.52*
	Total for Fund 60		35,602.52*
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
WATER	PITNEY BOWES	RENTAL CHARGES	29.84
WATER	SECR REV FUND/CITY O	SUPPLIES	4.00
	Total for Department 181		183.84*
	Total for Fund 61		183.84*
	SECR REV FUND/CITY O	REFUND - UTILITY PREPAYM	500.00
	JESSICA LEMICKSON	REFUND - UTILITY PREPAYM	20.00
	JESSICA KALASH LUDEW	REFUND - UTILITY PREPAYM	125.00
	JONI MACARIO	REFUND - UTILITY PREPAYM	125.00
	MARGARET MCDONALD -A	REFUND - UTILITY PREPAYM	20.00
	MICHAEL MCLAUGHLIN	REFUND - UTILITY PREPAYM	125.00
	PHYLLIS MILLER	REFUND - UTILITY PREPAYM	125.00
	JAMES NELSON	REFUND - UTILITY PREPAYM	125.00
	CHELSIE PETERS THOMP	REFUND - UTILITY PREPAYM	125.00
	KAREN VANDERLINDEN	REFUND - UTILITY PREPAYM	145.00
	NATHAN WILDERMUTH	REFUND - UTILITY PREPAYM	125.00
	Total for Department		1,560.00*
ELECTRIC	AMOCO OIL COMPANY	GAS	448.29
ELECTRIC	GDF ENTERPRISES, INC	MAINTENANCE	7.62
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
ELECTRIC	MN ENERGY RESOURCES	HEATING	345.48
ELECTRIC	PITNEY BOWES	RENTAL CHARGES	29.84
ELECTRIC	SECR REV FUND/CITY O	POSTAGE	7.00
	Total for Department 182		988.23*
	Total for Fund 62		2,548.23*
SEWER	AMOCO OIL COMPANY	GAS	115.36

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
SEWER	MN ENERGY RESOURCES	HEATING	87.34
SEWER	PITNEY BOWES	RENTAL CHARGES	29.84
SEWER	RON'S ELECTRIC INC	MAINTENANCE	428.39
		Total for Department 183	810.93*
		Total for Fund 63	810.93*
ARENA	AMOCO OIL COMPANY	GAS	42.21
ARENA	CARLSON & STEWART	MAINTENANCE	1,463.38
ARENA	PITNEY BOWES	RENTAL CHARGES	29.84
		Total for Department 184	1,535.43*
		Total for Fund 64	1,535.43*
ECONOMIC DEVELOPMENT	PITNEY BOWES	RENTAL CHARGES	29.84
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O	SUPPLIES	15.50
ECONOMIC DEVELOPMENT	SCOTT ROCKER	MAINTENANCE TO SPEC BLDG	700.00
ECONOMIC DEVELOPMENT	EXPRESS TECHNOLOGY,	MAINTENANCE	82.04
		Total for Department 187	827.38*
		Total for Fund 67	827.38*
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	450.00
TELECOMMUNICATIONS	DENISE NICHOLS	EXPENSE	159.25
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	209.05
TELECOMMUNICATIONS	PITNEY BOWES	RENTAL CHARGES	89.52
TELECOMMUNICATIONS	SECR REV FUND/CITY O	POSTAGE	11.33
		Total for Department 199	919.15*
		Total for Fund 69	919.15*
	AFLAC	INSURANCE	397.84
	MN BENEFIT ASSOCIATI	INSURANCE	228.74
		Total for Department	626.58*
		Total for Fund 70	626.58*
		Grand Total	50,758.75*



CONNECTING & INNOVATING
SINCE 1913

December 15, 2010

To: LMCIT Property/Casualty Members

From: LMCIT Board of Trustees

Les Heitke, Mayor, Willmar

Del Hag, Councilmember, Buffalo

Desyl Peterson, City Attorney, Minnetonka

Jim Miller, Executive Director, League of Minnesota Cities

Joel Hanson, City Administrator, Little Canada

Mark Karnowski, City Administrator, Princeton

Todd Prafke, City Administrator, St. Peter

Re: **2010 Property/Casualty Dividend**

We are very pleased to enclose a check for your share of the \$10 million dividend, which the LMCIT property/casualty program is returning.

Also included in this mailing are the following:

- A memo providing background on the dividend, including a detailed explanation for how your dividend is calculated.
- A data sheet showing the earned premium and loss data used to calculate your dividend.
- Graphs showing your written premium and dividend history. The “written premium” amount is the amount invoiced to you for coverage.

We encourage member cities to share this information with your city council.

Please feel free to contact Pete Tritz, LMCIT Administrator, at ptritz@lmc.org or 651-281-1265; or Laura Honeck, LMCIT Program Assistant at lhoneck@lmc.org or 651-281-1280 if you have any questions or need additional information.

LEAGUE OF MINNESOTA CITIES INSURANCE TRUST

PROPERTY/CASUALTY

2010 DIVIDEND CALCULATION

AT MAY 31, 2010

MIS AGENCY INC

BANK MIDWEST INSURANCE

PO BOX 189

WINDOM MN 56101-0189.

WINDOM

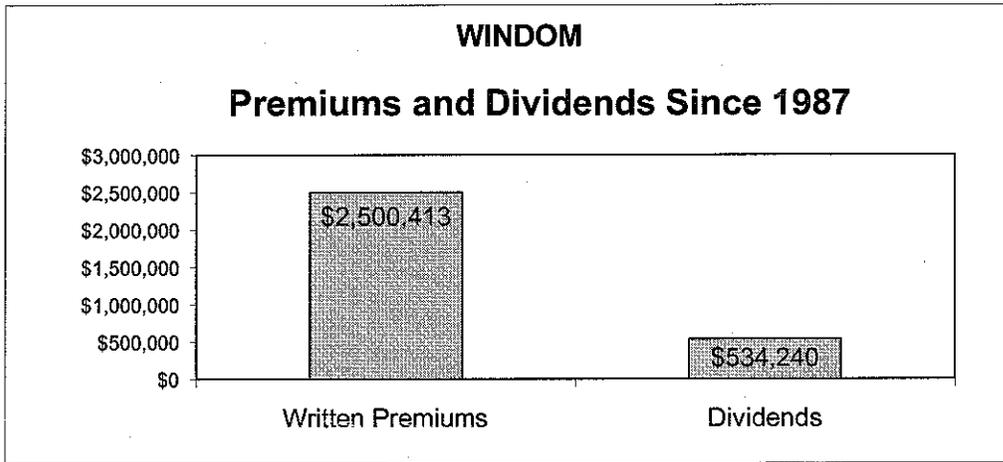
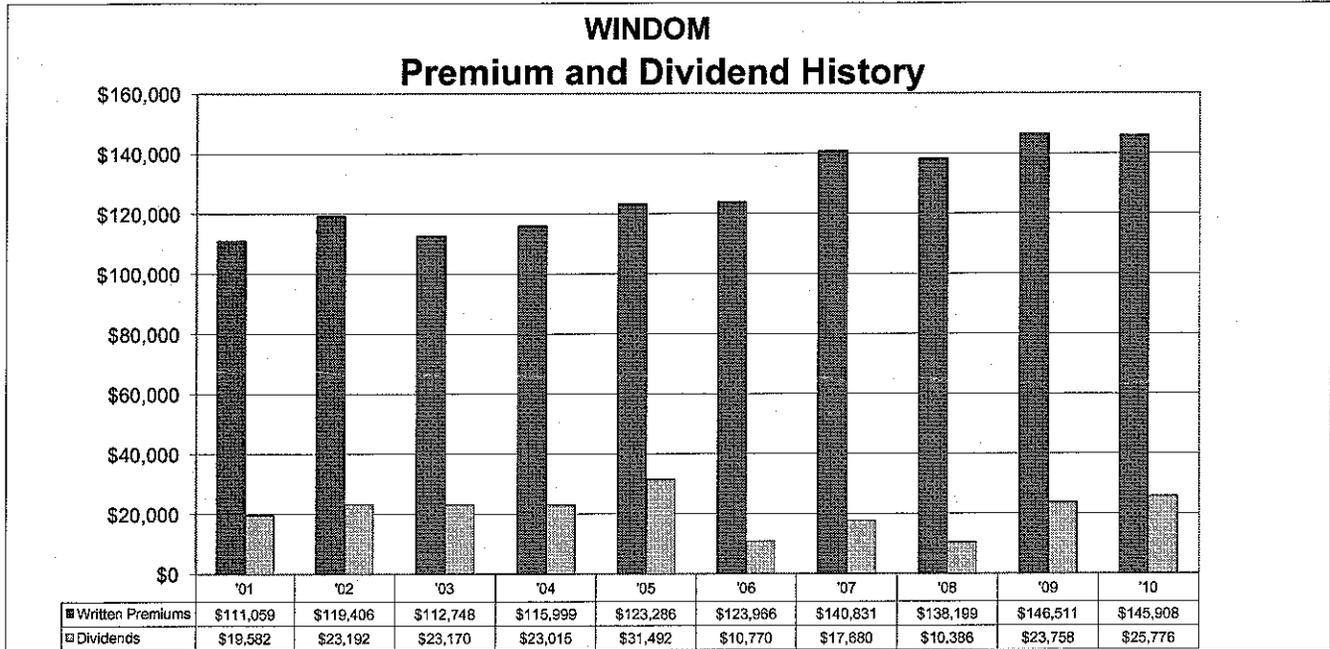
444 9TH STREET

PO BOX 38

WINDOM MN 561010

GROSS EARNED PREMIUM	\$ 2,506,698
ADJUSTED LOSSES	\$ 805,746
MEMBERS DIVIDEND PERCENTAGE	.00257755154
DIVIDEND AMOUNT	\$ 25,776

LMCIT Property/Casualty Program





CONNECTING & INNOVATING
SINCE 1913

December 15, 2010

To: LMCIT Members and Agents

From: LMCIT Board of Trustees

Les Heitke, Mayor, Willmar

Del Hag, Councilmember, Buffalo

Desyl Peterson, City Attorney, Minnetonka

Jim Miller, Executive Director, League of Minnesota Cities

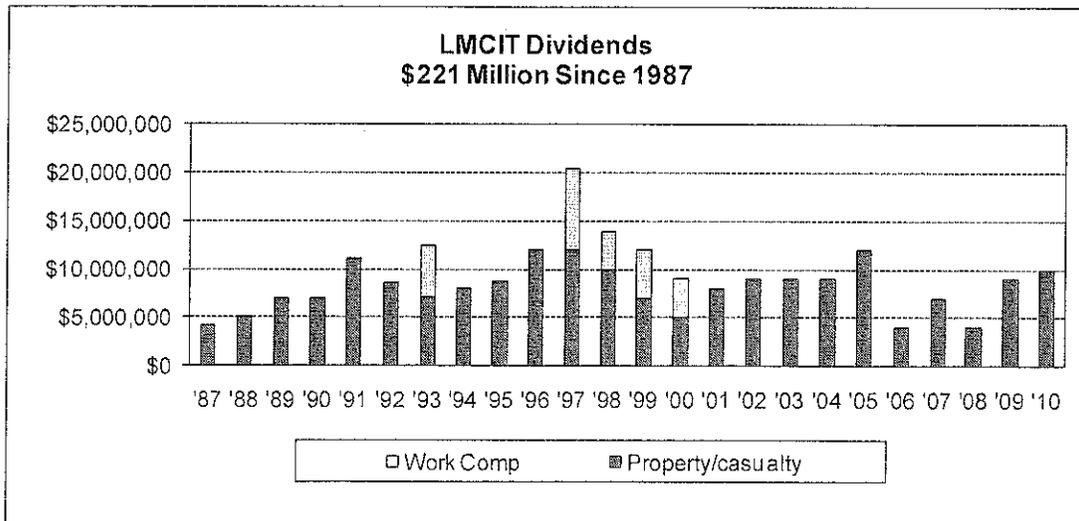
Joel Hanson, City Administrator, Little Canada

Mark Karnowski, City Administrator, Princeton

Todd Prafke, City Administrator, St. Peter

Re: **2010 LMCIT Property/Casualty Dividend**

Members of the League of Minnesota Cities Insurance Trust (LMCIT) property/casualty program will share in a \$10 million dividend this year. This brings the sum of dividends returned to members since 1987 to \$221 million.



Dividend Determination and Calculation

The dividend is determined in two steps:

- First, the LMCIT Board of Trustees determine how much surplus, if any, is available to be returned to members. The surplus is the difference between premiums collected, and the amounts paid for losses, expenses and reserves. For 2010, the Trustees determined that \$10 million could be returned to members.
- Second, the dividend is then allocated to members based upon each member's total premiums and total losses experienced during all the years of its membership with LMCIT.

The basic concept is that any surplus funds that LMCIT has at any one time are the cumulative result of all members' premiums and losses since LMCIT began. The dividend formula returns a proportionately greater share to members that contribute more to the surplus fund and to members that do a good job of avoiding losses.

Each member's dividend is based upon the difference between total earned premiums and total incurred losses for all years the member has participated in LMCIT. The formula includes a "loss limiting factor" that takes into account the effect of a single large loss on a member's dividend. Without this limitation, a small or mid-sized entity that experiences a single, catastrophically large loss might not receive any dividend for many years.

The dividend calculation used by LMCIT is meant to fairly allocate the dividend to members based upon members' experience and participation. The enclosed calculation sheet shows the premium and loss figures used when determining your dividend.

The dividend is calculated by subtracting each member's adjusted losses from its earned premiums. The remainder represents each member's contribution to the surplus. LMCIT then adds all members' remainders and calculates a dividend amount based on the percentage of the total. Each member then receives that percentage of the \$10 million total that's available this year.

It's important to keep in mind the premium figure used is each member's total earned premiums for all years it has been a member. The loss figure used is each member's losses, minus any applicable deductibles, and after capping each individual large loss. (For purposes of the dividend formula, each individual loss is capped at the lesser of either the member's earned premium for that year or \$100,000.)

Dividend Amount

Dividends and premium rates are very closely tied together. The premium rates incorporate a safety margin. That is, premiums plus investment income are designed to produce enough revenue to cover losses and expenses even if losses turn out to be greater than projections. If losses turn out to be at the same level LMCIT projected, then the margin isn't needed to pay for losses and is available either to be returned to members as a dividend or used to strengthen LMCIT's fund balance. If losses turn out to be lower than projected, those additional savings also become available to be returned to members.

The amount of dividend largely is dependent upon losses experienced by members. It often takes several years before a claim is finalized, so LMCIT staff work with information that is continually updated. That allows staff to better estimate what losses ultimately will be. LMCIT's results and the amount of dividend that can be returned in any one year therefore don't just depend on what happened during the current year; the year's financial results are also affected by changes in estimates of what losses from earlier years will ultimately cost.

Here's a summary of what makes this year's dividend possible:

- Property losses were less than projected during the second half of 2009 and through May 31, 2010. However, there were major storm events since then, which produced quite a bit of damage. Because projections are based on data as of May 31, these large losses are not reflected in the projections.
- Overall, liability losses were close to projections; however, land use litigation and police liability losses were a bit higher than projected. Employment and sewer liability losses

remained close to projections. Costs for other types of liability were lower than projected, which helps offset some of the increased costs for land use litigation and police liability.

Future Dividends

The Board of Trustees can't say a dividend always will be returned to members because it is impossible to determine what losses will ultimately occur from tornadoes, storms, sewer backups, fires, lawsuits and so on. Dividend amounts will vary from year to year just as they have in the past. A perfect example is the series of large property losses that occurred during the last several months due to severe weather events. Because claims develop over time, it's possible these losses could reach into LMCIT's safety margin during the 2011 coverage year. That means it's also possible that next year's incurred losses will be greater than projected, which could mean less money available to be returned as a dividend.

Your League Resource

For dividend, rate, or coverage questions, please contact your LMCIT underwriter at 800-925-1122 or 651-281-1200.

In addition, during the past several years the Trustees have increased the amount of risk retained by LMCIT. What this ultimately means is that LMCIT has been able to lower its reinsurance costs, which in turn helps reduce premium costs to members. But, on the other side of the coin, retaining more risk means LMCIT's net loss costs vary more from year to year and, consequently, the dividend is more variable.

Congratulations

Regardless of what the future may hold, member cities should be congratulated on another successful year. The record shows that the basic idea of cooperative risk management by cities – in this case through LMCIT – really works. It works largely because of members' commitment to cooperation and to managing losses. It's a record that Minnesota cities should be proud of.



CONNECTING & INNOVATING
SINCE 1913

December 14, 2010

Mr. Steve Nasby
City Administrator
City of Windom
444 9th St.
Windom, MN 56101-0038

Sent via email: snasby@windom-mn.com

Date of visit: December 7, 2010

Dear Mr. Nasby:

On the date listed above I met with you to discuss employee safety and loss control activities in the City of Windom. My visit was in conjunction with the City's participation in the **League of Minnesota Cities Insurance Trust** property, liability and workers' compensation program.

Purpose of Visit

The purpose of my visit was to meet you and to discuss safety and loss control issues, workers' compensation and property & liability claims. And lastly, to discuss the LMCIT loss control services that could be of benefit to the City now, or in the future.

Conclusions:

- Workers' Compensation Loss analysis showed a consistently low severity since 2006; current experience modification factor: 0.82;
- No significant loss trends were identified for improvement; instead, an overall approach to improving the City's Safety & Health Program should be implemented;
- To assist the City, I will conduct a Public Entity Loss Control Survey at my next visit.

Discussion

Items discussed during our meeting included: LMCIT Regional Safety Groups (RSG's), Safety Loan Program, LMCIT Contract Review, the new Land Use Incentive, OSHA Safety Grants, and sanitary sewer policy and maintenance. I also presented you with a loss analysis history, as summarized above.

Sanitary Sewer System

In our meeting, we discussed the future changes in the LMCIT coverage for sanitary sewer backups. In general, if cities do not meet criteria listed below, then a higher deductible will be in effect in the future.

LEAGUE OF MINNESOTA CITIES
INSURANCE TRUST

LOSS CONTROL FIELD SERVICES

222 SOUTH 9TH ST., SUITE 1300

MINNEAPOLIS, MN 55402-3332

PHONE: (612) 766-3000

TOLL FREE: (800) 449-7707

FAX: (612) 766-3199

WEB: WWW.LMC.ORG

- The city must have a comprehensive system map showing manholes, service connections, line locations, and lift stations
- The city must have a documented program of regular inspection and maintenance performed on sanitary sewer lines
- The city must have a documented program for lift station inspection and maintenance
- The city must have an operator properly certified by the Minnesota Pollution Control Department available at all times

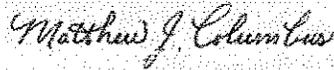
The first step is to complete the certification questionnaire and return to LMCIT.

You may also choose to contact me if you would like me to complete a Comprehensive Sanitary Sewer Assessment for your city. The Sanitary Sewer System Assessment is an audit process that helps your city identify and document all of the components in your city's sanitary sewer system, along with loss control recommendations on areas needing improvement. It can also serve as a record of the established programs and practices already in place. I am enclosing the Sanitary Sewer Assessment with this letter.

Service Plan:

During my next visit, I plan to complete a Public Entity Loss Control Survey to identify opportunities for improvement, and to enable me to provide input to enhance the City's safety and loss control programs. The process takes approximately one hour and involves all department heads. You indicated that the 2nd or 4th Tuesday of the month would work best for the city. I will contact you to schedule that visit. However, if you have any questions prior to my next visit, please contact me.

Sincerely,



Matt Columbus
Loss Control Consultant
(612)-766-3164
Email – mcolumbus@berkleyrisk.com

c: Ken Hoffman, MIS Agency, Inc. – khoffman@bankmidwest.com
Bank Midwest Insurance



MEMORANDUM

To: CGMC Mayors and Managers
From: Tim Flaherty
Date: December 20, 2010
Re: **Chamber Response to CGMC Action Alert**

Your local chamber has likely received the attached “Response to Coalition of Greater Minnesota Cities,” dated December 17. Please read this attachment so that you can respond to concerns from your local chamber regarding our positions on LGA.

It is important to note the following points:

1. While some portions of language have been toned down (specifically that the Minnesota Chamber is no longer calling for the elimination of LGA, but rather for the state to “significantly reduce” it), the Chamber’s position on LGA remains unchanged. The Chamber opposes LGA and will seek to dismantle the current program in order to prevent statewide tax increases.
2. The Chamber’s response claims that the result of LGA cuts are overblown and that reductions will have minimal local impact on property taxes and services. Instead, the Chamber believes that communities can find ways to “redesign” themselves in order to make up the lost funding. Please explain to your local chamber that your community has already made significant service cuts, consolidated services with other units of government, reduced personnel, negotiated for lower wages for employees and pursued other cost saving measures, and that further reductions to LGA will continue to result in higher property taxes and lower services.
3. CGMC and the Minnesota Chamber have different visions of how to spur economic growth. CGMC believes in strong communities that provide quality services at an affordable price to property taxpayers—both business owners and residents—while the Chamber aims to oppose any statewide tax increases. CGMC believes that cutting LGA will have the most negative impact on greater Minnesota business communities; however, we look forward to having an open conversation with the Chamber about its view on how to revitalize the greater Minnesota economy and business community.

With this information in hand, please continue meeting with your local chamber to discuss the Minnesota Chamber’s positions on LGA. Encourage your chamber to maintain a higher degree of local autonomy by not becoming federated with the Minnesota Chamber. Also, please encourage your local chamber to adopt the attached resolution.

Response to Coalition of Greater Minnesota Cities
December 17, 2010

Many of you may have received an e-mail, phone call or, in some cases, been confronted by a city official regarding the Minnesota Chamber's state budget policy and, specifically, our position on aid to local governments.

Between November and December, the Minnesota Chamber held regional meetings in 25 communities, 17 of them in Greater Minnesota. In each of those communities, we acknowledged that aid to local governments was clearly going to be a target of spending reductions by the Minnesota Legislature. We talked about the elimination of some aids, restructure and redesign of others; creating a transition fund to assist in the reduction of LGA; and also encouraged collaboration and innovation. We also acknowledged that aid should continue for the neediest of communities, based on a new formula, and that the circuit breaker should be increased to protect low-income homeowners. We also are open to discussing a new, accountable source of revenue for local governments. And we continue to offer to go arm-in-arm with local governments to the Legislature in support of eliminating mandates that stand in the way of efficiency, collaboration and delivering taxpayers high, quality services at a lower cost.

Not one person stood up and said LGA should be off the table. Attendees seem to recognize that Minnesota can't afford the level of government we currently have, given the demographic changes the state faces. The sooner all Minnesotans acknowledge that, the better.

All of us, including the business community, will need to share the pain in resolving the budget deficit. And a reduction in LGA may translate to higher property taxes in some cases, but clearly not to the extent that local governments threaten.

The private sector, and frankly many communities across the state, have improved their service delivery at a lower price. The old argument that reducing LGA will lead to higher property taxes and lower services doesn't wash anymore. For example, studies have shown there is no correlation between the number of police officers and crime in a community.

So when you are challenged, please do this:

First, ask your local government officials how they recommend resolving a \$6.2 billion shortfall in the state's general fund. The Minnesota Chamber has been bold and provided some ideas. It's easy to take shots. If they don't like our ideas, ask them for theirs.

Second, ask them what they are doing to deliver services at a lower price per unit. Are they looking at consolidating services with other units of government? The Minnesota Chamber, along with the Bush Foundation, is sponsoring six redesign projects around the state. Our partners are local chambers and local governments: the Brainerd Lakes Chamber and Crow Wing County; the Staples Motley Chamber and Todd County; the Owatonna Chamber and the city of Owatonna; the Austin Chamber and Mower County; the Rochester Chamber and the City of Rochester; and metro Chambers and the Met Council. We are working hard to encourage and fund innovation, collaboration and better value for taxpayers.

Third, ask them if they are looking at contracts, wages, health care and other benefits and pensions. In 2009, the Minnesota Taxpayers Association (MTA) looked at the relationship between LGA and city spending on employee health care and found "evidence that LGA is subsidizing higher levels of local government employee health care spending." "Instead of fostering greater equity across Minnesota, these findings indicate that LGA is likely introducing greater inequity in public sector employee health care." Further research by the MTA this year shows that there are also disparities between public employee compensation and benefits and their private sector counterparts.

Finally, remind them that the world has changed dramatically since the 1970s. Local governments must respond to rapidly changing demographics and a world economy. A revenue policy based on 30 years ago will not position Minnesota or its rural communities for prosperity in today's environment.

Structural reform and permanent changes to Minnesota's fiscal policy are critical to Minnesota's economy. We invite the Coalition of Greater Minnesota Cities to join us in offering solutions to solve today's budget crisis with an eye on the future, rather than the past.

Sample Business Resolution on LGA

WHEREAS, LGA is a state funded property tax relief program that helps reduce the property tax burden on businesses as well as homeowners in the City of (city name), and

WHEREAS, LGA cuts of over \$1 billion since 2003 have disproportionately hurt cities in greater Minnesota, and

WHEREAS, additional LGA cuts will result in higher property taxes and lower services that will make businesses in (city name) even less competitive compared to businesses in suburban cities and in cities in other states, and

WHEREAS, many of the services provided by (city name), including fire, police, street maintenance and upkeep of infrastructure, are critical to our businesses, and

WHEREAS, other quality of life services, such as parks, recreation and programs for young people and seniors, are needed to attract and retain businesses, customers and a quality work force, and

WHEREAS, (city name) has set its budget based on the \$ _____ the state has already certified that (city name) will receive in LGA for 2011,

NOW, THEREFORE BE IT RESOLVED THAT the Chamber of Commerce in the City of (city name) urges the Legislature to keep its promise and pay the city the \$ _____ of LGA already certified to (city name) for 2011.

BE IT FURTHER RESOLVED THAT the Legislature maintain funding for LGA at its current funding level for 2011 and 2012.

BE IT FURTHER RESOLVED THAT, upon passage, this resolution be forwarded to the State Chamber of Commerce, the Governor, the Speaker of the House, the Senate Majority Leader, and to members of the State Legislature representing the City of (city name).



Coalition of Greater Minnesota Cities

CGMC in Brief

December 16, 2010

Contact: Tim Flaherty
651-225-8840

Minnesota Chamber of Commerce proposes elimination of LGA

This fall, representatives from the Minnesota Chamber of Commerce have been touring Minnesota shopping around their “2011 Session Priorities.” Under the category of “State Budget: Reforming State and Local Spending,” they propose redesigning “state aid to local governments by eliminating LGA, county program aid, market value credits, and disparity reduction aid, enhancing the circuit breaker, creating a local government consolidation and transition fund, and providing counties sale tax authority.”

In response to this, we have sent the attached action alert to CGMC mayors and administrators. The key things to note are that the MN Chamber proposals have not been finalized by their board or membership, and we are asking local chambers to oppose the elimination of LGA.

The Chamber’s proposal is unfortunately quite vague and clearly betrays a lack of understanding on the part of the Chamber of the importance of LGA to greater Minnesota communities. The inevitable result of the Chamber’s proposed policy would be increased property taxes and lower levels of services, which will only exacerbate economic disparities between greater Minnesota and the metro area and will undercut greater Minnesota cities as a place to start and grow businesses in favor of the metro area, and neighboring states.

CGMC offers incoming Speaker suggestions for mandate relief

Last week, CGMC staff met with incoming Speaker of the House Kurt Zellers (R-Maple Grove) to discuss the outlook for the 2011 legislative session and our position on LGA. Speaker Zellers also asked CGMC staff to propose a list of mandates that the legislature should focus on relieving. In the attached letter, CGMC staff outlined our suggestions for relieving environmental mandates and labor and employee relations mandates. Please see this letter for further details.

Using LGA for road projects? MTA requests your feedback

The Minnesota Transportation Alliance has asked CGMC to poll its members to find out how many cities use a portion of the LGA appropriation to help pay for local street repair or local road-related projects, and what percentage of LGA is used for those purposes. If your city uses a portion of LGA for local street and road improvements, please contact J.D. Burton at 651-225-8840 or jdburton@flaherty-hood.com.



**You're invited:
Retirement party for
Winona city
manager Eric
Sorensen**

The City of Winona is hosting a retirement party for city manager Eric Sorensen. Eric, who has long been a dynamic member of CGMC and our Board of Directors, will be retiring after 23 years of service to the city. All CGMC members are welcome to attend Eric's retirement party, which will be held January 8 at St. Mary's University in Winona. Please see the attached invitation for more information.

**SAVE THE DATE:
Legislative Action
Day**

Please save the date for CGMC's Legislative Action Day, which will be held **February 9** in St. Paul. Legislative Action Day is hosted at the Flaherty & Hood offices in St. Paul and includes a strategy session followed by time to lobby your local legislators at the Capitol. Afterwards, CGMC members and their legislators dine together at Mancini's Steakhouse. Save the date and stay tuned for more information!





Dedicated to a Strong Greater Minnesota

ACTION ALERT: GREATER MINNESOTA, CLOSED FOR BUSINESS?

Background

This fall representatives of the Minnesota Chamber of Commerce have been travelling the state making presentations to local chambers of commerce and members related to their 2011 legislative session priorities. Some of their priorities are laudable and goals that the CGMC could embrace. The state chamber's call for "streamlining environmental permitting" and calls for state government to "reduce overhead costs and improve efficiency of its operation as a way to increase the value citizens receive from government services," are items that should be strongly considered by the next legislature.

However, one of the center pieces of their "State Budget: Reforming State and Local Spending" is the redesign of "state aid to local governments by eliminating LGA, county program aid, market value credits and disparity reduction aid, enhancing the circuit breaker, creating a local government consolidation and transition fund, and providing counties sales tax authority." Many cities have contacted us in response to this portion of the Chamber's proposal.

Their proposal also calls for the property tax aids and credits portion of the budget to be reduced from its current biennial funding of \$3.4 billion to \$2.7 billion.

It is unclear exactly what is meant by "creating a local government consolidation and transition fund." The only thing that is clear is that it most certainly means higher property taxes and fewer services across greater Minnesota.

Additionally, the MN Chamber proposes to "redefine" the roles of local elected officials, stating that "The roles of county board members, city council members, school board members and other local officials should be changed so their primary responsibility is to define results and outcomes they expect the unit of government to achieve. Then, their staff (i.e. county administrators, city managers, and school superintendents) should be charged with competitively sourcing every function to nonprofit organizations, for profit businesses, or other entities. By minimizing its own in-house providers, the chief administrator will always be forced to shop for the best value."

It should be noted that the MN Chamber has not finalized their policies and that these are items they want to get feedback on from local chambers and members.

As part of their presentations to local chambers they are also making a pitch for the local chamber to commit to be a "Federation partner" and be listed as one of the local chambers who formally support the MN Chamber's priorities in their entirety.

Why the MN Chamber proposal is detrimental to greater Minnesota

- This proposal is unfortunately quite vague, but what we see is that the Minnesota Chamber has an unfortunate lack of understanding of the consequences of reducing LGA for greater Minnesota communities.
- “Redesign” of LGA as proposed by the Chamber will undoubtedly lead to property tax increases. As noted by the Minnesota Department of Revenue for every dollar that is cut in local aids, there is a corresponding 67 cents worth of increased property taxes.
- In addition to property tax increases most cities will also continue to reduce services. Already greater Minnesota communities have reduced police and fire service which protect businesses, postponed improvements and maintenance to infrastructure that greater Minnesota businesses rely on, and cut hours for other city services such as building inspectors which serve greater Minnesota businesses.
- The Chamber’s argument seems to be predicated on the idea that like health and human services and education spending, the LGA program has been growing at an unsustainable rate. Untrue! LGA for cities has not kept pace with inflation and the certified amount for 2011 is actually 5% less than the certified amount in 2002. All the while property taxes on businesses in greater Minnesota have continued to grow.
- The combined effect of increased property taxes and lower levels of service will only exacerbate economic disparities between greater Minnesota and the metro area and will undercut greater Minnesota cities as a place to start and grow businesses in favor of the metro area, and neighboring states.

Action Requested of Cities

- Meet with your local chamber of commerce and urge them to take the following actions:
 - Decline to join the “Chamber Federation” so long as they promote the elimination of LGA and positions which will increase business property taxes and lower levels of service to businesses in greater Minnesota.
 - If they have already joined the “Chamber Federation” ask them to rescind their membership so long as the MN Chamber promotes the elimination of LGA and positions which will increase business property taxes and lower levels of service to business in greater Minnesota.
 - Encourage them to pass the attached resolution in support of LGA.
- Cities should stay tuned for more information on the impact of LGA cuts to businesses in greater Minnesota. For further questions please contact Bradley Peterson at bmpeterson@flaherty-hood.com

**Minnesota Chamber of Commerce
PRIORITIES 2011 SESSION**

STATE BUDGET: REFORMING STATE AND LOCAL SPENDING

ISSUE

The state expects to collect about \$33 billion during the FY 2012-13 biennium which is about \$2.4 billion more than the FY 2010-11 budget cycle. In contrast, under current law, state general fund spending is projected to grow by \$8 billion to \$38.7 billion over that same time frame. How should the Legislature and Governor allocate the \$33 billion that it expects to collect to address the priorities of the state? Does it need to change the process it uses to budget? How should the Legislature redesign state and local government services and reduce overhead expenses?

The state will face a \$1.2 billion budget shortfall for the remainder of the FY 2010-11 biennium and a \$5.4 billion shortfall in the FY 2012-13 biennium. How should the Legislature address the shortfall?

Does it need to change the process it uses to budget? How should the Legislature reform state and local government spending and reduce its overhead expenses?

POLICY

The Governor and Legislature must address future budget shortfalls by reforming redesigning state and local spending systems and focusing on priorities rather than by increasing taxes. The state's demographics and revenue and expenditure trends dictate it.

The state's demographics are changing in a way that will slow the rate of state revenue growth in the future. According to a 2009 analysis by the State Budget Trends Commission, the rate of growth will slow from an average of 6.8 percent in 2001 to 3.9 percent in 2033. In addition, the commission estimated that between 2008 and 2033 the average annual rate of growth in state health care costs is expected to be 8.5 percent. If this trend materialized and the state lives within the 3.9 percent revenue growth, all other state spending (including education) can grow at 0.2 percent per year. Finally, the commission noted that the long-run trend growth rate of the personal income tax and sales tax is 5.4 percent and 5.2 percent respectively – less than the growth rate of state health care expenditures. If the state does not significantly slow the rate of growth of health care expenditures, it will need to increase taxes on a regular basis which is not sustainable given Minnesota's already high business and personal tax burdens. Given these trends, it is more important than ever to change the way state and local governments' budget, the way services are delivered, and reduce overhead expenses.

Budget Process Reform

The state needs to change the way it budgets to prioritize spending and reduce the likelihood that it overcommits resources in good times. This can be accomplished by two reforms to the budget process.

- Adopt a "Priorities of Government" approach to budgeting: This form of budgeting evaluates each function or outcome of government by its results per dollar. Functions/outcomes can then be ranked from highest results per dollar to lowest within each budget category. With that information, the Governor and Legislature can determine which outcomes they want to "buy" each budget cycle. When the state faces a budget shortfall, the functions/outcomes that have the highest value (results per dollar towards meeting citizens' priorities) can be kept and the lowest value can be eliminated. When the state has surplus revenue, new programs should be evaluated based on their expected results per dollar. The Legislature will also be in a better position to determine if it makes more sense to add dollars to existing programs or create new ones because it can compare the value of each. The state of Washington uses this approach to budgeting.
- Change the way the state forecasts revenue growth: The Governor and Legislature should limit permanent spending and tax changes to the long-run trend rate of growth in revenue or forecasted revenue whichever is less. Minnesota Management and Budget currently estimates the revenue that

the state expects to collect over the budget cycle. For the most part, all of it is available for permanent tax and spending decisions. This results in over-committing state resources, i.e. the Governor and Legislature make permanent commitments of spending increases and tax cuts that are not sustainable. Using the long-run trend rate of growth in revenue as a limit for permanent spending and tax changes will make less money available for permanent commitments and more dollars available for one-time expenditures. This could help build up a budget reserve, reverse budget shifts, invest in infrastructure, etc. This was a recommendation of the State's Budget Trends Commission.

FY 2012-13 Budget

The state anticipates having \$33 billion available for the FY 2012-13 biennium. That should be enough to fund the state's priorities.

FY2012-13 Budget

(\$ in millions)

Biennial Expenditure Comments

- K-12 Education \$14,039. Delays repayment of the state aid shift and implements the special education recommendation of the Bottom Line Report.
- Higher Education \$2,755. Makes permanent the unallotments for the U of M and MnSCU.
- Property Tax Aids & Credits \$2,700. Redesigns state aid to local governments by eliminating LGA, county program aid, market value credits, and disparity reduction aid, enhancing the circuit breaker, creating a local government consolidation and transition fund, and providing counties sales tax authority. The political contribution refund program is also eliminated.
- Health & Human Services \$11,000. Makes permanent the unallotments for HHS programs, and enacts county social service administration redesign recommendation of the Bottom Line Report, and reforms Medical Assistance.
- Public Safety \$1,796
- Transportation \$180
- Env., Energy & Nat. Resources \$346
- Agriculture & Veterans \$245
- Economic Development \$253
- State Government \$671
- Debt Service \$1,151 No change.
- Capital Projects \$45 No change.
- Cancellation Adjustment (\$23) No change.
- Dedicated Expenditures \$22 No change.

Total Expenditures & Transfers 35,180

(1) This column also reflects the amount of estimated savings from
Note: The number in the table do not include savings of \$600 million from increasing the employee pension contribution and decreasing the employer contribution. It also doesn't include savings of \$37 million from a change in the state employee health care plan design to require single employees to pay a premium and make other adjustments so the plan is similar to what's offered in the private sector. These savings will be allocated to agencies based on the number of full time equivalent employees.

Increasing Productivity

The state needs to increase the productivity of existing state services by in many cases totally redesigning the way the services are delivered. The following are some examples of service redesigns that the Chamber supports.

• Redesigning state health care programs: The Minnesota's Bottom Line report from Public Strategies Group and five of the state's largest foundations suggests that by spending state dollars on health outcomes rather than fee for services, \$3.7 billion can be saved. One way to accomplish this goal is implementing a plan design for MinnesotaCare that provides incentives (less cost-sharing) for patients that use the highest quality providers and disincentives (higher cost-sharing) for patients that use other providers. Another way to accomplish this goal is to redesign the Medical Assistance and

General Assistance Medical Care (GAMC) benefits to meet the needs of the population in a financially sustainable way. The GAMC program should be funded this biennium with a combination of the Health Care Access Fund, a hospital surcharge and federal funding. We oppose the HMO surcharge because it shifts costs onto employers. New care models consistent with the 2008 health care reforms including health care homes, a total cost of care model, and appropriate risk adjustment should be central parts of long-term reform.

- Long-term care reform: Too many people that have the means to finance their own long-term care end up using the state's medical assistance programs instead. This is not sustainable. Individuals must begin to plan for their long-term care needs and the state and federal governments need to provide more savings mechanisms and change incentives in the Medicaid system to allow this to occur. Employers also should publicize the availability of long-term care insurance and savings options and encourage employees to enroll. (See separate policy on long-term care.)

- Special education: It is often too easy to get a child classified as a special education student. With that designation comes increased costs. There are three ways to lower the price of special education. First, Minnesota could change its state-specific definition of special education. Second, it could eliminate state-specific paperwork requirements. Third, the state could provide a "flat grant" payment per Diagnostically Related Group of children and allow parents, individually or in groups, to purchase services within a customized portfolio of services. The Public Strategies Group believes this could save \$645 million.

- County redesign: The Association of Minnesota Counties is working on redesign initiatives on human service delivery and the court systems among other things. The human service delivery redesign includes encouraging counties to jointly administer human service delivery. Examples of court system redesign include: (1) encouraging consolidated prosecutions involving the same defendant when multiple crimes are alleged to occur in multiple jurisdictions over a six-month period of time; (2) allowing a county attorney to be elected by more than one county; and (3) allowing counties the flexibility to have a defendant arraigned in the county where he/she is being held rather than transporting for a court appearance.

- Redefine role for local elected officials: The roles of county board members, city council members, school board members and other local officials could be changed so their primary responsibility is to define results and outcomes they expect the unit of government to achieve. Then, their staff (i.e. county administrators, city managers and school superintendents) should be charged with competitively sourcing every function to nonprofit organizations, for-profit businesses, or other entities. By minimizing its own in-house providers, the chief administrator will always be forced to shop for the best value.

- Shared services: School districts, cities and counties should share services to the greatest extent possible and where it is cost effective. There is no need for each local government to have human resource, purchasing, 911 dispatch, law enforcement, fire protection and other functions that could be done on a multijurisdiction basis.

- Competitively sourcing services: Services where there are private-sector providers should be competitively sourced, allowing public-sector organizations and private businesses to compete for the provision of services. Barriers to competitive sourcing should be eliminated.

Reducing Overhead Costs and Improving Efficiency

The state needs to reduce overhead costs and improve efficiency of its operation as a way to increase the value citizens receive from government services. The Chamber's State and Local Human Resource Redesign policy outlines recommendations on how public employee pensions, health care benefits, and human resource laws and practices could be changed to help balance the budget, reduce overhead costs and improve efficiency.

In addition, the state should continue to use modern continuous improvement programs such as Lean to drive efficiency gains. State government through Enterprise Lean has undertaken many process

improvement events that have led to shorter wait times for licenses or services, streamlined processes, and better customer satisfaction, among other things. In order for Enterprise Lean to continue to produce strong results, it should be able to capture a portion of the savings that these events achieve.

- Post-retirement health benefits: New state and local government hires should not be eligible for postretirement health care benefits.
- Health Insurance: To help create affordability and stability, state and local governments should make better use of benefit designs that promote health/wellness and encourage wise use of health care resources. Examples include value-based benefit design, health savings accounts and tiered health insurance plans. In addition, the state and local governments should stop providing 100 percent of the coverage for single people. Public employees should have to make some contribution toward their health insurance.
- Retirement plans: New state and local government hires should be offered only defined contribution retirement plans. Given the current underfunded status of the state's pension plans, this recommendation will have to be implemented over time.
- Reform Minnesota's Public Employee Labor Relations Act: (Recommendations on PELRA reform are coming.)

Budget Reserve and Cash Flow Account

The state's bond rating depends on sound fiscal management. The budget reserve and cash flow account are important components of sound management. Accordingly, we support the following:

- Setting the budget reserve in relation to the volatility of state revenues. According to the Budget Trends Commission, that currently means the state should increase the budget reserve to \$2.3 billion.
- Increasing the cash flow account to a level the department determines is sufficient to eliminate borrowing from other state funds. At present, the state's cash flow account is \$350 266 million. According to the Management and Budget Department, that amount is not enough to manage the times of highest cash needs.

BUSINESS IMPACT

If the state does not fundamentally change how it budgets, how state and local government services are delivered, and its overhead costs, it will be forced to increase taxes on a regular basis to keep up with the cost pressures on existing programs.

Sample Business Resolution on LGA

WHEREAS, LGA is a state funded property tax relief program that helps reduce the property tax burden on businesses as well as homeowners in the City of (city name), and

WHEREAS, LGA cuts of over \$1 billion since 2003 have disproportionately hurt cities in greater Minnesota, and

WHEREAS, additional LGA cuts will result in higher property taxes and lower services that will make businesses in (city name) even less competitive compared to businesses in suburban cities and in cities in other states, and

WHEREAS, many of the services provided by (city name), including fire, police, street maintenance and upkeep of infrastructure, are critical to our businesses, and

WHEREAS, other quality of life services, such as parks, recreation and programs for young people and seniors, are needed to attract and retain businesses, customers and a quality work force, and

WHEREAS, (city name) has set its budget based on the \$_____ the state has already certified that (city name) will receive in LGA for 2011,

NOW, THEREFORE BE IT RESOLVED THAT the Chamber of Commerce in the City of (city name) urges the Legislature to keep its promise and pay the city the \$_____ of LGA already certified to (city name) for 2011.

BE IT FURTHER RESOLVED THAT the Legislature maintain funding for LGA at its current funding level for 2011 and 2012.

BE IT FURTHER RESOLVED THAT, upon passage, this resolution be forwarded to the State Chamber of Commerce, the Governor, the Speaker of the House, the Senate Majority Leader, and to members of the State Legislature representing the City of (city name).



December 18, 2010

Speaker of the House Kurt Zellers
267 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155-1206

Dear Speaker Zellers,

Thank you for meeting with Bradley Peterson and me last Thursday to hear the Coalition of Greater Minnesota Cities' (CGMC) views on LGA and the state budget deficit. As I said at the meeting, CGMC is committed to maintaining LGA at its current \$527 million funding amount.

CGMC will work to convince the public, the legislature and Governor-elect Dayton that maintaining LGA funding is critical not only for public safety but also for the economic recovery and future economic health of the state. CGMC mayors look forward to meeting with you about LGA and the state budget deficit periodically throughout the session.

You asked CGMC to make suggestions for providing mandate relief to cities. We have suggestions for mandate relief in two areas: environmental mandates and labor and employee relations. These suggestions are contained in two attachments to this letter.

Most of the services cities provide, like police and fire protection, snowplowing and street maintenance, and parks and recreation, are not mandated. However, the state sets the rules that cities must follow and those rules have a substantial impact on driving up the cost of city services. Our suggestions in the labor and employee relations area will address some of those cost drivers.

The environmental mandates are different. CGMC believes that unnecessary environmental mandates and the cumbersome regulatory process in Minnesota have imposed massive costs on residents and businesses and been a major impediment to economic growth. Since 1995, CGMC has initiated many reform proposals, including:

- Limiting MPCA's authority to impose costly and unnecessary water quality regulations
- Requiring cost-benefit analysis
- Prohibiting new water quality standards that are more stringent than federal standards

Speaker of the House Kurt Zellers
December 16, 2010
Page 2

- Requiring the state to pay one half the cost of new mandates, thereby reducing the state's appetite for imposing new mandates
- Limiting MPCA permit fees to fund their budget and increase legislative oversight.

Over the years, many legislators have introduced and fought for environmental reforms advocated by CGMC (senators Hottinger, Sams, Saxhaug and Senjem; representatives Knobloch, Kuisle, Seifert and Lanning). Even with this strong bi-partisan support, opposition from the governor's office, MPCA and some key legislators have successfully blocked our reform efforts.

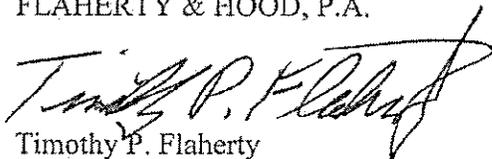
Also attached is a "Regulatory Alert" prepared by CGMC's environmental consultant, John Hall, that outlines some state and federal regulatory initiatives that are now underway. The initiatives will cost Minnesota residents and businesses billions of dollars if they are left to go into effect. The legislature and governor need to address these regulatory issues immediately.

While our priority remains the long-term preservation and viability of the LGA program, we will be happy to offer feedback and insight as your Caucus develops reform initiatives in environmental and labor relations areas and we will also be happy to take supportive positions as legislation is introduced.

We look forward to working with you on LGA and other issues this session. Please call me if CGMC can be of assistance.

Very truly yours,

FLAHERTY & HOOD, P.A.



Timothy P. Flaherty

TPF/cm

Enc. Suggestions for Labor Relations
Suggestions for Environmental Mandates
Regulatory Alert

Suggested Environmental Mandate Reforms for 2011 Legislature

Issue 1: Nutrient Standards

Problem: The Minnesota Pollution Control Agency (MPCA) is developing numeric nutrient standards for rivers and streams in Minnesota in accordance with the federal Clean Water Act. The primary pollutant being regulated is phosphorus, which contributes to problem algae growth.

Meanwhile, the Wisconsin Department of Natural Resources (WDNR) recently adopted a set of very strict nutrient standards for its surface waters, including Lake Pepin. Wisconsin's standards are much stricter than the standards that Minnesota is considering adopting. Our research indicates that the Wisconsin 100 µg/L phosphorus standard applies year-round, regardless of temperature, river flow conditions or actual impact on algal growth. The Minnesota standard will apply during the May – September growing season, when algae are most likely to be a problem and will consider the actual impact algal growth.

Approximately 2/3s of Minnesota's land mass drains into Lake Pepin. Under federal law, if the discrepancy between the state standards is not resolved, Minnesota dischargers upstream of Lake Pepin, including but not limited to municipal waste water facilities all the way to Grand Rapids, may be required to comply with Wisconsin's unduly stringent phosphorus reduction requirements. These facilities would have to spend millions of dollars to upgrade their facilities.

The Solution: Pass legislation directing the MPCA to engage in a Clean Water Act Section 103 conference¹ with the WDNR, to resolve the discrepancy and to advocate for the position that the 100 µg/L phosphorus standard applicable to Lake Pepin apply only during the May – September growing season, when phosphorus is most likely to contribute to problem algae growth.

Issue 2: Water Quality Permitting Fees

The Problem: Cities and businesses with wastewater treatment facilities pay fees to the Minnesota Pollution Control Agency (MPCA) for permit issuance and renewal. In 2007, the Minnesota Legislature directed the MPCA to amend its fee structure to ensure revenue for the regulation of ethanol, mining, and other developing economic sectors.² In 2009 the Legislature further extended this authority to “better align water permit fee revenue for fiscal years 2010, 2011, 2012, and 2013 with the cost of issuing permits, including environmental review.”³ The new fee structure became effective in March 2010.

¹ 33 U.S.C. § 1253.

² Minn. Laws 2007, ch. 57, art. 1, § 3, subd. 2 (Reg. Sess.); *see also* 33 S.R. 2086 – 2095 (June 22, 2009).

³ Minn. Laws 2009, ch. 37, art. 1, § 3, subd. 2 (Reg. Sess.); *see also* 34 S.R. 1205 (March 15, 2010).

The new structure caused water quality permit fees to go up substantially. Annual fees for municipal permits jumped by \$1,400 - \$40,000, depending on the size of the facility. Also, fees are imposed if a permittee asks for proposed effluent limits to be reviewed or if the permittee wishes to seek a permit modification or variance. These fees place a chilling effect on communities that wish to take action to correct problematic items in their permits. In the larger context, the state pays the MPCA to regulate air and water sources. Less state funding with a greater reliance on fees means there is less legislative oversight of MPCA activities and reduces the incentive for greater efficiency at the agency.

The Solution: Pass legislation requiring that the MPCA not increase the percentage of its budget for municipal wastewater and stormwater that it derives from fees above the average percentage from the three previous fiscal years. This restriction would limit increases to municipalities and allow the Legislature to properly hold the Agency accountable for its activities.

Issue 3: Environmental Laboratories

Problem: In 2009, the Minnesota Legislature changed the accreditation standards for municipal wastewater treatment labs, effectively requiring those labs to participate in the National Environmental Laboratory Accreditation Program (NELAP).⁴ NELAP is a voluntary program administered by The NELAC Institute (TNI), a 501(c)(3) corporation. Only 14 states participate in NELAP through TNI. This change increases costs for municipal labs while providing little benefit to water quality.

Satisfying NELAP proficiency testing, reporting and staffing requirements is very difficult for municipal labs. These labs usually have only one or two staff members who also perform other roles at the wastewater facilities. Fees for laboratory accreditation have also increased by about 30% since NELAP was implemented. NELAP requirements will effectively drive many municipal labs out of business, requiring these communities to submit their samples to commercial labs for testing. Submitting samples to outside laboratories will increase expenses for most municipal laboratories and create additional burdens for labs in rural Minnesota, which may have to ship samples great distances at added expense and at the risk of spoilage.

The Solution: Pass legislation allowing municipal labs that test samples only for their own permit compliance or for other municipal labs for compliance with their permits to be exempted from NELAP requirements. The Legislature should also investigate the Minnesota Department of Health (the agency responsible for accrediting laboratories) staff time and resources spent participating in TNI activities.

Issue 4: Nitrogen Nutrient Standards

Problem: The MPCA recently informed Minnesota's regulated community that it is planning to tighten its regulations relating to nitrogen, lowering the standard from 10 mg/L to 5 mg/L. The

⁴ Minn. Stat. §§ 144.97 – 144.99; Minn. Laws 2009, ch. 79, art. 10, §§ 19 – 34 (Reg. Sess.).

standard under discussion would force many small communities to abandon lagoon systems and other simplified technologies to construct sophisticated biological nutrient removal at great cost to the communities. The federal EPA is also pushing states whose waters flow into the Mississippi to adopt total nitrogen (TN) standards to protect the Gulf of Mexico, even though it has not come up with an overall plan (called a TMDL) that details municipalities role in controlling this type of pollution. The EPA is attempting to force reductions in all tributary states, even where municipalities contribute little to the problem. States such as Minnesota should not be forced to adopt strict standards on total nitrogen until the EPA has completed its TMDL and should be allowed to adopt more cost effective methods for addressing the problem.

Solution: Pass legislation requiring that the MPCA wait until the EPA completes its Gulf TMDL before lowering the nitrogen standard.

Regulatory Alert

Recent State and Federal Regulatory Initiatives Impacting Municipal and Agricultural Operations

A series of pending federal and state actions will impose significantly more restrictive Clean Water Act compliance requirements for Minnesota municipalities and agricultural interests, unless the affected regulatory community takes action. These new requirements are being imposed unrelated to any specific demonstration of water quality impairment, unlike typical state rules that require a demonstration of "need and reasonableness." These new requirements affect (1) nutrient removal requirements for all communities tributary to the Mississippi River, (2) all municipal separate storm sewer system (MS4) and combined sewer overflow (CSO) communities, and (3) nitrogen removal requirements for communities on small tributaries and statewide for Gulf of Mexico concerns.

Impact of Wisconsin Nutrient Water Quality Standard Adoption

Wisconsin has proposed the adoption of a 100 µg/L total phosphorus (TP) stream standard applicable to "listed rivers" (i.e., any large river). The allowable loading to the river is calculated based on a two-year low-flow (7Q₂) flow regime. Wisconsin has not identified any part of the Mississippi River as a "lake or reservoir" (including Lake Pepin); therefore, it does not appear that the more restrictive 40 µg/L lake standard would apply to Lake Pepin. Since the Mississippi River constitutes a substantial share of the border between the two states, the Wisconsin standard would apply to the Mississippi River both above and below Lake Pepin. Under federal law, the more restrictive state standard must be achieved by the border state. Unlike the years-long effort undertaken by the Minnesota Pollution Control Agency (MPCA) to evaluate impacts on Lake Pepin and MPCA's current efforts to derive scientifically defensible stream standards, the Wisconsin standards apply regardless of the actual impact on algal growth. MPCA has determined that Lake Pepin is not impaired for TP under higher flow conditions, but the Wisconsin standards would likely identify these conditions as impaired, and the U.S. Environmental Protection Agency (EPA) would force additional reductions on all sectors that contribute TP loadings in excess of standards (wastewater, stormwater, and agricultural). Federal rules have been interpreted by EPA to mandate attainment of the applicable water quality standard "end of pipe" for waters that do not attain standards. Attaining the 100 µg/L Wisconsin standard is, for all practical purposes, impossible for many sources. This will require extensive municipal stormwater (MS4) retrofits, restrictions on agricultural practices, and likely force limits of technology on point source contributors. The Wisconsin nutrient criteria approach would not be allowed under Minnesota law and is not consistent with Clean Water Act requirements that the criteria must be set at the level necessary to protect uses.

The adverse impact on the Minnesota economy would be profound, as approximately 70% of the state drains into the Mississippi River. Wisconsin adopted this approach under pressure from USEPA who has

now decided that stringent nutrient reduction should be mandated regardless of actual environmental impacts. EPA also took this same approach in imposing nutrient QS on the State of Florida. The affected Minnesota interests (municipal and agricultural) need to immediately object to the proposed Wisconsin WQS as contrary to the Clean Water Act and seek a conference with the Administrator on how to properly control nutrients in the interstate boundary waters as allowed under Section 103 of the Act.

Federal *E. Coli* Mixing Zone Prohibition

In November 2008, the USEPA Office of Science and Technology issued an internal memorandum informing state agencies that all bacteria mixing zones must be prohibited. EPA issued this document unilaterally without any opportunity for notice and comment by the states or the regulatory community. While most wastewater facilities will not be adversely impacted due to their ability to disinfect peak wastewater flows, any community stormwater system or municipality with permitted CSOs will be in an untenable position. The Federal CSO policy indicates that 4 to 6 overflows per year on average would be acceptable to protect water quality. EPA's internal memorandum essentially prohibits *any* CSO discharge from occurring, regardless of how extreme the storm is. Likewise, MS4 communities will be required to meet *E. coli* standards at the end of all stormwater pipes, which is physically impossible to attain. Thus, such communities will be in ongoing non-compliance with no reasonable means to attain compliance.

Total Nitrogen Limitations

MPCA has for years focused on regulating phosphorus to limit plant growth in fresh waters, consistent with longstanding scientific principles indicating that, typically, phosphorus is the limiting nutrient in fresh waters. Recently, MPCA has informed Minnesota's regulated community that it is planning an aquatic life nitrate standard, claiming new studies show nitrate adversely impacts fish spawning. The 5 mg/L nitrate WQS under discussion would force many small communities to abandon lagoon systems and other simplified technologies to construct sophisticated biological nutrient removal. The cost impact on such small communities would be severe. EPA is also pushing states that are tributary to the Mississippi River to adopt total nitrogen (TN) standards to protect the Gulf of Mexico, even though EPA has not completed any TMDL efforts that would specify precisely how municipal loads affect that resource. It is widely understood that increases in agricultural fertilization, not point source loadings, is responsible for hypoxia in the Gulf. Nonetheless, EPA is attempting to force TN reductions in all tributary states, even where the municipal contribution is negligible. The State of Colorado, a negligible contributor to the Gulf of Mexico TN loadings, has received such a letter. States with little overall contribution to the Gulf of Mexico should not be pushed into adopting stringent TN requirements and should be allowed to implement offset programs that promote agricultural best management practice (BMP) implementation as a more cost-effective means to address TN loads.

Cost Impacts

The cost and socioeconomic impact of these arbitrary EPA measures on the Minnesota economy would be extreme. Based on cost estimates in other states (Florida, Utah, Wisconsin, and Pennsylvania) the following range of expenditures would be expected:

1. Attainment of Wisconsin WQS under elevated stream flow conditions: \$2-4 billion (wastewater community alone; likely stormwater and agricultural community modifications are anticipated to match that amount);
2. MS4 and CSO community compliance with *E. coli* WQS end of pipe: incalculable; many billions of dollars; and
3. Statewide TN requirements (projected at typical BNR – 6 mg/L TN): \$10 billion.

Because the municipal efforts cannot ensure compliance with applicable WQS, further community growth will be limited as new sources to impaired waters are prohibited by federal law (40 C.F.R. § 122.4(i)).

Recommended Actions

The impacted regulatory community (municipal, commercial, and agricultural) needs to object to EPA's approval of the Wisconsin nutrient standards as contrary to the requirements of the CWA because they may be applied in circumstances where excessive algal growth does not occur. To resolve concerns regarding inconsistent regulation of the Mississippi River, the Minnesota interests need to request that an interstate waters conference be convened as allowed under Section 103 of the Act. Objections to EPA's unilateral *E. coli* mixing zone prohibition need to be filed with the EPA Administrator to prevent application of this unlawful mandate to wet weather related discharges. (Iowa is already challenging this issue in federal court.) Finally, Minnesota interests need to request that EPA develop the appropriate TMDL requirements for the Gulf of Mexico prior to imposing TN reduction requirements and allow states to fairly apportion how such load limitations will be obtained. A committee should be formed to review the technical basis for the intended aquatic life criteria for nitrate to determine if additional scientific justification is warranted, given the potential severe economic impacts on small communities throughout the state.

Suggested Labor and Employee Relations Legislation for Cities – 12/16/10

• **Group Health Insurance Cost Containment**

- Repeal the aggregate value of benefits statute – Minn. Stat. § 471.6161, subd. 5 (2010), which currently requires an exclusive representative to agree to change an insurance plan if the change in plan results in a reduction in the aggregate value of benefits. This statute makes it very difficult for cities to change health insurance plans in order to control costs of group health insurance because the public employee unions can essentially veto the public employers efforts to implement cost saving measures.
- Establish a maximum public employer dollar contribution to group health insurance premiums for employee dependent and single health insurance coverage, respectively, which may be made by public employers on behalf of public employees to the lowest cost premium health insurance plan option offered by a public employer, regardless of the number of plan options offered by the public employer.

This would establish a minimum contribution for public employees towards group health insurance premiums for the plan option they select. Additional employee contributions to premium above the minimum contribution to the lowest plan option would be through negotiations with the exclusive representatives. For example, the maximum employer contribution to premium for dependent coverage for any health insurance plan option selected by a public employee and offered by the public employer may be up to but cannot exceed 85% of the total premium for the lowest premium cost health insurance plan option offered by the public employer. Any difference in premium cost regardless of the plan option selected by an employee above the 85% employer contribution maximum to the lowest cost plan would be borne by the public employee.

• **Interest (Contract) Arbitration/Wages Cost Containment**

- Change the interest arbitration process as follows:
 - For contract years 2011 and 2012, prohibit arbitrators from awarding base wage increases or increases in the employer contributions to health insurance premiums that exceed the across-the-board increases in the respective calendar year provided by public employers for their non-union public employees.
 - Equalize the risk of interest arbitration between public employers and public employee unions by requiring final-offer, item-by-item interest arbitration for essential (e.g., police, firefighters, supervisory) employees. This proposal would change the Public Employment Labor Relations Act (PELRA) by requiring arbitrators to select either the employer's or the union's final position on each of the respective issues certified for interest arbitration. *See* Minn. Stat. § 179A.16, subd. 17 (2010).

**RETIREMENT PARTY FOR
ERIC SORENSEN
WINONA CITY MANGER**

SATURDAY, JANUARY 8, 2011

**SAINT MARY'S UNIVERSITY, TONER CENTER
700 Terrace Heights
Winona, Minnesota**

5:30 P.M. Social Hour (Cash Bar)
6:30 P.M. Dinner
7:15 P.M. Program
8:00 P.M. Music by John Smith
Irish/American Folk Singer

Eric is retiring after 23 years as City Manager in Winona. We hope you will be able to join us to celebrate with Eric and Jeanine and wish Eric well in his retirement.

Please return the bottom section of this invitation with your dinner choice and payment by **Wednesday, December 29, 2010**. Tickets are \$22.00 per person. Per Eric's wishes, in lieu of a gift for him, \$1.00 of your ticket will be given to the Winona Food Shelf. (If you wish to make any additional contribution to the food shelf in honor of Eric, there will be a box available that evening for contributions.) Please make checks payable to Myrna Olson and return to the City Manager's Office, City of Winona, PO Box 378, Winona, MN 55987. (507/457-8234) molson@ci.winona.mn.us

Yes, I (we) plan to attend: Name(s): _____

Address: _____

Danish Frikadeller
(Pork and beef dumplings): _____

Tuscan Chicken: _____

Vegetarian: _____