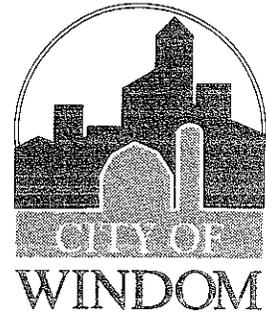


City Council Meeting
Tuesday, June 2, 2009
City Council Chambers
7:30 p.m.



AGENDA

Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes – May 19, 2009
2. Consent Agenda
 - Minutes
 - Community Center Commission – May 18, 2009
 - Airport Commission – May 21 & 29, 2009
 - Utility Commission – May 27, 2009
3. Public Comment
 - Frank Dorpinghaus – Dept. of Homeland Security
4. Department Heads
5. License Applications
 - Business Solicitation
6. Airport Commission Recommendations
 - Bid Award
7. 2009 Street Improvement Project
 - Change Order - \$8,000.00
 - Contractor Payment – Hjerpe Construction \$245,607.25
8. Regular Bills
9. Unfinished Business
10. New Business
11. Council Concerns
12. Adjourn



**Council Meeting
Windom City Hall, Council Chamber
May 19, 2009
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; Dan Olsen,
Telecom Manager and Terry Glidden, Telecom

Public Present: Frank Dorpinghaus

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Ray, second by Fast, to approve the May 5, 2009 and May 11, 2009 minutes. Motion carried 5 – 0.

5. Consent Agenda:

Kruse said the Consent agenda contained the minutes from the following Boards and/or Commissions:

- Telecommunications Commission – April 14, 2009
- Economic Development Authority – May 11, 2009
- Park & Recreation Commission – May 11, 2009
- Library Board – May 12, 2009

Motion by Fast, second by Maricle, to approve the Consent Agenda. Motion carried 5 – 0.

6. Department Heads:

Dan Olsen, Telecom Manager, updated the Council on the federal stimulus funds. The federal rules and guidance are scheduled to be released in the near future. Windomnet is working with ten other communities on a potential project. Olsen expects the funding award date to be September or October so the project, if funded, would be built in 2010.

Powers asked when the federal rules are going to be available. Olsen said early June is the anticipated timeframe. Olsen noted that the rules are important as they will determine eligibility.

7. License Applications:

Kruse stated that an application for a dance license had been received from the Windom Lion's Club for a Riverfest event on June 13, 2009.

Motion by Messer, seconded by Fast, to approve a dance license for the Windom Lion's Club for an event on June 13, 2009. Motion carried 5 – 0.

Kruse stated that an application for amplification equipment permit had been received from the Phat Pheasant for Riverfest events on June 12 & 13, 2009.

Motion by Maricle, seconded by Ray, to approve an amplification equipment permit for the Phat Pheasant for June 12 & 13, 2009. Motion carried 5 – 0.

Kruse stated that an application for amplification equipment permit had been received from the Windom Lions Club for a Riverfest event on June 13, 2009.

Motion by Messer, seconded by Fast, to approve an amplification equipment permit for the Windom Lions Club for June 13, 2009. Motion carried 5 – 0.

Kruse stated that an application for amplification equipment permit had been received from the Windom Chamber for a Riverfest event on June 13, 2009.

Motion by Ray, seconded by Messer, to approve an amplification equipment permit for the Windom Chamber for June 13, 2009. Motion carried 5 – 0.

Kruse stated that an application for amplification equipment permit had been received from the Phat Pheasant for an event on August 29, 2009.

Motion by Powers, seconded by Fast, to approve an amplification equipment permit for the Phat Pheasant for August 29, 2009. Motion carried 5 – 0.

Kruse stated that an application for a lawful gambling exempt permit had been received from the Windom Education and Collaborative Center.

Motion by Powers, seconded by Messer, to approve a lawful gambling exempt permit for the Windom Education & Collaborative Center. Motion carried 5-0.

Kruse stated that an application for a lawful gambling exempt permit had been received from the Windom Chamber of Commerce.

Motion by Fast, seconded by Maricle, to approve a lawful gambling exempt permit for the Windom Chamber of Commerce. Motion carried 5 – 0.

Kruse stated that an application for a temporary liquor license had been received from the Windom Lion's Club for an event on June 13, 2009.

Motion by Ray, seconded by Fast, to approve a temporary liquor license for the Windom Lion's Club for an event on June 13, 2009. Motion carried 5 – 0.

Kruse stated that an application for a temporary liquor license had been received from the Windom Lion's Club for an event on June 20, 2009.

Motion by Powers, seconded by Messer, to approve a temporary liquor license for the Windom Lion's Club for an event on June 20, 2009. Motion carried 5– 0.

8. Personnel Committee Recommendations:

Messer reported that the Personnel Committee is recommending approval of three items. The first is the IBEW labor agreement. The negotiated changes included a 2009, 2010 and 2011 Cost-Of-Living-Adjustment (COLA) of 1% per year. A copy of the proposed contract is in the Council packet.

Maricle asked if vacation time could be taken in the first year of employment. Nasby said that it could not and the language was the same in the prior agreement. There should not be a problem with the maximum carry-over language as forty hours of vacation are provided to a new employee.

Maricle asked if the City Council was to have the Fox Lawson study presented as part of their contract with the City. Messer noted the IBEW union rejected implementation of the study during negotiations. Kruse and Powers noted that the Fox Lawson consultant had made a presentation to the Personnel Committee. Nasby said the City Council had decided against the Fox Lawson presentation at the time the consultant was in town to make presentations to the employees. If the City Council wanted the consultant to do a presentation there would be an expense for another trip. Maricle indicated that he did not want to incur additional expense.

Motion by Messer, seconded by Powers, to approve the IBEW labor agreement as presented for 2009 - 2011. Motion carried 5– 0.

Messer noted that due to a retirement in the Street Department there is a need to re-evaluate the City Mechanic position. To accomplish this re-evaluation a compromise was reached with IBEW to track the mechanic duties for 2009 and re-evaluate the grade placement in January 2010.

Motion by Messer, seconded by Powers, to approve placing the City Mechanic Position at Grade 8 and re-evaluating the position with the IBEW union in 2010. Motion carried 5– 0.

Messer said that the Telecommunications Commission had recommended that the Personnel Committee consider a new position for the Telecom office for marketing and administrative duties. A proposed job description was drafted for consideration by the Personnel Committee. The Personnel Committee and IBEW have agreed to place this position at a Grade 5, Step 1.

Motion by Messer, seconded by Fast, to approve a new, part-time Telecom marketing and administrative assistant position. Motion carried 5– 0.

9. Regular Bills:

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

10. Unfinished Business:

None.

11. New Business:

None.

12. Council Concerns:

Kruse said that the legislative session ended without a State budget solution for the forecasted \$4.6 billion deficit. Neither the legislators nor the Governor could arrive at solutions acceptable to both parties that would address the problem. The Governor has stated that he will use unallotment to cut State spending and programs. One of these cuts would be to Local Government Aid (LGA). Cuts to Windom could be \$144,000 in 2009 and \$301,000 in 2010 if the Governor sticks to his original budget proposal these cuts represent 10% and 22.6% of Windom's LGA. Without these LGA monies services will need to be cut and local property taxes would have to increase. Kruse encouraged citizens to contact legislators and the Governor to express their concerns as both sides are to blame for the unresolved budget situation.

Messer asked if the property levy limits were still in place. Nasby said that provisions removing the levy limits were included in the tax bill sent to the Governor, but he has indicated that this legislation will be vetoed. As such, the levy limits are likely to remain in place. Messer and Kruse noted that this will further reduce the City's ability to maintain services.

Preliminary

13. Adjourn:

Kruse adjourned the meeting by unanimous consent.

Meeting adjourned at 7:45 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

Community Center Commission Minutes
Monday May 18, 2009

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

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

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

EDA Director: Aaron Backman-Absent

3. Approval of Minutes:

Motion by Kelly Woizeschke, seconded by Hilary Mathis to approve the April 27, 2009 Community Center Commission Minutes. Motion carried 3-0

4. Additions to the agenda:

Under Directors Report d.) Update on convection oven and freezer e.)
Employer/Employee Christmas Party

5. Correspondence:

Nothing to report

6. President's Report:

A. Rules of Order-President Wayne Maras expressed the importance of when someone had something they wanted brought up at the meeting that it should be put on the agenda so Commission can research and prepare for issues.

7. Director's Report:

a. 10 Year Open House-Director explained money for Open House would have to come out of the Promotional Budget. President Wayne Maras asked what we could use for funds. Director Brad Bussa stated that with budget cuts the Promotional Budget has been reduced. President Maras stated we will need to use caution as to what we will be allowed to use and what is available at that time of year. Kelly Woizeschke expressed to possibly include door prizes to attract more people. Commission went over ideas of Pork Producers and Beef Producers

- involvement, but expressed it would be expensive if it were free. Commission will look into more possibilities and review again at upcoming meetings.
- b. After Hour Facility Access-Director reported that President Maras and himself had stopped in with City Administrator. President Maras reported that with problems of locks being left unlocked and water left on, thought we should leave as is. Committee agreed to leave key issue as is.
 - c. Policy Review/Business Plan-Director Brad Bussa asked Commission if they had any Policy concerns. No questions, policies to stay as they are.
 - d. Director Brad Bussa reported to Commission that the convection oven and freezer have been repaired at the cost of \$1,800.00 having greatly depleting the equipment maintenance budget.
 - e. Director Bussa asked the Commission if we still want to try the Employer/Employee Christmas Party. Commission thought it was still a good idea. When asked about the last one, Director reported it came out with about an \$1,800.00 loss. He reported we would have to have a number of commitments in order to make sure of profit. Kelly Woizeschke wondered how many would be needed. Commission decided 200 would need to attend. Hilary Mathis stated to include a January option for Employers and Employees not able to attend a December party and all agreed. Commission agreed to a deadline of August 1st to book.

8. Resource Management:

Schedule of Events: Brenda Farber Family Benefit being held at Windom Community Center May 31, 2009

Income/Expenses: was reviewed

9. Miscellaneous:

10. Open Forum:

Nothing to report

11. Next Meeting:

Monday June 22, 2009 @ 5:30 pm. Sub-Committee: Seniors and Special Interest Groups

Adjourn:

Motion by Kelly Woizeschke, seconded by Hilary Mathis, to adjourn the meeting at 6:30 pm. Motion carried 3-0.

Wayne Maras, WCC President

Connie Granstra, WCC Secretary

Attest: _____
Brad Bussa, Community Center Director

Windom Airport Commission Minutes
May 21, 2009

The Windom Airport Commission met on May 21, 2009, at 9:00 a.m. at the Windom Airport. Members present were Marlyn Bartsch, Merle Wall, Brian Underwood, Stan Wendland and Gerri Burmeister. Members absent: Scott Fredin and John Holt. Others Present- Mayor Kirby Kruse, City Staff: Steve Nasby, Bruce Caldwell, Engineers: Dennis Johnson & Craig Mueller from Wenck Associates.

Vice-Chair Brian Underwood called the meeting to order.

1. **APPROVE MINUTES: Minutes from April 16, 2009 were reviewed. Motion by Burmeister, seconded by Bartsch, to approve the minutes as written. Motion passed 5 – 0.**

2. **FAA ENTITLEMENT & STIMULUS FUNDING:**

2009 Airport Improvement Project Plans and Specifications – Craig Mueller from Wenck Associates reviewed with the Commission the plans and specifications for the 2009 Airport Improvement Projects. The projects included runway & taxiway reconstruction and crack-filling and seal-coating of the apron, drives and entrance road.

The Commission discussed bids and the project options with the engineers.

Motion by Wendland, to recommend to the City Council the bid for the bituminous option. Motion died for lack of a second.

Motion by Underwood, seconded by Bartsch, to recommend to the Windom City Council that they approve the project with the concrete option. Motion passed 4 – 1 (Wendland).

The Commission discussed the cost differences of the project and the life cycle costs for the two surface options. Underwood and Caldwell said that consideration has to be given for future expenses in maintenance and the federal government may not always have 95\5 funding available. Mueller reviewed the life cycle cost estimates he had prepared for the Commission.

Johnson said he would contact the FAA and MN DOT reps to see if they had any restrictions on the work or requirement that the lowest cost option be selected.

Motion by Bartsch, seconded by Wall, to recommend to the Windom City Council that they include the hanger improvements and crack-filling and seal-coating options in the project. Motion passed 5 – 0.

3. **ADJOURN:** The meeting was adjourned at 10:00 a.m.

Brian Underwood, Vice Chair

Windom Airport Commission Minutes
May 29, 2009

The Windom Airport Commission met on May 29, 2009, at 8:30 a.m. at the Windom Airport. Members present were Marlyn Bartsch, Merle Wall, Brian Underwood, Scott Fredin and Gerri Burmeister. Members absent: Stan Wendland and John Holt. Others Present- Mayor Kirby Kruse, City Staff: Steve Nasby, Denise Nichols, Engineers: Dennis Johnson from Wenck Associates, and Mitch Voehl from Consolidated Ready Mix.

Vice-Chairman Brian Underwood called the meeting to order.

1. **APPROVE MINUTES:** Minutes from May 21, 2009 were reviewed. **Motion by Burmeister, seconded by Fredin to approve the minutes as written with the addition of Mayor Kirby Kruse as present at the meeting. Motion passed 5 ayes, 0 nays.**

2. **FAA ENTITLEMENT & STIMULUS FUNDING:** The Commission was advised that funding for the runway reconstruction is a Stimulus Grant and funds from this grant could not be combined with the Entitlement Grant funds that were allocated for the taxiway and crack sealing. Due to this change if the project is completed in concrete as recommended by the Commission, funding for the taxiway and crack sealing is short by \$33,000.

The Commission was provided with possible alternatives for the funding shortage. The alternatives included reducing the work on a portion of the taxiway and would include not removing the old taxiway and reducing the amount of the taxiway that would be replaced. This change would amount to a \$68,000 deduction.

Another alternative would be to complete the work and the City would cover the short funding until next year when Entitlement funds would be available. However, there is a risk if Entitlement funds are not allocated in 2010.

The final alternative would be to change their recommendation from concrete to bituminous.

The Commission discussed the alternatives and agreed that their priority is to have the entire project completed. They would consider bituminous if that would allow them to complete the project. The Commission also discussed the cost of bituminous maintenance after the first year due to the need for seal coating. This future maintenance cost would be well above the \$33,000 funding shortage. **Motion by Underwood, seconded by Bartsch, to recommend to the Windom City Council that they approve accepting the bituminous bid from SMC. Motion passed 5 ayes, 0 nays.**

3. **OTHER BUSINESS:** None

4. **ADJOURN:** The meeting was adjourned at 9:07 a.m.

Brian Underwood, Vice-Chairman

Attest: _____
Steve Nasby, City Administrator

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
May 27, 2009

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on May 27, 2009 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson: Mike Schwalbach

Members Present: Chris Johnson and Keith Bloomgren

Members Absent: None

City Council Liaison: Jean Fast

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

Others Present: Dennis Johnson, City Engineer

APPROVE MINUTES

Motion by Johnson, seconded by Bloomgren to approve the April 29, 2009 minutes as presented. Motion carried 3-0.

WATER/WASTEWATER ITEMS

Review 2009 Street Improvement Project – Haugen and Dennis Johnson updated the Utility Commission on the 2009 Street Improvement Project. Haugen said that presently Hjerpe Construction is beginning the water and sewer improvements on Langley Avenue, and that work has been completed on 19th Street. He also said that there are two items that need to be repaired that are over and above the contract. They are as follows:

- Two 2” valves on North 4th Avenue from the water tower. The estimated cost of this is approximately \$8,000.
- 200’ of water main will be replaced on North 3rd Avenue at an approximate cost of \$4,000.

Haugen requested that because Hjerpe Construction does not have a lot of work scheduled this year they would be available for replacing hydrants and valves. The estimated cost would be \$4,500 per hydrant and \$2,000 for each valve at a total cost of \$25,000.

Chris Johnson asked if these hydrants and valves were costing the City money because they are not working. Haugen said that it was just more inconvenient as they had to shut a larger area of town off when they had shut offs. Schwalbach asked if the price was cheaper this year on those items. Dennis

Johnson said that the price of hydrants and valves had come down some but not a lot. Bloomgren said that he would rather see the hydrants and valves included in the bidding process of another project. Schwalbach asked if we could get a competitive price while Hjerpe Construction is still in Windom working on the 2009 Improvement Project. Chris Johnson asked if the City of Windom could request price quotes for this work, and have specific hydrants and valves that need replacing in that quote. Haugen indicated that the City has 300 hydrants and approximately 600 valves, and possibly twenty (20) hydrants could be replaced and three (3) valves. Chris Johnson requested that staff prepare information for construction companies to provide quotes for the City of Windom, and have options for five (5) hydrants and ten (10) hydrants and the three (3) valves.

The above was agreed to by general consensus by the Utility Commission.

Water Sampling Test Results – Haugen reviewed the Landfill Water Sampling Test Results with the Utility Commission. Haugen said that cis-1,2-dichloroethene remains at Recovery Well A (RWA) at similar concentrations (0.84 ug/l) that have been seen for the past year. In addition, cis-1,2-dichloroethene was detected in Monitoring Well 9B (MW 9B) at a level of 2.5 ug/l, which is similar to levels seen over the past two years. Vinyl Chloride (VC) was found in MW 9B (0.77 ug/l) and RWA (0.33 ug/l) during the spring sampling event, but was below detection limits during the winter sampling event. Duplicate samples were collected from RWA during both the winter and spring sampling events.

RWA and CW7 will be sampled in July 2009.

Wellhead Protection Evaluation Report – Haugen reviewed the Well Protection Program Evaluation Report for 2006-2009 and the Wellhead Protection Work Plan for 2009-2011.

Toxicity Test Results – Haugen said that the Flathead Minnow growth was not significantly reduced in 100% effluent concentration when compared to the control group. However the effluent was toxic to Ceriodaphnia dubia reproduction, but not the survival of the Ceriodaphnia dubia. Haugen said they are currently retesting.

Consumer Confidence Report – Haugen introduced the Consumer Confidence Report to the Utility Commission. He said that this report will be included in the utility bills that customers will receive on June 3, 2009. This report shows that the City of Windom is in exceedance of action levels for copper. Johnson asked if the same homes are tested each year. Haugen said they are and the vintage of the homes are ones that were built in the 1980's, and that these homes typically have lead solder and fittings. Haugen said that phosphorous can be added to the water to remove the copper, however that increased the phosphorous in the wastewater.

Watering Ban – Haugen said that at this time he does not recommend a watering ban at the time. At the present time the City of Windom's customers are using 22,000,000 gallons of water per month. Haugen thought that a ban is not required until the usage goes to 30,000,000 gallons per month. He will continue to monitor the water levels.

PM Windom / Landform Report – Haugen said that Nasby, Backman, Haugen, PM Management and their engineer would be meeting on June 2, 2009 to review the Landform Report.

Schwalbach requested that if we could extend the PM Sewer contract to expire after the City of Windom's Minnesota Pollution Control Agency (MPCA) permit expires. Presently the City of Windom's Waste Water Treatment Plant is permitted by MPCA until January 30, 2010.

Variable Frequency Drive (VFD) Motor – Haugen said that the VFD is not operating, and that it failed during the last power outage. However Haugen said that he has turned this into the City of Windom's Insurance Company. The estimated cost will be \$11,000.

ELECTRIC ITEMS

Commercial Operation of Nebraska City Power Plant (NCII) starts May 1, 2009 - Grunig said that NCII is now in the City of Windom's portfolio for power purchases for the next thirty (30) years. Grunig said that two cities have opted out of the NCII contract so there will be additional MW's to be purchased. Grunig recommended to the Utility Commission that it would be more cost effective to purchase the 1.2MW's through the NCII contract and then purchase less through Big Stone. Grunig said that he would have a resolution for the next Utility Commission Meeting to include the additional megawatts. The original subscription amount was one (1) megawatt.

Renewable Energy CREBS Application – Grunig recommended to the Utility Commission that steps be taken to begin the application process for CREBS financing through CMMPA. He said that if the City of Windom Utilities decided not to proceed with wind generation at a later date, the funds could be returned. If the City were to chose the option of installing one turbine, the transmission study cost would be about \$55,000 and if the City of Windom were to participate in a 20MW centralized wind farm the cost of the transmission study would be approximately \$185,000 split between the CMMPA participants. This study would take three (3) years to complete and maybe only 18 months for the single turbine at the City of Windom. However if we piggy back on a larger centralized project where the developer simply sold it as a turn key project, the price of the transmission study would probably be buried in his turn key price to CMMPA. CMMPA felt that realistically piggy backing onto a larger project which already has transmission studies either completed or close to being complete this would give the City of Windom more flexibility to change their minds without exit costs.

Regional CMMPA Meeting - Grunig informed the commission that the regional meeting for CMMPA would be in Mankato on September 22nd and/or the 24th.

Electric Rate Analysis Study – Grunig said that he felt that this was a good time to have a rate analysis done before the 2010 Budgeting process. He said that Missouri River would be willing to prepare a quote for the City of Windom Utilities if the commission was interested.

The Utility Commission informed Grunig by general consensus that they would be interested in the Electric Rate Study and authorized Grunig to go forward in getting a quote for this study.

Conservation Program – Grunig informed the Commission that we have presently spent \$5,000 for the residential CIP Program, and that Missouri River Energy Systems (MRES) has completed the infrared and compressed air study's at Toro. Grunig said that Toro has been very receptive to the energy conservation program.

and compressed air study's at Toro. Grunig said that Toro has been very receptive to the energy conservation program.

Grunig indicated that he is working with CMMPA and Rochester Public Utilities on the 2010 CIP Program.

Old Business: None

New Business

The next meeting date for the Utility Commission will be June 17, 2009 at 10:00 a.m.

On motion the meeting was adjourned at 11:35 a.m.

Mike Schwalbach, Chairperson

Attest: _____
Steve Nasby, City Administrator

Date/Time received: 5/29/09 10:05 A.M.

Agenda Request Form

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

Name: Frank Darrington Telephone No: 832-8184

Address: 573 Quevli Ave, Windom

Date of Council Meeting: 6-2-2009 (Agenda item must be turned into the city office by Friday noon preceding the Tuesday meeting.)

Subject: Dept. of Homeland Security: "Right wing Extremism..."
"Lexicon" report, MIAC report

Have you brought this to the attention of the appropriate department head? NA
Committee? NA

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

5 page New American article

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

Frank Darrington
Signature

The New American

Vol. 25, No. 10

May 11, 2009

1

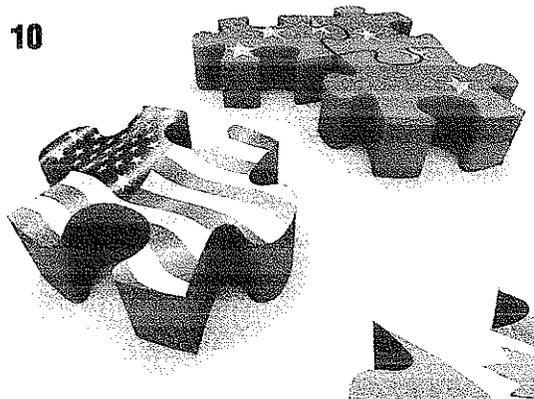
COVER STORY

TRANSATLANTIC UNION

10 Unattractive Union

by James Perloff — It is now clear that European nations were deceived into joining an economic union that became a political union, yet our leaders still seek a similar economic union with the EU.

10



Design by Joseph W. Kelly; photo: ©iStockphoto.com

FEATURES

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by Warren Mass — Cap-and-trade programs to control carbon-dioxide emissions will further damage the economy.

ECONOMY

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by Alex Newman — The private sector struggles while big government grows even larger.

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24 Everyone's a Threat

by William F. Jasper — Obama's Department of Homeland Security and federal-state "Fusion Centers" target millions of Americans.

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by Charles Scaliger — Kreuger and Madoff were caught doing what governments do as a matter of course through central banking.

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34 Lessons of the Weimar Republic

by Michael E. Telzrow — Hyperinflation easily leads to loss of liberty.

THE LAST WORD

44 Obama's Counterproductive Plan

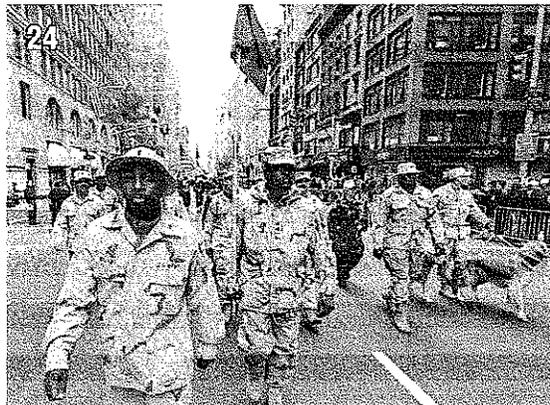
by John F. McManus



AP Images



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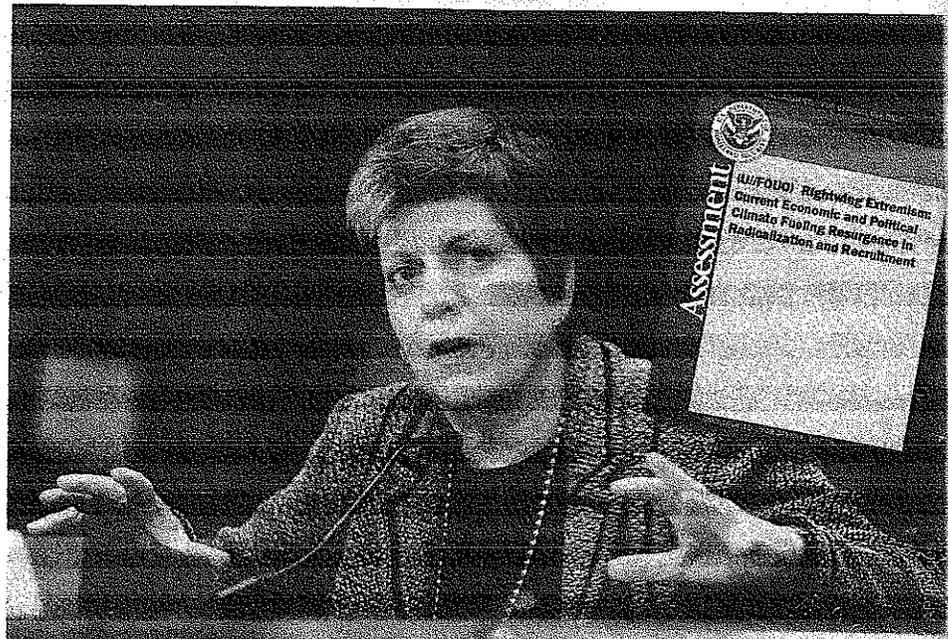
DEPARTMENTS

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Everyone's a Threat

Obama's Department of Homeland Security and federal-state "Fusion Centers" target millions of Americans as potential terrorists.

by William F. Jasper



Janet Napolitano, Homeland Security secretary, has halfheartedly apologized for the "Rightwing Extremism" report (inset) issued by DHS.

Feeling the heat from veterans groups, pro-life organizations, conservatives, and even Democratic members of Congress, President Barack Obama's Secretary for Homeland Security Janet Napolitano was forced to make a slight about-face regarding a controversial intelligence report issued by her department. In a string of media appearances in mid-April, Secretary Napolitano half-apologized for a Department of Homeland Security (DHS) report that has drawn severe criticism for targeting conservative political opponents and associating them with dangerous terrorists.

The DHS document that stirred up the political firestorm is a leaked 10-page report entitled "Rightwing Extremism: Current Economic and Political Climate Fueling Resurgence in Radicalization and Recruitment." The most harshly criticized section of the report concerns the finger of suspicion it points at military veterans. The report, which was distributed to law-enforcement agencies nationwide, warns:

The possible passage of new restrictions on firearms and the return of military veterans facing significant challenges reintegrating into their communities could lead to the potential emergence of terrorist groups or lone wolf extremists capable of carrying out violent attacks.

"Returning veterans," the report continues, "possess combat skills and experience that

are attractive to rightwing extremists." It warns that the DHS Office of Intelligence and Analysis "is concerned that rightwing extremists will attempt to recruit and radicalize returning veterans in order to boost their violent capabilities."

What is the basis for this DHS concern? The "Rightwing Extremism" report states: "After Operation Desert Shield/Storm in 1990-1991, some returning military veterans — including Timothy McVeigh — joined or associated with rightwing extremist groups."

David K. Rehbein, national commander of the 2.6 million-member American Legion, was understandably concerned by the DHS slur against America's military veterans, casting them in the negative stereotype favored by leftists in the media and Hollywood. In a letter to Secretary Napolitano, Commander Rehbein wrote:

The American Legion is well aware and horrified at the pain inflicted during the Oklahoma City bombing, but Timothy McVeigh was only

one of more than 42 million veterans who have worn this nation's uniform during wartime. To continue to use McVeigh as an example of the stereotypical "disgruntled military veteran" is as unfair as using Osama bin Laden as the sole example of Islam.

Rep. Bennie Thompson of Mississippi, the Democratic chairman of the House Homeland Security Committee, voiced similar concerns. In an April 14 letter to Secretary Janet Napolitano, he wrote he was "dumbfounded" by the contents of the report. "I am disappointed and surprised that the department would allow this report to be disseminated" to law-enforcement agencies, he said. "This report appears to raise significant issues involving the privacy and civil liberties of many Americans — including war veterans," Chairman Thompson cautioned. "As I am certain you agree, freedom of association and freedom of speech are guaranteed to all Americans — whether a person's beliefs, whatever their political orientation, are 'extremist' or not."

On April 16, Secretary Napolitano made the rounds of the morning TV shows, in an attempt to quell the growing outrage. "To the extent veterans read it as an accusation ... an apology is owed," she conceded during an on-air interview on FOX News. "This was an assessment, not an accusation," Napolitano continued. "It was limited to extremists — those who seek to commit violence within the United States. And all this was meant to do was to give law enforcement what we call 'situational awareness.'"

Situational awareness? Awareness about what situation, precisely? This "intelligence" report admits that it contains no concrete evidence. It states:

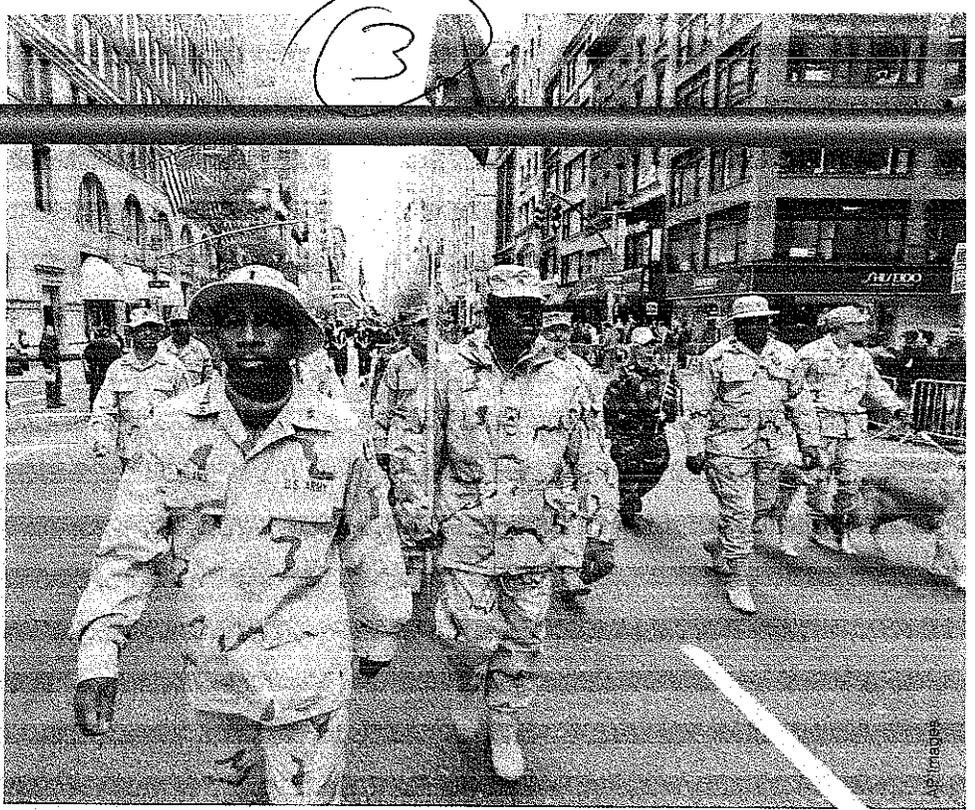
The DHS/Office of Intelligence and Analysis (I&A) has no specific information that domestic rightwing terrorists are currently planning acts of violence, but rightwing extremists may be gaining new recruits by playing on their fears about several emergent issues. The economic downturn and the election of the first African American president present unique drivers for rightwing radicalization and recruitment.

Nevertheless, the DHS report claims that "lone wolves and small terrorist cells embracing violent rightwing extremist ideology are the most dangerous domestic terrorism threat in the United States."

The report employs the word "rightwing" 50 times, and in nearly every instance (47 times), it is in the context of "rightwing extremism," "rightwing extremist," "rightwing terrorist," or "rightwing terrorist and extremist." Tellingly, the report doesn't bother to define any of these politically charged terms, a major dereliction of due diligence in such an important matter. It is similarly shoddy in using terms favored by left-wing extremists to describe their opponents on the right, such as "anti-government," "hate-oriented," "paranoid," "dangerous," and "violent."

The closest the DHS report comes to offering a definition is this troubling description:

Rightwing extremism in the United States can be broadly divided into those groups, movements, and adher-



Military veterans returning from fighting terrorists in Iraq, like these soldiers in the New York City Veterans Day Parade, are seen by DHS as potential "rightwing" terrorist recruits.

ents that are primarily hate-oriented (based on hatred of particular religious, racial or ethnic groups), and those that are mainly antigovernment, rejecting federal authority in favor of state or local authority, or rejecting government authority entirely. It may include groups and individuals that are dedicated to a single issue, such as opposition to abortion or immigration.

The DHS report sloppily (or, perhaps, cleverly and maliciously) demonizes millions of law-abiding Americans, conflating them with violent, criminal groups such as Neo-Nazis and "white supremacists" simply because they adhere to political beliefs at variance with those of the administration. By repeatedly associating "rightwing," "extremism," "terrorism," "violence," "threat," "dangerous," and "white supremacist" with those who oppose abortion, gun control, socialism, government bailouts, and amnesty for illegal aliens, the DHS is reinforcing a left-wing trope aimed at criminalizing and silencing politically incorrect expression and dissent.

The DHS report is doubly troubling because it comes quick on the heels of a similar federal-state law-enforcement

bulletin out of Missouri targeting conservatives, libertarians, gun rights advocates, pro-life activists, and others. Much of the criticism of Napolitano and the DHS report has failed to draw the disturbing connection between the DHS "Rightwing Extremism" report and "The Modern Militia Movement," a report issued in February by the Missouri Information and Analysis Center (MIAC), a branch of the state's Highway Patrol. MIAC is what is known as a "fusion center," one of 58 such federal-state-local law-enforcement centers nationwide sponsored by DHS.

The MIAC report turned into an especially hot potato when it became known that it specifically named political candidates and political parties, implying that they and their supporters should be viewed as potential terrorists, and/or threats to law enforcement. The MIAC report states:

The DHS report sloppily (or, perhaps cleverly and maliciously) demonizes millions of law-abiding Americans, conflating them with violent, criminal groups such as Neo-Nazis simply because they adhere to political beliefs at variance with those of the administration.

There is an additional facet of the DHS and MIAC reports that begs to be exposed: the strange and alarming symbiosis between the federal government (especially the Departments of Justice and Homeland Security) and certain private left-wing groups.

You are the Enemy: The militia subscribes to an antigovernment and NWO [New World Order] mind set, which creates a threat to law enforcement officers. They view the military, National Guard, and law enforcement as a force that will confiscate their firearms and place them in FEMA concentration camps. [Bold emphasis in original.]

The MIAC report then states: "Militia members most commonly associate with 3rd party political groups. It is not uncommon for militia members to display Constitutional Party, Campaign for Liberty, or Libertarian material. These members are usually supporters of former Presidential Candidate [sic]: Ron Paul, Chuck Baldwin, and Bob Barr."

Like Secretary Napolitano, Missouri Governor Jay Nixon initially defended his agency's report. However, as a public backlash against the report built during the last weeks of March, he reversed course. Van Godsey, the director of the fusion center that produced the report, was replaced on April 6. His superior, Department of Public Safety Director John Britt, was placed on administrative leave

pending an investigation of the report.

Missouri State Rep. Jim Guest told THE NEW AMERICAN he is especially concerned that the MIAC illustrates the growing problem of increased intrusion by the federal government into state police functions. He hopes to uncover the sources of the politicized "intelligence" in the MIAC report and the exact nature of Missouri's relationship to DHS at the MIAC fusion center.

Investigate DHS

Members of Congress should be looking into this matter as well. The dangerous precedents established by the DHS and MIAC reports should not be allowed to pass simply because Secretary Napolitano was forced by public pressure to issue a half-hearted apology. She would not even have done that had the DHS report remained

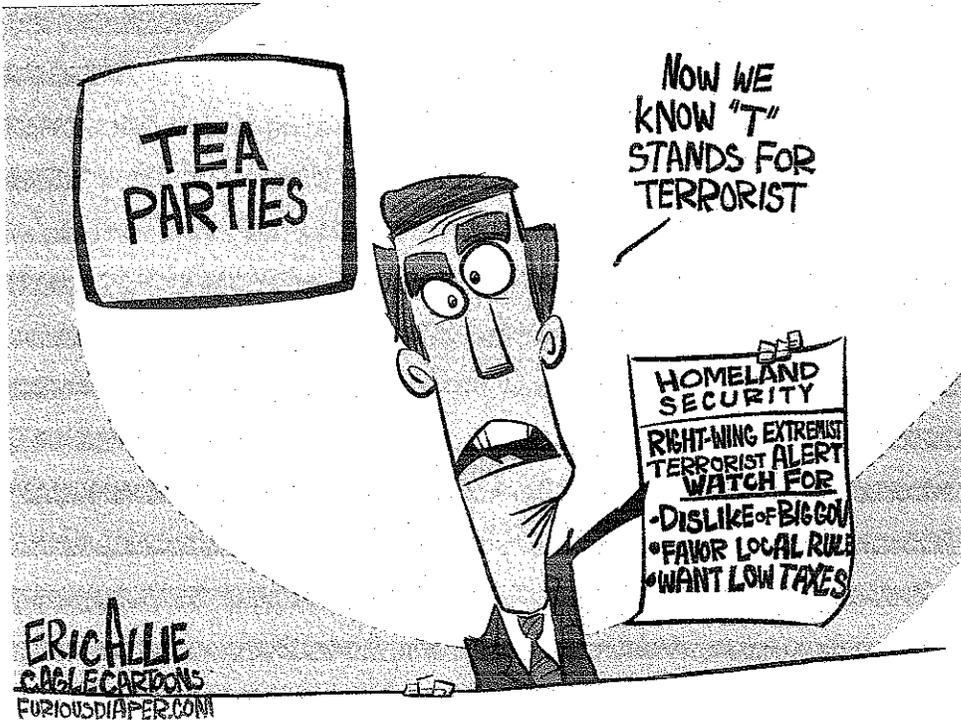
secret. Listed as "UNCLASSIFIED//FOR OFFICIAL USE ONLY (U//FOUO)," the DHS report tells law-enforcement recipients it "is not to be released to the public, the media, or other personnel." Likewise, the MIAC report prohibits distribution to those outside law enforcement.

With nearly 60 of these DHS federal-state fusion centers nationwide, there is good reason to suspect that other similar reports attacking Americans' constitutionally guaranteed rights have been issued or are being developed for dissemination.

This kind of political targeting is very dangerous and underscores why the U.S. Constitution strictly circumscribes federal policing and reserves the vast majority of police powers to the states. The Founding Fathers wisely recognized that gradual encroachment by the federal government could lead to nationalization and the eventual use of a national police force to impose tyranny. While it may be true that corruption and abuse of police powers at the state and local levels will always be a concern as well, the magnitude of the danger pales in comparison to the menace posed by a centralized agency with police authority over the entire nation. The DHS-sponsored fusion centers are further evidence that the DHS is the lead agency of what is rapidly becoming a de facto national police force.

There is an additional facet of the DHS and MIAC reports that begs to be exposed: the strange and alarming symbiosis between the federal government (especially the Departments of Justice and Homeland Security) and certain private left-wing groups. We might ask, for instance, how the DHS arrived at its conclusion that "the most dangerous domestic terrorism threat in the United States" comes from individuals and cells "embracing violent rightwing extremist ideology."

According to the DHS report, this assessment is based on information "from law enforcement and nongovernmental organizations." Who are these unnamed NGOs? That is not too difficult to figure out. As we have noted previously in these pages and in our online articles, the wording in the government reports is very similar to what we find in diatribes against conservatives issued by hard-core left-wing groups such as the Southern Poverty Law Center (SPLC), the Anti-Defamation



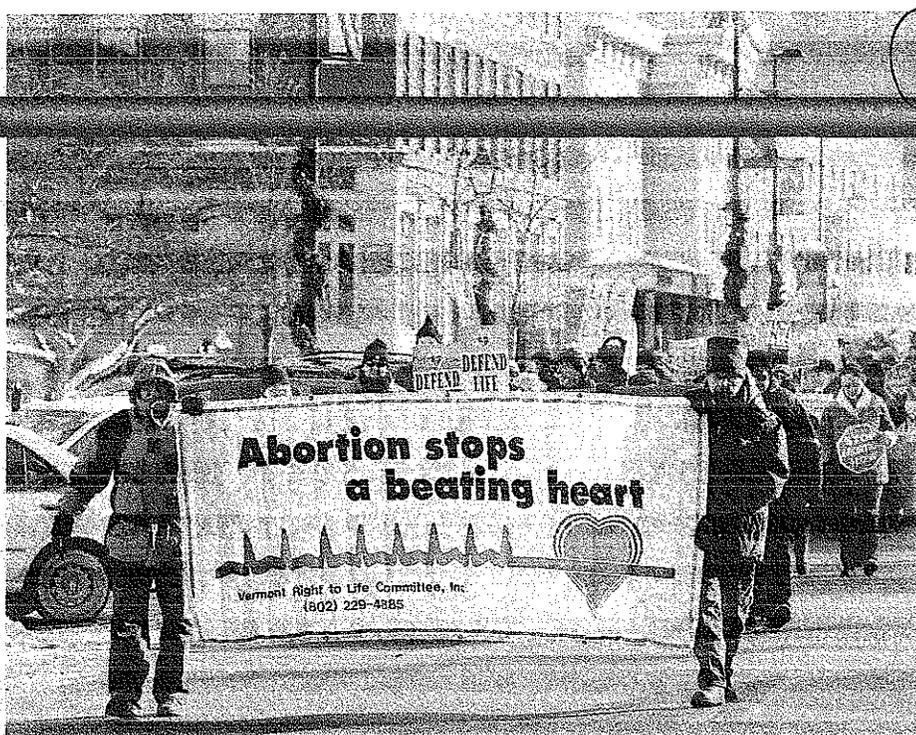
League (ADL), and the Political Research Associates (PRA).

However, the connection goes beyond the mere filtration of biased verbiage by these above-mentioned groups into official bulletins; they and other organizations have been working closely with the Department of Justice (DOJ) since the Clinton administration officially targeted "rightwing" opponents. The SPLC and ADL websites boast about their workshops in which they train hundreds of federal and state law-enforcement personnel in the dangers emanating from "rightwing" threats.

The most important of the nongovernmental groups impacting the DHS and DOJ in this regard is the Council on Foreign Relations (CFR), which is usually described by the elite media as "nonpartisan" and "balanced." It is probably accurate to view the CFR's April 21, 2008 *Backgrounder* report, entitled "Militant Extremists in the United States," as the document that kicked off the current round of official government warnings of a new "rightwing" menace.

According to the study, written by CFR staffer Holly Fletcher, the main domestic security danger to the United States comes from "hate groups motivated by ultra-conservative ideals that are often anti-Semitic and racially motivated." Fletcher shows a telling dependence on the SPLC, citing them as an authority several times. She writes, for example, that "right-wing extremists are still considered the most dangerous to the United States, says the SPLC." And, she writes, "Left-wing and environmental extremist groups are not hate groups, according to the SPLC, because they do not espouse rhetoric that targets specific groups that have a defining characteristic."

Surprise, surprise, the CFR/SPLC line is precisely the attitude adopted by the DHS! When the furor erupted over the DHS "Rightwing Extremism" report, the DHS and its media shills pointed to a DHS report issued in January entitled "Leftwing Extremism." This supposedly showed that the department is being impartial and evenhanded. However, the DHS "Leftwing Extremism" report is far from impartial. It follows the CFR/SPLC lead, falsely claiming that left-wing extremists are comparatively benign because they adhere to a "nonvio-



Terrorists? Every year, millions of law-abiding Americans, like these pro-life demonstrators in Montpelier, Vermont, peacefully march in opposition to abortion.

lent, 'no-harm' doctrine" that leads them to simply target property for vandalism, rather than attacking people. The DHS report does not specifically mention the SPLC, but it is most likely referring to them when it quotes a "prominent civil rights organization" on the danger of military veterans being recruited by "violent neo-nazis, skinheads, and white supremacists." The DHS-sponsored MIAC report specifically references SPLC as one of its sources.

Congressional and state investigations should probe this alarming evidence indicating that hard-core left-wing activist groups have become grafted onto government agencies and are abusing federal and state police powers to target their political opponents.

Mounting Legal Opposition

Private legal efforts to redress the DHS abuses are already underway. The Thomas More Law Center, a national public interest law firm based in Ann Arbor, Michigan, announced on April 17 that it had filed a federal lawsuit against DHS Secretary Napolitano. The suit charges that her department's "Rightwing Extremism Policy," as reflected in the DHS Intelligence Assessment "Rightwing Extremism," violates the civil liberties of combat veterans as well as American citizens by targeting them for disfavored treatment on account of their political beliefs.

Richard Thompson, president and chief counsel of the law center, stated, "Janet

Napolitano is lying to the American people when she says the Report is not based on ideology or political beliefs. In fact, her report would have the admiration of the Gestapo and any current or past dictator in the way it targets political opponents. This incompetently written intelligence assessment, which directs law enforcement officials across the country to target and report on American citizens who have the political beliefs mentioned in the report, will be used as a tool to stifle political opposition and opinions. It will give a pretext for opponents of those Americans to report them to police as rightwing extremists and terrorists. You can imagine what happens then."

The lawsuit was filed in the U.S. District Court for the Eastern District of Michigan on behalf of nationally syndicated conservative radio talk-show host Michael Savage, Gregg Cunningham (president of the pro-life organization Center for Bio-Ethical Reform, Inc.), and Iraq War Marine veteran Kevin Murray. The law center claims that Napolitano's DHS has violated the First and Fifth Amendment constitutional rights of these three plaintiffs by attempting to chill their free speech, expressive association, and equal protection rights. The lawsuit further claims that the Department of Homeland Security encourages law-enforcement officers throughout the nation to target and report citizens to federal officials as suspicious right-wing extremists and potential terrorists because of their political beliefs. ■

CITY OF WINDOM
APPLICATION FOR BUSINESS SOLICITATION
Re; City Code, Chapter 6-Sec. 6.40

Solicitor's Name: Seeri Blake Daniel
Last First Middle

Date of Birth: 7/20/80

Driver's License Number: E2355879 State of Issue: CA

Address: (Street, City, State, Zip) 640 Cindley st. Windom MN

Name of Business or Organization: Large Reflective

Address of Business or Organization: ↑ same

Phone # (773) 704-5336

Purpose of SOLICITATION: paint ~~the~~ have numbers on the curb for better night detection

If door to door solicitation indicate area to be solicited: Residential District Not door to door
I will just be taping flyers to the home Commercial District
That is it. Not bothering people at their home.

If Transient merchant - state location from which merchandise will be sold _____

If Telephone solicitation - state location from which calls will be made _____

Initial Investigation Fee - \$20.00
Annual License Fee - \$40.00

5/22/09
Date

[Signature]
Applicant's Signature

I have on _____, 19____ collected from applicant \$ _____ as prescribed in Section 6.40 of the City Code.

City Clerk

Referred to the Police Chief on 5-28-09
Recommendation: Approved Disapproved _____ If disapproved, give reason: _____

5-28-09
Date

[Signature]
Police Chief

Approved by the City Council on _____, 19____.

RESOLUTION #2009-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**A RESOLUTION AWARDING THE CONTRACTS FOR THE PROJECT
ENTITLED "2009 MUNICIPAL AIRPORT IMPROVEMENT PROJECTS"**

WHEREAS, pursuant to an advertisement for bids for the project entitled "2009 Municipal Airport Improvement Project", bids were received, opened and tabulated according to law, and the following bids were in compliance with the advertisement:

Runway Reconstruction

Concrete

Wicks Construction \$ 940,358.37

Bituminous

SMC \$ 645,863.79

Central Specialties \$ 846,688.30

M.R. Paving \$ 949,549.72

Duininck Inc. \$ 897,029.40

Taxiway & Crack Sealing Improvements

Concrete

Wicks Construction \$ 262,402.03

Bituminous

SMC \$ 173,598.91

Central Specialties \$ 246,776.50

M.R. Paving \$ 266,866.24

Duininck Inc. \$ 239,604.40

Option 1 – Apron Repairs

Wicks Construction \$16,356.00

SMC \$25,688.00

Central Specialties \$27,100.00

M.R. Paving \$16,495.68

Duininck Inc. \$13,360.00

Option 2 – Crack Sealing

Wicks Construction \$45,105.00

SMC \$41,737.50

Central Specialties \$54,750.00

M.R. Paving \$43,098.90

Duininck Inc. \$44,925.00

AND WHEREAS, it appears that the lowest responsible bidder for the project including Options 1 & 2 is:

:

Bituminous

SMC \$886,888.20

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

1. Bid award is contingent upon issuance of a Grant Offer of Federal funding from the U.S. Department of Transportation, Federal Aviation Administration.
2. A "Notice of Award" shall be issued to the above low bidder.
3. The Mayor and City Administrator are hereby authorized and directed to enter into the contract with the above low bidder, in the name of the City of Windom, for the completion of the project entitled "2009 Municipal Airport Improvement Project" according to the plans and specifications approved by the City Council and on file in the Office of the City Administrator.
4. The City Administrator is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except for the deposits of the successful bidder and the next lowest bidder which shall be retained until the contract has been signed.

Adopted by the Council this 2nd day of June, 2009.

Kirby G. Kruse, Mayor

Attest: _____
Steve 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: Airport Commission
DATE: May 29, 2009
RE: 2009 Airport Project

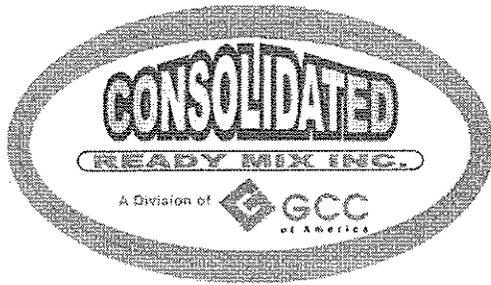
The Airport Commission met on May 21st and May 29th to discuss the 2009 Airport project. Part of the project, consisting of maintenance and other improvements, is being funded through our regular federal entitlement funds (5% local match) and the runway reconstruction project is being funded by federal stimulus funds (0% local match). Our discussions have been complicated due to the various project types and multiple funding sources our discussion.

The Commission selected the concrete option at our May 21st meeting; however, after clarification from the FAA and MN DOT regarding some of the taxiway work and eligibility for funding the Commission met a second time on May 29th. The discussion points at this meeting focused on how to address the taxiway. If the taxiway were to remain in the project with the concrete option the cost exceeded the amount of entitlement funding currently available by approximately \$35,000 and it is not eligible for the federal stimulus money. If the bituminous option is used then there is adequate funding available to fully complete the entire project as planned.

The Commission felt strongly that the most important factor is the timely completion of the entire airport project. As such, we are making a recommendation to the City Council to select the bituminous base bid from SMC and to undertake Option #1 (Hanger improvements) and Option #2 (crack-filling and seal coating).

Alternatives using the concrete option are available, but carry financial considerations outside of the Airport Commission's purview. These financing alternatives include the following:

- Fund the overage out of City funds and reimburse the City funds from 2010 federal entitlement funds. This alternative relies on Windom continuing to receive federal entitlement funds. If fewer or no federal entitlement funds are forthcoming the City would be unable to reimburse itself.
- Borrow federal entitlement funds from another municipal airport and repay them out of Windom's 2010 federal or state entitlement funds. This alternative too relies on future payment of federal stimulus funds; however, indications from our MN DOT representative is that state monies would be available to cover 70% of the amount if federal entitlement monies did not come to Windom.



PO Box 220 • 217 N. 1st Ave. W. • Truman, MN 56088
(507) 776-2081 • (800) 962-2952 • Fax (507) 776-2001

ARMSTRONG	712-864-	SHERBURN	507-764-6311
3244		ST JAMES	507-375-3951
FAIRMONT	507-238-	WINDOM	507-831-3263
4733		WORTHINGTON	507-376-
			4707

May 29, 2009

Windom City Council
City of Windom
444 9th St.
Windom, MN. 56101

RE: Windom Airport Renewal Project

Council Members,

I would like to provide my interpretation of the Airport Commission meeting this morning. Dennis Johnson explained the differences between entitlement and stimulus dollars and that they can only be used for each, individual phase of the project. This scenario meant by choosing concrete they would be about \$33,000 short of funding for all items that were bid. Dennis suggested they omit a small portion of the project to meet the funding guidelines for concrete and finish this small portion in 2010 with entitlement money. The commission didn't like this option and asked what would happen if they changed to the asphalt option? Dennis explained they could fund the entire project. I interjected and explained that asphalt maintenance starts next year at over \$60,000 dollars for seal coating. The strange twist to the meeting was their concern to complete the project now because entitlement money could become less or disappear in the future. My understanding from their last meeting was their concern about future maintenance costs and lack of funding. I explained if the entitlement money ever disappeared the City of Windom couldn't afford to maintain blacktop at the airport without financial assistance. After the initial bids, I ran my lifecycle comparison, similar to my presentation on 4th Ave., which showed many hundreds of thousands of dollars of asphalt maintenance for the Airport. This will need to be funded by some element of government.

The other funny part of the meeting today was Brian Underwood saying "I hate to pick asphalt" before the motion and vote and Scott Fredin sharing his conversation with his contact at the Worthington Airport saying they prefer concrete. This commission clearly wants concrete so this change is befuddling.

They also all shared the pressure put on them by SMC, the low blacktop bidder, to change their minds to blacktop.

In summation, it appears the most prudent vote would be to choose Dennis Johnson's explanation to use concrete for the runway, use all entitlement money for the other projects and finish the entire project in 2010. This is the proper financial decision.

Service is what we provide. Concrete is what we deliver.



PO Box 220 • 217 N. 1st Ave. W. • Truman, MN 56088
(507) 776-2081 • (800) 962-2952 • Fax (507) 776-2001

ARMSTRONG	712-864-	SHERBURN	507-764-6311
3244		ST JAMES	507-375-3951
FAIRMONT	507-238-	WINDOM	507-831-3263
4733		WORTHINGTON	507-376-
			4707

Thank you for your consideration and also on your vote to use concrete on the current 4th Ave. project.

Sincerely,
Mitch Voehl
Windom Ready Mix

Service is what we provide. Concrete is what we deliver.

CHANGE ORDER

A/A DOCUMENT C701

OWNER
ENGINEER
CONTRACTOR
FIELD
OTHER

CITY OF WINDOM
WENCK ASSOCIATES
HJERPE CONTRACTING, INC.

PROJECT: 2009 WINDOM STREETS PROJECT
(name, address) WINDOM, MN 56101

CHANGE ORDER NUMBER: 1

TO (Contractor) HJERPE CONTRACTING INC.
P.O. BOX 517
HUTCHINSON, MN 55350

ENGINEER PROJECT NO: 0045-23
CONTRACT FOR:
STREET AND UTILITIES

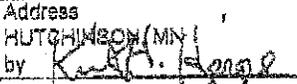
CONTRACT DATE: 3/3/2009

You are directed to make the following changes in the Contract:

F&I 12" VALVE AND BOX EACH 2 \$4000/EACH = \$8000.00

The original Contract Sum was.....	\$ 1,158,294.95	
Net change by previous Change Orders.....	\$ 0.00	
The Contract Sum prior to this Change Order was.....	\$ 1,158,294.95	
The Contract Sum will be (increased) (decreased) (unchanged) by this change order.....	\$ 8,000.00	
The new Contract Sum including this Change Order will be.....	\$ 1,166,294.95	
The Contract Time will be (increased)(decreased) (unchanged) by.....		DAYS
The Date of Completion as of the date of this Change Order therefore is.....		

ENGINEER
WENCK ASSOCIATES
Address
WINDOM MN
by 
DATE 5/29/09

CONTRACTOR
HJERPE INC.
Address
HUTCHINSON MN
by 
DATE 5/29/09

OWNER
CITY OF WINDOM
Address
WINDOM, MN
by
DATE

USDA-FmHA
Form FmHA 1924-18

PARTIAL PAYMENT ESTIMATE

CONTRACT NO. 0045-23
PARTIAL PAYMENT ESTIMATE #1

PAGE 1 OF 3

OWNER: CITY OF WINDOM
2009 STREETS

CONTRACTOR:
HJERPE, INC
HUTCHINSON, MN 55350

PERIOD OF ESTIMATE
FROM 4/29/2009 TO 5/27/2009

CONTRACT CHANGE ORDER SUMMARY

ESTIMATE

NO.	FmHA Approval Date	Amount			
		Additions	Deductions		
1	5/28/09	\$8,000.00		1. Original Contract.....	\$1,158,294.95
2				2. Change Orders.....	\$8,000.00
3				3. Revised Contract (1+2).....	\$1,166,294.95
4				4. Work Completed*.....	\$258,533.95
5				5. Stored Materials*.....	\$0.00
6				6. Subtotal (4+5).....	\$258,533.95
7				7. Retainage*.....	\$12,926.70
8				8. Previous Payments.....	\$0.00
9				9. Amount Due (6-7-8).....	\$245,607.25
10					
TOTALS		\$8,000.00	\$0.00		
NET CHANGE		\$8,000.00		* Detailed breakdown attachment	

CONTRACT TIME

Original (days) 75	On Schedule <input type="checkbox"/> Yes	Starting Date 4/29/2009
Revised	<input type="checkbox"/> No	Projected Completion
Remaining 55		

CONTRACTOR'S CERTIFICATION:

The undersigned Contractor certifies that to the best of their knowledge, information and belief the work covered by this payment estimate has been completed in accordance with the contract documents, that all amounts have been paid by the contractor for work which previous payment estimates was issued and payments received from the owner, and that current payment shown herein is now due.

ARCHITECT OR ENGINEER'S CERTIFICATION:

The undersigned certifies that the work has been carefully inspected and to the best of their knowledge and belief, the quantities shown in this estimate are correct and the work has been performed in accordance with the contract documents.

HJERPE, INC
HUTCHINSON, MN
By: [Signature]
Date: 5/29/09

Architect or Engineer: WENCK ASSOCIATES
By: [Signature]
Date: 5/29/09

APPROVED BY OWNER

Owner: CITY OF WINDOM
By: _____
Date: _____

ACCEPTED BY FmHA:

The review and acceptance of this estimate by FmHA does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.
By: _____
Date: _____

2009 STREET IMPROVEMENTS										
WINDOM, MINNESOTA 56101										
PAY REQUEST #1										
	CONTRACT				THIS PERIOD		PREVIOUS TOTAL		TOTAL TO DATE	
ITEM	APPROX QUANTITY	UNIT	UNIT COST	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT	QUANTITY	AMOUNT
CONCRETE ALTERNATE										
WATERMAIN										
F & 16" PVC WATERMAIN	1750	L.F.	\$ 20.00	\$ 35,000.00	286	\$ 5,720.00	0	\$ -	286	\$ 5,720.00
F & 16" VALVE & BOX	6	EACH	\$ 1,050.00	\$ 6,300.00	3	\$ 3,150.00	0	\$ -	3	\$ 3,150.00
F & 16" TEE	6	EACH	\$ 350.00	\$ 1,750.00	1	\$ 350.00	0	\$ -	1	\$ 350.00
F & 16" BEND	6	EACH	\$ 300.00	\$ 1,800.00	4	\$ 1,200.00	0	\$ -	4	\$ 1,200.00
F & 16" PLUG/CAP	2	EACH	\$ 250.00	\$ 500.00	0	\$ -	0	\$ -	0	\$ -
F & 16" X 4" REDUCER	5	EACH	\$ 200.00	\$ 1,000.00	0	\$ -	0	\$ -	0	\$ -
F & 16" SLEEVE	2	EACH	\$ 700.00	\$ 1,400.00	2	\$ 1,400.00	0	\$ -	2	\$ 1,400.00
F & 14" SLEEVE	3	EACH	\$ 700.00	\$ 2,100.00	0	\$ -	0	\$ -	0	\$ -
F & 1 HYDRANT	3	EACH	\$ 3,050.00	\$ 9,150.00	1	\$ 3,050.00	0	\$ -	1	\$ 3,050.00
ROCK SUBFOUNDATION	200	C.Y.	\$ 0.01	\$ 2.00	200	\$ 2.00	0	\$ -	200	\$ 2.00
F & 1 1" CORP STOP	17	EACH	\$ 250.00	\$ 4,250.00	1	\$ 250.00	0	\$ -	1	\$ 250.00
F & 1 1" CURB STOP	17	EACH	\$ 250.00	\$ 4,250.00	1	\$ 250.00	0	\$ -	1	\$ 250.00
F & 1 1" COPPER SERVICE	950	L.F.	\$ 17.00	\$ 16,150.00	42	\$ 714.00	0	\$ -	42	\$ 714.00
WATERMAIN SUBTOTAL				\$ 83,652.00		\$ 16,086.00		\$ -		\$ 16,086.00
SANITARY SEWER										
F & 18" SEWER PIPE 10-12' DE	600	L.F.	\$ 22.00	\$ 13,200.00	497	\$ 10,934.00	0	\$ -	497	\$ 10,934.00
F & 10" SEWER PIPE 10-12' D	400	L.F.	\$ 25.00	\$ 10,000.00	354	\$ 8,850.00	0	\$ -	354	\$ 8,850.00
F & 1 MANHOLE TYPE 4007	69	L.F.	\$ 185.00	\$ 12,765.00	64	\$ 11,840.00	0	\$ -	64	\$ 11,840.00
F & 1 MANHOLE CASTING	6	EACH	\$ 480.00	\$ 2,880.00	0	\$ -	0	\$ -	0	\$ -
F & 18" X 4" WYE	7	EACH	\$ 125.00	\$ 875.00	6	\$ 750.00	0	\$ -	6	\$ 750.00
F & 10" X 4" WYE	2	EACH	\$ 185.00	\$ 370.00	2	\$ 370.00	0	\$ -	2	\$ 370.00
F & 14" SERVICE	350	L.F.	\$ 19.00	\$ 6,650.00	49	\$ 931.00	0	\$ -	49	\$ 931.00
ROCK SUBFOUNDATION	120	C.Y.	\$ 0.01	\$ 1.20	120	\$ 1.20	0	\$ -	120	\$ 1.20
REMOVE SEWER PIPE	900	L.F.	\$ 2.50	\$ 2,250.00	70	\$ 175.00	0	\$ -	70	\$ 175.00
REMOVE SERVICE	350	L.F.	\$ 2.00	\$ 700.00	49	\$ 98.00	0	\$ -	49	\$ 98.00
LOWER MANHOLE	2	L.F.	\$ 400.00	\$ 800.00	0	\$ -	0	\$ -	0	\$ -
REMOVE MANHOLE	6	EACH	\$ 250.00	\$ 1,500.00	2	\$ 500.00	0	\$ -	2	\$ 500.00
SANITARY SEWER SUBTOTAL				\$ 51,991.20		\$ 34,449.20		\$ -		\$ 34,449.20
STORM SEWER										
F & 12" PIPE SEWER	1850	L.F.	\$ 20.00	\$ 37,000.00	794	\$ 15,880.00	0	\$ -	794	\$ 15,880.00
F & 18" PIPE SEWER	700	L.F.	\$ 27.00	\$ 18,900.00	703	\$ 18,981.00	0	\$ -	703	\$ 18,981.00
F & 1 CATCH BASIN 24"X36"	83	L.F.	\$ 240.00	\$ 19,920.00	32	\$ 7,680.00	0	\$ -	32	\$ 7,680.00
F & 1 CATCH BASIN 4020-60"	20	L.F.	\$ 350.00	\$ 7,000.00	38.2	\$ 13,370.00	0	\$ -	38.2	\$ 13,370.00
CONNECT TO CATCH BASIN	2	EACH	\$ 600.00	\$ 1,200.00	5	\$ 3,000.00	0	\$ -	5	\$ 3,000.00
F & 1 CATCH BASIN CASTING	24	EACH	\$ 400.00	\$ 9,600.00	0	\$ -	0	\$ -	0	\$ -
ROCK SUBFOUNDATION	275	C.Y.	\$ 0.01	\$ 2.75	275	\$ 2.75	0	\$ -	275	\$ 2.75
REMOVE PIPE	650	L.F.	\$ 3.00	\$ 2,550.00	321	\$ 963.00	0	\$ -	321	\$ 963.00
REMOVE CATCH BASIN	5	EACH	\$ 200.00	\$ 1,000.00	2	\$ 400.00	0	\$ -	2	\$ 400.00
F & 18" OUTLET APRON	2	EACH	\$ 450.00	\$ 900.00	1	\$ 450.00	0	\$ -	1	\$ 450.00
F & 12" OUTLET APRON	2	EACH	\$ 350.00	\$ 700.00	0	\$ -	0	\$ -	0	\$ -
STORM SEWER SUBTOTAL				\$ 98,772.75		\$ 60,726.75		\$ -		\$ 60,726.75
STREET-CONCRETE										
TRAFFIC CONTROL	1	L.S.	\$ 20,000.00	\$ 20,000.00	1	\$ 20,000.00	0	\$ -	1	\$ 20,000.00
CLEARING & GRUBBING	1	L.S.	\$ 1,500.00	\$ 1,500.00	1	\$ 1,500.00	0	\$ -	1	\$ 1,500.00
REMOVE CURB & GUTTER	1400	L.F.	\$ 3.00	\$ 4,200.00	1400	\$ 4,200.00	0	\$ -	1400	\$ 4,200.00
REMOVE SIDEWALK	22	S.Y.	\$ 12.00	\$ 264.00	22	\$ 264.00	0	\$ -	22	\$ 264.00
REMOVE CONCRETE DRIVE	50	S.Y.	\$ 15.00	\$ 750.00	50	\$ 750.00	0	\$ -	50	\$ 750.00
REMOVE BITUMINOUS DRIVE	10	S.Y.	\$ 10.00	\$ 100.00	10	\$ 100.00	0	\$ -	10	\$ 100.00
REMOVE & RECYCLE CONC.	1500	C.Y.	\$ 23.00	\$ 34,500.00	750	\$ 17,250.00	0	\$ -	750	\$ 17,250.00
COMMON EXCAVATION	2700	C.Y.	\$ 5.00	\$ 13,500.00	3629	\$ 18,145.00	0	\$ -	3629	\$ 18,145.00
SELECT TOPSOIL BORROW	1100	C.Y.	\$ 12.00	\$ 13,200.00	0	\$ -	0	\$ -	0	\$ -
SALVAGE AGGREGATE	3000	C.Y.	\$ 0.01	\$ 30.00	3000	\$ 30.00	0	\$ -	3000	\$ 30.00
AGGREGATE BASE CL.5	3750	TON	\$ 11.00	\$ 41,250.00	0	\$ -	0	\$ -	0	\$ -
MILL BITUMINOUS SURFACE	15500	S.Y.	\$ 2.25	\$ 34,875.00	15500	\$ 34,875.00	0	\$ -	15500	\$ 34,875.00
CONCRETE PAVEMENT	18000	S.Y.	\$ 11.00	\$ 198,000.00	0	\$ -	0	\$ -	0	\$ -
STRUCTURAL CONCRETE	4000	C.Y.	\$ 99.00	\$ 396,000.00	0	\$ -	0	\$ -	0	\$ -
REIN BARS	10000	LB	\$ 1.10	\$ 11,000.00	0	\$ -	0	\$ -	0	\$ -
WEAR COURSE MIXTURE	100	TON	\$ 115.50	\$ 11,550.00	0	\$ -	0	\$ -	0	\$ -

BASE COURSE MIXTURE	100	TON	\$ 115.50	\$ 11,550.00	0	\$ -	0	\$ -	0	\$ -
BIT. MAT'L FOR TACK	50	GAL	\$ 3.00	\$ 150.00	0	\$ -	0	\$ -	0	\$ -
4" SIDEWALK	200	S.F.	\$ 3.85	\$ 770.00	0	\$ -	0	\$ -	0	\$ -
ADJUST MANHOLE	11	EACH	\$ 200.00	\$ 2,200.00	0	\$ -	0	\$ -	0	\$ -
CURB AND GUTTER, B-618	8200	L.F.	\$ 10.55	\$ 86,510.00	3000	\$ 31,650.00	0	\$ -	3000	\$ 31,650.00
CURB AND GUTTER, D-418	300	L.F.	\$ 15.50	\$ 4,650.00	0	\$ -	0	\$ -	0	\$ -
VALLEY GUTTER	450	S.F.	\$ 15.50	\$ 6,975.00	0	\$ -	0	\$ -	0	\$ -
6" CONCRETE DRIVE	1300	S.F.	\$ 4.25	\$ 5,525.00	0	\$ -	0	\$ -	0	\$ -
REMOVE & REINSTALL SIGNS	29	EACH	\$ 130.00	\$ 3,770.00	15	\$ 1,950.00	0	\$ -	15	\$ 1,950.00
REMOVE & REINSTALL MAILBOX	13	EACH	\$ 100.00	\$ 1,300.00	7	\$ 700.00	0	\$ -	7	\$ 700.00
REMOVE & REINSTALL GUARDRAIL	14	EACH	\$ 100.00	\$ 1,400.00	7	\$ 700.00	0	\$ -	7	\$ 700.00
SHAPING BOULEVARDS	1.5	ACRE	\$ 1,500.00	\$ 2,250.00	0	\$ -	0	\$ -	0	\$ -
SEEDING-TURF TYPE	1.5	ACRE	\$ 1,200.00	\$ 1,800.00	0	\$ -	0	\$ -	0	\$ -
SEEDING-TURF TYPE	150	L.B.	\$ 4.00	\$ 600.00	0	\$ -	0	\$ -	0	\$ -
MULCH-TYPE 1	3	TON	\$ 450.00	\$ 1,350.00	0	\$ -	0	\$ -	0	\$ -
FERTILIZER	760	LB	\$ 1.00	\$ 760.00	0	\$ -	0	\$ -	0	\$ -
CLASS III RIP-RAP	28	TON	\$ 50.00	\$ 1,400.00	0	\$ -	0	\$ -	0	\$ -
4" EDGE DRAIN TILE	800	L.F.	\$ 6.50	\$ 5,200.00	332	\$ 2,158.00	0	\$ -	332	\$ 2,158.00
EROSION CONTROL	1	L.S.	\$ 5,000.00	\$ 5,000.00	1	\$ 5,000.00	0	\$ -	1	\$ 5,000.00
STREET SUBTOTAL				\$ 923,879.00		\$ 139,272.00		\$ -		\$ 139,272.00
MATERIAL ON HAND								\$ -		\$ -
BASE BID TOTAL				\$ 1,158,294.95		\$ 250,533.95		\$ -		\$ 250,533.95
CHANGE ORDER #1										
F & I 12" VALVE & BOX	2	EACH	\$ 4,000.00	\$ 8,000.00	2	\$ 8,000.00	0	\$ -	2	\$ 8,000.00
TOTAL CHANGE ORDER #1				\$ 8,000.00		\$ 8,000.00				\$ 8,000.00
TOTAL PROJECT COST				\$ 1,166,294.95		\$ 258,533.95				\$ 258,533.95

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	COMMUNITY CENTER	MEMORIAL DAY PROGRAM	300.00
	Total for Department 101		300.00*
CITY OFFICE	SELECTACCOUNT	ADMIN FEE	84.18
	Total for Department 103		84.18*
P & Z / BUILDING OFF	MIDWEST WIRELESS	TELEPHONE	43.25
	Total for Department 106		43.25*
CITY HALL	AMERIGAS - WORTHINGT	WATER TREATMENT	23.38
CITY HALL	MN ENERGY RESOURCES	HEATING	364.08
	Total for Department 115		387.46*
POLICE	DONNA MARCY	EXPENSE	74.68
POLICE	LANGUAGE LINE SERVIC	SERVICE	40.34
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,559.90
POLICE	UNICEL	TELEPHONE	291.71
	Total for Department 120		2,966.63*
FIRE DEPARTMENT	WINDOM AUTO VALU	MAINTENANCE	12.44
	Total for Department 125		12.44*
STREET	WINDOM AUTO VALU	MAINTENANCE	224.07
STREET	MN ENERGY RESOURCES	HEATING	517.83
	Total for Department 140		741.90*
	Total for Fund 01		4,535.86*
LIBRARY	MN ENERGY RESOURCES	HEATING	448.99
	Total for Department 171		448.99*
	Total for Fund 03		448.99*
	REED BUSINESS INFORM	AIRPORT CONSTR AD	551.04
	Total for Department		551.04*
	Total for Fund 11		551.04*
AMBULANCE	TIM HACKER	EXPENSE	29.02
AMBULANCE	KIM POWERS	EXPENSE	28.99
AMBULANCE	ALLAN REMPEL	EXPENSE	76.75
AMBULANCE	WINDOM AREA HOSPITAL	SERVICE	1,922.49
	Total for Department 176		2,057.25*
	Total for Fund 13		2,057.25*
MULTI-PURPOSE BUILDI	WINDOM AUTO VALU	MAINTENANCE	8.50
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	575.38
	Total for Department 177		583.88*
	Total for Fund 14		583.88*

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	ENVIROMASTER, INC.	SERVICE	39.41
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,699.34
LIQUOR	GRIGGS COOPER	MERCHANDISE	5,685.62
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	2,510.15
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	642.16
LIQUOR	HOLINKA DISTR. CO.	MERCHANDISE	34.25
LIQUOR	JOHNSON BROS.	MERCHANDISE	3,802.54
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	290.00
	Total for Department 180		16,703.47*
	Total for Fund 60		16,703.47*
WATER	AMUNDSON DIG	MAINTENANCE	402.57
WATER	H P SUDS	BILLING CONTRACT SERVICE	129.40
WATER	MN ENERGY RESOURCES	HEATING	336.84
	Total for Department 181		868.81*
	Total for Fund 61		868.81*
	WINDOM AUTO VALU	MAINTENANCE	-284.73
	MICHAEL CAVINESS	REFUND - UTILITY PREPAYM	125.00
	Total for Department		-159.73*
ELECTRIC	MARV GRUNIG	EXPENSE	77.00
ELECTRIC	HILLSIDE GREENHOUSE	FLOWERS	329.12
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	129.37
ELECTRIC	WINDOM AUTO VALU	MAINTENANCE	159.95
ELECTRIC	MN ENERGY RESOURCES	HEATING	48.99
ELECTRIC	DEPARTMENT OF ENERGY	POWER COST	72,413.43
ELECTRIC	WINDOM AREA HOSPITAL	SERVICE	35.00
ELECTRIC	BANK MIDWEST	NSF CHECK	200.00
	Total for Department 182		73,392.86*
	Total for Fund 62		73,233.13*
SEWER	H P SUDS	BILLING CONTRACT SERVICE	129.37
SEWER	WINDOM AUTO VALU	MAINTENANCE	78.37
SEWER	MN ENERGY RESOURCES	HEATING	406.13
	Total for Department 183		613.87*
	Total for Fund 63		613.87*
ARENA	AL BALOUN	MERCHANDISE	44.97
ARENA	WINDOM AUTO VALU	MAINTENANCE	40.24
ARENA	MIDWEST WIRELESS	TELEPHONE	82.49
ARENA	MN ENRGY RESOURCES	HEATING	506.82
	Total for Department 184		674.52*
	Total for Fund 64		674.52*

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ECONOMIC DEVELOPMENT	MIDWEST WIRELESS	TELEPHONE	46.98
ECONOMIC DEVELOPMENT	MN ENERGY RESOURCES	HEATING	31.76
	Total for Department 187		78.74*
	Total for Fund 67		78.74*
TELECOMMUNICATIONS	B B C AMERICA	SUBSCRIBER	14.02
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBERS	27.85
TELECOMMUNICATIONS	DISCOVERY DIGITAL NE	SUBSCRIBER	57.03
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	388.11
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	81.64
TELECOMMUNICATIONS	RFD TV	SUBSCRIBER	198.90
	Total for Department 199		767.55*
	Total for Fund 69		767.55*
	MN BENEFIT ASSOCIATI	INSURANCE	114.18
	Total for Department		114.18*
	Total for Fund 70		114.18*
	Grand Total		101,231.29*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	LEAGUE OF MN. CITIES	REGISTRATION	350.00
	Total for Department 101		350.00*
CITY OFFICE	HY-VEE FOOD STORE	MERCHANDISE	28.32
CITY OFFICE	LEAGUE OF MN. CITIES	REGISTRATION	350.00
CITY OFFICE	HARLAND TECHNOLOGY S	SUPPLIES	47.21
CITY OFFICE	BANK MIDWEST INSURAN	SURETY BOND S NASBY	112.00
	Total for Department 103		537.53*
POLICE	RUNNING'S SUPPLY	MAINTENANCE	106.48
	Total for Department 120		106.48*
FIRE DEPARTMENT	MIDWEST WIRELESS	TELEPHONE	27.00
FIRE DEPARTMENT	RUNNING'S SUPPLY	MAINTENANCE	12.54
	Total for Department 125		39.54*
STREET	RUNNING'S SUPPLY	MAINTENANCE	612.84
	Total for Department 140		612.84*
PARKS	RUNNING'S SUPPLY	MAINTENANCE	21.03
	Total for Department 165		21.03*
	Total for Fund 01		1,667.42*
LIBRARY	JOAN HUNTER	MILEAGE	41.80
	Total for Department 171		41.80*
	Total for Fund 03		41.80*
AIRPORT	MN DEPT OF ADMINISTR	TELEPHONE	45.00
	Total for Department 174		45.00*
	Total for Fund 11		45.00*
AMBULANCE	KATE AXFORD	EXPENSE	77.00
	Total for Department 176		77.00*
	Total for Fund 13		77.00*
MULTI-PURPOSE BUILDI	RUNNING'S SUPPLY	MAINTENANCE	14.37
MULTI-PURPOSE BUILDI	STONER INDUSTRIAL, I	SERVICE	83.94
	Total for Department 177		98.31*
	Total for Fund 14		98.31*
	RIVERSIDE REMODELERS	WINDOM COMM SCDP	7,500.00
	RON'S ELECTRIC	WINDOM COMM SCDP	695.00
	Total for Department		8,195.00*
	Total for Fund 17		8,195.00*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
N IND PARK	COTTONWOOD COUNTY TR	TRANSPORTATION	40.00
	Total for Department 147		40.00*
	Total for Fund 18		40.00*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	14,673.55
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	202.30
LIQUOR	GRIGGS COOPER	MERCHANDISE	803.13
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	7,924.95
LIQUOR	MN ENERGY RESSOURCES	HEATING	107.89
LIQUOR	PEICHEL LAWN IRRIGAT	MAINTENANCE	37.00
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,033.79
LIQUOR	HARLAND TECHNOLOGY S	SUPPLIES	5.00
LIQUOR	7-UP BOTTLING	MERCHANDISE	72.40
	Total for Department 180		26,860.01*
	Total for Fund 60		26,860.01*
WATER	H P SUDS	BILLING CONTRACT SERVICE	135.94
WATER	HARLAND TECHNOLOGY S	SUPPLIES	5.00
	Total for Department 181		140.94*
	Total for Fund 61		140.94*
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	135.94
ELECTRIC	MIDWEST WIRELESS	TELEPHONE	89.27
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	138.37
ELECTRIC	RUNNING'S SUPPLY	MAINTENANCE	324.35
ELECTRIC	HARLAND TECHNOLOGY S	SUPPLIES	5.00
ELECTRIC	STONER INDUSTRIAL, I	SERVICE	67.96
ELECTRIC	BANK MIDWEST	AUTO PAY-RT #ERROR	104.21
ELECTRIC	BANK MIDWEST	NSF CHECK	181.45
	Total for Department 182		1,046.55*
	Total for Fund 62		1,046.55*
SEWER	H P SUDS	BILLING CONTRACT SERVICE	135.94
SEWER	RUNNING'S SUPPLY	MAINTENANCE	34.80
SEWER	HARLAND TECHNOLOGY S	SUPPLIES	5.00
	Total for Department 183		175.74*
	Total for Fund 63		175.74*
ARENA	RUNNING'S SUPPLY	MAINTENANCE	51.62
ARENA	HARLAND TECHNOLOGY S	SUPPLIES	5.00
ARENA	STONER INDUSTRIAL, I	SERVICE	9.52
	Total for Department 184		66.14*
	Total for Fund 64		66.14*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
	ELECTRIC FUND	LOAN PAYMENT TO ELECTRIC	647.68
		Total for Department	647.68*
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELECTRIC	301.82
ECONOMIC DEVELOPMENT	HARLAND TECHNOLOGY S	SUPPLIES	5.00
		Total for Department 187	306.82*
		Total for Fund 67	954.50*
RIVERBLUFF ESTATES	BRADY POWERS	MOWING	424.16
		Total for Department 166	424.16*
		Total for Fund 68	424.16*
TELECOMMUNICATIONS	CNN - TURNER NETWORK	SUBSCRIBER	790.30
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	407.81
TELECOMMUNICATIONS	MIDWEST WIRELESS	TELEPHONE	374.80
TELECOMMUNICATIONS	QUEST	TELEPHONE	98.13
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	80.16
TELECOMMUNICATIONS	RUNNING'S SUPPLY	MAINTENANCE	5.70
TELECOMMUNICATIONS	HARLAND TECHNOLOGY S	SUPPLIES	15.00
TELECOMMUNICATIONS	STONER INDUSTRIAL, I	SERVICE	38.14
TELECOMMUNICATIONS	TBS - TURNER NETWORK	SUBSCRIBER	676.26
TELECOMMUNICATIONS	TCM - TURNER NETWORK	SUBSCRIBER	377.91
TELECOMMUNICATIONS	TNT - TURNER NETWORK	SUBSCRIBER	1,568.00
TELECOMMUNICATIONS	U-REKA BROADBAND VEN	SERVICE	5,000.00
TELECOMMUNICATIONS	WINDOM QUICK PRINT	CONNECTION FEB 09 PAYMEN	1,957.20
TELECOMMUNICATIONS	CHRIS ZIMMERMAN	MOWING	47.50
		Total for Department 199	11,436.91*
		Total for Fund 69	11,436.91*
	AFLAC	INSURANCE	332.72
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDM01	1,202.00
	LAW ENFORCMENT LABOR	UNION DUES	252.00
	LOCAL UNION #949	UNION DUES	1,493.10
		Total for Department	3,279.82*
		Total for Fund 70	3,279.82*
		Grand Total	54,549.30*

Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Tuesday, May 19, 2009 12:19 AM
Subject: [legislative] Legislature unable to reach agreement with Governor--Unallotment for Cities

Legislature unable to reach agreement with Governor
Final Tax Bill will be vetoed resulting in unallotment

Shortly before midnight on Monday, the House and Senate approved a tax bill that increased tax revenues by \$1 billion through changes in income and alcohol taxes, and the creation of a new surtax on excess interest rate charges. The bill also shifted \$1.7 billion in school funding to balance the state's projected deficit.

Almost immediately, the governor's staff indicated that the bill will be vetoed, setting up the unallotment scenario the governor had threatened last Thursday. At this point, we do not know how the potential unallotments will impact cities. The Commissioner of Revenue told the League tonight that the administration would be meeting tomorrow to begin the plans for unallotment.

We will provide more information on the session outcomes in this week's *Cities Bulletin*.

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Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Sunday, May 17, 2009 3:26 PM
Subject: [legislative] Sunday Legislative Update

Sunday Legislative Update

The State Budget

With less than a day and a half remaining to complete their work, the legislature and governor exchanged budget-balancing offers on Saturday and into the early hours of Sunday morning to address the remaining \$2.7 billion budget deficit problem. The most contentious remaining issue continues to be the legislature's demand for roughly \$1 billion in permanent new revenues versus the governor's offer to further reduce state spending or to use appropriation bonds to accelerate the receipt of the annual future payments to the state under the settlement with the tobacco industry.

In the last offers exchanged last night, the governor and the legislature have agreed to a \$1.8 billion shift of school resources that will reduce remaining unresolved deficit to roughly \$1 billion. However, the legislature is demanding the restoration of nearly \$370 million in line-item veto cuts to general assistance medical care grants imposed by the governor on Thursday evening, which means that the remaining budget gap may be closer to \$1.4 billion.

On Thursday and again on Friday, Commissioner Tom Hanson indicated that under the governor's potential unallotment plan, city and county aid programs might be reduced by as little as \$250 million. However, in the negotiations to reach a budget agreement before the session adjourns, the more detailed written proposals by the governor indicate that property tax aids and credits would be cut by roughly \$450 million over the next two years while the legislature's last proposal would reduce these same programs by \$120 million. The category of "property tax aids and credits" includes but is not limited to local government aid (LGA), market value homestead credit (MVHC) reimbursement. The governor's proposal is similar in magnitude to his original January budget proposal that would reduce 2009 LGA and MVHC by \$100 million and 2010 LGA and MVHC by \$182 million.

We expect negotiations to continue throughout the day Sunday and probably overnight.

Tax Policy Bill Signed

Late last evening (Saturday), the governor signed the bill now being called the tax policy bill. The bill, HF 1298 (Chapter 88) includes a broad array of provisions agreed to during the negotiations on the omnibus tax bill, HF 2323, including a number of city-specific TIF and local sales tax modification requests. HF 2323 remains in conference committee and contains a number of items of interest to cities including LGA and MVHC reductions, the levy limit repeal, authorization for cities to establish street improvement districts and the TIF transfer authorization to offset state aid reductions. The conference committee is scheduled to meet today at the call of the chair but may not meet until Monday.

Elections

The League has been working with Representative Winkler and the Secretary of State's office to develop a pared-down list of elections legislative provisions that cities, counties and townships support taken from original language in SF 1331 that is in conference. Minority caucus members in the House have maintained their opposition to the original omnibus elections legislation that is now incorporated into S.F. 1331, a bill carried by Senator Katie Sieben (DFL-Newport).

According to current plans, the elections conferees are scheduled to meet at about 4 p.m. tomorrow. The League is working with Republican members to determine if the caucus would support several local election administrative proposals that may be the basis of a compromise that would be incorporated into a conference committee report that the Governor would sign.

Legacy Conference Committee

The conference committee charged with reaching a compromise on how to spend the new sales tax revenue for environmental, parks, and arts programs created by last year's constitutional amendment continues to be at an impasse. There has finally been an exchange of positions, but the sides are still far apart and a compromise still appears to be elusive. The House insisted last night that the committee meet again by 11:00 am today at the latest, but House members did not arrive for the meeting this morning. The conference committee just announced that they will not be meeting until at least 6:00 pm tonight.

Land Use

The conference committee on H.F. 519, the shoreland non-conforming lot legislation, has finished its work. The compromise agreement includes land use restrictions related to shoreland lots of non-conforming size, and will remove all amendments made on the floor of both the House and Senate, which will return the bill to its original language. This bill was drafted after two years of extensive negotiations and was supported by the League, the Association of Minnesota Counties, the Minnesota Association of Townships, the Minnesota Association of Realtors and the Department of Natural Resources. The agreement includes a non-statutory component in that the Realtors will add a provision to the real estate seller's disclosure form to ask whether the property is a shoreland property and whether it has restrictions on it due to the size of the lot.

Construction Code Cleanup

The Department of Labor and Industry's (DLI) annual construction code cleanup bill HF 927 authored by Rep. Tim Mahoney (DFL - St. Paul)



-FridayFax-

A weekly legislative update from the League of Minnesota Cities

May 15, 2009

Page 1

Stay tuned this weekend

Note: Many of the major city funding issues, including cuts in local government aid (LGA) and market value homestead credit (MVHC) will be the subjects of ongoing legislative discussions over the weekend. Stay tuned. We will update you via e-mail on breaking news and we may ask for your assistance in contacting legislators.

We have finally reached the final weekend of the 2009 legislative session and, as of yesterday, it now appears virtually certain that there will be no special session to finish work on the state budget. The governor has decided to sign all of the major appropriations bills but he will also line-item veto specific appropriations within these bills to reduce spending and close the budget gap. Last night, he line-item vetoed approximately \$400 million in appropriations in the health and human services appropriations bill and the jobs and economic development appropriations bill. With those actions, the unresolved state deficit stands at \$2.7 billion for the upcoming 2010-2011 biennium.

At this morning's hearing of the Legislative Commission on Planning and Fiscal Policy (LCPFP), it appears clear that the governor and legislators have agreed to a school funding shift that could reduce the remaining \$2.7 billion imbalance by between \$1.3 billion and \$1.8 billion. However, there appears to be a disagreement about whether the governor has statutory authority to fully implement the shift or whether he needs legislative authorization. This disagreement will likely impact the negotiations between the governor and legislators but in the end, if the budget is not resolved before the end of the session, the disagreement will not likely alter the governor's broad unallotment authority.

The LCPFP is a commission of the House and Senate that has been meeting regularly to discuss the state's budget and the impacts of the federal stimulus package. The commission includes many of the most senior legislators from both bodies and

is chaired by House Speaker Margaret Anderson Kelliher (DFL-Minnneapolis).

Later in today's LCPFP meeting, Rep. Ann Lenczewski (DFL-Bloomington) asked Minnesota Management and Budget Commissioner Tom Hanson for details on the governor's potential unallotment cuts to cities and counties. She went on to warn the commissioner and other members that city and county budgets have already been impacted by last December's unallotments and that city and county budgets and property taxes cannot be instantly modified to accommodate mid-year reductions.

She also contended that Governor Pawlenty has raised taxes through city and county aid reductions, by closing the foreign operating corporation (FOC) tax break and by approving local sales taxes, including the Hennepin County sales tax for the Twin's stadium. Rep. Randy Demmer (R-Hayfield) countered that the local taxes that the governor has approved were all local requests for tax authority and that the governor did not initiate those taxes.

When the LCPFP meets later today, they will continue their discussions of the impact of aid cuts on cities. Speaker Margaret Anderson Kelliher repeatedly asked Commissioner Tom Hanson for more details on the potential impacts of unallotment on cities and counties. She requested that Revenue Commissioner Ward Einess attend this afternoon's hearing to address questions of Commission members.

We expect the issue of aid cuts to cities to be discussed throughout the weekend, both in the LCPFP and in the Omnibus Tax Conference Committee on HF 2323. Stay tuned.

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



-FridayFax-

A weekly legislative update from the League of Minnesota Cities

May 15, 2009

Page 3

governor on May 13. That bill is expected to be signed soon.

Several cities have contacted the League over the last several weeks inquiring about the status of this as it was set to sunset on June 30, 2009 in terms of forming new districts. As written, the authorization under Minn. Stat. § 428.A is now set to sunset June 30, 2013. For the record, the special service district authorization is also extended through June 30, 2013. A more detailed law summary will be published in the League's Law Summaries in the next few weeks.

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

Constitutionally dedicated funds tied up in conference committee

The House and Senate are currently debating how to spend the new money for the outdoors, clean water, parks and trails, and the arts in [HF 1231](#). As of Friday afternoon, the House conferees are reporting publicly that they might not be willing to appropriate any of the funds, even though the money is constitutionally dedicated for the purpose of cleaning up and protecting our lakes, rivers and drinking water sources. To pass a bill, the committee must complete its work over the coming weekend.

The League and a broad coalition of other local government, business, environmental, and agricultural interests worked to pass the Clean Water Legacy Act in 2006 and to secure one-time funding for those programs in the last biennium. Recommendations for how these programs should be organized and funded were made to achieve the outcome of returning polluted Minnesota lakes and rivers to conditions that meet water quality standards. Since then, the [Clean Water Council](#) was established to advise the administration on how to do that work. Their conclusions after two years of work were almost identical to those of the original group.

For more information on city legislative issues, contact any member of the League of Minnesota Cities Intergovernmental Relations team.

651.281.1200 or 800.925.1122 and www.lmc.org

The bills include, among other things, between \$25 million (House) and \$43 million (Senate) in new funds for cities to meet the costs of increasing environmental requirements in wastewater and stormwater infrastructure. The money is also used to complete the work necessary to meet federal Clean Water Act requirements to allow water permits to be granted in the state for economic development and growth in our cities. The financial programs to aid cities and the state agency work to identify, study, and develop clean-up plans for polluted lakes and rivers need to move forward and cannot afford to wait for a year.

The Senate plan on spending these new clean water funds closely follows the recommendations of the League, the Clean Water Council, and the other stakeholders that have spent the past seven years developing this plan. The governor has also communicated that he prefers the approach recommended by the Clean Water Council and the other clean water stakeholders. The League opposes the House suggestion to delay funding these programs and will continue to actively work to make sure a strong package of funding to clean up impaired waters is passed this session.

The House conferees include [Rep. Mary Murphy](#) (DFL-Hermantown), [Rep. Jean Wagenius](#) (DFL-Minneapolis), [Rep. Will Morgan](#) (DFL-Burnsville), [Rep. Leon Lillie](#) (DFL-North St. Paul), [Rep. Greg Davids](#) (R-Preston). The Senate conferees are [Sen. Dick Cohen](#) (DFL-St. Paul), [Sen. Ellen Anderson](#) (DFL-St. Paul), [Sen. Tom Saxhaug](#) (DFL-Grand Rapids), [Sen. Satveer Chaudhary](#) (DFL-Fridley) [Sen. Dennis Frederickson](#) (R-New Ulm).

Questions? Contact Craig Johnson at 651.281.1259 or cjohnson@lmc.org.

Emerald Ash Borer found in St. Paul

Several weeks ago, the state of Wisconsin announced that an infestation of emerald ash borer (EAB) beetles, insects that target and kill ash trees of all types, was confirmed within a few miles of

Main Identity

From: "Lauren L. Anderson" <l Anderson@flaherty-hood.com>
Sent: Friday, May 29, 2009 1:39 PM
Attach: SD22.pdf; All Cities Summary.pdf
Subject: CGMC New Strategy-Action Needed Now

CGMC Mayors and Administrators and Managers

Attached to this email you will find two pdf documents. One is a handout with four graphs on it labeled after the Minnesota senate district in which your city resides. This handout compares how the governor's proposed budget cuts impact the eight largest cities in your area to selected metro cities. Please print this handout on one page front and back. The graphs are lined up so you can see the difference between the eight metro cities and your cities through the paper.

Please use this handout with your House and Senate members. Let them know that cutting LGA as deep as the governor proposed will disproportionately hurt greater Minnesota cities. Ask them to bring this point up with their leadership, especially if you have a Republican member who can influence House Minority Leader Marty Seifert, and Gov. Pawlenty.

The other pdf is a run containing the same information for all cities.

While the legislative session has ended the fight to preserve and protect our greater Minnesota residents continues on. We need you to remain active, professional and factual in explaining the consequences of large LGA reductions. Please remember, this is not an attack on the governor, it is a criticism of his proposed policy to make deep cuts to LGA that will disproportionately hurt greater Minnesota.

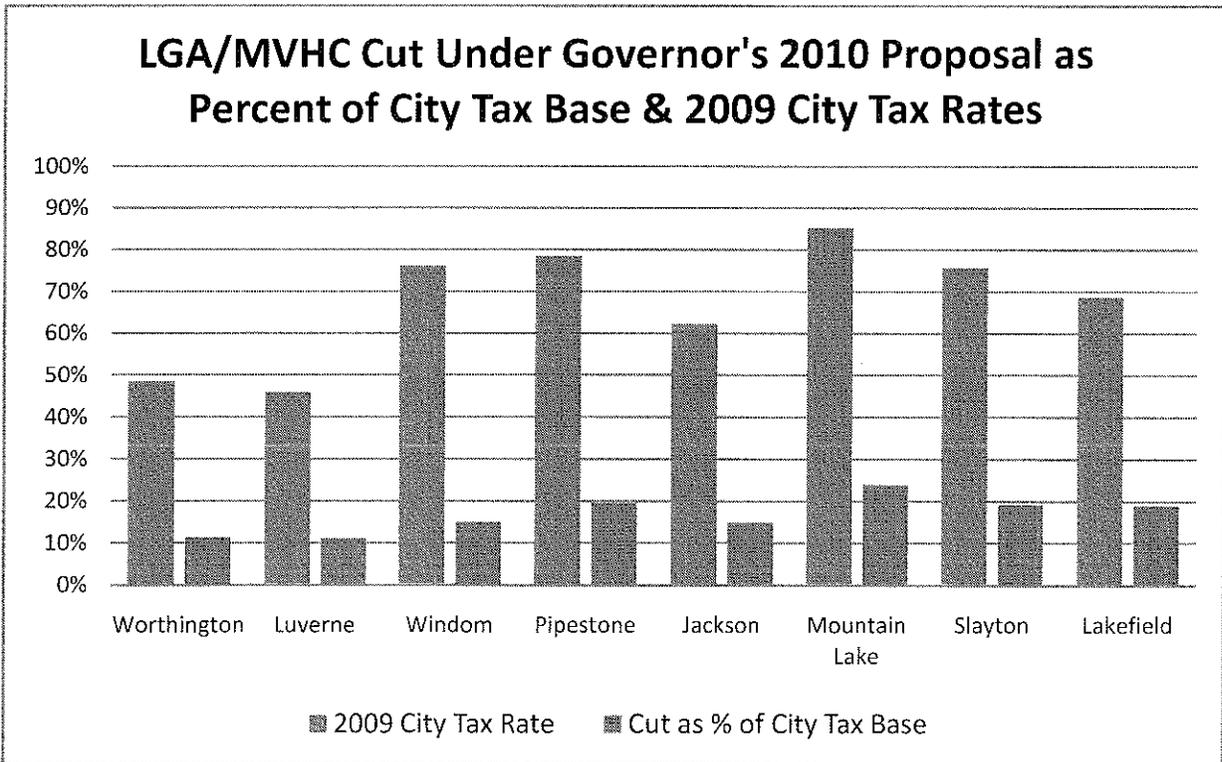
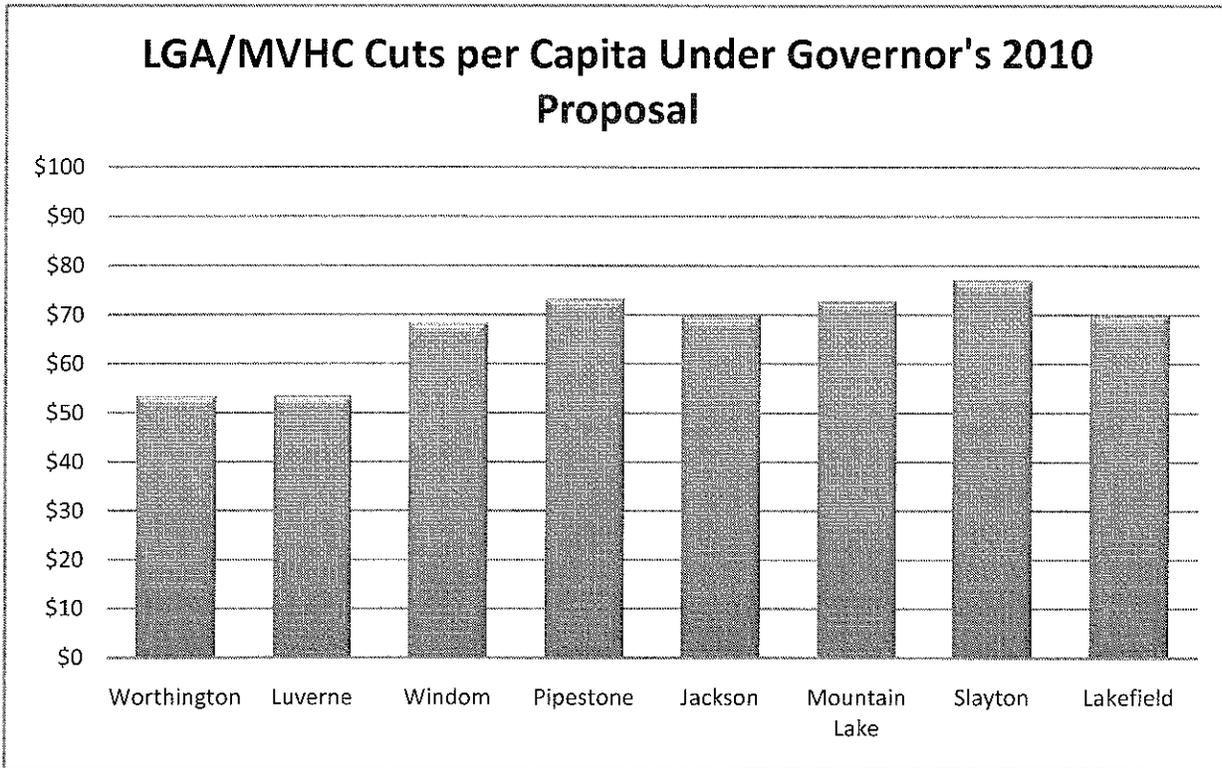
Attention: CGMC President Wayne Wolden, Mayor of Wadena, will be a guest on At Issue with Tom Houser. The show airs Sunday morning on your ABC affiliate. Check your local listings for the exact show time.

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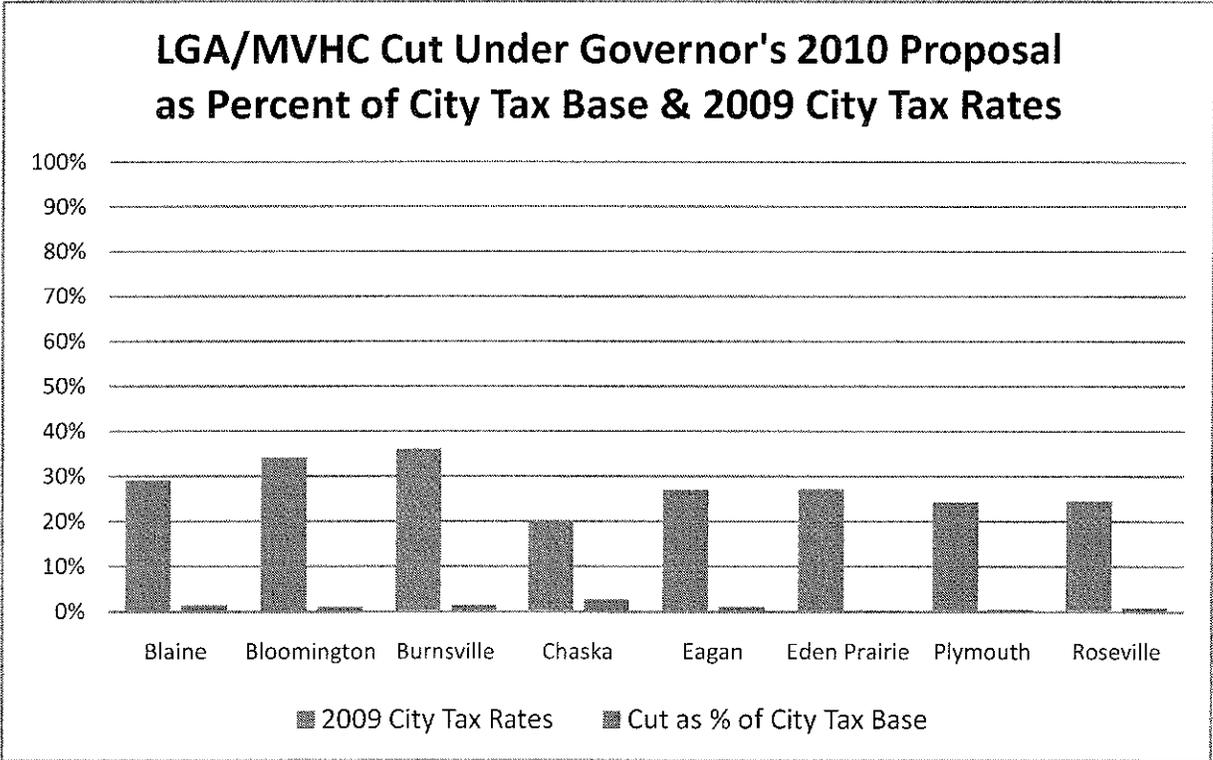
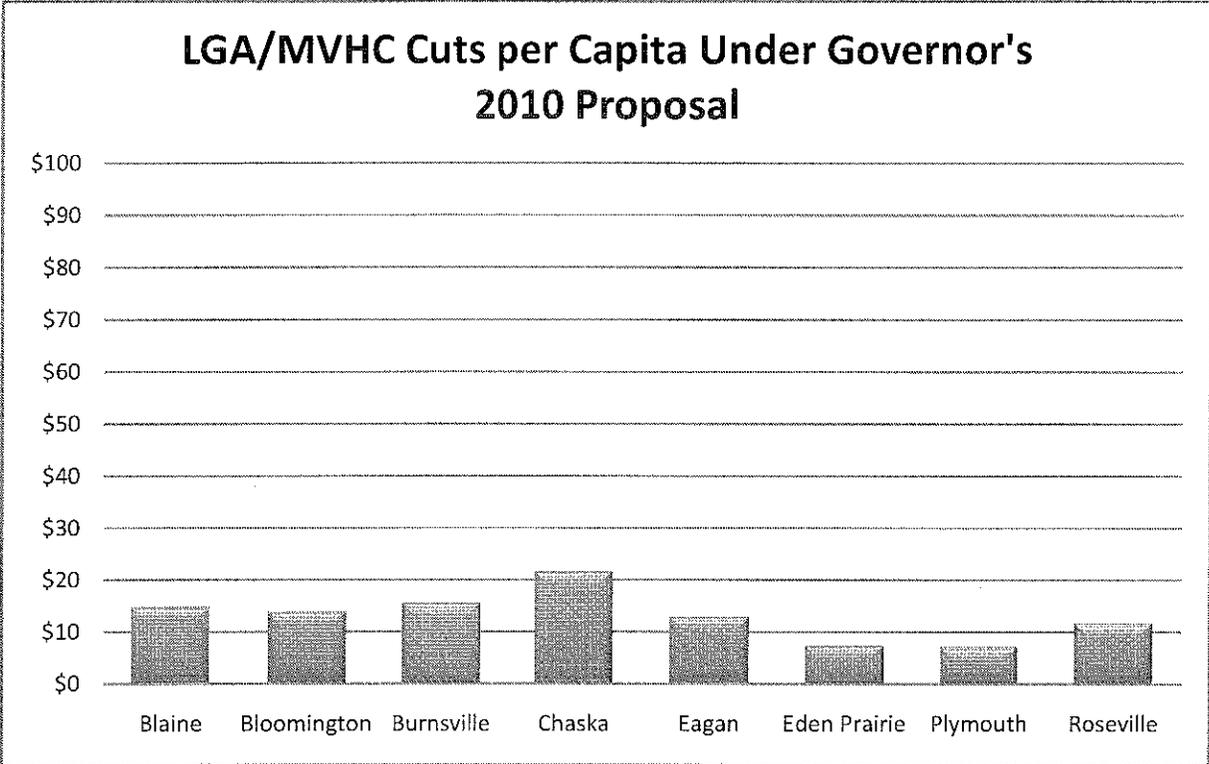
5/29/2009

Largest Eight Cities in Senate District 22



Source: MN Department of Revenue Data, MN Office of Management and Budget.
 Prepared by Flaherty Hood, P.A. for the Coalition of Greater MN Cities 5/29/2009.

Select Metro Cities



Source: MN Department of Revenue Data, MN Office of Management and Budget.
 Prepared by Flaherty Hood, P.A. for the Coalition of Greater MN Cities 5/29/2009.

SD	City	Gov Proposed 2010 Total Cut	Gov Proposed Cut 2010 / Pop.	City Tax Rate 2009	Gov Proposed Cut as pct. of Tax Base
21	Walnut Grove	42,395	61.18	79%	19%
21	Wanda	5,908	72.05	160%	28%
22	Adrian	90,831	74.09	99%	21%
22	Alpha	7,343	58.74	135%	30%
22	Avoca	6,076	49.80	47%	10%
22	Beaver Creek	18,245	74.47	102%	15%
22	Bigelow	10,656	47.15	79%	17%
22	Bingham Lake	10,274	66.71	72%	11%
22	Brewster	30,453	63.98	56%	14%
22	Chandler	16,306	67.38	43%	8%
22	Comfrey	29,055	82.08	127%	21%
22	Currie	16,746	82.09	162%	30%
22	Dovray	2,872	43.52	30%	7%
22	Dundee	4,147	45.08	111%	27%
22	Edgerton	63,813	65.38	56%	12%
22	Ellsworth	34,998	67.56	136%	28%
22	Fulda	79,973	62.72	68%	18%
22	Hadley	4,290	70.33	89%	15%
22	Hardwick	7,539	37.32	39%	12%
22	Hatfield	1,172	27.90	19%	3%
22	Heron Lake	53,616	70.64	91%	22%
22	Hills	23,861	44.19	39%	10%
22	Holland	7,870	39.55	43%	13%
22	Ihlen	3,435	39.94	76%	17%
22	Iona	7,213	49.07	84%	19%
22	Jackson	240,269	69.64	62%	15%
22	Jasper	32,710	57.09	69%	17%
22	Jeffers	19,919	56.91	67%	18%
22	Kenneth	1,990	37.55	29%	8%
22	Kinbrae	475	27.94	21%	3%
22	Lake Wilson	12,873	51.08	55%	17%
22	Lakefield	117,589	69.83	69%	19%
22	Lismore	17,732	82.86	147%	26%
22	Luverne	244,931	53.33	46%	11%
22	Magnolia	7,387	36.39	38%	10%
22	Mountain Lake	147,932	72.59	85%	24%
22	Okabena	15,387	86.44	194%	31%
22	Pipestone	316,603	73.07	78%	19%
22	Round Lake	21,136	51.05	59%	16%
22	Rushmore	22,189	61.13	120%	25%
22	Ruthton	17,352	70.25	99%	20%
22	Slayton	156,041	76.75	76%	19%
22	Steen	5,497	32.53	38%	10%

Source: MN Department of Revenue Data, MN Office of Management and Budget.
Prepared by Flaherty Hood, P.A. for the Coalition of Greater MN Cities 5/29/2009.

SD	City	Gov Proposed 2010 Total Cut	Gov Proposed Cut 2010 / Pop.	City Tax Rate 2009	Gov Proposed Cut as pct. of Tax Base
22	Storden	19,087	77.28	165%	29%
22	Trosky	4,131	38.97	51%	11%
22	Westbrook	41,918	59.97	68%	18%
22	Wilder	4,356	67.02	104%	18%
22	Wilmont	18,622	59.50	88%	19%
22	Windom	301,663	68.22	76%	15%
22	Woodstock	6,204	60.23	81%	19%
22	Worthington	605,572	53.22	48%	11%
23	Courtland	19,369	32.77	24%	4%
23	Gaylord	174,125	76.57	66%	16%
23	Gibbon	59,136	75.91	122%	21%
23	Lafayette	23,607	49.28	44%	11%
23	Mankato	2,136,995	58.97	37%	6%
23	Nicollet	39,028	39.03	29%	6%
23	North Mankato	706,441	54.61	44%	7%
23	Saint Peter	489,780	44.66	38%	11%
23	Skyline	5,244	17.66	20%	2%
23	Winthrop	109,352	82.22	62%	13%
24	Amboy	34,465	63.94	71%	12%
24	Blue Earth	340,376	98.95	75%	23%
24	Bricelyn	26,724	80.01	138%	28%
24	Ceylon	28,495	82.12	247%	50%
24	Delavan	16,067	89.26	125%	20%
24	Dunnell	15,143	81.85	208%	38%
24	Eagle Lake	104,987	49.64	33%	7%
24	Easton	15,938	83.01	126%	17%
24	Elmore	45,056	68.47	113%	25%
24	Elysian	69,980	122.99	69%	8%
24	Fairmont	730,030	68.39	40%	11%
24	Frost	16,532	73.48	179%	30%
24	Good Thunder	42,626	76.67	92%	15%
24	Granada	13,459	46.41	45%	17%
24	Janesville	154,054	69.90	62%	14%
24	Kiester	42,215	84.60	179%	30%
24	Lake Crystal	171,811	66.44	60%	12%
24	Lewisville	11,939	48.53	61%	15%
24	Madison Lake	57,276	61.26	48%	7%
24	Mapleton	109,322	66.66	55%	12%
24	Minnesota Lake	41,978	63.99	71%	12%
24	New Richland	70,035	60.69	61%	15%
24	Northrop	9,856	41.07	85%	17%
24	Odin	3,989	36.26	36%	11%
24	Ormsby	5,222	36.26	46%	10%

Source: MN Department of Revenue Data, MN Office of Management and Budget.
Prepared by Flaherty Hood, P.A. for the Coalition of Greater MN Cities 5/29/2009.

Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Thursday, May 28, 2009 4:11 PM
Subject: [legislative] Today's Meeting with Department of Revenue Commissioner Einess on Unallotment

Meeting with Department of Revenue Commissioner Einess on Unallotment

This morning, the League along with Metro Cities, the Coalition of Greater Minnesota Cities, the Minnesota Association of Small Cities, the North Metro Mayors Association and the Cities of St. Paul and Minneapolis met with Department of Revenue Commissioner Ward Einess to discuss the pending budget-balancing unallotments being developed and to plead the city case for smaller reductions in LGA and MVHC.

By way of background, the 2009 session ended on May 18 and the budget bills approved by the governor left roughly a \$2.7 billion imbalance in the state's upcoming 2010-2011 biennial budget. During the waning hours of the session, the governor indicated that he would address any remaining shortfall at the close of the session through unallotment. The legislature sent him a last minute bill that would have plugged the remaining budget deficit largely by "shifting" \$1.8 billion in school revenues, but that bill also included roughly \$1 billion in tax increases and as a result, he vetoed the bill.

In today's meeting, Commissioner Einess indicated that as of today, the administration has not yet finalized plans for unallotment. Various commissioners are meeting with stakeholder groups to take input and discuss unallotment. Commissioner Einess also stated that the administration believes that through the unallotment power, they can "shift" approximately \$1.8 billion in school funding as the legislature had proposed, which would leave approximately \$900 million in additional unallotment actions to address the remaining shortfall.

Commissioner Einess told the group that the governor has asked him to analyze a variety of city and county aid/credit reduction scenarios, including proposals similar to the governor's original January budget proposal that would have cut city LGA and MVHC by roughly \$100 million in 2009 and \$182 million in 2010. He went on to say that they have looked at scenarios with smaller city cuts as well.

The city organizations suggested that in terms of fairness, the cuts to LGA and MVHC should be measured relative to the LGA/MVHC share of the state's budget, which would result in a total biennial cut of roughly \$155 million for the forecasted 2010-2011 state budget. Under the plan proposed by the governor in his January budget, the total cut to city LGA/MVHC would have been \$282 million.

The commissioner stated that the proportional cut was the concept pursued by the Senate and that the governor continues to oppose a straight proportional cut but rather he believes that state programs must be prioritized and cuts apportioned to relative to these priorities. Einess did reiterate that the \$282 million cut scenario is but one of the alternatives that he has considered and that most of the alternatives have been computed based on somewhat lower amounts.

The commissioner asked the city representatives for our suggestions on how to structure the cuts to minimize the disruption and impacts on city operations. The group suggested that "backloading" the cuts into the second year of the biennium (the 2010 aid/credit) distributions would provide more opportunity for cities to adjust budgets. We also suggested that the 2009 cut could be backloaded into the December aid and credit distributions. By preserving the full first half July LGA distribution and the full first half October MVHC distribution, cities would likely have at least a short-term improvement in their cash flow situation for the remainder of the 2009 budget.

We discussed the issue of levy limits and whether backloading the cuts could create unintentional problems for cities covered by levy limits (those over 2,500 population) due to the fact that levy limits are likely be computed based on the full appropriation for LGA and not the amount after unallotment. As it currently stands, levy limit cities will be able to declare "special levies" (levies outside the levy limit) in 2010 for the December 2008 unallotment cuts and the 2009 unallotment reductions. However, it currently appears that the levy limit statute will not allow cities to replace 2010 LGA and MVHC losses until the 2011 levy year.

Commissioner Einess asked about exempting small cities from any LGA/MVHC reduction. The group's main response was that any exemptions should not increase the cuts applied to all other cities.

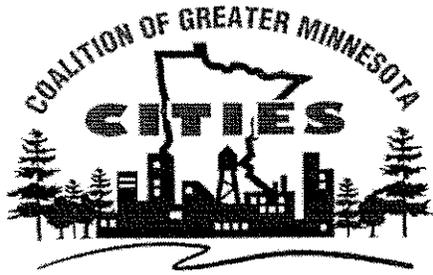
The group also suggested a potential process for any unallotted city to appeal to the commissioner if the unallotment would create an extreme fiscal hardship. The idea was not rejected out of hand but the commissioner said he would have to think about whether the unallotment statute would permit such a process and whether the department could handle the processing of appeals.

The meeting concluded with an offer by the commissioner to meet again before the final unallotment announcement is made public in order to consider any other problems or unanticipated issues that might result.

We will continue to update you on developments related to unallotment.

For questions, contact Gary Carlson at gcarlson@lmc.org or 651.281.1255 or Jennifer O'Rourke at the contact information below.

5/29/2009



Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Mayors and Administrators
From: Tim Flaherty
Date: May 28, 2009
Re: **Update on unallotment and media efforts; Messaging to use in your community**

Unallotment

At this time, the governor has released no further details of his unallotment plan other than his previous statements that property tax aids and credits, health and human services, and higher education would be the main recipients of the cuts. Last week, the governor met with his cabinet to begin formulating a plan, and also hired former State Representative Chris DaLaForest (R-Andover) to lobby members of the legislature.

This morning, CGMC along with other city constituent groups met with Commissioner of Revenue Ward Einess, who stated that no final decisions on unallotment have been made yet. The governor is currently planning to release his unallotment plan in mid-June, and plans to use only one unallotment to balance the budget for the biennium. CGMC will meet with the Commissioner of Revenue early next week to discuss unallotment in more detail. The governor himself is not meeting with stakeholder groups on the unallotment issue.

Media Efforts

Last week, CGMC held six press conferences around the state to urge the governor to minimize his cuts to LGA. Press conference locations included St. Paul, Rochester, Mankato, Albert Lea, Alexandria, and Willmar. We would like to thank not only these cities, but also the neighboring cities that attended and spoke up at these events. Media coverage was overwhelmingly positive, but also prompted a heated reaction from the governor. In several media appearances over the past week and on his weekly radio show, the governor took direct aim at cities and made several gross misstatements. CGMC sent the attached letter to the governor's office to correct these statements.

Governor's Attacks: How to respond in your community

It is possible that the governor's attacks will surface in your community. If so, it is important that you respond and set the record straight. Below are a few points and counterpoints:

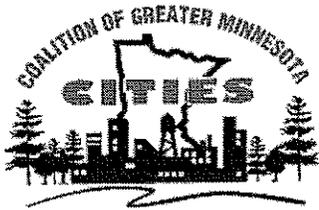
1. **“Cities are saying that they can’t take any cut.”**

CGMC has consistently acknowledged the severity of the state’s budget deficit and the need for cities to play a part in the solution. We have publicly supported an LGA cut similar to the House’s proposal in both size and method. This means a cut of \$85 million in LGA, and a reduction method using adjusted net tax capacity, not levy plus aid. This figure takes into consideration the \$54 million December unallotment cut, which many cities are accounting for in their 2009 budgets.
2. **“The governor’s cut is only 5%.”**

The governor has proposed a 5% cut of a city’s levy plus aid for 2009. However, cities took a 4% hit at the end of 2008, meaning the combined impact in 2009 will really feel like 9% for most cities. Also, the governor’s proposed cut in 2010 is 10%, and it is this cut that will be most detrimental to our budgets.
3. **“Cities should do what the state is doing: freeze wages and hiring, cut programs, and use their reserve funds.”**
 - Many cities manage a smaller workforce today than they did a decade ago. Cities have been able to avoid widespread layoffs by keeping open positions from retirements and resignations vacant. At the same time, the state’s workforce has ballooned, even after a hiring freeze directive was issued by the governor. In situations not controlled by union contracts, many cities are freezing wages and ordering furloughs. And even in situations that involve union contracts, many cities are attempting to open contracts for negotiations.
 - State spending has grown faster than local spending. Years of underfunding the LGA program has forced cities into lean operating practices, and services have been cut accordingly.
 - City reserve funds are not “rainy day accounts.” Cities use these cash-flow accounts to pay the bills and make payroll. Because of the December unallotment, the balances in these accounts are already dangerously low for many cities.
4. **“Cities continue to raise their property taxes at the same time that they complain about not having enough state aid to pay for services. Where are all these increased property tax revenues going?”**

Property taxes have increased in order to account for lost LGA. These repeated cuts and resulting property tax increases defeat the purpose of the LGA program, which aims to reduce property tax disparities amongst cities.
5. **“If cities really wanted to save money, they would fire their lobbyists.”**

Cities deserve representation at the Capitol just like any other group. City officials would be doing a disservice to our residents if we did not engage in policy discussions at the Capitol that ultimately affect city services and property taxes. Working with a firm in St. Paul is even more critical to outstate cities, because we cannot physically be at the Capitol as frequently as necessary, nor afford the travel costs. Even the governor—who works in the same building as the legislature—has lobbyists at the Capitol who are paid with taxpayer dollars.



Coalition of Greater Minnesota Cities
CGMC in Brief

May 28, 2009

Contact: Tim Flaherty
651-225-8840

**Cities persevering in
LGA debate despite
governor's attacks**

Although the session has adjourned, CGMC is pressing forward with its efforts to protect LGA from the governor's unallotment.

Last week, CGMC held press conferences in Rochester, Mankato, Albert Lea, Willmar, Alexandria, and St. Paul to gain the public's support and call on the governor to minimize his proposed cuts to LGA. These press events generated overwhelmingly positive news coverage, and also struck a nerve with the governor.

In particular, the governor called out the City of Albert Lea for relying too heavily on LGA, misstating that the city's budget receives more than 50% of its revenues from state aid. In response, Mayor Mike Murtaugh penned an excellent column to the Albert Lea Tribune (see attached), and both Mayor Murtaugh and City Manager Victoria Simonsen have successfully set the record straight with local television news reporters (watch the stories [here](#) and [here](#)). The Albert Lea Tribune also wrote an editorial today in support of the city (see attached). CGMC commends Albert Lea for their proactive efforts to keep community members informed of the facts on LGA. The city has set a great example.

With cities coming under the governor's scrutiny, it is critical that we speak up when the facts aren't straight or our position is misstated. Earlier today, CGMC sent the attached letter to the governor to do exactly this. During several recent media appearances, the governor has given the public the impression that cities are unwilling to take any cut, and that his proposed cuts are too small to have a major impact. Both of these assertions are untrue, as the letter explains. CGMC also sent a memo to mayors and managers highlighting other arguments used by the administration that may surface in their communities. If your city is targeted for its budget management and use of LGA, please do not hesitate to contact the Coalition for support.

**No unallotment
decisions yet; CGMC
meets with
administration**

At this time, the governor has released no further details of his unallotment plan other than his previous statements that property tax aids and credits, health and human services, and higher education would be the main recipients of the cuts. Last week, the governor met with his cabinet to begin formulating a plan, and also hired former State Representative Chris DaLaForest (R-Andover) to lobby members of the legislature.

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Commissioner of Revenue Ward Einess, who stated that no final decisions on unallotment have been made yet. The governor is currently planning to release his unallotment plan in mid-June, and plans to use only one unallotment to balance the budget for the biennium. CGMC will meet with the Commissioner of Revenue early next week to discuss unallotment in more detail. The governor himself is not meeting with stakeholder groups on the unallotment issue.

Stimulus money available for local units of government for energy efficiency and renewable energy projects

The Senate and House Conference Committee reached an agreement on the distribution of federal stimulus money dedicated to energy projects. With the governor signing off on the bill, cities are now eligible to apply for a number of grants available to local units of government:

- **Energy Efficiency and Conservation Block Grants:** Local units of government that are not receiving direct federal energy efficiency and conservation block grant stimulus funding may apply to the Department of Commerce to enhance energy efficiency and reduce energy use. The funds may be used for planning, consultants, energy audits, and renovations.
- **Renovation Grants:** Local units of government may also apply for grants to improve the energy efficiency of existing government facilities. Priority will be given to projects that are ready for immediate implementation such as lighting upgrades, energy-efficient windows, and energy recommissioning. The use of stimulus funds must be coordinated with other available financing programs, such as the program under 216C.43.
- **Renewable Energy Grant Program:** The state will also award grants to local units of government to finance the purchase and installation of renewable energy systems such as solar electric or wind projects. The level of the grant depends on the type of project. The commerce commissioner shall publish requests for proposals for these grants in the State Register and make awards within 60 days.

CGMC to recap session at League annual conference

If you are attending the League of Minnesota Cities' annual conference, which will be held June 24 – 26 at the St. Paul RiverCentre, be sure to join CGMC for breakfast Friday, June 26 from 7:30 – 8:30 a.m. for a session recap. During the presentation, we will discuss the outcome of CGMC initiatives and the governor's potential unallotment actions. We look forward to seeing you in St. Paul!

REMINDER: CGMC Summer Conference July 29 – 31

If you haven't done so already, mark your calendars for CGMC's summer conference, which will be held in **Brainerd July 29 – 31**. Registration materials and an agenda will be available shortly.



Albert Lea Tribune

State leaders need to bring the team to shore

By Mike Murtaugh, Guest Column

Published Tuesday, May 26, 2009

On May 21, I made a statement at a press conference regarding the budget impasse between the governor and the Legislature. This was also attended by Austin Mayor Tom Stiehm and St. Paul Mayor Chris Coleman. This column contains all of that statement, along with some additional comments. The next day, I was quite surprised to hear that Gov. Tim Pawlenty characterized Albert Lea, along with the cities of St. Paul and Wadena, as being complainers. Complaining is not what I heard at our press conference.

In recent days I'd listened to local teachers describe the struggles some of the lower-income families are facing just to provide lunch for the children. Over half of our schoolchildren in Albert Lea come from low-income families who qualify for reduced lunch fees. Right now, these families are struggling, and the struggling is going to get worse.

At my place of employment (remember I am not a full-time mayor) I and my co-workers recently had a 10 percent pay cut for at least six months, so while our family is not struggling, our income has been reduced, and likewise so will our spending and our savings.

Albert Lea's city property taxes have already more than doubled since 2003. This has reduced the percentage LGA contributed to our budget from around 60 percent to 37 percent presently, but it has meant an increased burden on local taxpayers.

So, in my opinion, a local property tax increase is not an option for Albert Lea for 2010. Our citizens cannot take it right now. That means if local government aid is cut substantially, or eliminated in one fell swoop, significant city services, not just fluff, will go away. To use a sports metaphor, LGA is the government equivalent of revenue sharing, a way to allow cities of all sizes and tax base to be on a level playing field.

St. Paul Mayor Chris Coleman's presence at the press conference shows this is not just an out-state, small-town Minnesota issue. Almost all Minnesota cities, large and small, are in this together.

Keep in mind, though, that as a city, we are not asking for zero cuts in LGA. We recognize the magnitude of the state's budget deficit and know that all programs need to be examined. We are simply asking that the reduction be equitable in relation to this program's percentage of the total state budget.

I need to add that Rep. Robin Brown and Sen. Dan Sparks both supported the state House and Senate plans respectively in regard to LGA funding reductions, and we appreciate their support.

Before the December unallotment took place, the city of Albert Lea had been taking steps to significantly reduce spending. We absorbed a \$400,000 cut in LGA at the end of 2008, which in effect was a 2009 cut because of the timing. Since Jan. 1, we have done much work and effort to engage our citizens to look at what are important services for the city to provide, and what could we do without. We will also be considering significant changes in the structure of city government.

I think we have done our part in preparing for change, but for the Legislative session to end without an agreement that results in the governor proceeding to unilateral unallotment is unacceptable to me.

Gov. Pawlenty is a hockey player, and sometimes uses hockey metaphors or stories to relate his thoughts. I am a water skier. At the press conference, I showed a large picture of me water skiing as a base in a human three-level pyramid — and by the way, my daughter was at the top of the pyramid.

In my metaphor, the governor and Legislature are the base of the pyramid. The bases have to remain strong to carry the weight, but if they are too rigid, that is equally disastrous. The bases have to be flexible enough to ski over waves and rough water — if they don't, those above them who are depending on the bases to carry them through, will literally get bounced off and dumped in the water, sometimes taking the bases with them. Now the bases may be able to ski into shore and say they did their job, but they really didn't because everyone else is left out in the lake waiting for someone to come pick them up.

I am a nonpartisan mayor and I'm not going to delve into DFL vs. Republican in who's to blame here. My message to Gov. Pawlenty and the leadership of both parties in the House and Senate is ride out the waves — work together to bring everyone to shore. Don't leave cities floating by themselves and say you did your job.

Mike Murtaugh is the mayor of Albert Lea.

Albert Lea Tribune

Editorial: Pawlenty is a lame duck

Published Wednesday, May 27, 2009

Minnesota has a lame-duck governor.

Oh, sure, Eagan's Tim Pawlenty could try to seek re-election, but he would not succeed. Not when he is going on statewide radio and calling city officials names. He went on WCCO radio last Friday and called the leaders of Albert Lea, St. Paul and Wadena "complainers."

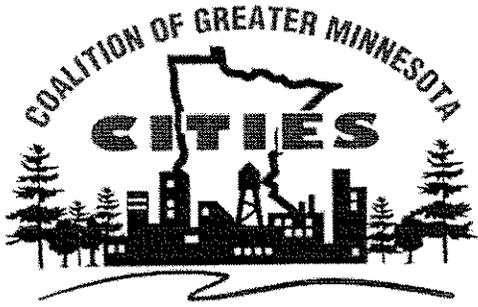
It was in response to mayors across the state calling on the governor to minimize cuts to local government aid. They didn't say don't cut it. They just wanted to keep the reductions reasonable considering increases in cost of living.

The mayors surely don't call Gov. Pawlenty names. They simply disagree with him. Pawlenty, however, gets down in the mud. He wouldn't make such a uncalled-for move if he wanted to keep his job.

No, our fair governor has national ambitions. By using his powers of unallotment and line-item veto, he is sidestepping a state budget formed in a populist and more democratic manner and going it alone.

He wants to impress Grand Old Party bosses and get a seat at the front row at the political game in Washington, D.C.

The legislative process requires compromises. If one branch gets too much power, there aren't compromises. Next year — or maybe in 2011 after Pawlenty is out — the Legislature needs to review Minnesota's legislative process and work out the kinks. Get rid of or at least redefine unallotment, and take a hard look at whether line-item veto really works. It was a political fad, like a hula-hoop, and our state bought it. Time to lose the hula-hoop.



Dedicated to a Strong Greater Minnesota

The Honorable Tim Pawlenty
Office of the Governor
130 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

May 27, 2009

Dear Governor Pawlenty:

After a highly contentious session, I share your frustration that a negotiated agreement could not be reached between your administration and the legislature. I think we can all agree that the session's outcome was not ideal. Nevertheless, you now have the difficult task of reducing state spending through unallotment. As you formulate your plan for making these cuts, I feel obligated to clarify a few misunderstandings you may have related to the Coalition's position on local government aid (LGA).

In several media appearances over the past week, you have insinuated that cities are unwilling to take any cut whatsoever (*Star Tribune*, 5/21/09; *TPT Almanac*, 5/22/09; *KSTP At Issue*, 5/24/09). These statements greatly misrepresent our position. We have consistently said that we understand the seriousness of the state's budget deficit and that cities will have to play a part in the solution.

As budget proposals emerged at the Capitol, **the Coalition publically supported a reduction to LGA similar to the House's proposal in both size and method.** This would entail an \$85 million cut to LGA for the 2009-2010 biennium, and reductions would be based on a city's adjusted net tax capacity (or its ability to levy back lost aid), not on its levy plus aid as you have proposed. The Coalition believes that this reduction amount and method will minimize the growth of tax rate disparities amongst cities (which is the intended purpose of the LGA program).

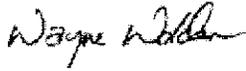
It is important to note that our support of the House proposal takes into account the **\$54 million cut to LGA that occurred in the final weeks of December 2008.** Because the December unallotment occurred so late in the city budget year, most cities are making these reductions in 2009, on top of whatever amount of LGA is unallotted for 2009.

You have also stated that your original proposed cut to state aid to cities amounts to "only 5%" of a city's total revenue as defined by its levy plus aid. Please note that this 5% reduction only

applies to 2009, and as previously stated, cities were already unallotted by 4% at the end of 2008. This means that for many cities the impact of your proposal will actually feel like a 9% cut in 2009. **For 2010, your proposal calls for a 10% reduction of a city's levy plus aid, and a cut at this level will have a devastating impact on many greater Minnesota cities.**

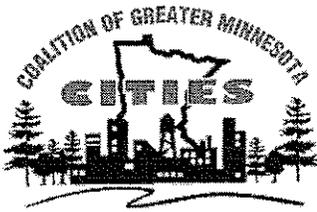
Governor, please don't discount the severity of these cuts. They will have serious impacts in our communities. While we may have our differences of opinion on policy, we can both agree that Minnesotans—no matter what corner of the state they live in—deserve strong communities at an affordable price. This is the fundamental basis of the LGA program, and I hope you take it into account as you prepare your unallotment cuts. As always, the Coalition welcomes any opportunity to further discuss our views with you.

Sincerely,



Wayne Wolden, Mayor of Wadena
President of the Coalition of Greater Minnesota Cities

cc: Member cities of the Coalition of Greater Minnesota Cities
Commissioner of Revenue Ward Einess
Commissioner of Management and Budget Tom Hanson



Coalition of Greater Minnesota Cities
CGMC in Brief

May 21, 2009

Contact: Tim Flaherty
651-225-8840

With no resolution to the session, governor poised to unallot

The 2009 legislative session came to a frantic end Monday night after both the Senate and the House passed a tax bill that balances the state's budget for the next biennium. The bill, which mimics an earlier passed and vetoed bill, would raise \$1 billion in taxes through a fourth-tier income tax bracket, increased taxes on alcohol, and an added tax on excessive interest rates.

The legislature's bill included no cuts to LGA or any other property tax aids and credits program. This is in part due to the governor's \$381 million line-item veto of the General Assistance Medical Care program, which left less money for the legislature to cut elsewhere. However, the legislature's bill did not repeal levy limits.

Governor Pawlenty has already stated that he plans to veto the legislature's tax bill once it arrives on his desk. Because this creates a situation in which expected revenues (\$31 billion) will fall short of expected expenditures (\$34 billion), the governor will have the authority to unallot state spending to close the \$3 billion gap. \$1.7 billion of this figure will be written off through a K-12 payment shift, leaving \$1.3 billion to cut. The governor has identified property tax aids and credits, health and human services, and higher education as the main targets of these cuts.

Moving forward, our message on LGA will be two-fold. First, we believe that the governor's original proposed cut to LGA (\$246 million) will lead to deep cuts in services and increases in property taxes. Secondly, we are advocating for an LGA cut similar in size and method to the House's original plan, which reduces LGA by \$85 million through a city's adjusted net tax capacity, not its levy plus aid. This figure takes into account the \$54 million December unallotment that many cities are accounting for in the 2009 budget year.

In a statement released earlier this week, the governor stated that he would discuss unallotment options with his cabinet today, and would consult with stakeholder groups and possibly lawmakers before finalizing his plan. Although some groups may be cut beginning July 1, others may not be cut until as late as fiscal year 2011, according to the administration.

CGMC ramps up media effort, member activity in response to unallotment

Even though the session has ended, CGMC's media and communication efforts are pressing forward in hopes of protecting LGA from the governor's unallotment ax.

On Sunday, the Thank LGA campaign released its second web video while the legislature was still in session. The video features Winona resident



Cheryl Hodge, who credits the staffing level and quick response of the city's police force for solving the murders of her family members. Under Governor Pawlenty's proposed cuts to LGA, Winona stands to lose between 2 to 3 police officers. To view this video, visit www.ThankLGA.org.

In the news coverage leading up to and following the session deadline, CGMC's message was loud and clear: cuts to LGA mean cuts to essential services and increases in property taxes. This message was repeated statewide in numerous news outlets—including the Star Tribune, Pioneer Press, MPR, Forum Communications papers, and the Associate Press, to name a few—and has been articulated best by CGMC President Wayne Wolden, Mayor of Wadena: "The real losers in this failure to compromise are the property taxpayers and Minnesota families who depend on critical city services."

CGMC will continue its post-session media blitz by holding press conferences today in Mankato, Rochester, and Albert Lea, and tomorrow in St. Paul, Willmar, and Alexandria. We want to issue a big "thanks" to all members who are participating in these events. CGMC's active membership has always been our key to success!

First round of clean water funds will be put to good use

Late Monday, the Senate and House passed the conference committee report on H.F. 1231 which appropriates \$151 million of clean water money that the new 3/8th cents sales tax is forecasted to raise. If the governor signs the bill, significant amounts of money will be spent on the clean water priorities that CGMC identified in its policy statements. Some of the highlights include:

- \$2.27 million to the Department of Agriculture for research, projects, and technical assistance relating to agricultural impacts on impaired waters and Total Maximum Daily Load (TMDL) development.
- \$21.65 million to the Public Facilities Authority (PFA) for TMDL grant program and an additional \$8.55 million for the Phosphorus Reduction Grant Program.
- \$18 million to the Pollution Control Agency to develop TMDLs
- \$2.1 million to the Department of Natural Resources to develop and implement TMDLs.
- \$11.9 million to the Board of Water & Soil Resources for grants relating non-point source pollution. The projects must be of long-lasting public benefit and be consistent with TMDL implementation plans or local water management plans.

REMINDER: CGMC Summer Conference July 29 – 31

If you haven't done so already, mark your calendars for CGMC's summer conference, which will be held in **Brainerd July 29 – 31**. Registration materials and an agenda will be available shortly.



Main Identity

From: "O'Rourke, Jennifer" <JORourke@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Sent: Tuesday, May 26, 2009 3:54 PM
Subject: [legislative] Unallotment Update: Governor Solicits Input

Governor Tim Pawlenty has distributed a letter to legislators informing them that his administration is undertaking the process of bring the 2010-2011 budget into balance through the power of unallotment.

In the letter, he states that he believes the conditions exist to use the unallotment authority under MS 16A.152. His choice of the word "believes" is likely due to the fact that the statute governing unallotment, MS 16A.152 is not entirely clear and as mentioned in last week's FridayFax, unallotment has only been exercised four times since the law was established in 1939 and it appears that the authority has never been exercised at the beginning of the state's biennium.

Governor Pawlenty goes on to ask legislators to submit ideas to his chief of staff by this Friday. He also indicates that he will be sending similar letters to various stakeholders—presumably including the League of Minnesota Cities and other city organizations.

The governor also indicated that he is seeking input from the public as well. On his web site, a message soliciting citizen input reads: "Governor Pawlenty and his cabinet are working to balance Minnesota's budget. To send the Governor's Office an email with your budget balancing suggestions please email budgetideas@state.mn.us."

The League and other city organizations have requested to meet with the Commissioner of Revenue to discuss unallotment and other related issues including levy limits. We have tentatively scheduled a meeting for this Thursday at the department.

Although there has been no public mention of a specific timeframe for an unallotment announcement, we believe that the governor is looking at an announcement in mid-June. We will update you as more information becomes available. For questions, contact Gary Carlson at gcarlson@lmc.org or 651.281.1255—or Jennifer O'Rourke at the information below.

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-FridayFax-

A weekly legislative update from the League of Minnesota Cities

May 22, 2009

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Last FridayFax

With the end of the legislative session, this edition of the FridayFax will be the last regular version distributed this year. We will periodically distribute important updates via the League's listservs and in the *Cities Bulletin*, which will now be published every other week.

Many of the bills passed on the last day of the session were not presented to the governor until May 20 and therefore he has until Saturday to sign, veto or let the bill become law without his signature. These bills include the local government mandate relief bill (Chapter 152—HF 1849), the transportation policy bill (Chapter 151—HF 928), the omnibus elections bill and the omnibus pension bill (Chapter 169—SF 191) and the environment and natural resources appropriations bill (Chapter 143—SF 1012). We will update you on all of the session outcomes in the League's annual Law Summary booklet that should be completed in mid-June.

Unallotment update

Although the session ended on Monday at midnight, the lack of a budget agreement between the governor and legislators now leaves cities in fiscal limbo. During the final week of the session, the Legislature sent the governor budget bills for all state agencies and major programs that included roughly \$1.5 billion in spending reductions. However, given that the state budget deficit stood at \$4.6 billion, the budgetary work was not complete.

On and off during the final days of the session, the governor and legislative leadership continued to negotiate, but on the final Thursday the governor held a press conference to announce that if he and the Legislature were unable to reach agreement, he would exercise his unallotment

authority to balance the remaining budget deficit on his own.

Under unallotment, the governor can reduce, delay or defer state appropriations in order to balance the state's budget. According to the House Research Department, governors have only exercised their unallotment authority four times since the law was enacted in 1939. Governor Al Quie unallotted \$195.1 million during the 1980 budget crisis, Governor Rudy Perpich unallotted \$109.8 million in 1986, Governor Tim Pawlenty unallotted \$281 million in 2003 and then he unallotted \$271.6 million this past December. With a remaining deficit of roughly \$2.7 billion, the pending unallotments by the governor would be by far the broadest and largest exercise of the power. In addition, we believe that the unallotment power has never been exercised at the beginning of the state's biennium.

The negotiations between the governor and legislative leaders broke down sometime on Monday, and legislators decided to send one more bill to the governor that would balance the budget with a number of tax increases and a school revenue "shift" that would have balanced the budget. More specifically, Chapter 179 (HF 2323) included a "shift" of nearly \$1.8 billion in state revenues to school districts, a new nine percent fourth-tier income tax bracket for joint filers earning more than \$250,000 that would have generated an estimated \$516.3 million over the biennium and a new surtax on excess interest rate charges by financial institutions that would have generated \$216.3 million. The bill would have also increased alcohol taxes by approximately \$286.1 million and would have implemented a tax compliance initiative that was estimated to generate \$14 million in revenue through the collection of unpaid taxes.



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Not surprisingly, the governor vetoed the bill on Thursday due to the fact that the bill included roughly \$1 billion in tax increases. The governor has publicly opposed tax increases, and throughout the session he repeatedly warned legislators that he would not sign a tax increase. Legislative leaders insisted that at least a portion of the structural deficit be addressed through permanent revenue increases so that the state would begin addressing the long-term state deficit.

Also on Thursday, the governor criticized city concerns about the yet-to-be-announced cuts by suggesting that city officials are merely "whining." Unfortunately, due to the severity of the remaining budget deficit, it is conceivable that the unallotment reductions could be larger than those proposed in the governor's January budget. Under that January budget proposal, local government aid (LGA) and market value homestead credit (MVHC) would have been reduced by \$100 million in 2009 and \$182 million in 2010, on top of the \$66 million in unallotment reductions imposed just five months ago.

The League has requested a meeting with the Commissioner of Revenue to discuss the potential unallotments. The department has preliminarily indicated that a meeting will likely be scheduled sometime in the next two weeks. As more information on unallotment becomes available, the League will host a webinar on the implications for cities. Watch the League's web site or your e-mail for more information on the scheduling of this important webinar.

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

Governor signs bill authorizing administrative fines for traffic enforcement

On Thursday, Governor Tim Pawlenty signed into law a bill that allows local units of government and the State Patrol to enforce low-level traffic offenses with administrative citations.

The language, which was amended onto SF 492 (Skogen, DFL-Hewitt/Sailer, DFL-Park Rapids), a transportation bill pertaining to mini-truck registration, represents a compromise between city, county and law enforcement organizations. It passed on bipartisan votes of 47-17 in the Senate and 122-8 in the House.

The language in the new law closely resembles the provisions in HF 1517 (Hosch, DFL-St. Joseph) and SF 1894 (Clark, DFL-St. Cloud), legislation initiated by the League. It would allow local units of government and the State Patrol to issue administrative citations for a limited list of traffic offenses.

Key components of the measure include the following:

- A local unit of government may, by ordinance, authorize its police officers to issue administrative citations.
- A local unit of government that implements an administrative enforcement policy must use a uniform administrative ticket that will be designed by the Department of Public Safety.
- The ordinance must contain a process for a violator to appeal the citation, and the process must involve a neutral third party such as an administrative hearing officer.
- The violations eligible for an administrative citation are 1) speeding less than 10 miles per



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- hour above the posted limit; 2) stop line violations; and 3) equipment violations such as a cracked windshield.
- The amount of the administrative fine is \$60.
- When a local unit of government issues the citation, two-thirds of the fine is retained by the issuing authority and one-third must be given to the state.
- When the State Patrol issues the citation, two-thirds of the fine is retained by the state, and one-third is turned over to the local jurisdiction where the citation was issued.

The new law will take effect August 1, 2009. However, the Department of Public Safety has until October 1, 2009 to design the uniform administrative ticket. This time lapse may be problematic for cities that are already using administrative fines for traffic enforcement. The League intends to request that the department expedite the administrative ticket design process so that it aligns with the effective date of the new law. Further, the League is in the process of preparing more detailed information about the new law to assist cities that want to use this authority.

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

State sets funding priorities for federal energy stimulus funding

The governor has signed Chapter 138, which directs how the Office of Energy Security will allocate federal stimulus funds that are channeled through that state agency. This guides the state use of all federal energy stimulus funds that are not given as direct block grants to local government under the Energy Efficiency and Conservation Block Grants (EECBG) program.

Among the programs funded in this law are:

- \$6.4 million for competitive grants for local government energy efficiency projects;
- \$13 million for grants to reduce capital costs for local governments to participate in the Public Building Energy Assistance Program (PBEEP);
- \$6.5 million for local government renewable energy grants;
- \$3 million for local government installation of solar energy projects under the Solar Cities program;
- \$132 million for residential weatherization programs (with income eligibility expanded up to 200 percent of federal poverty level);
- \$4.5 million for commercial and industrial energy efficiency and renewable energy project grants; and
- \$5 million for rebates for the installation of renewable energy and geothermal energy.

All of these programs will be administered through the state Office of Energy Security. The office has a help line at 1.800.657.3710 or 651.296.5175 and an email help desk at energy.info@state.mn.us.

Questions? Contact Craig Johnson at 651.281.1259 or cjohnson@lmc.org.