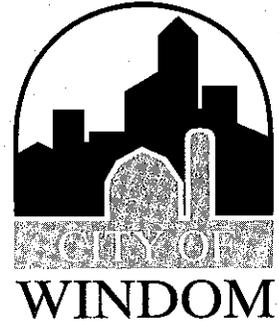


**Council Meeting**  
**Tuesday, September 6, 2011**  
**City Council Chambers**  
**7:30 p.m.**



**AGENDA**

Call to Order  
Pledge of Allegiance

1. Approval of Minutes
  - Council Minutes—August 16 & 29, 2011
2. Consent Agenda
  - Minutes
    - Housing and Redevelopment Authority – July 13, 2011
    - Utility Commission – August 23, 2011
  - Permit Application – Use of Amplification Equipment – Breast Health Fund
  - Correspondence
    - River City Eatery - Mari Harries – Request for Strong Beer License
3. Public Comments – Frank Dorpinghaus – Patriot Act and 9-11-01
4. Department Heads
5. Proclamation for Years of Service – Dan Fossing
6. Annual Firefighters Relief Association Report
7. CAPX Confirmation of Participation
8. Truck Highway 60/71 Watermain Project Bid Award
9. 2012 Sewer and Watermain Improvement Projects on River Road and 6<sup>th</sup> Street
  - Ordering Preparation of Reports
10. Civil Service Commission Patrol Officer Hiring Recommendation
11. Preliminary 2012 Budget Levy
12. Establish 2012 Budget Hearing Dates
  - 7:00 p.m. – December 6, 2011 – 2012 City Budget Public Input
  - December 20, 2011 – Adoption of 2012 Budget and Levy
13. New Business
14. Old Business
15. Regular Bills
16. Council Concerns
17. Adjourn



Preliminary

**CITY COUNCIL**  
**Windom City Hall, Council Chamber**  
**August 16, 2011**  
**7:30 p.m.**

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

Roll Call: Mayor: Kirby Kruse

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

Council Members Absent: None

City Staff Present: Steve Nasby City Administrator; Scott Peterson, Chief of Police; Al Baloun, Recreation Director and Terry Glidden, Telecom

Public Present: Rahn Larsen, Cottonwood County Citizen and Dirk Abram, KDOM

Pledge of Allegiance:

Approval of Minutes:

**Motion by Powers, seconded by Fossing, to approve the City Council minutes from August 2, 2011. Motion carried 5 -0.**

Consent Agenda:

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

- Economic Development Commission – August 8, 2011
- Library Board – August 9, 2011

Mayor Kruse noted that two license requirements were received.

- Authorization to dispense intoxicating liquor for the Phat Pheasant Pub for August 17 – 20, 2011 at the Arena as part of the Cottonwood Co. Fair
- Amplification permit for the Phat Pheasant Pub for August 26, 2011.

**Motion by Maricle, seconded by Ray, to approve the consent agenda. Motion carried 5 – 0.**

Preliminary

Department Heads:

Al Baloun, Recreation Director, said that the Windom Pool would be closing at 6:00 p.m. on August 17, 2011.

Fossing asked for a brief update on the 2011 season. Baloun said the attendance in June and August has been about normal and attendance in July was strong and a full, detailed report would be coming following the closing. There were many positive remarks about the new slide.

2010 – 2011 Windom Area Hospital Audit:

Al Peterson, Board Chairperson; Gerri Burmeister, CEO and Kim Armstrong, CFO introduced themselves.

Armstrong reviewed several highlights from the audit which included the following:

- Assets were increasing and liabilities decreasing.
- Long-term liabilities were down substantially due to the pay off of their bond.
- Net assets were up due to strong activities and income.
- Both revenue and expenses were up over last year, but the hospital was profitable.
- Non-operating income was low due to lower rates of returns on investments.
- Operating revenue is an area to watch as there are fewer patients.
- Operating margin and net margin are within range for comparable hospitals.
- Age of assets for Gold Standard hospitals is 8.5 years and Windom is 10.6.

Burmeister said the challenges for the Windom Area Hospital are:

- Health care reform and the uncertainty in the system.
- Reporting issues and quality control reporting requirement changes.
- Reductions in State payments and Medicaid payments.
- \$153,000 anticipated loss next two years in State covered payments.
- 2002 is the cost basis that is still used to determine reimbursements and now the State is reducing those rates by 16%.
- Medicare uncertainty of federal changes and cuts are very important as it represents about 50% of Windom's Hospital business.
- National economy down and we see impacts locally and insurance policies with higher deductibles cause people not to seek medical care so business is down.
- \$85,010 in medical forgiveness and \$391,000 in uncollected bad debt.

Sanford is a key resource in helping the hospital get through the changes in rules and improve quality so citizens can continue to receive the best care and retain patients. Jones asked about changes in the reporting requirements and who handles these systems. Burmeister said that Windom Hospital reports their activities and Sanford helps package the information and use of systems.

## Preliminary

Jones asked where the bad debt is most commonly incurred. Burmeister said that about 70% of the patients have health insurance, but may not have the money to pay the deductible portion of the medical expense so that portion of the bill goes unpaid and that is a large portion of the bad debt.

Peterson said that the Board and staff set annual goals with strategic planning through Sanford. The next goals include:

- Conversion to Sanford OneChart for electronic records as this is being required by the Federal government. It is expensive.
- Recruit a general surgeon to do in-patient procedures, which will coincide with the upgrades to the surgical facilities at the Windom Hospital.
- Mammography unit in-house. Now the unit is on a semi-trailer and visits Windom, but the plan is to get a unit into the hospital so it can be used anytime. They are seeking grants and doing fundraisers.
- Quality of Care. Keep working to continually improve the care for patients.

Jones asked about health care reform and if that would help to reduce the bad debt. Burmeister said that it should help as people would be required to have insurance, but it would not necessarily help with the non-payment of the co-pays or deductibles.

### Windom Des Moines River Dam Project:

Rocky Keehn, SEH, Inc. Engineering introduced himself and noted two items on the agenda to discuss. First, the Environmental Assessment Worksheet (EAW). The EAW had been sent to the City Council, staff and the DNR for preliminary review. The language in the EAW identifies the riffles, j-hooks and other aspects of the plans along with narrative on the environmental impacts. Comments from City staff were received and the DNR had not yet made any comments, but a preliminary response from the State Historical Preservation Office had been received and will be addressed.

Jones asked about the four or five riffles from the plan and the j-hooks. Keehn said the EAW had anticipated five riffles and the j-hooks, but after discussions with the DNR the plans would be to do four riffles and bio-engineer bank stabilization instead of the j-hooks.

Powers clarified that the j-hooks were eliminated from the plans. Keehn said they were because the review of the project identified that by moving the river to the middle of the channel the forces on the west bank would be less, bio-engineering would help build up the toe of the west bank and the j-hooks would be difficult to construct because of the steep bank and there was also a cost factor to the j-hooks. Keehn said that the DNR was in agreement with this approach. The City could monitor the performance of this solution and then possibly look at the j-hooks if needed at some point in the future.

## Preliminary

Keehn asked if the Council had any revisions to the EAW as presented. If not, the document would be filed and published on August 22, 2011, which would start the 30-day review and comment period. No Council revisions were presented.

Keehn said the plans and specifications in the Council packets were very similar to the prior set, however, one riffle was eliminated and the j-hooks were eliminated. The DNR is still going to review the plans so there may be a minor revision if they require a change. The specifications show both quarry rock and field stone. The field stone looks better and is preferred by the DNR, but there may be a price difference so both options were included. Nasby said that there is also an option to do quarry rock below grade or the water level and field stone above, which could reduce cost but still maintain the ascetics the DNR prefers.

Jones said that Luverne and Jackson were using quarry rock. Keehn agreed that was correct, but the DNR likes field stone better for canoes and appearances.

**Council member Powers introduced the Resolution No. 2011-33 entitled "RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR THE DES MOINES RIVER DAM IMPROVEMENT PROJECT." and moved its adoption. The resolution was seconded by Jones and on roll call vote: Aye: Fossing, Jones, Maricle, Powers and Ray. Nay: None. Absent: None. Resolution carried 5 - 0.**

### Bruce Nelson Estate Donations:

Mayor Kruse said that there were two donations from the estate, which were \$10,000 to the Windom Library and \$10,000 to the Windom Fire Department. Kruse thanked the Estate for the generous gifts.

**Council member Maricle introduced the Resolution No. 2011-34 entitled "AUTHORIZATION TO ACCEPT A DONATION FROM THE BRUCE NELSON ESTATE FOR THE WINDOM FIRE DEPARTMENT" and moved its adoption. The resolution was seconded by Ray and on roll call vote: Aye: Jones, Maricle, Powers, Ray and Fossing. Nay: None. Absent: None. Resolution carried 5 - 0.**

**Council member Maricle introduced the Resolution No. 2011-35 entitled "AUTHORIZATION TO ACCEPT A DONATION FROM THE BRUCE NELSON ESTATE FOR THE WINDOM LIBRARY" and moved its adoption. The resolution was seconded by Fossing and on roll call vote: Aye: Maricle, Powers, Ray, Fossing and Jones. Nay: None. Absent: None. Resolution carried 5 - 0.**

Preliminary

Civil Service Recommendation – Hire Patrol Officer Position:

Chief Peterson said that the Civil Service Commission has recommended the filling of the vacant patrol officer position to maintain a sworn officer force of eight.

Jones asked who is performing the hiring process and what the next steps were. Peterson said the Civil Service Commission, Sergeant Patterson and himself were conducting the process and interviews. The Civil Service Commission would then select a candidate and make a recommendation to the Council for approval

**Motion by Ray, seconded by Powers, to authorize the Police Department to hire a patrol officer. Motion carried 5 – 0.**

Joint Powers – State of Minnesota I-Mobile System:

Nasby said this agreement will enable the Windom Police Department to utilize the data base for records checks on the laptops installed in the squad cars. Chief Peterson confirmed that assessment is correct.

Jones asked if the officer will then be able to look up additional information. Peterson said that it will provide the officers with additional information, save the call to dispatch, enable a visual confirmation of the person they are talking to and improve the safety for the officer.

**Motion by Jones, seconded by Fossing, to authorize the City of Windom's participation in a joint powers agreement with the State of Minnesota for the I-Mobile system. Motion carried 5 – 0.**

Unfinished Business:

Mayor Kruse said there was a letter from the City Attorney regarding the question raised at the last meeting about a quorum. Maricle asked about the differences in Council committees and standing committees. Nasby said his understanding is that the Council committees are the Council assigning duties to a group. The standing committees are like the EDA, Hospital Board, HRA, etc. Maricle asked about the application of the open meeting law to these committees as if there is not a quorum then what is the requirement. Nasby suggested that the City Attorney be contacted to clarify the answers for him with the concurrence of the Mayor. Maricle said that he would be interested in a list of the committees, boards and commissions that are subject to the open meeting law. Nasby asked if that was a motion for direction to legal counsel for an opinion.

**Motion by Maricle, second by Ray, to request a legal opinion from the City Attorney as to the application of the open meeting law to the existing committees, boards and commissions. Motion carried 5 – 0.**

## Preliminary

Fossing asked about the progress on the Street Shop project. Nasby said the Certificate of Substantial Completion had been done and there were some "punch list" items left like painting the doors, exit door lights and manuals. These items should be complete in a couple weeks.

Jones asked about the web site update. Nasby said the timetable was late-September or October 1 for launch. Staff had met with the web developer and the page formats and organization was completed now it is the conversion of the hundreds of web pages.

Jones asked about the HRA and what they were doing with the position that may be opening up. Nasby said he had not been notified of any actions, but would follow up with the HRA Executive Director.

Powers asked about the HRA parking lot. Jones said the last thing he knew the HRA was waiting for the engineer. Nasby said he would follow-up with the HRA Executive Director.

### New Business:

None

### Old Business:

None

### Regular Bills:

**Motion by Powers, seconded by Jones, to approve the regular bills. Motion carried 5 - 0.**

### Council Concerns:

Jones said that he is interested in the hiring process and authorizations to hire and fire personnel. He has done research and feels the Council should be the final responsible authority.

**Motion by Jones, seconded by Maricle, to request a legal opinion from the City Attorney as to the authority for hiring and terminating employees. Motion carried 5 - 0.**

### Adjournment:

Kruse adjourned the meeting by unanimous consent at 8:20 p.m.

Preliminary

\_\_\_\_\_  
Kirby Kruse, Mayor

Attest: \_\_\_\_\_  
Steve Nasby, City Administrator

**Special Council Meeting  
Windom City Hall, Council Chamber  
August 29, 2011  
7:00 p.m.**

1. Call to Order: The meeting was called to order by Mayor Pro Tem Powers at 7:00 p.m.

2. Roll Call: Mayor Pro Tem: Bradley Powers

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

Council Members Absent: Kirby Kruse

City Staff Present: Steve Nasby, City Administrator; Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager; Mike Haugen, Water & Wastewater Superintendent and Mark Hanson, EDA Director

3. Pledge of Allegiance

4. New Business:

*Wastewater Treatment Plant Improvements – Plans and Specifications*

Kelly Yahnke, Bolton & Menk, introduced himself and reviewed the plans and specifications for the main lift station, interceptor line, wastewater plant improvements and SCADA system replacement. The Council reviewed the plans for the lift station and location of the interceptor line. Yahnke said replacement of the SCADA system was added to this project as the existing system has failed. It is a 1993 system and repair of obsolete equipment is not feasible. The estimate for the project is approximately \$2.8 million including all of the construction work for the lift & interceptor, SCADA, equipment replacement at the plant, new emergency generator, access road work and contingency.

Jones asked about the proposed financing. Haugen said that the Utility Commission had asked Bolton & Menk to do a rate study on the existing rates and include the new cost for this project. Nasby said that the bonds to fund the project would be issued and he has asked Ehlers & Associates, financial consultants, about setting up the debt service to be lower in the first five years and then higher in the remaining 10 years of the bond as the bonds for the current wastewater treatment plant are to be paid off in five years. This structured repayment option would allow the rate of increase to the wastewater rates to be lower.

Maricle asked if the existing bonds could be refinanced as the current rates are very low. Nasby said Ehlers & Associates looks at this and since the existing bonds are from the Minnesota Public Facilities Authority at a rate of about 2.6% and we are near the end of the repayment period the savings would not be enough to warrant refinancing.

## Preliminary

Jones said the SCADA system is estimated to be \$450,000, which is an expensive item. Haugen said that the new system will be compatible with the other systems, such as the water plant and will tie in our lift stations and wells. Yahnke said that the useful life of these systems is usually shorter and this one lasted 18 years. If there are upgrades in the future or additional wells or lift stations they can be accommodated by the new system.

Nasby asked about the project timeline. Yahnke said the timeline is that the project could go to bid if approved by the Council with a bid opening on September 20 and Council consideration of bid award on October 4.

Powers asked if the project could be started yet this year or if the winter caused problems. Yahnke said some parts could start and not be impacted by the weather.

**Council member Jones introduced the Resolution No. 2011-36 entitled “RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR THE WASTEWATER TREATMENT IMPROVEMENTS PROJECT” and moved its adoption. The resolution was seconded by Maricle and on roll call vote: Aye: Powers, Ray, Fossing, Jones and Maricle. Nay: None. Absent: None. Resolution carried 5 - 0.**

### 5. Long Range Planning and Goal Setting – Springsted, Inc.

David Unmacht, Springsted, Inc. introduced himself as the consultant working on this project for the City of Windom. Unmacht provided the City Council an overview of the long range planning and goal setting process to date. This included citizen meetings, staff survey, two City Council workshops and this evening's meeting.

There are four sections to long range planning that will be contained within the document. The items are:

1. Think about the past, present and future
2. Focus on community meetings and input
3. Develop a plan of action
4. Monitor and track progress

Unmacht asked the City Council if they had any questions to this point. Powers suggested going through the document to review each of the strategies and goals. Unmacht went through the document with the Council and said that he had used the information from the Council's last discussion to formulate the goals as they related to the characteristics the Council and the public placed within the five strategies.

Mark Hanson, EDA Director, stated that he thought many of the goals were actually action steps and the goals needed to be defined differently so the items could be grouped into goals and action steps more easily. Hanson said that some of the goals shown could be accomplished in a short period of time so are they really goals, and to him a goal should be a bigger picture view.

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Dirk Abraham said that the document defines “goals” as “activities” so it is the terminology that may be causing the confusion.

Unmacht said that the five strategies would be the core principals of the document and the goals will change over time as things are accomplished and new things come up within the community. The Council then discussed the goals and activities.

Jones noted the information about funding options for capital projects. He suggested looking into longer term financing such as USDA loans as a possibility.

Nasby said that the Department Heads had this document and were asked to provide input if they had items. Nasby said he was planning to further engage the department heads in this process and asked the Council if they wanted additional goals or action steps from the City departments. Consensus of the Council was to solicit this information. Nasby said he would discuss it with the Department Heads and get additional information to Unmacht by Friday, September 2.

Powers asked if there were any other questions.

6. Old Business:

None.

7. Adjourn:

**Powers adjourned the meeting by unanimous consent at 8:35 p.m.**

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Bradley Powers, Mayor Pro Tem

Attest: \_\_\_\_\_  
Steve Nasby, City Administrator

**Windom Housing & Redevelopment Authority**  
**July 13, 2011**

The Housing and Redevelopment Authority met in a regular meeting on Wednesday, July 13, 2011 at 4:00 p. m. at the Riverview Apartments. Present were Chairperson Marilyn Sudenga, Vice Chairman Frank Dorpinghaus, Commissioners Pat Tepley, Larry Hartman, Margaret McDonald, and Jens Hansen. Also present was Dominic Jones, City Council Liaison.

The minutes of the June meeting were approved by a motion from Hartman and a second from Hansen.

The bills for the month were discussed. A motion was made by Dorpinghaus and seconded by McDonald that the bills be approved as presented.

Economic Development Director, Mark Hanson presented applications for the rental housing rehab project. After thorough discussion a motion was made by Hansen and seconded by McDonald that the applications from Richardson and Klassen be approved. Mark Hanson stated that his office would do all the necessary paper work for these mortgages.

Only one bid for repairing sidewalks was received, that being from Mel Duerksen contractor in the amount of \$7,570.00. A motion was made by Hansen and seconded by Dorpinghaus that the bid be approved.

Exercise equipment was again discussed. Members of the board of commissioners will be checking on this.

Proposal for air conditioning in the hallways at Hillside were looked at. After much discussion, it was decided to look into other options.

A motion was made by Tepley and seconded by Hansen that Marie Bogle be given two months rent free.

There being no further discussion, the meeting was adjourned.

Vicki Flatgard  
Executive Director

PRELIMINARY

**UTILITY COMMISSION MINUTES  
City Hall, Council Chamber  
August 23, 2011**

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

**Members Present:** Utility Commission Chairperson: Mike Schwalbach

Members Present: Glen Francis

Member Absent: Chris Johnson (Resignation from Commission)

City Council Liaison: Dominic Jones

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

Others Present: Dennis Johnson, Wenck Associates; Kelly Yahnke, Bolton & Menk; Robert Palmquist, Utilities Plus Energy Service; and Ron Gregg, Cottonwood County Engineer

APPROVAL OF MINUTES:

**Motion by Francis, seconded by Schwalbach, to approve the July 18, 2011 minutes as presented. Motion carried 2-0.**

WATER/WASTEWATER ITEM – MAIN LIFT & WASTEWATER IMPROVEMENTS

Kelly Yahnke, Bolton & Menk, introduced himself and reviewed the plans and specifications for the main lift station, interceptor line, wastewater plant improvements and SCADA system replacement. The Commission reviewed the plans for the lift station and location of the interceptor line. Yahnke said replacement of the SCADA system was added to this project as the existing system has failed. It is a 1993 system and repair of obsolete equipment is not feasible. The estimate for the project is approximately \$2.8 million including all of the construction work for the lift & interceptor, SCADA, equipment replacement at the plant, new emergency generator, access road work and contingency.

The timeline for obtaining bids was discussed as being beneficial to the City if it can be out this fall for work in 2012. If the Commission recommended approval of the plans and specifications it would be ready for the City Council's August 29 special meeting, then the project could go to bid with a bid opening on September 20 and Council consideration of bid award on October 4.

Discussion was held on the route of the interceptor line and the location of the lift station. Haugen and Yahnke said they had looked at easements and property ownership. The Commission directed Haugen and Nasby to contact the primary property owner to discuss options.

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Jones asked if the plant and facilities would all remain operational during the project. Yahnke said it must remain functioning so all construction work will be along-side of the current operations. The project timeline is anticipated to be a year.

**Motion by Francis, seconded by Schwalbach, to recommend approval of the plans and specifications for the Wastewater Improvement Project to the City Council and discuss the options for easements or land purchase with affected property owners. Motion carried 2-0.**

*Update on Windom WWTF Toxicity Reduction Evaluation (TRE)* – Yahnke said that his firm was retained to work on the toxicity issue at the Windom plant. The problem is that the single-cell organism was not reproducing quick enough to pass the State's testing requirements. The causes that they are focusing on include the hardness of the water, chloride in the water (softener salt discharge) and alkalinity. These items are being researched. Windom is only one of a few communities currently having to deal with this issue so the State is working with us on the project, although several other communities will also be facing the same issue.

*Wastewater Rate Update* – Yahnke said that his firm was asked to research the needed rate adjustments related to the PM Windom agreement. He said that it had been 2-3 years since the rate was changed and the numbers will need to be adjusted as PM Windom is now higher on flows vs. the loadings. Haugen said that Windom gets about 500,000 gallons a day from PM Windom. The Commission asked Bolton & Menk to look at how PM Windom use is related to the overall use of the plant on flow and loadings and factor in the new Wastewater Treatment Plant project. Rates need to be fair to both the citizens and industrial users for the costs to operate and improve the plant.

### ELECTRIC ITEM – NESHAP RICE Generator Emissions Phase I Study Presentation

Robert Palmquist, Utilities Plus Energy Service, introduced himself and handed out copies of the study they conducted regarding the emissions regulations and standards applicable to the diesel generators at the Windom electric plant. The compliance date for the new regulations on emissions is May 3, 2013. The study looked at three options. 1) No change and operate the generators as emergency units; 2) install emissions equipment and 3) Buy capacity to compensate MISO for lost generation capacity.

The Environmental Protection Agency (EPA) is still finalizing the regulations and numerous comments and requests have been made to change the proposed standards. Some utilities have moved ahead with the installation of the emissions equipment, some are awaiting EPA final rules and some are choosing to declare their generators as for emergency use only and making no changes at this time. The cost to install the emissions equipment is estimated to be \$197,000 and the cost to purchase generation capacity is estimated to be \$89,213 per year and the cost to leave the generators and designate them for emergency use is only the adoption of standardized maintenance standards.

Staff is recommending the Commission proceed with the preparation for installation of the emissions equipment as the pay back is 27 months compared to buying capacity credits and the emergency only use would also limit the utility's ability to generate power to off-set peak pricing and use.

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The Commission discussed the time frames for compliance and issuance of final EPA rules. Due to the possible rule changes the Commission preferred to wait for a few months before making a final decision and asked Grunig to bring the item back to them in the future.

### WATER/WASTEWATER ITEMS:

*Landfill July Sampling Results* -- Dennis Johnson, Wenck Associates, reviewed the report from the July sampling that showed all levels below actionable thresholds. As such, the aeration pumps could remain off. The next sampling is the larger scope testing that is due in October.

*Cottonwood County Street Projects* – Ron Gregg, Cottonwood County Engineer, said that the County is planning road work on River Road and 6<sup>th</sup> Street. The County would normally do a mill and overlay, but wanted to work with the City if there were any underground utilities that needed to be replaced. Johnson said that he had prepared a preliminary plan as cost estimate, per the Commission's direction, regarding water and sewer lines in the project area. The costs were estimated to be \$313,937 for River Road and \$220,813 for 6<sup>th</sup> Street.

Gregg said that the cost to the County would be higher if the City did the utility work, but they are willing to accommodate the City. He would expect the road sub grade to be returned to existing conditions if the City were to dig in utilities and this would be the City's cost. Nasby asked about areas in the sub grade that were determined to be problematic even if the City did not do any utility work. Gregg said the County would cost share in an issue like that, but if the County only did a mill and overlay they would not be disturbing any of the sub grade and there would not be issues with the soils. The County would leave the existing curbs in place and re-use much of the same materials on site to reduce cost. If the curbs were replaced it would be a split cost of 75% County and 25% City as this is a State Aid project.

The Commission discussed water tables in the area and soil conditions with Gregg and Johnson. Gregg said there are currently no tiles on the County Road. This may be something that could be looked at depending on the scope of the project.

Since this is similar to a City project where the road is reconstructed Nasby asked the Commission on their intent for property assessments. Schwalbach noted that projects like this have been done in the past and there were assessments to the property owners for the utility work and some of the street costs, which is comparable to any similar City street reconstruction project. Jones said that he has concerns about the use of the assessment process in general and has raised that issue with the City Council.

Gregg said that the County would like to proceed with these projects as soon as possible, but could wait on River Road a year or two if the City is not yet ready to proceed however 6<sup>th</sup> Street needs work right away and they could do 1/2 the road surface this year and the other side next year to facilitate utility placement.

**Motion by Schwalbach, seconded by Francis, to recommend the preparation of a feasibility study on the River Road and 6<sup>th</sup> Street Utility Project to the City Council. Motion carried 2-0.**

## PRELIMINARY

*MESERB Membership Review* – Haugen noted that the City has been a member of this organization for a couple of years. The benefits are the educational and lobbying efforts on behalf of municipalities at the State legislature related to laws, rules and regulations impacting wastewater treatment. MESERB also assisted the City of Windom with the renewal of our 5-year wastewater treatment permit with MPCA. Nasby said the MESERB is affiliated with the Coalition of Greater Minnesota Cities, of which Windom is a member. Haugen said he is recommending continued membership in MESERB.

**Motion by Francis, seconded by Schwalbach, to approve the renewal of the City of Windom's membership in MESERB. Motion carried 2-0.**

*Staffing Update* – Haugen said that he hired Colton Dunse to replace the position vacated by Jeff Christians. Mr. Dunse is new to the field and will need training. He currently lives just outside of town and is looking for a place in Windom.

### ELECTRIC ITEMS:

*CAPX Transmission Project Update and Confirmation of Adjustment* – Grunig said that the City of Windom has approved participation in the CAPX project. The Central Minnesota Municipal Power Agency (CMMMPA) had a 2.2% share in the project and its members sought to increase this share to 3.6% of the project. This increased share made available additional investment opportunities to the member cities. Also, the City of Delano elected to opt out of the project. So, the City of Delano's share in the CMMMPA allotment was also available for additional investment. The prior decision of the Commission and Council was to commit Windom to 7.37% of CMMMPA's share. Grunig is requesting confirmation of that decision due to the changes in both the CMMMPA share and Delano opting out of the project.

**Motion by Francis, seconded by Schwalbach, to approve or re-affirm the City of Windom's participant share of CMMMPA's stake in the CAPX project at 7.37%. Motion carried 2-0.**

*Renewable Energy Update* – Grunig said that opportunities for additional investments in renewable energy projects routinely present themselves. The City of Windom is compliant with the State laws on renewable energy through the year 2016 without any new or additional investments. An opportunity for an investment in wind power is available and if Windom participated up to the anticipated level we would be compliant until 2025. The cost of this project is comparable to our existing contracts. Time is of the essence on this project as the deadline is September 15. As such, he has submitted the agreements to the City Attorney for a preliminary review. Should the Commission recommend moving forward this item would be on the September 6 City Council agenda. Alternatives to investing in this project are to do nothing as we are compliant until 2016, purchase renewable energy credits to extend our compliance dates, look for other opportunities in future years or consider our own renewable energy project.

Following discussion the Commission decided not to pursue a wind power contract now and asked Grunig to research the purchase of renewable energy credits.

*CIP Project Review of "Bonus Bucks" HVAC Rebate Program* – Grunig said that 47 rebates have been completed and one more is in the process as the paperwork was submitted just at the deadline. He is pleased with the number of participants, stimulus to the local economy, savings

PRELIMINARY

generated for the consumers and the energy conservation savings. Approximately \$32,000 in rebates were provided to customers and the State CIP program estimates that 67,260 kwh will be saved annually.

*South Windom\ITC Substation* – ITC is currently working on an agreement with the Federal Electric Regulatory Commission (FERC) on this project. The purchase price is being settled as it is tied to the timing of the FERC approval.

*Other Electric Items* – Grunig said that the City of Windom reached a new record in electric use on July 19, 2011 at 15.881 megawatts. Also, he is working on replacement of the small bucket truck as this was an approved 2011 capital project.

REGULAR BILLS:

Schwalbach said there were two bills from Wenck Associates. The landfill bill for \$1,020.05 and bill for the Highway 60\71 Water Main Project for \$5,337.00.

**Motion by Schwalbach, second by Francis, to pay the regular bills as presented. Motion carried 2 – 0.**

OLD BUSINESS:

None.

NEW BUSINESS:

Next meeting date was scheduled for September 21, 2011 at 10:00 in the City Council Chamber.

Meeting was adjourned at 1:27 p.m.

---

Mike Schwalbach, Chairperson

Attest: \_\_\_\_\_  
Steve Nasby, City Administrator



Dear City Council Members:

I am writing in regards to the municipal ordinance definition of "Beer." I appreciate the opportunity you have given River City Eatery to sell wine and 3.2 beer within our city limits, but would like to ask for you to redefine or make an addition to the definition of "beer" as written in Windom's municipal ordinance in order for any establishment with a wine and 3.2 beer license to sell "strong beer."

Presently the City ordinance describes beer and wine as the following :

Beer: "Malt liquor containing not less than one-half of one percent alcohol by volume nor more than 3.2 percent alcohol by weight."

Wine: "The product made from the normal alcoholic fermentation of grapes, including still wine, sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake. For purposes of on sale wine licenses, 'wine' may contain up to 14 percent alcohol by volume for consumption with the sale of food. For all other purposes, 'wine' is a product containing not less than one-half of one percent nor more than 24 percent alcohol by volume for nonindustrial use."

As a small business owner, I would like to offer my customer the best products, as well as local products. Right now as the ordinance is written, the beer products available for River City Eatery to sell are large corporations products, such as Miller and Budweiser, because these are the only breweries with the capabilities (and desire) to make 3.2 beer.

Minnesota Liquor Laws state:

A municipality may by ordinance authorize a holder of an on-sale wine license, who is also licensed to sell 3.2 beer on-sale and whose gross receipts are at least 60% attributable to the sale of food, to sell strong beer at on-sale without an additional license- no additional fee may be charged.

As a small rural community, we must update ordinances in order to promote forward thinking ideas and see progression. We must also adapt to the needs of small businesses in our city, in turn encouraging more small businesses to come as they are great assets to our community and local economy.

I strongly encourage you to redefine this outdated and impractical ordinance for many important reasons. Let's give the residents and guests of Windom some more options and a great dining experience in Windom's beautiful and historic downtown.

If you have any questions or concerns regarding this request, please do not hesitate to contact me at 507.822.1691 or email me at [findingwindom@hotmail.com](mailto:findingwindom@hotmail.com).

Cheers!



Mari Harries  
Owner/Operator  
River City Eatery

Date/Time received: 9-1-11

Agenda Request Form

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

Name: Frank D'Angelo Telephone No: 507 822-3113

Address: 1524 5<sup>th</sup> Ave Winona MN 56101

Date of Council Meeting: 9-6-11 (Agenda item must be turned into the city office by Friday noon preceding the Tuesday meeting.)

Subject: Patriot Act and 9-11-01

Have you brought this to the attention of the appropriate department head? No  
Committee? No

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

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

Signature



## Saint Paul, Minnesota

**City/Town:** Saint Paul

**County:** Ramsey

**State:** [Minnesota](#)

**Congressional District:** (click to contact Rep.) 4

**Population (2000 Census):** 287,151

**Date Passed:** 01/21/04

### **Saint Paul City Council Bill of Rights Defense Resolution Affirming the Principles of Federalism and Civil Liberties Adapted from the National League of Cities Bill of Rights Defense Resolution**

**Approved by:** Saint Paul City Council

WHEREAS, the Council of the City of St. Paul believes there is no inherent conflict between national security and the preservation of liberty, and affirms its strong support of the rights of Americans to be both safe and free; and

WHEREAS, the Council of the City of St. Paul recognizes the Constitution of the United States as our nation's charter of liberty, and that the Bill of Rights enshrines the fundamental and inalienable rights of America, including the freedoms of speech, religion, assembly, privacy; and

WHEREAS, the Council of the City of St. Paul has a distinguished record of upholding the Constitution, and the Bill of Rights, and safeguarding the freedoms and rights of American residents; and

WHEREAS, on September 11, 2001 terrorists from abroad attacked the United States by commandeering four commercial airliners, and destroyed the World Trade Center in New York, significantly damaged the Pentagon, and caused a jetliner crash resulting in significant civilian casualties; and

WHEREAS, the terrorist attack was an attack on a nation that is home to a diverse population and plunged the nation into deep concern regarding its national security and vulnerability to future attacks; and

WHEREAS, the Council of the City of St. Paul condemns all terrorist acts wherever occurring; and

WHEREAS, the St. Paul City Charter believes that efforts to prevent and respond to acts of terrorism require extensive coordination, cooperation, and accountability among the federal, state, and local level; and

WHEREAS, the St. Paul City Charter recognizes that protecting our citizens against future terrorist attacks requires the federal government to aggressively pursue potential terrorists but these efforts to combat terrorism should not disproportionately infringe on the essential civil rights and liberties of the people of the United States; and

WHEREAS, the prevention of future terrorists attacks is a critical national priority, but it is equally important to preserve the fundamental civil liberties and personal freedoms embodied in the Bill of Rights over 200 years ago, and which have been preserved through a constant vigilance against periodic threats to its principles; and

WHEREAS, in response to the terrorist attacks, on October 26, 2001, the United States Congress passed, and President Bush signed into law, the USA PATRIOT Act, an acronym for "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism," by a Senate vote of 98-1 and House of Representative vote of 357-66; and

WHEREAS, the Council of the City of St. Paul believes that a number of provisions of the USA PATRIOT Act threaten fundamental rights and civil liberties, including:

- Section 206 which effectively eliminates judicial supervision of telephone and internet surveillance;
- Section 213 which permits law enforcement to perform searches with no one present and to delay notification of the search of a citizen's home;
- Section 215 which permits the FBI Director to seek records from bookstores and libraries including books of patrons based on minimal evidence of wrongdoing and prohibits librarians and bookstore employees from disclosing the fact that they have been ordered to produce such documents;
- Section 218 which amends the "probable cause" requirement before conducting secret searches or surveillance to obtain evidence of a crime;
- Sections 215, 218, 358, and 508 which permit law enforcement authorities to have broad access to sensitive mental health, library, business, financial, and educational records despite the existence of previously adopted state and federal laws which were intended to strengthen the protection of these types of records;
- Sections 411 and 412 which give the Secretary of State broad powers to designate domestic groups as "terrorist organizations" and the Attorney General power to subject immigrants to indefinite detention or deportation even if no crime has been committed and may encourage ethnic, religious and racial profiling; and
- Sections 507 and 508 which impose an unfunded mandate on state and local public universities who must collect information on students that may be of interest to the Attorney General;

WHEREAS, municipal governments' budgets across the nation are strained and these added duties constitute unfunded mandates on cities' police Departments, libraries, universities, etc. that cities cannot financially absorb; and

WHEREAS, new legislation has been drafted entitled the Domestic Security Enhancement Act (DSEA) (also known as PATRIOT II) which contains numerous new sweeping law enforcement and intelligence gathering powers, many of which are not related

to terrorism, and which would severely dilute, if not undermine, many basic constitutional rights; and

WHEREAS, in response to the threats against civil liberties embodied in certain provisions of the PATRIOT ACT, legislation has been introduced in the House and Senate that would roll back certain provisions of the PATRIOT ACT.

THEREFORE BE IT RESOLVED, that the Council of the City of St. Paul supports the United States' campaign against terrorism, but the St. Paul City Charter affirms its commitment to the United States Constitution and respective state constitutions;

BE IT FURTHER RESOLVED, that the Council of the City of St. Paul urges the President, and executive branch members to review, revise and rescind executive orders and policies adopted since the terrorist attacks, that limit or compromise the liberties guaranteed by the Constitution and the Bill of Rights, such as E.O. 13228; M.O. 11/13/01; 28 CFR 501.3; Attorney General's Guidelines, May 30, 2002; and Attorney General's Memorandum, Oct. 12, 2001;

BE IT FURTHER RESOLVED, that the Council of the City of St. Paul urges Congress to review and revise particular provisions of the Homeland Security Act that limit or compromise the liberties guaranteed by the Constitution and the Bill of Rights, such as Title II; Title VIII, Subtitle I; and Section 214.

BE IT FURTHER RESOLVED, that the Council of the City of St. Paul strongly urges the United States Congress to amend the PATRIOT ACT in order to restore and protect our nation's fundamental and inalienable rights and liberties;

BE IT FURTHER RESOLVED, that the Council of the City of St. Paul supports the "Freedom to Read Protection Act of 2003" that would reinstate legal standards for libraries and bookstores and the Protecting the Rights of Individuals Act which would require a court order before conducting electronic surveillance;

BE IT FURTHER RESOLVED, the Council of the City of St. Paul supports the sunset of key provisions of the PATRIOT Act and increased Congressional oversight over the role of the agencies responsible for enforcing the law;

BE IT FURTHER RESOLVED, the Council of the City of St. Paul calls on Congress, the Department of Homeland Security, and other related agencies to partner with cities to protect our hometowns while simultaneously preserving the liberties of Americans;

BE IT FURTHER RESOLVED, the Council of the City of St. Paul reaffirms the efforts of the St. Paul Police Department to prevent racial profiling according to the policy adopted on July 11, 2001 and consistent with the mediated agreement executed on June 20, 2001 between the St. Paul Police Department and St. Paul Chapter of the NAACP.

BE IT FURTHER RESOLVED, that the City Clerk transmit a copy of this resolution to the

- (1) Secretary of the United States Senate,
- (2) Secretary of the United States House of Representative,
- (3) President of the United States,
- (4) Attorney General of the United States,
- (5) Secretary of the Homeland Security Department of the United States,
- (6) Presiding Officers of the Senate and House of Representatives of the Legislature of the State of Minnesota,
- (7) Attorney General of the State of Minnesota,
- (8) Governor of the State of Minnesota,
- (9) United States Senators representing the State of Minnesota,
- (10) United States Representatives representing the residents of St. Paul,
- (11) St. Paul Chief of Police,
- (12) Sheriff of Ramsey County,
- (13) Director of the St. Paul Library, and
- (14) Mayor of St. Paul.

**RESOLUTION #2011-**

**INTRODUCED:**

**SECONDED:**

**VOTED: Aye:**

**Nay:**

**Absent:**

**A RESOLUTION EXPRESSING SINCERE APPRECIATION TO  
DANIEL FOSSING 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 **DANIEL FOSSING** for his untiring and valuable service faithfully rendered to the City of Windom commencing on April 1, 1988, through September 1, 2011, initially beginning his career as a Fireman and later serving as the Fire Chief.

**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 **DANIEL FOSSING** 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 Daniel Fossing.

Adopted this 6<sup>th</sup> day of September, 2011.

---

Kirby G. Kruse, Mayor

Attest:

---

Steven Nasby, City Administrator

Schedule Form for Lump Sum Pension Plans  
Reporting Year 2011

Determination of Plan Liabilities and Required Municipal Contribution for 2012

Relief Association: Windom Fire Relief Association

County/ Cottonwood  
Counties:

Enter Annual benefit level in effect for 2011:

2,300

(If you change your benefit level before 12/31/2011, the SC must be recalculated at the new level.)

2011

2012

Subtotal of Page 1 Liability - Active Members	753,940	823,584
---	---------	---------

Active Member Information

Please Enter Dates in this format: 7/13/2011

	Name	Status	Date of Birth	Fire Department Entry Date	Leaves of Absence and Breaks in Service (months)	Return to Service Member ?	To end of 2011		To end of 2012	
							Years of Service	Accrued Liability	Years of Service	Accrued Liability
1	Buckwheat Johnson	Active	06/04/1955	02/01/1979	0	<input type="checkbox"/>	33	75,900	34	78,200
2	Dan Ortman	Active	08/26/1959	03/01/1984	165	<input type="checkbox"/>	14	27,232	15	29,992
3	Mike Haugen	Active	09/30/1959	03/01/1984	0	<input type="checkbox"/>	28	64,400	29	66,700
4	Dan Fossing	Active	07/02/1955	04/01/1988	0	<input type="checkbox"/>	24	55,200	25	57,500
5	Gene Lovell	Active	02/23/1966	04/01/1991	0	<input type="checkbox"/>	21	48,300	22	50,600
6	Eric Ward	Active	12/12/1971	02/01/1993	0	<input type="checkbox"/>	19	42,412	20	46,000
7	Mike Lamaack	Active	05/26/1959	02/01/1993	0	<input type="checkbox"/>	19	42,412	20	46,000
8	Monty Rabbe	Active	03/13/1967	02/01/1993	0	<input type="checkbox"/>	19	42,412	20	46,000
9	Nestor Paim	Active	11/14/1959	02/01/1993	0	<input type="checkbox"/>	19	42,412	20	46,000
10	Craig Wolter	Active	06/02/1967	11/01/1995	0	<input type="checkbox"/>	16	32,844	17	35,880
11	Kjell Turner	Active	11/12/1966	11/01/1995	0	<input type="checkbox"/>	16	32,844	17	35,880
12	Jay Grandprey	Active	02/04/1961	05/01/1997	0	<input type="checkbox"/>	15	29,992	16	32,844
13	Mark Stevens	Active	09/22/1963	05/01/1997	5	<input type="checkbox"/>	14	27,232	15	29,992
14	Todd Janssen	Active	01/08/1964	05/01/1997	0	<input type="checkbox"/>	15	29,992	16	32,844
15	Tom Zimmerman	Active	10/06/1961	05/01/1997	0	<input type="checkbox"/>	15	29,992	16	32,844
16	Corey Maricle	Active	01/03/1973	11/01/2001	0	<input type="checkbox"/>	10	17,480	11	19,734
17	Doug Westerman	Separated/Not Vested	12/01/1973	11/01/2001	0	<input type="checkbox"/>	10	0	11	0
18	Kevin Gotto	Active	09/24/1981	11/01/2001	0	<input type="checkbox"/>	10	17,480	11	19,734
19	Preston Rossow	Active	06/06/1979	11/01/2001	0	<input type="checkbox"/>	10	17,480	11	19,734
20	Jordan Bussa	Active	07/13/1984	04/01/2005	0	<input type="checkbox"/>	7	11,316	8	13,248
21	Lonny Volan	Active	10/11/1972	04/01/2005	0	<input type="checkbox"/>	7	11,316	8	13,248
22	Mark Marcy	Active	02/10/1978	04/01/2005	0	<input type="checkbox"/>	7	11,316	8	13,248
23	Roger Winker	Active	08/03/1964	04/01/2005	0	<input type="checkbox"/>	7	11,316	8	13,248
24	Benjamin Derickson	Active	10/12/1976	06/01/2008	0	<input type="checkbox"/>	4	5,980	5	7,682
25	Brady Lyons	Active	01/15/1983	06/01/2008	0	<input type="checkbox"/>	4	5,980	5	7,682
26	Daric Zimmerman	Active	08/12/1980	06/01/2008	0	<input type="checkbox"/>	4	5,980	5	7,682
27	Thomas Voth	Active	05/31/1963	06/01/2008	0	<input type="checkbox"/>	4	5,980	5	7,682
28	Joe Jurgens	Active	05/26/1987	10/11/2010	0	<input type="checkbox"/>	1	1,380	2	2,852
29	Kristin Porach	Active	12/27/1976	10/11/2010	0	<input type="checkbox"/>	1	1,380	2	2,852
30	Jeremy Lund	Active	01/11/1979	06/01/2008	0	<input type="checkbox"/>	4	5,980	5	7,682
31		Choose Status				<input type="checkbox"/>		0		0

**Calculation of Normal Cost**

	2011	2012	
Total Active Member Liabilities	753,940	823,584	
Total Deferred Member Liabilities	16,683	16,683	
Total Unpaid Installments	0	0	
Grand Total Special Fund Liability	A. 770,623	B. 840,267	
Normal Cost (Cell B minus Cell A)			C. 69,644

**Projection of Net Assets for Year Ending December 31, 2011**

Special Fund Assets at December 31, 2010 (RF-10 ending assets) 1 793,849

Projected Income for 2011

State Fire Aid (2010 aid may be increased by up to 3.5%)	D.	27,000	
Municipal / Independent Fire Dept. Contributions	E.	5,000	
Interest / Dividends	F.	16,000	
Appreciation / (Depreciation)	G.	63,500	
Member Dues (If deposited in Special Fund)	H.		
Other Revenues	I.		
Total Projected Income for 2011 (Add Lines D through I)			2 111,500

Projected Expenses for 2011

Service Pensions	J.							
Member Names:	<table border="1" style="width: 100%; height: 100px;"> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>							
Other Benefits	K.							
Administrative Expenses	L.	2,700						
Total Projected Expenses for 2011 (Add Lines J through L)			3 2,700					
Projected Net Assets at December 31, 2011 (Add Lines 1 and 2, subtract Line 3)			4 902,649					

**Projection of Surplus or (Deficit) as of December 31, 2011**

Projected Assets (Line 4)	5	902,649
2011 Accrued Liability (Page 4, cell A)	6	770,623
Surplus or (Deficit) (Line 5 minus Line 6)	7	132,026

Calculation of Required Contribution

Deficit Information - Original			Deficit Information - Adjusted		
Year Incurred	Original Amount	Amount Retired as of 12/31/2010	Original Amount	Amount Retired as of 12/31/2011	Amount Left to Retire 1/1/2012
2002	0	0			
2003	0	0			
2004	0	0			
2005	0	0			
2006	0	0			
2007	0	0			
2008	0	0			
2009	0	0			
2010	0	0			
2011					
Totals					

Normal Cost (Page 4, cell C)		8	69,644
Projected Administrative Expense	Enter 2010 Admin Exp here:	9	2,591
Amortization of Deficit (Total of Original Amount column x 0.10)		10	0
10% of Surplus (Line 7 x 0.10)		11	13,203
State Fire Aid		12	27,000
Member Dues		13	0
5% of Projected Assets at December 31, 2011 (Line 4 x 0.05)		14	45,132
Required Contribution (Add Lines 8, 9 and 10, subtract Lines 11, 12, 13 and 14)		15	0

No required contribution due in 2012.

This Schedule must be fully completed, certified by the relief association officers, forwarded to the municipal clerk/independent secretary on or before August 1, 2011 and submitted to the Office of the State Auditor to be eligible for state fire aid.

Officer Certification

We, the officers of the Windom Fire Relief Association, certify that this Schedule was prepared under Minn. Stat. § 69.772 and that the annual benefit level was established according to the average amount of available financing.

We further certify that based on the financial requirements of the Relief Association's Special Fund for the 2011 calendar year, the required 2012 contribution is \$0. If the bylaws of the Relief Association changed in 2011, we have attached a copy of the amendment or updated bylaws. We have also enclosed a copy of the municipal/board ratification of this amendment if required under Minn. Stat. § 69.772, subd. 6.

*Kevin Gotto*  
Signature of President

KEVIN GOTTO  
Name

8/17/11  
Date

*Megan Turner*  
Signature of Secretary

KJELL TURNER  
Name

8-17-11  
Date

*Darin Zimmerman*  
Signature of Treasurer

DARIC ZIMMERMAN  
Name

8/17/11  
Date

Municipal Clerk / Independent Secretary Certification

I am the municipal clerk of WINDOM / secretary of the independent nonprofit corporation. I received on 8/11/2011, the completed Schedule from the Windom Fire Relief Association.

I have reviewed Line 15 of the Schedule. If Line 15 shows a required contribution, I certify that I will advise the governing municipal body or the independent nonprofit firefighting corporation of any required contribution at its next regularly scheduled meeting.

*Steve Nabby*  
Signature of Municipal Clerk/Secretary of independent nonprofit firefighting corporation

STEVE NASBY  
Name

1 Sept 2011  
Date

(507) 831-6129  
Business Telephone

Please provide the telephone numbers for the work location(s) at which you conduct relief association business.  
**THIS INFORMATION IS PUBLIC; IT WILL BE AVAILABLE TO ANYONE ON REQUEST.**

Please retain a copy of the Schedule for your records, upload the form to the Office of the State Auditor's website, and submit the signature page to: Office of the State Auditor, Pension Division, 525 Park Street, Suite 500, Saint Paul, MN 55103. Fax: 651-282-5298. Telephone: 651-282-6110.

# 2011 Maximum Benefit Worksheet (MBW-11)

Plan Name: Windom Fire Relief Association

Plan Type: Lump Sum

Enter data in columns A, B, C and D for each year requested.

	A	B	C	D	E
	State Fire Aid (Received or Receivable)	Municipal Contribution	10% of Surplus *	Active Members in Relief Association	Per Year Average [ (A + B + C) / D ]
	(From RF-10)	(From RF-10)	(SC-10 or Actuarial)	(From RF-10)	
<b>2010</b>	26,588	5,000	1,313	29	1,135
	(From RF-09)	(From RF-09)	(SC-09 or Actuarial)	(From RF-09)	
<b>2009</b>	23,537	5,000	37	27	1,058
	(From RF-08)	(From RF-08)	(SC-08 or Actuarial)	(From RF-08)	
<b>2008</b>	26,625	5,000	11,848	29	1,499

\* If deficit for the year, leave blank.

Average available financing per active member for the most recent 3-year period:  
(sum of column E divided by 3)

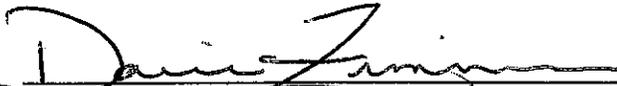
1,231
-------

Maximum Lump Sum Benefit Level under Minn. Stat. § 424A.02, subd. 3

2,200
-------

## Relief Officer Certification

On or before August 1, the average amount of available financing per active member for the most recent three-year period was calculated in accordance with Minn. Stat. § 424A.02, subd. 3, and certified to the governing body of the applicable qualified municipality.

  
Signature of Relief Association Officer

8/17/11  
Date

DARIC  
First Name

ZIMMERMAN  
Last Name

TREASURER  
Title



August 5, 2011

To Each of the "Participants"  
Under the Brookings - Twin Cities  
Development Project Agreements:

**RE: Notice and Confirmation of Adjustments to Election Shares Under Brookings -  
Twin Cities Development Project Agreements**

This letter is to explain and confirm adjustments to the "Election Shares" that the various "Participants" under the CMMPA's Brookings - Twin Cities Development Project Agreements ("Development Agreements") have agreed to make, effective as of the start of construction of the Brookings Project. The results of these adjustments are shown in Attachment A to this letter (which is enclosed in duplicate form). We request that you promptly review and confirm the information in Attachment A by signing, dating, and returning, no later than September 15, 2011, three copies of Attachment A to formally acknowledge that Attachment A accurately reflects the Election Share adjustments to which all of the Participants have agreed.

By way of explanation, we note that there are two factors that simultaneously affect the Participants' Election Shares. Not all Participants are affected proportionally – that is, some Participants are more affected than others.

The first factor is CMMPA's election to increase its level of participation in the Brookings Project from 2.2% to 3.6%. The other Brookings Owners have agreed to permit CMMPA to increase its participation level, but, as soon as "upstream" agreements are executed, CMMPA must "true up" its contributions to Brookings development costs so that CMMPA's total contribution to development costs will be as if CMMPA had been participating at 3.6% from the outset of the development process.

The second factor is the City of Delano's withdrawal from the Participant group. Fortunately, six of the other Participants have been able to enter into an agreement with Delano to collectively acquire Delano's Election Share. This will result in an increase to each of these "acquiring cities" Election Shares, as compared to their previous allocations. Their collective increases offset the decrease to Delano's Election Share (to zero). Therefore Delano's withdrawal affects the Election Shares of only those six Participants that are voluntarily taking on portions of Delano's Election Share.

As you may recall from our discussions and the electronic vote taken in June 2011, CMMPA and the Participants took a flexible approach to adjusting the Participants' Election Shares to reflect the increase in CMMPA's level of participation in the Brookings Project from 2.2% to 3.6%.

Each Participant indicated its preference as to how much of the increased participation commitment it wished take on. Some Participants were willing to take on more than a pro-rata increase in their participation levels, while others preferred to take on less. In aggregate, there was more than enough interest among Participants to cover 100% of the increase in CMMPA's share of the Brookings Project. In fact, we worked out a methodology to allocate portions of the available increase among those Participants whose collective interests exceeded the additional investment available for allocation.

Section 2 of Attachment 3 to each Participant's Development Agreement provides that each Participant's Election Share "shall be subject to adjustment if CMMPA's Brookings Share is adjusted pursuant to the CapX 2020 Development Agreement." This passage lays out a two-step process by which the increase in CMMPA's Brookings Share is to be allocated.<sup>1</sup> The first step is voluntary upward and downward adjustments to the various Participants' Election Shares. The second step is a fallback procedure whereby any unsubscribed portion of the increase is allocated among all Participants pro rata. Because the voluntary adjustments were more than sufficient to cover the increase in CMMPA's Brookings Share, we didn't need to apply the second step in the process.

As indicated in the opening paragraph of this letter, the enclosed Attachment A reflects the cumulative effects on the Participants' Election Shares of the negotiated adjustments due to the increase in CMMPA's Brookings Share, Delano's withdrawal as a Participant, and the redistribution of Delano's Election Share among the six Participants that agreed to acquire Delano's Election Share (provided the planned construction of the Brookings Project goes forward).

To be clear, until the Brookings Project transitions from development to construction, we will continue to operate under the terms (and Election Shares) of the Development Agreements as they now exist. The adjustments to the Participants' Election Shares, as reflected in Attachment A, will take effect when CMMPA enters into "upstream" agreements with the other Brookings Owners. At that time, CMMPA's Brookings participation share (referred to in the upstream agreements as its "Percentage Interest") will increase to 3.6%. The Election Shares as shown in Attachment A to this letter would then also be reflected in the exhibits and attachments to the Participants' Brookings - Twin Cities Transmission Project Agreements (which take effect concurrently with CMMPA's execution of the upstream agreements) and the associated Transmission Owner Services and Asset Assignment Agreements.

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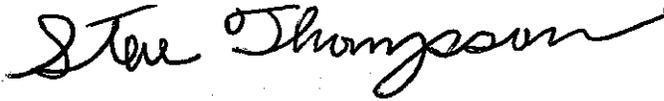
<sup>1</sup> The entire text of Section 2 of Attachment 3 to the Development Agreements reads as follows:

"In addition, the Participant Election Share shall be subject to adjustment if CMMPA's Brookings Share is adjusted pursuant to the CapX 2020 Development Agreement. For each occurrence of such an event, each Participant shall have the first right to voluntarily accept an increase or decrease pro rata based on its Participant Election Share among those exercising such right before an automatic increase or decrease is made to all Participants pro rata. The Participant Election Share, as adjusted by the preceding sentence, shall then be further adjusted until the sum of all Participant Election Shares is equal to 100% of the adjusted CMMPA's Brookings Share under the CapX 2020 Development Agreement."

August 5, 2011  
Page 3 of 3

We ask that by September 15, 2011, your organization sign, date, and return to CMMPA, in the enclosed self-addressed, stamped envelope, three of the four copies of Attachment A as formal acknowledgement of your organization's agreement with the information set forth in Attachment A and keep the fourth copy for your records. As always, you are welcome to contact me or my staff if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Steve Thompson". The signature is written in a cursive style with a long, sweeping underline.

Steve Thompson  
CEO  
Central Minnesota Municipal Power Agency

Enclosure: Attachment A: CapX Brookings – Twin Cities Development Project Participant's  
Election Shares (4 Copies)

ATTACHMENT A

CapX Brookings – Twin Cities Development Project  
Participant's Election Shares

Development Project Participants	Election Share (%)
1. Blue Earth, City of – Blue Earth Light & Water	13.04%
2. Elk River, City of – Elk River Municipal Utilities	18.89%
3. Fairfax, City of	1.49%
4. Granite Falls, City of	3.99%
5. Independence, Iowa, City of – Independence Light & Power	2.43%
6. Indianola, Iowa, City of – Indianola Municipal Utilities	3.34%
7. Janesville, City of – Janesville Municipal Utilities	0.62%
8. Kenyon, City of – Kenyon Municipal Utility	3.34%
9. Montezuma, Iowa, City of – Montezuma Municipal Light & Power	0.88%
10. Mountain Lake, City of – Mountain Lake Municipal Utilities	2.74%
11. Sleepy Eye, City of – Sleepy Eye Public Utilities	9.89%
12. Springfield, City of – Springfield Public Utilities Commission	3.53%
13. Waverly, Iowa, City of – Waverly Light & Power	0.88%
14. Willmar, City of – Willmar Municipal Utilities	27.57%
15. Windom, City of – Windom Municipal Utility	7.37%
16. Delano, City of - Delano Water, Light & Power Commission	0.0%
Total	100.0%

The undersigned hereby confirms having reviewed the information in the table as set forth above in this Attachment A and acknowledges and agrees that the information pertaining to the undersigned, as set forth in the table above, is an accurate statement of the undersigned's Election Share that will become effective as of the date on which CMMPA executes agreements for participation in the Brookings Project establishing CMMPA's share of the Brookings Project at 3.6%.

**CITY OF WINDOM, MINNESOTA**

By \_\_\_\_\_

Date \_\_\_\_\_

Name: Kirby Kruse

Title: Mayor, City of Windom

By \_\_\_\_\_

Name: Steve Nasby

Title: City Administrator

**WINDOM MUNICIPAL UTILITIES COMMISSION**

By \_\_\_\_\_

Date \_\_\_\_\_

Name: Mike Schwalbach

Title: Utility Commission Chairman



# Memo

**To:** Mayor and Council Members  
**From:** Denise Nichols  
**CC:** Steve Nasby  
**Date:** 8/30/2011  
**Re:** T.H. 60/71 Watermain Project Bid Award

---

The Council packet includes an incomplete resolution for bid award for the T.H. 60/71 Watermain project. Unless there are any unforeseen circumstances, the resolution will be completed after the bids for the Watermain Project are received on Tuesday, September 6, 2011 at 2:00 p.m. Wenck and Associates will tabulate the bids and the information from the bids will be compiled and presented to the Council that evening along with a completed resolution.

## RESOLUTION #2011-

**INTRODUCED:**

**SECONDED:**

**VOTED: Aye:**

**Nay:**

**Absent:**

**A RESOLUTION AWARDED THE CONTRACT FOR A PROJECT ENTITLED  
"T.H. 60/71 WATERMAIN IMPROVEMENT PROJECT"**

---

**WHEREAS**, pursuant to an advertisement for bids for the project entitled "T.H. 60/71 Watermain Improvement Project", bids were received, opened and tabulated according to law, and the following bids were in compliance with the advertisement:

**AND WHEREAS**, it appears that the lowest responsible bidder for the project is as follows:

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

1. Pursuant to the bid advertisement, the bid of \_\_\_\_\_ submitted by \_\_\_\_\_ is hereby approved for award; and the Mayor and City Administrator are hereby authorized and directed, on behalf of the City of Windom, to enter into a contract with the above contractor for completion of the components of the project, entitled "T.H. 60/71 Watermain Improvement Project", according to the plans and specifications heretofore approved by the City Council and on file in the office of the City Administrator.
2. The City Administrator is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except for the deposits of the successful bidder and the next lowest bidder which shall be retained until the contract has been signed.

Adopted by the City Council this 6th day of September, 2011.

\_\_\_\_\_  
Kirby G. Kruse, Mayor

Attest: \_\_\_\_\_  
Steven Nasby, City Administrator

## RESOLUTION #2011-

**INTRODUCED:**

**SECONDED:**

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

### **RESOLUTION ORDERING PREPARATION OF REPORT ON 2012 SEWER AND WATERMAIN IMPROVEMENT PROJECTS**

---

**WHEREAS**, it is required that a preliminary report be prepared for the 2012 Sewer and Watermain Improvement Projects which will include the replacement of water and sewer lines. Included in the project are River Road from 13<sup>th</sup> Street to the Perkins Creek Bridge and 6<sup>th</sup> Street from T.H. 60/71 to Lakeview Avenue; and

**WHEREAS**, it is necessary that a report be prepared concerning the feasibility and estimated costs of these improvements; and

**WHEREAS**, if the project is pursued, it will be necessary to assess the benefited properties for all or a portion of the costs of these improvements pursuant to Minnesota Statutes, Chapter 429.

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

1. That the request for the proposed improvements be referred to Wenck Associates, Inc., Engineer, for study and that said engineering firm is instructed to prepare and submit a preliminary report to the City Council at the earliest convenient date; that said report shall indicate whether the proposed improvements are necessary, cost-effective, and feasible, and whether said improvements should be made as proposed or in connection with some other improvements; and that said report shall specify the estimated costs of the improvements as recommended.

**Adopted this 6<sup>th</sup> day of September, 2011.**

---

Kirby G. Kruse, Mayor

**ATTEST:** \_\_\_\_\_  
Steven Nasby, City Administrator

## TECHNICAL MEMORANDUM

**TO:** Steve Nasby and Utility Commission  
**FROM:** Dennis Johnson, Wenck Associates, Inc.  
**DATE:** August 17, 2011  
**SUBJECT:** 2012 Street Reconstruction on River Road and 6<sup>th</sup> St

**Cc:**

---

This memo is sent to summarize the cost of utilities that would be replaced as part of street repairs proposed by the Cottonwood County Highway Department on River Road from 13<sup>th</sup> Street to the Perkins Creek bridge and 6<sup>th</sup> Street from T.H 60 to Lakeview Avenue. This work was requested by the Utility Commission on July 18, 2011.

The River Road sewer flows from a lamphole near Perkins Creek toward 13<sup>th</sup> Street. There are sewers on 11<sup>th</sup> Avenue, 12<sup>th</sup> Avenue, and River Avenue which connect to this main sewer line on River Road. These sewers are quite shallow (5-8 ft in depth) and are quite flat (0.15% grade). These sewers are all clay pipe and short sections. There are 40 connections to this main sewer line.

The River Road watermain is an 8" cast iron main and was reportedly installed in the early 60's. There are 40 connections to the watermain in this area. There are 3 hydrants in this area.

The 6<sup>th</sup> Street sewer flows from Lakeview Avenue to Quevli Avenue and from T.H. 60/71 to Quevli Avenue. These combined sewers flow to the wastewater plant. This sewer is PVC and has been televised and is in good condition. There is also a main interceptor line from PM Windom that flows from 1<sup>st</sup> Ave to Quevli Avenue and then to the wastewater plant.

The watermain on 6<sup>th</sup> Avenue is 4" cast iron and was reportedly installed in the 50's. This watermain is in poor condition. There are several long service lines on the gravel path(non-platted) between Quevli Avenue and Prospect Avenue. There are 31 connections along 6<sup>th</sup> Avenue and 7 hydrants.

We are proposing to replace the sewer and watermain on River Road from 13<sup>th</sup> Street to the Perkins Creek bridge. The estimated cost of these improvements is \$313,937. A cost estimate and site map is attached for your reference.

We are proposing to replace the watermain on 6<sup>th</sup> Street from T.H. 60/71 to the Lakeview Avenue and provide new watermain on the gravel path. The estimated cost of the improvements is \$220,813. A cost estimate and site map is attached for your reference.

Project Number :0045-33  
 Location: R:/TECHNICAL/0045-33

CITY OF WINDOM  
 ESTIMATE OF PROBABLE COST  
 RIVER ROAD FROM 13TH STREET TO PERKINS CREEK BRIDGE

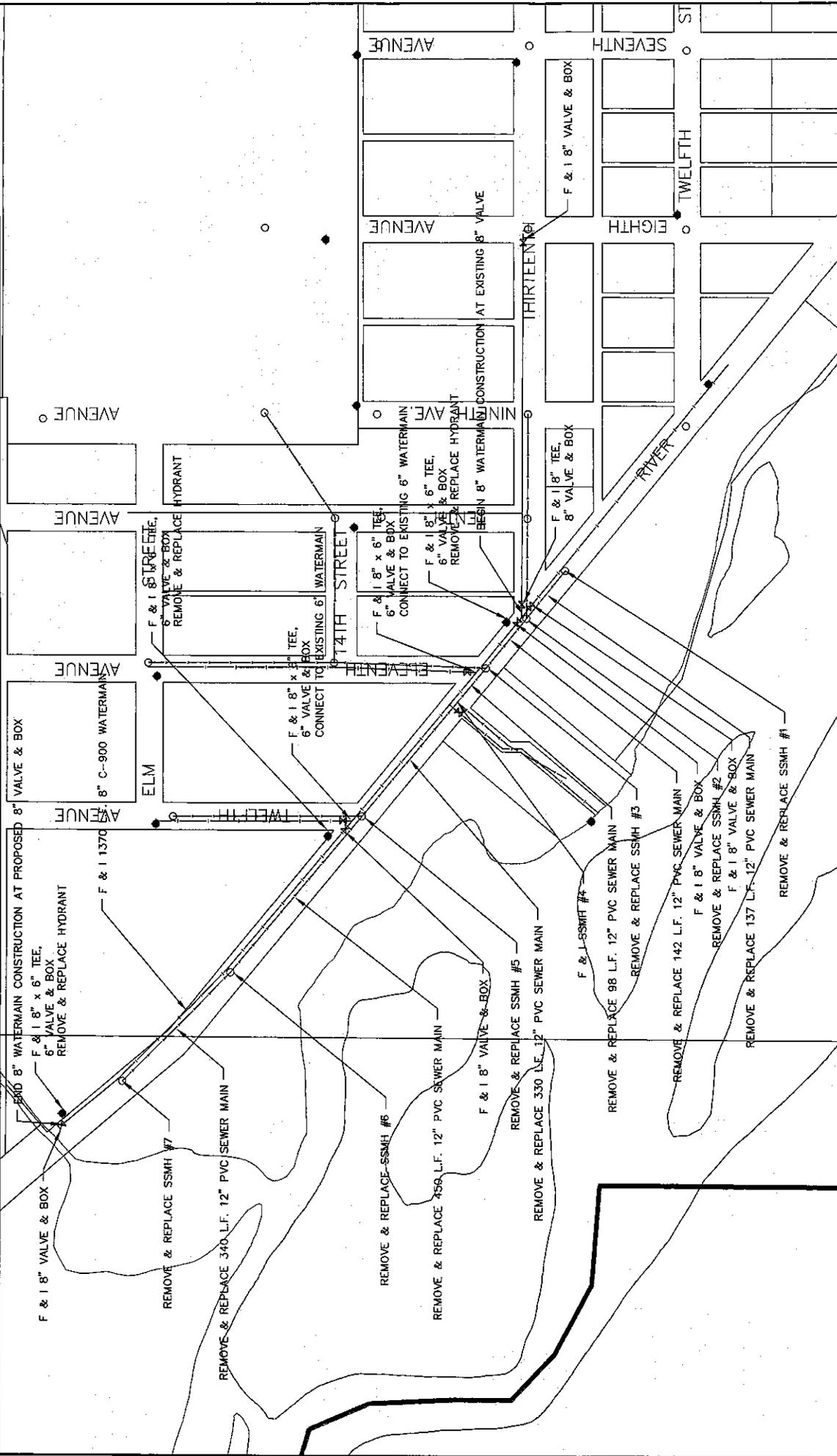
ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
8 " WATERMAIN	L.F.	1600	\$24.00	\$38,400.00
8" TEES	EACH	1	\$700.00	\$700.00
8" X 6" TEE	EACH	6	\$700.00	\$4,200.00
6" VALVE AND BOX	EACH	7	\$1,500.00	\$10,500.00
8" VALVE AND BOX	EACH	3	\$2,000.00	\$6,000.00
FITTINGS	EACH	10	\$500.00	\$5,000.00
HYDRANTS	EACH	3	\$3,000.00	\$9,000.00
CORP STOP	EACH	40	\$150.00	\$6,000.00
CURB STOP	EACH	40	\$200.00	\$8,000.00
SERVICE	L.F.	1600	\$18.00	\$28,800.00
SUBFOUNDATION	C.Y.	200	\$25.00	\$5,000.00
BIT RESTORE	S.Y.	400	\$20.00	\$8,000.00
CURB REPLACEMENT	L.F.	400	\$20.00	\$8,000.00
RESTORATION	L.F.	1000	\$1.00	\$1,000.00
TOTAL ESTIMATED CONSTRUCTION COST				\$138,600.00
CONTINGINCIES, ENGINEERING, & LEGAL				\$34,650.00
TOTAL ESTIMATED COST				\$173,250.00

ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
SEWER				
12" SEWER	L.F.	1500	\$25.00	\$37,500.00
MANHOLE CASTING	EACH	7	\$500.00	\$3,500.00
MANHOLE	L.F.	60	\$200.00	\$12,000.00
SEWER WYE	EACH	40	\$200.00	\$8,000.00
SERVICE	L.F.	1600	\$18.00	\$28,800.00
SUBFOUNDATION	C.Y.	150	\$25.00	\$3,750.00
BIT REPAIRS	S.Y.	300	\$20.00	\$6,000.00
CURB REPLACEMENT	L.F.	400	\$20.00	\$8,000.00
MISC	EACH	1	\$5,000.00	\$5,000.00
TOTAL ESTIMATED CONSTRUCTION COST				\$112,550.00
CONTINGINCIES, ENGINEERING, & LEGAL				\$28,137.50
TOTAL ESTIMATED COST				\$140,687.50

CITY OF WINDOM  
ESTIMATE OF PROBABLE COST

UTILITIES  
6TH STREET FROM RAILROAD TRACKS TO LAKEVIEW AVENUE

ITEM	UNIT	ESTIMATED QUANTITY	UNIT PRICE	AMOUNT
6 " WATERMAIN	L.F.	2800	\$18.00	\$50,400.00
6" TEES	EACH	17	\$500.00	\$8,500.00
6" VALVE AND BOX	EACH	26	\$1,500.00	\$39,000.00
FITTINGS	EACH	12	\$500.00	\$6,000.00
HYDRANTS	EACH	7	\$3,000.00	\$21,000.00
CORP STOP	EACH	31	\$150.00	\$4,650.00
CURB STOP	EACH	31	\$200.00	\$6,200.00
SERVICE	L.F.	1300	\$18.00	\$23,400.00
SUBFOUNDATION	C.Y.	200	\$15.00	\$3,000.00
BIT RESTORE	S.Y.	300	\$20.00	\$6,000.00
CURB REPLACEMENT	L.F.	300	\$20.00	\$6,000.00
GRAVEL	TON	150	\$12.00	\$1,800.00
RESTORATION	L.F.	700	\$1.00	\$700.00
TOTAL ESTIMATED CONSTRUCTION COST				\$176,650.00
CONTINGINCIES, ENGINEERING, & LEGAL				\$44,163.00
TOTAL ESTIMATED COST				\$220,813.00



REV	REVISION DESCRIPTION	DWN	APP	REV DATE

DWN BY	CHK'D	APP'D	PROJECT	SHEET
TNT	DJU	DJU	RIVER ROAD WATER & SANITARY SEWER IMPROVEMENTS	15
DWG DATE	8/17/2011		CLIENT	CITY
SCALE	1" = 200'		City of Windom	PROJECT NO.
© Wenck Associates, Inc.			444 9th Street	0045-33
Consulting Engineers			Windom, MN 56101	SHEET NO.
440 10th Street				C-101
Windom, MN 56101				REV NO.



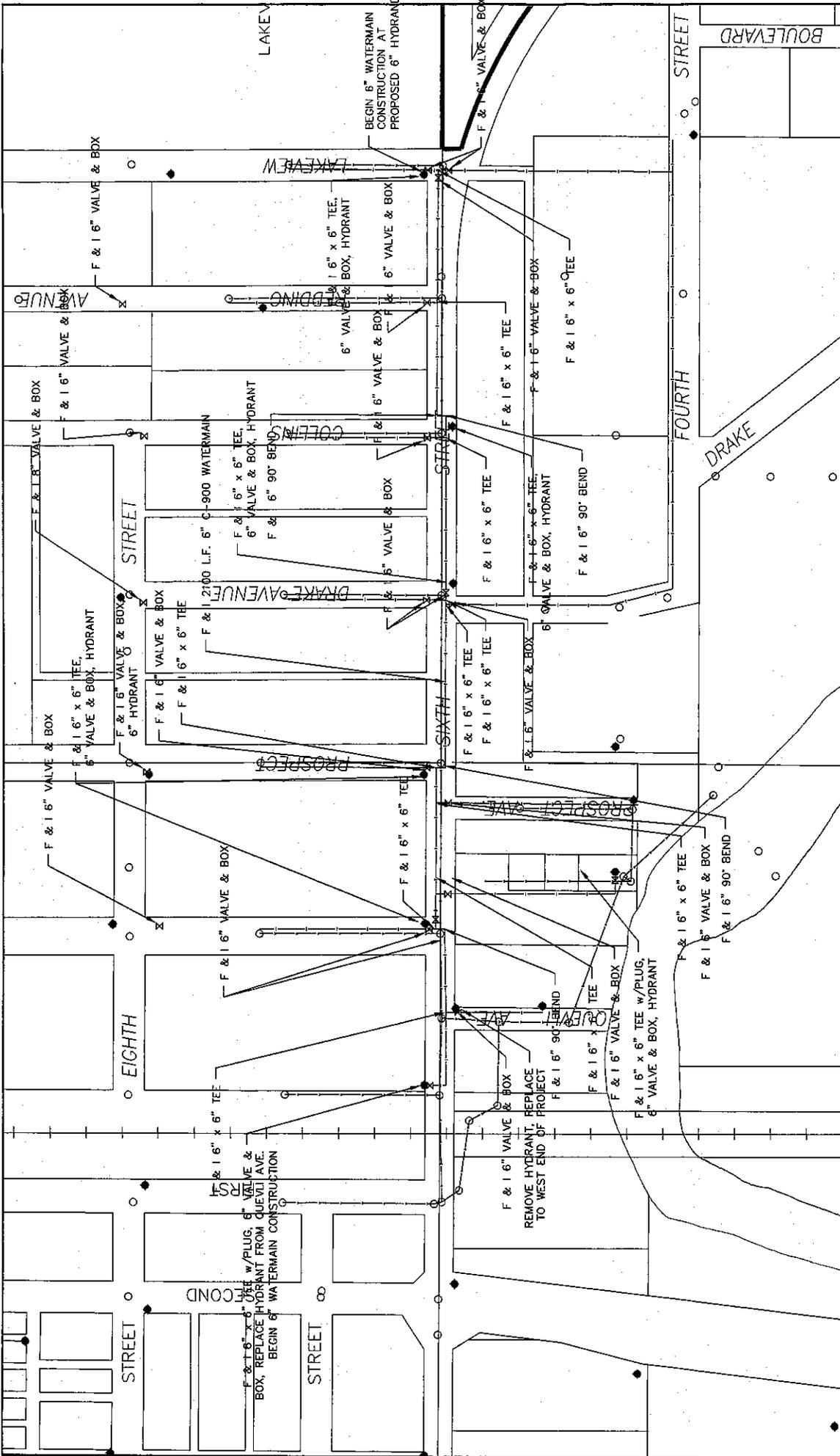
Plan View  
Project Area



REV	REVISION DESCRIPTION	DWN	APP	REV DATE

 <p><b>Wenck</b>                  Wenck Associates, Inc.                  Consulting Engineers                  440 9th Street                  Windom, MN 56101                  (507) 831-2703                  (507) 831-5271                  Web Site: www.wenck.com</p>	DWN BY TMT DJJ APP'D DJJ DWG DATE 8/17/2011 SCALE 1" = 200'	PROJECT WATER & SANITARY SEWER IMPROVEMENTS CLIENT City of Windom 444 9th Street Windom, MN 56101	SHEET RIVER ROAD IMPROVEMENTS PROJECT NO. 0045-33 SHEET NO. C-101AP REV NO. REV NO.
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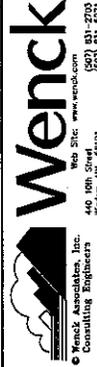


REV	REVISION DESCRIPTION	DWN	APP	REV DATE

DWN BY	CHKD	APP'D	PROJECT	COUNTY ROAD 26/6th STREET
TNT	DJ	DJ	WATER & SERVICE IMPROVEMENTS	
DWG DATE	8/17/2011	CLIENT	City of Windom 444 9th Street Windom, MN 56101	
SCALE	1" = 200'			

		SHEET TITLE <b>Plan View Project Area</b>
© Wenck Associates, Inc. Consulting Engineers 440 10th Street Windom, MN 56101 Web Site: www.wenck.com (507) 831-2300 (507) 831-5251		PROJECT NO. 0045-30
REV. NO. C-102		SHEET NO. C-102



REV	REVISION DESCRIPTION	DWN	APP	REV DATE

 <p>Wenck 440 10th Street Windom, MN 56101 907 331-2000 www.wenck.com</p>	<p>DWN BY: TCH/D TNT D/JJ</p> <p>APP'D: D/JJ</p> <p>DWG DATE: 8/17/2011</p> <p>SCALE: 1" = 200'</p>	<p>PROJECT: COUNTY ROAD 26/6th STREET WATER &amp; SERVICE IMPROVEMENTS</p> <p>CLIENT: City of Windom 444 9th Street Windom, MN 56101</p>	<p>SHEET TITLE: Plan View Project Area</p> <p>PROJECT NO: 0045-30</p> <p>SHEET NO: C-102AP</p> <p>REV NO:  </p>
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# WINDOM POLICE DEPARTMENT

PO BOX 38, 444 NINTH STREET  
WINDOM, MN 56101

**Scott Peterson, Chief**

PHONE: (507)831-6134 / FAX: (507)831-1957



September 1, 2011

Dear Mayor, City Council Members and City Administrator:

After an extensive and deliberate process, the Windom Civil Service Commission and I are recommending that Louis Norell be hired as a police officer for the City of Windom.

Currently, Mr. Norell is employed as a police officer with the City of Mountain Lake. He also works as a part-time officer for the City of Springfield. He graduated from Alexandria Technical College in May of 2009 with an Associate of Applied Science Degree in Law Enforcement. His GPA was 3.69. We believe that he possesses the necessary personal characteristics to serve our community well.

The City of Windom received approximately 50 applications for this vacant position. Those applications were graded via a scoring process developed by the Windom Police Department. A written exam and physical agility test were offered to the top 15 applicants. For that testing process, 10 applicants appeared to participate in the exams. After this, 5 applicants appeared before the Civil Service Commission for interviews. Background checks were then conducted on the 2 top candidates, as rated by the interview panel.

We ask that Mr. Norell be approved for hire as an officer for the Windom Police Department. Thank you.

Sincerely,

Scott Peterson, Chief of Police

# 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  
**DATE:** August 25, 2011  
**RE:** Preliminary Tax Levy for 2012 Budget

The first draft of the 2012 budget has been completed by the Department Heads and other staff. The City is required to set the maximum tax levy by September 15<sup>th</sup> and certify it to the County Auditor's Office.

Attached is a copy of the 2011 Final Budget Levy showing \$1,580,042. This was a 1.02% increase from the prior year. The preliminary tax levy set in September 2011 for the 2012 year may go down, but may not be increased. As such, staff is submitting a preliminary 2012 tax levy for \$1,659,082, which represents a 5.00% increase. This preliminary budget number is for your review and consideration. Please note that the preliminary budget and tax levy, as proposed, assumes the City of Windom will receive \$1.2 million in Local Government Aid that is prescribed in the State budget as approved.

Two pages showing the General Fund and Special Revenue Fund capital expense items requested by Department Heads have been included for your information. These two funds have a direct impact on the tax levy. The total requests are in excess of \$3 million not including a new or renovated pool. The preliminary tax levy proposed would accommodate roughly \$200,000 in capital expenditures. Priority will need to be given to items such as compliance with the federal narrow band radio mandate and pending infrastructure projects that are underway should the City Council give final approval.

There are no State imposed levy limits this year; however, there is a change in the State's Market Value Homestead Credit (MVHC) program that will have a significant impact on tax rates statewide. Essentially the MVHC was a State paid \$262 million credit that off-set a portion of local property taxes for residential homesteads. Due to the State budget deficit this program was eliminated and replaced with a tax relief program that exempts a portion of a home's value so the tax capacity is lower. The impact of this will be that the remaining property will be taxed at a higher rate and there are no exemptions for commercial or non-homestead property. Due to the elimination of the State MVHC credit nearly all property owners will see an increase in their property taxes even if the City were to leave the municipal levy flat. Attached are three pieces that explain the changes in MVHC program from the League of Minnesota Cities, Minnesota Department of Revenue and Minnesota House of Representatives.

If you have questions or need additional information please call Brigitte Olson or myself at 831-6129.

# RESOLUTION #2011-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

## A RESOLUTION ADOPTING PROPOSED PROPERTY TAX LEVY

---

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDOM,  
COTTONWOOD COUNTY, MINNESOTA, AS FOLLOWS:**

1. That the following sums of money are hereby proposed to be levied for the current year, collectible in 2012, upon the taxable property in said City of Windom for the following purposes:

Levy Purpose	Levy After all Aids and Reserves
General	
Special Revenue	
Capital Outlay	
Debt Service	
PERA Rate Increase	
LGA Recapture	
<b>TOTALS</b>	<b>\$1,659,082.00</b>

**BE IT FURTHER RESOLVED AS FOLLOWS:**

1. The City Clerk is hereby instructed to transmit a certified copy of this resolution to the County Auditor of Cottonwood County, Minnesota.

Adopted this 6<sup>th</sup> day of September, 2011.

---

Kirby G. Kruse, Mayor

Attest:

Steven Nasby, City Administrator

**Final Budget**

**CITY OF WINDOM  
2011 Tax Levy**

General Fund Operational	\$	439,725	
General Fund Capital	\$	38,500	
Pay loader Annual Payment #3 of 5	\$	22,467	
Special Revenue Fund Operational	\$	699,380	
Special Revenue Fund Debt Service & Capital	\$	<u>36,047</u>	**
<i>Sub Total</i>	\$	1,236,119	
2010/11 LGA & MVHC Cut - Recapture	\$	35,153	
Plus PERA Reimbursement	\$	3,500	
Plus Debt Service	\$	<u>305,270</u>	*
<b>2011 Levy</b>	\$	<b>1,580,042</b>	

Levy Change  
1.02%

**Debt Service Levy\***

1994 Project Series #1	\$	13,050
Equipment Bond - Dump/Snow Plow Truck	\$	15,295
June Court Improvement Project	\$	3,152
2003 Street Project	\$	45,392
2005 Street Project	\$	49,100
2007 Street Project	\$	45,544
2009 Street Project	\$	92,157
GO Equip - Telecom	\$	<u>41,580</u>
<b>Total</b>	\$	<b>305,270</b>

\*\* \$20,153 partially funded with recaptured LGA monies

Preliminary Budget

CITY OF WINDOM  
2012 Tax Levy

General Fund Operational	\$ 340,648
General Fund Capital	\$ 281,600
Pay loader Annual Payment #4 of 5	\$ 22,467
Special Revenue Fund Operational	\$ 684,665
Special Revenue Fund Debt Service & Capital	\$ 21,500
<i>Sub Total</i>	<i>\$ 1,300,780</i>
Street Shop - Loan Payment #1 of 5	\$ 52,452
Plus PERA Reimbursement	\$ 3,500
Plus Debt Service	\$ 302,350 *
<b>2012 Levy</b>	<b>\$ 1,659,082</b>

Levy Change  
5.00%

**Debt Service Levy\***

1994 Project Series #1	\$ 13,050
Equipment Bond - Dump/Snow Plow Truck	\$ 15,841
June Court Improvement Project	\$ 3,782
2003 Street Project	\$ 41,850
2005 Street Project	\$ 47,200
2007 Street Project	\$ 43,320
2009 Street Project	\$ 95,727
GO Equip - Telecom	\$ 41,580
<b>Total</b>	<b>\$ 302,350</b>

CITY NAME	LGA CY 2011 Certified	LGA CY 2011 Reduction	LGA CY 2011 Paid	Est. MVC CY 2011 Preliminary	Est. MVC CY 2011 Reduction	Est. MVC CY 2011 Paid
<b>TOTALS</b>	<b>527,100,646</b>	<b>(101,755,298)</b>	<b>425,345,348</b>	<b>60,246,987</b>	<b>(48,098,479)</b>	<b>12,148,508</b>
WEST CONCORD	261,011	0	261,011	49,844	(20,172)	29,672
WEST ST PAUL	1,496,674	(722,911)	773,763	540,381	(413,597)	126,784
WEST UNION	6,048	(335)	5,713	1,632	(812)	820
WESTBROOK	230,048	0	230,048	37,890	(15,575)	22,315
* WESTPORT	6,371	(473)	5,898	890	(323)	567
* WHALAN	8,001	0	8,001	3,270	(1,154)	2,116
WHEATON	630,509	(67,600)	562,909	63,271	(40,728)	22,543
WHITE BEAR LAKE	2,311,521	(779,073)	1,532,448	249,777	(249,777)	0
WILDER	16,106	0	16,106	2,487	(1,461)	1,026
WILLERNIE	75,922	0	75,922	14,171	(9,308)	4,863
WILLIAMS	42,229	(557)	41,672	5,442	(3,432)	2,010
WILLMAR	4,482,275	(429,485)	4,052,790	313,931	(286,624)	27,307
WILLOW RIVER	45,572	0	45,572	10,025	(5,475)	4,550
WILMONT	86,327	0	86,327	12,890	(6,489)	6,401
WILTON	8,560	(890)	7,670	1,447	(504)	943
WINDOM	1,478,031	(275,114)	1,202,917	198,638	(104,511)	94,127
WINGER	33,075	0	33,075	4,810	(3,149)	1,661
WINNEBAGO	564,536	(61,226)	503,310	64,224	(35,682)	28,542
WINONA	10,187,418	(1,025,415)	9,162,003	547,635	(547,635)	0
WINSTED	666,947	(119,099)	547,848	78,836	(64,937)	13,899
* WINTHROP	453,587	(60,000)	393,587	58,428	(33,758)	24,670
WINTON	23,847	0	23,847	5,891	(1,847)	4,044
WOLF LAKE	8,042	0	8,042	1,745	(497)	1,248
WOLVERTON	24,318	0	24,318	5,394	(2,565)	2,829
WOOD LAKE	108,208	0	108,208	15,959	(8,430)	7,529
WOODBURY	0	0	0	157,068	(157,068)	0
WOODLAND	3,168	(3,168)	0	0	0	0
* WOODSTOCK	32,442	0	32,442	4,125	(1,900)	2,225
WORTHINGTON	3,030,078	(324,971)	2,705,107	274,396	(204,519)	69,877
WRENSHALL	42,399	0	42,399	8,535	(4,524)	4,011
WRIGHT	7,938	0	7,938	2,620	(1,092)	1,528
WYKOFF	118,215	0	118,215	22,809	(9,985)	12,824
WYOMING	0	0	0	19,706	(19,706)	0
ZEMPLE	742	0	742	1,318	(435)	883
ZIMMERMAN	327,531	(91,689)	235,842	99,700	(64,224)	35,476
ZUMBRO FALLS	34,610	0	34,610	6,851	(3,689)	3,162
ZUMBROTA	545,593	(118,618)	426,975	102,615	(66,192)	36,423

1 LGA is paid in two installments (July and Dec.)

2 MV credit is paid in Oct. and Dec.

Final credit amounts will be available in August.

\* Ineligible to receive July LGA payment - have not complied with OSA reporting requirements.

**Preliminary Budget**  
**CITY OF WINDOM**  
**2012 CAPITAL OUTLAY**  
**(General Fund)**

<u>CAPITAL\EQUIPMENT FUND</u>	<u>Amount</u>	<u>Tax Levy</u>
<b>City Hall Office:</b>		
EM Radio	\$ 5,200	
Computer Replacement - 7 PCs*	\$ 2,800	
<b>Total</b>	<b>\$ 8,000</b>	\$ 8,000
<b>Planning\Zoning:</b>		
Color Copier/Printer/Service Agmt**	\$ 4,000	
<b>Total</b>	<b>\$ 4,000</b>	\$ 4,000
<b>Parks:</b>		
Windom Dam - Local Share (estimate)	\$ 125,000	
EM Radios	\$ 5,080	
Lawn Mower - Replacement	\$ 22,000	
<b>Total</b>	<b>\$ 152,080</b>	\$ 152,080
<b>Police:</b>		
Unmarked Vehicle Replacement***	\$ 29,500	
Taser	\$ 1,500	
<b>Total</b>	<b>\$ 31,000</b>	\$ 31,000
<b>Fire:</b>		
Fire Hall - Building	\$ 1,800,000	
Unit 20 Rescue Truck	\$ 365,000	
Turn-out Gear (10 sets)	\$ 28,500	
Training (4 - 5 New Firefighters)	\$ 6,000	
Emergency Communitations Grant Match	\$ 4,400	
SCBA Equipment (2 sets)	\$ 3,000	
<b>Total</b>	<b>\$ 2,268,900</b>	\$ 2,268,900
<b>Streets:</b>		
Grader Replacement - JD 670G	\$ 190,000	
Pick-up Replacement	\$ 30,000	
Salt\Sand Shed - Building Contractor	\$ 25,000	
Narrow Band Radios	\$ 15,240	
(estimate) 6th Street Storm Sewer Improvements	\$ 100,000	
(estimate) 18th Avenue Storm Sewer Improvement	\$ 90,000	
<b>Total</b>	<b>\$ 450,240</b>	<b>\$ 450,240</b>
<b>TOTAL CAPITAL FUND</b>		<b>\$ 2,914,220</b>

\* Shared expense with Enterprise funds. General fund charge is 20% of estimated cost.

\*\* Color copier will be shared with EDA Office

\*\*\* Vehicle replacement will rotate 2005 Jeep to Planning\Zoning and City Use

**Preliminary Budget**

**Special Revenue - Funds**  
**Levy for Capital Outlay - 2012**

<b><u>Fund</u></b>	<b><u>Description</u></b>	<b><u>Amount</u></b>
Multi-purpose:	Microwave & Carpet Cleaner	\$6,000
Ambulance:	Emergency Communications Radios	\$63,090
Arena:	Door Replacement & EM Radio	\$9,500
EDA:**	Color Copier	\$4,000
Library:	Computer Replacement	<u>\$2,000</u>
	Less: Ambulance Reserve Fund*	<u>\$ (63,090)</u>
<b>Total Subject to Levy</b>		<b><u><u>\$21,500</u></u></b>

\* Ambulance - capital expenditures will be funded through Ambulance revenue or reserve funds.

\*\* EDA color copier shared with Planning/Zoning Office

Pool:	New or Remodeled Pool	\$1,800,000 to \$3,500,000
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# StarTribune



## Jettisoned tax break sets off feud

Article by: , Star Tribune

Updated: August 29, 2011 - 11:41 PM

Minnesota homeowners will lose a popular tax break this year, a change quietly lumped into the hurried budget deal that ended the 20-day government shutdown last month.

Elimination of the Market Value Homestead Credit will save the state \$365 million in lost revenue, but cost some homeowners and businesses several hundred dollars a year in higher property taxes.

The change is just coming to the attention of many voters, but it has already triggered a bitter exchange between DFL Gov. Mark Dayton and the Republican chairman of the House Tax Committee over blame for its demise.

The tax credit, which was originally designed to help low- and middle-income homeowners, was eliminated as part of the budget deal to wipe out a projected \$5 billion deficit. The program gave homeowners a property tax break of as

much as \$304 a year depending on the value of their property.

Under the new system, qualifying homeowners can get some of the value of their home excluded from their tax assessments, but that could force higher taxes for the remaining property owners in the county.

"That's going to cause some real wrangling for these cities and counties as they deal with the changes," Minnesota Revenue Commissioner Myron Frans said Monday. "It's a ripple that really flows through the entire system."

The change is getting new scrutiny now that legislators are back in their home districts and Minnesotans have time to digest the budget.

Early last week, Rep. Greg Davids, who heads the House tax committee, visited Willmar to discuss the effect of the new tax bill. When talk turned to the end of the market-value credit, Davids said the governor proposed eliminating the tax break and that he supported the decision.

Dayton, however, says Republicans came up with the idea and pushed it in the final days

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# StarTribune



before the budget agreement.

Dauids' contention rattled Dayton, who unsuccessfully fought for six months to raise taxes on high earners -- in part to avoid property tax hikes for middle-class Minnesotans.

The governor sent a stern letter to Dauids on Thursday telling him his account is "completely and absolutely untrue."

In his letter, the governor said Republicans who control the Legislature inserted the provision in their first budget proposal, "which I vetoed."

Dayton said that none of his budget proposals included a reduction or cut of the homestead tax credit. The governor said he agreed to the elimination as part of the compromise with legislators to end the shutdown, but said he didn't agree with the idea, adding: "I ask you describe accurately who proposed and insisted upon those actions."

Dauids said he sticks by his account. He doesn't dispute the governor's letter, but said they are talking about two different things.

Republicans first proposed the idea, Dauids said, but Dayton included the provision in his first offer during final budget negotiations.

"So we are both right," said Dauids, from Preston.

## Delinquent taxpayer

The idea behind the credit was that counties would grant the tax break to homeowners, and then be reimbursed by the state. The problem came as state revenue sank over the last decade and the state often didn't fully reimburse counties most years. As a result, taxpayers got the full break, but counties had the uncertainty of crafting budgets without any idea how much money they'd get back -- if any at all.

Over the years, "the state became counties' largest delinquent taxpayer, by far," Dauids said.

He said the new program provides more certainty for local governments and says the state is better off without the credit.

Dauids said the governor should take responsibility for the budget he signed.

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# StarTribune



"I find it interesting that he signed it into law, but he doesn't take responsibility because he doesn't like it," Davids said. "There are things in there I don't like, but I voted for it."

Minority Leader Tom Bakk, DFL-Cook.

Baird Helgeson • 651-222-1288

Davids, who has been in the Legislature 20 years, said the first-term governor is still learning how things work around the Capitol.

"He's new here," Davids said. "He will get over it."

Dayton spokesman Bob Hume said that Dayton has served in state government for 11 legislative sessions, beginning more than 10 years before Davids won his seat.

"We know the difference between fact and fiction and are very familiar with Republican attempts to shift the blame for their policies which, when enacted, prove to be unpopular," Hume said.

The dust-up over the tax break is expected to be the first of many as Minnesotans feel the full effect of the new budget and elected leaders seek political cover -- and begin fermenting their arguments for the next election.

"This is just the first round," said Senate

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**DRAFT: Additional Considerations with the new homestead market value exclusion  
[To appear in the LMC Cities Bulletin this week]**

The 2011 special session law change that eliminates the existing market value homestead credit and replaces it with a new homestead market value exclusion will have additional impacts on cities beyond the general budget and property tax shift impacts highlighted by the League in previous bulletin articles and in our recent webinar. Below are additional considerations for city officials as you prepare your 2012 budgets.

**Market value based levy limits**

Last week, the League contacted the Minnesota Department of Revenue to clarify the interpretation of a statute that limits the levy authority of economic development authorities (EDAs) to a set percentage of "taxable market value." Based on that inquiry, the Department has apparently taken an initial position that statutory limits on property tax levies computed based on "taxable market value" or "percent of market value of taxable property" will be based on the taxing jurisdiction's total market value after reducing the value of qualifying homesteads by the new homestead market value exclusion.

At this time, it is not entirely clear if the new homestead market value exclusion will impact the 2012 calculation of the market value based levy limits or if the impact will be delayed until tax year 2013.

The League believes that the Department's interpretation is at odds with a plain reading of Minn. Stat. 273.032 that generally defines the terms "market value," "taxable market value," and "market valuation," for the purposes of "determining any property tax levy limitation based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value". This statute very precisely defines taxable market value to mean "the total taxable market value of property within the local unit of government before any adjustments for tax increment, fiscal disparity, powerline credit, or wind energy values", but after the limited market adjustments under the now expired program known as Limited Market Value and after the market value exclusions of certain improvements to homestead property under the program known as This Old House. The statute says nothing about reducing market value for limitations purposes by the new homestead market value exclusion program.

The Department of Revenue's interpretation of statutes would potentially reduce the allowable tax levies for:

- Economic development authorities (EDAs) under Minn. Stat. § 469.107;
- Housing and redevelopment authorities (HRAs) Minn. Stat. § 469.033;
- Port authorities under Minn. Stat. § 469.053;
- Watershed management districts (WMDs) in townships under Minn. Stat. § 103B.245;

- Watershed management organizations (WMOs) in townships under Minn. Stat. § 103B.251;
- White Bear Lake Conservation District under Minn. Stat. §103B.691;
- Watershed districts under Minn. Stat. § 103D.905;
- City levies for county historical society under Minn. Stat. § 138.053;
- First class city hospitals under Minn. Stat. § 447.10;
- Tourist camp grounds in cities under Minn. Stat. § 450.19;
- St. Cloud transit commission under Minn. Stat. § 458A.10;
- Duluth transit commission under Minn. Stat. § 458A.31;
- First class city publicity boards under Minn. Stat. § 469.187;
- Permanent Improvement Fund in taconite cities under Minn. Stat. § 471.571;
- County libraries under Minn. Stat. § 383B.245;
- Regional railroad authorities under Minn. Stat. § 398A.04;
- Pedestrian malls under Minn. Stat. § 430.102;
- Museum, gallery or school of arts or crafts under Minn. Stat. §450.25;

In addition, the statute has nearly identical language applicable to debt limits based on a community's "market value," "taxable market value," and "market valuation". Accordingly, the following debt limits based on taxable market value could potentially impacted by this interpretation:

- The general net debt limit for cities under Minn. Stat. §475.53;
- Housing and redevelopment authority bond limits under Minn. Stat. §469.034;
- Equipment certificate limit under Minn. Stat. § 412.301 (statutory cities);
- Equipment certificate limit under Minn. Stat. § 410.32 (charter cities)

The League is meeting with the Department of Revenue on Wednesday, August 24 to discuss the differing interpretations of the state law and whether the new exclusion would impact taxes payable in 2012. We will update city officials on the outcome of those discussions.

#### **Tax increment impacts**

Another issue related to the new homestead market value exclusion, involves its impact on tax increment financing (TIF) districts that contain homesteaded property. Of particular concern is the question of whether districts may experience a reduction in increment revenues under the new system. The Minnesota Department of Revenue has initially interpreted that the tax increment financing (TIF) statutes do not provide for any adjustment to a TIF district's original net tax capacity resulting from the new market value exclusion. However, the current year value of the district will reflect the impact of the new market value exclusion. As a result of this interpretation, the application of this market value exclusion will reduce increments in districts containing homesteaded property that qualifies for the exclusion.

The law governing changes to a TIF district's original net tax capacity, Minn. Stat. § 469.177, provides for adjustments as a result of previously taxable real property within the district becoming *tax exempt*. The Department of Revenue is interpreting the new homestead market value "exclusion" to not be a "tax exemption."

The League will be discussing this issue with the Department of Revenue.

**Cash Flow considerations**

Finally, with the elimination of the old market value homestead credit and the conversion to the new homestead market value exclusion beginning in 2012, local units of government will realize a small cash flow benefit. Under the old MVHC system, homeowners would pay the first half of their property taxes *as reduced by the MVHC* on May 15 and cities would receive the distribution of that revenue from the county shortly thereafter. However, the state would not reimburse local units of government for the first half of the market value homestead credit until October 31. Under the new system, cities will receive the full first half of their property taxes with the May settlement.

The example below shows how the cash flow will be modified. In the example below, the city levied \$100,000 in each year. Under the old law, the city was scheduled to receive \$10,000 in MVHC reimbursements from the state.

	Old Law	New Law
May Settlement (generally made in June)	\$45,000	\$50,000
October MVHC distribution	\$5,000	N/A
October Partial Settlement (made in November)	\$45,000	\$50,000
December MVHC Distribution	\$5,000	N/A
Total	\$100,000	\$100,000

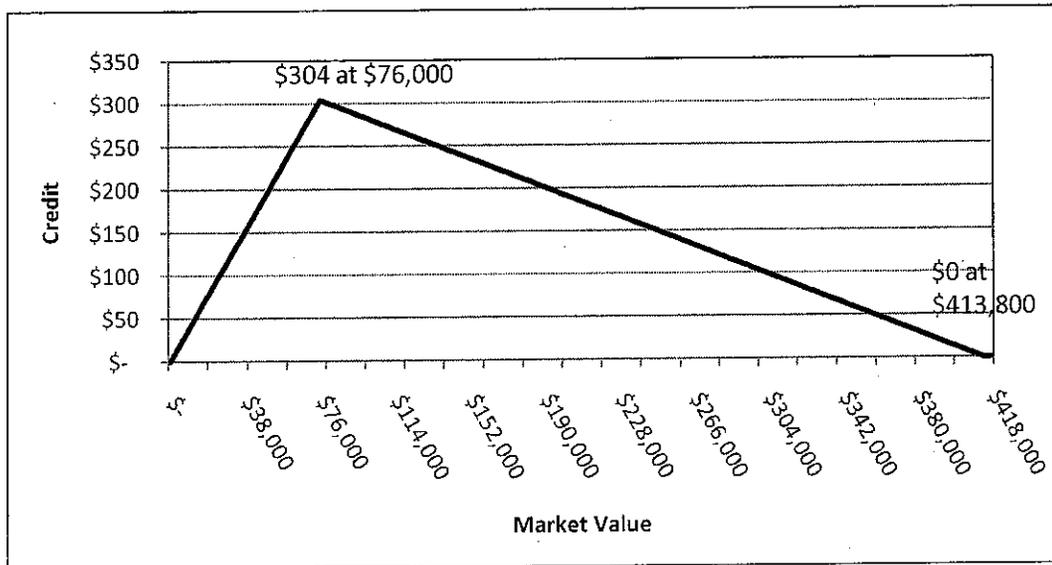
# MINNESOTA REVENUE

## 2011 Law Change: A New Homestead Market Value Exclusion replaces the Homestead Market Value Credit

The 2011 Legislature repealed the homestead residential Market Value Credit (the agricultural credit did not change), and enacted a similarly designed homestead Market Value Exclusion. This change is effective for taxes payable in 2012. The following synopsis is intended to help local governments understand this law change.

### Expiring Law: The Homestead Residential Market Value Credit

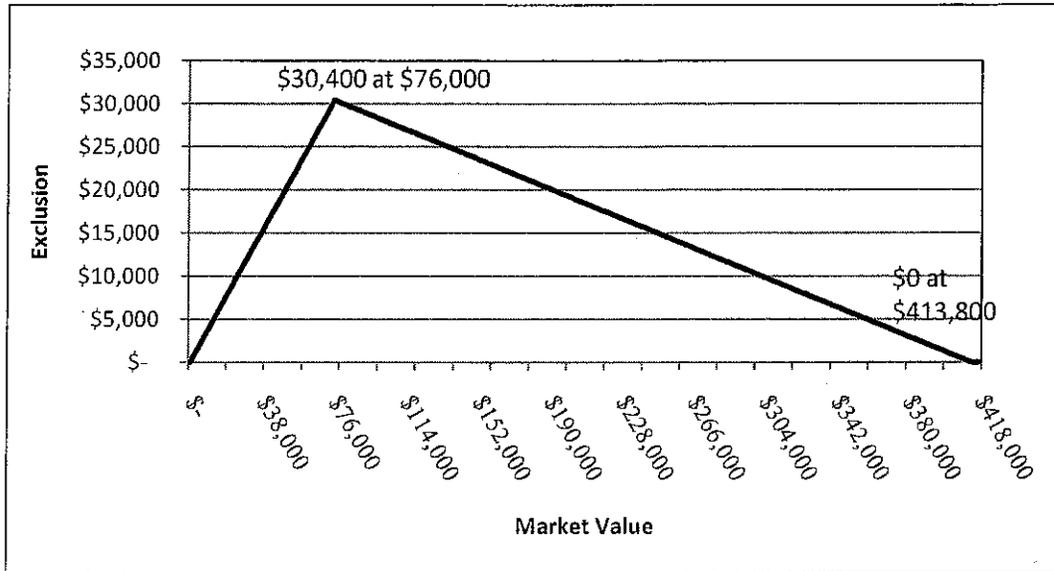
- Homesteads received a credit on their tax statements reducing their gross tax.
- As shown in the chart below, the credit equaled 0.4% of the first \$76,000 in market value. It was reduced by 0.09% of the market value over \$76,000 until it hit \$0 at \$413,800 of market value.



- The state reimbursed local governments for the sum of the market value credits granted to individual taxpayers on tax statements. As a result, some of the local governments' levy came from the state as credit reimbursement payments, and some from property tax payments.
- When the state cut its reimbursement payments, local governments had to budget for a gap between their levy and what they received. Local governments may have levied more, cut some spending or both.

### New Law: The Homestead Market Value Exclusion

- A portion of homestead market value will be excluded from taxation.
- As shown in the chart on the next page, the exclusion equals 40% of the first \$76,000 in market value. It is reduced by 9% of the market value over \$76,000 until it hits \$0 at \$413,800 of market value.



- The state will no longer pay a share of the tax on homesteads, but homesteads have less value subject to taxation.
- The removal of the state spending on credits means property taxpayers, as a whole, will pay more if levies remain the same.
- The reduction in the tax base for homesteads means non-homesteads will pay a higher share of the levy, and a large share of homesteads could pay more given that exclusion amounts and other factors vary.
- Local governments will receive the full amount that they levy from their taxpayers.

### How do credits and exclusions affect tax calculations?

The prior law credit was deducted from a gross tax while the exclusion will reduce the taxable value. Changing taxable value means outcomes won't be identical.

	Old Law: The Credit	New Law: The Exclusion
Estimated Market Value	\$116,000	\$116,000
Exclusions	\$0	\$26,800
Taxable Market Value	\$116,000	\$89,200
Class Rate	1%	1%
Net Tax Capacity	\$1,160	\$892
Tax Rate*	105.810%	110.920%
Gross Tax	\$1,227	\$989
Credit	\$268	\$0
Net Tax	\$959	\$989

\*The tax rate change used here reflects estimated average statewide rates for 2011 under either approach, assuming no changes in levies. Levy decisions and local tax base dynamics will affect the change in rates.

## How might the change impact local government levies and budgeting and property taxes?

There are three key considerations:

- Local governments will receive the full amount they levy from their taxpayers.
- Local governments do not need to plan for further state reimbursement cuts –because there is no longer a payment to cut.
- Local governments should recognize that removing \$292 million of credits from the system, and changing the composition of the tax base, will create large tax increases for some properties. This may increase sensitivity by taxpayers to levy decisions.

### Example: Budgeting and Tax Shift Scenario

Context for Taxes Payable in 2011. In August 2010, “City A” was planning for a 2011 levy of \$2,000,000. Approximately \$1,900,000 was going to be paid by taxpayers and \$100,000 by the state in the form of Market Value Credit reimbursements. Local officials then learned the city would have a \$50,000 cut to its MVC Reimbursements, which meant the city would only receive \$1,950,000 of a \$2 million levy.

City A decided to levy \$2,040,000 for 2011. Officials anticipated they would make up almost \$40,000 of the \$50,000 cut with the-levy increase, and cut their planned spending by \$10,000. City A expected the levy of \$2,040,000 would bring in approximately \$1,990,000 (with \$1,940,000 from taxpayers and \$50,000 from the state).

Decisions for Taxes Payable in 2012. Because there is no longer a credit, and thus no longer a portion of the levy coming from the state, the full levy will come from taxpayers. As a starting point, eliminating the credit for 2012 means city officials will have three general approaches:

- **Constant Levy:** If City A keeps its levy constant at \$2,040,000, taxpayers are actually asked to pay \$100,000 more than the \$1,940,000 they paid in 2011 (a 5.2% increase).
- **Constant Taxes:** Levying \$1,940,000, keeps the total coming from taxpayers the same (a 0% increase), but the city loses \$50,000 in revenue.
- **Constant Revenue:** Levying \$1,990,000 keeps the amount of revenue constant, but the city is asking taxpayers to pay \$50,000 more (a 2.6% increase).

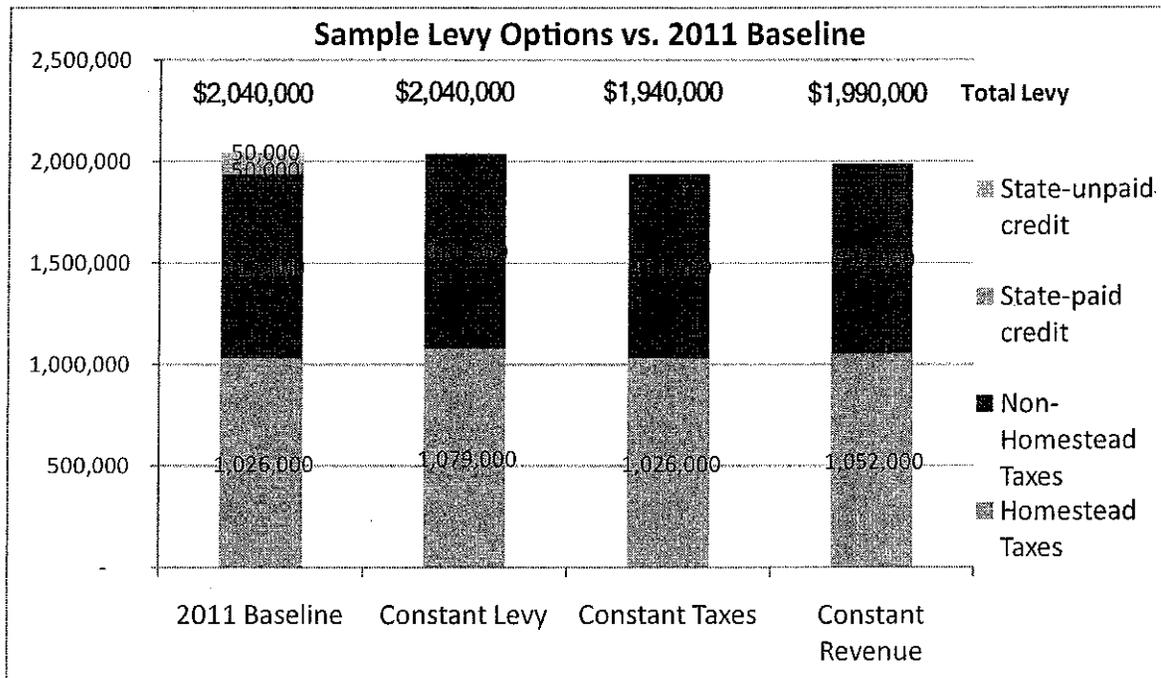
### Example Assumptions

To give some perspective of the tax shifts that might enter into this decision, assume the following net tax capacity (NTC) tax base information:

	Taxes Payable 2011	Taxes Payable 2012
Total NTC tax base	\$6,700,000	\$6,366,384
Non-Homestead NTC	\$3,000,000	\$3,000,000
Homestead NTC	\$3,700,000	\$3,366,384
620 homes at \$70,000 MV	\$434,000	\$260,400
644 homes at \$150,000 MV	\$966,000	\$813,114
575 homes at \$400,000 MV	\$2,300,000	\$2,292,870

Also assume that the city rate is 30% of the total tax rate (for allocating the credits for 2011).

Tax Shifts Under Various Options. The following chart summarizes the levy options listed above. It identifies the total size of the levy and the shares paid homesteads and non-homesteads (and the paid and unpaid state shares for the 2011 baseline). Under all of the options, even where taxpayers pay the same total amount of taxes, there will be tax increases for non-homestead properties and some homestead properties.



The tax shifts of the three alternatives can also be summarized as follows:

	2011	Constant Levy	Constant Taxes	Constant Revenue
Total Levy	\$2,040,000	\$2,040,000	\$1,940,000	\$1,990,000
Total Revenues (% chg)	\$1,990,000	\$2,040,000 (2.5%)	\$1,940,000 (-2.5%)	\$1,990,000 (0%)
City Tax Rate	30.448%	32.043%	30.473%	31.258%
Average Tax (% change)				
\$70,000 home	\$129.14	\$134.58 (4.2%)	\$127.98 (-0.9%)	\$131.28 (1.7%)
\$150,000 home	\$385.50	\$404.58 (4.9%)	\$384.73 (-0.2%)	\$394.67 (2.4%)
\$400,000 home	\$1,214.20	\$1,277.77 (5.2%)	\$1,215.08 (0.1%)	\$1,246.45 (2.7%)
Non-Homestead Tax Change		5.2%	0.1%	2.7%

A Final Note. This example illustrates tax shifts due to the conversion from credits to the exclusion in isolation from other discussions that might affect property taxes. Aid reductions and service demands will also be a significant factor in the local budgeting calculus. These other changes will also affect a property's tax calculation.

# The Homestead Market Value Exclusion

Minn. Stat. § 273.13, subd. 35

HOUSE RESEARCH

The 2011 omnibus tax act established a new property tax program called the homestead market value exclusion and repealed the existing market value homestead credit. The homestead market value exclusion provides a tax reduction to all homesteads valued below \$413,800 by shifting a portion of the tax burden that would otherwise fall on the homestead to other types of property. The repealed market value homestead credit gave homesteads approximately the same amount of tax relief through a state-paid credit rather than through shifting. Through the exclusion, the cost of providing relief to homeowners is shouldered relatively evenly among all types of property.

## How It Works

The exclusion provides for a portion of each home's market value to be excluded from its value for property tax calculations. The amount of value excluded is directly proportional to the amount of market value homestead credit the home received under the old law. In this way, each home contributes a smaller amount to each taxing jurisdiction's tax base. The tax rate tends to be a little higher because of the reduced tax base, which is why taxes increase for the other types of property. The tax burden on any given homestead could be lesser or greater depending upon the mix of properties in the jurisdiction (more nonhomestead properties increases the likelihood that homestead taxes will be reduced and vice versa) and the level of the tax rate (higher tax rates make it more likely that homestead taxes will be reduced and vice versa).

## Why the Change

The main reason for replacement of the credit with the exclusion is the state budget situation – the credit costs the state approximately \$260 million per year. In fact, in seven of the last eight years the state did not even pay a full reimbursement to all local governments. Eliminating the credit makes local government budgeting less awkward since the local government will know how much revenue it will receive from property taxes each year. In the past, a jurisdiction that needed \$1,000,000 in property tax revenue to operate might need to set its levy at \$1,050,000 in order to net \$1,000,000 in revenue, because it did not know if it would receive the \$50,000 credit reimbursement from the state.

Another argument for eliminating the credit is that it is a property tax relief program that is not well targeted, directing a great deal of money to homes, especially homes with low market values, without regard to need. The other major property tax relief programs, i.e., local government aid (LGA), county program aid (CPA), and the property tax refund, all attempt to distribute money based on some measure of jurisdictional or individual need. The market value homestead credit assumes all homes of the same market value have the same need, whether or not the homeowner's income is high or low, and whether or not the home is located in an area with high or low property tax rates.

## Actual Calculations

The next two pages show how the exclusion is actually calculated; the first page shows the calculations, the second shows the calculations applied to a hypothetical homestead.

**Computation of homestead net tax: old law versus new law**

Old Law	New Law
<b>Step 1:</b> Assessor determines property's estimated market value (EMV)	<b>Step 1:</b> Assessor determines property's estimated market value (EMV)
	<b>Step 2:</b> Determine property's market value exclusion (MVexcl) based on EMV: EMV up to \$76,000                      MVexcl = 0.4 x EMV EMV > \$76,000 and <\$413,800      MVexcl = \$30,400 - ((EMV-\$76,000) x .09) EMV > \$413,800                        MVexcl = 0 <b>Step 3:</b> Determine property's taxable market value (TMV) = EMV - MVexcl
<b>Step 2:</b> Determine property's net tax capacity (NTC): EMV < \$500,000              NTC = EMV X .01 EMV > \$500,000              NTC = \$5,000 + ((EMV - \$500,000) x .0125)	<b>Step 4:</b> Determine property's net tax capacity (NTC): TMV < \$500,000              NTC = TMV x .01 TMV > \$500,000              NTC = \$5,000 + ((TMV - \$500,000) x .0125)
<b>Step 3:</b> Determine property's gross tax: Gross tax = NTC x Total tax rate [sum of county rate + city/town rate + school district rate + special district rates]	
<b>Step 4:</b> Determine property's market value homestead credit (MVHC): EMV up to \$76,000              MVHC = EMV x .004 EMV > \$76,000 and < \$413,800      MVHC = \$304 - ((EMV - \$76,000) x .0009) EMV > \$413,800                      MVHC = 0	
<b>Step 5:</b> Determine property's net tax capacity net tax: Net tax = Gross tax - MVHC	<b>Step 5:</b> Determine property's net tax capacity net tax: Net tax = NTC X Total tax rate [sum of county rate + city/town rate + school district rate + special district rates]
<b>Step 6:</b> Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)	<b>Step 6:</b> Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)

**Computation of homestead net tax: old law versus new law, homestead valued at \$200,000**

Old Law	New Law
<b>Step 1: EMV = \$200,000</b>	<b>Step 1: EMV = \$200,000</b>
	<b>Step 2: Determine property's market value exclusion (MVexcl):</b> MVexcl = \$30,400 - ((\$200,000 - \$76,000) x .09) = \$19,240
	<b>Step 3: Determine property's taxable market value (TMV):</b> TMV = \$200,000 - \$19,240 = \$180,760
<b>Step 2: Determine property's net tax capacity (NTC)</b> NTC = \$200,000 x .01 = \$2,000	<b>Step 4: Determine property's net tax capacity (NTC):</b> NTC = \$180,760 x .01 = \$1,808
<b>Step 3: Determine property's gross tax:</b> Gross tax = \$2,000 x 105.81% = \$2,116	
<b>Step 4: Determine property's market value homestead credit (MVHC):</b> MVHC = \$304 - ((\$200,000 - \$76,000) x .0009) = \$192	
<b>Step 5: Determine property's net tax capacity net tax:</b> Net tax = \$2,116 - \$192 = \$1,924	<b>Step 5: Determine property's net tax capacity net tax:</b> Net tax = \$1,808 x 110.92% = \$2,005
<b>Step 6: Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)</b>	<b>Step 6: Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)</b>

Note that the tax rates are different between the old law and the new law. The rates used in the example are based on House Research estimated statewide average rates for taxes payable in 2011 under the old law, and under the new law assuming jurisdictions made no changes to their levies.

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	CITIZEN PUBLISHING C	ADVERTISING	1,472.40
		Total for Department 101	1,472.40*
CITY OFFICE	MII LIFE	VEBA	198.40
CITY OFFICE	SELECTACCOUNT	ADMIN FEE	84.18
		Total for Department 103	282.58*
P & Z / BUILDING OFF	MII LIFE	VEBA	148.80
		Total for Department 106	148.80*
CITY HALL	MN ENERGY RESOURCES	HEATING	20.71
		Total for Department 115	20.71*
POLICE	AT & T	USAGE CHARGES	139.22
POLICE	Verizon Wireless	SERVICE FOR LAPTOPS	78.06
POLICE	MII LIFE	VEBA	1,571.92
POLICE	DANA WALLACE	EXPENSE	234.86
POLICE	WATONWAN COUNTY	COMPUTER SERVICE	168.42
POLICE	WINDOM FIRE SAFETY	MAINTENANCE	20.00
		Total for Department 120	2,212.48*
FIRE DEPARTMENT	CITIZEN PUBLISHING C	COMPUTER SUPPORT	177.05
FIRE DEPARTMENT	Verizon Wireless	SERVICE FOR LAPTOPS	52.04
		Total for Department 125	229.09*
STREET	MII LIFE	VEBA	941.12
STREET	MN ENERGY RESOURCES	HEATING	19.88
		Total for Department 140	961.00*
RECREATION	COCA-COLA BOTTLING C	MERCHANDISE	315.20
RECREATION	NEIL LITFIN	UMPIRE	90.00
RECREATION	CHARLIE DUNNICK	UMPIRE	35.00
RECREATION	ANDREW LARSON	UMPIRE	25.00
		Total for Department 150	465.20*
PARKS	MII LIFE	VEBA	99.20
		Total for Department 165	99.20*
		Total for Fund 01	5,891.46*
LIBRARY	MN ENERGY RESOURCES	HEATING	182.82
		Total for Department 171	182.82*
		Total for Fund 03	182.82*
POOL	COCA-COLA BOTTLING C	MERCHANDISE	111.45
POOL	MN ENERGY RESOURCES	HEATING	527.35
		Total for Department 175	638.80*
		Total for Fund 12	638.80*

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
AMBULANCE	BOUND TREE MEDICAL,	EQUIPMENT	300.78
AMBULANCE	Verizon Wireless	SERVICE FOR LAPTOPS	78.06
AMBULANCE	Verizon Wireless	TELEPHONE	97.86
AMBULANCE	WILLARD JOHNSON	REFUND - AMBULANCE	173.54
	Total for Department 176		650.24*
	Total for Fund 13		650.24*
MULTI-PURPOSE BUILDI	CITIZEN PUBLISHING C	ADVERTISING	224.25
MULTI-PURPOSE BUILDI	HAGEN DISTRIBUTING	MERCHANDISE	-30.00
MULTI-PURPOSE BUILDI	MII LIFE	VEBA	284.88
	Total for Department 177		479.13*
	Total for Fund 14		479.13*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	8,512.54
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	100.50
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	1,957.26
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	13,090.80
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	464.64
LIQUOR	JOHNSON BROS.	MERCHANDISE	3,502.06
LIQUOR	MII LIFE	VEBA	371.36
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	6,006.67
LIQUOR	BANK MIDWEST	NSF CHECK	39.90
	Total for Department 180		34,045.73*
	Total for Fund 60		34,045.73*
WATER	CITIZEN PUBLISHING C	COMPUTER SUPPORT	54.00
WATER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.33
WATER	SOURCE ONE SOLUTIONS	POSTAGE	.18
WATER	SOURCE ONE SOLUTIONS	UTILITY BILL SERVICES	782.76
WATER	MII LIFE	VEBA	560.22
	Total for Department 181		1,607.74*
	Total for Fund 61		1,607.74*
	RENEE RASMUSSEN	REFUND -UT PREPAY & STAT	300.00
	Total for Department		300.00*
ELECTRIC	CENTRAL MINNESOTA MU	CIP SERVICE ASSESSMENT	4,083.00
ELECTRIC	CENTRAL MINNESOTA MU	ECO @ HOME SUBSCRIPTION	841.81
ELECTRIC	CENTRAL MINNESOTA MU	POWER COST	306,790.57
ELECTRIC	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.35
ELECTRIC	SOURCE ONE SOLUTIONS	POSTAGE	.18
ELECTRIC	SOURCE ONE SOLUTIONS	SPECIAL SERVICE	19.72
ELECTRIC	SOURCE ONE SOLUTIONS	UTILITY BILL SERVICES	1,614.46
ELECTRIC	MII LIFE	VEBA	950.66

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	104.02
		Total for Department 182	314,615.02*
		Total for Fund 62	314,915.02*
SEWER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.33
SEWER	SOURCE ONE SOLUTIONS	POSTAGE	.18
SEWER	SOURCE ONE SOLUTIONS	UTILITY BILL SERVICES	782.76
SEWER	MII LIFE	VEBA	659.42
SEWER	MN ENERGY RESOURCES	HEATING	63.28
		Total for Department 183	1,716.22*
		Total for Fund 63	1,716.22*
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	209.95
ARENA	MII LIFE	VEBA	371.36
		Total for Department 184	581.31*
		Total for Fund 64	581.31*
ECONOMIC DEVELOPMENT	CITIZEN PUBLISHING C	ADVERTISING	232.00
ECONOMIC DEVELOPMENT	CITIZEN PUBLISHING C	COMPUTER SUPPORT	80.15
ECONOMIC DEVELOPMENT	CITIZEN PUBLISHING C	SUBSCRIPTION	43.00
ECONOMIC DEVELOPMENT	MII LIFE	VEBA	235.28
		Total for Department 187	590.43*
		Total for Fund 67	590.43*
	RENEE RASMUSSEN	REFUND -UT PREPAY & STAT	1.45
		Total for Department	1.45*
TELECOMMUNICATIONS	CITIZEN PUBLISHING C	COMPUTER SUPPORT	10.68
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	474.99
TELECOMMUNICATIONS	SOURCE ONE SOLUTIONS	POSTAGE	.54
TELECOMMUNICATIONS	SOURCE ONE SOLUTIONS	SPECIAL SERVICE	162.36
TELECOMMUNICATIONS	SOURCE ONE SOLUTIONS	UTILITY BILL SERVICES	1,712.27
TELECOMMUNICATIONS	MII LIFE	VEBA	665.78
TELECOMMUNICATIONS	NEW STAR SALES & SER	COPIER MAINTENANCE	35.00
TELECOMMUNICATIONS	ONVOY, INC	BANDWIDTH BILLING	1,409.39
TELECOMMUNICATIONS	ONVOY, INC	SS7 SERVICE	969.57
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	18.95
TELECOMMUNICATIONS	RFD TV	SUBSCRIBER	194.53
TELECOMMUNICATIONS	SHOWTIME NETWORKS IN	SUBSCRIBER	322.00
TELECOMMUNICATIONS	TOWER DISTRIBUTION C	SUBSCRIBER	221.50
TELECOMMUNICATIONS	CHRIS ZIMMERMAN	MOWING	160.00
TELECOMMUNICATIONS	LEONNA LUNDQUIST	REFUND - STATEMENT CREDI	36.21

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	RENEE RASMUSSEN	REFUND -UT PREPAY & STAT	39.70
		Total for Department 199	10,034.17*
		Total for Fund 69	10,035.62*
		Grand Total	371,334.52*

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	SW MN HOUSING PARTNE	GRANT FOR SW MN HOUSING	31,171.00
		Total for Department 101	31,171.00*
STREET	ZIESKE LAND SURVEYIN	SERVICE	792.00
		Total for Department 140	792.00*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	160.00
		Total for Department 145	160.00*
		Total for Fund 01	32,123.00*
AMBULANCE	BOUND TREE MEDICAL,	EQUIPMENT	419.06
		Total for Department 176	419.06*
		Total for Fund 13	419.06*
MULTI-PURPOSE BUILDI	BEVERAGE WHOLESALERS	MERCHANDISE	168.00
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	95.60
		Total for Department 177	263.60*
		Total for Fund 14	263.60*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	3,457.35
LIQUOR	BATCHELLER'S EVER-GR	SERVICE	44.94
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	314.00
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	3,966.40
LIQUOR	JOHNSON BROS.	MERCHANDISE	935.59
LIQUOR	MN ENERGY RESOURCES	HEATING	98.31
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,581.95
LIQUOR	BANK MIDWEST	NSF CHECK	29.15
		Total for Department 180	11,427.69*
		Total for Fund 60	11,427.69*
	WENCK ASSOCIATES, IN	HWY 60 PROJECT	5,337.00
	CONSTRUCTION BULLETI	HWY 60 PROJECT AD	217.00
		Total for Department	5,554.00*
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	133.34
WATER	MN ENERGY RESOURCES	HEATING	901.59
WATER	WENCK ASSOCIATES, IN	LANDFILL	1,020.05
		Total for Department 181	2,054.98*
		Total for Fund 61	7,608.98*
	ELECTRIC FUND	REF-UT PREPAY-LETICIA SW	300.00
	ZIESKE LAND SURVEYIN	SERVICE	3,775.00
		Total for Department	4,075.00*
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	133.34
ELECTRIC	CHERYL LILLEGAARD	MILEAGE	104.34

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	105.71
ELECTRIC	MN ENERGY RESOURCES	HEATING	19.88
	Total for Department 182		363.27*
	Total for Fund 62		4,438.27*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	133.33
SEWER	MN ENERGY RESOURCES	HEATING	14.03
	Total for Department 183		147.36*
	Total for Fund 63		147.36*
ARENA	MN ENERGY RESOURCES	HEATING	114.43
	Total for Department 184		114.43*
	Total for Fund 64		114.43*
	ELECTRIC FUND	LOAN PAYABLE FROM EDA SP	724.63
	FULDA AREA CREDIT UN	SPEC BLDG LOAN	1,729.11
	Total for Department		2,453.74*
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYABLE FROM EDA SP	224.87
ECONOMIC DEVELOPMENT	FULDA AREA CREDIT UN	SPEC BLDG LOAN	1,630.89
	Total for Department 187		1,855.76*
	Total for Fund 67		4,309.50*
TELECOMMUNICATIONS	BEIM CONSULTING	WEB SITE DESIGN	1,099.00
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	399.99
	Total for Department 199		1,498.99*
	Total for Fund 69		1,498.99*
	AFLAC	INSURANCE	356.20
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDM01	1,202.00
	MN BENEFIT ASSOCIATI	INSURANCE	262.28
	Total for Department		1,820.48*
	Total for Fund 70		1,820.48*
	Grand Total		64,171.36*

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	SECR REV FUND/CITY O	SUPPLIES	2.50
	Total for Department 101		2.50*
CITY OFFICE	COTTONWOOD COUNTY AS	BEACON RENEWAL	65.00
CITY OFFICE	STEVE NASBY	EXPENSE	168.72
CITY OFFICE	NCPERS MINNESOTA	INSURANCE 845249	80.00
CITY OFFICE	PITNEY BOWES	SUPPLIES	13.98
CITY OFFICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.40
	Total for Department 103		348.10*
P & Z / BUILDING OFF	COTTONWOOD COUNTY AS	BEACON RENEWAL	65.00
P & Z / BUILDING OFF	NCPERS MINNESOTA	INSURANCE 845249	24.00
P & Z / BUILDING OFF	PITNEY BOWES	SUPPLIES	13.98
	Total for Department 106		102.98*
CITY HALL	JOE'S LAWN CARE	MOW LAWN	45.00
	Total for Department 115		45.00*
POLICE	COTTONWOOD COUNTY AS	BEACON RENEWAL	65.00
POLICE	MII LIFE	VEBA	675.00
POLICE	NCPERS MINNESOTA	INSURANCE 845249	144.00
POLICE	PITNEY BOWES	SUPPLIES	13.98
POLICE	SECR REV FUND/CITY O	POSTAGE	53.59
POLICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
	Total for Department 120		961.75*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	117.50
FIRE DEPARTMENT	COTTONWOOD COUNTY AS	BEACON RENEWAL	65.00
FIRE DEPARTMENT	DAN ORTMAN	EXPENSE	55.00
	Total for Department 125		237.50*
STREET	COTTONWOOD COUNTY AS	BEACON RENEWAL	65.00
STREET	NCPERS MINNESOTA	INSURANCE 845249	64.00
STREET	PITNEY BOWES	SUPPLIES	13.98
	Total for Department 140		142.98*
RECREATION	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
	Total for Department 150		10.18*
PARKS	AMUNDSON DIG	MAINTENANCE	97.26
PARKS	MII LIFE	VEBA	275.00
PARKS	NCPERS MINNESOTA	INSURANCE 845249	32.00
PARKS	PITNEY BOWES	SUPPLIES	13.98
	Total for Department 165		418.24*
	Total for Fund 01		2,269.23*
SEH		WINDOM DAM PROJECT	3,041.39
	Total for Department		3,041.39*
	Total for Fund 02		3,041.39*

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

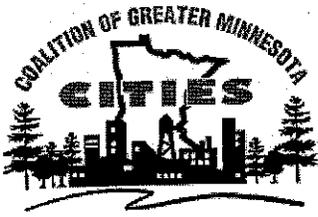
Department	Vendor Name	Description	Amount
LIBRARY	JOE'S LAWN CARE	MOW LAWN	45.00
LIBRARY	PITNEY BOWES	SUPPLIES	13.98
LIBRARY	TOSHIBA FINANCIAL SE LEASE/MAINTENANCE CONTRA		5.09
	Total for Department 171		64.07*
	Total for Fund 03		64.07*
POOL	TOSHIBA FINANCIAL SE LEASE/MAINTENANCE CONTRA		5.09
	Total for Department 175		5.09*
	Total for Fund 12		5.09*
AMBULANCE	VAUGHN CORWIN	EXPENSE	37.54
AMBULANCE	DONNA MARCY	EXPENSE	20.42
AMBULANCE	TIM HACKER	EXPENSE	30.00
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	24.67
AMBULANCE	ROBIN SHAW	EXPENSE	26.49
AMBULANCE	PITNEY BOWES	SUPPLIES	13.98
AMBULANCE	ALLAN REMPEL	EXPENSE	28.41
	Total for Department 176		181.51*
	Total for Fund 13		181.51*
MULTI-PURPOSE BUILDI	NCPERS MINNESOTA	INSURANCE 845249	32.00
MULTI-PURPOSE BUILDI	SECR REV FUND/CITY O	POSTAGE	.20
MULTI-PURPOSE BUILDI	TOSHIBA FINANCIAL SE LEASE/MAINTENANCE CONTRA		10.18
	Total for Department 177		42.38*
	Total for Fund 14		42.38*
SCDP	SW MN HOUSING PARTNE	DRAW REQUEST	16,922.00
	Total for Department 163		16,922.00*
	Total for Fund 17		16,922.00*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	9,161.25
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	10,608.75
LIQUOR	JOHNSON BROS.	MERCHANDISE	623.04
LIQUOR	NCPERS MINNESOTA	INSURANCE 845249	32.00
LIQUOR	PEPSIAMERICAS	MERCHANDISE	173.00
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,359.65
LIQUOR	SOUTHERN WINE & SPIR	MERCHANDISE	140.55
LIQUOR	THE AMERICAN BOTTLIN	MERCHANDISE	127.40
LIQUOR	TOSHIBA FINANCIAL SE LEASE/MAINTENANCE CONTRA		20.36
LIQUOR	WINE MERCHANTS	MERCHANDISE	454.50
	Total for Department 180		24,700.50*
	Total for Fund 60		24,700.50*
WATER	AMOCO OIL COMPANY	GAS	57.64

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
WATER	AMUNDSON DIG	MAINTENANCE	222.06
WATER	GODFATHER'S PIZZA	EXPENSE	13.88
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	125.00
WATER	NCPERS MINNESOTA	INSURANCE 845249	24.00
WATER	PITNEY BOWES	SUPPLIES	14.02
WATER	SECR REV FUND/CITY O	POSTAGE	4.95
WATER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
	Total for Department 181		481.91*
	Total for Fund 61		481.91*
	ELECTRIC FUND	REFUND -UT PREPAY-CHERYL	300.00
	ELECTRIC FUND	REFUND -UT PREPAY-D KORT	278.12
	ELECTRIC FUND	REFUND-UT PREPAY-OLIVIA	281.43
	SECR REV FUND/CITY O	REFUND-UTILITY PREPAYMEN	125.00
	DAVID KORTHOUSE	REFUND-UT PREPAY-D. KORT	21.88
	OLIVIA VALENCIA	REFUND-UT PREPAY-OLIVIA	18.57
	DANIEL HENDERSON	REFUND-UT PREPAY MINUS S	44.76
	Total for Department		1,069.76*
ELECTRIC	AMOCO OIL COMPANY	GAS	302.91
ELECTRIC	GODFATHER'S PIZZA	EXPENSE	13.89
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	125.00
ELECTRIC	NCPERS MINNESOTA	INSURANCE 845249	96.00
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	408.26
ELECTRIC	PITNEY BOWES	SUPPLIES	14.02
ELECTRIC	SECR REV FUND/CITY O	POSTAGE	7.00
ELECTRIC	SECR REV FUND/CITY O	SUPPLIES	3.00
ELECTRIC	BRAD BUSSA	CLEANING	184.60
ELECTRIC	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
ELECTRIC	BANK MIDWEST	ACCOUNTS CLOSED	302.83
ELECTRIC	BANK MIDWEST	NSF CHECK	295.30
ELECTRIC	BEN DERICKSON	ENERGY REBATE	50.00
ELECTRIC	JAMES GLIDDEN	ENERGY REBATE	10.00
ELECTRIC	JAY GRAVE	ENERGY REBATE	50.00
ELECTRIC	DELOY KING	ENERGY REBATE	600.00
ELECTRIC	LORRAINE MILLER	ENERGY REBATE	35.00
ELECTRIC	LEONARD REHNELT	ENERGY REBATE	50.00
ELECTRIC	PAT REINHARDT	ENERGY REBATE	10.00
ELECTRIC	EARL STUEBER	ENERGY REBATE	35.00
ELECTRIC	TERRY THOMPSON	ENERGY REBATE	35.00
ELECTRIC	SHIRL WARE	ENERGY REBATE	15.00
	Total for Department 182		2,663.17*
	Total for Fund 62		3,732.93*
SEWER	AMOCO OIL COMPANY	GAS	166.40
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	125.00
SEWER	MN ENVIRONMENTAL SCI	DUES	1,605.45
SEWER	NCPERS MINNESOTA	INSURANCE 845249	-56.00

CITY OF WINDOM  
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
SEWER	PITNEY BOWES	SUPPLIES	14.02
SEWER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	32.56
	Total for Department 183		1,887.43*
	Total for Fund 63		1,887.43*
ARENA	ASCAP	LICENSE	311.67
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	236.80
ARENA	NCPERS MINNESOTA	INSURANCE 845249	32.00
ARENA	PITNEY BOWES	SUPPLIES	13.98
ARENA	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	18.32
	Total for Department 184		612.77*
	Total for Fund 64		612.77*
ECONOMIC DEVELOPMENT	NCPERS MINNESOTA	INSURANCE 845249	24.00
ECONOMIC DEVELOPMENT	PITNEY BOWES	SUPPLIES	13.98
ECONOMIC DEVELOPMENT	SECR REV FUND/CITY O	SUPPLIES	3.00
	Total for Department 187		40.98*
	Total for Fund 67		40.98*
TELECOMMUNICATIONS	GODFATHER'S PIZZA	EXPENSE	31.50
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	375.00
TELECOMMUNICATIONS	NCPERS MINNESOTA	INSURANCE 845249	64.00
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	TELEPHONE	200.07
TELECOMMUNICATIONS	PITNEY BOWES	SUPPLIES	41.94
TELECOMMUNICATIONS	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	30.54
TELECOMMUNICATIONS	WINDOM AREA SCHOOLS	MIRC GRANT BLANDIN	4,180.00
TELECOMMUNICATIONS	BANK MIDWEST	NSF CHECK	92.00
	Total for Department 199		5,015.05*
	Total for Fund 69		5,015.05*
	LAW ENFORCMENT	LABOR UNION DUES	252.00
	LOCAL UNION #949	UNION DUES	1,460.76
	NCPERS MINNESOTA	INSURANCE 845249	32.00
	Total for Department		1,744.76*
	Total for Fund 70		1,744.76*
	Grand Total		60,742.00*



Coalition of Greater Minnesota Cities

# CGMC in Brief

September 1, 2011

Contact: Tim Flaherty  
651-225-8840

## Dayton Begins Jobs Tour in Greater Minnesota

On Wednesday, Governor Dayton participated in his second jobs tour visit in greater Minnesota, taking part in an economic development roundtable at Southeast Technical College in Winona. The governor's first visit was in Fergus Falls last week at the invitation of Mayor Hal Leland.

The governor has announced he will visit several cities across greater Minnesota to engage the public and business leaders on plans to create jobs and economic development across the state. The tours will culminate with a jobs summit in St. Paul in mid-October.

CGMC lobbyist J.D. Burton participated in a pre-roundtable session with Fergus Falls city leaders, DEED Commissioner Mark Phillips and Senior Jobs Advisor Kathy Tunheim during the governor's visit last Wednesday. The purpose of the meeting was to discuss the EB-5 program, a federal jobs-creation visa program that provides eligible foreign investors the opportunity to become permanent residents. The city of Fergus Falls partnered with the University of North Dakota's Center for Innovation Foundation on approval of a EB-5 regional center last April, encompassing all of North Dakota and 20 counties in Northwest Minnesota. The governor is interested in expanding the EB-5 program to all of Minnesota.

For more information about the governor's jobs tour, or the CGMC economic development program, please contact J.D. Burton at [jdburton@flaherty-hood.com](mailto:jdburton@flaherty-hood.com).

## MVHC CHANGE DRAWS CRITICISM AND CONFUSION

As we reported in the last issue of the CGMC in Brief, the final budget deal eliminated the market value homestead credit in 2012, replacing it with the market value homestead exclusion. For many property owners, particularly businesses and apartment owners, this change will likely result in higher property taxes even if cities hold their levies steady. Over the last two weeks, more cities and their taxpayers are beginning to understand how this change could affect them.

Newspapers across the state have been commenting on this issue. Here is a sampling from the corners of the state:

Marshall: <http://bit.ly/o7wFCY>

Cook County: <http://bit.ly/qPB9AW>

Spring Grove: <http://bit.ly/rIKYEF>

International Falls: <http://bit.ly/pObuy5>



## **WELCOME!**

The Coalition of Greater Minnesota Cities extends a warm welcome to several new city managers/administrators who joined our cities this summer. Charlene Stevens recently started as the new city administrator for Willmar. Before assuming that role, she worked for Sedgewick County in Wichita, Kansas. Earlier this summer, Chad Adams became the new city manager for Albert Lea, Minnesota. He had been serving as the city administrator for Medina. Roger Gorious became the city administrator for Tracy at the beginning of this month. Most recently, he was an administrative intern for Milwaukee County, after earning his master's degree in public administration from the University of Milwaukee.

We want to extend a warm welcome to all three!

(And, if you have new managers, administrators, or elected officials we should know about, please let us know so that we can welcome them and update our records).

## **DON'T FORGET P&T APPLICATIONS DUE OCTOBER 31**

The Minnesota Department of Natural Resources moved the deadline for applications for FY2012 Parks & Trails grants, Local Trail Connections Grants and the Regional Trail Program up to October 31, 2011 rather than in the spring as in the previous cycle.

Find more details on these programs on the DNR website at <http://bit.ly/hkrBR0>, <http://bit.ly/qEd4Xk>, and <http://bit.ly/r3QK0V>.

## **SUMMER CONFERENCE PRESENTATIONS**

If you missed the summer conference, you can still review the powerpoints from the presentation on our website. Visit <http://bit.ly/n1UIkt> to see all of them.

## **Mark Your Calendars**

Save the dates for these upcoming CGMC Events:

CGMC Fall Conference in Fergus Falls, November 16 – 18, 2011

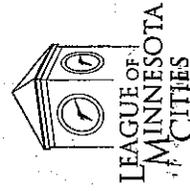
CGMC Legislative Action Day & Reception at Mancini's, February 8, 2012

2012 CGMC Summer Conference in Owatonna, July 25 – 27, 2012



# 2011 REGIONAL MEETINGS

Get together, network with your peers, discuss critical issues, and share ideas with others—right in your region of the state!



\*\*\*\*\*ALL FOR AADC 553\*\*\*\*\*5\*\*\*\*\*0000935  
STEVE NASBY  
CITY OF WINDOM  
PO BOX 38  
WINDOM, MN 56101-0038



League of Minnesota Cities  
145 University Ave. West  
St. Paul, MN 55103-2044

PRSRST STD  
US POSTAGE PAID  
TWIN CITIES MN  
PERMIT NO. 3223

- SEPTEMBER 14 **Pine Island**
- SEPTEMBER 15 **New Ulm**
- SEPTEMBER 21 **Royalton**
- SEPTEMBER 22 **Gilbert**
- SEPTEMBER 27 **Red Lake Falls**
- SEPTEMBER 28 **Bemidji**
- SEPTEMBER 29 **Henning**
- OCTOBER 12 **Appleton**
- OCTOBER 13 **Balaton**

REGISTER NOW:

[www.lmc.org/RM2011](http://www.lmc.org/RM2011)

# 2011 REGIONAL MEETINGS

*There's a Regional Meeting near you! Join representatives from the League, as well as colleagues from your area of the state, to learn about new ideas and helpful resources for Minnesota cities.*

- 1 p.m.** Registration Open
- 1:30 p.m.** Resources and Action Items for 2012
1. Avoid claims and save money with LMCT sanitary sewer and land use incentives
  2. Make your savings work for you with 4M Fund investments
  3. Get ready for federal health care reforms taking effect now through 2014
  4. Learn how Minnesota's new concussion bill affects cities
  5. Discuss tools that will help you comply with the new sign retroreflectivity requirements
- 2:15 p.m.** Saving Money Through "Redesign:"  
What Will Work for Your City?  
With less revenue and growing pressure to "do things differently," it's decision time for many cities. Communities large and small are considering money-saving ways to deliver public services, including partnerships, contracting, and cost prevention. *Navigating the New Normal: A Minnesota Local Government Innovation and Redesign Guide*, created by the League and the University of Minnesota, focuses on several practical steps to help cities evaluate their needs and obstacles. At this session, share your questions and frustrations, and learn about the methods of others in your region.
- 3 p.m.** Break
- 3:15 p.m.** Keeping Public Safety Safe:  
Loss Control Tools for the Times in Which We Live  
Police, fire, and medical response are some of the core services that cities provide. Yet the changing demographics of both employees and the people they serve are combining with tough finances to create new vulnerabilities. Learn about some of the recent loss control issues bubbling up for Minnesota cities and how you can prevent costly mistakes.
- 4 p.m.** Legislative Update:  
Find Out What Really Happened in St. Paul  
The 2011 legislative session resulted in a controversial budget compromise that ended the longest and broadest state government shutdown in Minnesota history. What really happened, and how does the budget affect cities? What are the other outcomes from the legislative session? And what should we anticipate for 2012 as the election season gets underway? League intergovernmental relations staff will be on hand with these answers and more.
- 4:45 p.m.** Social Time
- 5:15 p.m.** Dinner
- 6 p.m.** Welcome from Host Mayor and Comments by LMC Staff
- 6:15 p.m.** Remarks from LMC President Dan Ness
- 6:30 p.m.** Managing Meetings as the Pressure Rises:  
Techniques and Tips  
It is more important than ever that city councilmembers and mayors find common ground and work together, but how do you make that happen when competing interests and stress have everyone's blood pressure rising? Learn specific techniques for running effective meetings and getting the best outcomes for your city.
- 7:30 p.m.** Adjourn

REGISTER NOW:

[www.lmc.org/RM2011](http://www.lmc.org/RM2011)

REGISTRATION FEE:  
\$40 per person

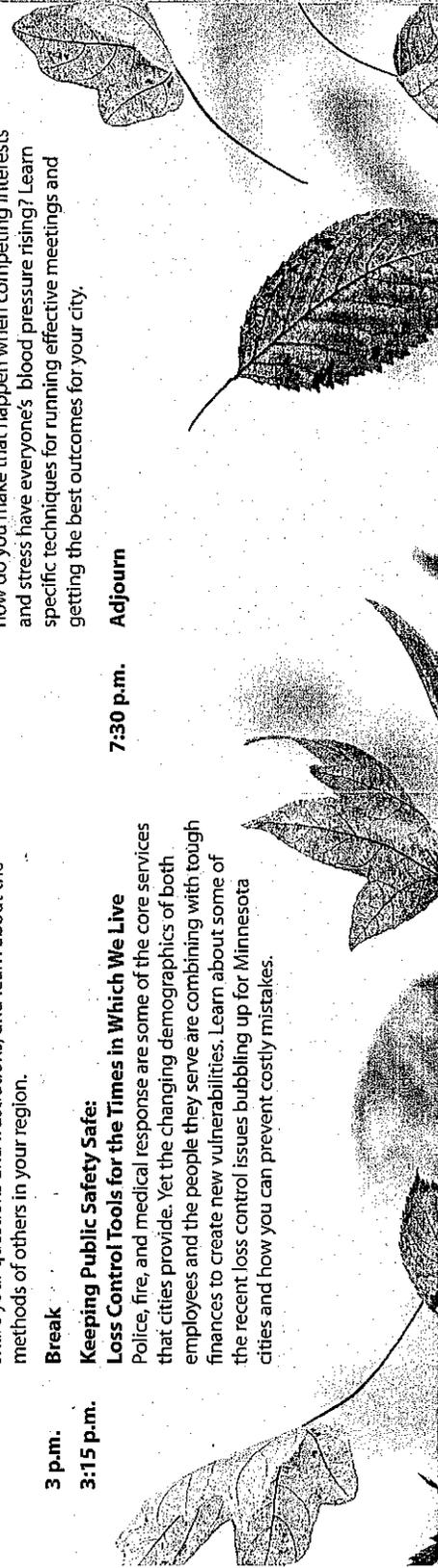
SPONSORED BY:

4M Fund Administrators

- RBC Dain Rauscher
- PIMA Financial Network
- RBC Global Asset Management

Xcel Energy

Ehlers





# COTTONWOOD COUNTY HIGHWAY/SOLID WASTE

Ronald Gregg P.E., County Engineer/Solid Waste Administrator  
1355 9<sup>th</sup> Ave □ WINDOM, MN 56101

---

Ph. (507) 831-1389

Fax (507) 831-2367

August 24, 2011

To: Guest

From: Ronald Gregg PE  
Cottonwood County Engineer

RE: Roadway Safety Workshop

You are invited to a Roadway Safety Workshop. The intent behind the workshop is to identify possible strategies to make our roadways throughout Cottonwood County safer.

If you have any questions please give me a call at 507-831-1389.

Sincerely,

Ronald Gregg PE  
Cottonwood County Engineer/Solid Waste Administrator



# You're Invited - "Safe" the Date

County Roadway Safety Plans  
Moving Towards ZERO Deaths on Minnesota's Roadways

## Why is this workshop important?

Despite efforts in the past, Cottonwood County has averaged 5 fatal and severe injury crashes per year in the past five years. We need your help to reduce these numbers and move Minnesota toward zero deaths.

## Why is your participation needed?

The objective of the workshop is to enhance Cottonwood County's highway safety efforts. Through group discussion and review of crash data, participants will work to address severe crashes in Cottonwood and neighboring Counties.

During the workshop national strategies will be presented and prioritized via a voting process that will become the foundation of efforts to reduce the number of traffic fatalities and life changing injuries within Cottonwood County.

### Critical Emphasis Areas Being Discussed:

- Drug and Alcohol-Related
- Road Departure Crashes
- Aggressive and Speed-Related
- Unbelted Vehicle Occupants
- Design and Operation of Intersections

The County Roadway Safety Plans will be developed by representatives of the 4 E's:

- Engineering – Enforcement –**
- Education – EMS**

Yes, I will be attending

No, I will not be able to attend

Please RSVP to Ronald Gregg (ron.gregg@co.cottonwood.mn.us)

Phone: 507-831-1389 or Fax: 507-831-2367  
by September 16, 2011.



**Toward Zero Deaths... because every life matters!**

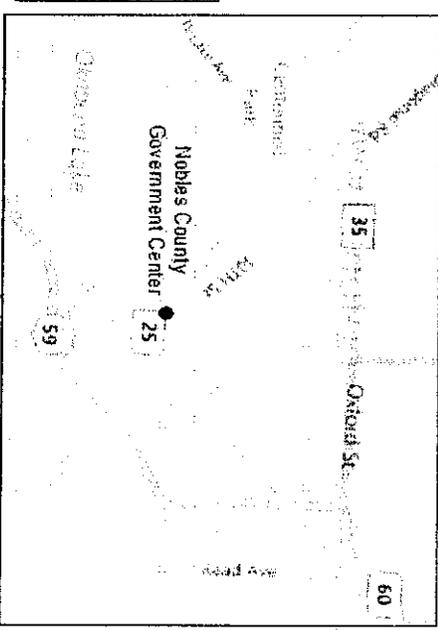
COTTONWOOD COUNTY  
ROADWAY SAFETY PLAN  
WORKSHOP

Hosted by:  
Cottonwood, Jackson, Nobles  
and Rock Counties

Monday  
September 26, 2011

8:30 AM – 3:00 PM  
Lunch will be provided!

Nobles County Government  
Center – Farmers Room  
315 10th Street  
Worthington, MN 56187  
(see map)





MIN/ANNUALREPORT

# Southwest Regional Development Commission

*Serving the Counties of*

Cottonwood • Jackson • Lincoln • Lyon • Murray • Nobles • Pipestone • Redwood • Rock

2401 Broadway Avenue, Suite 1

Slayton, MN 56172-1142

(507) 836-8547

Fax: (507) 836-8866

E-Mail: [srdc@swrdc.org](mailto:srdc@swrdc.org) / Website: [www.swrdc.org](http://www.swrdc.org)

David Benson, Chairman

Miron Carney, Vice-Chairman

Larry Hansen, Treasurer

Lyle Ten Haken, Secretary

August 24, 2011

MEMO TO: Region 8 City Clerks/Administrators

MEMO FM: Rhonda Wynia, SRDC Administrative Specialist

MEMO RE: SRDC Annual Report

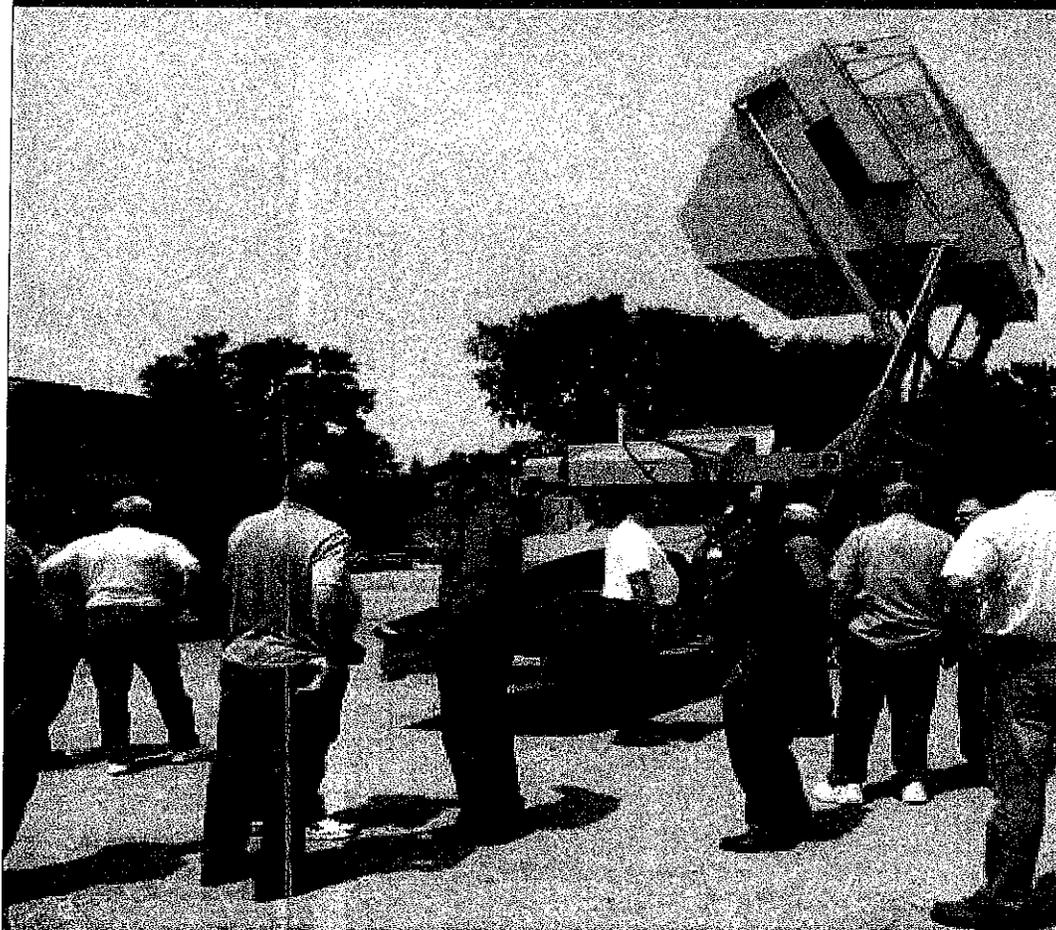
Enclosed please find the SRDC's Annual Report for Fiscal Year 2011.  
Please share the enclosed with your Mayor/Council Members at your next  
City Council meeting.

Thank you and if questions please feel free to contact the SRDC Offices at  
507/836-1644.

# FY 2011 Annual Report

## Southwest Regional Development Commission

"Providing professional expertise and leadership to enhance regional opportunities"



Members of the Rural Minnesota Energy Board tour Woodford Equipment in Emmetsburg, Iowa to learn more about new biomass collection equipment.

### Exploring new bio-mass opportunities.

On June 6, 2011 the Rural Minnesota Energy Board sponsored a trip to Emmetsburg, Iowa to tour two biomass facilities; Poet's Project Liberty and Easy Energy Systems. As an added bonus they also visited Woodford Equipment. Poet's Project Liberty is a 25 million gallon per year cellulosic ethanol facility to be co-located with their existing corn ethanol plant. Easy Energy Systems produces modular ethanol facilities for non-corn feed-stocks that can be installed wherever there is a steady source of input such as waste milk by-products, and can be disassembled and moved if the availability of the feedstock changes.

The Rural Minnesota Energy Board (RMEB) is a Joint Powers of 16 counties in southwest and south-central Minnesota formed to provide policy guidance surrounding energy development in rural Minnesota. The SRDC has provided staff support and organizational administration for the RMEB since its inception, including organizing trips like this one to showcase what's new in the renewable energy area.

#### this issue

Business Services P.2  
Aging Services P.4  
Annual Meeting P.6  
Staff Directory P.10

#### Management SOLUTIONS

The SRDC provides administrative services to a variety of organizations, including the Rural Minnesota Energy Board, The Southwest Solid Waste Commission, Lincoln County Enterprise Development and RSVP of Southwest Minnesota.

Whether you are a new group that is looking for assistance in getting organized, or an existing agency looking for an efficient and cost effective way to handle your financial and management needs, the SRDC can provide the professional expertise you need to succeed.

With almost 40 years of experience, the SRDC is your trusted local solution for management services that let you concentrate on your core business. Contact Executive Director Jay Trusty at 507.836.1636; [execdir@swrdc.org](mailto:execdir@swrdc.org)

# SRDC Can Assist With Your Professional Business Revolving Loan Fund Management

Many cities and counties have under their control local revolving loan fund pools that are designated to be used for business retention, relocation and/or expansion. These dollars may have come from MN Department of Employment and Economic Development grant/loan dollars, or be designated and reserved from the local budget. Often the loan pools only have a few new loan applications to process in a year, and have a handful more to service. There are frequently state or federal requirements on the loan dollars to wade through as well. Finding an employee to fill the need for these specialized and as-needed services can be difficult. SRDC staff provides loan management assistance on an annual need-only contract to local units of government.

SRDC staff currently assist in the management of Jackson and Cottonwood Counties loan funds; as well as the City of Heron Lake. In addition, the SRDC maintains approximately 43 active loans in its own portfolio.

Contact Deputy Director Nan Larson for further information at 507-836-1638 or [nanlarson@swrdc.org](mailto:nanlarson@swrdc.org)

## SRDC Staff are Leaders in the Region

Deputy Director Nan Larson has had the opportunity to serve as a board member for the Southwest MN Workforce Council for the past several years as an at-large community based representative. She also serves on the Business/Regional Competitiveness standing committee. The Council's vision is "to be the accountable champion for an effective workforce development system that is appropriately integrated with education, business and economic development". The mission includes "providing a diverse and quality workforce that best meets the needs and challenges of the SW MN Region."

As you can imagine, there is much crossover between the Council's functions and the SRDC's economic development activities. In particular, the Business committee members are working on multiple strategies that support regional businesses by working with them to identify and address current and changing workforce issues. The strategies involve creating awareness and building relationships and understanding with regional businesses; identifying key initiatives to address and meet the needs of business; providing input into the area business service plan; reviewing activities and recommendations of Job Service Employer Committees; continuing work with targeted industry sector identification; and updating regional related business reports.

The board member involvement has not only developed or continued positive networking circles with economic development professionals and workforce staff/agencies in the area, but has also enhanced SRDC relationships with businesses in the region.

## Revolving Loan Fund Leverages Private Investment, Helps Create Jobs

Since its inception following the '93 floods, the SRDC's EDA Revolving Loan Fund (RLF) has been used to fund a variety of business enterprises throughout the region. There are currently 43 loans active with 6 new loans approved during FY 2011.

Since the program began there have been 121 loans for a total of \$6.2 million. Private funds leveraged by the program total \$44.7 million. The average loan amount for the program is about \$52,000, and the average private dollars leveraged are about \$370,000. RLF funded projects have created or retained 1,473 jobs in the region.

RLF funds are used to provide gap financing for new and existing businesses. If you are thinking about starting a new business or expanding an existing business, give Nan Larson a call at 507.836.1638 or email her at [nanlarson@swrdc.org](mailto:nanlarson@swrdc.org)



# Active Living in Action: Making the Active Choice the Easy Choice

## Walking the Trail in Jackson

As part of the SHIP project, community members were encouraged to get out and see existing facilities for themselves



One sunny day last July found SRDC Development Planner John Shepard out walking the streets of Jackson, Minnesota. While a beautiful day for a hike, this was not a pleasure trip, but a biking and walking assessment completed in partnership with consultants from Blue Cross Blue Shield for the Cottonwood-Jackson-Redwood-Renville State Health Improvement Project (SHIP).

SRDC was asked to be part of this project to help in two ways: to review community planning policy to highlight how civic leaders can make non-motorized transportation easier, and To connect with local community members in assessment workshops looking at walking and biking projects.

Over the course of the 18-month project, SRDC staff looked closely at land use and transportation plans; parks, recreation and open space; natural resources and economic development in the cities of Jackson and Redwood Falls. The resulting analysis highlighted several areas where city leaders can help make it easier for active living:

- Improve accessibility, e.g. build & maintain sidewalks
- Encourage mixed use development and support downtown
- Encourage alternatives to sprawl
- Consider Complete Streets policies
- Participate in Safe Routes to School efforts
- Conserve open space and floodplains
- Develop Active Living amenities to attract a new economy workforce
- Support local water management

"Accessibility does not equal bigger, wider and faster," Shepard told the Jackson City Commission. "It does equal choices for walking, biking, transit, and driving."

"We've got a model here that's worth moving forward with," CJRR's Bonnie Frederickson told the Jackson County Pilot. "These things just don't happen, though. It takes the City being an advocate."

Copies of the full Active Living Assessment are available on request.

# SRDC Provides Return to Community and other Aging Services

Return to Community is an initiative, passed in 2009 by the MN Legislature, that supports efforts to maintain the independence of older adults. The service began April 1, 2010.

Return to Community focuses on the nursing home resident and their family by beginning discharge planning at nursing home admission, equipping residents with self-care skills, supporting family caregivers, lining up community resources and providing follow-up after nursing home discharge.

Return to Community is targeted to nursing home residents who are early in their nursing home stay (90 days after admission), have the desire and resources to return to the community and/or supports to assist with the transition, are private pay and would otherwise become long stay residents.

Return to Community is a partnership between public agencies, nursing facilities, hospitals and other health care providers.

The Return to Community service is provided by Community Living Specialists, who will assist residents in person with the transition from the nursing facility to the community. Follow up assessments will be completed for a number of years with the individuals who are transitioned from the nursing home. The MNRAAA- Slayton office is handling follow-up assessments.

As of June 30, 2011, the Return to Community initiative has assisted 182 people back into the community.

Currently, MNRAAA- Slayton Office- staff are providing regular follow-up calls to 79 people.

## Minnesota River Area Agency on Aging®, Inc. Senior LinkAge Line®CY2010 Statistics

Contacts In/Total Sessions	16,823
Contacts Out	26,571
Total Clients	10037
Volunteer Hours	913.5

### Top 3 Counties (In EDA 8) based on Calls per County

Murray

Lyon

Redwood

In-Person assistance provided to 640 individuals in EDA 8 (2,239 for 27 counties)

### Top 3 Counties (In EDA8) based on In-person Assistance

Murray

Lyon

Nobles

### Top 3 Counties (In EDA8) based on Unique Clients

Lyon

Murray

Nobles/Redwood



**1-800-333-2433**

[www.MinnesotaHelp.info](http://www.MinnesotaHelp.info)



## Open Enrollment for Medicare Part D, October 15th to December 7th

Jackson Public Library – Tuesday October 18th 10:00-12:00, 1:30-3:00

Lakefield Public Library – Friday October 21st 11:30-3:00

Windom Public Library – Monday October 24th 10:00-12:00 1:00-2:30

Westbrook Public Library – October 25th 9:00-12:00, 1:30-2:30

Nobles Public Library – Wednesday October 19th 9:00-12:00, 1:30-3:00

Thursday October 27th 9:00- 12:00, 1:30 – 3:00

Redwood Falls Public Library – November 18th - 10:00-12:00, 1:30- 3:00

November 29th - 10:00-12:00, 1:30- 3:00

Johnson Park Place - October 26th 9:30-3:00

Edgerton Public Library – November 1st 9:30-12:00, 1:00-2:00

Pipestone Senior Center – October 20th 9:00-3:00 November 17th 9:00-3:00

Hill Street Place – Marshall - November 10th 9:00-12:00, 1:30-2:30

Lyon County Public Library (New Building) - October 28th 9:30—12:00 and 1:00—2:00

Tracy Public Library – Friday November 4th 11:30 – 3:00

Slayton – Monday's October 17th , October 31st , November 7th, November 14th, November 21st, November 28th, December 5th.

Fulda Memorial Library— Tuesday November 15th 12:00 – 3:00

# SRDC Completes Regional Trail Plan Including Prioritized Project List



The Friends of the Jackson County Trails and others gather to celebrate the opening of the Des Moines River Trail in Jackson County

The Southwest Minnesota Regional Trails Plan Update <http://swrdc.org/planning/transportation.aspx> confirmed the vision of the original 2000 Plan: to establish a network of trails in Southwest Minnesota for multiple users. This Plan examines alternative non-motorized transportation modes, primarily walking and bicycling, and recommends actions to improve access and mobility for bicyclists and pedestrians; and has developed a methodology for regional prioritization of projects requesting funding in various phases of trail planning through design and construction. This plan is an element of the Regional Long Range Transportation Plan.

Developed through a grass roots process involving local officials and citizen input, this plan provides guidance for land-use decision-makers at the state, regional and local level. While primarily focusing on walking and bicycling, it is recognized that there is an established network of snowmobile trails throughout the region and considered when planning any other type of trail.

The Plan update identified a prioritized list of eligible trail projects, that will be periodically updated.

## Top Ten Priority Trail Segments as Identified in the 2010 Regional Trail Plan

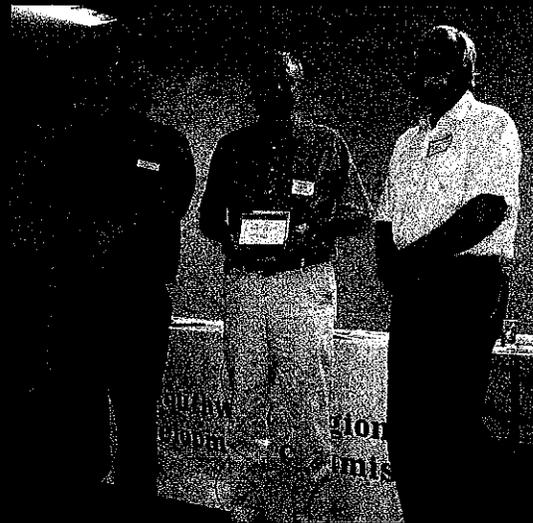
County, location	Priority points	Trail Name & Segment (begin & end)
Murray	200	Casey Jones Trail: West county line to Lake Shetek State Park
Pipestone	165	Casey Jones State Trail Pipestone to Woodstock / Murray County line
Jackson	155	Des Moines River Valley Trail
Lyon	100	Marshall to Camden State Park off of Hwy. 23, ROW to Co Road 25 to Camden State Park
Rock	95	Casey Jones State Trail- designated corridor in Rock Co. from Schoneman Park in Luverne connecting to Blue Mound Hiking/Biking Trail (northeast) connecting to Blue Mounds State Park and beyond Rock Co. to Split Rock Creek State Park
Pipestone	85	Casey Jones State trail – within Pipestone
Lincoln	75	Lake Benton Hole in the Mountain Trail extension, 1.5 mile linking the County Park with the City of Lake Benton
Cottonwood	60	Des Moines River Valley Trail Jackson /Cottonwood line to Cottonwood/Murray line
Nobles	50	Worthington - Complete Streets planning and Recreation trails
Redwood Falls	45	Phase I Trail extension, Northwood Drive going south along CSAH 101 to E/W frontage road along TH 19/71

# SRDC Annual Meeting held July 21st in Balaton



Bob Shepard, Retired Chief Administrator for the Minnesota Farm Bureau Federation addresses the audience at the SRDC's Annual Meeting. Mr. Shepard spoke on the need to remain relevant in today's global marketplace and how the SRDC can help the region to attain a competitive edge in the new economy.

Redwood County Township Representative Werner Fischer (center) receives a plaque from Executive Director Trusty and Chair Benson on his retirement. Werner has served on the SRDC since 1989.

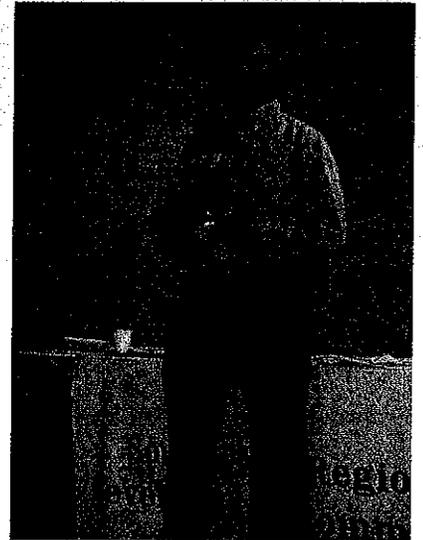


## 2011 Project of the Year

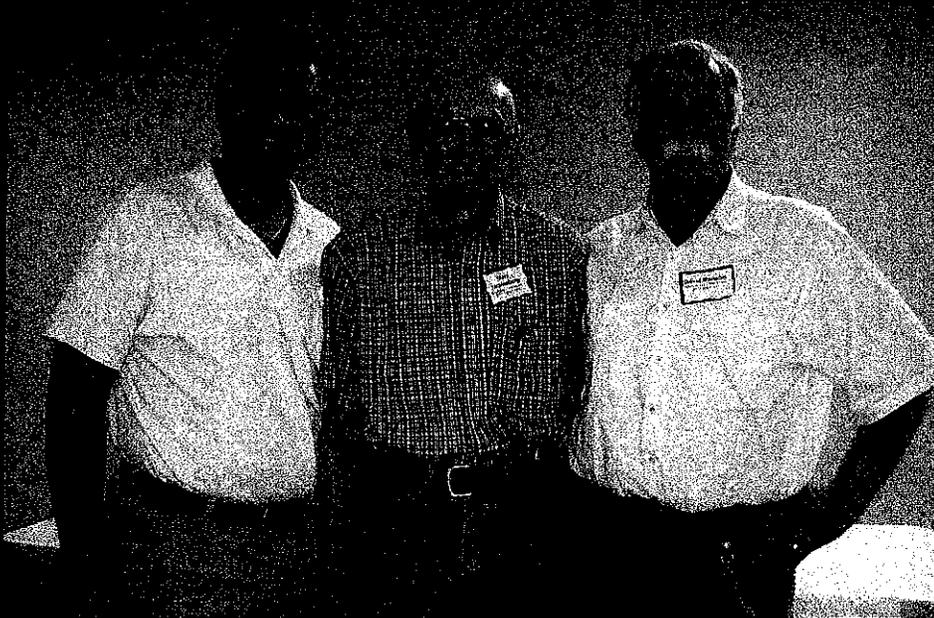
Ralco Nutrition, Inc. was awarded the SRDC's 2011 Project of the Year Award for their efforts at turning the former Balaton Public School property into an agronomy and landscaping technology campus.

Ralco's current business operations are located on three different campuses in Marshall and they have shown a continuing support for the economic well being of the region by expanding both in Marshall and in Balaton.

Below, Ralco Nutrition Vice-President Brian Knochenmus accepts the award.



Newly Elected SRDC Officers, from right: David Benson, Chair; Marv Tinklenberg, Treasurer and Miron Carney, Vice-Chair. Not Pictured, Lyle Ten Haken, Secretary.



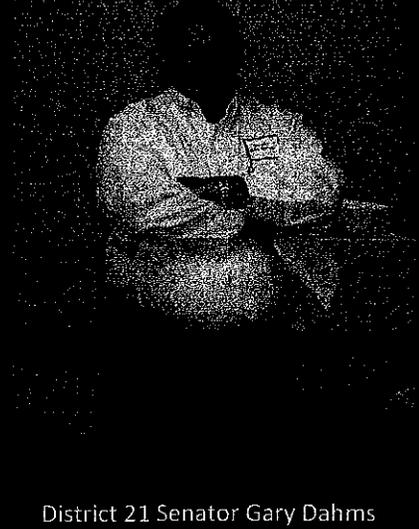
## Area Legislators Attend Annual Meeting

Local Legislators from District 21 addressed the crowd at the SRDC'S Annual meeting, discussing the budget compromise that had recently been reached and the effects of the state government shut-down. Legislators also discussed how we can go forward as a region and how we can support agriculture and local businesses in the region.

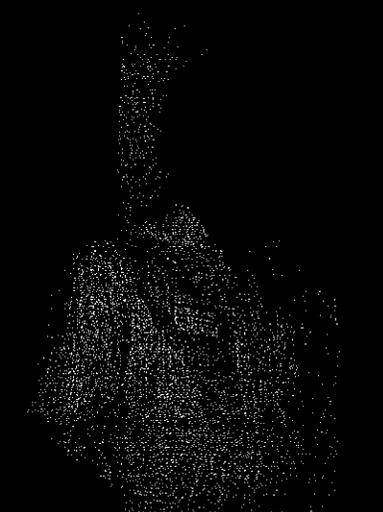
Also in attendance at the meeting were representatives from Congressman Collin Peterson's office and from Senator Amy Klobuchar's office. Tom Meium and Chuck Ackman discussed the then ongoing debate about the debt ceiling, and ongoing efforts to re-authorize the Surface Transportation Act as well as the Farm Bill.



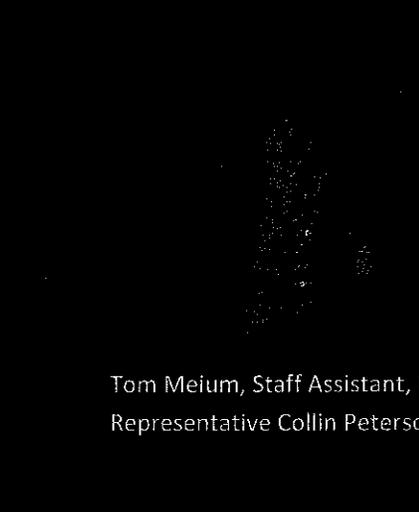
District 21A Representative Chris Swedzinski



District 21 Senator Gary Dahms



District 21B Representative Paul Torkelson



Tom Meium, Staff Assistant, U.S. Representative Collin Peterson



Charles Ackman, Regional Outreach Director, U.S. Senator Amy Klobuchar



Administrative Assistant Doreen Veenhuis receives a certificate from Executive Director Trusty and Chair Benson for five years of outstanding service to the SRDC

## Revenues

	FY 2011 Year End	FY2012 BUDGET
Tax Levy	300,167	299,000
MNRAAA-Adm/Pdc/CDSMP Funds	81,223	64,282
MNRAAA-Information & Assistance Funds-Federal	219,399	227,334
MNRAAA-Information & Assistance Funds-State	185,117	190,000
MNRAAA-Eldercare Development Partnership-EDP	34,983	33,739
Economic Development Administration	64,628	64,628
MN Department of Transportation	50,000	50,000
MN Department of Transportation-Transit Office	18,669	4,952
Dept. Public Safety-Hazard Mitigation	23,509	9,230
CERTS Funds-U of MN-Xcel RDF	100,458	31,150
Current Contracts	223,457	196,491
Interest Earned & Miscellaneous	13,218	9,250
Reserves Used	18,978	102,386
<b>Total Revenues</b>	<b>1,333,806</b>	<b>1,282,442</b>

## Expenditures

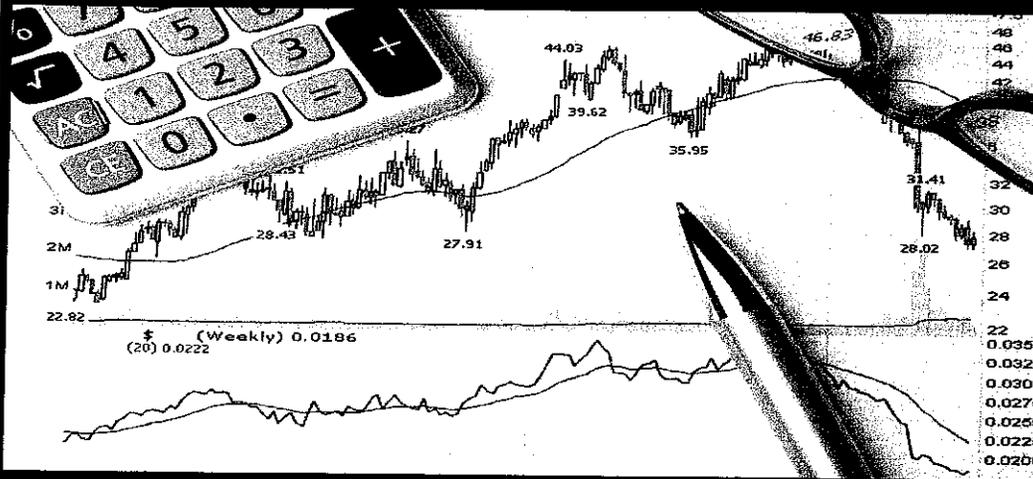
Committee Expense	31,969	36,391
Salaries & Fringe	978,176	999,441
Staff Travel	51,127	53,242
Office Space	42,900	44,000
Postage	14,728	14,050
Communications	6,164	7,934
Print/Publication	3,348	5,200
Supplies-Mtg/Wkshp Expenses	10,636	10,855
Insurance	2,748	4,000
Depreciation (Non-building)	17,760	18,000
Audits	6,200	6,200
Computer	10,903	11,750
Equipment	11,385	6,000
Other	7,575	8,540
Consultant/Contracted Services/Legal	59,535	7,700
CERTS SEED Grants	24,850	
MNRAAA, Inc. match	31,265	26,000
Debt Service-Principal & Interest	11,800	11,800
Office Building Principal Payment	10,737	11,339
<b>Total Expenditures</b>	<b>1,333,806</b>	<b>1,282,442</b>

## Financials

### FY 2011 Project Reviews

During Fiscal Year 2011, the Southwest Regional Development Commission reviewed eleven projects from within the region to avoid duplication and ensure wise use of public funds. If you are interested in receiving a complete listing of the project reviews for FY 2011 please contact Rhonda Wynia at the SRDC offices, 507-836-1644; [rwynia@swrdc.org](mailto:rwynia@swrdc.org)





## FINANCE Services

The SRDC Finance Department provides financial services under contract to a number of different entities within the region including RSVP of Southwest Minnesota, the Rural Minnesota Energy Board and Lincoln County Enterprise Development. These services are recorded separately as Private Purpose Trust funds on the SRDC's audit report.

## 2010 Audit

The FY 2010 Audit was conducted by Richard W. Holmberg, LTD, Certified Public Accountant, Marshall, Minnesota. The auditor's report expresses an unqualified opinion on the General Purpose Financial Statements of the Southwest Regional Development.

# Audited Governmental Activities for the Year Ended June 30, 2010

## Revenues

### Program Revenues

Charges for Services & Other	128,165
Operating Grants	655,317

### General Revenues

Property Taxes—General	292,227
Property Taxes—Debt Service	234,102
Other Revenues	91,927
General Interest Revenues	12,862
RLF Interest Revenues	76,478
Debt Service Interest Revenues	3,785

**Total Revenues** 1,494,863

## Expenses

Government Activities 1,406,722

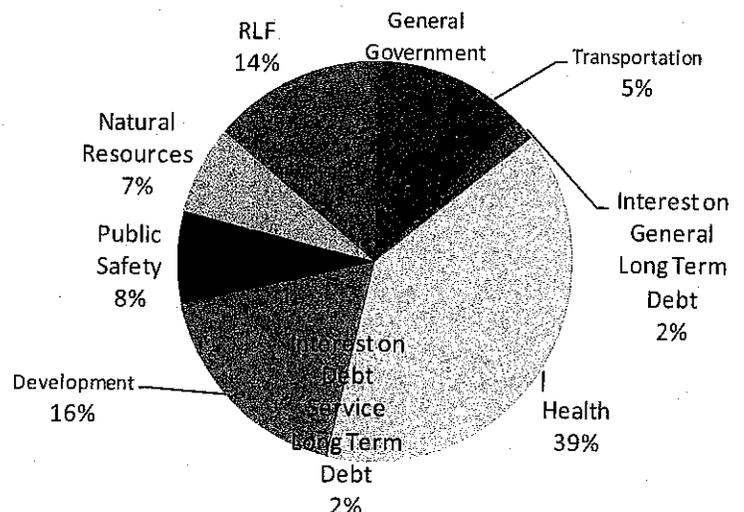
**Total Expenses** 1,406,722

**Change in Net Assets** 88,141

**Beginning Net Assets** 2,005,848

**Ending Net Assets** 2,093,989

## Expenses



# FY 2011 Southwest Regional Development Commission Staff

Back row from left:  
 Doreen Veenhuis,  
 Dianne Crowley,  
 Annette Bair, Linda  
 Tobias, Nan Larson,  
 Katie Gillette, Julie  
 Stewart, Gail Radke,  
 Jay Trusty.

Front row from left:  
 John Shepard, Rhonda  
 Wynia, Helen Brinks,  
 Nicole Brandt, Kathy  
 Schreiber, Robin Weis



## CURRENT SRDC STAFF MEMBERS

<u>Name</u>	<u>Title</u>	<u>Email</u>	<u>Phone No.</u>
Jay Trusty	Executive Director	execdir@swrdc.org	836-1636
Nan Larson	Deputy Director	nanlarson@swrdc.org	836-1638
Annette Bair	Physical Development Director	phydev@swrdc.org	836-1631
Dianne Crowley	Finance Director	dcrowley@swrdc.org	836-1634
John Shepard, AICP	Development Planner	jshepard@swrdc.org	836-1633
Rhonda Wynia	Administrative Specialist	rwynia@swrdc.org	836-1644
Helen Brinks	Account Specialist	hbrinks@swrdc.org	836-1646
Kathy Schreiber	Administrative Assistant II	srcd@swrdc.org	836-1640
Doreen Veenhuis	Administrative Assistant I	doreenv@swrdc.org	836-1645

## CURRENT MNRAAA STAFF MEMBERS

<u>Name</u>	<u>Title</u>	<u>Email</u>	<u>Phone No.</u>
Robin Weis	Aging Program Director	srlinkage@swrdc.org	836-1642
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# FY 2011 Southwest Regional Development Commission Members

Vacant ----- Cottonwood County Municipalities  
 Darrell Holmberg ----- Cottonwood County Town Boards  
 Tom White\*----- Cottonwood Co Commissioners  
 Darrel Hage\* ----- Jackson County Municipalities  
 Richard Peterson ----- Jackson County Town Boards  
 Dave Henkels ----- Jackson County Commissioners  
 Darrel Denny ----- Lincoln County Municipalities  
 Eloise Hauschild ----- Lincoln County Town Boards  
 Larry Hansen\*\* ----- Lincoln County Commissioners  
 Russ Stobb ----- Lyon County Municipalities  
 Lori Grant ----- Lyon County Town Boards  
 Bob Fenske\* ----- Lyon Co Commissioners  
 Miron Carney\*\* ----- Murray County Municipalities  
 Erv Smith ----- Murray County Town Boards  
 Bill Sauer\* ----- Murray County Commissioners  
 Vacant ----- Nobles County Municipalities  
 Paul Langseth ----- Nobles County Town Boards  
 David Benson\*\* ----- Nobles County Commissioners  
 Les Nath ----- Pipestone County Municipalities  
 Wally Bucher----- Pipestone County Town Boards  
 Marv Tinklenberg\*\* ----- Pipestone County Commissioners  
 Vacant ----- Redwood County Municipalities  
 Werner Fischer\* ----- Redwood County Town Boards  
 Sharon Hollatz\* ----- Redwood Co Commissioners  
 Fabian Deutsch ----- Rock County Municipalities  
 Steve Top ----- Rock County Town Boards  
 Robert Jarchow\* ----- Rock County Commissioners  
 Bob Byrnes\*\* ----- City of Marshall  
 Lyle TenHaken\*\* ----- City of Worthington  
 Dan Zimansky\* ----- Region Eight School Boards  
 Vacant ----- Region Eight School Boards  
 Adolfo Avila ----- Region Eight Cultural Diversity  
 Linda Halbur ----- SW Center for Independent Living  
 Linda McCorquodale ----- SW MN Private Industry Council  
 Richard Shrubb ----- Southwest MN Higher Education  
 Craig Myers ----- Health & Human Services

\*\* Indicates Current & FY2011 Executive Comm. Members

\*Indicates SRDC Board Members



Photo Courtesy of the Pipestone Star

## In Memoriam

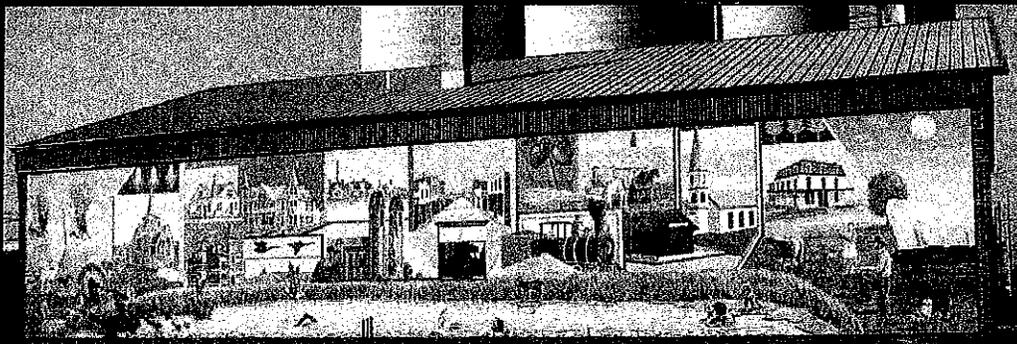
The SRDC remembers long time Commissioner Wally Bucher who passed away on December 18, 2010. Wally served as the Pipestone County Township Association Representative from March of 1998.

## Thank You

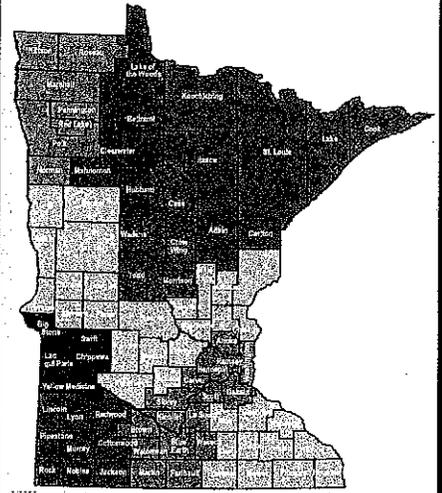
The Board of Directors of the SRDC would like to extend a special thank you to all those members who graciously served as members during FY 2011 and have since moved on:

Sandy Demuth, Private Industry Council; Charles Swan, Murray County Townships, Gary Sorenson, Cottonwood County Commissioner and SRDC Chair for the first half of FY 2011; Cynde Livingston, Lyon County Municipalities; Rocky Kolar, Cottonwood County Municipalities; Dan Zimansky, Region 8 School Boards and former Redwood County Commissioner and current State Senator Gary Dahms.

Your service has been greatly appreciated and we wish you much luck for the future.



## Minnesota Regional Development Commissions



### Upcoming Events

September 8, 2011, Commission Meeting, Danebod, Tyler

September 21 – Lower Sioux Health and Wellness Fair –  
Jackpot Junction, Morton

September 28 , MIRC Presentation to MnAPA Annual  
Conference, St. Cloud

October 13, 2011, Board of Directors Meeting, Slayton

Medicare Open Enrollment Period October 15th -December 7th.  
Medicare Part D sites by appointment in 2011. For an appoint-  
ment call the Senior LinkAge Line® at 1-800-333-2433 ext 82006,  
82008 or 82022.

October 24-25 , DEED Conference, St. Paul

November 16-17 , Blandin Broadband Conference, Duluth

FY 2011 Annual Report  
September 1, 2011

## Southwest Regional Development Commission

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Slayton, MN 56172

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[www.swrdc.org](http://www.swrdc.org)



# CITIES BULLETIN

Issue 35

August 24, 2011

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Beyond the general budget impacts and property tax shifts, the new exclusion program will affect cities in many areas, including levy limits, TIF districts, and cash flow. [Read more.](#)

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House leaders are seeking input from Minnesota citizens about how state government should be reformed. [Read more.](#)

#### State Property Tax Working Group Discusses 2011 Legislative Changes

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#### Focus on New Laws: 2011 Liquor Changes

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LMC 2011 policy committee members participated in the second of three rounds of meetings this week. [Read more.](#)

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## More Considerations for the New Homestead Market Value Exclusion



**Beyond the general budget impacts and property tax shifts, the new exclusion program will affect cities in many areas, including levy limits, TIF districts, and cash flow.**

The impact on cities of the new homestead market value exclusion will go beyond just general budget and property tax shifts. The Legislature created the new exclusion and eliminated the market value homestead credit (MVHC) as part of the omnibus tax bill (**First 2011 Special Session Chapter 7** ([Link to: https://www.revisor.mn.gov/laws/?id=7&doctype=Chapter&year=2011&type=1](https://www.revisor.mn.gov/laws/?id=7&doctype=Chapter&year=2011&type=1))).

The League highlighted the general budget and property tax shift impacts of this change in a previous **Cities Bulletin** article ([Link to: http://www.lmc.org/page/1/mvhcrepeal.jsp](http://www.lmc.org/page/1/mvhcrepeal.jsp)) and in an **Aug. 19 webinar** ([Link to: http://www.lmc.org/page/1/mvhcwebinar-materials.jsp](http://www.lmc.org/page/1/mvhcwebinar-materials.jsp)). Below are additional considerations for city officials as you prepare your 2012 budgets.

### Market value based levy limits

Last week, the League contacted the Minnesota Department of Revenue (DOR) to clarify the interpretation of a statute that limits the levy authority of economic development authorities (EDAs) to a set percentage of “taxable market value.” Based on that inquiry, the DOR has apparently taken an initial position that statutory limits on property tax levies computed based on “taxable market value” or “percent of market value of taxable property” will be based on the taxing jurisdiction’s total market value *after* reducing the value of qualifying homesteads by the new homestead market value exclusion.

At this time, it is not entirely clear if the new homestead market value exclusion will impact the 2012 calculation of the market value based levy limits or if the impact will be delayed until tax year 2013.

### Differing interpretations of the law

The League believes that the DOR’s interpretation is at odds with a plain reading of **Minnesota Statutes, section 273.032** ([Link to: https://www.revisor.mn.gov/statutes/?id=273.032](https://www.revisor.mn.gov/statutes/?id=273.032)) that generally defines the terms “market value,” “taxable market value,” and “market valuation” for the purposes of “determining any property tax levy limitation based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value”.

This statute very precisely defines taxable market value to mean “the total taxable market value of property within the local unit of government *before* any adjustments for tax increment, fiscal disparity, powerline credit, or wind energy values,” but *after* the limited market adjustments under the now expired program known as Limited Market Value and after the market value exclusions of certain improvements to homestead property under the program known as This Old House. The statute says nothing about reducing market value for limitations purposes by the new homestead market value exclusion program.

The DOR’s interpretation of statutes would potentially reduce the allowable tax levies for:

- EDAs under *Minnesota Statutes, section 469.107* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.107>) .
- Housing and redevelopment authorities (HRAs) under *Minnesota Statutes, section 469.033* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.033>) .
- Port authorities under *Minnesota Statutes, section 469.053* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.053>) .
- Watershed management districts (WMDs) in townships under *Minnesota Statutes, section 103B.245* (Link to: <https://www.revisor.mn.gov/statutes/?id=103B.245>) .
- Watershed management organizations (WMOs) in townships under *Minnesota Statutes, section 103B.251* (Link to: <https://www.revisor.mn.gov/statutes/?id=103B.251>) .
- White Bear Lake Conservation District under *Minnesota Statutes, section 103B.691* (Link to: <https://www.revisor.mn.gov/statutes/?id=103B.691>) .
- Watershed districts under *Minnesota Statutes, section 103D.905* (Link to: <https://www.revisor.mn.gov/statutes/?id=103D.905>) .
- City levies for a county historical society under *Minnesota Statutes, section 138.053* (Link to: <https://www.revisor.mn.gov/statutes/?id=138.053>) .
- First class city hospitals under *Minnesota Statutes, section 447.10* (Link to: <https://www.revisor.mn.gov/statutes/?id=447.10>) .
- Tourist camp grounds in cities under *Minnesota Statutes, section 450.19* (Link to: <https://www.revisor.mn.gov/statutes/?id=450.19>) .
- St. Cloud transit commission under *Minnesota Statutes, section 458A.10* (Link to: <https://www.revisor.mn.gov/statutes/?id=458A.10>) .
- Duluth transit commission under *Minnesota Statutes, section 458A.31* (Link to: <https://www.revisor.mn.gov/statutes/?id=458A.31>) .
- First class city publicity boards under *Minnesota Statutes, section 469.187* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.187>) .
- Permanent Improvement Fund in taconite cities under *Minnesota Statutes, section 471.571* (Link to: <https://www.revisor.mn.gov/statutes/?id=471.571>) .
- County libraries under *Minnesota Statutes, section 383B.245* (Link to: <https://www.revisor.mn.gov/statutes/?id=383B.245>) .
- Regional railroad authorities under *Minnesota Statutes, section 398A.04* (Link to: <https://www.revisor.mn.gov/statutes/?id=398A.04>) .
- Pedestrian malls under *Minnesota Statutes, section 430.102* (Link to: <https://www.revisor.mn.gov/statutes/?id=430.102>) .
- Museum, gallery, or school of arts or crafts under *Minnesota Statutes, section 450.25* (Link to: <https://www.revisor.mn.gov/statutes/?id=450.25>) .

In addition, the statute has nearly identical language applicable to debt limits based on a community's "market value," "taxable market value," and "market valuation." Accordingly, the following debt limits based on taxable market value could potentially be impacted by this interpretation:

- The general net debt limit for cities under *Minnesota Statutes, section 475.53* (Link to: <https://www.revisor.mn.gov/statutes/?id=475.53>) .
- HRA bond limits under *Minnesota Statutes, section 469.034* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.034>) .

- Equipment certificate limit under *Minnesota Statutes, section 412.301* (Link to: <https://www.revisor.mn.gov/statutes/?id=412.301>) (statutory cities).
- Equipment certificate limit under *Minnesota Statutes, section 410.32* (Link to: <https://www.revisor.mn.gov/statutes/?id=410.32>) (charter cities).

The League is meeting with the Department of Revenue today (Wednesday, Aug. 24) to discuss the differing interpretations of the state law and whether the new exclusion would impact taxes payable in 2012. The League will update city officials on the outcome of those discussions.

### **Tax increment impacts**

Another issue related to the new homestead market value exclusion involves its impact on tax increment financing (TIF) districts that contain homesteaded property. Of particular concern is the question of whether districts may experience a reduction in increment revenues under the new system. The DOR has initially interpreted that the TIF statutes do *not* provide for any adjustment to a TIF district's original net tax capacity resulting from the new market value exclusion. However, the current year value of the district *will* reflect the impact of the new market value exclusion. As a result of this interpretation, the application of this market value exclusion will reduce increments in districts containing homesteaded property that qualifies for the exclusion.

The law governing changes to a TIF district's original net tax capacity, *Minnesota Statutes, section 469.177* (Link to: <https://www.revisor.mn.gov/statutes/?id=469.177>), provides for adjustments as a result of previously taxable real property within the district becoming *tax exempt*. In the DOR's interpretation, the new homestead market value "exclusion" is not considered a "tax exemption."

The League will also discuss this issue with the Department of Revenue.

### **Cash flow considerations**

Finally, with the elimination of MVHC and the conversion to the new homestead market value exclusion beginning in 2012, local units of government will realize a small cash flow benefit. Under the old MVHC system, homeowners would pay the first half of their property taxes *as reduced by the MVHC* on May 15, and cities would receive the distribution of that revenue from the county shortly thereafter. However, the state would not reimburse local units of government for the first half of the market value homestead credit until Oct. 31. Under the new system, cities will receive the *full* first half of their property taxes with the May settlement.

The example below shows how the cash flow will be modified. In this example, the city levied \$100,000 in each year. Under the old law, the city was scheduled to receive \$10,000 in MVHC reimbursements from the state.

**City Cash Flow: MVHC vs. Market Value Exclusion**

	Old Law	New Law
<b>May settlement</b> (generally made in June)	\$45,000	\$50,000
<b>October MVHC distribution</b>	\$5,000	N/A
<b>October partial settlement</b> (made in November)	\$45,000	\$50,000
<b>December MVHC distribution</b>	\$5,000	N/A
<b>Total</b>	\$100,000	\$100,000

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

**House Republicans Launch Reform Initiative**



**House leaders are seeking input from Minnesota citizens about how state government should be reformed.**

(Published Aug 24, 2011)

The House Republican leadership unveiled Reform 2.0 Minnesota on Aug. 18. The initiative is an effort to develop a government reform agenda for the upcoming 2012 legislative session. The effort will include input from Minnesota citizens about how state government should be reformed.

According to information provided at the press conference outlining the effort, Speaker of the House **Kurt Zellers (R-Maple Grove)** (*Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=10811>*) indicated that the Legislature is undertaking this initiative because “the status quo is not sustainable.”

Although the press conference did not include many specific reform details, Zellers outlined the broad initiative by stressing that the next generation expects responsive government that is easily accessible and online. House Majority Leader **Matt Dean (R-Dellwood)** (*Link to:*

*<http://www.house.leg.state.mn.us/members/members.asp?id=12258>*) indicated that the legislature began the process of reform in 2011, including changes to health and human services and education programs as well as general state government operations but that the next phase of reform must begin in 2012.

One specific proposal discussed at the press conference was a constitutional amendment offered during the 2011 session by **Rep. Steve Draskowski (R-Mazeppa)** (*Link to:*

*<http://www.house.leg.state.mn.us/members/members.asp?id=15286>*). The proposal would have required a supermajority of legislators to approve any future tax increases. Draskowski stated that if such an amendment would have been in place in the recent past, he believes it would have compelled the Legislature to focus on the structural problems with state government. The Draskowski constitutional amendment, HF 1598, was heard and passed by the House Taxes Committee on May 3 but did not receive a hearing in the Ways and Means Committee prior to session adjournment.

The Reform 2.0 MN effort will include citizen input and the House Republican Caucus has established a Facebook site where citizens can post ideas and reactions to suggestions.

- **Learn more on the Reform 2.0 Minnesota Facebook page** (*Link to: <http://www.facebook.com/reform2>*)

**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 Property Tax Working Group Discusses 2011 Legislative Changes



**The state-appointed Property Tax Working Group met last week to talk about 2011 changes to the current property tax system and to plan its work for the coming months.**

(Published Aug 24, 2011)

At its meeting on Aug. 17, the state's Property Tax Working Group got the details of the various property tax changes the Legislature made during the 2011 session.

Jason Nord, a Department of Revenue staff member, walked through most of the changes with working group members asking questions along the way. Members were most interested in the changes to the market value homestead credit program and how those changes would shake out across the state.

- **Access materials provided at the meeting** (*Link to: <http://taxes.state.mn.us/property/Pages/workgroup-201108.aspx>*)

To date, the working group has spent a lot of time learning more about the classification system as well as agriculture issues. With that in mind, Dakota County Commissioner Kathleen Gaylord, chair of the working group, announced two sub-groups that will focus on those issues. Chairing the classification group will be Luayn Murphy, who was appointed by the League of MN Cities. Murphy is the city administrator of Mayer and chair of the League's Improving Local Economies Policy Committee.

As directed by the Legislature, Revenue Commissioner Myron Frans will no longer sit on the committee. Another change in membership is the addition of Eric Sorenson, former Winona city manager, who will be filling the senior citizen homeowner slot, as former Sen. Cal Larson stepped down from that position earlier this year.

The group came about as a result of the various reform efforts in 2010, along with the other redesign/collaboration commissions. The statute calls for them to give their recommendations to the tax committees in the Legislature by February 2013.

The group's next meeting is scheduled to take place at 9:30 a.m. on Sept. 21 in St. Paul.

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

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## Focus on New Laws: 2011 Liquor Changes



### The 2011 Legislature approved many new liquor licenses.

(Published Aug 24, 2011)

A plethora of new liquor licenses have sprouted this summer, in spite of the state shutdown. You may want to consider updating your city codes.

Cities may now issue an on-sale wine license and an on-sale malt liquor license to a person who owns a summer collegiate league baseball team, or to a person holding a concessions or management contract with the owner. This license allows beverage sales at a ballpark or stadium located within the city during baseball games—notwithstanding any law, local ordinance, or charter provision. The effective date was April 20, 2011.

The 2011 Legislature also approved many other new liquor licenses. As of May 25, cities have authority under state law to issue all of the following new liquor licenses.

***The “Surly bill” authorizes a brewer taproom license.*** A city may now issue one on-sale malt liquor brewer taproom license to the holder of a brewer's license. This license authorizes sale of malt liquor produced by the brewer for consumption on the premises of, or adjacent to, one brewery location owned by the brewer. Only small brewers (brewing no more than 250,000 barrels of malt liquor annually, or producing no more than 250,000 gallons of wine annually) may receive a brewer taproom license. The license fee imposed by the city must cover, but generally not exceed, the costs of issuing the license, inspecting the premises, and other directly related costs of enforcement. The city must provide the licensee's name and information to the commissioner of Public Safety within 10 days of issuing the license.

***Speedway liquor licenses.*** Cities may now issue on-sale liquor licenses to auto racing facilities located in the city. The license authorizes sales both to persons attending any and all events at the facility, and sales in a restaurant, bar, or banquet facility located on the premises of the auto racing facility on all days of the week. The license may be issued for a space that is not compact and contiguous, but the licensed premises may include only the space within a defined area as

described in the application for the license.

***Wine festival license.*** A city may issue a temporary license to “a bona fide association of owners and operators” of wineries sponsoring an annual festival to showcase wines produced by members of the association. This is an on-sale license authorizing the sale of table, sparkling, or fortified wines produced by the wineries by the glass. However, no more than two glasses per customer may be sold. Dispensing free samples of the wines offered for sale is allowed within designated premises of the festival. The wine festival license is subject to all laws and ordinances governing the sale, possession, and consumption of table, sparkling, or fortified wines. A “bona fide association of owners and operators of wineries” is defined as an association of more than 10 wineries that has been in existence for more than two years at the time of application for the temporary wine festival license.

***Temporary farm winery license at county fairs.*** A city may now issue and charge a fee to a farm winery for a temporary on-sale license for sale of the farm winery’s beverages at a county fair in the city. The farm winery must already have a state-issued on- and off-sale farm winery license. The license is subject to all laws and ordinances governing the sale of intoxicating liquor. To be valid, a temporary on-sale farm winery license must first be approved by the commissioner of Public Safety.

***Private, nonprofit college liquor license.*** Notwithstanding any other law, local ordinance, or charter provision, a city may issue an on-sale intoxicating liquor license to a private, nonprofit college located in the city. Alternatively, the city may issue it to any entity holding a caterer’s permit and a contract with the private, nonprofit college for catering on the premises of the private, nonprofit college, or for any portion of the premises as described in the approved license application. The license may be issued for space that is not compact and contiguous, provided that all such space is included in the description of the licensed premises on the approved license application. The license authorizes sales on all days of the week to persons attending events at the private, nonprofit college.

***Liquor stores near campus.*** Finally, the Legislature removed the prohibition on liquor licenses for selling intoxicating liquor within 1,500 feet of a state university. *Minnesota Statutes*, section 340A.412, subdivision 4 was amended.

The state Liquor Act favors city ordinance regulation of liquor sales. *Minnesota Statutes*, section 340A.509 (Link to: <https://www.revisor.mn.gov/statutes/?id=340A.509>) states, “a local authority may impose further restrictions and regulations on the sale and possession of alcoholic beverages within its limits.” As a result, a city may craft a local ordinance regulating the sale of liquor in the city and many related issues. Keeping the city’s code updated allows a city to issue all of these new licenses if the council decides to do so.

*This information originally appeared in the LMC Codification Blog* (Link to: <http://lmccodification.blogspot.com/>).

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

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## LMC on TPT

**Twin Cities Public Television cartoonist David Gillette illustrates the value of city services as part of our Cities Matter campaign. Watch these 90-second clips and share!**

(Published )



### Spots on Twin Cities Public Television illustrate value of city services

In partnership with the Bush Foundation, we have been airing a series of interstitials on Twin Cities Public Television. Shown this summer on TPT's Minnesota Channel during breaks between shows, these 90-second illustrated spots have been paralleling the topics of the **Community Conversations** (Link to: <http://www.community-conversations.org/>) discussions we have been holding across the state. Interstitial #1 is an overview of the Community Conversations on Cities, Services & Funding, #2 discusses what services cities should provide, #3 focuses on how city services should be delivered, and #4 explores how these services should be paid for.

**Watch and share these spots with others!** (Link to: <http://www.youtube.com/outsidetheox>)

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

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## LMC to Offer Fun and City Facts at State Fair



**The League's State Fair booth will offer interactive activities for fairgoers to help them understand more about city services and allow them to voice their thoughts.**

(Published )

It's that time of year already—and once again, the League of Minnesota Cities will be at the State Fair! This year our *Cities Matter* booth will be located in the Education Building, in booth 53.

As usual, we will have fun and interactive activities for fairgoers to participate in that will help them understand more about city services, as well as provide them an opportunity to voice their thoughts about how best to provide these services.

In the bean counter activity, people will receive six beans and will have to decide how to fund eight different city services, representing the tough budgeting decisions that city officials are required to make. In the Idea Avenue activity, people will be asked for their thoughts about what city leaders should focus on to help maintain the quality of life in Minnesota cities.

And of course it wouldn't be the fair without a couple of fun and educational giveaways! Everyone is free to take a map that includes city-related children's activities, and those who participate in our activities will receive a personalized city button.

Please encourage your residents to stop by and visit us, and/or follow us on Twitter at [twitter.com/citiesmatter](http://twitter.com/citiesmatter) (Link to: <http://www.twitter.com/citiesmatter>) to see fun pictures from our time at the fair!

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

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## 2011 Policy Committees in Full Swing

**LMC 2011 policy committee members participated in the second of three rounds of meetings this week.**

(Published )



The League's policy development process is in full gear with the second round of three meetings wrapping up this week. The *LMC City Policies* represent the only comprehensive statewide advocacy agenda for all Minnesota cities.

During the August meetings, members of the four LMC policy committees heard from numerous guests, including: Tracey Farr, Bicycle Alliance of Minnesota; Dan Knuth, Bicycle Alliance of Minnesota; Judy Scherr, City of Rochester; Steven Mielke, City of Lakeville; Mary Vanek, Public Employees Retirement Association; Gary Johnson, Minnesota Department of Employment and Economic Development (DEED); Wayne Johnson, DEED; State Rep. Michael Beard; Kathy Schmidlkofer, Greater MSP; Mark Wegner, Twin Cities & Western Railroad; Commissioner Myron Frans, Department of Revenue; Kaye Rakow, NAIOP Minnesota (Commercial Real Estate Development Association); and Mark Haveman, Minnesota Taxpayers Association.

Committee members will meet again the week of Sept. 12–14 to further consider and approve draft policies for LMC members to review during the comment period. The *2012 City Policies* will then be open for comment by all LMC members in September and October. The League's Board of Directors will discuss and vote on adoption of the *2012 City Policies* on Nov. 17.

The League thanks the more than 150 members of the four policy committees for their participation in the policy committee process this year.

- **View the LMC 2011 City Policies (pdf)** (*Link to: <http://www.lmc.org/media/document/1/2011citypolicies.pdf>*)
- **Learn more about the League's policy development process** (*Link to: <http://www.lmc.org/page/1/policy-dev.jsp>*)
- **Learn more about the four policy committees and see the current members of each one** (*Link to: <http://www.lmc.org/page/1/policy-committees.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 Heather Cederholm

Member Outreach Coordinator

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

[hcederholm@lmc.org](mailto:hcederholm@lmc.org) (*Link to: <mailto:hcederholm@lmc.org>*)

## NLC Webinar: League to Present Community Conversations Experience



## **Community Conversations: Citizens Determining Real Priorities, NLC webinar on Sept. 15**

Given the grim economic forecasts, local officials are asking for buy-in from citizens to determine their funding priorities and “new normal expectations” for government services. A webinar, *Community Conversations: Citizens Determining Real Priorities*, produced by NLC’s Democratic Governance project, will feature examples of local communities using deliberative processes and community conversations to determine budget priorities and other community initiatives.

The League of Minnesota Cities (LMC) has undertaken a multi-year effort, “**Cities, Services & Funding**,” ([Link to: http://www.lmc.org/page/1/cities-services-funding.jsp](http://www.lmc.org/page/1/cities-services-funding.jsp)) to raise awareness of city services—their direct contribution to Minnesota’s quality of life and what the future looks like for cities—and to gather residents’ ideas, insights, and opinions to inform better policy solutions. LMC did a series of community conversation meetings in 12 different cities throughout the state. Mary-Margaret Zindren, LMC director of communications and strategic initiatives, will share information about some of the outcomes of these gatherings.

Chicago Alderman Joe Moore will provide an overview of the participatory budget process used in the 49th ward of Chicago to determine infrastructure priorities with the residents. This is the first jurisdiction in the country to use this process.

The webinar will take place on Sept. 15.

**Learn more and register for the webinar** ([Link to: http://eo2.commpartners.com/users/nlc/](http://eo2.commpartners.com/users/nlc/))

**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))

### **For More Information**

#### **Contact Bonnie Mann**

National League of Cities

[mann@nlc.org](mailto:mann@nlc.org) ([Link to: mailto:mann@nlc.org](mailto:mann@nlc.org))

## **Notice to Cities and Residents: 9/11 Moment of Remembrance**

**The U.S. Senate on July 22 voted in favor of Senate Resolution 237, establishing a national Moment of Remembrance of the 9/11 attacks.**



The U.S. Senate on July 22 voted in favor of Senate Resolution 237, establishing a national Moment of Remembrance of the 9/11 attacks. The resolution calls for a nationwide tribute to begin at noon on Sept. 11, 2011—the 10-year anniversary of the attacks—and last for one minute. The resolution recognizes the approaching date “as a day of solemn commemoration of the events of Sept. 11, 2001, and a day to come together as a nation.”

Rather than a moment of silence, the commemoration will involve the sounding of sirens and bells by governments, businesses, houses of worship, railways, fire and police departments, and others.

- **Learn more and register your city as a participant** *(Link to:*

*<http://www.lautenberg.senate.gov/stopandremember/>)*

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

## Your LMC Resource

### Contact Heather Cederholm

Member Outreach Coordinator

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

[hcederholm@lmc.org](mailto:hcederholm@lmc.org) *(Link to: <mailto:hcederholm@lmc.org>)*

## Brownfield Workshop to Focus on Grants for Cleanup Efforts

**The Metropolitan Council and Minnesota Department of Employment and Economic Development (DEED) will present a free brownfield workshop on Sept. 7 in Bloomington.**



The Metropolitan Council and Minnesota Department of Employment and Economic Development (DEED) will present a free brownfield workshop on Sept. 7 in Bloomington. The information session will focus on programs that assist with the cost of cleaning up contaminated land. Nearly \$7.5 million in grant funds in addition to low-cost loans are available to investigate or clean up contaminants associated with real estate development.

State and federal funds are available for environmental investigation and cleanup activities at sites with:

- Agricultural chemicals
- Asbestos and hazardous materials
- Dry cleaner chemicals
- Petroleum contamination
- Groundwater contamination
- Soil contamination

Agency representatives will discuss programs and funds available from DEED and the Metropolitan Council as well as from Hennepin and Ramsey counties.

No advance registration is required for the workshop, which will be held at the Bloomington Civic Plaza at 1800 W. Old Shakopee Rd.

**Learn more and register for the event** (*Link to: <http://www.metrocouncil.org/grants/tbra/BrownfieldWorkshopSept2011.htm>*)

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

### For More Information

#### Contact the Metropolitan Council

(651) 602-1054

#### Contact DEED

(651) 259-7449

## Clean Water Summit Slated for Early September



**The 2011 Clean Water Summit will focus on trees and the role they play in protecting and achieving clean water.**

The 2011 Clean Water Summit will focus on trees and the role they play in protecting and achieving clean water.

Featured presentations will address the technical aspects as well as policy and planning issues related to using trees in stormwater management, including current treatment practices, operations and maintenance concerns, assessment tools and methodologies, and the multiple community benefits trees provide.

The Clean Water Summit will take place on Sept. 8 at the Minnesota Landscape Arboretum in Chaska.

**Learn more and register for the 2011 Clean Water Summit** (*Link to:*

*<http://www.arboretum.umn.edu/greeninfrastructureforcleanwater.aspx>*)

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

## State Fire Marshal Calls for Cities to Submit Fire Prevention Events



**The Minnesota State Fire Marshal is listing upcoming fire prevention events throughout Minnesota on its website.**

The Minnesota State Fire Marshal is listing upcoming fire prevention events throughout Minnesota on its website. Thirty cities have already submitted fire hall open houses, fire truck rides, kid's nights, community picnics, helicopter and ambulance tours, kitchen fire demonstrations, and vehicle extraction demonstrations to the list.

To add your city fire department's event to the list, contact Becki White at **rebecca.white@state.mn.us** (*Link to: <mailto:rebecca.white@state.mn.us>*), and provide the following information:

- Fire department name
- Date of event(s)
- Time(s) of event(s)
- Location(s)
- Event information
- Website or contact for more information (optional)

**Access the current listing on the State Fire Marshal website (pdf)** (*Link to:*

*<https://dps.mn.gov/divisions/sfm/Documents/2011FPWOpenHouses.pdf>*)

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



## Current Grant Opportunities

### MN Department of Natural Resources Park and Trail Grants

The Department of Natural Resources currently has three grant funding opportunities for park and trail projects across Minnesota. The programs soliciting applications include the Parks and Trails Legacy Grant Program, Local Trail Connections Program, and Regional Trail Program. Eligible projects include acquisition, development, restoration, and maintenance of park or trail related facilities. Local units of government are eligible applicants. There was an original grant solicitation in March 2011 for these programs, but this new solicitation is because of changes to the program statutes and appropriations during the 2011 legislative sessions, which lowered the amount of matching funds required.

Applications are due by **Oct. 31**. For more information, contact Audrey Mularie, Division of Parks and Trails, at (651) 259-5549 or [audrey.mularie@state.mn.us](mailto:audrey.mularie@state.mn.us) (*Link to: <mailto:audrey.mularie@state.mn.us>*).

- **Learn more and access the application for the Parks and Trails Legacy Grant Program** (*Link to: [http://www.dnr.state.mn.us/grants/recreation/pt\\_legacy.html](http://www.dnr.state.mn.us/grants/recreation/pt_legacy.html)*)
- **Learn more and access the application for the Local Trail Connections Program** (*Link to: [http://www.dnr.state.mn.us/grants/recreation/trails\\_local.html](http://www.dnr.state.mn.us/grants/recreation/trails_local.html)*)
- **Learn more and access the application for the Regional Trail Program** (*Link to: [http://www.dnr.state.mn.us/grants/recreation/trails\\_regional.html](http://www.dnr.state.mn.us/grants/recreation/trails_regional.html)*)

### Assistance to Firefighters Grant

FEMA's Assistance to Firefighters Grant (AFG) provides funding for the essentials that firefighters and first responders need to be safe and effective on the job. The purpose of AFG is to enhance through financial assistance the safety of the public and firefighters regarding fire and fire-related hazards. Eligibility: Paid, volunteer and combination fire departments and nonaffiliated EMS organizations from urban, suburban, and rural communities in the U.S. and its territories. AFG supports firefighting and EMS equipment, personal protective equipment (PPE), fire and EMS vehicles, training programs, wellness and fitness programs, and modifications to facilities. Applications accepted **Aug. 15-Sept. 9**.

**Learn more from FEMA's website** (*Link to: <http://www.fema.gov/firegrants/afggrants/index.shtm>*)

### Digital Inclusion Community Partnership

The Blandin Foundation is now accepting requests for proposal (RFPs) for the Digital Inclusion Community Partnership grant program. This is an invitation by the Blandin Foundation to qualified community institutions and/organizations to implement digital inclusion community partnerships focused on increasing broadband subscriptions and use by those Minnesotans currently not subscribing due to income, disability, computer and technology skills, language, and other similar barriers.

A total of \$600,000 is currently available through the Foundation's federally funded grant project, Minnesota Intelligent Rural Communities (MIRC). Rural Minnesota communities across the entire state of Minnesota are encouraged to apply, excluding those communities within the seven-county metro area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington) and the cities of Duluth, Rochester,

and St. Cloud. Grants will be reviewed on a quarterly basis. The next grant deadline is **Sept. 1**.

**Learn more and access the RFP for this grant** (*Link to: <http://broadband.blandinfoundation.org/programs/programs-detail.php?intResourceID=1646>*)

**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

August 18, 2011

Contact: Tim Flaherty  
651-225-8840

## Impacts Of The Budget Deal

At the CGMC Summer Conference in Grand Rapids, Tim Flaherty and Steve Peterson outlined why the state budget deal is bad for Minnesota, especially greater Minnesota. The attached slides highlight the problem. First, the final budget deal does virtually nothing to address the projected deficit for the next biennium. The forecasted deficit for 2014-15 was \$4.393 billion. Under the final deal, if the school shift is paid back, the deficit will be \$4.184 bill. Thus, the final budget deal addressed about 4.5% of the projected budget deficit, leaving the remaining 95% for the next Legislature. Second, the elimination of the market value credit and the decrease in Local Government Aid means that property taxes will go up for almost everyone and this effect is worse in greater Minnesota. It is important that legislators and citizens in greater Minnesota understand these impacts. Therefore, we've also attached a copy of points you can use to convey this message.

## MVHC Elimination Will Raise Property Taxes

It has not received a lot of attention, but the elimination of the Market Value Homestead Credit (MVHC) and creation of a Market Homestead Value Exclusion (MHVE) will increase property taxes in many locations even if cities hold their levies constant. The MVHC provided relief to certain homeowners by essentially paying a portion of the homeowner's taxes. Eliminating this credit will save the state \$260 million dollars. Because the state did not want to eliminate this tax relief for homeowners, it replaced it with the MHVE which allows homestead owners to exclude a certain amount from their home's market value. Eliminating the credit means that other property tax payers will see a \$260 million increase even if local governments do not increase their levies by one cent. In most parts of the state, business property, apartment property and higher value home property will see a property tax increase caused by this exclusion, not by increased levies or increased spending. Combined with the \$100 million a year cut in local government aid, property taxes are estimated to increase substantially, particularly on businesses and apartment owners in greater Minnesota.

House Research has prepared a 3 page summary of how the Homestead Market Value works, which we have attached. The Minnesota Department of Revenue is also preparing a handout on the topic which it will send to cities next week.



## House GOP Unveils "Reform 2.0" Effort

This morning a group of House GOP members held a press conference to launch the "Reform 2.0" effort. According to the House Republican press release, "reform 2.0 will seek ideas that promote opportunity and preserve individual responsibility through limiting government over-reach, improving the state's business climate to help job growth, reducing meaningless mandates or mandates that overlap between state, local and federal governments, lowering taxes and reforming the state tax code, and promoting government services that are effective and efficient." As part of the effort Republicans have launched a twitter account, @reform2, and a Facebook page.

The launch of the Reform 2.0 campaign offered very few specifics as to what reforms would be pursued in the next legislative session. Streamlining state government operations would appear to be the primary target of their efforts. In his presentation Speaker Zellers mentioned several times the duplicative administrative, human resources, purchasing, and IT functions that are performed across state agencies.

The most specific proposal is a proposed constitutional amendment that would require a super majority of the legislature to pass a tax increase. This proposal is based on a bill that Rep. Draskowski, H.F. 1598 introduced, which can be found at <http://bit.ly/r36Aya>.

## CGMC Board Ramps Up Member Recruitment Effort

At the CGMC Summer Conference in Grand Rapids the CGMC Board authorized an aggressive recruitment effort aimed at adding new CGMC members and bringing back cities who have recently dropped their membership in the coalition. As an incentive for new and lapsed members the Board also authorized the continuation of an incentive dues policy which would phase in dues for new cities and cities who have not been members within the last three years.

If you want to be involved in our recruitment efforts or know of good prospects that we should approach, please contact Bradley Peterson at [bmpeterson@flaherty-hood.com](mailto:bmpeterson@flaherty-hood.com).

## Economic Development In Greater Minnesota

Growing businesses and jobs is essential to keep Greater Minnesota healthy in the future. The CGMC dedicated an afternoon to the topic of economic development at our summer conference in Grand Rapids. Presenters included Kathy Tunheim, the governor's Senior Jobs Advisor, and Todd Leonard, a co-founder of the Minnesota Angel Network. Read about the discussion and presentations on our website at <http://bit.ly/okaweZ>

The CGMC membership voted to enhance its economic development program for the next year. Please contact JD Burton at Flaherty & Hood if you have further questions regarding the economic development presentations or how the CGMC will be focusing on this area. [jdburton@flaherty-hood.com](mailto:jdburton@flaherty-hood.com)



**Parks & Trails  
Applications Due  
October 31, 2011**

The Minnesota Department of Natural Resources announced this week that the deadline for applications for several parks and trail funding programs is moved up to October 31, 2011 rather than in the spring as in the previous cycle.

Applications for FY2012 Parks & Trails grants, Local Trail Connections Grants and the Regional Trail Program will all be due on October 31, 2011. If you applied for FY 2011 and were turned down, you can reapply but you MUST resubmit an application.

Parks & Trails Grants are available to cities, counties, townships and legislatively designated regional parks and trails taxing authorities outside the seven county Metro area. For the FY 2012 cycle only, the local matching requirement is 10%. The match must be non-state funded cash.

The Local Trail Connections program provides grants for short connections between where people live and desirable locations. The grants will reimburse up to 25% of the cost and must have at least a 25% cash match.

The Regional Trail Program provides local government units grants for trails of regional or statewide significance outside the seven county metropolitan area. The grants will reimburse up to 25% of the cost and must have at least a 25% cash match.

Find more details on these programs on the DNR website at <http://bit.ly/hkrBR0> , <http://bit.ly/qEd4Xk>, and <http://bit.ly/r3QK0V>.

**Other Voices On The  
Budget**

The Minnesota Budget Project, a non-partisan initiative of the Minnesota Council on Non-profits, published its own analysis of the final state budget deal. If you are interested in learning more about the budget areas that the CGMC does not cover in-depth, it is worth a read. <http://bit.ly/q8wvzQ>

**Media On Budget &  
LGA**

Newspapers in the metro and in greater Minnesota are highlighting the fact that the state budget deal is very bad for cities.

The Star Tribune highlighted the impact on Minneapolis and Saint Paul, but also noted it hurts other cities. <http://bit.ly/oismAI>

The Fairbault County Register pointed out that the state simply pushed its problems down to local property tax payers. <http://bit.ly/qmBzeH>

**Mark Your  
Calendars**

Save the dates for these upcoming CGMC Events:

CGMC Fall Conference in Fergus Falls, November 16 – 18, 2011

CGMC Legislative Action Day & Reception at Mancini's, February 8, 2012

2012 CGMC Summer Conference in Owatonna, July 25 – 27, 2012





**Dedicated to a Strong Greater Minnesota**

## CGMC Message on State Budget and Cuts to LGA

- The state budget deal is a terrible bargain for Minnesotans. It borrows \$1.4 billion of one-time money to fund ongoing state services – an approach which guarantees that the state will continue to have deficits into the future and that we will be fighting the same battles in two and four years, if not sooner.
- The 19% permanent cut to local government aid will lead to higher property taxes and reduced services throughout greater Minnesota and will hamper businesses growth and make the businesses we do have less competitive.
- It is clear that there are forces in St. Paul, such as many suburban legislators and the Minnesota Chamber of Commerce, who would have liked to have seen even more drastic cuts to LGA. If not for the work of greater Minnesota city officials, supportive rural legislators, and independent-minded local chambers of commerce the results would have been even worse.
- If greater Minnesota cities are going to continue to maintain their vitality and be attractive places to live, raise a family, and grow a business the state must stop cutting LGA and start reinvesting in greater Minnesota communities.

# The Homestead Market Value Exclusion

Minn. Stat. § 273.13, subd. 35

HOUSE RESEARCH

The 2011 omnibus tax act established a new property tax program called the homestead market value exclusion and repealed the existing market value homestead credit. The homestead market value exclusion provides a tax reduction to all homesteads valued below \$413,800 by shifting a portion of the tax burden that would otherwise fall on the homestead to other types of property. The repealed market value homestead credit gave homesteads approximately the same amount of tax relief through a state-paid credit rather than through shifting. Through the exclusion, the cost of providing relief to homeowners is shouldered relatively evenly among all types of property.

## How It Works

The exclusion provides for a portion of each home's market value to be excluded from its value for property tax calculations. The amount of value excluded is directly proportional to the amount of market value homestead credit the home received under the old law. In this way, each home contributes a smaller amount to each taxing jurisdiction's tax base. The tax rate tends to be a little higher because of the reduced tax base, which is why taxes increase for the other types of property. The tax burden on any given homestead could be lesser or greater depending upon the mix of properties in the jurisdiction (more nonhomestead properties increases the likelihood that homestead taxes will be reduced and vice versa) and the level of the tax rate (higher tax rates make it more likely that homestead taxes will be reduced and vice versa).

## Why the Change

The main reason for replacement of the credit with the exclusion is the state budget situation – the credit costs the state approximately \$260 million per year. In fact, in seven of the last eight years the state did not even pay a full reimbursement to all local governments. Eliminating the credit makes local government budgeting less awkward since the local government will know how much revenue it will receive from property taxes each year. In the past, a jurisdiction that needed \$1,000,000 in property tax revenue to operate might need to set its levy at \$1,050,000 in order to net \$1,000,000 in revenue, because it did not know if it would receive the \$50,000 credit reimbursement from the state.

Another argument for eliminating the credit is that it is a property tax relief program that is not well targeted, directing a great deal of money to homes, especially homes with low market values, without regard to need. The other major property tax relief programs, i.e., local government aid (LGA), county program aid (CPA), and the property tax refund, all attempt to distribute money based on some measure of jurisdictional or individual need. The market value homestead credit assumes all homes of the same market value have the same need, whether or not the homeowner's income is high or low, and whether or not the home is located in an area with high or low property tax rates.

## Actual Calculations

The next two pages show how the exclusion is actually calculated; the first page shows the calculations, the second shows the calculations applied to a hypothetical homestead.

**Computation of homestead net tax: old law versus new law**

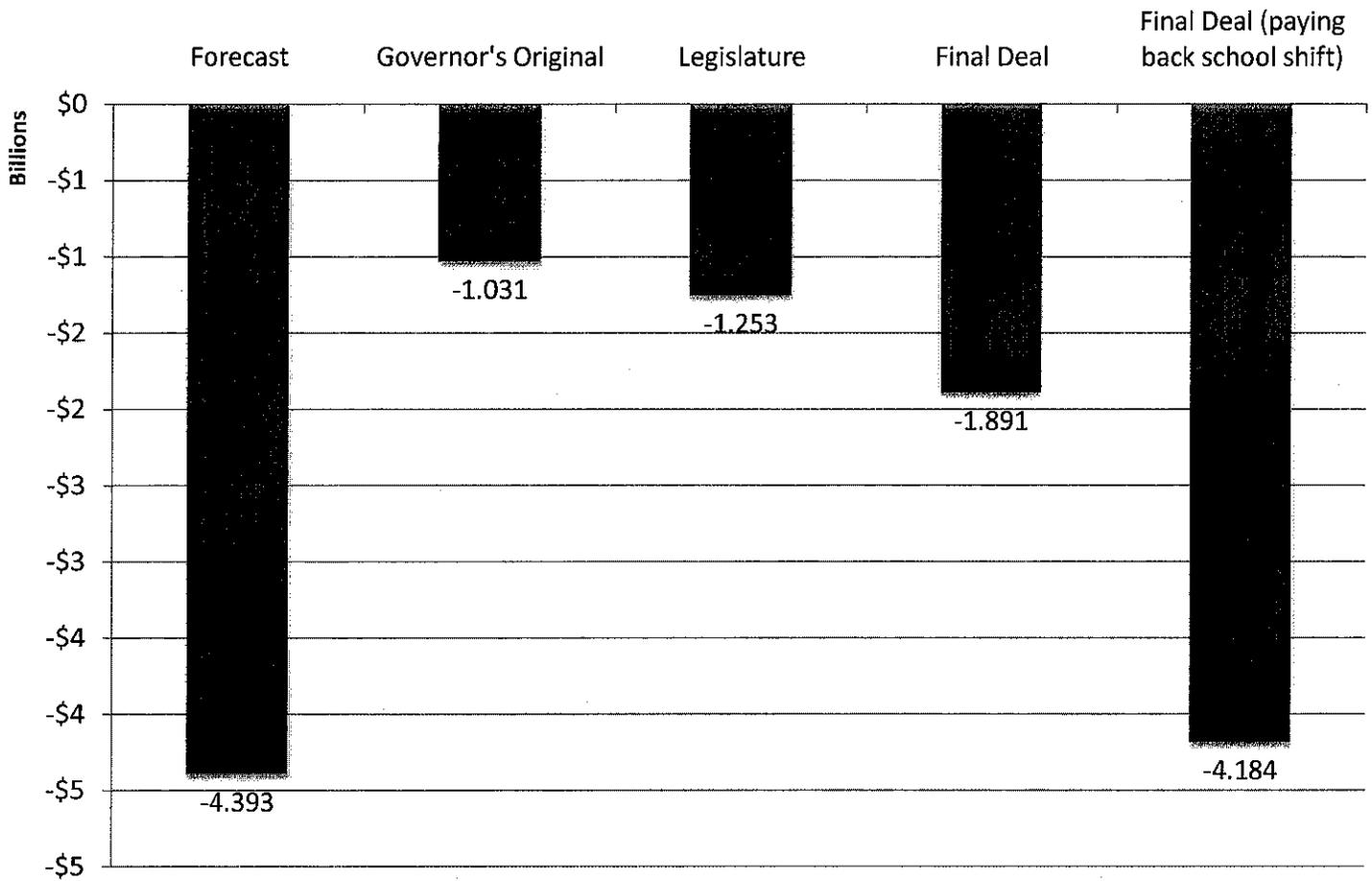
Old Law	New Law
<b>Step 1: Assessor determines property's estimated market value (EMV)</b>	<b>Step 1: Assessor determines property's estimated market value (EMV)</b>
	<b>Step 2: Determine property's market value exclusion (MVexcl) based on EMV:</b> EMV up to \$76,000 MVexcl = 0.4 x EMV EMV > \$76,000 and <\$413,800 MVexcl = \$30,400 - ((EMV-\$76,000) x .09) EMV > \$413,800 MVexcl = 0
<b>Step 2: Determine property's net tax capacity (NTC):</b> EMV < \$500,000 NTC = EMV X .01 EMV > \$500,000 NTC = \$5,000 + ((EMV - \$500,000) x .0125)	<b>Step 3: Determine property's taxable market value (TMV) = EMV - MVexcl</b>
	<b>Step 4: Determine property's net tax capacity (NTC):</b> TMV < \$500,000 NTC = TMV x .01 TMV > \$500,000 NTC = \$5,000 + ((TMV - \$500,000) x .0125)
<b>Step 3: Determine property's gross tax:</b> Gross tax = NTC x Total tax rate [sum of county rate + city/town rate + school district rate + special district rates]	
<b>Step 4: Determine property's market value homestead credit (MVHC):</b> EMV up to \$76,000 MVHC = EMV x .004 EMV > \$76,000 and < \$413,800 MVHC = \$304 - ((EMV - \$76,000) x .0009) EMV > \$413,800 MVHC = 0	
<b>Step 5: Determine property's net tax capacity net tax:</b> Net tax = Gross tax - MVHC	<b>Step 5: Determine property's net tax capacity net tax:</b> Net tax = NTC X Total tax rate [sum of county rate + city/town rate + school district rate + special district rates]
<b>Step 6: Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)</b>	<b>Step 6: Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)</b>

**Computation of homestead net tax: old law versus new law, homestead valued at \$200,000**

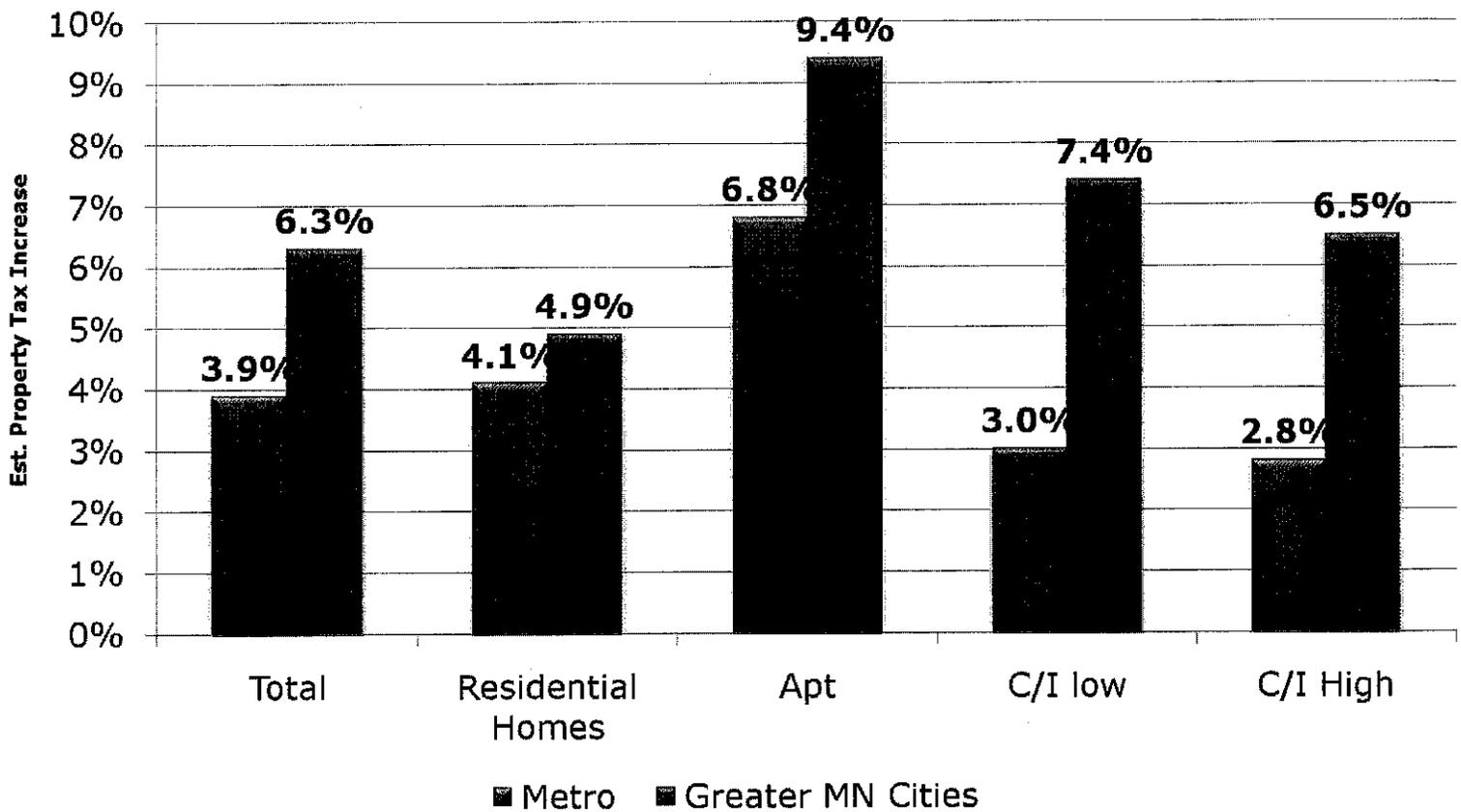
Old Law	New Law
<b>Step 1:</b> EMV = \$200,000	<b>Step 1:</b> EMV = \$200,000
	<b>Step 2:</b> Determine property's market value exclusion (MVexcl):  MVexcl = \$30,400 - ((\$200,000 - \$76,000) x .09) = \$19,240
	<b>Step 3:</b> Determine property's taxable market value (TMV):  TMV = \$200,000 - \$19,240 = \$180,760
<b>Step 2:</b> Determine property's net tax capacity (NTC)  NTC = \$200,000 x .01 = \$2,000	<b>Step 4:</b> Determine property's net tax capacity (NTC):  NTC = \$180,760 x .01 = \$1,808
<b>Step 3:</b> Determine property's gross tax:  Gross tax = \$2,000 x 105.81% = \$2,116	
<b>Step 4:</b> Determine property's market value homestead credit (MVHC):  MVHC = \$304 - ((\$200,000 - \$76,000) x .0009) = \$192	
<b>Step 5:</b> Determine property's net tax capacity net tax:  Net tax = \$2,116 - \$192 = \$1,924	<b>Step 5:</b> Determine property's net tax capacity net tax:  Net tax = \$1,808 x 110.92% = \$2,005
<b>Step 6:</b> Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)	<b>Step 6:</b> Determine property's total net tax equal to its net tax capacity net tax plus its referendum market value tax (not discussed here)

Note that the tax rates are different between the old law and the new law. The rates used in the example are based on House Research estimated statewide average rates for taxes payable in 2011 under the old law, and under the new law assuming jurisdictions made no changes to their levies.

### Projected Deficit of the Next Biennium Budget (2014-15)



# Property Tax Impacts of Budget



**Main Identity**

**From:** "Blandin Foundation" <broadband@blandinfoundation.org>  
**To:** <snasby@windom-mn.com>  
**Sent:** Thursday, August 25, 2011 6:05 PM  
**Subject:** ADV: Save the Date: 2011 Broadband Conference  
 Having trouble viewing this email? [Click here](#)

Save the date for the 2011 Broadband Conference.

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**Minnesota**

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SAVE THE DATE  
**Policy and Progress**  
 Border to Border Broadband  
 November 16-17, 2011  
 Duluth, Minnesota

Greetings!

**Save the date** for the **2011 Broadband Conference** to be held on **November 16-17** at Greysolon Ballroom in Duluth, Minnesota. This year the Blandin Foundation and Connect Minnesota join forces to conference goes a snapshot of policy and progress being made both inside Minnesota's borders and national level.

The 2011 Broadband Conference will:

- **update you on best practices** for increasing broadband availability and adoption being developed by ARRA-funded projects statewide;
- **connect you with national and regional experts** to discuss what's going on in Washington and how the changes in federal policies will affect our state's efforts;
- **equip you with new resources and opportunities** to use in planning and decision-making to further increase broadband use and adoption in your community.

The Conference will feature a slate of prominent national and regional experts, among other invited guests:

- **Aneesh Chopra**, Federal Chief Technology Officer - invited
- **Tom Koutsky**, Connected Nation
- **Robert Bell**, Intelligent Community
- **Brent Legg**, Connect Minnesota
- **Tom Gibbons**, College of St. Scholastica

Join people from across the state and nation for two days of sharing, learning and building border to border connections.

### Registration Opens September 6

**ABOUT THIS EMAIL:** Policy and Progress: Border to Border Broadband is a conference of the Blandin Foundation Broadband Initiative in partnership with Connect Minnesota. You are receiving this email because we believe this conference may be of interest to you. If you would like not to receive further communication about Blandin Foundation's programs and/or events, please unsubscribe below.

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