

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



AGENDA

Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes–May 17, 2011
2. Consent Agenda
 - Minutes
 - Telecommunication Commission – May 13, 2011
 - Community Center Commission – May 23, 2011
 - Utility Commission – May 25, 2011
 - Correspondence
 - Cottonwood County Assessor – True County Assessing Public Hearing
3. Department Heads
4. Proclamation for Years of Service
 - Jeffrey Shirkey – Police Department
 - Barry Marcy – Street & Parks Department
5. Park & Recreation - Recommendation of Fee Waiver
6. Utilities Plus Energy Services - (Phase 1) Study for NESHAP Requirements – Electric Department
7. Community Engagement & City Goal Setting Agreement – Springsted
8. Civil Service/Personnel Committee – Police Chief Hiring Recommendation
9. MN DNR – Dam Safety Agreement (Amendment #2)
10. Unfinished Business
11. New Business
12. Street Shop Improvements
 - Change Order #1 - Increase Contract \$8,409.60
 - Contractor Payment - \$80,497.77
13. Regular Bills
14. Council Concerns
15. Adjourn



Council Meeting
Windom City Hall, Council Chamber
May 17, 2011
7:30 p.m.

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

2. Roll Call: Mayor: Kirby Kruse

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

Council Members Absent: Bradley Powers

City Staff Present: Steve Nasby, City Administrator; Tim Hacker, Ambulance Director; EMT Crew and Jeremy Rolfes, Telecom

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Ray second by Maricle, to approve the City Council minutes from May 3, 2011 and May 9, 2011. Motion carried 4 – 0 (Powers absent).

5. Consent Agenda:

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

- Tree Committee – May 4, 2011
- Economic Development Commission – May 9, 2011
- Park & Recreation Commission – May 9, 2011
- Library Board – May 10, 2011

Kruse said that license requests are as follows:

- Amplification Permit for the Phat Pheasant for June 10, 2011; June 11, 2011 and August 27, 2011
- Amplification Permit for the Windom Area Chamber of Commerce for Riverfest on June 11, 2011
- Revision of an Exempt permit for the Windom Area Chamber of Commerce for Riverfest to add bingo to the previously approved raffle on June 12, 2011.

Motion by Maricle second by Ray, to approve the Consent Calendar. Motion carried 4 – 0 (Powers absent).

6. Department Heads:

None.

7. 2011 Emergency Medical Service Week Proclamation:

Council member Maricle introduced the Resolution No. 2011-20, entitled “City of Windom 2011 EMS Week Proclamation” and moved its adoption. The resolution was seconded by Ray and on roll call vote: Aye: Ray, Fossing, Jones and Maricle. Nay: None. Absent: Powers. Resolution passed 4 – 0.

Maricle read the proclamation and thanked the EMTs for their work.

Kruse asked Tim Hacker, Ambulance Director to bring up the crew of EMTs and asked them to introduce themselves. Following introductions the City Council congratulated each of the EMTs and thanked them for their service. Kruse presented Hacker with a ceremonial copy of the 2011 EMT Proclamation.

Ray and Kruse said they both had witnessed first hand the work of the Windom EMT crew and noted that both the EMTs and their work was top notch.

8. MN DNR 2012 Rural Fire Department Grant Application:

Nasby said that the Fire Department is requesting approval to apply for up to \$10,000 in funding to purchase narrow-band compliant communications equipment that is mandated by 2013. Nasby said that Windom is part of a county-wide FEMA grant application that would provide funding for the whole system, but no decisions had been made on these funds and the Fire Department has this grant opportunity available now. The grant requires a 50% match. Nasby said if the FEMA funding is received this MN DNR grant can be declined if it cannot be used in conjunction with the FEMA money.

Motion by Jones, seconded by Fossing, to approve the Windom Fire Department’s application for the MN DNR 2012 Rural Fire Department Grant Program. Motion carried 4 – 0 (Powers absent).

9. LMCIT Annual Insurance Renewal:

Ken Hoffman, Bank Midwest, said that he is the City’s insurance agent for this account. The League of Minnesota Cities Insurance Trust (LMCIT) has been the City’s insurer for a number of years and when the trust has a surplus those funds are redistributed to its members through dividends. In 2010 the City received a dividend of \$25,776 that was paid in December 2010.

Preliminary

Hoffman covered the primary changes in the 2011 policy, which included expanded coverage and sewer maintenance requirements that must be done by November 2011.

The summary of premiums shows that in 2010 the fee was \$145,908 and in 2011 it went up to \$150,505. Part of the additional costs were due to an increase in the total loss limit to 150% of the covered amount and the liquor liability went up about \$3,000 due to the addition of on-sale activities at the Community Center.

Hoffman said that the City Council needs to take action on several items that include the waiver of the statutory limit, excess liability coverage, bond coverage and a discussion on the deductible level. He said that the City has not waived the statutory limit or chosen the excess liability coverage in prior years.

Motion by Maricle, second by Ray, not to waive the statutory tort limit. Motion carried 4 – 0 (Powers absent).

Jones asked about the risk of exposure for the City given the coverage it has in place. Hoffman said it is low.

Fossing noted that anything can come up.

Motion by Maricle, second by Jones, not to accept the excess liability coverage of \$1,000,000 for the fee of \$16,663. Motion carried 4 – 0 (Powers absent).

Hoffman said that the current policy has a bond for Department Heads and managers that ranges from \$25,000 per person to \$10,000 per person. The LMCIT is offering new coverage that would expand the limit to a total of \$250,000. He recommends changing the bond coverage as the premium increase is small.

Maricle asked if the cancellation of the existing premium costing \$622 would be replaced with the new bond coverage costing \$740 so the net increase is only \$118. Hoffman acknowledged that was correct.

Motion by Maricle, second by Fossing, to accept the change in the bond coverage and to accept the LMCIT \$250,000 policy. Motion carried 4 – 0 (Powers absent).

Hoffman said that there is an option of changing the City's deductible from \$1,000 to \$2,500 per occurrence and this would lower the premium cost by \$8,036. However, with the City's 2010 losses this would have ended up costing the City \$9,752 more to cover the additional deductible. Hoffman and Nasby had discussed this option and recommend leaving the deductible at \$1,000 and tracking it for the next two or three years so more of a loss history can be attained.

Fossing asked if there were other deductible options. Hoffman said there were options that would raise the deductible to \$5,000 or more, but the cost savings in the premium were not significant.

Preliminary

Fossing asked if there were other liquor liability options. Hoffman said the City is covered up to \$1,000,000 and there is excess coverage if the City wanted more.

Jones asked if a motion on the deductible was needed. Nasby said that a motion would be needed if there were to be a change, otherwise the coverage would stay as is.

10. Community Oriented Policing Services (COPS) Grant Application:

Nasby said this grant opportunity is available to the City and School District through the COPS program for Secure Our Schools (SOS) funding. These monies are to be used for improved school security. Given the recent security issues at the school there are a number of ideas to use the money for improvements and safety. There is a 50% match for the grant and the Windom Area School is committed to providing the match. Nasby said that there would be no funding from the City, but may be some staff time from the Police Department.

Jones said he thought this was a good project and would help the school, police and fire. He congratulated the Police, Fire and school for their work last week during the security threats and everyone did a great job.

Ray concurred as she saw first-hand all of the work done by the Police and Fire Departments. They did a great job and deserve thanks from the community.

Motion by Jones, second by Fossing, to approve the City of Windom's participation in the COPS Secure Our Schools grant application. Motion carried 4 – 0 (Powers absent).

11. Short Elliott Hendrickson Inc. (SEH) Contract – Des Moines River Dam Removal Project:

Nasby said the SEH letter outlining the nine tasks is an addendum to the existing master engineering agreement the City has with SEH regarding the feasibility study for this project. The not to exceed number on the contract is \$69,500. The nine tasks identified in this agreement include the following:

- Hydraulic and Hydrology Study
- Survey
- Plans and Specifications
- Bidding Services
- Council and Agency Consultation\Coordination Meetings
- Environmental Assessment Worksheet Determination
- Permits (State and Federal)
- Environmental Assessment Worksheet (if needed)
- Contract Administration

Jones asked how much funding is remaining for this project. Nasby said that the DNR letter in January 2011 identified about \$287,000, but this included U.S. Fish & Wildlife funding that had not been confirmed yet. Nasby estimated that there is approximately

Preliminary

\$200,000 in DNR funds and a portion of these are in the Dam Safety account that can be used for the cost of this study. The Dam Safety funds were a 50\50 split, but due to the Council's decision to precede with the dam removal the State money could fund 100% of the engineering costs. However, if all of these cost come from the Dam Safety account it would use up the balance in that fund. At some point, the City will be incurring costs it must cover locally.

Motion by Jones, second by Maricle to approve the addendum to the SEH, Inc. engineering contract for the Des Moines River Dam Project as presented. Motion carried 4 – 0 (Powers absent).

12. Unfinished Business:

None.

13. New Business:

None.

14. Contractor Bill – Everstrong Construction Inc. – Street Shop Repairs:

Dennis Johnson, Wenck Associates, said that the project is well underway in the 10 days since they were given the notice to proceed. The north wall is nearly completed, the roof work has started, the south side is about half done and the firewall inside the building is completed.

When the contractors removed some of the sheeting they found eight of the superstructure steel supports were completely rusted through. He passed around photographs of the damaged supports. Johnson said they had a plan to repair these by welding in new steel supports to connect the viable portion of the support with the base plate. The cost of fixing these supports is about \$8,400.

Kruse asked if the damage was caused by the water coming in under the steel siding. Johnson said that is the likely cause as water came from the parking area and was trapped by the materials under the steel, which caused the supports to rust through. Kruse asked if the repairs to the building would address this problem. Johnson said yes.

Johnson asked if the City Council would consider a change order at this time for the additional \$8,400 of work. Jones said that a field order could be issued by Johnson to allow the contractor to keep working and then the paperwork can be submitted for the next meeting. Johnson said that would be acceptable.

Motion by Ray, second by Maricle to approve the contractor payment to Everstrong Construction, Inc. for payment request #1 in the amount of \$33,278.50. Motion carried 4 – 0 (Powers absent).

Preliminary

15. Regular Bills:

Motion by Fossing, seconded by Maricle, to approve the bills. Motion carried 4 – 0 (Powers absent).

16. Council Concerns:

None.

17. Adjourn:

Kruse adjourned the meeting by unanimous consent at 8:04 p.m.

Kirby Kruse, Mayor

Attest: _____

Steve Nasby, City Administrator

Telecommunication Commission Minutes
May 13th, 2011

1. Call to Order:

Wendell Woodcock called the meeting to order.

2. Roll Call:

Commission Members Present: Wendell Woodcock, Virgil Meier, Forrest Fosheim, Corey Maricle, Dominic Jones

Commission Members Absent

City Staff Present: Dan Olsen, Londa Fosheim, Steve Nasby

Public Present: None

5 Shared Manager Agreement:

Timeline for shared managers agreement moved up. All bids are in, 7 bids in all.

It will take 26+ weeks to get fiber now. They are shooting for Aug. 1st goal to start this year.

RUS is looking for more structure and business plans now.

Should be no out of pocket expense for the City of Windom.

Contract will be relooked at after 1 year. Contract has a clause that either party can get out of contract with 30 day notice.

Start date will be as soon as City Council approves the contract.

The broad band group will be hiring a Technical person and an Office person right away.

The broadband group has said there is lots of interest in people signing up for services.

Motion by Maricle, 2nd by Fosheim To have Nasby and Olsen prepare the agreement with legal counsel, and to take to City Council for approval.

All in favor: yes. Opposed: none

7. Commissioners Concerns and Questions:

Dan mentioned that the winter was hard on the roof of the headend, will be getting quotes from contractors to replace it.

8. Adjourn:

Wendell adjourned the meeting

Community Center Commission Minutes
Monday May 23, 2011

1. Call to Order: The meeting was called to order by President Wayne Maras at 5:38 p.m

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

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

EDA Director: Mark Hanson-Absent

3. Approval of Minutes:

Motion by Kelly Woizeschke, seconded by Dick Jeffrey to approve the March 28, 2011 Community Center Commission Minutes. Motion carried 5-0

4. Additions to the agenda:
Nothing to Report

5. Correspondence:

One was added that was not signed, everything was at "5's"-excellent work. MN Assoc. Townships already booked again-had great comments.

6. President's Report:

A. WCC Commission welcomes Linda Stuckenbroker. Linda was sworn in and took Oath of Office.

7. Director's Report:

- A. Equipment Purchase- need to purchase a new water fountain
- B. Liquor Events Update- Nice sales so far, everything seems to be going well and people are happy
- C. Commission Idea's Workshop-need ideas about what to discuss/put on agenda, possible talk about Christmas/Holiday Party, also talk of outdoor weddings/garden space.

8. Resource Management:

Schedule of Events: Looking good, another wedding possibly this year

Income/Expenses: Things look good.

9. Miscellaneous:

New part time help starts tomorrow. Discussed next meeting date and cannot do bi-monthly meetings so decided to just do monthly meetings and if nothing on agenda cancel/postpone to next month.

10. Open Forum:

Nothing to report

11. Next Meeting:

Monday June 27, 2011 @ 5:30 pm

Adjourn:

Motion by Dick Jeffrey, seconded by Kelly Woizeschke, to adjourn the meeting at 6:21 pm. Motion carried 5-0.

Wayne Maras, WCC President

Hilary Mathis, WCC Secretary

Attest: _____
Brad Bussa, Community Center Director

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
May 25, 2011

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on May 25, 2011 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson: Mike Schwalbach

Members Present: Chris Johnson and Glen Francis

Member Absent: None

City Council Liaison: Dominic Jones,

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

Others Present: Dennis Johnson, Wenck Associates

APPROVE MINUTES

Motion by Johnson, seconded by Francis, to approve the April 27, 2011 Utility Commission minutes as presented. Motion carried 3-0.

WATER / WASTEWATER ITEMS

Landfill Spring Sampling Event – Dennis Johnson reviewed the spring sampling results with the Utility Commission. Johnson said that at all sampling points, vinyl chloride and cis-1-2dichloroethene were below actionable levels. Johnson also said that water levels in the wells were up at least four (4) feet from 2010.

Highway 60 / 71 Water Main Relocation Update – Haugen said that he and Nasby visited with Mary Hanson regarding a voluntary commitment to the 60 / 71 Water Main Relocation project in 2011, she said that she would speak with her husband Robert Hanson regarding signing the Petition for Local Improvements. Bob Christopher still feels that the charges for water main relocation are too high, as he had water before the relocation. Haugen also said that he and Nasby contacted both H & W Motors and LA Auto Sports. The property owners were informed that their portion of the project will increase if additional costs are incurred if they do not sign the Petition voluntarily. The additional cost would be for a public hearing and related items. At the present time the City of Windom has received three (3) signatures for approval of the 60 / 71 Water Main Relocation project. They are as follows:

- Freedom Gas Station
- Casey's Gas Station

- H & W Motor Supply

Haugen said that he and Nasby spoke with legal counsel and they said that the City had the right to shut water off to a customer if a leak occurs under Highway 60 / 71 if there is a legitimate business reason such as a leak and water could be provided through an alternate means. However Haugen said that it may cost an additional \$3,000 to install two shut offs to sufficiently isolate the water.

The Utility Commission generally agreed to have staff speak with Car Quest and L A Auto Sport owners to see if staff can get a voluntary signature. If these signatures are obtained speak with Hanson's and Christopher's and let them know that the Utility Commission is moving forward with the project. The Commission recommended that the Council start the assessment process for a public improvement.

Motion by Francis, seconded by Johnson, to recommend to the City Council that they set the date on June 21, 2011 to schedule a public hearing for July 19, 2011 for the 60 / 71 Water Main Relocation. Motion carried 3-0.

2012 Cottonwood County Street Projects Discussion – Haugen said that Cottonwood County had informed Dennis Johnson of their plans to either overlay or reconstruct 6th Avenue from the Railroad Tracks on 6th Street to Lakeview Avenue and on River Road from 13th Street to the Perkins Creek Bridge. The Utility Commission directed staff to speak with Ron Gregg, Cottonwood County Engineer, to get the specific details for the next Utility Commission meeting.

Staffing Discussion - Haugen inform the Utility Commission that Jeff Christians did not accept the position with the City of Windom Water Department after it was offered to him, as he did not want to live in Windom, or to comply with the response time.

Discussion was held on what is expected for response time, and that this should be outlined in the next union contract.

Motion by Johnson, seconded by Francis, to advertise for a new Water / Wastewater Operator. This advertised position's is preferred to have qualifications and background in water and wastewater, and that they must live in the response area. Motion carried 3-0.

OTHER ITEMS WATER / WASTEWATER ITEMS

Ceriodaphnia Dubia Testing - Haugen said that MPCA (Minnesota Pollution Control Agency) are in the process of the TRE (Toxicity Reduction Evaluation). This has been broken up into three (3) parameters.

1. Specific Conductivity
2. Dissolved Solids (copper and Zinc)
3. Surfactants

MPCA will begin with the dissolved solid testing to determine why the Ceriodaphnia dubia test failed in the spring of 2010. Haugen will update the commission at their next meeting if any test results are available.

Main Lift Station – Haugen updated the Utility Commission on the main lift station. He said that Bolton & Menk Associates are in the process of surveying the project area, and more information will be presented at the next meeting. Haugen is to provide maps and existing documents to the City Attorney's office regarding easements.

ELECTRIC ITEMS

CapX Brookings – Twin Cities Transmission Project – Grunig said that the CapX Brookings project agreement has been approved by all Participants except Delano. Grunig also said that the "Transmission Owner Services and Asset Assignment Agreement" have been approved. Grunig said that Central Minnesota Municipal Power Association's (CMMPA) equity share has been reduced from 5% to 3.6%. This reduces the City of Windom Utilities share from \$3,310,975 to approximately \$2,359,222. This reduction is due to the large dollar number included for contingencies, investment. Grunig said the issues remaining are as follows:

- The overall decision by the co-owners to approve the project to go forward.
- Midwest Independent System Operator's (MISO), declares that this CapX Brookings project is a Multi-Valued Project (MVP). Having this project declared a MVP in the MISO footprint can eventually impact Windom's transmission costs. There are currently eighteen (18) transmission projects under consideration by MISO for MVP status, and the CapX Brookings project should be in line for approval in June.

2010 Windom CIP Filing to the MN Dept. of Commerce – Grunig reviewed the electronic filing for Windom's Energy Savings Survey with the Utility Commission. Grunig indicated that the City of Windom's Utilities have met and surpassed the State mandates for energy conservation.

South Windom ITC Substation – Grunig reviewed with the Utility Commission the background for the ITC Substation. Grunig said that the Windom Utilities purchased the 69 kV switch as part of an Alliant transmission upgrade. When the project was completed in 2008 Windom did not receive any warranty paperwork on the equipment that was installed, or keys to enter the building. Windom was also not informed that ITC would be purchasing the Alliant Transmission System. Grunig said that this is a very real problem for the City of Windom in case of a lightning strike or outage of any kind, as the City doesn't have access to its own facilities or training to maintain it, or have they seen the equipment in the building. Grunig said that he has been working with ITC, and they will help the City of Windom Utilities through any maintenance and outage issues that we have for a period of time.

After lengthy discussion it was determined by general consensus that staff look into selling the 68 kV switch for an assessed depreciated value to ITC. If an amount cannot be agreed upon, a vendor needs to be secured for maintenance of that facility and keys located.

Iowa Stored Energy Project – Grunig said that the Utility Commission did not need to make a decision on the Iowa Stored Energy Project until sometime between August 15, - September 15, 2011.

OTHER ELECTRIC ITEMS

Air Conditioner Bonus Bucks – Grunig said that at the present time we have thirty five (35) applications for the air conditioner CIP program. The application process will close at the end of June 2011.

Legislative Update – Grunig said that the Legislative Session has ended without setting a Budget for the next fiscal year. This will leave the State of Minnesota with no education financing, nor energy agency financing and no word on when this process will continue.

REGULAR BILLS

Motion by Johnson, seconded by Francis to approve the Wenck Associates, Inc. bill in the amount of \$4,976.59 and the bill from Bolton Menk, Inc. in the amount of \$480.00. Motion carried 3-0.

OLD BUSINESS

None

NEW BUSINESS

Next meeting date was set for June 22, 2011 at 10:00 a.m. in the City Hall Council Chamber.

Johnson requested that Grunig and Haugen leave the meeting at 12:35 P.M., for a Personnel Issue discussion.

On motion the meeting was adjourned at 1:00 p.m.

Mike Schwalbach, Utility Comm. Chairperson

Attest: _____
Steve Nasby, City Administrator

OFFICE OF COTTONWOOD COUNTY ASSESSOR

900 THIRD AVENUE, WINDOM, MN 56101

(507)-831-2458

GALE BONDHUS, SAMA
COUNTY ASSESSOR

LISA WILL, CMA
DEPUTY ASSESSOR

ALAN CONERS, CMAS
APPRAISER

JEAN GODE, CMA
APPRAISER

JILL DEFRIES
TECHNICIAN

SUSAN AMUNDSON, CMA
OFFICE MANAGER

May 20, 2011

TO: Town Board Supervisors
City Council Members

RE: True County Assessing

I have recommended to the Cottonwood County Board of Commissioners that Cottonwood County move forward with "True County Assessing". There will be a public hearing in regard to "True County Assessing" on Tuesday, June 14, 2011, at 4:00 p.m. at the Cottonwood County Commissioner's Office located in the Cottonwood County Courthouse, 900 Third Avenue, Windom, Minnesota.

The purpose of the meeting is for the County Board to decide if it is in Cottonwood County's best interests to proceed with "True County Assessing". Under "True County Assessing", the county assessor's office is totally responsible for all assessing done in the county. Local townships and cities would no longer hire the local assessors, nor would they budget for assessing services either for a local assessor or by the county.

There are 25 taxing districts in Cottonwood County. Currently, the County Assessor's Office is totally responsible for the assessing in 16 of those districts and bills those districts for assessing services. Of the remaining 9 districts, 5 of the local assessors do not have the necessary credentials, so the County Assessor's Office does the commercial/industrial assessing in those districts and bills back to the townships for those assessing services. The assessors in those 5 districts value the remainder of the properties in their districts and bill their districts. The other 4 districts either do not have commercial/industrial properties, or the local assessor has the necessary credentials for assessing of those properties.

The 9 districts not assessed by the County are assessed by 6 local assessors. In April of 2012, two of those 6 assessors will be retiring, leaving 3 districts without a local assessor. Under current law, those 3 districts have 90 days to employ a new assessor. The assessing responsibility defaults to the County if the local district does not find an assessor. If the County moves forward with "True County Assessing", those 3 districts would be assessed by the County Assessor's Office for the January 2, 2013, assessment.

If the Cottonwood County Board of Commissioners votes to go forward with "True County Assessing", the effective date would be for the January 2, 2013, assessment. The assessing for the 2013 assessment would start on July 1, 2012. Under "True County Assessing", the 25 local taxing districts will no longer have to levy for assessing services. The County would levy for all assessing services for the 2013 levy, and would assume all responsibility for the 2013 assessment and the assessments thereafter.

(Continued)

May 20, 2011
Town Board Supervisors
City Council Members
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The assessing services of any local assessors employed at that time would be terminated by their respective township or city. The local assessor would then contract with Cottonwood County for performing assessing services in their respective taxing districts. The local assessor would receive an IRS Form 1099 through the County for assessing services performed in the previous year.

In the event a local assessor is no longer able to continue assessing his district either due to retirement, illness, etc., the county assessor's office would assume the assessing of that district. The contract assessor would be accountable to the county assessor, not the local taxing district. Failure to perform the contract would result in Cottonwood County not renewing the assessing contract the following year. The Local Boards of Appeal and Equalization hearings will continue to be held as they have in the past.

The eventual goal is that the whole county will have assessing performed through the County Assessor's Office. The purpose of going "True County" is to obtain uniformity and equal treatment of all taxpayers in the County. Going "True County" would enable the county assessor's office a seamless transition into the assessing of the districts after the remaining local assessors retire, move, quit, etc. The local districts do not have to worry about finding an assessor in the 90 day time line.

Minnesota statutes provide that if "True County Assessing" doesn't work, the county board of commissioners can revoke the resolution. The revocation may not be made within 4 years after the resolution to go "True County". In the event of revocation, it would be effective the second assessment following the revocation. The offices of all the township and city assessors would then be filled as provided by charter or law 90 days before the effective date.

At the present time, if the County ends up totally assessing all 25 taxing districts, it appears there would not be a need for additional staff to perform the assessing services. The current work loads would be redistributed to perform those services.

Please contact my office at 507-831-2458 if you have any questions.

Sincerely,



Gale Bondhus
Cottonwood County Assessor

Cc: Cottonwood County Board of Commissioners
Township Clerks
City Clerks and Administrators
Local Assessors

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**A RESOLUTION EXPRESSING SINCERE APPRECIATION TO
JEFFREY SHIRKEY FOR HONORABLE AND DEVOTED PUBLIC SERVICE
TO THE CITY OF WINDOM, MINNESOTA**

WHEREAS, the City of Windom wishes to express grateful recognition and appreciation to **JEFFREY SHIRKEY** for his untiring and valuable service faithfully rendered to the City of Windom commencing on October 25, 1978, through August 31, 2011, initially beginning his career as a Police Officer and later serving as the Chief of Police.

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

1. The City Council, on behalf of its members, City officials, employees of the City of Windom, and the citizens of this community extends to **JEFFREY SHIRKEY** its expressions of appreciation for serving the City well, and its best wishes for good health, success and prosperity in the years to come.

2. That a copy of this resolution be incorporated in the official records of the City Council of the City of Windom and a copy presented to Jeffrey Shirkey.

Adopted this 7th day of June, 2011.

Kirby G. Kruse, Mayor

Attest: _____

Steven Nasby, City Administrator

RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

**A RESOLUTION EXPRESSING SINCERE APPRECIATION TO
BARRY MARCY FOR HONORABLE AND DEVOTED PUBLIC SERVICE
TO THE CITY OF WINDOM, MINNESOTA**

WHEREAS, the City of Windom wishes to express grateful recognition and appreciation to **BARRY MARCY** for his untiring and valuable service faithfully rendered to the City of Windom commencing on March 3, 1978, through July 7, 2011.

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

1. The City Council, on behalf of its members, City officials, employees of the City of Windom, and the citizens of this community extends to **BARRY MARCY** its expressions of appreciation for serving the City well, and its best wishes for good health, success and prosperity in the years to come.

2. That a copy of this resolution be incorporated in the official records of the City Council of the City of Windom and a copy presented to Barry Marcy.

Adopted this 7th day of June, 2011.

Kirby G. Kruse, Mayor

Attest: _____

Steven Nasby, City Administrator



Memo:

Date: 5/23/11
To: Windom City Council
From: Park & Recreation Commission c/o Al Baloun Recreation Director
Re: Recommendation Field Usage Rates
Island Park Ball Fields/Windom Baseball Association

During the Park & Recreation Meeting Held on May 9, 2011, Rahn Larson representing the Windom Baseball Association asked the Park & Recreation Commission to waive the ball field usage rates for the two small fields at Island Park in order for their group to host a youth baseball program for kids in 4-6th grades. They would be using the two ball fields on Mondays, Wednesdays & Fridays from 10:00 am-12:00 noon daily during the summer months. The Baseball Association would take care of all the field prep work and maintenance using their equipment and personnel at no cost to the city. Below is the motion to approve the Windom Baseball Association proposal.

Motion by LaCanne, seconded by Blanshan to permit the Windom Baseball Association to use both the small fields at Island Park for their summer baseball program and the fee for field usage will be waived as long as they do all the field prep work using their own equipment, personnel or labor and materials.

Motion Carried Unanimous

Recommendation to City Council is to approve this request to waive fees as stated above.





Utilities Plus Energy Services Inc.

16864 Highway 10 NW
Elk River, MN 55330
Phone: 763-441-1200
Fax: 763-441-7500

March 29, 2011

Mr. Marv Grunig
Windom Municipal Utilities
444 9th Street
Windom, MN 56101

RE: Study for NESHAP Requirements

Dear Marv:

Mr. Bob Palmquist advised that he talked to you about the letter you received from Ziegler, in regard to new emissions controls. He suggested that we contact you, regarding the proposal that we sent you, for a study of affects of NESHAP regulations for Windom, and how the Ziegler letter ties into that.

The Ziegler letter is a good analysis of the requirements. The letter identifies some of the costs, but does not include all installation costs. Also, there is no discussion of the economic benefits of having the diesels available for service.

We believe that the way for Windom to proceed is to first go ahead with the study that we proposed. The study will include items from the Ziegler letter, including complete installed prices, benefits of having the diesels, and a time frame for construction, should you choose to proceed with emissions controls.

The study will be Phase I. Should you proceed to construction, Phase II, we would propose to provide you a proposal for engineering, receiving bids, and project management for the installation of the emissions controls and monitoring system. Our work under Phase I will be helpful in accomplishing Phase II.

Please let me know your decision, regarding this work. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Michael Thielen".

Michael Thielen
Utilities Plus Energy Services, Inc.



Utilities Plus Energy Services Inc.

16864 Highway 10 NW
Elk River, MN 55330
Phone: 763-441-1200
Fax: 763-441-7500

February 17, 2011

Mr. Marv Grunig, Electric Utility Manager
Windom Municipal Utility
444 9th Street
Windom, MN 56101

Dear Marv:

RE: NESHAP and RICE Rules

Thank you for the opportunity to provide a proposal, relating to the referenced rules for diesel engine electrical generating units. This proposal is herewith submitted.

Utilities Plus Energy Services, Inc. proposes to accomplish work related to these Rules, in two Phases. Phase I includes the study for the work. Phase II includes engineering related to the construction of the improvements. Utilities Plus Energy Services, Inc. proposes to accomplish Phase I for a lump sum of \$3,110. The work will include the following:

1. A representative of Utilities Plus Energy Services, Inc. will travel to the power plant, to meet with the Owner. Information will be obtained on generating units to be included in the study.
2. Review exhaust system, including exhaust silencer for each engine, to see how a new emissions system will fit in.
3. Review interconnection agreement, regarding capacity credits.
4. Communicate with equipment suppliers and contractors to obtain price and delivery information.
5. Review existing permits, regarding proposed changes.
6. Outline RICE requirements.
7. Provide construction schedule.
8. Provide 10 bound copies of report.
9. Present report to staff.

At such time when you decide to consider proceeding with Phase II, Utilities Plus Energy Services, Inc. will be pleased to provide a proposal for engineering this work. Please return 1 copy of this letter signed if you would like us to proceed.

Sincerely,

A handwritten signature in cursive script that reads 'Michael Thielen'.

Michael Thielen
Utilities Plus Energy Services, Inc.

Accepted

By: _____
Title: _____
Date: _____



Springsted

City of Windom, Minnesota

Community Engagement and City Goal Setting

Work Plan

Framework

City governments are under a great amount of pressure to deliver high quality services in a fiscally constrained environment. To that end, elected officials and staff seek to find solutions that require progressive leadership, creative partnerships, cautious risk taking and an investment in their organization, personnel and infrastructure. Recent economic conditions and factors have changed the fabric of our communities. Historically consistent and reliable patterns and trends are no longer valid and all local governments are faced with some tough choices ahead. The impact of the deep recession is causing a revisiting and re-evaluating of local policies and priorities.

The City of Windom recognizes this fact and believes it is important to set aside time to discuss the future. Through a deliberate, focused and involved community engagement and goal setting process the City can successfully evaluate and prioritize its long term direction and goals and ensure that its financial investments match the community interests and their own strategic priorities.

Objectives

The City of Windom is interested in a community engagement process that will support a strategic discussion to identify future priorities and goals. To accomplish this outcome there are three process objectives built into the process.

- Incorporate the *Finding Windom* organization into the communication, community engagement and public input process.
- Focus the City Council and staff on the strategic and policy priorities which will define and determine the future of the community.
- Prepare a plan that is easy to understand, monitor and update.

Outcomes

The success of a goal setting effort is often a function of two clear variables: 1) how easy the plan (report document) is to understand; and 2) how well the plan is integrated into the work flow and daily operations of the City. This planning process, as well as the final product, will consider and include ideas on how the results can be turned into reality. Recommendations will be included which will assist the City Council and staff in the implementation phases of the plan. The written report will be a concise, succinct and easy to understand document.

Community Input

The *Finding Windom* organization will sponsor, provide leadership and be a catalyst for the community input process. The group will work and promote three distinct steps:

- Use Facebook and blogs to solicit ideas and suggestions
- Facilitate, in partnership with Springsted, two community meetings
- Host an on-line survey seeking input on a set of pre-determined questions

The purpose of these three steps is to seek a broad range of community input into the priorities, issues and challenges facing the City. Information will be organized and provided to the City Council at the first planning meeting.

Staff Input

An on-line confidential staff survey will be administered to seek the employees input into the priorities and challenges facing the City. Springsted will prepare a brief survey and seek City approval before proceeding. This survey is not a general purpose staff survey, but will be designed to obtain input for the City Council as they deliberate the future priorities and plans of the City.

Planning Number One

A roundtable discussion will open the first meeting allowing each participant the opportunity to describe his/her desired goals and expectations. The facilitator will make a short presentation to set the stage and prepare the participants for the discussion and process. A presentation on the information and conclusions reached from the staff survey will occur. A discussion will follow on the facilitator and staff survey information.

The results of the community input will be presented to the City officials. The *Finding Windom* representatives will be invited at a designated time to support the presentation and discussion. Discussion will occur on the information learned and the conclusions reached from the community input.

Following each of these steps, a brainstorming session will be held giving each participant an opportunity to express his/her ideas and thoughts about the strengths and areas of need within the community. This will include input on the *highest priorities, biggest challenges and most critical policy issues*.

Planning Meeting Two

Prior to the second meeting the facilitator will organize the information and prepare documents to be used in the discussion. The facilitator will present the information and ideas learned and generated from the first meeting in an organized and structured manner. Emerging strategies, possible goals and policy priorities will be introduced for further elaboration and discussion. The second meeting is designed to address in greater depth the range of subjects that were identified in the first meeting. Several facilitation tools may be used to accomplish the desired outcomes.

Planning Meeting Three

This meeting will present the information in an official and organized format. This session(s) will put all aspects of the plan together in a draft form. Discussion will occur on the draft plan as prepared. It is anticipated that the plan will be formally approved at a future City Council meeting.

Deliverables

- Partner with the *Finding Windom* organization
- Work closely with the City officials throughout the process
- Facilitate City Council and community meetings
- Plan and organize work between meetings
- Author the goal setting plan (report)
 - a. The plan framework is anticipated to be in an outline format. It will include pertinent background information from the discussion at the meetings, community and staff input, a recommended set of strategies, goals and policy priorities. To the extent that action steps are created they too will be included. The plan framework will not be a set of minutes from the discussion or a recap of the process itself.

Costs

The fee for the strategic planning process is \$5,000. In addition, miscellaneous expenses will be incurred and identified; these are anticipated to be related to travel.

David J. Unmacht
Springsted Incorporated
June 3, 2011

MEMORANDUM



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

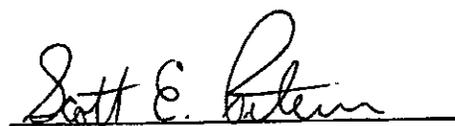
TO: Scott Peterson
FROM: Steve Nasby, City Administrator
DATE: June 3, 2011
RE: Police Chief – Terms of Employment

The Civil Service Commission and I are excited about you joining the City of Windom! To confirm our telephone conversation I have outlined the terms of employment. These terms and the formal offer of employment are subject to final approval by the City Council.

Salary	\$64,438 (Grade 21/Step 6) + 1 Step Increase after Probation Period
Starting Date	on or before July 5, 2011
Council Introduction	June 7, 2011
Vacation	3 weeks (120 hours) per year for the first 7 years of employment 8 th Year of Employment on the Vacation Schedule (City Policy)
Holidays	11 paid holidays (City Policy)
Sick Leave	1 day per month (City Policy)
Retirement	State of Minnesota – PERA Law Enforcement Plan
Deferred Compensation	State of Minnesota (employee's option – no City matching)
Health Insurance	City Health Plan with VEBA – City pays 75% of Premium
Medical\Dependent Care Flex Acct	Available (employee's option – no City contribution)
Life Insurance	City Plan (decreasing term life policy for employee & family)
Probation Period	6 months (all terms according to City Policy).

Please let me know if you have questions about this matter or the City of Windom. I would like to offer any assistance I can provide you regarding relocation. If these terms are acceptable to you, please sign and return this memorandum for our records. Again, I am looking forward to working with you.


 Steve Nasby, City Administrator


 Scott Peterson

MEMORANDUM



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

TO: City Council

FROM: City Administrator

See

DATE: June 1, 2011

RE: Minnesota DNR Grant Agreement – Windom Dam

The Minnesota Department of Natural Resources (DNR) has prepared an amendment to the City's grant agreement for Dam Safety funding (please see attached). This amendment is based on the close-out of the pre-design costs for engineering (which was a 50\50 matching grant) and the City Council's direction to pursue a dam removal option. The DNR dam safety money is eligible to be used for documented costs of additional work needed for a dam removal and for the actual dam removal construction expenses. This amendment also eliminates the 50\50 matching provision of the remaining grant funds.

A second source of DNR funds, through Ecological Services, is currently being discussed and a grant agreement for the use of these funds will be forthcoming.

As previously discussed, the City is also eligible for some funding through U.S. Fish & Wildlife for fish passage. A grant agreement for these funds is also underway and is anticipated to be presented to the City Council in the next 30-60 days.

AMENDMENT NO. 2 TO CFMS GRANT CONTRACT NUMBER B20207

Grant Start Date: <u>September 25, 2008</u>	Total Grant Amount: \$ <u>190,000</u>
Original Grant Expiration Date: <u>June 30, 2013</u>	Original Grant: \$ <u>75,000</u>
Amended Grant Expiration Date: _____	Previous Amendment(s) Total: \$ _____
	Current Amendment: \$ <u>115,000</u>

This amendment is by and between the State of Minnesota, through its Commissioner of Natural Resources (State) and the City of Windom, 444 9th Street, Windom, Minnesota 56101 (Grantee).

Recitals

1. The State has a Grant with the Grantee identified as CFMS GRANT Contract Number B20207 (Original Grant) to provide funding for the renovation, reconstruction, or removal of the Windom Dam.
2. The agreement is being amended to cover 100 % of the costs of dam removal and to increase the amount of the grant.
3. The State and the Grantee are willing to amend the Original Grant as stated below.

Grant Amendment

In this Amendment deleted Grant terms will be struck out and the added Grant terms will be underlined.

REVISION 1. Clause 1.1 of **STATE SHARE** is amended as follows:

- 1.1 The State shall award the Grantee fifty percent (50%) of the ~~total pre-design~~ costs of the authorized Project identified in Section 2.1, hereinafter the "Project", for a total of \$32,679.24 or \$75,000.00, whichever is less, for the costs authorized herein.

The State shall award the Grantee one-hundred percent (100%) of the design and construction costs of the authorized dam removal Project identified in Section 2.1, hereinafter the "Project", or \$75,000.00 \$157,320.76, whichever is less, for the costs authorized herein.

The total obligation of the State for all compensation and reimbursements to Grantee under this Grant shall not exceed ~~\$75,000.00~~ \$190,000.00.

REVISION 2. Clause 2.1 of **PROJECT PLAN** is amended as follows:

- 2.1 The proceeds of this Grant are to be used solely for the Project, which is the ~~renovation, reconstruction, or removal~~ of the Windom Dam located on the Des Moines River in ~~Windom~~ Cottonwood County, Minnesota, in accordance with plans and specifications signed by a professional engineer.

REVISION 3. **EXHIBIT A** is amended as follows:

The Project consists of ~~pre-design and design work for the renovation, reconstruction, or removal~~ of Windom Dam in Section 36 of Great Bend Township (T105N, R36W) in Cottonwood County. In 2011, the City provided direction that they were pursuing strictly a removal project. The dam spillway is a 100 foot-long, 16 foot-high concrete structure that acts as a "drowning machine". In the spring of 2007 the Des Moines River started eroding the left abutment of the dam. The erosion continues to erode the river bank in Island Park and has essentially removed the storage capability of the dam.

Except as amended herein, the terms and conditions of the Original Grant and all previous amendments remain in full force and effect.

AMENDMENT NO. 2 TO CFMS GRANT CONTRACT NUMBER B20207

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. ' ' 16A.15 and 16C.05.

Signed: Brenda Medd

Date: 5/31/11

CFMS Grant No. B20207

2. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the Grant on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

3. STATE AGENCY

By: _____
(with delegated authority)

Title: _____

Date: _____

Distribution:
Agency
Grantee
State's Authorized Representative - Photo Copy

Everstrong Construction, Inc.

36379 U.S. Hwy 71
Redwood Falls, MN 56283
Phone: (507) 644-3616
Fax: (507) 644-8188

Request for Change Order

To: City of Windom
PO Box 38
Windom, MN 56101
Project: Windom 2011 Street Shop

RFC No: 1
Date: 5/17/2011
Description: Column Repair Price Per Column:

Materials - steel @ standard grade	\$223.50
Certified Welder - 4 Hr Labor	400.00
Common Laborer - 3 1/2 Hr Labor	192.50
Welding Equip & Supplies	35.00
Inspection & Mobilization	25.00
Profit & Overhead 20%	<u>175.20</u>
Total (Each Column)	\$1,051.20

8 columns needing repair @ \$1,051.20 = \$8,409.60

The above work is subject to the same conditions as specified in the original contract unless otherwise stipulated.

Upon approval the sum of **\$8,409.60** will be added to the contract price.

Original Contract	\$304,200.00
Other Approved Change Orders	\$0.00
Total Contract to Date	\$304,200.00
This Request	\$8,409.60
Other Pending Requests	\$0.00
Total Contract plus Pending RFCs	\$312,609.60

Authorized Signature: _____

Pete J. Miller
Everstrong Construction, Inc.

Date: _____

5/17/2011

Authorized Signature: _____

City of Windom

Date: _____

Authorized Signature: _____

[Signature]
Wenck Associates

Date: _____

6/2/11

SECTION 00530

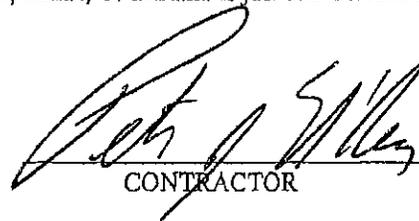
PAYMENT REQUEST FORM

OWNER: City of Windom
PROJECT: 2011 Street Shop Improvements
CONTRACTOR: Everstrong Construction, Inc.

PAY ESTIMATE NO. 2

Original Contract Amount	\$ <u>310,277.50</u>
Contract Changes approved to Date (List Change Order Numbers)	\$ <u>(6,077.50)</u>
Revised Contract Price	\$ <u>304,200.00</u>
Work Completed to Date (see attached)	\$ <u>119,764.50</u>
Retainage to Date, 5%	\$ <u>(5,988.23)</u>
Work Completed to Date Less Retainage to Date	\$ <u>113,776.27</u>
Total Amount Previously Certified	\$ <u>33,278.50</u>
Payment Request This Estimate	\$ <u>80,497.77</u>

I declare under penalty of perjury that this account, claim, or demand is just and correct and that no part of it has been paid.


CONTRACTOR

SCHEDULE OF PRICES

BIDDER agrees to perform all of the work described in the CONTRACT DOCUMENTS for the following unit prices or lump sums:

NOTE: BIDS shall include sales tax and all applicable taxes and fees.

BIDDER must fill in unit prices in numerals, make extension for each item and total.

ITEM	UNIT	UNIT	ESTIMATED	AMOUNT	Amount Applied For
		PRICE	QUANTITY		
<u>OPTION 1 - SPRAY FOAM INSULATION</u>					
Remove Steel Wall Panel	S. F.	\$ <u>.60</u>	8500	\$ <u>5,100.00</u>	90% \$ 4,590.00
Remove Steel Roof Panel	S.F.	\$ <u>.60</u>	15000	\$ <u>9,000.00</u>	75% \$ 6,750.00
Remove West Overhead Door	Each	\$ <u>300.00</u>	1	\$ <u>300.00</u>	
Furnish & Install 26 Gauge Steel Wall Panel	S.F.	\$ <u>3.00</u>	8500	\$ <u>25,500.00</u>	90% \$22,950.00
Furnish & Install 26 Gauge Steel Roof Sheeting	S.F.	\$ <u>2.60</u>	15000	\$ <u>39,000.00</u>	75% \$29,250.00
Furnish & Install Wall Insulation	S.F.	\$ <u>2.78</u>	8500	\$ <u>23,630.00</u>	75% \$17,722.50
Furnish & Install Roof Insulation	S.F.	\$ <u>2.35</u>	15000	\$ <u>35,250.00</u>	40% \$14,100.00
Furnish & install East Ventilation System	EA.	\$ <u>73,500.00</u>		\$ <u>73,500.00</u>	
Furnish & install West Ventilation System	EA.	\$ <u>36,750</u>	1	\$ <u>36,750.00</u>	

ITEM	UNIT	UNIT PRICE	ESTIMATED QUANTITY	AMOUNT		
<u>OPTION 1 - SPRAY FOAM INSULATION - CONTINUED</u>						
Furnish & Install Movable Ventilation System	EA.	\$ <u>9,143</u>	1	\$ <u>9,143.00</u>		
Exterior Doors with Lever Handles	EA.	\$ <u>1,680.00</u>	3	\$ <u>5,040.00</u>	100%	\$ 5,040.00
Lever Handles for Interior Doors	EA.	\$ <u>275.00</u>	12	\$ <u>3,300.00</u>		
Remove & Replace Windows: 72" x 36"	EA.	\$ <u>544.00</u>	8	\$ <u>4,352.00</u>	100%	\$ 4,352.00
60" x 36"	EA.	\$ <u>532.00</u>	1	\$ <u>532.00</u>		532.00
40" x 40"	EA.	\$ <u>507.00</u>	1	\$ <u>507.00</u>		507.00
32" x 32"	EA.	\$ <u>481.00</u>	1	\$ <u>481.00</u>		481.00
Remove & Replace Overhead Door & Opener (East)	EA.	\$ <u>4,200.00</u>	1	\$ <u>4,200.00</u>	75%	\$ 3,150.00
Remove & Reinstall Center Overhead Door & Opener (West)	EA.	\$ <u>1,500.00</u>	1	\$ <u>1,500.00</u>		
1-hour Firewall	L.F.	\$ <u>35.00</u>	60	\$ <u>2,100.00</u>	100%	\$ 2,100.00
40-Min. fire Door	EA.	\$ <u>1,050.00</u>	1	\$ <u>1,050.00</u>	100%	\$ 1,050.00
1-Hour Overhead Door (Interior Wall)	EA.	\$ <u>10,085.00</u>	1	\$ <u>10,085.00</u>		
OPTION 1 - TOTAL:				\$ <u>290,320.00</u>		
Salvage value of removed steel				\$ <u>1,000.00</u>		

OPTION 4 - WEST STORAGE SHED

Remove Steel
Wall Panel S.F. \$ 160 1200 \$ 720.00 100% \$ 720.00

Page 10

OPTION 4 - WEST STORAGE SHED-CONTINUED

ITEM	UNIT	UNIT PRICE	ESTIMATED QUANTITY	AMOUNT	
Remove Steel Roof Panel	S.F.	\$ <u>160</u>	850	\$ <u>519.00</u>	100% \$ 510.00
Remove Overhead Door	Each	\$ <u>300.00</u>	1	\$ <u>300.00</u>	100% \$ 300.00
Furnish & Install 26 Gauge Steel Wall Panel	S.F.	\$ <u>3.00</u>	1200	\$ <u>3,600.00</u>	75% \$ 2,700.00 PJU Everstrom
Furnish & Install 26 Gauge Steel Roof Sheeting	S.F.	\$ <u>2.60</u>	850	\$ <u>2,210.00</u>	100% \$ 2,210.00 PJU Everstrom
Furnish & Install Wall Insulation	S.F.	\$ <u>3.40</u>	1200	\$ <u>4,080.00</u>	Deleted
Furnish & Install Roof Insulation	S.F.	\$ <u>2.35</u>	850	\$ <u>1,997.50</u>	Deleted
Exterior Doors with Lever Handles	EA.	\$ <u>1,680.00</u>	3	\$ <u>5,040.00</u>	PJU
Remove & Replace Overhead	EA.	\$ <u>1,500.00</u>	1	\$ <u>1,500.00</u>	50% \$ 750.00 PJU Everstrom
OPTION 4 - TOTAL:				\$ <u>34,231.50</u>	

Salvage value of removed steel \$ 100.00

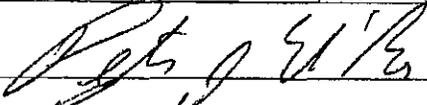
TOTAL \$119,764.50

CERTIFICATE OF CONTRACTOR

I hereby certify that the work and the materials supplied to date, as shown on the request for payment, represents the actual value of accomplishment under the terms of the contract dated

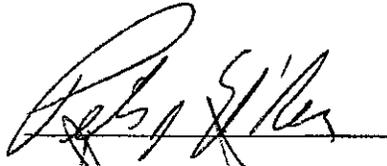
March 16, 2011 between CITY OF WINDOM (OWNER)

and Everstrong Construction (CONTRACTOR) and all authorized changes thereto.

By Everstrong Construction, Inc.

Title President

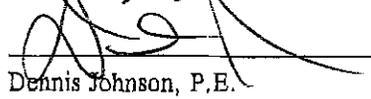
Approval:

CONTRACTOR



Date May 31, 2011

WENCK ASSOCIATES, INC.


Dennis Johnson, P.E.

Date 6/2/11

CITY OF WINDOM

Date _____

END OF SECTION

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	BEIM CONSULTING	WEB SITE REDESIGN	48.00
MAYOR & COUNCIL	CONVENT. & VISTOR BU	LODGING TAX	1,576.05
MAYOR & COUNCIL	MN CITY/COUNTY MANAG	DUES	121.08
	Total for Department 101		1,745.13*
CITY OFFICE	BEIM CONSULTING	WEB SITE REDESIGN	48.00
CITY OFFICE	COALITION OF GREATER	REGISTRATION	110.00
CITY OFFICE	SELECTACCOUNT	ADM FEE	80.52
	Total for Department 103		238.52*
P & Z / BUILDING OFF	BEIM CONSULTING	WEB SITE REDESIGN	48.00
	Total for Department 106		48.00*
CITY HALL	MN ENERGY RESOURCES	HEATING	678.84
	Total for Department 115		678.84*
POLICE	BEIM CONSULTING	WEB SITE REDESIGN	48.00
POLICE	Verizon Wireless	TELEPHONE CHARGER	38.04
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,146.20
POLICE	UNICEL	TELEPHONE	187.68
POLICE	WATONWAN COUNTY	MAINTENANCE	500.40
	Total for Department 120		2,920.32*
FIRE DEPARTMENT	BEIM CONSULTING	WEB SITE REDESIGN	48.00
FIRE DEPARTMENT	QUEST	TELEPHONE	58.86
	Total for Department 125		106.86*
STREET	AMUNDSON DIG	MAINTENANCE	50.00
STREET	BEIM CONSULTING	WEB SITE REDESIGN	48.00
STREET	ERICKSON OIL CO	GAS	365.15
STREET	NORTHLAND CHEMICAL C	SUPPLIES	79.40
STREET	QUEST	TELEPHONE	58.86
STREET	MN ENERGY RESOURCES	HEATING	699.13
	Total for Department 140		1,300.54*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	128.00
	Total for Department 145		128.00*
RECREATION	BEIM CONSULTING	WEB SITE REDESIGN	48.00
	Total for Department 150		48.00*
PARKS	BEIM CONSULTING	WEB SITE REDESIGN	48.00
PARKS	ERICKSON OIL CO	GAS	102.42
	Total for Department 165		150.42*
GENERAL	EAGLE APPLIANCE RECY	APPLIANCE PICK UP	1,250.00
GENERAL	CHARLES BRANDT	REFUND - APPLIANCE TAGS	20.00
GENERAL	JAN DONAHUE	REFUND - APPLIANCE TAGS	40.00
GENERAL	CAROL KRUEGER	REFUND - APPLIANCE TAGS	20.00
GENERAL	JACK MALMGREN	REFUND - APPLIANCE TAG	10.00
GENERAL	JOHN MEYER	REFUND - APPLIANCE TAG	10.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
GENERAL	CLYDE MORET	REFUND - TABLES	60.00
GENERAL	RESIDENTIAL ADVANTAG	REFUND - APPLIANCE TAG	10.00
GENERAL	VILMA RODES	REFUND - APPLIANCE TAG	10.00
GENERAL	BURDELL SYMENS	REFUND - APPLIANCE TAGS	20.00
GENERAL	CONNIE WARD	REFUND - APPLIANCE TAG	10.00
	Total for Department 201		1,460.00*
	Total for Fund 01		8,824.63*
SEH		18TH AVE STORM WATER PRO	3,299.01
	Total for Department		3,299.01*
	Total for Fund 02		3,299.01*
LIBRARY	BEIM CONSULTING	WEB SITE REDESIGN	48.00
LIBRARY	MN ENERGY RESOURCES	HEATING	618.69
	Total for Department 171		666.69*
	Total for Fund 03		666.69*
	MTI DISTRIBUTING, IN MAINTENANCE		18,741.02
	Total for Department		18,741.02*
	Total for Fund 11		18,741.02*
AMBULANCE	BEIM CONSULTING	WEB SITE REDESIGN	48.00
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	84.64
AMBULANCE	Verizon Wireless	TELEPHONE	98.10
AMBULANCE	QUEST	TELEPHONE	58.86
AMBULANCE	KIM POWERS	EXPENSE	33.21
AMBULANCE	ALLAN REMPEL	EXPENSE	2.01
AMBULANCE	WINDOM AREA HOSPITAL	TESTING	90.00
	Total for Department 176		414.82*
	Total for Fund 13		414.82*
MULTI-PURPOSE BUILDI	APPEL REFRIGERATION	MAINTENANCE	83.77
MULTI-PURPOSE BUILDI	CREATIVE DESIGN	SERVICE	256.00
MULTI-PURPOSE BUILDI	MARTIN'S FLAG COMPAN	SUPPLIES	287.64
MULTI-PURPOSE BUILDI	MN DEPT OF HEALTH	HOSPITALITY FEE	35.00
	Total for Department 177		662.41*
	Total for Fund 14		662.41*
SCDP	SW MN HOUSING PARTNE	DEED FISCAL PAY REQUEST	2,540.00
	Total for Department 163		2,540.00*
	Total for Fund 17		2,540.00*
LIQUOR	BEIM CONSULTING	WEB SITE REDESIGN	48.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	5,059.00
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	294.44
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,618.59
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	5,374.70
LIQUOR	JOHNSON BROS.	MERCHANDISE	5,789.63
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,269.70
LIQUOR	VINOCOPIA, INC	MERCHANDISE	206.50
LIQUOR	CAMPUS CLEANERS	SERVICE	20.05
	Total for Department 180		22,680.61*
	Total for Fund 60		22,680.61*
WATER	BEIM CONSULTING	WEB SITE REDESIGN	48.00
WATER	HAWKINS, INC	CHEMICALS	1,131.28
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.38
WATER	MN DEPT OF HEALTH	REGISTRATION	60.00
WATER	QUEST	TELEPHONE	58.86
	Total for Department 181		1,457.52*
	Total for Fund 61		1,457.52*
	LEROY BAERG	REFUND - METER DEPOSIT	20.00
	WENDY GRAVLEY	REFUND - METER DEPOSIT	20.00
	JOSEPH HAROLD	REFUND - METER DEPOSIT	20.00
	NORMA KRUSE	REFUND - METER DEPOSIT	10.00
	JULIE LANGE	REFUND - METER DEPOSIT	10.00
	SANDY MADSEN	REFUND - METER DEPOSIT	10.00
	EUGENE NOLTE	REFUND - METER DEPOSIT	20.00
	BARB PIEPER	REFUND - METER DEPOSIT	20.00
	LEAH REHNELT	REFUND - METER DEPOSIT	20.00
	HARVEY RIENTS	REFUND - METER DEPOSIT	20.00
	JOSEPHINE SIMICH	REFUND - METER DEPOSIT	20.00
	KIM SINNAMON	REFUND - METER DEPOSIT	20.00
	AL SOREM	REFUND - METER DEPOSIT	10.00
	LYNN SPOLARICH	REFUND - UTILITY PREPAYM	145.00
	U.S. BANK HOME MORT	REFUND - STATEMENT CREDI	5.23
	ROBERT WOOD	REFUND - METER DEPOSIT	20.00
	ED YONKER	REFUND - METER DEPOSIT	20.00
	Total for Department		410.23*
ELECTRIC	BEIM CONSULTING	WEB SITE REDESIGN	48.00
ELECTRIC	CENTRAL MINNESOTA MU	CIP SERVICE ASESMENT	4,083.00
ELECTRIC	DEFRIES COLLISION CE	MAINTENANCE	383.00
ELECTRIC	DELL MARKETING L.P.	MAINTENANCE	34.40
ELECTRIC	MARV GRUNIG	EXPENSE	105.00
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.38
ELECTRIC	LAMPERTS YARDS, INC.	ENERGY REBATE	1,470.00
ELECTRIC	QUEST	TELEPHONE	55.42
ELECTRIC	SPLIT ROCK LANDSCAPE	MAINTENANCE	117.88
ELECTRIC	DEPARTMENT OF ENERGY	POWER COST	82,349.23

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	CARMEL BENSON	ENERGY REBATE	600.00
ELECTRIC	DEANNA BENSON	ENERGY REBATE	600.00
ELECTRIC	BOB CHRISTOPHERSON	ENERGY REBATE	600.00
ELECTRIC	GARY ENGER	ENERGY REBATE	600.00
ELECTRIC	U.S. BANK HOME MORT	REFUND - STATEMENT CREDI	76.20
	Total for Department 182		91,281.51*
	Total for Fund 62		91,691.74*
SEWER	BEIM CONSULTING	WEB SITE REDESIGN	48.00
SEWER	ERICKSON OIL CO	GAS	97.93
SEWER	HAWKINS, INC	CHEMICALS	10.00
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.38
SEWER	QUEST	TELEPHONE	260.62
SEWER	MN ENERGY RESOURCES	HEATING	297.64
SEWER	SUNSHINE FILTERS	MAINTENANCE	358.30
SEWER	WINDOM TOWING CO	TIRES	25.34
SEWER	WYFFELS PIT SERVICE,	HAUL SLUDGE	5,453.68
	Total for Department 183		6,710.89*
	Total for Fund 63		6,710.89*
ARENA	AL BALOUN	EXPENSE	153.00
ARENA	BEIM CONSULTING	WEB SITE REDESIGN	48.00
ARENA	GCC ALLIANCE CONCRET	MAINTENANCE	856.71
ARENA	MN DEPT OF HEALTH	HOSPITALITY FEE	35.00
	Total for Department 184		1,092.71*
	Total for Fund 64		1,092.71*
ECONOMIC DEVELOPMENT	COTTONWOOD CTY RECOR	RECORDING FEE	46.00
ECONOMIC DEVELOPMENT	GODFATHER'S PIZZA	EXPENSE	24.29
ECONOMIC DEVELOPMENT	MARK HANSON	EXPENSE	103.02
	Total for Department 187		173.31*
	Total for Fund 67		173.31*
RIVERBLUFF ESTATES	BRADY POWERS	MOWING	328.00
	Total for Department 166		328.00*
	Total for Fund 68		328.00*
	SHAINA CAVINESS	REFUND - STATEMENT CREDI	.31
	ROLAND DIAZ	REFUND - STATEMENT CREDI	.55
	LEAH PALM	REFUND - STATEMENT CREDI	.26
	Total for Department		1.12*
TELECOMMUNICATIONS	B B C AMERICA	SUBSCRIBER	19.86
TELECOMMUNICATIONS	BIG TEN NETWORK	SUBSCRIBER	1,590.23
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBER	42.01

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	CNN - TURNER NETWORK	SUBSCRIBER	840.18
TELECOMMUNICATIONS	COMCAST MEDIA CENTER	SUBSCRIBER	19.80
TELECOMMUNICATIONS	DISCOVERY DIGITAL NE	SUBSCRIBER	35.92
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	478.11
TELECOMMUNICATIONS	HUB TELEVISION NETWO	SUBSCRIBER	8.98
TELECOMMUNICATIONS	HY-VEE FOOD STORE	BLANDIN MIRC	141.98
TELECOMMUNICATIONS	KARE	SUBSCRIBER	516.80
TELECOMMUNICATIONS	LIFETIME	SUBSCRIBER	712.88
TELECOMMUNICATIONS	LIFETIME MOVIE NETWO	SUBSCRIBER	30.00
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	SUBSCRIBER	21,984.98
TELECOMMUNICATIONS	OWN	SUBSCRIBER	19.04
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	72.73
TELECOMMUNICATIONS	RFD TV	SUBSCRIBER	198.59
TELECOMMUNICATIONS	SHOWTIME NETWORKS IN	SUBSCRIBER	303.60
TELECOMMUNICATIONS	TBS - TURNER NETWORK	SUBSCRIBERS	738.34
TELECOMMUNICATIONS	TCM - TURNER NETWORK	SUBSCRIBER	388.27
TELECOMMUNICATIONS	TNT - TURNER NETWORK	SUBSCRIBER	1,683.54
TELECOMMUNICATIONS	TOWER DISTRIBUTION C	SUBSCRIBER	226.12
TELECOMMUNICATIONS	SHAINA CAVINESS	REFUND - STATEMENT CREDI	4.65
TELECOMMUNICATIONS	ROLAND DIAZ	REFUND - STATEMENT CREDI	8.02
TELECOMMUNICATIONS	LEAH PALM	REFUND - STATEMENT CREDI	3.82
	Total for Department 199		30,068.45*
	Total for Fund 69		30,069.57*
	LAW ENFORCMENT LABOR UNION DUES		252.00
	LOCAL UNION #949 UNION DUES		1,507.52
	Total for Department		1,759.52*
	Total for Fund 70		1,759.52*
	Grand Total		191,112.45*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	CONVENT. & VISTOR BU	LODGING TAX	2,316.16
MAYOR & COUNCIL	SW MN HOUSING PARTNE	GRANT FOR SW MN HOUSING	28,775.00
	Total for Department 101		31,091.16*
CITY OFFICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.40
	Total for Department 103		20.40*
CITY HALL	JOE'S LAWN CARE	BOILER INSPECTION	22.50
CITY HALL	JOE'S LAWN CARE	MOW LAWN	35.00
	Total for Department 115		57.50*
POLICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
	Total for Department 120		10.18*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	174.71
	Total for Department 125		174.71*
STREET	AMOCO OIL COMPANY	GAS	478.11
	Total for Department 140		478.11*
RECREATION	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
	Total for Department 150		10.18*
GENERAL	KATHY CROWELL	REFUND-UN-USED PICNIC TA	30.00
	Total for Department 201		30.00*
	Total for Fund 01		31,872.24*
LIBRARY	DAWN AAMOT	MILEAGE	87.72
LIBRARY	DAWN AAMOT	SUPPLIES	52.92
LIBRARY	JOE'S LAWN CARE	BOILER INSPECTION	22.50
LIBRARY	JOE'S LAWN CARE	MOW LAWN	35.00
LIBRARY	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	5.09
	Total for Department 171		203.23*
	Total for Fund 03		203.23*
	EVERSTRONG CONSTRUCT	STREET IMP PROJECT	33,278.50
	Total for Department		33,278.50*
	Total for Fund 04		33,278.50*
POOL	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	5.09
	Total for Department 175		5.09*
	Total for Fund 12		5.09*
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	749.71
MULTI-PURPOSE BUILDI	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
	Total for Department 177		759.89*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Fund 14			759.89*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	6,049.55
LIQUOR	COLLINS BROTHERS, IN	MERCHANDISE	300.40
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,643.18
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	10,039.05
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	476.28
LIQUOR	JOHNSON BROS.	MERCHANDISE	1,013.19
LIQUOR	MN ENERGY RESOURCES	HEATING	74.11
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	1,622.33
LIQUOR	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
LIQUOR	BANK MIDWEST	NSF CHECK	21.85
LIQUOR	WINE MERCHANTS	MERCHANDISE	262.50
Total for Department 180			22,522.80*
Total for Fund 60			22,522.80*
WATER	AMUNDSON DIG	MAINTENANCE	252.50
WATER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	160.43
WATER	MN ENERGY RESOURCES	HEATING	701.39
WATER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
WATER	WENCK ASSOCIATES, IN	LANDFILL	4,976.59
Total for Department 181			6,163.52*
Total for Fund 61			6,163.52*
	B & B TRANSFORMER	INVENTORY	18,516.10
	DELL MARKETING L.P.	COMPUTER	2,252.98
	ELECTRIC FUND	REF-UT PREPAYMENT-S. HOP	300.00
Total for Department			21,069.08*
ELECTRIC	AMOCO OIL COMPANY	GAS	906.14
ELECTRIC	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	160.43
ELECTRIC	CHERYL LILLEGAARD	SUPPLIES	483.05
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	149.35
ELECTRIC	MN ENERGY RESOURCES	HEATING	65.65
ELECTRIC	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
ELECTRIC	ZIEGLER, INC.	MAINTENANCE AGREEMENT	29,080.68
Total for Department 182			30,917.91*
Total for Fund 62			51,986.99*
SEWER	AMOCO OIL COMPANY	GAS	294.47
SEWER	BOLTON & MENK, INC.	SERVICE	480.00
SEWER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	160.41
SEWER	DUANE W. NIELSEN COM	SERVICE	546.27
SEWER	MN ENERGY RESOURCES	HEATING	64.92

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	VERIZON WIRELESS / P	SUPPLIES	21.36
SEWER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	32.56
SEWER	MN MANURE SPECIALIST	SUPPLIES	378.48
		Total for Department 183	2,030.72*
		Total for Fund 63	2,030.72*
ARENA	MN ENERGY RESOURCES	HEATING	330.87
ARENA	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	18.32
		Total for Department 184	349.19*
		Total for Fund 64	349.19*
	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	715.65
	FULDA AREA CREDIT UN	SET UP SAVINGS FOR EDA S	50.00
		Total for Department	765.65*
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	233.85
		Total for Department 187	233.85*
		Total for Fund 67	999.50*
RIVERBLUFF ESTATES	BRADY POWERS	MOWING	144.00
		Total for Department 166	144.00*
		Total for Fund 68	144.00*
TELECOMMUNICATIONS	DATA-PAC MAILING SYS	MAIL METER RENTAL	156.75
TELECOMMUNICATIONS	DISH NETWORK	SERVICE	3,400.00
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.95
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	481.23
TELECOMMUNICATIONS	NEW STAR SALES & SER	COPIER MAINT.	35.00
TELECOMMUNICATIONS	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	30.54
TELECOMMUNICATIONS	UNIVERSAL SERVICE AD	USER FEES	1,002.92
TELECOMMUNICATIONS	BANK MIDWEST	NSF CHECK	37.95
TELECOMMUNICATIONS	WINDOM BOOSTER CLUB	AD	225.00
TELECOMMUNICATIONS	WINDOM WOMEN OF TODA	AD	100.00
		Total for Department 199	5,513.34*
		Total for Fund 69	5,513.34*
	AFLAC	INSURANCE	391.20
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDM01	1,202.00
	MN BENEFIT ASSOCIATI	INSURANCE	262.28
		Total for Department	1,855.48*
		Total for Fund 70	1,855.48*
		Grand Total	157,684.49*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
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CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	LEAGUE OF MN CITIES	INSURANCE	149.00
	Total for Department 101		149.00*
CITY OFFICE	LEAGUE OF MN CITIES	INSURANCE	1,129.40
CITY OFFICE	MII LIFE	VEBA	198.40
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
CITY OFFICE	PITNEY BOWES	SUPPLIES	35.42
	Total for Department 103		1,443.22*
P & Z / BUILDING OFF	LEAGUE OF MN CITIES	INSURANCE	551.40
P & Z / BUILDING OFF	Verizon Wireless	TELEPHONE	34.05
P & Z / BUILDING OFF	MII LIFE	VEBA	148.80
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
	Total for Department 106		758.25*
CITY HALL	SANDRA HERDER	CLEANING	358.12
CITY HALL	LEAGUE OF MN CITIES	INSURANCE	750.00
CITY HALL	MELISSA PENAS	CLEANING	358.13
	Total for Department 115		1,466.25*
POLICE	LEAGUE OF MN CITIES	INSURANCE	3,378.11
POLICE	MII LIFE	VEBA	1,584.64
POLICE	MN NCPERS LIFE INSUR	INSURANCE	240.00
	Total for Department 120		5,202.75*
FIRE DEPARTMENT	LEAGUE OF MN CITIES	INSURANCE	4,833.90
FIRE DEPARTMENT	Verizon Wireless	TELEPHONE	34.05
	Total for Department 125		4,867.95*
ANIMALS	LEAGUE OF MN CITIES	INSURANCE	107.00
	Total for Department 135		107.00*
STREET	LEAGUE OF MN CITIES	INSURANCE	7,959.61
STREET	Verizon Wireless	TELEPHONE	37.49
STREET	MII LIFE	VEBA	841.92
STREET	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 140		8,919.02*
RECREATION	LEAGUE OF MN CITIES	INSURANCE	400.00
RECREATION	KELLY CAVINESS	REFUND - REC FEE	30.00
	Total for Department 150		430.00*
PARKS	LEAGUE OF MN CITIES	INSURANCE	13,197.90
PARKS	MII LIFE	VEBA	185.68
PARKS	MN NCPERS LIFE INSUR	INSURANCE	16.00
	Total for Department 165		13,399.58*
	Total for Fund 01		36,743.02*
LIBRARY	SANDRA HERDER	CLEANING	358.13
LIBRARY	LEAGUE OF MN CITIES	INSURANCE	2,847.40

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIBRARY	MELISSA PENAS	CLEANING	358.12
		Total for Department 171	3,563.65*
		Total for Fund 03	3,563.65*
AIRPORT	LEAGUE OF MN CITIES	INSURANCE	9,281.00
AIRPORT	SO. CENTRAL ELECTRIC	POWER COST	415.32
		Total for Department 174	9,696.32*
		Total for Fund 11	9,696.32*
POOL	LEAGUE OF MN CITIES	INSURANCE	2,062.00
POOL	SALLY OLTMANNNS	PETTY CASH - POOL	75.00
		Total for Department 175	2,137.00*
		Total for Fund 12	2,137.00*
AMBULANCE	VAUGHN CORWIN	EXPENSE	114.16
AMBULANCE	LONDA FOSHEIM	EXPENSE	139.21
AMBULANCE	LEAGUE OF MN CITIES	INSURANCE	2,666.40
		Total for Department 176	2,919.77*
		Total for Fund 13	2,919.77*
MULTI-PURPOSE BUILDI	LEAGUE OF MN CITIES	INSURANCE	9,210.00
MULTI-PURPOSE BUILDI	Verizon Wireless	TELEPHONE	34.05
MULTI-PURPOSE BUILDI	MII LIFE	VEBA	284.88
MULTI-PURPOSE BUILDI	MN NCPERS LIFE INSUR	INSURANCE	32.00
		Total for Department 177	9,560.93*
		Total for Fund 14	9,560.93*
N IND PARK	SO. CENTRAL ELECTRIC	POWER COST	34.01
		Total for Department 147	34.01*
		Total for Fund 18	34.01*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	10,654.05
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	335.00
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	8,303.40
LIQUOR	LEAGUE OF MN CITIES	INSURANCE	10,726.11
LIQUOR	MII LIFE	VEBA	371.36
LIQUOR	MN DEPT OF AGRICULTU	LICENSE	55.00
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00
LIQUOR	S&K LINES	FREIGHT	313.58
LIQUOR	THE AMERICAN BOTTLIN	MERCHANDISE	93.92
LIQUOR	BANK MIDWEST	NSF CHECK	166.82
		Total for Department 180	31,051.24*
		Total for Fund 60	31,051.24*

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.38
WATER	LEAGUE OF MN CITIES	INSURANCE	12,363.62
WATER	Verizon Wireless	TELEPHONE	57.22
WATER	MII LIFE	VEBA	374.54
WATER	MN NCPERS LIFE INSUR	INSURANCE	24.00
WATER	RED ROCK RURAL WATER	WATER	23.50
	Total for Department 181		13,002.26*
	Total for Fund 61		13,002.26*
	ELECTRIC FUND	REF-UT PREPAYMENT-G IRAC	300.00
	SAUL RECINOS	REFUND - UTILITY PREPAYM	300.00
	Total for Department		600.00*
ELECTRIC	MARV GRUNIG	EXPENSE	140.00
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.37
ELECTRIC	J. H. LARSON	SUPPLIES/MAINTENANCE	1,682.81
ELECTRIC	LEAGUE OF MN CITIES	INSURANCE	26,737.63
ELECTRIC	Verizon Wireless	TELEPHONE	39.39
ELECTRIC	MII LIFE	VEBA	1,049.86
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
ELECTRIC	BRAD BUSSA	CLEANING	184.60
ELECTRIC	BANK MIDWEST	NSF CHECK	187.01
ELECTRIC	BANK MIDWEST INSURAN	BOILER INSURANCE	38,695.00
ELECTRIC	BLAIR GROVE	ENERGY REBATE	150.00
ELECTRIC	JASON HARNACK	ENERGY REBATE	50.00
ELECTRIC	DUANE HOGGE	ENERGY REBATE	75.00
ELECTRIC	MONTY RABBE	ENERGY REBATE	25.00
ELECTRIC	DEAN SCHOEB	ENERGY REBATE	75.00
ELECTRIC	PAIGE SPIELMAN	ENERGY REBATE	50.00
ELECTRIC	DICK TORKELSON	ENERGY REBATE	50.00
ELECTRIC	JIM TUCCI	ENERGY REBATE	725.00
ELECTRIC	TOM VOTH	ENERGY REBATE	50.00
ELECTRIC	NICHOLAS ZUEHLKE	ENERGY REBATE	50.00
ELECTRIC	DORIS BACON	ENERGY REBATE	850.00
ELECTRIC	RICHARD BORSGARD	ENERGY REBATE	600.00
ELECTRIC	ERMA JOHNSON	ENERGY REBATE	600.00
ELECTRIC	WES LEE	ENERGY REBATE	600.00
ELECTRIC	RICHARD & IRENE MENK	ENERGY REBATE	600.00
ELECTRIC	RODNEY NICKEL	ENERGY REBATE	600.00
ELECTRIC	RALPH ROBINSON	ENERGY REBATE	750.00
ELECTRIC	LAVERNE & MARILYN SE	ENERGY REBATE	600.00
ELECTRIC	CAROLYN TORKELSON	ENERGY REBATE	600.00
ELECTRIC	REBECCA TSCHETTER	ENERGY REBATE	600.00
ELECTRIC	ROBERT VISKER	ENERGY REBATE	750.00
	Total for Department 182		77,421.67*
	Total for Fund 62		78,021.67*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	159.38

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	LEAGUE OF MN CITIES	INSURANCE	12,749.61
SEWER	Verizon Wireless	TELEPHONE	57.22
SEWER	MII LIFE	VEBA	745.90
SEWER	MN NCPERS LIFE INSUR	INSURANCE	56.00
	Total for Department 183		13,768.11*
	Total for Fund 63		13,768.11*
ARENA	ELECTRIC FUND	MAINTENANCE	32.42
ARENA	LEAGUE OF MN CITIES	INSURANCE	7,129.61
ARENA	Verizon Wireless	TELEPHONE	68.70
ARENA	MII LIFE	VEBA	371.36
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 184		7,634.09*
	Total for Fund 64		7,634.09*
RIVERBLUFF TOWNHOMES	LEAGUE OF MN CITIES	INSURANCE	7,009.00
	Total for Department 186		7,009.00*
	Total for Fund 66		7,009.00*
	FULDA AREA CREDIT UN SPEC BLDG LOAN		2,187.53
	Total for Department		2,187.53*
ECONOMIC DEVELOPMENT	LEAGUE OF MN CITIES	INSURANCE	4,885.40
ECONOMIC DEVELOPMENT	MII LIFE	VEBA	235.28
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	24.00
ECONOMIC DEVELOPMENT	FULDA AREA CREDIT UN SPEC BLDG LOAN		1,172.47
	Total for Department 187		6,317.15*
	Total for Fund 67		8,504.68*
RIVERBLUFF ESTATES	LEAGUE OF MN CITIES	INSURANCE	272.00
	Total for Department 166		272.00*
	Total for Fund 68		272.00*
	MN 9-1-1 PROGRAM	911 SERVICE	1,075.92
	Total for Department		1,075.92*
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	478.12
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	INSURANCE	10,108.90
TELECOMMUNICATIONS	Verizon Wireless	TELEPHONE	241.63
TELECOMMUNICATIONS	MII LIFE	VEBA	665.78
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	QUEST	TELEPHONE	104.90
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	232.94
	Total for Department 199		11,896.27*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount

		Total for Fund 69	12,972.19*
	MN NCPERS LIFE INSUR	INSURANCE	32.00
		Total for Department	32.00*
		Total for Fund 70	32.00*
		Grand Total	236,921.94*



Planning for a Potential State Shutdown

This area of the website was created to provide information and ongoing updates to member cities on a potential state government shutdown.

Check back often for new information—over the coming days and weeks, this area will be a place where you can:

- Share your questions and concerns with League staff.
- View key considerations cities need to be thinking about.
- Access the latest updates from state agencies.
- Receive guidance on a wide range of "what if" scenarios.

Get the latest information on these topics:

- **Info from State Agencies** (*Link to: <http://www.lmc.org/page/1/infostateagencies.jsp>*)
- **Potential 2011 Shutdown Vs. 2005 Shutdown: Similarities & Differences** (*Link to: <http://www.lmc.org/page/1/2011vs2005.jsp>*)
- **Possible Delay in LGA and MVHC Payments** (*Link to: <http://www.lmc.org/page/1/possibledelaypayments.jsp>*)
- **Status of Bills** (*Link to: <http://www.lmc.org/page/1/statusofbills.jsp>*)

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

Your LMC Resource

Contact Gary Carlson

IGR Director

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

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

Contact Anne Finn

Assistant IGR Director

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

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



Info from State Agencies

With the uncertainty surrounding the state budget and a special session, League staff have contacted more than 20 state agencies to discuss the potential implications of a state government shutdown.

At this point, it appears that state agencies are working under the assumption that a process to identify "core services" similar to that used during the **2005 partial state government shutdown** (*Link to: <http://www.leg.state.mn.us/edocs/edocs.aspx?oclcnumber=62156964>*) will again be used.

Agencies have just begun the process of identifying the potential impacts of a shutdown and we expect to receive more information in the coming weeks. The League will compile and share the information we receive as agencies' plans are developed.

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

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Potential 2011 Vs. 2005 Shutdown: Similarities & Differences

In 2005, the matter of the partial state government shutdown landed in the court system. The Minnesota Constitution states that “no money shall be paid out of the treasury of this state except in pursuance of an appropriation by law.” However, the Minnesota Constitution also provides that “government is instituted for the security, benefit, and protection of the people...”

In 2005, Ramsey County District Judge Gregg Johnson weighed these two sections of the constitution along with the constitutional requirement that the state provide an adequate education through a “general and uniform system of public schools,” as well as other factors, to issue an order that stated:

“Minnesota state agencies and officials, county and municipal entities, and school districts shall perform the core functions of government as required by the Minnesota Constitution, the U.S. Constitution, and the federal government pursuant to the Supremacy Clause of the U.S. Constitution, and the State of Minnesota shall pay for such services.”

In his analysis of the issue, Judge Johnson found that “core functions” included matters relating to the life, health, and safety of Minnesota citizens, and the maintenance and preservation of public property. He also found that core functions included those functions required to be performed by the State under a federal contract or a federal law.

Johnson’s 2005 order included the appointment of a special master to review the core functions identified by Minnesota state agencies, county and municipal entities, and school districts, and then the special master would determine whether the commissioner of Finance (now Minnesota Management and Budget) would pay for the services. It is important to note that revenues will continue to flow in to the state’s coffers, but that without appropriations that are otherwise enacted into law as required by the state’s constitution, agencies would not have authority to expend those resources.

In many respects, the situation in 2011 is similar to 2005, but there are also notable differences. In 2005, state agencies that were not funded included the Departments of Agriculture, Education, Commerce, Employment and Economic Development, Health, Human Services, Iron Range Resources and Rehabilitation Board, Labor and Industry, Natural Resources, Pollution Control Agency, Housing Finance Agency, Public Safety (which was partially funded), Transportation, and the Metropolitan Council. In 2011, the only major state agency with a budget is the Department of Agriculture.

In addition, a major difference is the status of the state’s general fund. In 2005, the projected state deficit for the 2006-2007 biennium was only \$466 million. Today, the projected state deficit is slightly over \$5 billion. Although unlikely, the larger current projected deficit could conceivably have an impact on what is defined as “core services” if sufficient revenues to cover those services would not be available.

The 2005 shutdown only lasted nine days before the Legislature approved a stop-gap funding measure. At this point, it is unclear whether a state budget will be approved by July 1 and if not, how long a shutdown might persist.

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

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Possible Delay in LGA and MVHC Payments

A frequent question the League has received is related to local government aid (LGA) and market value homestead credit (MVHC) funding.

The appropriation for LGA is a **standing appropriation** (*Link to: <https://www.revisor.mn.gov/statutes/?id=477A.03>*) defined in state statute, and the MVHC appropriation is an **open and standing appropriation** (*Link to: <https://www.revisor.mn.gov/statutes/?id=273.1384>*) (an amount sufficient to make required payments).

As a result, even though the omnibus tax bill was vetoed, these appropriation amounts are not dependent on further action by the Legislature and governor and, therefore, current law appropriated amounts would apparently continue to be paid even if a full state budget for 2012-2013 is not enacted in the near future or if there is a longer-term impasse beyond July 1 that results in a state government shutdown.

Although the appropriations for these two programs appear to continue without a state budget, there are remaining questions about whether the necessary state staff at the Departments of Revenue and Management and Budget will be working to make the distributions of various state funds. This is just one example of the types of questions that would have to be resolved in the event of a shutdown.

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

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Status of Bills

On June 1, the governor completed action on all of the 117 chapters of 2011 session law. **117 chapters of law** ([Link to: http://mn.gov/governor/policy/legislation/](http://mn.gov/governor/policy/legislation/)) and he has vetoed 23 of those chapters of new law, including eight major appropriations bills, the omnibus tax bill, the voter ID requirement bill, the manufactured home park water and sewer charge regulation bill, and the bill prohibiting residential sprinkler requirements.

On Thursday, June 2, the Legislative Commission on Planning and Fiscal Policy, an 18-member body of key Senate and House members, will convene for the first time since last fall's election. The first task of the group will be to elect a chair but presumably the group will begin discussions of the state budget and the impasse between the Legislature and governor.

The Senate members of the commission include Senate Majority Leader Amy Koch, Deputy Majority Leader Geoff Michel, Senate Minority Leader Tom Bakk, Senator Linda Berglin, Senator David Hamm, Senator Keith Langseth, Senator Mike Parry, Senator Julianne Ortman, and Senator Claire Robling.

The House members are Representative Speaker of the House Kurt Zellers, Majority Leader Matt Dean, Representative Keith Downey, Representative Steve Drazkowski, Representative Pat Garofalo, Representative Mindy Greiling, Representative Morrie Lanning, Representative Ann Lenczewski and Representative Doug Wardlow.

As a result of the pending special session and the unresolved budget issues, the League's annual law summaries will not likely be published until after the full state budget is resolved. In the meantime, we are tentatively planning to prepare an interim law summary document that will cover the new laws enacted during the regular legislative session. However, that document will not likely be available until mid-June at the earliest.

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

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Office of Legislative Auditor to Cover Consolidation of Local Governments

The non-partisan Office of the Legislative Auditor has taken on seven new projects, among them consolidation of local governments and community disasters.

(Published Jun 2, 2011)

At its May meeting, the Legislative Audit Commission approved seven topics for evaluation by the **Office of the Legislative Auditor's** (*Link to: <http://www.auditor.leg.state.mn.us/>*) (OLA) program evaluation division.

The topics are:

- Accountability for Legacy Funds
- Child Protection Screening
- Consolidation of Local Governments
- Fiscal Note Process
- Enforcement of Vehicle Size and Weight Restrictions
- Helping Communities Recover from Disasters
- University of Minnesota Facilities Management

Learn more about the OLA's work on these evaluations

Several of these cover issues cities are interested in, but the League and the Association of Minnesota Counties have already been contacted about the local government consolidation study, and have meetings scheduled to share what the organizations' staff members have collected and been involved with on that front. According to the topic selection paper, this evaluation will not duplicate the efforts of previous working groups, nor would it include school districts or special districts. It appears they will be surveying and interviewing local representatives about their experiences and consolidation processes.

For the community disaster topic, three possible evaluation issues have been identified:

- How effective is the state's approach to aiding disaster recovery? How equitably has the state determined the extent of its involvement and the amount of assistance it provides?
- Has the state provided cost-effective relief to communities affected by disasters? Is aid timely, and has spending been targeted to communities most in need?
- What are the appropriate roles for state assistance and private insurance in disaster recovery?

The Legislative Audit Commission is currently chaired by Rep. Micheal Beard (R-Shakopee), with Sen. Roger Reinert (DFL-Duluth) as the vice-chair and 10 other legislative members. Additionally, Reinert served as chair of the Topic Selection Subcommittee this cycle.

Learn more about the Legislative Audit Commission (*Link to: <http://www.auditor.leg.state.mn.us/lac.htm>*)



New State Stormwater Permit for Cities Put on Public Notice

The comment period runs through July 15; the new permit is expected to be in effect by January 2012.

(Published Jun 2, 2011)

The Minnesota Pollution Control Agency (MPCA) has just posted a draft for the reissuance of the new state general permit for urban stormwater.

The new draft of the Municipal Separate Storm Sewer System (MS4) permit was published on May 31 in the *State Register*, which starts the official public comment period on that amended permit. The comment period runs through July 15.

This new permit replaces the existing National Pollution Discharge Elimination System (NPDES) Phase II MS4 permit and will specify what requirements the state intends to place on cities that meet the threshold for needing that federally mandated permit.

The new MS4 permit will affect 217 cities, townships, counties, and state facilities, with about 150 of those permittees being cities. Any community in an urbanized area in the 2000 census (urbanized areas have not yet been designated from the 2010 census) and any city with a population of over 10,000 will continue to be required to apply for and meet the requirements of this permit.

The state has also designated other cities as needing the permit that have a population of 5,000-10,000 where their stormwater discharge is contributing to water quality standard violations in the lake or river where it is released.

The League and the Minnesota Cities Stormwater Coalition are working with the MPCA to make sure the permit is fair and workable for Minnesota cities.

Watch future issues of the Cities Bulletin for updates on what is included in that permit and what areas of concern the League identifies.

- **Learn more about the MS4 permit, exactly which cities are required to have one, and other information on stormwater regulations** (*Link to: <http://www.pca.state.mn.us/index.php/water/water-types-and-programs/stormwater/municipal-stormwater/municipal-separate-storm-sewer-systems-ms4.html?menuid=&redirect=1>*)
- **Access the public notice for reissuance of the MS4 permit on the MPCA Public Notice website** (*Link to: <http://www.pca.state.mn.us/iryp3c9>*)
- **Access the public notice for reissuance of the MS4 permit in the May 31 issue of the State Register (pdf)** (*Link to: http://www.comm.media.state.mn.us/bookstore/stateregister/35_48.pdf*)
- **Access the draft permit, permit fact sheet, and supporting documents on the MPCA Municipal Stormwater website** (*Link to: <http://www.pca.state.mn.us/aj0ra7a>*)



State Auditor Releases 2011 City Summary Budget Report

The Office of the State Auditor (OSA) has released the *2011 Minnesota City Summary Budget Report*, which includes 2011 city budget data together with 2010 revised city budget data.

- **Access the full report on the OSA website** (*Link to: <http://www.auditor.state.mn.us/default.aspx?page=20110526.000>*)

The data in this report is best used as a tool to help review budgeting decisions for 2010 and 2011. The budget represents a plan, reported by the city, for the coming year; rarely do actual revenues and expenditures match the amount budgeted.

In addition, the data reported does not represent all city revenues and expenditures as only funds in which an annual budget is adopted are reported on. Also, the revenues and expenditures of city public service enterprises are not included.

Because of these limitations, the OSA recommends using the financial information provided in the *Minnesota City Finances* (*Link to: <http://www.osa.state.mn.us/default.aspx?page=20110302.001>*) report.

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

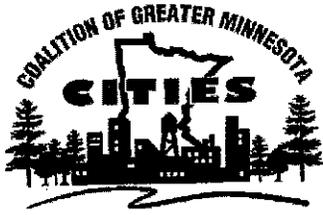
Your LMC Resource

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Policy Analyst

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



Coalition of Greater Minnesota Cities

CGMC in Brief

June 2, 2011

Contact: Tim Flaherty
651-225-8840

CGMC Staff Meets with Revenue Commissioner

Tim Flaherty, Steve Peterson and J.D. Burton met with Minnesota Department of Revenue (MNDOR) Commissioner Myron Frans and Assistant Commissioner Matt Massman this week. The meeting covered many tax issues of concern to CGMC including the impact of a possible government shutdown on July LGA payments. The MNDOR is still in the planning process to determine critical employees and services. They will send their recommendations to Minnesota Management and Budget (MMB), which will finalize the document before the Governor's office sends the recommendations to the Attorney General.

In the end, a court will have the final say into which employees and services are critical. If the employees at the MNDOR and MMB who process the LGA payment are determined to be critical, the July payment will likely be made. If the employees are not deemed critical, it is far more doubtful the payment will occur on a timely basis. More information about the Governor's recommendations regarding critical employees and services may be known as early as June 20. The CGMC Board of Directors is meeting Friday to discuss possible actions that could be taken in light of a potential government shutdown.

TIF Expansion Signed Into Law

A proposal supported by the CGMC to expand the use of TIF was signed into law by Governor Dayton on May 31. The new law expands by one year (until 7/1/12) a deadline to use expanded economic development TIF authority, as well as continues for 1 year (until 12/31/12) a temporary suspension of various rules limiting use of tax increment revenues under certain conditions. These provisions were originally enacted in 2010 as part of the "jobs" bill, but would have expired this year. Facing this tight deadline, cities lobbied the Legislature to extend the deadlines to allow for added flexibility. The TIF extensions were signed into law as part of the omnibus *technical* tax bill (Ch. 112).

Poll: Minnesotans Support Balanced Budget Solution

Public Policy Polling released the results of a survey of Minnesota voters. It found that "when asked to choose between a tax increase on the top 2 percent of Minnesotans or a state budget 'balanced through cuts only,' 63 percent chose the tax increase and 32 percent chose the cuts." You can read more here: <http://bit.ly/mGiOVV>



Redistricting Battle Heats up in the Court

Today, Minnesota Supreme Court Chief Justice Gildea appointed a panel of five judges to hold hearings regarding redistricting. <http://bit.ly/m5dO6t> The judges were appointed by governors from all political parties. Court of Appeals Judge Wilhelmina Wright, appointed by Governor Ventura, will serve as the presiding judge. Judges Ivy Bernhardson (Pawlenty appointee), James Florey (Carlson appointee), Edward Lynch (Perpich appointee) and John Rodenberg (Ventura appointee) were also named to the panel. In the past, CGMC mayors, city council members, and city staff have testified at redistricting hearings. We expect that there will be a similar opportunity this year.

While the legislative session was coming to an end, the DFL stepped up and filed to intervene in the two redistricting lawsuits in federal and state courts. The plaintiffs are representatives from each congressional district. The DFL's attorneys have requested that the stay on the federal lawsuit be lifted, while the GOP supports continuing the stay. Given the appointment of a state court panel, the federal court is likely to defer to the state court proceedings.

If you have questions regarding redistricting, please contact Elizabeth Wefel, eawefel@flaherty-hood.com

Minnesota Budget in the Media

The ongoing budget stalemate is receiving extensive coverage in the news media and opinion pages:

- The Mankato Free Press urges legislators not to ignore the important role that cities play in the overall well-being of the state. <http://bit.ly/mAAHjp>
- The Rochester Post-Bulletin highlighted that the numbers GOP legislators are using to support the all cuts budget plan ignore federal stimulus funds and the education shift that assisted the state with its budget problems last biennium. <http://bit.ly/iJWhbA>
- The New Ulm Journal and the Star Tribune both pointed out that "No New Taxes" refers only to sales and income taxes, and ignores the impact the state budget has on property taxes. <http://bit.ly/kBvqx3>
<http://bit.ly/LX9zdi>
- The Winona Daily News issued a strongly worded opinion piece declaring that the GOP's budget solution is worthless. <http://bit.ly/jryVLH>
- The Fergus Falls Journal urges the GOP to give a little on the revenue issue. <http://bit.ly/kxeHLY>
- The St. Cloud Times urges a mixture of cuts and a two year tax increase to solve the budget problem. <http://bit.ly/iEeRHs>
- The Albert Lea Tribune reminds lawmakers that LGA is of the utmost importance. <http://bit.ly/iQABIA>



**CGMC Breakfast at
LMC Annual
Conference set for
June 17**

If you are planning on attending the League of Minnesota Cities Annual Conference in Rochester please plan on attending our annual CGMC breakfast from 7:30-8:30 on Friday, June 17th. Breakfast will be onsite at the Mayo Civic Center and should provide an excellent opportunity to network with other officials from across Minnesota and get an update from the legislature by CGMC staff. If you are planning on attending please contact Colleen Millard at cfmillard@flaherty-hood.com or at 651-225-8840.

**Last chance for 2011
CGMC Labor &
Employee Relations
Seminar**

The second and final (for this summer) seminar sponsored by the CGMC Labor and Employee Relations Committee will be held next week **Thursday, June 9, 2011 in Mankato**. Contact Brandon at bmfitzsimmons@flaherty-hood.com for registration details. Don't miss out! And if you have an attorney on staff, don't forget they can receive CLE credits for attending.

**Mark Your
Calendars!**

The CGMC summer conference will be August 3, 4 and 5 in Grand Rapids, Minnesota. Please save the date! Details to follow.

**Follow up on
Twitter!**

Don't forget you can get up to the minute information by following the CGMC and its staff on Twitter. You can follow the CGMC @greatermncities; Elizabeth Wefel @St_Paul_Girl, Brandon Peterson @bmpeterson, J.D. Burton @burtonjd and Glen Fladeboe @GlenFladeboe.

And please let us know if you're on Twitter so that we can follow you back.



Windom Riverfest June 10-12, 2011

MAJOR RIVERFEST EVENTS

SATURDAY, JUNE 4

Throughout day City-Wide Garage Sales



MONDAY, JUNE 6

- 5 p.m. Windom Area Hospital Foundations' Walking Taco Fund-raiser BARC Lawn
- 7 p.m. Riverfest Royalty Pageant - BARC

FRIDAY, JUNE 10

- 5 p.m. Early Childhood Family Education (ECFE) Family Fun Fair at the High School Gold Gym
- 7 p.m. Windom GCC Ready Mix Soap Box Derby North 4th Ave.
- 7:30 p.m. Windom Ministerial Concert featuring the Alzen Family Blue Grass Band at E-Free Worship Center
- 9 p.m. Outdoor Entertainment by "Roxbury" at Phat Pheasant
- 10 p.m. Fireworks near Windom Area High School

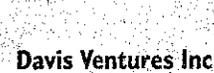
SATURDAY, JUNE 11

- 8 a.m. Windom Area Hospital's Vickie Schendel Fun Run - Courthouse Square
- 8 a.m. Cribbage Tournament at Prudence Masonic Lodge Play begins at 8:30 a.m.
- 9 a.m. Men's Slowpitch Softball Tourney - Windom Rec. Area
- 9 a.m. James W. Remund Memorial Tennis Tournament - Witt Park
- 9 a.m. Craft Show & Concessions at Courthouse Square
- 9 a.m. to 5 p.m. Windom Eagles Radio Controlled Model Airplane Fun Fly at their field northwest on County Highway 13.
- 10 a.m. Cottonwood Co. Game & Fish League Fishing Tourney for Kids at Cottonwood Lake
- 11 a.m. Soccer Tournament at Windom Recreation Area
- 11 a.m. to 2 p.m. Sons of Norway Smorgasbord & Silent Auction at Cottonwood Co. Historical Society
- Noon Windom Fire Department Water Games on 4th Ave.
- Afternoon Entertainment by Jim Austerman on Entertainment Stage
- 2 p.m. Turtle Races at Courthouse Square
- 3:30 p.m. Register for Kiddie Parade at Entertainment Stage. Parade will begin 4 p.m. Theme is "Wildlife Adventure"
- 4 p.m. Cookout at Courthouse Square
- 6 p.m. Grande Parade throughout Windom
- 8:30 p.m. Riverfest Idol Contest at Courthouse Square
- 9 p.m. Outdoor Entertainment by "The Mixx" at Phat Pheasant

SUNDAY, JUNE 12

- 9 a.m. Men's Slowpitch Softball Tourney - Windom Rec. Area
- 9 a.m. to 1 p.m. Kiwanis Pancake Breakfast at The Eagles Club
- 9 a.m. to 2 p.m. Windom Eagle Radio Controlled Model Airplane Fun Fly at their field northwest on County Hwy. 13.
- 9 a.m. to 3 p.m. Karz-n-Trux Shine 'n Show Class Car and Antique Tractor Show & Swap Meet at Cottonwood Lake
- 9:30 a.m. Outdoor Worship Service at Island Park
- 10:30 a.m. Sand Volleyball Tourney Registration. Play begins at 11 a.m.
- 1 to 3 p.m. Sons of Norway invite everyone to enjoy a game of KUBB at Cottonwood Lake
- Noon Kids' Tractor Pedal Pull at Cottonwood Lake
- 2 p.m. Antique Tractor Parade at Cottonwood Lake
- 3 p.m. Riverfest Raffle Drawing - Tegels Park at Cottonwood Lake

Riverfest Platinum Sponsors . . .



Convention and Visitors Bureau



Windom Lions Club

Gold Sponsors . . .

- Bank of the West
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- Country Pride Services Cooperative
- Habitative Services Inc.
- KDOM Radio
- POET biorefining
- United Prairie Bank
- Windom Area Hospital

Silver Sponsors . . .

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- Fulda Area Credit Union
- The Hair Hut
- Hy-Vee Food Store
- Lamperts
- Miller Sellner Equipment
- PJ's II
- State Farm Insurance - Tammy Hall
- GCC - Windom Ready Mix

Bronze Sponsors . . .

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- Clark Properties II
- Don's Repair
- Fortune Transportation
- Frank's Shoe Repair
- Grunewald Frame & Glass
- Brent Hanson Plumbing
- Mark-Hanson Realty
- Hardee's of Windom
- Higley Ford Sales Co.
- Holt's Cleaning Service Inc.
- Dr. James R. Klassen Family Dentistry
- Johnson, Tibodeau, Bortin & Company
- Minntex
- McDonalds of Windom
- McDonald & Schramel, Attorneys
- Dr. James Miller Family Dentistry
- Ron's Electric
- Scott Veenker's Snow Removal
- Staples Oil Co., Inc.
- Subway
- Wicked Fast Drag Racing Team
- Windom Farm Service
- Wood'n Pallets



Celebrating the 100th Anniversary of Boy Scouting in Windom. Scouting demonstrations and activities include:

WEDNESDAY, JUNE 8

- 7 p.m. Movie "Follow Me Boys" starring Fred McMurray in the Library at Business, Arts & Recreation Center (BARC). Admission only \$1. Concessions will be available.

SATURDAY, JUNE 11

- 8 a.m. to 8 p.m. View old-fashioned and modern Boy Scout campsites on BARC lawn.
- 10 a.m. to 4 p.m. Visit the North Star Museum of Boy Scouting and Girl Scouting at BARC.
- 10 a.m. to 4 p.m. Civil Air Patrol and Ham Radio Demonstrations - BARC Lawn
- 10:30 a.m. to 3 p.m. Dutch Oven Cooking Demonstrations - BARC
- 12:30 p.m. to 4 p.m. Pinewood Derby and Games at BARC
- 1 p.m. Public is invited to the Eagle Scout Award Ceremony for Derek Davis, Brannon Peterson and Kyle Tasler followed by an open house reception for them and returning Windom Eagle Scouts.
- 6 p.m. Windom Eagle Scouts from 1937 to the present are featured in the Grand Parade.



Coalition of Greater Minnesota Cities

CGMC in Brief

May 26, 2011

Contact: Tim Flaherty
651-225-8840

Failure to reach budget accord could mean government shutdown

The legislature adjourned Monday without reaching a budget deal with the governor. Tuesday Governor Dayton vetoed the budget bills that had been submitted to him, including the tax bill.

The governor and the legislature appear to be quite far apart. Last week, the governor offered a budget deal in which the remaining \$3.6 billion dollar deficit would be closed through \$1.8 billion dollars in spending cuts and \$1.8 billion in additional revenues. Legislative leaders have flatly rejected this offer. The two sides have not moved any closer over the course of the last week and there is no movement seen in the foreseeable future. The governor will have to call the legislature back into a special session to pass the necessary budget bills, but he has stated he will not call a special session until a deal has been reached with legislative leaders.

Under the state constitution, the government cannot spend money that has not been authorized by the legislature. Thus, if a budget deal is not reached by the time this fiscal biennium ends on June 30, state government will enter into a "shutdown". There is great uncertainty regarding what items will be funded under a shut down. A court will likely decide which services are deemed essential and therefore allowed to be funded even without legislative authorization. Local government aid is a standing appropriation, which means it remains in statute from year to year without legislative action, but it is still unclear whether the July payment would be made if a shutdown occurs.

Making sense of the budget debate

We have received questions from some of our cities about what is at stake in this budget battle in areas other than local government aid. For a better sense of other items that are affected by the vetoed bills, you can read the veto letters [here](#). The Minnesota Budget Project, a division of the Minnesota Council on Non-profits, has also been highlighting areas that could be cut under the most recent budget proposals. You can read their blog [here](#).

Legacy bill falters on House floor

Before the legislature adjourned Monday, the Minnesota Senate passed the Legacy Conference Committee Report for S.F. 1363, which provided an exclusive designation of grant money for greater Minnesota, comprising 20% of the parks and trails funds. The metropolitan parks still received 42% of the funds. Unfortunately, the measure did not pass in the House. Rep. Rick Hansen (DFL- So. St. Paul) moved to refer it back to conference committee.



Rep. Urdahl supported the motion and it was adopted by a 119-14 vote. House members' chief concern was a provision regarding the open meeting law. Many metropolitan members also objected to the dedication of funds to greater Minnesota (despite the fact that Metropolitan parks would receive 42% of the funds). Rep. McNamara brought a motion to reconsider which was approved. DFL legislators ran out the clock on the motion to approve the conference report and it was not voted on before the House adjourned until January 2012. This report will likely be addressed again if a special session is held this summer.

Environmental measures fall to veto

Two environmental measures were included in finance bills that passed through the legislature before Governor Dayton vetoed the bills. The Environmental finance bill, H.F. 1010, contained language directing the Minnesota Pollution Control Agency to work with Wisconsin on resolving the conflict between the phosphorus standards for Lake Pepin so that Minnesota would not need to meet the higher Wisconsin standard. This issue was one that we highlighted to legislators early in the session as one that they needed to address. We also testified in favor of it several times throughout the session. Although we are disappointed that this language was not signed into law, the fact that the governor's office did not call it out as problematic in his veto letter or in earlier letters from the commissioner is a good sign. Because the legislature may be unwilling to address policy issues such as this in a special session, we will seek to work directly with the MPCA on this issue.

The Health & Human Services bill, S.F. 760, also contained a provision easing the onerous accreditation requirements for municipal laboratories. CGMC city officials and lobbyists testified in favor of this change in multiple hearings. This bill was also vetoed.

Municipal detachment bill introduced

In response to concerns from numerous parts of the state CGMC, the League of Minnesota Cities, and the Minnesota Association of Township have been working with Sen. John Carlson (R – Bemidji) to develop legislation that would create a better and fairer process when property owners look to detach from a city and rejoin a township. While the proposed legislation makes numerous technical changes it also makes some very good substantive changes. Some of the more significant changes include the following:

- Clarification of the roles/responsibility of townships in detachment proceedings. Encourages town board to submit a resolution either opposing, supporting, or of neutrality. Failure to submit a resolution is taken as a position of neutrality. If the town takes a position opposite of the city, then they are made a party to the case.
- Change from current law which requires that the parties have three



“meetings” which are often perfunctory and useless, this bill waives that and requires facilitated mediation before a case hearing to see if the differences can be bridged.

- Creates a presumption that the petitioning land owner needs to pay 50% of the costs of the proceedings unless ALJ makes findings as to why a party’s share should be greater.

This legislation was introduced at the end of session with the idea that all stakeholders would have an opportunity to look at it over the interim and weigh in with suggestions for improvements before the legislature would take action next session. CGMC would like to thank Sen. Carlson and Rep. Larry Howes (R – Walker) for introducing the bills. The bills are H.F. 1738 and S. F. 1450 and can be seen at <http://bit.ly/iirVR1> . Please contact Bradley Peterson at bmpeterson@flaherty-hood.com with any questions on this legislation.

Concurrent detachment and annexation bill passed

In the final hours of session the legislature did pass H.F. 753/S.F. 792 which would make a slight change to the law related to detachment of property from one city and annexation of that property to another city. Since 2006 the law required that both cities pass a resolution on the property owner’s petition in order for the Office of Administrative Hearings to consider the case. The legislative change this session would go back to the way the law was before 2006, which required that only one of the cities involved needed to pass a resolution. Governor Dayton has yet to sign or veto the bill. The bill can be see here: <http://bit.ly/jwUH8P> . Please contact Bradley Peterson at bmpeterson@flaherty-hood.com with any questions on this legislation.

Newspapers call for compromise

Across the state, newspapers have been calling on the legislature and governor to reach a budget compromise. Many of these newspapers argue for a balanced solution of tax increases and spending cuts. Here are a sampling of a few:

- **Princeton Union Eagle:** Budget solution may be in special session (5/25/11) <http://bit.ly/j0n5mO>
- **Mankato Free Press:** Our View: Republican budget cuts hurt outstate (5/24/11) <http://bit.ly/inLo74>
- **St. Cloud Times:** Don’t buy ‘there’s no place left to compromise’ (5/24/11) <http://bit.ly/m8zmBx>
- **StarTribune:** Editorial: No deal puts state on the wrong track (5/22/11) <http://bit.ly/mcrAwU>
- **Faribault Daily News:** Legislature must find compromise (5/21/11) <http://bit.ly/jEDRmQ>
- **StarTribune:** Mike Sweeney Column: Minnesota voters have already pointed the way (5/19/11) <http://bit.ly/mvhYZs>
- **New Ulm Journal:** Impasse holds at state Capitol (5/19/11) <http://bit.ly/mcdmLe>



- **Mankato Free Press: Our View: A divided government dismisses compromise (5/18/11)** <http://bit.ly/koZbkC>
- **DL-Online: Time to compromise on budget (5/18/11)** <http://bit.ly/mqzFh4>
- **Bemidji Pioneer: Let's play nice and compromise on budget (5/18/11)** <http://bit.ly/kqRANe>
- **Pioneer Press: Editorial: On a steady course, perhaps toward a shutdown (5/18/11)** <http://bit.ly/myYcMS>
- **Mesabi Daily News: GOP Lawmakers still reading from the Pawlenty book (5/18/11)** <http://bit.ly/loFeBt>
- **Rochester Post Bulletin: Editorial: Dayton doesn't have to blink in budget negotiations (5/17/11)** <http://bit.ly/ing4vm>
- **St. Cloud Times: Our view: Dayton's offer tests Republican priorities (5/17/11)** <http://bit.ly/kAcJ7D>
- **Marshall Independent: An interesting concept from Gov. Dayton (5/17/11)** <http://bit.ly/m5QpFK>
- **StarTribune: Editorial: GOP should deal on taxes (5/16/11)** <http://bit.ly/m8WcpH>

2011 CGMC Labor & Employee Relations Seminars

The CGMC Labor and Employee Relations Committee will be sponsoring two seminars again this year from 10:00 a.m. to 4:00 p.m. as follows: **Thursday, June 2, 2011 in Brainerd** and **Thursday, June 9, 2011 in Mankato**. Additional details and registration materials were emailed to all CGMC cities and are available online at <http://www.greatermncities.org/>.

CGMC Breakfast at LMC Annual Conference set for June 17

If you are planning on attending the League of Minnesota Cities Annual Conference in Rochester please plan on attending our annual CGMC breakfast from 7:30-8:30 on Friday, June 17th. Breakfast will be onsite at the Mayo Civic Center and should provide an excellent opportunity to network with other officials from across Minnesota and get an update from the legislature by CGMC staff. If you are planning on attending please contact Colleen Millard at cfmillard@flaherty-hood.com or at 651-225-8840.

Save the Date for the Summer Conference!

The CGMC summer conference will be August 3, 4 and 5 in Grand Rapids, Minnesota. Please save the date! Details to follow.



Main Identity

From: "Timothy Flaherty" <tpflaherty@flaherty-hood.com>
Sent: Tuesday, May 24, 2011 2:16 PM
Subject: End of Session Report and Talking Points related to special session and potential government shutdown
Dear CGMC Members,

The legislature adjourned last night shortly before midnight without reaching a budget deal with the governor. This morning Governor Dayton vetoed the budget bills that had been submitted to him, including the tax bill.

The governor and the legislature appear to be quite far apart. Last week, the governor offered a budget deal in which the remaining \$3.6 billion dollar deficit would be closed through \$1.8 billion dollars in spending cuts and \$1.8 billion in additional revenues. Legislative leaders have flatly rejected this offer. The two sides have not moved any closer over the course of the last week and there is no movement seen in the foreseeable future. The governor will have to call the legislature back into a special session to pass the necessary budget bills, but he has stated he will not call a special session until a deal has been reached with legislative leaders.

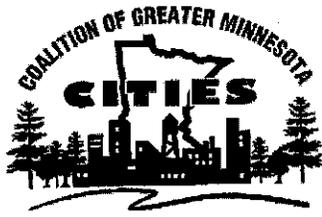
Under the state constitution, the government cannot spend money that has not been authorized by the legislature. Thus, if a budget deal is not reached by the time this fiscal biennium ends on June 30, state government will enter into a "shutdown". There is great uncertainty regarding what items will be funded under a shut down. A court will likely decide which services are deemed essential and therefore allowed to be funded even without legislative authorization. Local government aid is a standing appropriation, which means it remains in statute from year to year without legislative action, but it is still unclear whether the July payment would be made if a shutdown occurs. We are researching this issue and will share that information as we learn more.

We will be scheduling a board meeting for next week to discuss the implications of the budget stalemate and discuss what the CGMC will be doing over the next six weeks. Until the CGMC Board establishes a different strategy and message; I would encourage you to use the following talking points consistent with current CGMC policies when communicating with the media and public.

Suggested Talking Points:

- 1) We are disappointed that the legislature and the governor did not come to a budget agreement – they need to find a balanced agreement that will solve the state's budget deficit and fund essential state priorities before the government shuts down on July 1.
- 2) The legislature and the governor need to forge a budget agreement that does not raise property taxes on Minnesotans across the state. Property taxes have increased over \$3 billion since 2002 and Minnesota businesses and families cannot afford to be hit again.
- 3) A state revenue increase is a better solution to solving the state's budget deficit than again relying on a property tax increase.

Tim



Coalition of Greater Minnesota Cities

CGMC in Brief

May 23, 2011 SPECIAL EDITION

Contact: Tim Flaherty
651-225-8840

No Budget Deal In Sight

As of this morning, the Legislature and the Governor have made almost no progress on reaching a global budget agreement. Last week, the governor proposed to resolve the budget deficit with a 50/50 compromise of \$1.8 billion in cuts and \$1.8 billion in spending. Republican legislative leaders rejected this offer and have not provided a counter proposal. As dictated by the Minnesota Constitution, the Legislature must adjourn by midnight tonight, regardless of whether a budget accord has been reached.

After adjournment, the Legislature cannot meet again until January 24, 2012 unless the governor calls a special session. It is expected that he will not call a special session until a budget agreement has been reached with the Republican legislative leaders.

The current fiscal biennium expires June 30. Although a few categories of spending (including local government aid) have "standing appropriations", most spending must be appropriated every two years. Under the Minnesota constitution money can be paid out of the state treasury only if appropriated by a bill that is passed by the legislature and signed by the governor. Thus, if no budget agreement is reached by June 30, state government enters into what is referred to as "shut down" and cannot spend money that has not been appropriated. There is also uncertainty about whether standing appropriations would be paid if the state enters shutdown.

TIF Extension Added to Tax Policy Bill

On Friday night, the House added to the omnibus tax *policy* bill (H.F. 1219) a 1-year extension of TIF authority for economic development purposes, as well as extending a provision that suspends various rules limiting the use of TIF revenues under certain conditions. The expansion of TIF for housing developments, however, is limited to 6 months.

The amendment, offered by House Tax Chair Greg Davids, matches the provisions passed in the House-Senate tax omnibus *finance* conference bill, which Governor Dayton is expected to veto. The tax *policy* bill, which is not controversial, has passed the House and now awaits action by the full Senate.

For more information, please contact J.D. Burton with Flaherty & Hood, P.A.

Follow us on Twitter

For the most up-to-date information on activities at the legislature follow us on Twitter. You can follow the CGMC @greaterminncities; Elizabeth Wefel @St_Paul_Girl, Bradley Peterson @bmpeterson, J.D. Burton @burtonjd and Glen Fladeboe @GlenFladeboe. And don't forget to let us know if you're on Twitter and we'll add you to our list.



Parks & Trails Agreement reached

Yesterday, the Legacy conference committee reached an agreement on the legacy funding bill, S.F. 1363, including a resolution on parks and trails money that is expected to be approved by both the House and Senate today. Although the agreement does not contain everything that the CGMC hoped for, it is better for greater Minnesota than the deal reached for the past biennium. Here are the highlights:

Exclusive share. Greater Minnesota will receive a 20 percent exclusive share of parks and trails funding for 2012 and 2013.

No statutory language on exclusivity. A key sticking point during the final negotiations was whether there would be a guarantee of exclusivity for greater Minnesota adopted into statute. A statutory designation of exclusivity would have meant that greater Minnesota would have had a statutory guarantee of exclusivity for future biennia. Unfortunately, this provision was not adopted.

10 percent local match in 2012. Negotiators for greater Minnesota attempted to remove the requirement for matching funds for parks and trails grants in exchange for giving up the statutory language on exclusivity. Legislators from the metropolitan area refused to go along with this, and instead simply lowered the match to 10 percent for 2012. The match will be 25 percent in future years.

Nine member DNR led working group. A nine member working group will be appointed with three members representing greater Minnesota parks and trails, three members representing metropolitan parks and trails, and three members representing state parks. Greater Minnesota legislators expressed concern that this arrangement is stacked against greater Minnesota. Language was adopted requiring that decisions be consensus based so that the other two groups could not gang up on greater Minnesota when making recommendations.

No money until overall budget agreement reached. Because the legacy funding bill is not a budget bill and simply dedicates sales tax money, one would expect that it would not be held up by the budget negotiations. However, language was added to the bill that the money could not be spent until an overall agreement is reached.

A special thanks again goes out to Senator John Pederson (R—St. Cloud) and Senator Bill Ingebrigtsen (R—Alexandria) for their continuing work on behalf of greater Minnesota parks and trails throughout the legacy funding process.



News update

MPR produced a story on the tax bill that outlined some of the consequences to LGA cuts in Minnesota's largest cities: <http://bit.ly/IOkBR0>

Grand Forks Herald's capitol roundup also focused on LGA cuts in the tax bill: <http://bit.ly/kiOQQH>

More Minnesota newspapers are asking the legislature and governor to compromise on a budget solution:

- The Bemidji Pioneer bets that the legislature will go into special session and they say it's time to play nice: <http://bit.ly/mkoeP7>
- In the StarTribune, the editorial board again asked both sides to meet in the middle, <http://bit.ly/mcrAwU>,
- StarTribune Chairman Mike Sweeney advises the legislative majority that Minnesota voters want compromise, and eventually they will have it: <http://bit.ly/mvhYZs>.



Main Identity

From: "Cederholm, Heather" <hcederholm@lmc.org>
To: "General legislative" <legislative@listserv.lmc.org>
Cc: "Directors" <Directors@lmc.org>; "AMM" <AMM2@lmc.org>; "IGR" <IGR@lmc.org>; "Communications" <Communications@lmc.org>
Sent: Friday, May 20, 2011 1:27 PM
Subject: [legislative] Friday Fax--May 20, 2011
Session enters the final days

By the time you receive this, the 2011 legislature will have roughly 80 hours before we hit midnight of the first Monday after the third Saturday of May—the day and time by which the state Constitution requires the legislature to adjourn.

On Thursday, the Senate completed floor action on the last three major appropriations bills—Environment, Higher Education and the Transportation omnibus conference committee reports. Those three bills, along with the other six major budget components—Health and Human Services, K-12 Education, State Government, Public Safety, Jobs and Economic Development and Taxes, appear to be destined for vetoes by the governor. If vetoes of those bills are in fact forthcoming and an agreement cannot be reached before midnight Monday, the state will not have an operating budget for the 2012-2013 biennium in place and a special session will be necessary.

The debate on the major finance bills took an interesting twist earlier this week as House and Senate Democrats decided to extensively debate the conference committee reports—in some cases for several hours. The events began on Tuesday morning, as Rep. Sarah Anderson (R-Plymouth) and Rep. Mary Liz Holberg (R-Lakeville) offered a “minority report” on a bill to finance capital purchases for transit by the Metropolitan Council.

The minority report attempted to reflect the governor’s offer to reduce his proposed tax increase to \$1.8 billion. The \$1.8 billion in tax increases offered by Governor Dayton would have been matched with \$1.8 billion in unspecified spending reductions and a further delay of repayment of \$1.3 billion to schools. The debate on that minority report lasted nearly 4 ½ hours and ended with a defeat of the report on a 60 to 73 vote.

After a recess, the House then took up the conference committee report on the omnibus tax bill. The debate on the conference committee report lasted nearly five hours and was interrupted by the debate on a motion for the House to meet past midnight that was debated for one hour and 45 minutes. After the debate on the tax bill and well after midnight, the House went on to consider the Higher Education finance bill for 1 hour and 10 minutes and then the K-12 Finance bill for four hours and 10 minutes, finally adjourning at 6:40 am on Wednesday morning.

The House reconvened on Wednesday afternoon at around 3 pm and promptly debated the Environment conference committee report for more than 5 hours before taking up the remaining finance conference committee reports and adjourning early Thursday morning. All told, the House spent more than 24 hours debating the remaining conference committee reports and the minority report from Tuesday at around 11 am until early Thursday morning.

During the remaining days of the session, the House will likely process many of the smaller policy bills, including 38 bills on the calendar for Friday and another 88 bills on the general register. The Senate has 94 bills on General Orders, many of which will be considered during the final days.

Included in these remaining bills are bills of interest to cities including:

- HF 905: Concussion bill [Read the past Cities Bulletin article about this topic]
- HF 705/SF 1260: Mandate Relief bill [read the past Cities Bulletin about this topic]
- HF 211: Statute of limitations modifications and modification to prejudgment interest [read the past Cities Bulletin article about this topic]
- SF 1363: Allocation of dedicated Legacy sales tax funds
- HF 562: Manufactured home park owners water utility authority
- SF 247/HF 371: Insurance Participation--Requiring employees and local governments to approve participation in or withdrawal from the public employees insurance program

- [SF 509: Voter ID Bill](#) [read the past [Cities Bulletin](#) article about this topic]

We also expect the remaining days to be punctuated with meetings involving the governor and legislative leaders where they will almost certainly continue to discuss the state budget and possible areas of agreement. However, as of Friday morning, there appears to be little chance that an agreement will emerge from the negotiations before midnight Monday.

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

Keep in touch with IGR staff as the session wraps up

- E-mail or call [IGR staff](#) with your questions, concerns, or thoughts on pending legislation.
- We may have updates over the weekend that will be sent out to this e-mail listserv (legislative@listserv.lmc.org) and will have a longer update in next week's [Cities Bulletin](#).
- Follow up-to-the-minute updates from IGR staff on Twitter:
 - [@garyncarlson](#)
 - [@AnneMFinn](#)
 - [@JennORourke72](#)
 - Follow the hashtag [#lmcleg](#)
 - [@MinnesotaCities](#)
 - [@donreeder](#)

What if there is no tax bill?

With an expected veto of the omnibus tax bill, the League has received calls asking where funding for LGA and MVHC reimbursement payment for 2011 will end up. Unfortunately, there is no good answer at this time. Earlier this week, the governor offered a reduced tax increase compromise that would have covered the state's \$5 billion deficit by continuing the \$1.3 billion delay in payments to schools while increasing taxes by \$1.8 billion and cutting state spending by \$1.8 billion.

Dayton's compromise budget offer did not include full details of how he would spread the \$1.8 billion in cuts but it is possible that reductions under a compromise could still impact city local government aid (LGA) and market value homestead credit (MVHC) reimbursements for 2011 and 2012. All we can tell you at this point is to stay tuned.

It is important to note that the appropriation for LGA is a [standing appropriation](#) defined in state statute and the MVHC appropriation is an [open and standing appropriation](#) (an amount sufficient to make required payments). As such, these amounts are not dependent on further action by the legislature and governor and the current law appropriated amounts would apparently continue to be paid even if a full state budget for 2012-2013 is not enacted in the near future or if there is a longer term impasse beyond July 1 that results in a state government shutdown.

Although the appropriations for these two programs appear to continue without a state budget, there are remaining questions about whether the necessary state staff will be working to make the distributions of various state funds. This is one example of the type of questions that would have to be resolved in the event of a shutdown.

So what might happen in a government shutdown?

In 2005, Minnesota experienced a short, partial government shutdown when appropriations bills for a number of state agencies were not enacted into law. State agencies that were not funded included the Departments of Agriculture, Education, Commerce, Employment and Economic Development, Health, Human Services, Iron Range Resources and Rehabilitation Board, Labor and Industry, Natural Resources, Pollution Control Agency, Housing Finance Agency, Public Safety (partially funded), Transportation and the Metropolitan Council.

Ultimately, the Ramsey County District Court appointed a special master to consider input from the legislature and executive branch and ultimately determine what state functions were essential and would continue in the absence of enacted appropriations. Although we are not certain, it would seem likely that a similar process might be employed if the budget stalemate is not resolved prior to July 1.

Assuming a budget agreement is not reached, the League staff will begin looking at the potential implications to local governments associated with a possible state government shut down.

If you would like to review information on the 2005 essential services determinations, some of the relevant materials are available in the [legislative document archive](#).

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

Reminder: RSVP to LMC Policy Committees by Wednesday, May 25th

There were over 200 city officials and staff who served on our four policy committees in 2010. We are gearing up for the upcoming round of 2011 policy committees and have posted the meeting dates online.

Committee members must be current city officials or staff. Cities are welcome to have more than one representative per committee; only one representative per city is allowed to vote. City officials and staff who served on a policy committee last year and/or showed interest in joining a committee this year should have received an e-mail with a unique link to a survey which acts as confirmation of eligibility to serve on a committee and preference for materials distribution (snail mail or e-mail).

Thank you to the folks who have responded to the survey! If you served on multiple policy committees last year, you will receive multiple e-mails. Please complete the survey in each e-mail, for each committee. A reminder e-mail will be sent on Monday to those who have not responded.

If you did not receive an e-mail from "hcederholm@lmc.org via member@surveymonkey.com," please check your junk mail folders or contact Heather to be sent a second e-mail.

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

Heather Cederholm | Member Outreach Coordinator
Intergovernmental Relations Department
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Final Tax Conference Committee Proposal Calls for City Cuts

It appears unlikely Gov. Dayton will sign the bill into law, as negotiations y.
(Published May 18, 2011)

Late on May 16, the conference committee on the omnibus tax bill (**HF 42** (*Link to https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF42&ssn=0&y=2011*)) qu
finalized its **report** (*Link to: <http://www.house.leg.state.mn.us/hrd/bs/87/HF0042.html>*) , and sent it to 1
had actually completed the negotiations on May 13, but held the report open to 1
with Gov. Dayton.

The decision to close the bill and send it to the floor appears to be related to a cc
leadership from Gov. Dayton to reduce by one-half his proposed tax increases a
unspecified appropriation reductions. Legislative leadership promptly dismissed
that tax increases in the governor's offer—or any tax increase—is not acceptable

By finalizing the bill and sending it to the floor, it appears that negotiations with
this version of the tax bill and the other eight omnibus appropriations bills that c
the state budget have ceased. It is not clear whether negotiations on a second set
occur before the May 23 constitutional adjournment deadline.

Provisions of interest to cities

The finalized conference committee report includes many provisions of interest
summary of the major provisions.

City aid and credit reductions

Under the conference committee report, cities will receive either their local gove
distribution in 2010 after the ratified unallotments or their 2011 certified LGA a
less. The cities of Minneapolis, St. Paul, and Duluth will experience an addition

percent of their remaining LGA after the above reduction. There is a special adjustment for the City of Houston due to a population decline that reduced the city's population below the 2010 level.

For 2012, all cities, except Minneapolis, St. Paul, and Duluth will receive the amount received in 2011. Minneapolis, St. Paul, and Duluth will experience a 50 percent reduction from their 2010 LGA level.

- **View estimates of the LGA reductions for 2011 and 2012 (pdf)** (*Link to:*

<http://www.house.leg.state.mn.us/hrd/issinfo/cc0512a.pdf>)

For 2013 and beyond, the only cities that will experience an LGA reduction are Minneapolis, St. Paul, and Duluth. Those cities will experience a 75 percent reduction from their 2010 LGA level. Their LGA distribution will be eliminated in 2014 and beyond. The overall LGA will be adjusted downward each year to reflect the phase-out of LGA for these three cities.

For 2011, all cities will experience a reduction in their market value homestead reimbursement generally equal to the reduction experienced in 2010 after the ratification of supplemental budget reductions. The total reduction to cities is roughly \$48 million in addition to the roughly \$25 million in MVHC cuts that were permanently made in 2010.

- **View estimates of the MVHC cuts in the final column of this spreadsheet**

http://www.lmc.org/media/document/1/2011_2012_lgaproposals.pdf

For 2012 and beyond, the MVHC program is eliminated, but the elimination of the program will have a minimal impact on city levies or city budgets as described below.

New homestead market value exclusion

The MVHC program and the associated reimbursement to local units of government for homeowner property taxes will be eliminated under the agreement. In place of the MVHC program, homeowners will receive an exclusion of a portion of the market value of their house from property taxes. The new homestead exclusion is computed in a mathematically similar manner to the current MVHC program. The new system will provide homeowner relief by shifting taxes to all other property taxes. The MVHC program will be replaced by a property tax credit reduction with a state paid credit reimbursement.

Levy limits

Under the conference committee report, levy limits will be applied to cities with for the next two years (taxes payable in 2012 and 2013). The levy limits are in a manner similar to the levy limits in place for the past three years. Special levies traditional special levy authorities, including debt service costs and reductions in

The levy limits continue to include a levy increase adjustment to reflect the effect on government budgets using an inflation measure known as the implicit price deflator for local governments. The current year-over-year IPD using the end of the first quarter actual IPD that would be used in levy limits would be based on the IPD at the end of or June 30, 2001. Levy limits continue to include adjustments equal to one-half percent increase in tax base due to new construction of commercial and industrial property and annual percent increase in households in each city.

One problem that has been identified by a number of cities is the fact that even cities that are excluded from the levy limit, cities with tax increment financing (TIF) contracts that are decertified will not be able to generate taxes from the decertified captured value. Additional tax base would only result in a reduction in the city's tax rate. During the session, **Rep. Greg Davids** (*Link to: http://www.house.leg.state.mn.us/members/members.asp?leg_id=10123*) (R-Prince Rupert) committee, successfully offered an amendment that will increase the levy limit for expiring TIF districts (**read related article** (*Link to: <http://www.lmc.org/page/1/local-tif-bills.jsp>*))

Local sales tax provisions

Also included in the conference committee report are local sales tax authorization provisions for Clearwater, Cloquet, Fergus Falls, Hermantown, Hutchinson, Lanesboro, Medford, and Rochester. The sales tax moratorium language originally included in the House bill was adopted, but language is included prohibiting a local government from advertising for the promotion of a referendum to support imposing a local sales tax. This would allow a local election to occur, and the city could spend money to conduct that referendum.

Other items of interest

The conference committee agreement includes a number of other items of interest.

- A two-year extension from eight years to 10 years for the time limit on a local holding land and property for economic development purposes. This increase metropolitan area, or in a city of 5,000 or more outside the metropolitan area. maximum allowable period remains at 15 years.
- An exemption from the sales tax for water used directly in providing public safety services by a city-organized fire department.
- The elimination of the accelerated sales tax remittance for all monthly remittance payments. Cities with enterprise operations with annual sales tax collections of \$1 million or more, such as some municipal liquor operations, have been impacted by this acceleration.
- An expansion of the sales tax exemption for the purchase of public safety radio equipment.
- A cooperation and consolidation grant program that will provide \$1 million in FY 2012 and \$2.5 million in FY 2013 to cities and counties that apply for the grant funding. The program is administered by the commissioner of administration and the available maximum of \$100,000 to each recipient local unit of government. The grants are awarded on a first-come, first-served basis.
- An extension of conformity to federal tax law changes, including a change that reduces the administrative burden on employers, including local units of government, by extending health care coverage to all employees. The benefit of extending health care coverage to all employees is estimated to be \$26 million annually.
- A suspension of the library maintenance-of-effort requirements for cities and counties through FY 2013 as long as it does not cause the state or county to lose federal funds.
- A one-time \$60 million transfer to the general fund from the Douglas J. Johnson Foundation Protection Trust that had previously been carried in the omnibus jobs and economic development bill.
- A limited pooling extension for market rate housing. This provision was mistakenly included in the 2011 year's tax conference committee report, and the mistake was not identified until after the report was released.

had adjourned. The League and other city/economic development groups had tool for cities in the foreclosure crisis.

- A border city development zone provision for Taylors Falls.
- TIF provisions for Cohasset, Ramsey, and Lino Lakes.

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

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2011 and 2012 LGA under House, Senate, and Proposed Conference Committee Plans

Cityname:	Certified 2011 LGA	House 2011 LGA	Senate 2011 LGA	Proposed CC 2011 LGA	House 2012 LGA	Senate 2012 LGA	Proposed CC 2012 LGA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
OSAKIS	459,347	459,347	380,867	380,867	380,867	380,867	380,867
PARKERS PRAIRIE	269,454	269,454	225,671	225,671	225,671	225,671	225,671
PELICAN RAPIDS	1,108,326	1,108,326	908,614	908,614	908,614	908,614	908,614
PIERZ	422,872	422,872	362,938	362,938	362,938	362,938	362,938
PIPESTONE	1,721,966	1,721,966	1,535,857	1,535,857	1,535,857	1,535,857	1,535,857
PRINSBURG	75,659	75,659	75,659	75,659	75,659	75,659	75,659
RANDALL	127,770	127,770	124,275	124,275	124,275	124,275	124,275
RAYMOND	203,926	203,926	203,926	203,926	203,926	203,926	203,926
RED LAKEFALLS	615,086	615,086	546,204	546,204	546,204	546,204	546,204
REDWOOD FALLS	1,299,574	1,299,574	1,075,270	1,075,270	1,075,270	1,075,270	1,075,270
RENVILLE	469,045	469,045	408,605	408,605	408,605	408,605	408,605
ROYALTON	187,267	187,267	187,267	187,267	187,267	187,267	187,267
RUSHFORD CITY	647,410	647,410	559,018	559,018	559,018	559,018	559,018
SACRED HEART	192,791	192,791	192,791	192,791	192,791	192,791	192,791
SANDSTONE	976,638	976,638	825,349	825,349	825,349	825,349	825,349
SAUK CENTRE	1,128,286	1,128,286	966,004	966,004	966,004	966,004	966,004
SEBEKA	169,550	169,550	169,550	169,550	169,550	169,550	169,550
SHERBURN	341,081	341,081	291,361	291,361	291,361	291,361	291,361
SILVER BAY	539,835	539,835	450,020	450,020	450,020	450,020	450,020
SLAYTON	854,281	854,281	762,656	762,656	762,656	762,656	762,656
SLEEPY EYE	1,446,750	1,446,750	1,274,191	1,274,191	1,274,191	1,274,191	1,274,191
SPRING GROVE	422,582	422,582	367,822	367,822	367,822	367,822	367,822
SPRING VALLEY	921,956	921,956	797,702	797,702	797,702	797,702	797,702
SPRINGFIELD	975,580	975,580	875,030	875,030	875,030	875,030	875,030
ST JAMES	1,477,960	1,477,960	1,336,057	1,336,057	1,336,057	1,336,057	1,336,057
STAPLES	1,060,589	1,060,589	957,573	957,573	957,573	957,573	957,573
STARBUCK	376,604	376,604	316,109	316,109	316,109	316,109	316,109
STEPHEN	193,225	193,225	193,225	193,225	193,225	193,225	193,225
STEWART	131,959	131,959	131,959	131,959	131,959	131,959	131,959
TRACY	956,325	956,325	859,170	859,170	859,170	859,170	859,170
TRIMONT	218,148	218,148	218,148	218,148	218,148	218,148	218,148
TRUMAN	439,632	439,632	392,748	392,748	392,748	392,748	392,748
TWIN VALLEY	269,231	269,231	269,231	269,231	269,231	269,231	269,231
TWO HARBORS	1,271,785	1,271,785	1,107,828	1,107,828	1,107,828	1,107,828	1,107,828
TYLER	424,263	424,263	387,654	387,654	387,654	387,654	387,654
ULEN	138,006	138,006	138,006	138,006	138,006	138,006	138,006
VERNDALE	130,357	130,357	130,357	130,357	130,357	130,357	130,357
WABASSO	183,887	183,887	183,887	183,887	183,887	183,887	183,887
WADENA	1,307,177	1,307,177	1,191,075	1,191,075	1,191,075	1,191,075	1,191,075
WALNUT GROVE	225,413	225,413	225,413	225,413	225,413	225,413	225,413
WARREN	663,624	663,624	561,156	561,156	561,156	561,156	561,156
WATKINS	251,433	251,433	251,433	251,433	251,433	251,433	251,433
WELCOME	237,131	237,131	216,934	216,934	216,934	216,934	216,934
WELLS	1,077,347	1,077,347	893,883	893,883	893,883	893,883	893,883
WESTBROOK	230,048	230,048	230,048	230,048	230,048	230,048	230,048
WHEATON	630,509	630,509	562,909	562,909	562,909	562,909	562,909
WINDOM	1,478,031	1,478,031	1,202,917	1,202,917	1,202,917	1,202,917	1,202,917



Reductions to LGA and MVHC reimbursement under House and Senate proposals Corrected April 1, 2011

(city of Houston corrected)

city	CERT 2011 LGA	LGA 2011 Senate Tax Bill (lesser of 11 cert or 10 actual)	Change from Certified 2011 to Sen Tax Bill	2011 LGA House PT Division Report Amended	Difference between Certified 2011 and House 2011	2012 LGA House PT Division Report Amended	Difference between Certified 2011 and House 2012	2011 Reduction to MVHC reimb. (House and Senate bills)
WILMONT	86,327	86,327	-	86,327	-	86,327	-	(6,027)
WILTON	8,560	7,670	(890)	8,560	-	7,670	(890)	(568)
WINDOM	1,478,031	1,202,917	(275,114)	1,478,031	-	1,202,917	(275,114)	(102,370)
WINGER	33,075	33,075	-	33,075	-	33,075	-	(3,131)
WINNEBAGO	564,536	503,310	(61,226)	564,536	-	503,310	(61,226)	(35,375)
WINONA	10,187,418	9,162,003	(1,025,415)	10,187,418	-	9,162,003	(1,025,415)	(528,368)
WINSTED	666,947	547,848	(119,099)	666,947	-	547,848	(119,099)	(60,468)
WINTHROP	453,587	393,587	(60,000)	453,587	-	393,587	(60,000)	(34,218)
WINTON	23,847	23,847	-	23,847	-	23,847	-	(2,658)
WOLF LAKE	8,042	8,042	-	8,042	-	8,042	-	(706)
WOLVERTON	24,318	24,318	-	24,318	-	24,318	-	(2,018)
WOOD LAKE	108,208	108,208	-	108,208	-	108,208	-	(7,933)
WOODBURY	-	-	-	-	-	-	-	(795,868)
WOODLAND	3,168	-	(3,168)	3,168	-	-	(3,168)	(286)
WOODSTOCK	32,442	32,442	-	32,442	-	32,442	-	(2,052)
WORTHINGTON	3,030,078	2,705,107	(324,971)	3,030,078	-	2,705,107	(324,971)	(199,307)
WRENSHALL	42,399	42,399	-	42,399	-	42,399	-	(6,174)
WRIGHT	7,938	7,938	-	7,938	-	7,938	-	(1,120)
WYKOFF	118,215	118,215	-	118,215	-	118,215	-	(9,131)
WYOMING	-	-	-	-	-	-	-	(127,002)
ZEMPLE	742	742	-	742	-	742	-	(440)
ZIMMERMAN	327,531	235,842	(91,689)	327,531	-	235,842	(91,689)	(51,741)
ZUMBRO FALLS	34,610	34,610	-	34,610	-	34,610	-	(3,044)
ZUMBROTA	545,593	426,975	(118,618)	545,593	-	426,975	(118,618)	(63,250)
	527,100,646	425,370,348	(101,730,298)	452,553,990	(74,546,657)	354,250,356	(172,850,290)	(69,946,959)





Jobs and Economic Development Committee Gives No New Funds to Important DEED Programs

The final committee report includes no additional funding for DEED's Minnesota Investment Fund or Redevelopment Account.

(Published May 18, 2011)

The jobs and economic growth conference committee (**SF 887** *(Link to:*

https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0887&ssn=0&y=2011) finalized its work on May 16 with a meeting to walk through the language and spreadsheet. The Department of Employment and Economic Development's (DEED) Minnesota Investment Fund and Redevelopment Account did not receive additional funding under the **finalized report** *(Link to: [https://www.revisor.mn.gov/bin/bldbill.php?](https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrsf0887.html&session=1s87)*

bill=ccrsf0887.html&session=1s87), although they were both included in Gov. Dayton's budget and were supported by the League and Metro Cities.

Before the May 16 meeting, **Rep. Bob Gunther** *(Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=10748>)* (R-Fairmont) signaled his likely support of the Redevelopment Account and explained he would support funding the program via the bonding bill if one was put together. The lack of funding was not a complete surprise; legislators had spent a lot of time this session talking about job creation in terms of lowering business taxes and reducing the time it takes to get permits done with the state. DEED staff had testified in committee that the Minnesota Investment Fund had about \$1.5 million available as the fund became a revolving loan fund several years ago. So, because of this fact combined with the emphasis on tax cuts and a low budget target, the cut did not surprise Capitol watchers.

Going into conference committee, two major items of contention were the taking of funds from the Douglas J. Johnson Economic Protection Transfer fund within the Iron Range Resources and Rehabilitation Board and a change-up in making a competitive grant process at DEED for a number of programs that have traditionally received pass-thru grants. The Douglas J. Johnson account transfer was actually moved to the omnibus tax bill earlier in the week. The conference committee opted to wait on the competitive grant process for another year, giving several entities a first year of guaranteed funding under SF 887, and creating a competitive process in the second year of the biennium. Some of these of city-interest include BioBusiness Alliance, Minnesota Youth program, and various summer youth programs.

Housing dollars were also included in SF 887, much of that dedicated to programs at the Minnesota Housing Finance Agency. From the spreadsheet and staff descriptions, the funding for economic development/housing challenge program, the housing trust fund, rental assistance for the mentally ill (Bridges), family homeless prevention, and others came in very similar to Gov. Dayton's proposed budget.

And in every omnibus bill, there is almost always some policy language included. One of particular interest will be a Small Business Loan Guarantee program, which was a bill of Rep. Gunther. As laid out in article 2, section 4 of the bill, it sets up a loan guarantee program to support the origination and sale of eligible subordinated loans to the secondary market by providing a credit enhancement in the form of a partial guarantee of small business loans made to Minnesota businesses by a qualified economic development lender. This is created in the Department of Employment and Economic Development. The language was introduced as **HF 611** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF611&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF611&ssn=0&y=2011)) (Gunther)/**SF 803** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0803&ssn=0&y=2011&ls=87](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0803&ssn=0&y=2011&ls=87)) (**Sen. John Howe** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15332](http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=15332)), R-Red Wing)—with several hearings on the House side. But currently, there is not funding for the program in SF 887.

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Conference Committee Calls for Cuts to Public Safety, Justice Programs

The public safety/judiciary conference committee report contains cuts to the Office of Justice Programs, and transfers money from fire safety and statewide radio funds.

(Published May 18, 2011)

On May 16, House and Senate bills that contain the budgets for multiple state entities, including the departments of Public Safety and Corrections as well as the courts, were reconciled by the conference committee appointed to complete work on the package.

To the League's disappointment, the final bill, **SF 958** (*Link to:*

https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF0958&ssn=0&y=2011) (**Sen. Warren Limmer**

(Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?leg_id=10376), R-Maple Grove/Rep. Tony Cornish (*Link to:*

http://www.house.leg.state.mn.us/members/members.asp?leg_id=10757), R-Good Thunder), makes reductions to a number of important programs, including the Fire Safety Account, the Allied Radio Matrix for Emergency Response (ARMER), Peace Officer Standards and Training (POST) Board training reimbursements, and the Office of Justice Programs (OJP) as follows:

- The bill transfers \$8.5 million from the Fire Safety Account to the state's general fund for the fiscal year (FY) 2012-13 biennium. The Fire Safety Account is a dedicated account derived from a surcharge on homeowners insurance premiums for the purpose of funding the State Fire Marshal's Office, firefighter training and regional fire service initiatives. The fund was raided by the Legislature and governor in 2010, when \$15 million was diverted to the state's general fund.
- The bill transfers \$6.2 million from the ARMER account to the state's general fund. ARMER is the radio system used primarily by emergency responders to communicate during emergencies like natural disasters. The build-out of the system is being funded in part by a dedicated surcharge on telephone bills.
- The bill reduces the POST training reimbursement funding by \$450,000, or almost 8 percent. These funds are used to reimburse law enforcement agencies for mandatory police training.
- The bill reduces the OJP budget by approximately \$12 million. The OJP provides Justice Grants (which are eliminated under the measure), funding for battered women's shelters, and victim services program funding.
- The bill reduces funding for the Department of Human Rights by 65 percent. The agency is charged with protecting the rights of minority groups and individuals and investigating claims of bias.

The bill preserves funding for the Division of Homeland Security and Emergency Management, the courts, and the Gambling and Alcohol Enforcement Division.

The conference committee report will go next to the House and Senate floors, where approval is expected. Gov. Dayton has not indicated whether he will sign or veto the bill. The governor is expected to face pressure by public safety and crime victim advocates to veto the bill.

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

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State Government Finance Conference Committee Aims to Reduce Deficit by \$300 Million

The conference committee report cuts state agency operating budgets and reduces the state deficit by a total of \$313 million.

(Published May 18, 2011)

On May 17, the conference committee on the state government finance bill (**SF 1047** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF1047&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=Senate&f=SF1047&ssn=0&y=2011))) finalized its **report** ([Link to: https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrsf1047.html&session=ls87](https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrsf1047.html&session=ls87)) , which would reduce the biennial budgets of state agencies from the current law projection of \$913 million to \$768 million. The proposal also includes a net of nearly \$170 million in revenue increases through two tax compliance initiatives.

The conference committee report includes the budgets for the Legislature; constitutional offices; the Departments of Management and Budget, Revenue, Administration, Military and Veterans Affairs; and the operations of the state's major retirement systems, including the Public Employees Retirement Association (PERA).

Cuts in operating budgets

Under the conference committee report, most state agencies, constitutional offices, and councils will experience 5 percent to 20 percent reductions in their operating budgets for the upcoming biennium. In addition, the commissioner of Management and Budget is directed to identify \$94.9 million in additional appropriation reductions to executive branch agencies from agency operations over the upcoming 2012-2013 biennium. Included in the cost savings initiatives is a mandated 15 percent reduction in the state workforce, a state employee salary freeze, and a directive to restructure health care benefits for state employees in order to reduce state costs.

Revenue increases?

In addition to the \$94.9 million in unallocated cuts, the conference committee agreement includes two expanded tax compliance efforts that are expected to yield almost \$170 million in revenues over the biennium. The first initiative, informally called "tax analytics" would contract with a private firm to analyze taxpayer information in order to identify potential non-compliance revenues. The tax analytics effort is expected to yield \$133 million in new compliance revenues over the biennium. The second initiative would increase the state's work with the U.S. Department of Treasury to deduct unpaid tax debts from the tax refunds to individuals and businesses. This initiative is expected to yield an additional \$36.6 million in revenues over the 2012-2013 biennium.

The estimated revenues for these two tax compliance initiatives have been the subject of intense debate between legislators and Gov. Dayton. The administration has raised concerns about the additional revenues that might actually be realized. The House bill initially included language that specified that if the expected revenues did not materialize, the commissioner of Management and Budget would have to

make additional cuts in state agency operations. This clause was not included in the final conference committee report.

Possible city impact

Under the agreement, the unallocated cuts must be applied to state agency operations and would not impact city revenues from sources such as local government aid, market value homestead credit reimbursement, police and fire pension aids, or municipal state aid for roads, although there could be secondary impacts of the budget cuts to these state agencies as fees, permits, and other charges are adjusted to reflect cuts in agency operations.

The conference committee report also includes language that identifies additional state operation efficiency opportunities such as a fleet management improvement program and a state building efficiency initiative.

The bill includes a provision that would allow the City of Rochester to continue to use a certified public accountant to perform its annual audit. Under the most recent federal census, Rochester's population exceeded 100,000, officially making it a first-class city. Under state law, first-class cities must be audited by the state auditor.

The bill also expands the size of the Legislative Commission on Pensions and Retirement from 10 to 14 members—seven House members and seven Senate members. In each body, there can be no more than five members representing the majority party.

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

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Transportation Finance Conference Committee Reduces Transit Funding

The omnibus transportation finance bill, which is expected to pass, will result in significantly reduced funding for transit, but stable road funding.

(Published May 18, 2011)

The product of the omnibus transportation finance conference committee will result in significantly reduced funding for transit while road funding will remain stable. The committee, which was appointed to resolve differences between the Senate and House omnibus transportation finance bills, finished its work on May 12.

The conference committee report ([Link to: https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrhf1140.html&session=ls87](https://www.revisor.mn.gov/bin/bldbill.php?bill=ccrhf1140.html&session=ls87)) will advance under bill number **HF 1140** ([Link to: https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1140&ssn=0&y=2011)

[b=House&f=HF1140&ssn=0&y=2011](https://www.revisor.mn.gov/revisor/pages/search_status/status_detail.php?b=House&f=HF1140&ssn=0&y=2011)) (**Rep. Mike Beard** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10754](http://www.house.leg.state.mn.us/members/members.asp?id=10754)), R-Shakopee/**Sen. Joe Gimse** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1082&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1082&ls=)), R-Willmar). Final action by the full House and Senate is expected early next week.

Under the measure, transit funding for Greater Minnesota will be reduced by \$7.6 million in each of the next two bienniums. Funding for Metropolitan Transit will be reduced by \$109 million for the fiscal year (FY) 2012-13 biennium and by \$51.28 million for the following biennium. This cut leaves Metropolitan Transit with \$20.5 million in general funds for operations, which is about \$5 million less than the general fund appropriation for Greater Minnesota Transit.

The bill authorizes the Metropolitan Council to use up to 100 percent of Livable Communities Funds and Right-of-Way Acquisition Loan Fund levies to backfill the transit cuts. It also permits the joint powers board that is responsible for transit sales tax revenues to allocate funds to the Metropolitan Council for transit purposes. These backfill options are unlikely to appeal to Gov. Dayton or the Metropolitan Council.

Road funding is held harmless in the transportation spending package. Transportation is a unique part of the state's budget in that much of the spending is constitutionally determined. As the House Research **Highway Finance Overview (pdf)** ([Link to: http://www.house.leg.state.mn.us/hrd/pubs/ss/sshwyfund.pdf](http://www.house.leg.state.mn.us/hrd/pubs/ss/sshwyfund.pdf)) describes, almost all road funding is handled outside of the state's general fund. State funding primarily comes from three transportation-related taxes (the gas tax, the motor vehicle sales tax, and the vehicle registration tax) and is allocated to the Highway User Tax Distribution Fund. The portion of transit that is funded by the state comes out of the general fund. Neither bill contains any revenue increases—such as gas tax or registration tax increases—so municipal state aid, county state aid, and the trunk highway funds will remain stable.

For transportation, the state provided about \$166 million in general fund dollars last biennium (FY 2010-11), much of which is used for transit. The governor's budget recommends total general fund spending of \$180 million for the next biennium.

The conference committee report is expected to pass off the floors of both bodies in the coming days. The governor has not indicated whether he will sign or veto the measure.

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

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Coalition of Greater Minnesota Cities

CGMC in Brief

May 19, 2011

Contact: Tim Flaherty
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Governor Dayton Offers Compromise

On Monday, the governor laid his cards on the table and offered what he described as a 50/50 compromise. He explained that the current projected deficit is about \$5 billion. Because he and the legislature agreed to continue the school shift, the remaining deficit is \$3.6 billion. The governor offers to meet the legislature half way by solving it with \$1.8 billion in spending cuts and \$1.8 billion in additional tax revenues. Further details are contained in the attached letter. The offer was quickly rejected by Senate and House leadership, who insisted that they would not raise revenue to close the budget deficit.

Next Steps at Legislature

With the House and Senate finishing work on all of their budget bills, the focus now shifts to the governor, who will likely veto these bills. Governor Dayton has indicated that he will not sign any budget bills without a global agreement that closes the deficit with a combination of increased revenues and cuts. With each passing hour options for resolving the impasse become more limited.

The governor met with the entire House and Senate Republican Caucuses this afternoon in an effort to bridge the gap. Few details have emerged but it is likely that each side tried to show the other how committed to their particular position they are.

Assuming that Governor Dayton vetoes all budget and tax bills, the legislature is left with essentially three options:

- 1) Continue negotiating with the governor;
- 2) Prepare another round of budget proposals that includes some new revenue such as gambling or closing certain tax loopholes, and pass those regardless of whether the Governor likes them; or.
- 3). Adjourn early without an agreement.

All of these approaches create some risk for the legislative majorities. If the legislative republicans continue to negotiate with the governor, but do not move on the issue of revenue the editorial and public criticism that they are not meeting the governor halfway will likely increase. If they propose some form of revenue, the more conservative members of their caucus will criticize them. Moreover, a gambling proposal would likely not raise enough to satisfy the governor and legislative democrats. Simply adjourning before the Monday deadline would leave them open to criticism that they did not work hard enough to achieve some compromise on the budget.



Omnibus Tax Bill Passes After Governor's Plan Rejected

The Minnesota House and Senate approved the conference committee report for the omnibus tax bill this week. The House voted 71 to 58 with Rep. Carolyn McElfrick (R—Deer River) joining all DFLers in opposition to the bill. The Senate passed the bill on a 37 to 28 party line vote.

The bill reduces LGA by \$310 million for city budget years 2011 and 2012. Cities, except Minneapolis, St. Paul and Duluth, would receive their paid 2010 LGA or certified 2011 LGA, whichever is less, for the next two years. Minneapolis, St. Paul and Duluth would be phased-off LGA by 2014.

The bill continues the current levy limits for two more years. In 2011 cities will receive the same market value credit reimbursement as they did in 2010. In 2012, the market value credit becomes a reduction in tax capacity, thus shifting property taxes away from lower valued homes onto other properties and removing the need for cities to be reimbursed.

Earlier in the day the House voted on Gov. Dayton's newest tax plan. The plan calls for \$1.8 billion in tax increases as part of his newly proposed compromise to balance the state's budget deficit. The plan was rejected on a 60 to 73 with Rep. Gene Pelowski (DFL – Winona) joining the GOP in opposition.

LGA Attacked on Floor

Rep. Linda Runbeck (R – Circle Pines), chair of the House Property Tax Division, spoke out again about LGA during the house floor debate over the governor's tax plan <http://www.youtube.com/watch?v=kBhpJee0Jzk>

Local Chambers Demand Balanced Solution

On Monday, eight executives from chambers of commerce across greater Minnesota held a press conference on Monday declaring their support for local government aid and urging the legislature and governor to reach a budget compromise that includes cuts and revenues. The group met with Governor Dayton after the press conference where they explained how LGA cuts would impact their cities, particularly the smaller businesses. The Governor reiterated his support for the LGA program. A copy of the press release and handouts is attached.

Rural vs. Urban Divide Over Parks and Trails Funding

Not all contentious debates at the legislature fall out along a partisan divide. The allocation of legacy amendment parks and trails funding is growing increasingly contentious with greater Minnesota pitted against the metropolitan area over how millions of dollars for parks and trails will be divided. Both legislative chambers dedicate an exclusive share of the parks and trails funding to metropolitan parks and to DNR state parks. The Senate also dedicates an exclusive share to greater Minnesota parks and trails, but the House creates a non-exclusive pool of money for which greater Minnesota must compete with the metro. If you have not done so already, please contact your legislators and urge them to encourage the conferees to adopt the Senate position on S.F. 1363 providing an **exclusive share of parks and trails funding to greater Minnesota**. We are attaching a copy of the action alert that we sent to managers and mayors on this issue yesterday with more details



Transportation Budget Bill Hits Greater MN Transit

Conferees in the House and Senate this week agreed to a \$7.45 million reduction to greater Minnesota transit for the 2012-2013 biennium, reflected in their transportation omnibus finance bill (H.F. 1140). The House passed the finance bill late Wednesday night, and the Senate is expected to follow-suit today. The governor will likely veto the bill.

A reduction of general fund money for greater Minnesota transit has a compounding effect of reducing local matching funds, which make up approximately 27% of greater Minnesota transit operating costs. When accounting for the local match reductions, the reduction in funding for greater Minnesota transit is closer to \$5.2 million per year.

The Minnesota Department of Transportation projects that this cut to greater Minnesota transit would result in a reduction of about 101,000 hours of service. According to MnDOT, that is the equivalent of cutting five average small urban and five average rural transit systems, which would result in the loss of about 50 jobs.

Monday's press conference from the eight chambers of commerce generated a lot of coverage and interest from news outlets across the state:

- St. Paul Pioneer Press covered the story here: <http://bit.ly/iDlzVY>
- Minnpost mentioned it in an article <http://bit.ly/ij64b> and in a Doug Grow column <http://bit.ly/jadffJ>
- The Bemidji Pioneer also ran a detailed article <http://bit.ly/li3sUf>
- The South Washington County Bulletin included it in larger story about progress on the budget <http://bit.ly/lsOjZt>

MEDIA ROUND- UP

Editorial pages are beginning to push for a budget compromise:

- Detroit Lakes DL-Online <http://bit.ly/mqzFh4>
- The StarTribune <http://bit.ly/m8WcpH>
- The Pioneer Press <http://bit.ly/myYcMS>
- Rochester Post Bulletin <http://bit.ly/ing4vm>

The Grand Forks Herald quoted Nancy Carroll as she reacted to the LGA cuts in the bills: <http://bit.ly/iPiiX6>

Last weekend, the StarTribune released the results of its most recent Minnesota Poll which showed broad support for a balanced solution to the budget deficit. 63% of respondents favored a mix of cuts and revenue increases, while 27% preferred a cuts-only approach. <http://bit.ly/kntfUu>

2011 CGMC Labor & Employee Relations Seminars

The CGMC Labor and Employee Relations Committee will be sponsoring two seminars again this year from 10:00 a.m. to 4:00 p.m. as follows: **Thursday, June 2, 2011 in Brainerd** and **Thursday, June 9, 2011 in Mankato**. Additional details and registration materials were emailed to all CGMC cities and are available online at <http://www.greatermncities.org/>.



**CGMC Breakfast at
LMC Annual
Conference set for
June 17**

If you are planning on attending the League of Minnesota Cities Annual Conference in Rochester please plan on attending our annual CGMC breakfast from 7:30-8:30 on Friday, June 17th. Breakfast will be onsite at the Mayo Civic Center and should provide an excellent opportunity to network with other officials from across Minnesota and get an update from the legislature by CGMC staff. If you are planning on attending please contact Colleen Millard at cfmillard@flaherty-hood.com or at 651-225-8840.

**Save the Date for the
Summer
Conference!**

The CGMC summer conference will be August 3, 4 and 5 in Grand Rapids, Minnesota. Please save the date! Details to follow.



ACTION ALERT

A conference committee has been named to resolve differences regarding the legacy bill S.F. 1363. We strongly support the Senate's position with respect to Parks and Trails funding.

Both the Senate and the House dedicate money to metropolitan regional parks, but only the Senate makes an exclusive dedication to greater Minnesota regional parks and trails. In the House bill, greater Minnesota regional parks and trails must compete with metropolitan parks and trails for a Statewide Grant program as described in the chart below. **Greater Minnesota regional parks and trails deserve an adequate and exclusive share of legacy funding.**

Opponents argue that greater Minnesota does not deserve dedicated funding because most state parks are located in greater Minnesota. State parks are statewide resources, however, and many greater Minnesota cities and counties are located nowhere near state parks.

Please contact the following House conferees, your legislators, and the governor's office. Ask them to support the Senate position on park and trail legacy funding. Greater Minnesota deserves an adequate and **EXCLUSIVE** share of parks and trails funding.

Here are the House Conferees to contact:

Representative Dean Urdahl rep.dean.urdahl@house.mn 651-296-4344 (or 1-800-920-5861)
Representative Paul Torkelson rep.paul.torkelson@house.mn 651-296-9303
Representative Mary Murphy rep.mary.murphy@house.mn 651-296-2676 (or 1-800-890-5428)
Representative Denny McNamara rep.denny.mcnamara@house.mn 651-296-3135

Governor Dayton email contact:

<http://mn.gov/governor/contact-us/form/>

Telephone: 651-201-3400

Here is a breakdown of how the parks and trails legacy funds would be split in 2013

	House	Senate
DNR State Parks	41% exclusive	39% exclusive
Metropolitan Regional Parks	41% exclusive	39% exclusive
Greater MN Regional Parks	18 % non-exclusive (must compete with metro parks)	22% exclusive

Here is a breakdown of how the parks and trails legacy funds would be split in 2014

	House	Senate
DNR State Parks	40% exclusive	39% exclusive
Metropolitan Regional Parks	40% exclusive	39% exclusive
Greater MN Regional Parks	20 % non-exclusive (must compete with metro parks)	22% exclusive



STATE OF MINNESOTA

Office of Governor Mark Dayton

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

May 16, 2011

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

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

Dear Senator Koch and Speaker Zellers:

From the beginning of this legislative session, it has been clear that compromise by all of us would be the only way we could reach the necessary agreements to achieve a balanced state budget for the next biennium. Most Minnesotans want us to resolve our differences by the Constitutional deadline of May 23rd. That resolution obviously requires compromise.

Compromise requires all of us to agree to items that we don't agree with. That is the essence of compromise. It is the only way we will reconcile our different positions on the state's budget for the next biennium.

The current projected deficit is just over \$5 billion. We agree that the repayment of the previous Governor and Legislature's shift in school aid payments must be postponed. That leaves us with a remaining deficit of \$3.6 billion. You propose to eliminate that deficit entirely through spending reductions. I have proposed to eliminate it through a combination of tax increases and spending reductions.

I am willing to meet you half-way: \$1.8 billion in spending cuts and \$1.8 billion in additional tax revenues. In my February 15th budget, I proposed \$3.356 billion in new tax revenues. I am willing to cut my revenue proposal almost in half to \$1.8 billion. I will also agree to \$1.8 billion in net spending reductions, to be negotiated with you.

Your proposed budget calls for eliminating the remaining \$3.6 billion deficit entirely through reductions in expenditures. Thus, half-way for you would also be \$1.8 billion in spending cuts and \$1.8 billion in additional tax revenues.

My new tax proposal raises the gross income levels at which the 4th tier income tax rate applies for the typical married couple to over \$300,000 (\$250,000 in taxable income) and to almost \$180,000 for the typical single taxpayer (\$150,000 in taxable income). It would raise income taxes on less than 2% of Minnesotans (1.9%). Only the very highest income earners would pay any additional state income taxes under my proposal. The details of my new tax proposal are attached.

Voice: (651) 201-3400 or (800) 657-3717
Website: <http://governor.state.mn.us>

Fax: (651) 797-1850

MN Relay (800) 627-3529
An Equal Opportunity Employer

Governor Dayton Revised Budget Recommendations

16-May-11

In millions

FY 2012-13

TAX REVENUE SUMMARY

			Total Income*	MN Taxable Income
4th Tier Income Tax - 10.95% Rate (Affects 2.3% of all returns, 1.9% of MN resident returns)	1,548	Married-Joint	\$305,000	\$250,000
		Head-of-Household	\$268,000	\$200,000
		Single	\$179,000	\$150,000
Part-Year Resident Income Tax	30			
Non-Resident Estate Tax Provision	13			
Federal Tax Conformity	(18)			
Enhance R & D Credit	(22)			
FOC/Foreign Royalties Subtraction	135			
Other Corporate Provisions	82			
Sales Tax Provisions	31			
State Property Tax--\$1M Value Homes	0			
Miscellaneous	1			
Total Tax Revenue Changes	1,800			

* Total income includes all forms of cash income, including wages, capital gains, deferred compensation and other taxable and non-taxable income.

SPENDING SUMMARY

Total Spending Changes	(1,800)
Education Formula Increase**	128
Net Spending Changes	(1,928)

**Education Formula represents the Senate funding level and the Governor's policy to link formulas.

For Immediate Release:

May 16, 2011

Contact: Glen Fladeboe
gdfladeboe@flaherty-hood.com
Cell: 651-208-3262

**Local Chambers: Balanced solution to state budget deficit needed to
keep communities, businesses strong**

State Revenue Increase Better Than Property Tax Increases

(St. Paul, MN)-- Local chambers of commerce from across the state gathered Monday for a State Capitol press conference to explain that local government aid is critical to business growth and livable communities throughout the state and that the governor and legislature must come together to produce a budget compromise that includes both cuts and a state revenue increase.

The group said that the disproportionate cuts to LGA over the past years have driven up property taxes 65% across the state since 2002, with greater Minnesota taking the biggest hits.

“We already know what a tax increase looks like. It looks like this – a property tax statement – which our businesses and families have been slapped with year after year because of the continued cuts to LGA, and we’ve had enough of that,” said Dan Dorman, a former Republican state representative and current executive director of the Albert Lea Economic Development Agency.

“It is time for some good old fashioned Minnesota common sense. Both sides need to do what majority of Minnesotan’s want. They want the Legislature and the governor to sit down and work out a solution that isn’t going to rely entirely on cuts and property tax increases” Dorman said, citing a poll in Sunday’s Star and Tribune in which 63% of respondents said they support a combination of higher taxes and service reductions to address the state’s \$5 billion budget deficit.

The coalition of Chambers that gathered for the news conference all acknowledged that the decisions facing the governor and legislature are difficult, with no easy solutions, but said the time had come that state policymakers stop passing the buck by forcing the local units of government to increase property taxes.

“Property taxes are hammering businesses, especially small businesses. Maintaining LGA is critical to business growth and job creation in Minnesota,” said Randy Kehr, the executive director of the Albert Lea—Freeborn County Chamber of Commerce.

“Property taxes make up the largest share of taxes that businesses pay and those property taxes have steadily increased over the last decade, particularly in greater Minnesota.” Kehr cited Minnesota House Research Property Tax data showing that while from 2002 to 2010 commercial and industrial property taxes have increased 44% in the Metro area, they have increased by 70 % in greater Minnesota.

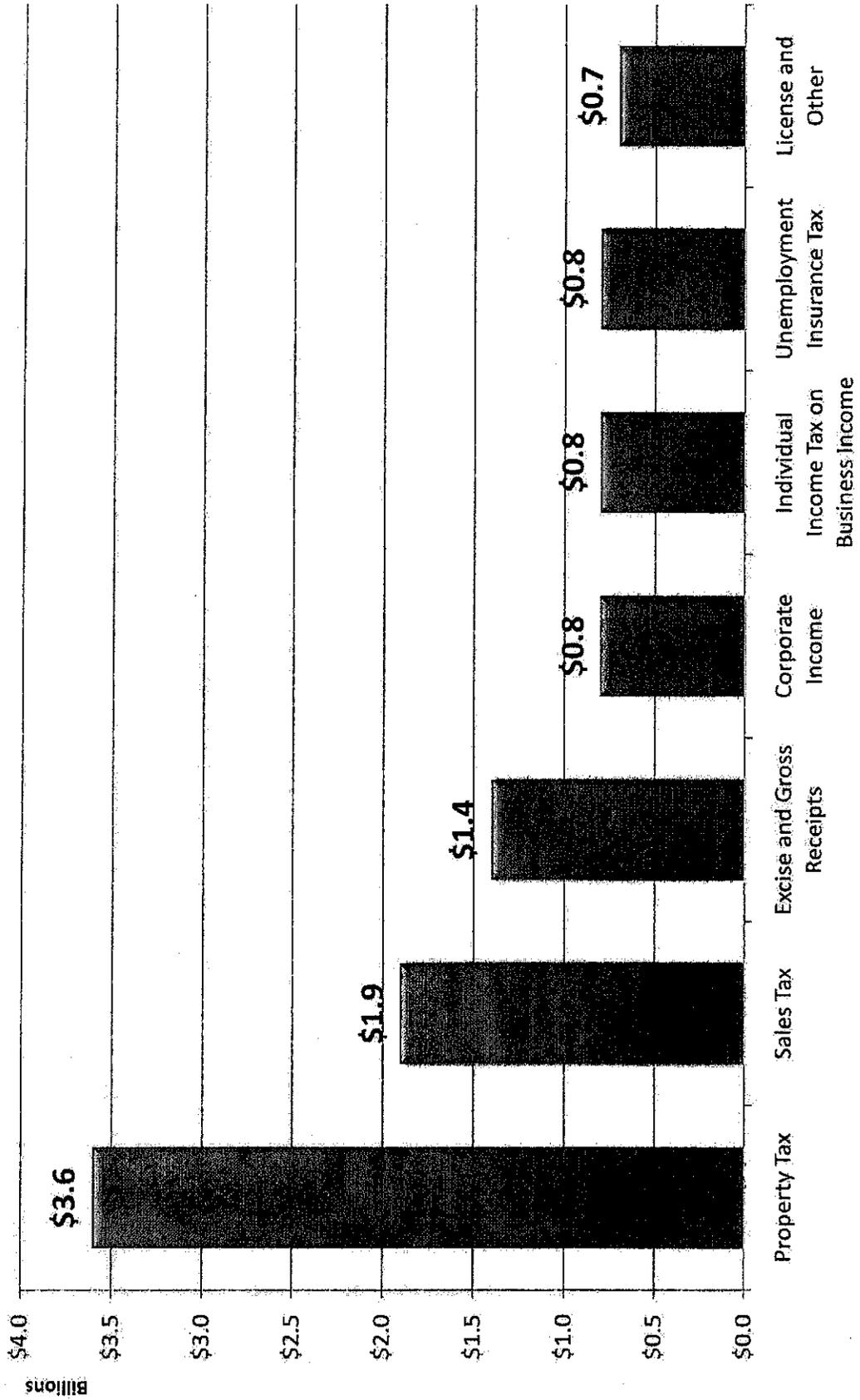
“As the executive director of an economic development agency for a mid-sized city on the Iowa border, I can tell you the worst direction for this state to take is cutting LGA, which drives up property taxes on businesses and leads to cuts in city services. If we want to attract businesses, we need livable communities where employees want to raise their families,” explained Dan Dorman.

“This isn’t just about balancing the state budget this year, this is about how we will keep our communities strong for our kids, our young families and our businesses for the next 20 to 30 years. It can’t be done through spending cuts and property tax increases alone,” said Dorman. “A compromise must include both cuts and an increase in state revenues.”

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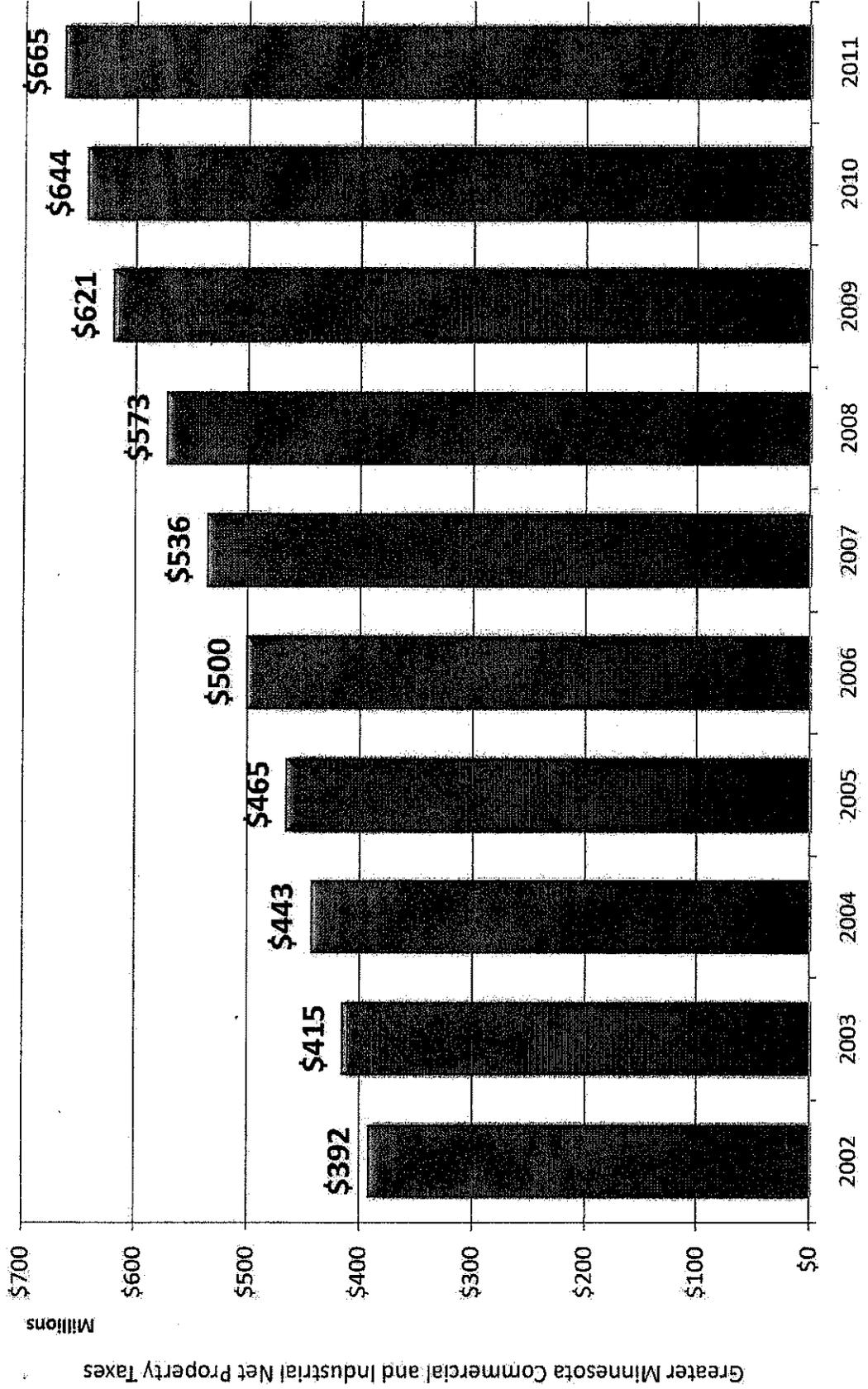
Minnesota State and Local Business Taxes

FY 2009



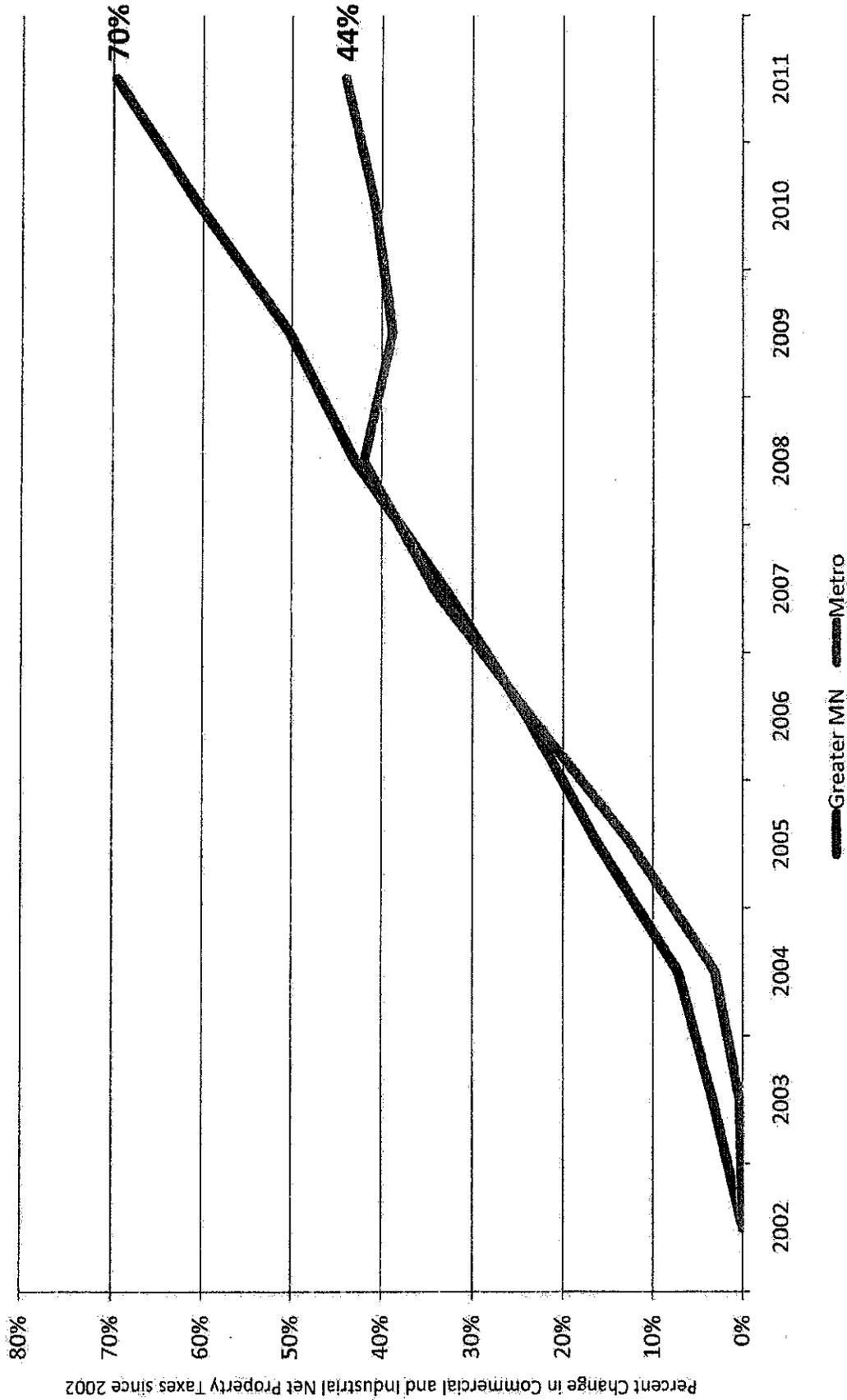
Source: Total state and local business taxes, state-by-state estimates for fiscal year 2009, March 2010. Produced by Ernst and Young for the Council on State Taxation.

Greater Minnesota Commercial and Industrial Property Taxes have increased 70% since 2002



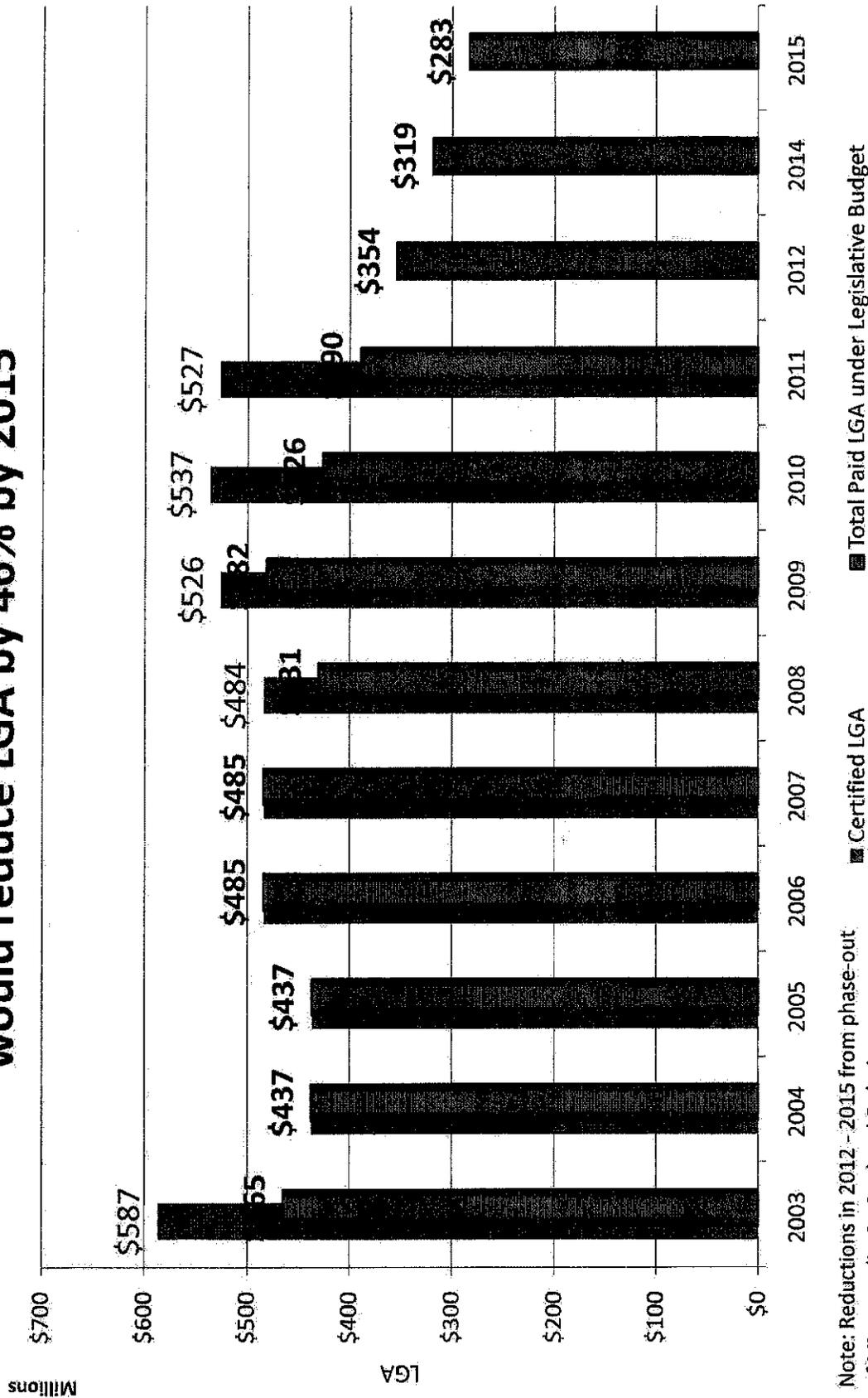
Source: Minnesota House Research Property Tax Simulations 2002 Final to 2011 actual.

Greater Minnesota Commercial and Industrial Property Taxes have increased more than the Metro since 2008



Source: Minnesota House Research Property Tax Simulations 2002 Final to 2011 actual.

The Legislative Tax Conference Committee Report would reduce LGA by 46% by 2015



Note: Reductions in 2012 - 2015 from phase-out of Minneapolis, St. Paul and Duluth.

May 16 Press Conference on LGA

Albert Lea – Freeborn County Chamber of Commerce

Randy Kehr, Executive Director

Dan Dorman, Executive Director, Albert Lea Economic Development Agency

Bemidji Area Chamber of Commerce

Lori Paris, President

Crookston Chamber of Commerce

Shannon Stassen, President and CEO

Duluth Chamber of Commerce

David Ross, President

Laurentian Chamber (Virginia area cities)

Jim Currie, President and CEO

Luverne Area Chamber of Commerce

Jane Wildung Lanphere, Executive Director

Wadena Area Chamber of Commerce

Erik Osberg, Board President

Worthington Chamber of Commerce

Darlene Macklin, Executive Director