

LSS Senior Nutrition Program Site Use Agreement Addendum

This addendum is hereby incorporated into the attached Site Use Agreement entered into by LSS and the City of Windom on the 16th day of November, 2011.

Both parties hereby agree to the following:

1. Site – the site for the Senior Nutrition Program is the Windom Community Center, 1750 Cottonwood Lake Drive, Windom, MN 56101; hereafter "site".

The primary areas to be utilized for the Senior Nutrition Program will be Room #120 (kitchen and dining area).

2. Access – LSS and/or their representatives, vendors, employees or patrons shall not have keys or unsupervised access to the site. City of Windom employees will provide access to the site generally between the hours of 7:00 a.m. and 1:00 p.m. Monday – Friday (unless the site is closed due to weather or holiday).
3. Right of Use -- Should the Windom Community Center, from time to time, require the use of Room #120 LSS and the Senior Nutrition Program agree to relocate per the direction Windom Community Center staff to another area of the site which is reasonably sufficient to meet the needs of the Senior Nutrition Program. Notification to the Senior Nutrition Program's on site representative, or his/her designee, shall be provided by the Windom Community Center staff at least 24 hours in advance.
4. Insurance – LSS will provide the City of Windom with evidence that the site is covered under the umbrella issued by Marsh USA, Inc. Certificate Number CHI-003857259-28.
5. Cleaning – The Senior Nutrition Program agrees to restore community facilities to ordinary cleanliness after use according to paragraph IV of this Agreement. Said ordinary restoration will include, but is not limited to, wiping down tables and chairs, wiping/cleaning up food or debris from the floor, wiping down kitchen equipment and walls after use, mopping the kitchen floor.
6. Snow Policy – The Windom Community Center and LSS Senior Nutrition Program agree that there will be no senior activities including the Senior Dining Program on "snow days" as determined by the Windom School District.
7. Supplies – LSS Senior Nutrition Program acknowledges that the Windom Community Center is not responsible for the purchase or provision of 'expendables' used by the Senior Nutrition Program such as hand towels, paper towels, dish washer soap or cleaning supplies. Windom Community Center agrees to work with LSS to provide a secure location for the storage of said supplies.

DENNIS L. RICK, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants
Minnesota Society of Certified Public Accountants

DENNIS L. RICK, CPA
TISHA S. PAPLOW, CPA
ANDREA M. JOHNSON, CPA

November 29, 2011

City of Windom
PO Box 38
Windom, MN 56101

Re: GASB 54 and Transfers

Dear Steve:

As you may have heard, your city is required to implement Governmental Accounting Standards Board (GASB) Statement No. 54 as of December 31, 2011. Enclosed is a sample GASB 54 policy that you may utilize and tailor to the needs of your city. The City Council will need to pass a resolution adopting a GASB 54 policy by December 31, 2011.

Please also find enclosed a sample resolution regarding fund transfers. Occasionally, we need to make transfer entries as part of our audit adjustments. These are necessary to properly account for certain transactions, correct errors, or meet the intentions of City Council through approved budget transfers.

If you wish to have electronic copies of the samples, please e-mail us at drlrickltd@frontiernet.net and we will send them to you.

We appreciate your business and look forward to working with you during the upcoming audit season!

Sincerely,



Dennis L. Rick, LTD
Certified Public Accountants

enclosures



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507-831-1332 * 1043 FOURTH AVENUE, SUITE 6 * WINDOM, MN 56101

RESOLUTION #2011-

INTRODUCED:

SECONDED:

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

A Resolution Implementing GASB Statement Number 54 and Establishing a Minimum Fund Balance

WHEREAS, the City of Windom previously specified ending fund balances for the various city budgets as reserved, designated or unreserved; and

WHEREAS, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in February, 2009, which requires City Councils to make certain decisions regarding the use of resources and classifications of ending fund balance in order for the annual financial reports and audits to be in compliance with generally accepted accounting principles; and

WHEREAS, by GASB 54, a hierarchy of fund balance classifications has been created, consisting of the following: Non-spendable Fund Balance; Restricted Fund Balance; Committed Fund Balance; Assigned Fund Balance and Unassigned Fund Balance; and

WHEREAS, the fund balance classifications noted above have the following definitions and purposes:

“Assigned” fund balance amounts are comprised of unrestricted funds constrained by the city’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the city’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.

“Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the city council and that remain binding unless removed by the city council by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.

“Enabling legislation” means legislation that authorizes a city to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.

“Fund balance” means the arithmetic difference between the assets and liabilities reported in a city fund.

“Non-spendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to

be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

“Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

“Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of non-spendable, restricted, and committed fund balances exceed the total net resources of that fund.

“Unrestricted” fund balance is the amount of fund balance left after determining both non-spendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances; and

WHEREAS, on an annual basis, it may be necessary for the City Administrator or Assistant City Administrator to formally commit the ending fund balance of all government funds to the default ending fund position and / or to assign fund balances as needed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDOM, COUNTY OF COTTONWOOD, MINNESOTA:

1. The city shall classify its fund balances in its various funds in one or more of the following five classifications: non-spendable, restricted, committed, assigned, and unassigned, and the ending fund balances of all governmental funds shall formally be committed to their default ending fund positions.
2. The City Administrator or Assistant City Administrator shall have assigning authority for fund balances as may be necessary and may alter the default assignment position.
3. The city will strive to maintain a minimum unassigned general fund balance of nine to twelve months of operating expenses.

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

Attest: _____
Steve Nasby, City Administrator

Kirby G. Kruse, Mayor



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**Statement of Position
Fund Balances for Local Governments
(GASB 54 Version)¹**

Background

In February 2009, Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for fiscal periods that begin after June 15, 2010. This accounting standard creates new classifications for fund balance based on a new focus on the constraints placed on the use of current fund balance and also redefines governmental fund type definitions. This Statement of Position addresses only the new fund balance reporting. Implementation of GASB 54 by local governments is required for the first fiscal year ending June 30, 2011. However, most Minnesota local governments report on a calendar year. For those reporting on a calendar year, the first required year for implementation is the year ending December 31, 2011. Early implementation is allowed.

The guidance in this statement of position should be followed by local governments that early implement Statement No. 54. Likewise, the guidance may be used for planning the implementation for a government's 2011 fiscal year. Until a local government implements Statement No. 54, it should follow the guidance in the Office of the State Auditor's Statement of Position Fund Balances for Local Governments (pre-GASB 54 Version); see <http://www.auditor.state.mn.us/default.aspx?page=20110527.017>.

¹ GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* is effective for fiscal periods that begin after June 15, 2010. Until the local government implements the requirements of GASB Statement No. 54, it should follow the guidance of Statement of Position Fund Balances for Local Governments (pre-GASB 54 Version); <http://www.auditor.state.mn.us/default.aspx?page=20110527.017>.

Reviewed: December 2010
Revised: NA

2010-1003

This Statement of Position is not legal advice and is subject to revision.

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In governmental funds, a local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds.² A local government will classify its fund balances into one of up to 5 classifications: nonspendable, restricted, committed, assigned, and unassigned. While some of the new classifications are similar in nature to the classifications under pre-GASB Statement No. 54, the focus is different, and thus, what is classified into these new classifications may be different.

Fund Balance Classifications/Definitions for Governmental Funds

The fund balances of a local government’s governmental funds should be reported in the new classifications based on the definitions in the following table:

<i>Fund Balance Reporting</i>			
<i>Classification</i>	<i>Definition</i>	<i>Examples</i>	
Nonspendable	“Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.” ³	<ul style="list-style-type: none"> • Inventories, • Prepaid items, • Long-term receivables, and • Permanent principal of endowment funds. 	
Restricted	“Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ol style="list-style-type: none"> Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or Imposed by law through constitutional provisions or enabling legislation.”⁴ 	<ul style="list-style-type: none"> • Restricted by state statute, • Unspent bond proceeds, • Grants earned but not spent, • Debt covenants, • Taxes dedicated to a specific purpose, and • Revenues restricted by enabling legislation. 	
Unrestricted	Committed	“Used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority” ⁵	<ul style="list-style-type: none"> • The governing board has decided to set aside \$1M for a new city hall. • Property tax levies set for a specific purpose by resolution.
	Assigned	“Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed” ⁶	<ul style="list-style-type: none"> • Governing board has set aside \$2 million for a county hospital and the county manager may amend this up to \$100,000. • Governing body delegates the authority to assign fund

² Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. (Codification of Governmental Accounting and Financial Reporting Standards § 1300.102).

³ GASB Statement No. 54, ¶ 6

⁴ GASB Statement No. 54, ¶ 8

⁵ GASB Statement No. 54, ¶ 10

⁶ GASB Statement No. 54, ¶ 13

		<ul style="list-style-type: none"> balance to the finance officer. • Governing board has appropriated fund balance usually titled "subsequent year's expenditures"⁷ • Positive residual balances in governmental funds other than the general fund.
	Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. ⁸

Classifying Fund Balance

A local government should classify its fund balances based on the nature of the particular net resources reported in a governmental fund. The government would first start by identifying nonspendable net resources, followed by restricted, committed, assigned and lastly unassigned. This will classify a fund's net resources from those that have the most constraints placed on their use to the least. A fund's net resources also are affected by the spending policy of that government. A local government should determine the order of use of resources when expenditures are incurred. Are restricted resources used first? Or, if available for use, are unrestricted net resources (committed, assigned, or unassigned) used first? If a local government does not have an accounting policy that identifies the order of use of resources, then the net resources with the most constraints are used first.

Unrestricted Fund Balance

Unrestricted fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. The unrestricted fund balance is the amount of fund balance that a local government, itself, has placed constraints on its use (committed and assigned) and fund balance that does not have any specific purpose identified for the use of those net resources (unassigned). Unrestricted fund balance, therefore, includes the committed, assigned, and unassigned classifications. Committed and assigned fund balance represent resources set aside by the government to fund specific purposes. The two classifications differ in the formality of the action required to set aside the net resources.

The government's highest level of decision-making authority is required to commit available fund balance to a specific purpose. Once the action has been taken, the committed funds cannot be used for any other purpose unless the commitment is rescinded by the same type of action that previously committed the funds. The action taken to commit the funds must be taken prior to the end of the fiscal year, but the specific amount may be determined in the subsequent period.

⁷ See appropriated fund balance section of this document.

⁸ GASB Statement No. 54, ¶ 17

The authority to assign may be delegated to an official other than the governing body. Unlike committed fund balance, the action taken to assign fund balance may be made after year end. In governmental funds other than the general fund, the assignment must follow the government's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.

Unassigned fund balance represents the remaining unrestricted fund balance in the general fund after identifying fund balance that has been committed or assigned. Deficits in fund balances of other governmental funds are reported as unassigned. Assignments should never cause a deficit in unassigned fund balance to occur.

Stabilization Arrangements: Restricted/Committed vs. Unassigned

Many local governments currently set aside part of fund balance for emergencies, working capital, cash flows, revenue shortages, or other contingencies. The authority to set aside these amounts usually comes from ordinance or resolution. The GASB calls these types of funds "stabilization arrangements." For a government to be able to set aside these types of funds as restricted or committed, they need to specifically define when these amounts may be used and specify a situation that cannot be expected to occur routinely. For example, identifying funds to be accessed "in an emergency" does not sufficiently detail the circumstance or condition that must be met for the funds to be considered committed. To commit these funds, the government needs to be more specific in defining an emergency. If the arrangement meets these requirements, it would be considered a specific purpose and reported as either restricted or committed, depending on the source of the constraint. Stabilization arrangements that do not meet the requirements should be reported as part of unassigned fund balance in the general fund.

Appropriated Fund Balance

Usually a local government only classifies fund balances at year end for financial reporting purposes. Thus only current, and not future, net resources are classified. Typically, the subsequent year's budgeted expenditures are expected to be paid from the subsequent year's revenues and not the current reporting year's ending fund balances. On occasion, local governments will "deficit" budget, or in other words, budget more expenditures than anticipated revenues and drawdown beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.⁹

⁹ GASB Statement No. 54, ¶ 16

Recommendations

Adoption of Comprehensive Fund Balance Policy

The GASB's Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies fund balance accounting policies that a local government may have or should consider. The Office of the State Auditor recommends that each local government establish a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances. A local government's fund balance policy could address the following areas:

- Minimum fund balance
- Order of resource use
- Stabilization arrangements
- Committing fund balance
- Assigning fund balance

The governing body should establish/approve the comprehensive fund balance policy.

Minimum Fund Balance

The Office of the State Auditor recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in their general fund and other significant governmental funds. The local government's governing body should keep revenue streams in mind when determining a minimum level of fund balance for their policy. Often a local government's revenue stream is not evenly distributed throughout the year. A local government will need sufficient beginning fund balances to pay expenditures until these revenues are received. For example, funds that rely heavily on property taxes must maintain sufficient financial resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures. A local government may need higher levels of unrestricted fund balance if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile, such as greater expenditures in the early part of the year. The availability of resources in other funds and the potential drain on the general fund resources from other funds could affect the necessary level of minimum unrestricted fund balance. The availability of resources in other funds may reduce the amount of

unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund. After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. If the actual unrestricted fund balance is not consistent with the policy, a plan should be developed by the governing body that will allow for compliance with the desired minimum level. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.

Order of Resource Use

The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Stabilization Arrangements

The Office of the State Auditor also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy. The policy should establish the amount to be set aside, identify the types of nonroutine emergencies/situations that would meet the need for use of stabilization funds, and clearly state that the amount set aside may only be used for the identified emergency situations.

Committing Fund Balance

The Office of the State Auditor also recommends that a local government's governing body identify in its comprehensive fund balance policy its process for committing fund balance to a specific purpose. The policy could identify the local government's highest level of decision making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.

Assigning Fund Balance

Furthermore, the Office of the State Auditor recommends each local government that decides to delegate the authority to assign fund balance for a specific purpose include in their comprehensive fund balance policy the body or official authorized to assign amounts to a specific purpose and the types of specific purposes that may be assigned by that delegated body or official. The policy should also specify how the amounts for such assignments are arrived at and whether the governing body will set the assignments

annually or will set up a process to make the assignment based on the guidelines established by the governing body.

Appropriate Fund Balance Levels

The Office of the State Auditor recommends that, at year-end, local governments maintain an unrestricted fund balance in their general fund and special revenue funds of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures. This amount of unrestricted fund balance should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unrestricted fund balance should be assessed based on an individual local government's own circumstances. If the local government's unrestricted fund balance is less than or greater than the recommended level, the local government should be able to explain the reason for the difference.

Local governments should also consider taking a position on the level of unrestricted fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues to avoid the risk of placing too much emphasis on the level of unrestricted fund balance at any one time.

RESOLUTION #2011-

INTRODUCED:

SECONDED:

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

A RESOLUTION ESTABLISHING FUND TRANSFER POLICY

WHEREAS, the City of Windom requires certain transfers of cash or fund balances from one fund to another to present financial information in accordance with Generally Accepted Accounting Principles (GAAP) and/or Governmental Accounting Standards Board (GASB) pronouncements and standards.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDOM, COUNTY OF COTTONWOOD, MINNESOTA:

1. The City's independent auditors may recommend cash or fund balance transfers between funds of the City as part of their audit adjustments, which will require approval by management. The term "funds" is intended to encompass only the governmental or proprietary fund types of the City and does not include cash or savings accounts at financial institutions.
2. The City Administrator and Assistant City Administrator are authorized to implement recommended cash or fund balance transfers between funds of the City as part of audit adjustments.

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

Kirby G. Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

Status of Summer Trail Use (2007-09) on Five Paved State Bicycle Trails and Trends Since the 1990s

The five trails are:
Paul Bunyan, Heartland, Root River & Harmony-Preston Valley, Douglas, and segment of Paul Bunyan near Lake Bemidji State Park and City of Bemidji

CONTENTS

<u>Topic</u>	<u>Page</u>
Summary report:	
Introduction	2
Methodology	3
Who are the trail users?	3
Trail use characteristics	6
Trail use trends	13
Experience while using the trail	19
Trip spending	24
Trip characteristics	25
References in summary report	27
Appendix A: Tables of all survey results	28
Appendix B: Trail user survey instrument	81

The trail studies were sponsored by the Minnesota Department of
Natural Resources Parks and Trails Division

Report prepared by:
Tim Kelly
Office of Management and Budget Services
Minnesota Department of Natural Resources

August 2010

Recent use trends for non-motorized trails

A. Summer use trends on state trails*

Trail, study years, and comparable segment	First study Total summer user hours	Second study Total summer user hours	Percent change	Standardized 10-year trend:** Percent change
Paul Bunyan, 1996 to 2007, Baxter to Hackensack	148,760	69,838	-53%	-48%
Heartland, 1998 to 2007-08, Park Rapids to Walker	118,337	60,878	-49%	-54%
Root River & Harmony-Preston Valley (RR & HPV), 1997 to 2008-09, Fountain to Preston and Isinours to Money Creek Woods	178,762	111,580	-38%	-34%
Gateway, 1997 to 2003, Cayuga Street to Pine Point Park	181,952	148,062	-19%	-31%
Douglas, 1997 to 2009, Rochester to Pine Island	45,810	64,869	42%	35%
Paul Bunyan State Trail Near Lake Bemidji State Park, 1998 to 2009, Mississippi River to northern terminus	17,488	14,524	-17%	-15%

* Summer extends from the Saturday of Memorial Day weekend to Labor Day. Because summers vary in length, and because this affects comparability between studies, summer length is set by the second study.

** Assumes the same linear change in user-hours per year.

B. Annual use trends on Twin Cities metropolitan regional trails

Metro regional trails (annual occasions in 000's)	First year	Year 2007	Percent change	Standardized 10-year trend:** Percent change
Nine trails from 1998 to 2007	3,941	3,516	-11%	-12%
Eleven trails from 1999 to 2007	5,256	3,980	-24%	-30%
Thirteen trails from 2000 to 2007	5,052	4,209	-17%	-24%
Fifteen trails from 2001 to 2007	5,437	4,547	-16%	-27%

** Assumes the same linear change in user-hours per year.

StarTribune



New state trail in Washington County aiming for instant popularity

Article by , Star Tribune

Updated: December 1, 2011 - 11:02 PM

A major new state trail planned for Washington County will open next year to instant popularity, funneling thousands of cyclists, runners, walkers and horse riders to the St. Croix River.

That's the vision in a draft master plan for Browns Creek State Trail, made public Thursday, that foresees the 5.9-mile corridor as a strategic link to trails up and down the river from Stillwater and possibly across the river into Wisconsin.

In recent decades, most people saw the forested route from the windows of the Minnesota Zephyr dinner train, which ran from Stillwater to the rural city of Grant for 23 years until it ceased operations on New Year's Eve in 2008. This summer, the Legislature approved \$3.2 million in state

funding to buy the corridor.

"This will offer an opportunity to get out of Stillwater without having to climb a giant hill," said parks and trails planner Colin Kelly of the Minnesota Department of Natural Resources (DNR). "This will be great for families with children and all kinds of users."

From Stillwater, the trail will run north along the St. Croix River for about a mile. For two miles after that, it will climb a gentle grade along Browns Creek, a trout stream. Remaining portions of the trail will pass three golf courses and Browns Creek Nature Preserve.

The new trail will end in Grant, west of Stillwater, where it will intersect with the bustling Gateway State Trail. That trail, Minnesota's busiest and a former Soo Line route, leads to St. Paul.

Because more than 1 million people live within 10 miles of the Gateway trail, the master plan said, the Browns Creek trail will be busy. Projections show at least 75,000 people a year will use it, Kelly said.

Even as work on the Browns Creek trail moves forward -- with removal of rails and ties next spring -- the DNR is investigating

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StarTribune



other trail connections. One idea is to link with the National Park Service's Fairy Falls site north of Stillwater and a nearby logging landmark, the St. Croix Boom Site.

To the south, the DNR wrote in its master plan, the Browns Creek trail could someday link with the proposed Middle St. Croix Valley Trail along the river.

Another potential link could result if the Stillwater Lift Bridge is converted to a trail crossing that would loop into Wisconsin, the master plan said.

In a separate action, the city of Stillwater will start construction soon on a pedestrian plaza that will improve amenities along the waterfront and link the Browns Creek trailhead with downtown. The trailhead will be built at the old Zephyr depot at the north end of Main Street.

The DNR and Washington County -- the county contributed \$1 million toward the purchase price from its voter-approved Land and Water Legacy fund -- bought the Zephyr corridor from owner David Paradeau. The train and the depot remain for sale.

Paving of the Browns Creek trail could begin by late spring once tracks are removed, Kelly

said. Meanwhile, the DNR continues to seek public comment for its final master plan.

The route the Zephyr followed had even earlier use by the Northern Pacific railroad and as a streetcar line operated by the Twin City Rail Transit Co.

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The Root River Trail controversy

By Karen Reisner

The courts are the final arbitrator in cases where individuals with strong feelings and principles fail to come to an agreement. It has been well over a decade since the Trail Commission Joint Powers Board which includes the cities of Chatfield, Fountain, Ostrander, Preston, Spring Valley, and Wykoff, proposed a bicycle route from Preston to Forestville State Park to extend the Root River State Trail another 8.5 miles.

Attorney David Joerg, who has been a member of the board, came to an agreement with seventeen landowners on the trail route. Two properties owned by John and Bernadette Snyder and Vernon and Kay Ristau are needed, according to Joerg, to complete the chain to establish the trail to the park. Each of the farms in question have been owned by the families for decades. Joerg is insistent that two landowners shouldn't be able to hold up this project.

On March 2, 2009, the Preston City Council voted to institute the power of eminent domain with a revised survey on behalf of the joint powers board to acquire the last two disputed properties. The survey for the trail would involve 2.18 acres of the Snyder property and 3.81 acres of the Ristau property. Webster Dictionary defines eminent domain, "in law, the right of a government to take, or to authorize the taking of, private property for public use, just compensation being given to the owner." Joerg has claimed there is no other practical route for the trail except through the Snyder and Ristau properties.

Joerg has suggested the city of Preston would benefit with a boost to area businesses plus the expected purchase of the "in town trail" by the Department of Natural Resources (DNR) after the completion of the extension to the park. Preston could potentially gain \$150,000 for that portion of the trail.

Both families have expressed concern and outrage that the Preston City Council could have a say on what happens to their property which is about seven miles outside of Preston. The council represents the city of Preston and is elected by Preston citizens. Obviously, the owners of the disputed property have not and will not enjoy the right to vote for individuals to sit on the Preston City Council. The city of Preston will act as the authority to purchase the land for the joint powers board. The trail will eventually be owned by the DNR.

The Issue on July 8

The Ristau's and the Snyder's have asked for a continuance of their case. They are being represented by Larry Peterson. Their motion will be heard on July 8 by Winona County District Judge Jeffrey Thompson. The families want the continuance to allow time for the Minnesota Supreme Court to review and to rule on a similar case which also involves eminent domain being used for the purpose of establishing trails at Granite Falls. Kay Ristau said their attorney, Larry

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Resource Guide



Peterson, has asked David Joerg for a deposition, which he has refused to give. They are asking for a court order to have Joerg give a deposition. She suggested there has not been a joint powers board since 2005. The families want further exploration into possible other routes for the trail.

In the Granite Falls case, the Minnesota Court of Appeals affirmed the acquisition of railroad land for the trail which will stretch from Granite Falls to Wegdahl. The three-judge appeals panel ruled that the city of Granite Falls could use eminent domain to acquire property and use it to develop a recreational trail. Three railroads brought the case arguing that the city could not use eminent domain to get the property and then let the DNR have it. The trail section will become part of the Minnesota River Valley Recreational Trail. This is now up for review by the Minnesota Supreme Court.

Another case in Mower County involving the Shooting Star Trail has recently been decided in the Minnesota Court of Appeals upholding the use of eminent domain. Seven land owners who have already lost their land are still fighting. They argued in 2006 that a recreational purpose isn't a public purpose and lost. Judge Donald Rysavy ruled Mower County could gain immediate possession of the land with just compensation for the property owners. A second appeal filed shortly after stated, in effect, that Mower County was a "puppet" of the DNR as the county has the eminent domain authority and the DNR doesn't. This is the appeal the land owners recently lost in the appellate court. The land owners in that case may still decide to appeal to the Minnesota Supreme Court.

If the Snyder and Ristau families are successful in getting the judge in Winona to grant a continuance, Joerg says it could cause a further delay of up to six months. He suggests both cases already decided in the Minnesota Court of Appeals are favorable to the city's position.

Both the Ristau's and the Snyder's have property in Carimona Township and the township board has made a statement opposing the use of eminent domain for the bicycle trail extension. Over 1,000 citizen signatures on a petition have also been offered against the use of eminent domain.

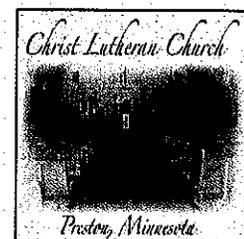
At this point the two families are pushing back. John Snyder has made it clear that it has become a matter of principle. The Ristau's want to maintain their privacy for their family's farming operation and their own recreation which includes hunting and fishing on their private property. They draw the line between the use of eminent domain for a "necessity" like a road and a "recreational use" like the bicycle trail.

This is probably the most contentious, emotional issue involving the Preston area causing people to take sides since the proposed tire burning plant several years ago. There is probably no question that the trail would be used by the public. The question lies more with the rights of the landowners and whether the Preston City Council has the authority to institute eminent domain in this instance.

The Plan and the Cost

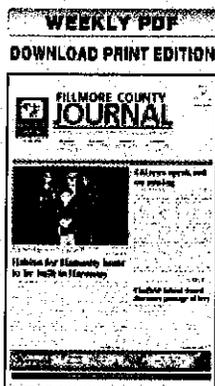
If this section of trail were to be completed to Forestville State Park, there would most likely be an effort to continue the trail from there to Spring Valley. According to the 1999 Minnesota Statute 85.015 State Trails Subdivision 1, "Acquisition (a) The commissioner of natural resources shall establish, develop, maintain, and operate the trails designated in this section...The commissioner of natural resources may acquire lands by gift or purchase." Subdivision 7, Blufflands trail system, Fillmore, Olmsted, Winona, and Houston counties. (b) "Additional trails shall be established that extend the Blufflands trail system to include. . . Preston, Harmony, Fountain, Wykoff, Spring Valley, Mabel, Canton, and Ostrander in Fillmore County. . . In addition to the criteria in section 86A.05, these trails must utilize abandoned railroad right-of-ways where possible."

DNR trails manager Craig Blommer has estimated the 8.5-mile proposed trail



could cost about \$5.2 million. The construction due to the terrain would require numerous bridges and culverts.

Probably the only thing David Joerg and the Ristaus and the Snyders agree on is that this has gone on long enough and they want to get it over with. The courts will in time bring the controversy to an end.



Reader Comments

Posted: Sunday, July 05, 2009
Article comment by: **Ruby Flowers**

The city of Preston, or any other city for that matter, should not have ANY jurisdiction over property outside of it's city limits and certainly not 7 miles out. You can add my name to the list of 1000 against the use of eminent domain. By the way, I am a trail user, former area resident and appreciate them but it is the principle of the use of eminent domain. Unfortunately the only people who win are the lawyers who collect the financial rewards. I don't know who will see this as I have never received an answer to that question either in person or my e-mail requests. So maybe I just wasted my time but I'll take the chance.

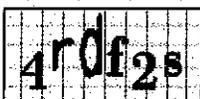
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FILLMORE COUNTY JOURNAL

Friday, July 10, 2009

Eminent Domain issue has its first day in court

By Karen Reisner

Friday, July 10, 2009



Landowners in front of Winona County Courthouse, left to right, John and Bernadette Snyder, Kay and Vernon Ristau.

In the historic Winona Court House, which was built in 1888, the case of the City of Preston vs. Vernon and Kathleen Ristau and John and Bernadette Snyder had its first formal hearing on July 8. Winona County District Judge Jeffrey Thompson presided with David Joerg for the petitioner and Larry Peterson for the respondent. This is just one more step in an effort that began with a six-city Joint Powers Board over a decade ago that was chaired by the late Dick Nelson. Joerg later said Nelson was the cement that held the board together.

The Preston City Council exercised their power of eminent domain with a revised land survey on March 2, 2009, to acquire property from the Ristau's and the Snyder's in Carimona Township to complete the land acquisition for the trail extension from Preston to Forestville State Park. For a more detailed history of events leading up to the city's decision to exercise their power of eminent domain refer to the July 6 issue of the Fillmore County Journal.

The Landowners

Larry Peterson started by stating this hearing is for deciding discovery issues, not to discuss the merits of the case.

Peterson explained his reasoning for wanting a continuance was to hear the decision of the Minnesota Supreme Court regarding a similar case: Granite Falls vs. The Sioux Railroad. The question being reviewed is whether a local government unit can do condemnation on behalf of the Department of Natural Resources (DNR). He noted that in Granite Falls the disputed property was within the city limits. In the case at hand the properties are not in the city limits and the condemnation action was taken over the objection of the local government unit, Carimona Township.

Peterson said the DNR does not have the power of eminent domain except for specific trails. He argued the continuance was also necessary for further discovery including procuring the minutes and resolutions of the Joint Powers Board so the party of interest could be determined. Peterson was asking for a court order directing David Joerg to give a deposition. Joerg was a voting member of the Joint Powers Board which Joerg said has not met since 2005 or 2006. He was also the lead negotiator to acquire property for the trail. Peterson said this is a unique case as Joerg is the most knowledgeable member of the Joint Powers Board since Nelson's death, the attorney representing the city of Preston and an owner of a hotel in the city, a potential economic conflict. Peterson said the DNR has paid Joerg's attorney's fees while negotiating with property owners.

Judge Thompson asked if Joerg's deposition would be relevant? Thompson remarked, if Peterson takes Joerg's deposition, won't that disqualify him from representing the city of Preston? Peterson suggested that there is a conflict of interest for the city which could get a "windfall" of \$150,000 for the "in town trail," owned by the city. Peterson says we believe that makes for a tainted motive. The February 5, 2007, Preston City Council minutes note Joerg telling the council that the state has agreed to one day purchase the "in town trail" for about \$150,000.

The respondents are making a case for an environmental study. Eight bridges are to be constructed over the Root River which is prone to flooding and could cause destruction to the environment. They are asking for time to explore alternative routes. Dale Wille, the landscaper who helped lay out the trail route, was advised to follow the north side of the Root River according to Peterson. Wille, in his deposition, gave as a reason for not following an alternate route the opposition of landowners (meaning other landowners). Peterson also suggested studies be completed to determine what economic impact the trail will have on Preston.

The City

David Joerg noted two motions, one to oppose the continuance and one for a protection order.

Joerg said the fact is that the Court of Appeals has held in favor of the city of Granite Falls and also Mower County in another case over the use of eminent domain to acquire land for a state trail. He added the landowners have admitted issues in this case are similar or the same as in those two cases. Joerg added these two cases, which have been through the appellate courts, "control the law on this case."

Joerg insisted the discovery issue over the Joint Powers Board is irrelevant at this point. He said the landowners have already done a tremendous amount of discovery and have obtained agreement documents between the Joint Powers Board and the DNR. Any continued discovery, according to Joerg, would be to "simply harass, annoy and give us a hard time even though they know it is an irrelevant issue."

Joerg maintained there are two issues to be decided and other issues are irrelevant. First, does the trail serve a public purpose? He contends that is self-evident. Secondly, did the city of Preston properly exercise their power of eminent domain finding a reasonable "necessity" for taking the properties? He said the disputed properties amount to about five acres which are located near the middle of the trail. These are "links in a chain" needed to finish the trail, a trail authorized by the Minnesota State Legislature. He added the other nineteen or twenty landowners had allowed their property to be purchased by 2005.

The Judge

Judge Thompson asked if it makes a difference that these properties are not located in the city of Preston. Joerg responded, "No." The city has the right to exercise eminent domain outside of the city by statute. The judge asked Peterson if he would concede the city has a right to condemn property outside of its city limits. Peterson said that they did, but the statute, in his opinion, was meant for purposes like water towers, water treatment centers, or "some other valid purpose." Peterson insisted the DNR cannot impose eminent domain itself for recreational purposes.

Peterson added they could redesign the route and go around these properties. Thompson asked if there wasn't a direction given to route the trail along the Root River? Peterson responded that he hasn't seen anything that says the trail must go along the Root River, just that it should connect Preston to Forestville State Park.

Peterson again argued that it is important to establish the intent of the Joint Powers Board and that Joerg was the best witness to do so. He asked, "Where does the authority for exercising eminent domain come from, the DNR or the Joint Powers Board?"

Joerg said he would like a tentative hearing date if he didn't oppose the continuance. The judge set a date of about 90 days from this day and would expect that to be a status review hearing. Joerg asked for a protection order during this interim period if the case is continued. Thompson said he would rule on Joerg's motion for a protection order. The judge will give his rulings after July 20. Thompson said he wants to know what the Minnesota Supreme Court decides in their review of the Granite Falls case.

DNR and the Minnesota

Statute 85.015 State Trails

The vision of an all-encompassing state trail system was detailed in the 1999 statute. Subdivision 7 speaks to the Blufflands trail system which would include this proposed trail and many others not yet in the process of either being built or being planned. DNR Trails Manager Craig Blommer suggested the implementation of the trail plans are dependent on community support. When asked if a leg from Forestville State Park to Spring Valley would be the next step if the trail from Preston to the park were a reality, he said either that or a trail to Mystery Cave. However, he made it clear local support would drive further trail development.

Snyder and Ristau

Both families seem to have done extensive research into this issue. John Snyder insisted there are a lot more questions to be answered. Kay Ristau added the trail is to have a total of eleven bridges. Bernadette Snyder emphasized this trail is not being laid on an established railroad bed and was concerned about environmental damage from flooding. She showed me an excerpt from an article in the March 23 Fillmore County Journal where it was noted that the "Central Regional Director of the DNR Joel Stedman suggested if the county decided to make a new crossing across the Root River in Forestville State Park (referring to a replacement for the historic bridge in the park) it would trigger the need for an Environmental Impact Statement (EIS) or some kind of environmental review." It was suggested by their attorney that they intended to petition for an EIS. They also referred to a notice by the DNR in the June 29 issue of the Journal reminding landowners that working within the banks of trout streams can damage water quality and fish habitat.

The families suggest the city of Preston is using their power of eminent domain for economic purposes. They site the \$150,000 that may come from the DNR to purchase the "in town trail." The state of Minnesota amended existing eminent domain laws in 2006 clarifying that "eminent domain may only be used for a public purpose or public use." It goes on to say "public benefits of economic development, including an increase in the tax base, tax revenues, employment, or general economic health, do not by themselves constitute a public use or public purpose."

Snyder acknowledged that he may be paying for this for years if they lose, but noted if the city of Preston loses, by statute the city would be responsible for the landowners' attorney's fees.

Kay Ristau wonders why Preston's city council has not sent a representative to the depositions or the hearing. John Snyder asserted, "We have to stand up; what freedoms will our children and grandchildren have?"

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Western Railroad Discussion > "MN...court affirms acquisition of RR land for trail"

Date: 12/27/07 14:24

"MN...court affirms acquisition of RR land for trail"

Author: rbx551985

Dec. 27 news from RAILWAY TRACK & STRUCTURES Magazine:

Minnesota appeals court affirms acquisition of railroad land for trail

The city of Granite Falls, Minn., can use eminent domain to acquire property alongside a railroad line to develop a recreational trail, the Minnesota Court of Appeals has ruled, according to local newspaper reports. In an opinion published Dec. 24, a three-judge panel affirmed a decision made by District Judge Paul Nelson of Montevideo, Minn., one year ago that allows the city to acquire property alongside the Twin Cities & Western Railroad for a proposed 8.2-mile recreational trail from Granite Falls to Wegdahl.

The city intends to turn the property over to the Minnesota Department of Natural Resources. It will develop and maintain it as a part of the Minnesota River Valley Recreational Trail. It will connect with an existing paved trail that joins Montevideo and Wegdahl.

Three railroads—the Twin Cities & Western Railroad, BNSF and Canadian Pacific Railway—had appealed the District Court's order. The railroads argued that the city could not use eminent domain to acquire property and turn it over to the Minnesota DNR, since the state agency does not have the power of eminent domain. The railroads also asserted that the city had not met the requirements of the state's eminent domain law by failing to negotiate for the purchase of the property. Both of the railroad's arguments were rejected.

The court also pointed to engineering studies conducted for the city showing that the trail could be safely developed alongside the railroad right of way.

[Reply To This Message] [Quote]

Date: 12/27/07 15:26

Re: "MN...court affirms acquisition of RR land for trail"

Author: kushtaka

Pardon my shocked look, but for a second I thought it sounded like you

Des Moines River Valley State Trail Planning

The Des Moines River Valley State Trail is one of Minnesota's newest trails, authorized by the Legislature in 2009. The trail is proposed to generally follow the Des Moines River corridor from the Iowa border through the cities of Jackson and Windom and connect to the **Casey Jones State Trail** in Currie. The trail will link southwestern Minnesota's **Kilen Woods** and **Lake Shetek** state parks, to city and county parks, wildlife preserves and historic sites, and to Iowa's extensive Spirit Lake parks and trails system.

2011 Public Review and Open Houses

The draft master plan is now available for public review, with comments accepted through December, 2011. Two open houses were held in Jackson and Windom, on November 9 and 14.

A third open house is scheduled for **Wednesday, December 7, from 6:30-8:30 p.m.**, at the Municipal Building, 801 Third Street, Currie.

Summaries of open houses and other comments will be posted later in December.

Review the plan

Download the full Draft Master Plan [PDF](#) (6.65 MB) for the Des Moines River Valley State Trail.

Or download the plan by chapter:

1. **Table of Contents** [PDF](#) (429 KB)
2. **Executive Summary and Chapter 1: Planning Process, Vision and Goals** [PDF](#) (1 MB)
3. **Recommended Trail Uses** [PDF](#) (192 KB)
4. **Trail Segments and Connections: Segment 1** [PDF](#) (1.68 MB)
5. **Trail Segments and Connections: Segments 2-3** [PDF](#) (1.03 MB)
6. **Trail Segments and Connections: Segments 4-5** [PDF](#) (2.03 MB)
7. **Trail Management** [PDF](#) (261 KB)
8. **Trail Corridor Resources** [PDF](#) (704 KB)
9. **Implementation and Appendix** [PDF](#) (198 KB)

History

The Friends of Jackson County Trails have been advocating for trail development since 1998, and have worked with Jackson County and the City of Jackson to develop several trail segments within and around the city and several county parks. The group worked with area legislators to advocate for designation of a state trail extending the length of the Des Moines River in Minnesota. The river is already a designated **State Water Trail** and popular canoe route.

The Friends group is now working with DNR staff and with the National Park Service's Rivers and Trails Conservation Assistance program, which is assisting with the visioning and goal-setting process and with outreach to other corridor communities. The DNR is responsible for developing the master plan for the trail.

The master plan must be completed and approved before any funds can be used for trail construction. The specific route for the trail has not yet been determined, and no segments are yet in state ownership. The master plan looks at potential routes within a broad search corridor.

[See map for an overview of this corridor.](#)^[PDF]

A kick-off meeting was held on February 8, 2011 at the DNR Area Office in Windom, attended by over 50 people. The meeting included an overview of the planning process, discussion of the concerns and interests of area landowners and residents, and a visioning exercise. **[Read a summary of meeting comments.](#)**^[PDF]

A steering committee with members from Jackson, Cottonwood and Murray counties and cities in the corridor met several times in spring and fall 2011. Throughout the summer months, the trail planning team focused on spreading the word about the trail. We have staffed display booths at events such as the Cottonwood County Fair, and have met with city and county staff and other interested groups. Please contact us if you would like to schedule a presentation for your group or would like additional information.

More information

Suzanne Rhees, parks and trails planner

Email suzanne.rhees@state.mn.us, phone 651-259-5586

Phil Nasby, parks and trails area supervisor

Email phil.nasby@state.mn.us, phone 507-831-2900 ext. 225

Vicki Robinson, land and development coordinator

Email vicki.robinson@state.mn.us or phone 507-831-2900 ext.223

DES MOINES RIVER VALLEY
STATE TRAIL
MASTER PLAN



Minnesota Department of Natural Resources
Division of Parks and Trails
DRAFT - November 2011



The Minnesota Department of Natural Resources, Parks and Trails Division would like to thank all who participated in this master planning process. Many individuals and groups in trail communities have been working for many years to help establish this trail. The Friends of Jackson County Trails has played a leading role in these efforts and continues to do so. Many DNR staff, city, county, state and federal officials, trail association members and local citizens contributed their time and energy to the planning process as well.

Project Team

- Suzanne Rhees, AICP, Principal Planner
- Phil Nasby, Area Supervisor
- Vicki Robinson, Acquisition and Development Specialist
- Jenny Wood, Conservation Corps of Minnesota Planner

Technical Assistance

- Holly Larson, National Park Service, Rivers, Trails and Conservation Assistance Program
- Emily Shively, National Park Service, SCA/Americorps Fellow

November 2011, Minnesota Department of Natural Resources.

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Table of Contents

Executive Summary	1
1. Planning Process, Vision and Goals	
Planning History	
Why Plan	
The State and Regional Context	
Public Involvement and Partnerships	
Legislative Authorization.....	9
Outdoor Recreation Act	9
Guiding Principles for Sustainable Trails.....	11
Vision and Goals for the Des Moines River Valley State Trail	12
2. Recommended Trail Uses	13
3. Trail Segments and Connections	15
Overview of Potential Trail Alignments	15
Priorities and Sequence of Development.....	16
Criteria for Trail Location.....	16
Segment 1: Iowa Border to City of Jackson.....	16
Segment 1 Communities and Resources.....	21
Iowa Great Lakes Region.....	21
Jackson County Parks.....	23
City of Jackson.....	24
Segment 2: City of Jackson to Kilen Woods State Park.....	27
Segment 2 Communities and Resources.....	30
Belmont County Park.....	30
Scientific and Natural Areas.....	30
Kilen Woods State Park.....	30
City of Lakefield.....	33
Segment 3: Kilen Woods State Park to City of Windom	34
Segment 3 Communities and Resources.....	36
City of Windom	36
Segment 4: Windom to Talcot Lake	40
Segment 4 Communities and Resources.....	40
Pat's Grove County Park.....	42
Talcot Lake County Park.....	42
Talcot Lake WMA	42
Nearby Communities.....	43
Dundee and Kinbrae.....	43
Heron Lake	43
Fulda.....	43
Segment 5: Talcot Lake to Currie	46
Segment 5 Communities and Resources.....	49
Dovray.....	49
Currie.....	49

Lake Shetek State Park.....	50
Avoca.....	50
Slayton.....	50
4. Trail Management.....	52
Projected Trail Use.....	52
Trail Maintenance.....	52
Information and Education.....	53
Trail User Orientation.....	53
Identification of Services.....	54
Trail Courtesy and Safety Information.....	54
Interpretation of Natural and Cultural Resources.....	54
Information and Education Recommendations.....	55
Enforcement.....	55
Recommendations for Enforcement.....	56
5. Trail Corridor Resources.....	57
Ecological Classification System.....	57
Climate.....	58
Vegetation.....	59
Presettlement Vegetation.....	59
Present-Day Vegetation.....	59
Vegetation Management Recommendations.....	61
Water Resources.....	62
Des Moines River.....	62
Tributaries.....	63
Lakes.....	63
Floodplains.....	64
Wetlands.....	64
Water Quality.....	65
Working Lands for Wildlife Initiative.....	65
Shoreland Zoning and Designations.....	66
Water Resource Management Recommendations.....	66
Wildlife.....	67
Mammals.....	67
Birds.....	68
Reptiles and Amphibians.....	68
Fish.....	68
Invertebrates.....	69
Species in Greatest Conservation Need.....	69
Threatened, Endangered and Special Concern Species.....	70
Wildlife and Habitat Recommendations.....	70
Historic and Cultural Resources.....	71
Historical and Archaeological Context.....	71
Presettlement.....	71
Exploration, settlement and agricultural development.....	72
The railroad age and modern industry.....	72
Historic Districts, Buildings and Sites.....	73

Socioeconomic Resources	74
Financial Impacts of Trail Development	75
6. Implementation.....	77
What Happens After the Master Plan is Finished?	77
Actions Local Governments Can Take to Support Trail Development	79

Appendices

Appendix A: Natural Communities and Special Concern, Threatened, or Endangered Species	81
----------------------------------------------------------------------------------------------	----

List of Figures

Fig. 1. State Trail System	7
Fig. 2. Regional Context.....	8
Fig. 3. Trail Segment 1A: Iowa border to City of Jackson.....	17
Fig. 4. Trail Segment 1B.....	18
Fig. 5. Trail Segment 1C.....	20
Fig. 6. Iowa Great Lakes Region.....	22
Fig. 7. City of Jackson	25
Fig. 8. Segment 2: City of Jackson to Kilen Woods State Park	29
Fig. 9. Kilen Woods Detail	32
Fig. 10. Segment 3: Kilen Woods State Park to City of Windom.....	35
Fig. 11. City of Windom.....	37
Fig. 12. Segment 4: Windom to Talcot Lake.....	41
Fig. 13. Nearby Trail Communities.....	45
Fig. 14. Segment 5: Talcot Lake to Currie.....	47
Fig. 15. Presettlement Vegetation	60

Executive Summary

Trail Alignment and Development

The Des Moines River Valley State Trail was authorized by the Minnesota Legislature in 2009. The authorizing legislation states that the trail will generally follow the Des Moines River corridor from the Iowa border through the cities of Jackson and Windom and connect to the Casey Jones State Trail in Currie. The trail will link southwestern Minnesota's Kilen Woods and Lake Shetek state parks, city and county parks, wildlife preserves and historic sites, and connect to Iowa's extensive Spirit Lake parks and trails system.

This plan identifies a search corridor that extends for three miles on either side of the Des Moines River and along the Iowa border to Spirit Lake. The corridor is approximately 70 miles in length and is divided into five segments for the purpose of analysis. Within each segment, the master plan identifies one or more potential alignments for the trail in or near this search corridor.

Since most of the land along the Des Moines River is in private ownership, the trail alignments may follow county or township road corridors. However, it is not envisioned that the trail will be located entirely in or along road rights-of-way. The goal is to find alignments that take trail users away from the road to provide access to scenic views of the river and natural and cultural amenities. The trail must also avoid wetlands, high quality plant communities, and other sensitive resources. Land acquisition from willing sellers will be necessary in order to accomplish this goal.

Recommended Trail Uses

The trail will accommodate the range of uses found on most state trails, including bicycling, walking and running, dog walking, and in-line skating. Other uses may include cross-country skiing, access for fishing, and environmental education/ interpretation. Horseback riding, snowmobiling and hunting will be generally allowed except where regulated or prohibited by community ordinance or state park rules and regulations. (Most state trails are open to snowmobiles, either on a separate treadway or sharing the paved surface. Some trails include segments of separate natural-surface treadways used for horseback riding.)

Limitations of width, landowner agreements and land use restrictions may dictate that not all recommended uses can be accommodated at all times for the entire length of the trail. Additional alternative trail alignments will be pursued as necessary to accommodate proposed uses. Trail development will be accessible to people with disabilities wherever possible.

Trail Management

The plan contains recommendations for maintenance, enforcement, and interpretation of natural and cultural resources. Trail maintenance is critical to provide and sustain the quality experience trail users expect and appreciate.

The plan recommends that an adequate level of enforcement be provided via a multifaceted approach, to help maintain a safe and secure trail environment. It is also a goal to encourage trail users to understand and obey trail rules, respect other trail users and respect adjoining properties.

Natural and Cultural Resources

The ecological value of the trail corridor will be enhanced wherever possible through intensive resource management. The vegetation within the trail right-of-way will be managed to provide a healthy diversity of native woodland, wetland, and prairie communities for wildlife habitat and for the enjoyment of trail users and adjoining landowners. Native flowers, grasses, trees and shrubs that are consistent with the natural plant communities of the area will be planted and managed. Areas disturbed during construction will be seeded with native plants. Cultural resources will be preserved and managed for interpretive purposes. Some native plant community management may include cooperative efforts with adjacent land owners. Trail users will have opportunities to experience the history of the region through existing historical and proposed interpretive sites.

DRAFT

1. Planning Process, Vision and Goals

The Des Moines River Valley State Trail Master Plan was prepared by the Minnesota Department of Natural Resources, Division of Parks and Trails, with assistance from the National Park Service Rivers, Trails and Conservation Assistance Program, Friends of Jackson County Trails, and the Des Moines River Valley Trail Steering Committee.

Planning History

The Des Moines River Valley State Trail was authorized by the Minnesota Legislature in 2009. This step marked the culmination of over a decade of work by the Friends of Jackson County Trails and local governments.

The initial impetus for trail development in Jackson County was an effort by a group of tourism professionals in Jackson County and the Belmont Foundation to develop a trail near the Fort Belmont site south of I-90. Participants organized as the Friends of Jackson County Trails and toured over 90 miles of the county in search of trail routes. With the participation of the Jackson County Highway Department and the City of Jackson, trail development began. Today the county trail system includes four completed trails and at least three additional trails in the planning stage. Completed trails (shown in Figures ___ and ___) are located in the City of Jackson and adjacent to the Iowa border, connecting to the Spirit Lake area trail system.

The Friends group began to imagine a future trail system that would connect to Kilen Woods State Park and potentially to the Casey Jones Trail. The group worked with area legislators to advocate for designation of a state trail extending the length of the Des Moines River in Minnesota. The river is already designated as a State Water Trail used for canoeing and canoe camping between the Minnesota-Iowa border and Talcot Lake County Park, a distance of 68 river miles.

Following the state trail designation in 2009, Friends of Jackson County Trails applied for and received technical assistance from the National Park Service's Rivers, Trails and Conservation Assistance Program. NPS is working with DNR on trail planning and meeting facilitation, with an emphasis on building awareness and support for the trail and local planning capacity.

Why Plan?

Master planning for state trails is conducted in order to:

- Provide a unifying vision for trail advocates who are working to secure a trail alignment and funds for development and maintenance of the trail.
- Guide the development, management, maintenance and operation of the trail so that quality recreational, transportation and healthful exercise opportunities are provided.

- Provide a forum for open public discussion concerning trail use and trail development options, trail maintenance and management issues, and trail operations and enforcement needs.
- Support partnerships and processes that will help execute the plan and contribute to providing quality trail opportunities.
- Assess the projected impacts of trail development on natural, cultural and historic resources in the area as well as the impacts on local communities.
- Satisfy the requirement of Minnesota Statutes, Section 86A.09, which requires that a master plan be prepared for state trails.

The State and Regional Context:

The Legacy Plan

The trail master plan is being developed within the context of a major statewide planning effort: the *Parks and Trails Legacy Plan; A 25-Year Long-Range Plan for Minnesota*, completed in early 2011. The plan was mandated by the Minnesota Legislature to help guide how funds from the Clean Water Land and Legacy Act (the "Legacy Amendment") should be spent for parks and trails of regional significance. The Legacy Plan process has helped to identify those parks and trails in Southwest Minnesota that meet "state and regional significance" criteria, and has provided a method for identifying and addressing the recreational needs and preferences of each region.¹

The University of Minnesota's Center for Changing Landscapes conducted a Parks and Trails Inventory as part of the Legacy Plan process for each region of the state. Southwest Minnesota is considered part of the South Region. The inventory identified Loon Lake and Robertson County Parks in Jackson County as being of regional significance (see inventory maps in Appendix _). The South Region was identified as having relatively fewer built trails in its western half compared to the eastern portion of the region, which includes the relatively dense Blufflands Trail system. The report recommends regional strategies that include the following:

- Create a parks/trails/byway network that uses scenic byways as interim connections between parks and communities, "standing in" for as yet unbuilt state trails;
- Use road construction projects to help build trails;
- Strengthen water trails by improving facilities and increasing visibility.

¹ Center for Changing Landscapes, University of Minnesota. 2011. *Minnesota's Network of Parks & Trails: Framework and Summary Inventory*.

The Southwest Minnesota Trail Corridor Plan Update

The Southwest Regional Development Commission, serving the nine counties in southwest Minnesota, prepared a regional trail plan in 1999 and updated it in 2011. The plan establishes trail development priorities for each county, identifies existing and potential trailheads, and identifies project partners, funding resources, and other resource information for trail planning.

The plan includes the 2010 regionally prioritized list of trail projects in Southwest Minnesota. The Des Moines River Valley Trail, Jackson County segment, is the third highest priority project, while the Cottonwood County segment is eighth on the priority list. (Completion of the Casey Jones State Trail segment west of Lake Shetek State Park in Murray County received the highest score on the regional priorities list.)

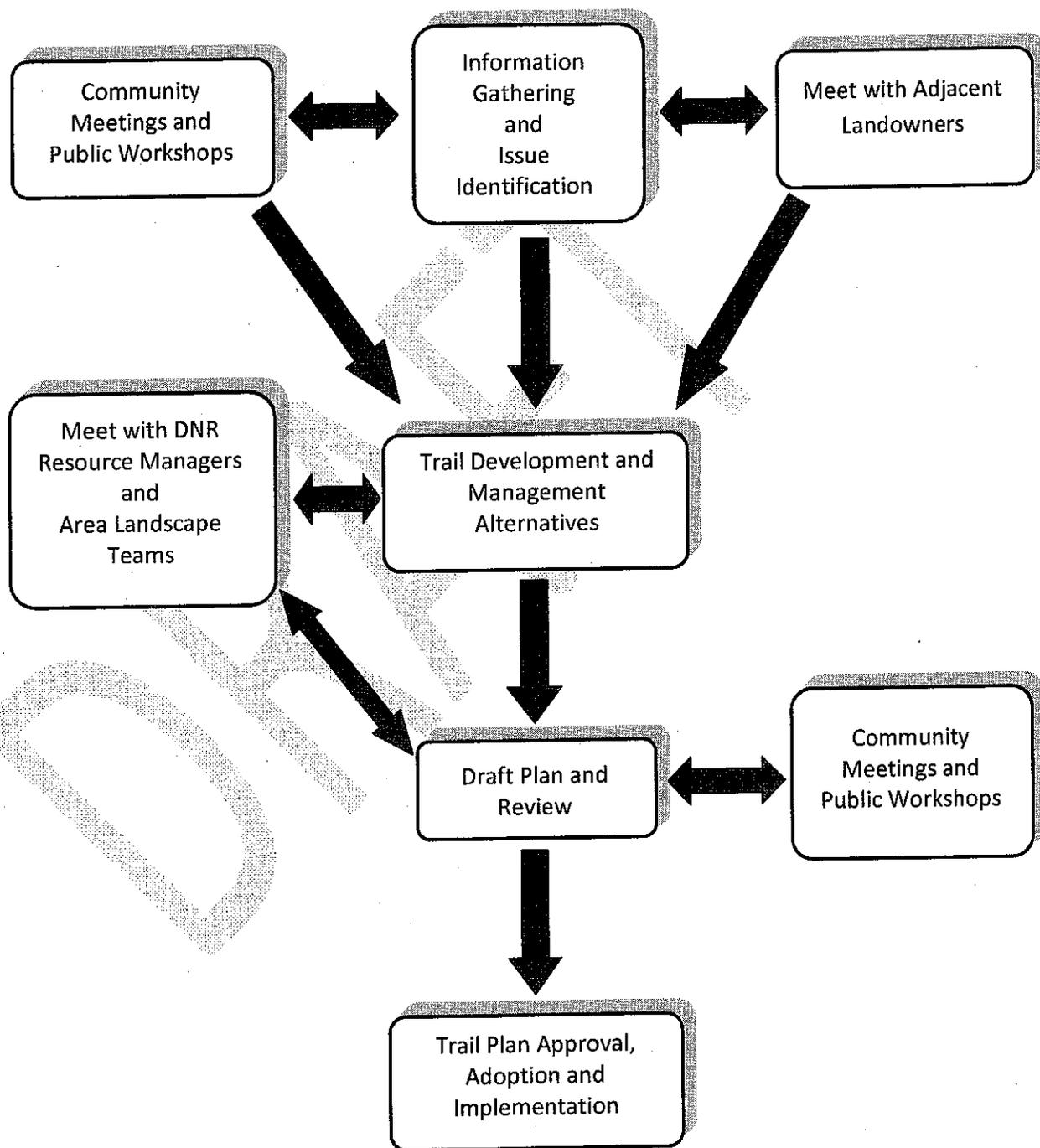
Public Involvement and Partnerships

The state trail planning process began in fall of 2010 with site visits and meetings among DNR, NPS, Friends of Jackson County Trails, Jackson County public works staff, and other interested citizens. These participants began publicizing the project to the other counties and communities in the trail search corridor. A kick-off meeting was held on February 8, 2011 at the DNR Area Office in Windom, attended by over 50 people. The meeting included an overview of the planning process, discussion of the concerns and interests of area landowners and residents, and a visioning exercise.

A steering committee was organized, with members from Jackson, Cottonwood and Murray counties and cities in the corridor, and met twice in the spring of 2011. The committee focused on creating a vision statement for the trail and on assessing potential trail routes and connections. Throughout the summer months, the trail planning team focused on spreading the word about the trail, with display booths at events such as the Cottonwood County Fair, the End-o-Line Park Open House, and a number of events in Jackson. Planners met with city and county staff, chambers of commerce, economic development agencies, and other interested groups.

Open houses to review the draft plan are currently scheduled for November and December 2011. [TO BE UPDATED FOLLOWING PUBLIC REVIEW]

Trail Planning Process





Minnesota State Trails

Existing and legislatively authorized (2011)
With major regional trails



Des Moines River Valley State Trail: Trail Search Corridor and Regional Connections



Legend

- Minnesota State Trails
- Authorized Undeveloped State Trails
- Trail Search Corridor
- Minnesota Water Trails
- State Parks
- Scientific and Natural Areas
- Wildlife Management Areas
- USFWS Waterfowl Production Areas
- Iowa Parks and Conservation Areas
- Interstates
- Federal Trunk Highways
- State Trunk Highways
- Railroads

Legislative Authorization:

The trail shall originate in Jackson County at the Minnesota-Iowa border and connect with the Dickinson Trail in Mini-Wakan State Park in Iowa. To the greatest extent possible, the trail shall follow the Des Moines River Valley, extending northwesterly through Cottonwood County to Kilen Woods State Park, through Cottonwood County, and into Murray County. The trail shall terminate at Casey Jones Trail in Murray County. 85.015 Subd. 27 MN Statutes.

DNR Division of Parks and Trails
October 2011

Legislative Authorization

The Des Moines River Valley State Trail was authorized by the Minnesota Legislature in 2009 (Minnesota Statutes, Chapter 85.015). The legislation is as follows:

Subd. 27. Des Moines River Valley State Trail. The trail shall originate in Jackson County at the Minnesota-Iowa border and connect with the Dickinson Trail in Mini-Wakan State Park in Iowa. To the greatest extent possible, the trail shall follow the Des Moines River Valley, extending northwesterly through Jackson County to Kilen Woods State Park, through Cottonwood County, and into Murray County. The trail shall terminate at Casey Jones Trail in Murray County. 85.015 Subd. 27 MN Statutes.

Outdoor Recreation Act

The Des Moines River Valley State Trail is one of the legislatively authorized state trails in the Minnesota State Trail System (see Figure 1). State trails are one unit of the state's outdoor recreation system established by the Legislature. In 1975, the Minnesota Legislature enacted the Outdoor Recreation Act (ORA) (Minnesota Statutes, Chapter 86A.05, Subdivision 4 and Chapter 85.015). This act established an outdoor recreation system comprised of eleven components or "units" classifying all state-managed recreation lands. The ORA requires that the managing agency prepare a master plan for the establishment and development of each unit. This plan fulfills this mandate. The Des Moines River Valley State Trail meets the following criteria established for state trails in the ORA:

- a. *A state trail shall be established to provide a recreational travel route which connects units of the outdoor recreational system or the national trail system, provides access to or passage through other areas which have significant scenic, historic, scientific, or recreational qualities or reestablishes or permits travel along an historically prominent travel route or which provides commuter transportation.*
- b. *No unit shall be authorized as a state trail unless its proposed location substantially satisfies the following criteria:*
 1. *permits travel in an appropriate manner along a route which provides at least one of the following recreational opportunities:*
 - (i). *travel along a route which connects areas or points of natural, scientific, cultural, and historic interest;*

There is a rich diversity of natural, scientific, cultural and historical resources along the Des Moines River Valley trail corridor, as illustrated by the sampling below:

- In Jackson County, a cluster of three regionally significant county parks, Anderson, Brown and Robertson, around Loon and Pearl Lakes
- Village of Petersburg – creamery and town hall in a scenic rural setting

- The Jackson Commercial Historic District, County Courthouse, and other historic buildings – cultural and visitor attractions
- Historical sites of interest, including the former townsites of Brownsburg and Big Bend, historic buildings at Pat's Grove County Park, and the original Fort Belmont site
- Kilen Woods State Park – steep ravines, oak savanna, prairie and river bottom meadows
- Three Scientific and Natural Areas (SNAs) – Des Moines River Prairie, Holthe Prairie, and Prairie Bush Clover – include outstanding examples of hill prairies, calcareous fens, and shrub swamps
- In Windom, the historic county courthouse and courthouse square, plus other cultural and visitor attractions
- In Cottonwood County, Talcot Lake and Pat's Grove county parks, both with water access; the former has camping and other facilities
- Lake Shetek State Park – remnants of tallgrass prairie, wooded ravines, lakes and sloughs; history of early exploration and settlement; WPA/Rustic Style Historic District and Group Camp
- Historic railroad turntable and collected historic buildings in End-o-Line Park, Currie.

(ii) travel through an area which possesses outstanding scenic beauty;

The trail will be situated in the agricultural landscape of the upper Great Plains, offering striking contrasts between the rolling farmland of the uplands, the deep wooded ravines of creek and river valleys, and the vast shallow lakes and marshes that provide critical waterfowl habitat. Remnant and restored prairies provide glimpses of the landscape prior to European-American settlement.

(iii) travel over a route designed to enhance and utilize the unique qualities of a particular manner of travel in harmony with the natural environment;

The trail will be designed, where possible, to provide views of the landscape and particularly of the river valley. The segment between Jackson and Windom is particularly scenic, as the river flows between wooded bluffs 100 to 200 feet in height.

Additionally, the trail will afford biker, hikers, and wildlife enthusiasts a way to safely enjoy the scenery and cultural and natural amenities by separating slower-paced trail users from faster-paced highway users.

(iv) travel along a route which is historically significant as a route of migration, commerce, or communication;

The proposed trail corridor traverses an area shaped by successive eras of settlement and transportation, from riverboat, horse and oxcart to the era of the railroads. While the trail search corridor generally does

not follow former railroad routes, it crosses many such routes and links small communities created or shaped by the railroads in the late 1800s.

(v) travel between units of the state outdoor recreation system or the national trail system; and

The Des Moines River Valley State Trail will eventually link Kilen Woods and Lake Shetek state parks, the Casey Jones State Trail, regional trails and natural areas. It will provide a scenic route paralleling and providing access to the Des Moines River, a designated State Water Trail for much of its length. It will also provide a connection to the Great Lakes region of northwestern Iowa, with numerous state parks, trails and natural areas.

2. *Utilizes, to the greatest extent possible consistent with the purposes of this subdivision, public lands, rights-of-way, and the like;*

Public land will be used when trail development is compatible with management objectives of the administering agency. State, county, and township road rights-of-way may also be used.

3. *Provides maximum potential for the appreciation, conservation, and enjoyment of significant scenic, historical, natural, or cultural qualities of the areas through which the trail may pass; and*

Overlooks and interpretive facilities are proposed to increase trail users' appreciation and understanding of the natural and cultural resources of the area. Plant community restoration projects, wildlife habitat improvement projects, and development of environmental education information are all projects that could benefit trail users.

The trail corridor can be a corridor for both habitat and recreation, across landscapes developed for agricultural, commercial, and residential use. The ecological value of the corridor could be enhanced by working to restore healthy native plant communities.

4. *Takes into consideration predicted public demand and future uses.*

The master plan evaluates and uses current research on existing trail use, demand for trail opportunities, demographic data and recreational trends. Current demographic data is taken into account, as well as information gathered at public workshops and through other avenues of public participation.

Guiding Principles for Sustainable Trails

Guiding principles for ecologically sustainable trails, developed by DNR, provide the underlying rationale for actions related to protecting, restoring, and managing natural environments associated with trail development. There are seven core principles:

1. Avoid sensitive ecological areas and critical habitats.
2. Develop trails in areas already influenced by human activity.
3. Provide buffers to protect sensitive ecological and hydrologic systems.

4. Use natural infiltration and best practices for stormwater management.
5. Provide ongoing stewardship of the trails and adjoining natural systems.
6. Ensure that trails remain sustainable.
7. Formally decommission and restore unsustainable trail corridors.²

Applications of these principles will minimize the impact of trails on natural resources and sensitive ecological systems. Importantly, the strict application of these guiding principles has to be balanced against the need to locate trails where they will be of high recreational value to the targeted users, who often want to be close to nature, enjoy beautiful scenes, and observe wildlife. This is an important consideration and underscores the need for resource managers, trail designers, and other interested individuals to work together to determine which values are the most important for any given trail alignment.

Vision and Goals for the Des Moines River Valley State Trail

Vision

The Des Moines River Valley State Trail is a multi-use interstate trail that provides recreational opportunities for visitors and residents, and connects communities to existing parks, trails, historical sites, and natural points of interest in Southwest Minnesota in order to promote active and healthier lifestyles.

Goals

- Improve the quality of life for local residents of all ages.
- Provide a safe way to recreate, and to commute to work or school.
- Attract visitors, promote tourism and showcase the scenic, historic and natural assets and amenities of Southwest Minnesota.
- Encourage tourism related businesses, such as lodging and retail services.
- Design, construct, and maintain the trail in a way that enhances the natural environment and minimizes trail users' impact.
- Restore and manage plant communities, wildlife, soil and water resources in a manner appropriate to the landscape setting.
- Provide access for a wide range of people with varying degrees of capabilities, including those with disabilities.
- Develop and maintain the trail so that impacts on adjacent landowners are avoided or minimized.
- Coordinate land management activities with adjacent land owners when possible and appropriate.

² MN DNR, *Trail Planning, Design and Development Guidelines*. 2007.

Segment 3: Jackson County North – Kilen Woods State Park to City of Windom

Points of Interest

This segment is similar in character to Segment 2, with the river flowing in a wooded valley between steep bluffs, bordered by agricultural land. One river access point, the Christiania Bridge at County Highway 30, includes a picnic area and a canoe-in campsite a short distance downstream. County Highway 30 provides the only river crossing between Kilen Woods State Park and U.S. Highway 71 just south of Windom. Two Scientific and Natural Areas in this segment preserve significant native plant communities:

- **Holthe Prairie SNA** is located on the east side of the Des Moines River Valley a short distance north of Kilen Woods State Park. This 148-acre SNA has the largest known calcareous seepage fen in the Des Moines River Valley, along with a hill prairie from which over 60 species of native forbs have been documented. A small population of the federally threatened prairie bush clover is also found at the site. The combination of native fen indicator species, tall and dry prairie grasses, and many wildflowers make a summer visit to this unusual site an interesting and colorful expedition. A total of 94 bird species have been recorded in the SNA.
- **Des Moines River Prairie SNA** is located on the east side of the river just north of the Christiania (County 30) Bridge. This 210-acre high quality hill prairie is home to numerous prairie plant species, including one of the largest known populations of the federally threatened prairie bush clover. The prairie bush clover is now rare, its dry gravelly hill prairie habitat largely destroyed. A member of the pea family, prairie bush clover is silvery green in color, with narrow, clover-like leaves, and pale pink to cream colored flowers that bloom briefly in mid-July. Other prairie plants include bird's foot violets, puccoon, finger tickseed, blazing stars and wild bergamot. Several old fields on the site are being planted with seeds collected from the site to provide better habitat for native plant and animal species. Trees that have grown up in the absence of wildfires are also being removed to enhance the prairie community. Future prescribed burns will keep trees from recolonizing the site in the future.

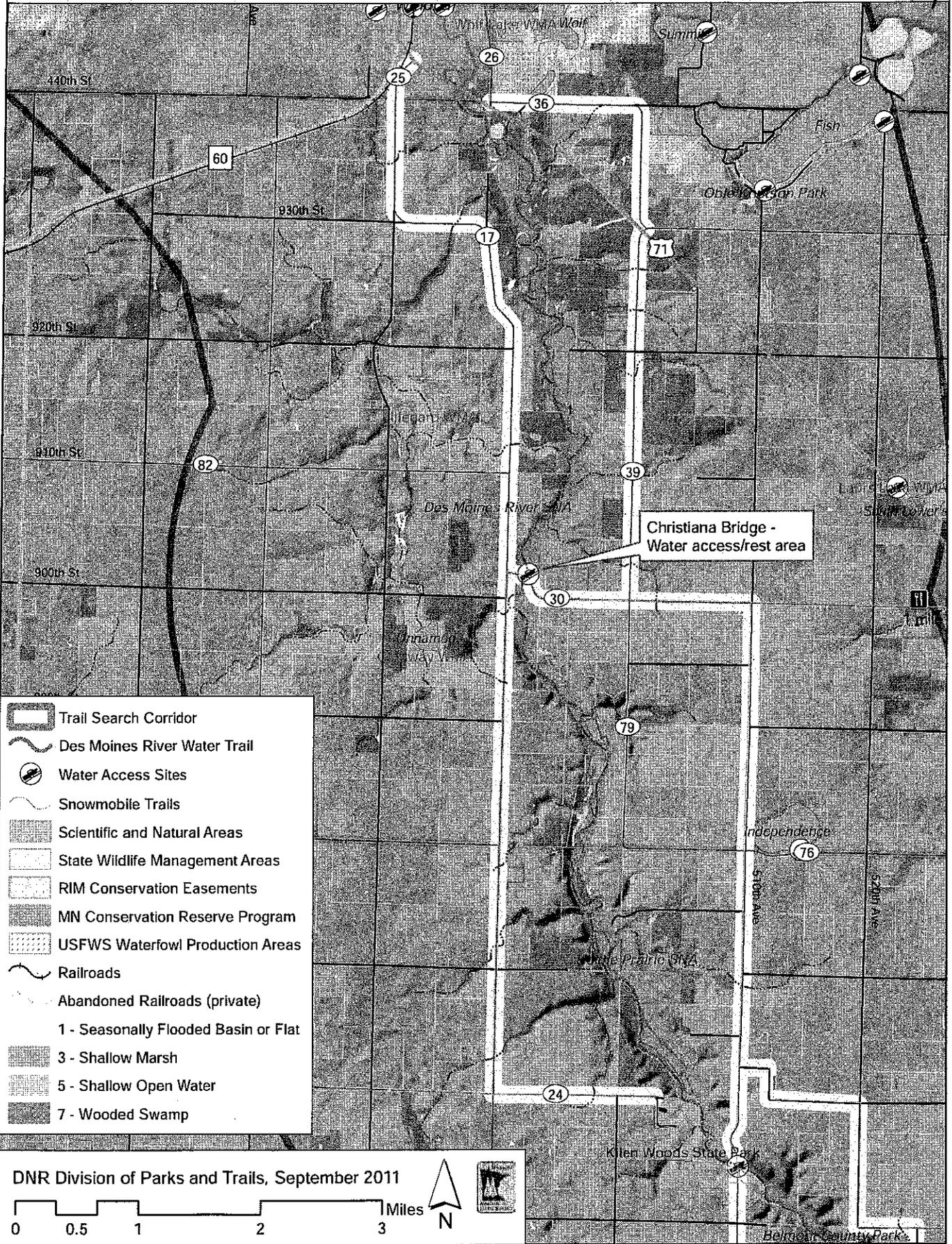
Alternative Trail Alignments

As discussed under Segment 2, County Highway 17 provides the most direct north-south route between Kilen Woods State Park and the southern edge of the city of Windom. Highway 17 turns west and continues north, crossing the county line to become Cottonwood County Highway 25, which intersects with Trunk Highway 71. As discussed below, finding a viable route through Windom that avoids Highway 71 traffic is challenging.

An alternative alignment on the east side of the Des Moines River could parallel 510th Avenue/ County Highway 79 past Lake Independence, then north along County Highway 39 to the county line. County Highway 36 runs east-west to Cottonwood County Highway 26, which could provide a route into the city that

Des Moines River Valley State Trail: Segment 3 - Kilen Woods to Windom

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	Trail Search Corridor
	Des Moines River Water Trail
	Water Access Sites
	Snowmobile Trails
	Scientific and Natural Areas
	State Wildlife Management Areas
	RIM Conservation Easements
	MN Conservation Reserve Program
	USFWS Waterfowl Production Areas
	Railroads
	Abandoned Railroads (private)
	1 - Seasonally Flooded Basin or Flat
	3 - Shallow Marsh
	5 - Shallow Open Water
	7 - Wooded Swamp

DNR Division of Parks and Trails, September 2011



Bellevue County Parks

avoids the high-speed traffic of Trunk Highway 71. On the other hand, this route would require crossing Highway 71 about one mile south of the city boundary.

As shown in Figure __, much of the farmland along Highway 39 is restricted by easements for the Conservation Reserve Program. As these easements near their expiration dates, possibilities should be explored for negotiating trail alignments along property or field boundaries or less productive farmland.

Segment 3 Communities and Resources

City of Windom

The city of Windom is the county seat of Cottonwood County and is located approximately 20 miles upstream from Jackson along the Des Moines River, which flows through the center of town. The river and many surrounding lakes provide many recreational opportunities including boating, canoeing and fishing.

History

Cottonwood County was established on May 23, 1857. The only inhabitants in the area prior to settlement were Native Americans, specifically the Dakota tribe. Early settlers of Cottonwood County were a mix of Yankees and immigrants with diverse ethnic heritages.

Windom was named by Gen. Judson W. Bishop of St. Paul in honor of William Windom, a state senator and Secretary of Treasury under Presidents Garfield and Harrison. The village was platted in 1871 by A.L. Beach, an engineer of the Sioux City and St. Paul Railroad. Plats for other towns along the railroad, such as Worthington in Minnesota and Sibley in Iowa, were laid out the same as Windom, with a central square surrounded by business lots. But Windom was the only village to place a courthouse on the central square, and one of only two Minnesota county seats to follow this pattern (the other one is Preston).

About a dozen lots were sold on the first day of sales for \$100 each. By August of that year, many stores were open for business including a hardware store, a saloon, two bakeries, a grocery store, a meat market, among others. Windom was named the county seat of Cottonwood County in 1872.

The first school house was built in 1873 and the first lessons were taught there in the winter of 1873-1874. A flouring mill was built in 1878 along with a mill dam. The dam consistently washed out and was replaced in 1885 by a dam made of brush, hay and gravel. By 1890, Windom's population had reached 835 and in 1900 it was 1,944.

Windom Today

Windom's 2010 population was 4,646. Its location at the junction of US Highway 71 and Minnesota Highway 60 makes it a transportation hub for the region. The City has a diverse economy including agriculture, manufacturing, medical care and adult care facilities. Manufacturing is the largest industry in Windom, employing over 25% of the work force. The Toro Company, a lawn

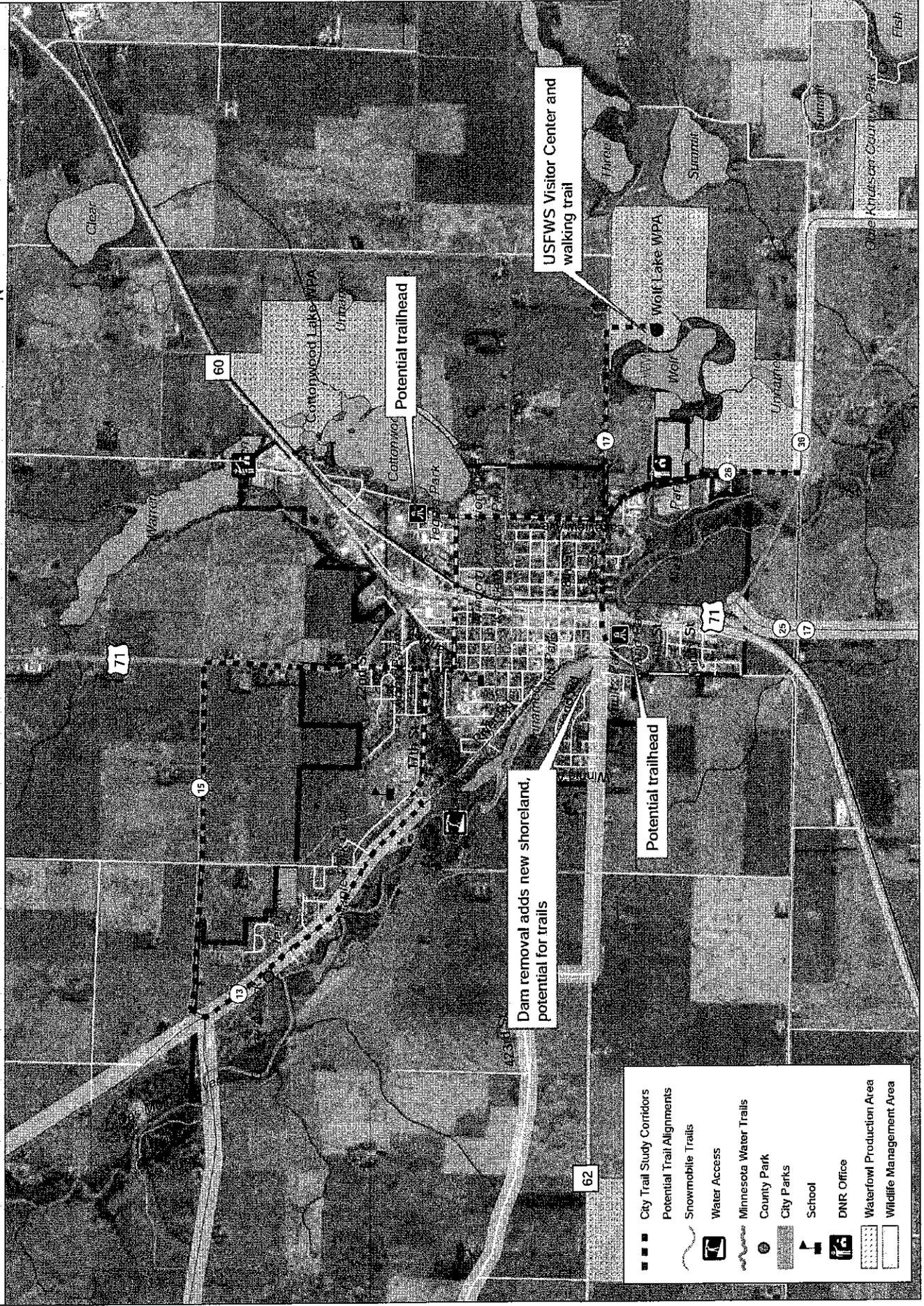


DNR Division of Parks and Trails
October 2011

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Des Moines River Valley Trail: City of Windom



Potential trailhead

Dam removal adds new shoreland,
potential for trails

Potential trailhead

USFWS Visitor Center and
walking trail

- City Trail Study Corridors
- Potential Trail Alignments
- Snowmobile Trails
- Water Access
- Minnesota Water Trails
- County Park
- City Parks
- School
- DNR Office
- Waterfowl Production Area
- Wildlife Management Area

mower manufacturer, and a meat-packing plant, PM Windom, are major employers.

The city's 14 parks, the Des Moines River, and Cottonwood Lake offer many recreational opportunities within the city, including camping and canoeing. Wolf Lake Walking Trail, a three-quarter-mile walking and nature trail is located just east of Windom on County Road 17. Parking is available at the US Fish and Wildlife Service office.

Local events in Windom include a weekly farmers' market, the Cottonwood County Fair, and Riverfest, a weeklong celebration in mid-June that includes a softball tournament, turtle races, live music, a parade and fireworks, among other activities.

Trail users can find opportunities for lodging in Windom's campground or various hotels. There are also many different restaurants and a grocery store. Windom has a variety of retail opportunities including department stores, gift shops, antique shops, and a flower shop. The Cottonwood County Courthouse, located in the heart of Windom, is listed on the National Register of Historic Places.

Windom offers many recreational amenities including 14 parks covering 124 acres. The Windom Recreation Area has three softball fields, a baseball field, soccer field, and over a mile of walking trails. Island Park, located along the Des Moines River, has a camping area and a community pool that is open during the summer months. Kastle Kingdom, a 10,000 sq ft playground, and a skateboard park are other popular attractions. A disc golf course was recently developed in Mayflower Park, located on the east side of the river. The U.S. Fish and Wildlife Service Visitor Center, located just east of Wolf Lake, includes a three-quarter mile walking trail, located in a Waterfowl Production Area.

In addition to its parks, Windom is also home to the Cottonwood County Fairgrounds, which includes the Windom Arena, a multi-purpose facility containing racquetball courts, two ice rinks, and an indoor batting cage and golf driving range. Racquetball and wallyball tournaments, youth hockey games, figure skating lessons, broomball and open skating are held at the Arena. During the summer, the facility hosts horse shows, auto shows, county fair activities, and other special events.

The Windom dam, located on the Des Moines River in Island Park, originally built in 1878, has periodically washed out and been rebuilt until 2007, when the abutment washed out and the dam failed. The city worked with the DNR, the U.S. Army Corps of Engineers, and an engineering firm conducted feasibility studies looking at both repairing and removing the dam. The city is currently moving ahead with plans to remove the dam and ultimately replace it with a series of rock riffles, similar to the Jackson dam project.

The Jeffers Petroglyphs Historic Site is located about fifteen miles north of Windom in northern Cottonwood County. Over 2,000 images have been drawn in the rock that was worn smooth by glaciers 14,000 years ago. The carvings show depictions of bison, turtles, elk, salamanders, human stick figures, thunderbirds, and weapons such as atlatls, spear points, arrowheads, and

lances. The oldest drawings are roughly 7,000 to 9,000 years old. The exposed rock is approximately 150 ft by 600 ft and is surrounded by virgin prairie. The Jeffers Petroglyphs site is listed on the National Register of Historic Places and is maintained by the Minnesota Historical Society. The visitor center has interpretive and hands-on exhibits and offers many educational events and programs.

Trail Routes and Potential Trailheads in Windom

As mentioned above, bringing a trail into the city from the south is challenging, because of the alignment of Highway 71, which enters the city from the southeast, and of Highway 60, which enters from the southwest in tandem with an active railroad line. As a result, the only potential routes into the city must cross Highway 71 at some point.

Several potential trail routes, sidewalks and on-street bike routes through the city are being studied by city and county park and planning staff. As shown in Figure __, these include County Roads 26 and 17, Lakeview Avenue, 6th Street, 16th and 17th Streets, and County Roads. The state trail and/or local trails should provide access to city parks and schools, and to the USFWS Visitor Center and walking trail. The city has received a Safe Routes to School grant to improve walking and biking access to the Windom Area High School, located on 17th Street. The results of these studies and initiatives will help to determine an alignment for the state trail through the city.

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Segment 4: Windom to Talcot Lake

Points of Interest

This segment, which spans Cottonwood County, is quite different in landscape character from segments 2 and 3, where the Des Moines River runs generally north-south. Through Cottonwood County, the river makes a large bend – as indicated by place names such as Great Bend Township – from north to south as one travels upstream. Hills and broad floodplains are found along the river in the eastern half of the county; the landscape becomes flatter to the west. Heron Lake drains a large subwatershed, and the Heron Lake Outlet contributes much of the Des Moines River's flow.

The remains of several historic sites are located within the river valley, but none have been restored or interpreted.

One site of potential recreational and historic value is Pat's Grove County Park, located where the Heron Lake Outlet joins the main channel of the Des Moines River. Talcot Lake County Park, located at the western edge of this segment, is developed for seasonal recreational use, and would serve as an important rest stop (see descriptions below).

Alternative Trail Alignments

One of the challenges to be considered in this segment is the lack of nearby services. Depending on the chosen alignment, the nearest services for over 15 miles may be located in one of the small towns near the corridor – Heron Lake, Dundee or Kinbrae (see discussion under "Communities").

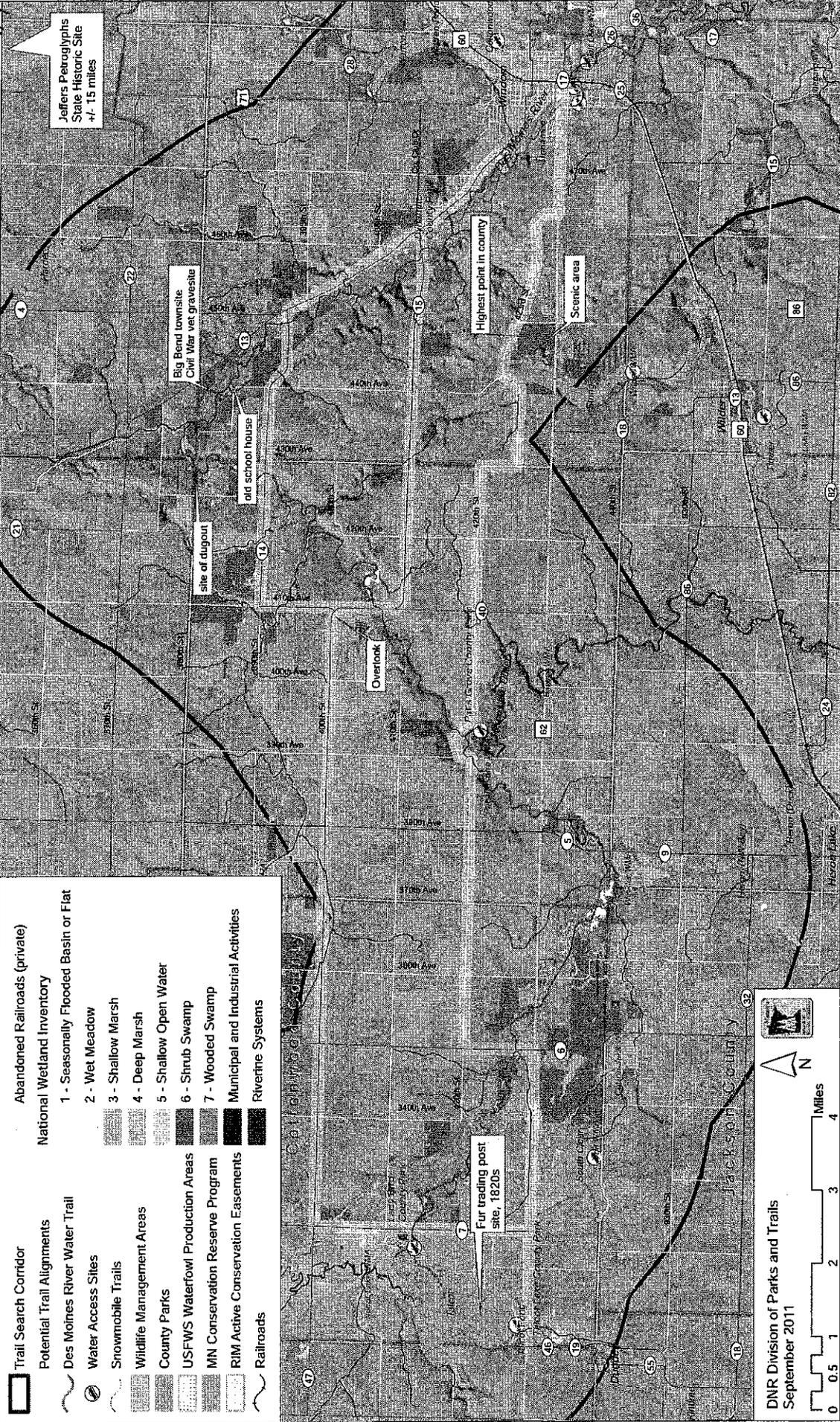
A related issue is which points of interest should be accessed by the trail. Pat's Grove, while currently undeveloped, seems to have great potential as a rest stop and trailhead. Trunk Highway 62 leads to a pair of township roads, 423rd Street and 420th Street, which provide access to the park and also offer a scenic route through a gently rolling wooded area between the String Lakes. This route offers the most direct access to Talcot Lake County Park. However, the presence of extensive wetlands along Highway 62 near Talcot Lake could present challenges for a trail alignment.

Another option is a longer route that more closely follows the "great bend" of the Des Moines River. This alignment could follow County Highways 14 and 15 (continuing as 400th Street), connecting to County Highway 7, leading south to Highway 62 and Talcot Lake County Park. This route would provide better views of the river valley but is considerably longer and more distant from services.

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Des Moines River State Trail: Segment 4: Windom to Talcot Lake

	Trail Search Corridor		Abandoned Railroads (private)
	Potential Trail Alignments		National Wetland Inventory
	Des Moines River Water Trail		1 - Seasonally Flooded Basin or Flat
	Water Access Sites		2 - Wet Meadow
	Snowmobile Trails		3 - Shallow Marsh
	Wildlife Management Areas		4 - Deep Marsh
	County Parks		5 - Shallow Open Water
	USFWS Waterfowl Production Areas		6 - Shrub Swamp
	MN Conservation Reserve Program		7 - Wooded Swamp
	RIM Active Conservation Easements		Municipal and Industrial Activities
	Railroads		Riverine Systems



DNR Division of Parks and Trails
September 2011

Segment 4 Communities and Resources

Pat's Grove County Park

The site has an interesting history, having been settled as early as 1866 by Pat Conlan, one of the region's earliest settlers. A stone house on the property, built in 1878, is assumed to be the remains of an unfinished flour mill, with walls more than a foot thick and 20 feet tall. Two log cabins are also located on the site. The park includes large stands of black walnut and basswood, providing habitat for a diversity of birds and wildlife. This county park is currently maintained in a primitive condition. An entrance road and a basic canoe launch site provide access to the Heron Lake Outlet, but there are no sanitary or other facilities.

Talcot Lake County Park

Talcot Lake County Park started as a hunting preserve on state-owned land in 1957. In 1976 it was leased to the Cottonwood County Park System for development and maintenance under the DNR's guidance. In 1975, the County purchased 30 acres adjacent to the state-owned leased property. A LAWCON/LCMR grant provided for park facility development. The county and the DNR recently undertook a joint shoreline restoration project along the southwest shore of Talcot Lake adjacent to the county-owned land. This state-owned property now serves as a public access and day use area. The park now occupies 40 acres and includes:

- 67 camping sites with water and electricity
- Tenting areas
- Shelter house
- Picnic tables and grills
- Bathrooms with shower facilities
- Swimming area with sandy beach
- Playground area
- Sand volleyball
- Camper dump station

The park is open from early May through the fall. [???

Talcot Lake WMA

This WMA is comprised of 4,676 acres, and includes Talcot Lake and its marshes, bottomlands along the west branch of the Des Moines River, and adjacent grassland and cropland. This unit has been historically important for migrating waterfowl. The WMA includes a wildlife sanctuary where hunting and trespassing are prohibited, and a waterfowl refuge where no waterfowl hunting is allowed. Hunting options include: deer, small game, pheasant, waterfowl, and doves. Facilities include wheelchair-accessible blinds



CONNECTING & INNOVATING
SINCE 1913

COPY

November 4, 2011

Steve Nasby
City Administrator
PO Box 38
Windom, MN 56101

Dear Mr. Nasby:

As requested, enclosed is The League of Minnesota Cities' proposal for codification of the city ordinances. As part of the League's Codification Services Program, American Legal Publishing who is the codification consultant to the League, will assist the League by performing the editorial and publishing aspects of the codification project. **The League's experience in codifying Minnesota municipal ordinances is unmatched. We currently provide codification services to over 200 Minnesota cities.** Although the old city code is 633 pages, in the contract, I provided for a new code of 700 pages to take into account growth that would occur in the recodification process, including adding new ordinances.

A recodification includes incorporating new ordinances, updating the index and tables as needed, reformatting the pages into a new typestyle, including single or dual column print, and printing complete copies of the entire code book. It also includes a legal review and written report by one of our staff attorneys. The review will uncover inconsistency between sections in the code and inconsistency with the code and state statutes. Additionally, there might be some reorganization and renumbering of the code if necessary. New binders and divider tabs are included in the price. There is also the option to receive the new code on CD in Folio and have it on the internet.

In future years, new ordinances can be easily added to your code with American Legal's supplement services. And, when you need a model ordinance, simply call us; we don't charge for providing model ordinances. You can also search all codes on our internet site free of charge when you feel like looking for models yourself.

Should you have any questions about the proposal, please call us.

Sincerely,

RAY BOLLHAUER,
ALP Staff Attorney

(800/445-5588)
rbollhauer@amlegal.com

DUKE ADDICKS,
LMC Special Counsel and Codification Attorney

(615/281-1221)
addicks@lmnc.org

If signing contract, please return to Ray at: American Legal Publishing
432 Walnut Street, 12th Fl.,
Cincinnati, OH 45202

CODIFICATION SERVICES AGREEMENT

November 4, 2011

The City of Windom, Minnesota ("City") and the League of Minnesota Cities and its codification consultant, American Legal Publishing Corporation, (jointly known as "Codifier"), agree as follows:

I. THE CODIFIER SHALL:

- (1) Examine the City's prior code of ordinances and all ordinances or resolutions provided by the City which have been passed since the last codification, and determine which materials are to be codified.
- (2) Classify all materials into titles, chapters, and sections, according to subject matter.
- (3) Update all provisions to reflect current statutory and case law requirements.
- (4) Simplify language where appropriate to provide uniformity of style and to convert to gender neutral language wherever possible.
- (5) Suggest new provisions which the City should consider including in the new code, and delete old provisions which are no longer necessary or which might be improper or unlawful.
- (6) Organize the code in an easy to use manual which utilizes a numbering system that allows for the easy insertion of future ordinances.
- (7)
 - (a) Prepare title, chapter, and section headings.
 - (b) Prepare a legislative history for each section, citing the ordinance number and date of passage, as indicated on copies of ordinances supplied to the Codifier.
 - (c) Prepare a table of contents and sectional analysis for each chapter.
 - (d) Prepare an index (which will be created after the first draft of the Code is submitted).
- (8) Within six months of the execution of this contract and return of the code questionnaire, prior code and new ordinances by the City, submit to the city a draft of the code with a legal report prepared by American Legal with the assistance of the League's Attorney.
- (9) When the City either returns to American Legal its answers to the legal report with any additional comments about the draft, or completes the legal conference, it shall be deemed authorization by the City to the Codifier to finish editing and publish the code in final form. Any further changes, additions, or deletions shall be made in the future supplements to the code in accordance with paragraph III (3) of this Agreement.
- (10) Within three months of receipt of authorization as indicated in paragraph (9), the Codifier will deliver 15 printed copies of the code meeting the following specifications:
 - (a) Type to be single or dual column, at the option of the City.
 - (b) Page size to be 8½" x 11".
 - (c) All copies to be in hard leather-like covered, 3-ring, loose leaf binders. All binders shall have the City's name stamped in gold and shall contain divider tabs.

- (11) Deliver to the City a sample ordinance that can be used to adopt the new code. In addition, upon request, the Codifier will provide a copy of the completed code on CD-ROM in WordPerfect or Microsoft Word at no additional charge.

II. THE CITY SHALL:

- (1) Provide clear copies of all materials necessary to perform the codification, including a copy of any previously published code of ordinances, ordinances passed since the code was last updated, City Charter if applicable, and completed code questionnaire.
- (2) After receipt of the draft and legal report described in paragraph I (8), the City shall have 60 days to review the draft and report and to return to the Codifier its answers to the legal report. In the alternative, if the City opts for the legal conference described in paragraph III (1), it must contact the Codifier's Staff Attorney within 60 days to set up a meeting date. The meeting, itself, need not occur within the same 60 day period. If the City is unable to either return its comments and answers to the legal report within 60 days or, if applicable, to set up a meeting date, the City may request that the Codifier extend the deadline in writing. The Codifier may adjust the contract price to cover any increased costs due to the City's delay, including applying a supplement editing rate to incorporate new ordinances, resolutions or changes to the code not previously provided to the Codifier within the 60 day time period - even if an extension is granted. Should the City abandon the project prior to completion, it will be billed for a total of 80% of the base price.
- (3) Pay the following sums:
- a) The sum of \$15,000 (plus shipping/handling) for codification, payable as follows:
- 10% down payment due upon acceptance of this agreement;
- 60% of the balance upon receipt of the first draft and legal report;
- The remaining balance upon receipt of the printed code books.
- (4) The base price above is based upon a code of the following number of pages according to the format option of the City. Should the final number of code pages exceed or be less than the estimate by more than 5%, the base price will increase or decrease accordingly at the time of final invoice:

FORMAT	NUMBER OF PAGES	DECREASE OR INCREASE
8½" x 11" Single-column page	700	\$18 per page beyond 5%
8½" x 11" Dual-column page	585	\$22 per page beyond 5%

- (5) Pay any invoices within 30 days of the invoice date. Invoices outstanding beyond the 30 day period shall be subject to a late payment equal to 1.5% of the unpaid balance per month, or part thereof.

III. OPTIONAL SERVICES.

The City, by the initials of the person signing the agreement, chooses the following options:

INITIAL

(1) Legal Conference: _____

The Codifier's Staff Attorney (or the League's attorney if requested by the City) will meet with City representatives to review the draft of the code and legal report. The City will pay for the Staff Attorney's travel expenses from Cincinnati, Ohio (or the League's attorney's expenses from St. Paul, Minnesota), including meals and lodging expenses, and this charge is in addition to the base contract price. There is no additional charge for phone conferences.

(2) Code Format:

Print style (circle one): Single-column or Dual-column

(3) Three year supplemental service plan: _____

For a period of three years after delivery of the code:

(a) The Codifier shall:

1. Incorporate into the code new pertinent ordinances submitted by the City.
2. Revise or make additional entries to the table of contents and index as necessary to reflect the incorporation of additional, changed or deleted material.
3. Within 45 days, deliver to the City 15 printed copies of supplemental pages with an instruction sheet for directing the placement of the new pages in the code.

(b) The City shall:

1. Provide a copy of ordinances or resolutions passed subsequent to publication of the previous code supplement;
2. Pay to the Codifier the sum of \$18 per single column page or \$22 per dual column page which is re-printed for the supplement, plus shipping/handling.

(c) Upon completion of the three-year period, this agreement shall automatically renew itself from year to year except that either party may alter or cancel the terms of this agreement at any time upon ninety days written notice.

(4) Additional Copies of Code: number of copies _____ (with binders: Yes or No) _____

The Municipality may purchase additional codes at: \$75 per copy or \$55 without a binder.

(5) Code in Word Processing Program: _____

At no additional charge, the Codifier will provide the code on CD in one of the following formats (*circle one*):

WordPerfect or Microsoft Word compatible (formatting might be slightly different than in WordPerfect file used to create code)

(6) Code on Searchable CD and Internet using Folio Search and Retrieval program:

- (a) The codifier shall provide the City's code in the Folio format on CD with complete instructions and one copy of a manual for \$750. _____

Additional CD's are \$10 each + \$50 license fee (\$60 each): # _____ CDs

- (b) Future Supplements of Folio Code: _____
(cost is in addition to editing charge for printed pages)

- Annual update: \$195 includes up to 100 pages
- Six month updates: \$150 for each 6 month period; includes up to 75 pages
- Quarterly updates: \$100 for each quarter, includes up to 50 pages

- Excess pages charged at \$1.95 each

- (c) Additional License Fees for a one-time fee of \$50 each: _____
Order: # _____ of additional licenses

- (d) Code on the Internet (after Folio conversion) at \$375 per year: _____

(7) Pamphlets:

- (a) Pamphlets, sized for 8½" x 11" copy, containing component parts of the Code, with a cardstock cover, may be ordered:
(*circle desired topic and insert number of copies*):

Traffic/General Offenses Code # of copies _____

Zoning Code # of copies _____

Subdivision # of copies _____

All Land Use Regulations # of copies _____

- (b) Cost:

1-50 copies of pamphlet — 7½ cents per printed page
51-99 copies of pamphlet — 7 cents per printed page
100 or more copies of pamphlet — 6½ cents per printed page

- (c) Optional 3-ring binders (\$15 each) _____

IV. TRANSMITTAL AS OFFER:

The transmittal of this Agreement to the City is an offer by the Codifier to perform the stated services at the terms referenced within the Agreement. This offer will expire if not executed by the City by January 31, 2012, unless such date is extended in writing by the Codifier.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date(s) indicated:

CITY OF WINDOM, MN

**LEAGUE OF MINNESOTA CITIES AND
AMERICAN LEGAL PUBLISHING**

BY _____

BY _____

TITLE _____

TITLE _____

DATE _____

DATE _____

Return signed contract to:

Ray Bollhauer
American Legal Publishing
432 Walnut Street, 12th Fl.
Cincinnati, OH 45202

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	SPRINGSTED, INC	SERVICE	3,845.13
	Total for Department 101		3,845.13*
CITY OFFICE	MN LABOR LAW POSTER	POSTERS	62.75
CITY OFFICE	STEVE NASBY	EXPENSE	76.03
CITY OFFICE	SELECTACCOUNT	ADM FEE	89.67
	Total for Department 103		228.45*
CITY HALL	MN ENERGY RESOURCES	HEATING	358.84
	Total for Department 115		358.84*
POLICE	AT & T	USAGE CHARGES	199.76
POLICE	MN COUNTY ATTORNEYS	BOOK	19.37
POLICE	KEVIN L. PATTERSON	CABLE FOR CAR	16.02
POLICE	ITL PATCH COMPANY, I	BRASS FOR OFFICER	41.15
	Total for Department 120		276.30*
FIRE DEPARTMENT	WINDOM FARM SERVICE	MAINTENANCE	859.79
	Total for Department 125		859.79*
STREET	MN ENERGY RESOURCES	HEATING	75.07
STREET	WINDOM FARM SERVICE	MAINTENANCE	277.77
	Total for Department 140		352.84*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	64.00
	Total for Department 145		64.00*
	Total for Fund 01		5,985.35*
LIBRARY	MN ENERGY RESOURCES	HEATING	42.92
LIBRARY	WALL STREET JOURNAL	SUBSCRIPTION	409.40
	Total for Department 171		452.32*
	Total for Fund 03		452.32*
AMBULANCE	BUCKWHEAT JOHNSON	EXPENSE	39.55
AMBULANCE	Verizon Wireless	TELEPHONE	97.95
AMBULANCE	ALLAN REMPEL	EXPENSE	77.38
	Total for Department 176		214.88*
	Total for Fund 13		214.88*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	8,713.20
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	5,317.39
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	6,214.10
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	418.09
LIQUOR	JOHNSON BROS.	MERCHANDISE	5,400.62
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	1,959.00
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	3,292.97
LIQUOR	SOUTHERN WINE & SPIR	MERCHANDISE	408.15
LIQUOR	VINOCOPIA, INC	MERCHANDISE	191.50

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	WINDOM AREA CHAMBER	BUSINESS INVESTMENT	280.00
LIQUOR	BANK MIDWEST	NSF CHECK - RIVERBEND LI	30.00
		Total for Department 180	32,225.02*
		Total for Fund 60	32,225.02*
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
WATER	MCLAUGHLIN & SCHULZ,	MAINTENANCE	1,452.25
		Total for Department 181	1,621.00*
		Total for Fund 61	1,621.00*
	MICHAEL ANDRE	REFUND-UTILITY PREPAYMEN	300.00
		Total for Department	300.00*
ELECTRIC	MARV GRUNIG	EXPENSE	77.70
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
		Total for Department 182	246.45*
		Total for Fund 62	546.45*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	168.75
SEWER	MN ENERGY RESOURCES	HEATING	226.21
		Total for Department 183	394.96*
		Total for Fund 63	394.96*
ARENA	FERRELLGAS	GAS	102.60
ARENA	MN LABOR LAW POSTER	POSTERS	62.75
ARENA	P.M. REPAIR & DETAIL	TIRE & MOUNTING REPAIR	805.23
		Total for Department 184	970.58*
		Total for Fund 64	970.58*
ECONOMIC DEVELOPMENT	SUBWAY	EXPENSE	38.48
ECONOMIC DEVELOPMENT	WINDOM AREA CHAMBER	ANNUAL MTG DINNER	5.00
		Total for Department 187	43.48*
		Total for Fund 67	43.48*
TELECOMMUNICATIONS	BOND TRUST SERVICE C	2009B TEMP OB EQUIP BOND	19,800.00
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	506.25
TELECOMMUNICATIONS	MLB NETWORK	SUBSCRIBER	332.91
TELECOMMUNICATIONS	DAN OLSEN	EXPENSE	1,233.84
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	7.93
TELECOMMUNICATIONS	RFD TV	SUBSCRIBER	192.35
TELECOMMUNICATIONS	JEREMY ROLFES	MILEAGE	104.34
TELECOMMUNICATIONS	JEREMY ROLFES	SERVICE INTERNET	50.94
		Total for Department 199	22,228.56*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
		Total for Fund 69	22,228.56*
		LAW ENFORCMENT LABOR UNION DUES	252.00
	LOCAL UNION #949	UNION DUES	1,537.98
		Total for Department	1,789.98*
		Total for Fund 70	1,789.98*
		Grand Total	66,472.58*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	BEIM CONSULTING	WEB SITE REDESIGN	149.42
	Total for Department 101		149.42*
CITY OFFICE	BEIM CONSULTING	WEB SITE REDESIGN	149.42
CITY OFFICE	HY-VEE FOOD STORE	MERCHANDISE	49.12
CITY OFFICE	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		6.50
CITY OFFICE	STEVE NASBY	EXPENSE	241.54
	Total for Department 103		446.58*
P & Z / BUILDING OFF	BEIM CONSULTING	WEB SITE REDESIGN	149.42
P & Z / BUILDING OFF	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		6.50
	Total for Department 106		155.92*
POLICE	BEIM CONSULTING	WEB SITE REDESIGN	149.42
POLICE	DONNA MARCY	EXPENSE	74.89
POLICE	INTOXIMETERS	SUPPLIES	101.53
POLICE	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		22.50
POLICE	Verizon Wireless	SERVICE FOR LAPTOPS	78.08
POLICE	FLEET SERVICES DIVIS LEASE CAR		2,217.74
	Total for Department 120		2,644.16*
FIRE DEPARTMENT	AMOCO OIL COMPANY	GAS	61.84
FIRE DEPARTMENT	BEIM CONSULTING	WEB SITE REDESIGN	149.42
FIRE DEPARTMENT	MANKATO MOBIL - ALPH MAINTENANCE		1,386.88
FIRE DEPARTMENT	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		6.50
FIRE DEPARTMENT	Verizon Wireless	SERVICE FOR LAPTOPS	52.04
FIRE DEPARTMENT	MUNICIPAL EMERGENCY SERVICE		37.80
	Total for Department 125		1,694.48*
EMERGENCY MANAGEMENT	MANKATO MOBIL - ALPH MAINTENANCE		247.50
EMERGENCY MANAGEMENT	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		200.00
	Total for Department 130		447.50*
STREET	BEIM CONSULTING	WEB SITE REDESIGN	149.42
STREET	MANKATO MOBIL - ALPH MAINTENANCE CONTRACT		6.50
	Total for Department 140		155.92*
RECREATION	BEIM CONSULTING	WEB SITE REDESIGN	149.42
	Total for Department 150		149.42*
PARKS	BEIM CONSULTING	WEB SITE REDESIGN	149.42
PARKS	BROWN-NICOLET COMMU LICENSE		143.40
	Total for Department 165		292.82*
	Total for Fund 01		6,136.22*
LIBRARY	BEIM CONSULTING	WEB SITE REDESIGN	149.42
LIBRARY	HGTV MAGAZINE	SUBSCRIPTION	15.00
	Total for Department 171		164.42*
	Total for Fund 03		164.42*

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
	MELVIN DUERKSEN	CITY HALL CEMENT WORK	6,905.00
	Total for Department		6,905.00*
	Total for Fund 04		6,905.00*
AMBULANCE	BEIM CONSULTING	WEB SITE REDESIGN	149.42
AMBULANCE	BLUE CROSS/BLUE SHIE	REFUND-	418.64
AMBULANCE	TIM HACKER	EXPENSE	22.00
AMBULANCE	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
AMBULANCE	Verizon Wireless	SERVICE FOR LAPTOPS	78.06
	Total for Department 176		674.62*
	Total for Fund 13		674.62*
MULTI-PURPOSE BUILDI	BROWN-NICOLLET COMMU	LICENSE	147.00
MULTI-PURPOSE BUILDI	HY-VEE FOOD STORE	MERCHANDISE	35.13
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	467.62
	Total for Department 177		649.75*
	Total for Fund 14		649.75*
	DALE FRIESEN	SCDP REFUND	491.76
	Total for Department		491.76*
SCDP	SW MN HOUSING PARTNE	DEED FISCAL	2,767.00
	Total for Department 163		2,767.00*
	Total for Fund 17		3,258.76*
LIQUOR	BEIM CONSULTING	WEB SITE REDESIGN	149.42
LIQUOR	BEVERAGE WHOLESALERS	BEVERAGES	4,961.20
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,661.95
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	9,253.75
LIQUOR	JOHNSON BROS.	MERCHANDISE	3,385.12
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	1,886.83
LIQUOR	SOUTHERN WINE & SPIR	MERCHANDISE	996.37
LIQUOR	WINE MERCHANTS	MERCHANDISE	175.25
	Total for Department 180		23,469.89*
	Total for Fund 60		23,469.89*
WATER	BEIM CONSULTING	WEB SITE REDESIGN	149.42
WATER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.34
WATER	HY-VEE FOOD STORE	MERCHANDISE	12.66
WATER	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
WATER	MN ENERGY RESOURCES	HEATING	497.90
WATER	P.M. REPAIR & DETAIL	TIRE CHANGING MACHINE	50.28
	Total for Department 181		927.35*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount

Total for Fund 61			927.35*
ELECTRIC	AMOCO OIL COMPANY	GAS	530.65
ELECTRIC	BEIM CONSULTING	WEB SITE REDESIGN	149.44
ELECTRIC	CENTRAL MINNESOTA MU	CIP SERVICE ASSESSMENT	4,083.00
ELECTRIC	CENTRAL MINNESOTA MU	POWER COST	121,376.25
ELECTRIC	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.34
ELECTRIC	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	151.17
ELECTRIC	MN ENERGY RESOURCES	HEATING	19.88
ELECTRIC	BANK MIDWEST	NSF CHECK	246.72
ELECTRIC	CHAPMAN METERING LLC	INSPECTION W/TEST	466.00
Total for Department 182			127,240.20*
Total for Fund 62			127,240.20*
SEWER	AMOCO OIL COMPANY	GAS	393.62
SEWER	BEIM CONSULTING	WEB SITE REDESIGN	149.42
SEWER	DATA-PAC MAILING SYS	MAIL METER RENTAL	52.25
SEWER	MICHEAL HAUGEN	EXPENSE	60.00
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	158.33
SEWER	MANKATO MOBIL - ALPH	MAINTENANCE CONTRACT	6.50
SEWER	MN ENERGY RESOURCES	HEATING	42.75
Total for Department 183			862.87*
Total for Fund 63			862.87*
ARENA	AMOCO OIL COMPANY	GAS	100.35
ARENA	BEIM CONSULTING	WEB SITE REDESIGN	149.42
ARENA	MN ENERGY RESOURCES	HEATING	534.55
ARENA	BANK MIDWEST	NSF CHECK	64.00
Total for Department 184			848.32*
Total for Fund 64			848.32*
ELECTRIC FUND			
LOAN PAYMENT TO ELEC SPE			733.72
FULDA AREA CREDIT UN SPEC BLDG LOAN			1,800.74
Total for Department			2,534.46*
ECONOMIC DEVELOPMENT	BEIM CONSULTING	WEB SITE REDESIGN	149.42
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	215.77
ECONOMIC DEVELOPMENT	FULDA AREA CREDIT UN	SPEC BLDG LOAN	1,559.26
ECONOMIC DEVELOPMENT	MARK HANSON	EXPENSE	334.39
Total for Department 187			2,258.84*
Total for Fund 67			4,793.30*
TELECOMMUNICATIONS	BEIM CONSULTING	WEB SITE REDESIGN	609.26
TELECOMMUNICATIONS	DATA-PAC MAILING SYS	MAIL METER RENTAL	156.75

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	474.99
TELECOMMUNICATIONS	HY-VEE FOOD STORE	MERCHANDISE	22.39
TELECOMMUNICATIONS	CENTURY LINK	DIRECTORY LISTING	249.46
	Total for Department 199		1,512.85*
	Total for Fund 69		1,512.85*
	AFLAC	INSURANCE	356.20
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDMO1	1,202.00
	MN BENEFIT ASSOCIATI	INSURANCE	256.57
	Total for Department		1,814.77*
	Total for Fund 70		1,814.77*
	Grand Total		179,258.32*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	CITIZEN PUBLISHING C	SUBSCRIPTION	43.00
CITY OFFICE	STEVE NASBY	EXPENSE	153.84
CITY OFFICE	QUILL CORP	SUPPLIES	102.55
CITY OFFICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.40
		Total for Department 103	319.79*
CITY HALL	MN DEPT OF LABOR & I	BOILER INSPECTION	10.00
		Total for Department 115	10.00*
POLICE	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
		Total for Department 120	10.18*
RECREATION	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
		Total for Department 150	10.18*
PARKS	MN DEPT OF NAT RES-	DNR DAM PERMIT FEE	150.00
PARKS	SEH	WINDOM DAM PROJECT	9,924.46
		Total for Department 165	10,074.46*
		Total for Fund 01	10,424.61*
LIBRARY	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	5.09
		Total for Department 171	5.09*
		Total for Fund 03	5.09*
	TRANSCEND UNITED TEC	TELEPHONES	4,818.06
		Total for Department	4,818.06*
		Total for Fund 04	4,818.06*
	TKDA ENGINEERS	'22 AIRPORT LAYOUT PLAN	12,838.16
		Total for Department	12,838.16*
		Total for Fund 11	12,838.16*
POOL	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	5.09
		Total for Department 175	5.09*
		Total for Fund 12	5.09*
AMBULANCE	TIM HACKER	EXPENSE	63.59
AMBULANCE	MARK MARCY	EXPENSE	24.52
AMBULANCE	MN EMERGENCY MED SER	FORMS	37.80
AMBULANCE	PETERSON JEWELRY	PLAQUE & ENGRAVING	47.70
AMBULANCE	KIM POWERS	EXPENSE	43.64
AMBULANCE	MELVIN KING	REFUND- AMBULANCE	334.41
		Total for Department 176	551.66*
		Total for Fund 13	551.66*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MULTI-PURPOSE BUILDI	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	10.18
		Total for Department 177	10.18*
		Total for Fund 14	10.18*
LIQUOR	JOHNSON BROS.	MERCHANDISE	1,484.83
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,045.45
LIQUOR	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
LIQUOR	BANK MIDWEST	NSF CHECK	25.00
		Total for Department 180	3,575.64*
		Total for Fund 60	3,575.64*
	TRANSCEND UNITED TEC	TELEPHONES	369.50
	WENCK ASSOCIATES, IN	2012 6TH ST/RIVER RD PRO	1,366.50
		Total for Department	1,736.00*
WATER	AMUNDSON DIG	MAINTENANCE	270.00
WATER	BOLTON & MENK, INC.	SERVICE	2,430.00
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	155.21
WATER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
WATER	WENCK ASSOCIATES, IN	LANDFILL	2,237.91
		Total for Department 181	5,113.48*
		Total for Fund 61	6,849.48*
	TRANSCEND UNITED TEC	TELEPHONES	612.91
	JESSICA HANSEN	REFUND-UTILITY PREPAY	300.00
	VONDA LAPOINTE	REFUND-UTILITY PREPAYMEN	300.00
	STAN WENDLAND	REFUND - UTILITY PREPAYM	300.00
		Total for Department	1,512.91*
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	155.21
ELECTRIC	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	20.36
		Total for Department 182	175.57*
		Total for Fund 62	1,688.48*
	BOLTON & MENK, INC.	SERVICE	5,602.51
	TRANSCEND UNITED TEC	TELEPHONES	369.50
	WENCK ASSOCIATES, IN	2012 6TH ST/RIVER RD PRO	1,366.50
		Total for Department	7,338.51*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	155.21
SEWER	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	32.56
		Total for Department 183	187.77*
		Total for Fund 63	7,526.28*
ARENA	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	18.32

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount

		Total for Department 184	18.32*
		Total for Fund 64	18.32*
ECONOMIC DEVELOPMENT	EHLERS & ASSOC., INC	SERVICE	1,662.50
		Total for Department 187	1,662.50*
		Total for Fund 67	1,662.50*
		INTERNAL REVENUE SER EXCISE TAX POSTING	7.62
		TRANSCEND UNITED TEC TELEPHONES	928.00
	KYLE LESSMEIER	REFUND- STATEMENT CREDIT	5.62
	ROBERT MCKERNAN	REFUND - STATEMENT CREDI	5.17
		Total for Department	946.41*
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBER	40.69
TELECOMMUNICATIONS	CREATIVE DESIGN	SERVICE	945.00
TELECOMMUNICATIONS	DISH NETWORK	SERVICE	3,400.00
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.95
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	465.62
TELECOMMUNICATIONS	CENTURY LINK	TELEPHONE EXPENSE	104.97
TELECOMMUNICATIONS	TOSHIBA FINANCIAL SE	LEASE/MAINTENANCE CONTRA	30.54
TELECOMMUNICATIONS	RHODA JOHNSON	REFUND-STATEMENT CREDIT	35.42
TELECOMMUNICATIONS	KYLE LESSMEIER	REFUND- STATEMENT CREDIT	129.09
TELECOMMUNICATIONS	ROBERT MCKERNAN	REFUND - STATEMENT CREDI	113.26
		Total for Department 199	5,308.54*
		Total for Fund 69	6,254.95*
		Grand Total	56,228.50*



CONNECTING & INNOVATING
SINCE 1913

Date: November 23, 2011
To: LMCIT Members and Agents
From: Pete Tritz, LMCIT Administrator
RE: **2011-12 Coverage Changes, Rates, and Dividends**

The League of Minnesota Cities Insurance Trust (LMCIT) Board has approved rates and several coverage changes for the 2011-12 underwriting year. In addition, members of the property/casualty program will share in a \$12 million dividend this year; workers' compensation members will share in a \$6 million dividend. Following is a summary.

Property/Casualty Premium Rates, Effective November 15, 2011

- Property rates will increase 3 percent.
- All other coverages remain the same as 2010.

Workers' Compensation Premium Rates, Effective January 1, 2011

- Overall premium rates will increase 2 percent.
- Rates for volunteer firefighters will increase an additional 2 percent. These rates are based on population served, rather than payroll, and therefore lag all other class rates essentially by the amount of annual wage inflation. This slight increase will allow volunteer firefighter rates to stay in line with other job classes.
- Volunteer accident coverage rates will decrease 13 percent.

Dividends

- Property/casualty members will share in a \$12 million dividend. The dividend will be distributed during mid-December 2011 to those who are property/casualty members as of December 1, 2011.
- Workers' compensation members will share in a \$6 million dividend. The dividend will be distributed during mid-April 2012 to those who are workers' compensation members as of April 1, 2012.

Coverage Changes

There are a number of changes in LMCIT's liability, property, and other coverages for the 2011-12 underwriting year. Changes will be effective for property/casualty coverage written or renewed on or after November 15, 2011. Please see page four for more information.

*829,918
Windom*

Premium Rates

The rate changes taking place this year don't mean members' actual premiums will necessarily increase or decrease by these exact amounts. Actual premiums are also affected by changes in city expenditures, property values, payrolls, other exposure measures, and experience rating.

Property/Casualty

Members with renewals on or after November 15, 2011 will see a 3 percent property rate increase.

Property and liability losses are the biggest pieces of LMCIT's expense picture, and play a large role in determining total premium costs paid by member cities.

When LMCIT sets premium rates, the average experience over the past several years is used to project how much loss to expect in the future. The increase in property rates for the coming year reflects the higher loss experience in the 2010 and 2011 underwriting years. In addition, lower market interest rates mean we're generating less interest revenue from investments. That revenue now has to come instead from premiums.

For the coming year, a somewhat smaller contingency margin was built into the rates than in the past few years. In effect, it means that we're relying a little more on the accumulated fund balance, and a little less on the premium revenues, for the funds we'd draw on if losses in the coming year should turn out to be more than projected.

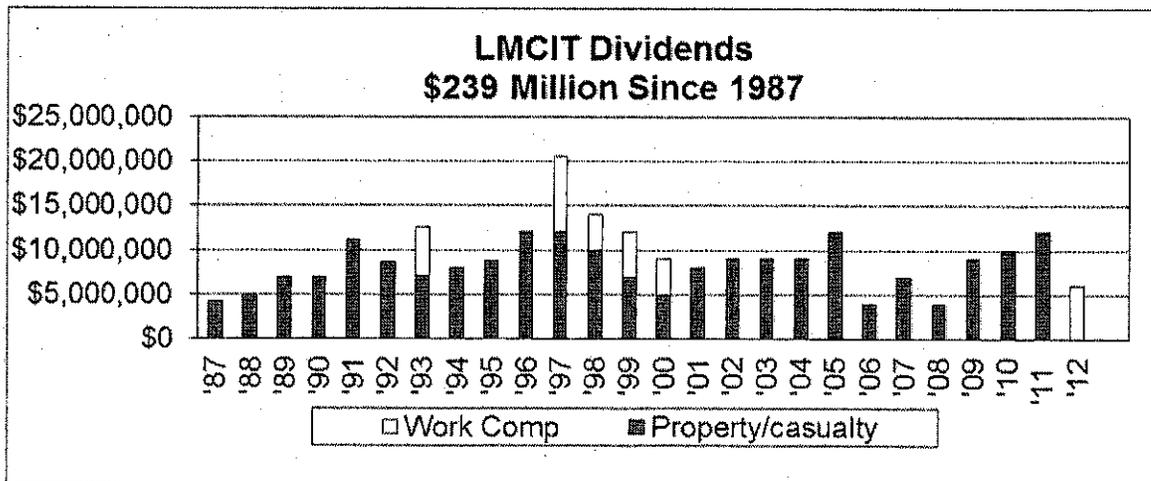
Workers' Compensation

Members with renewals on or after January 1, 2012 will see a 2 percent rate increase.

The 2 percent rate increase for 2012 is basically driven by two main factors: First, medical costs continue to rise much faster than wages or general inflation. Medical costs now make up 60 percent of LMCIT's total workers' compensation loss costs, and are increasing at a rate of about 9 percent per year. The second factor is declining investment income. Investment income provides about 20 percent of the workers' compensation program's revenue. Lower market interest rates have affected LMCIT's investment income, and the result is that those dollars now have to be made up from premiums.

Dividends

Members of the property/casualty program will share in a \$12 million dividend this year, bringing the total amount of returned property/casualty dividends since 1987 to \$206 million. Members of the workers' compensation program will share in a \$6 million dividend. The total amount of returned workers' compensation dividends since 1987 is \$33 million.



Property/Casualty

The \$12 million property/casualty dividend will be distributed during mid-December 2011 to those who are property/casualty members as of December 1, 2011.

The dividend formula will be the same as that used during the past several years. According to the formula, a city's share is proportionate to the difference between the city's total earned premiums and total incurred losses for all years the city has been a member, with large individual losses capped for purposes of the formula. This approach recognizes cities that have been long-time members and that have been most successful in avoiding and controlling losses.

LMCIT experienced a significant run of large property losses from both storms and fires during the second half of 2010 and the first half of 2011. Specifically, total property losses during that time were about \$18 million, with 12 events accounting for approximately \$13.4 million of that total. Because of this string of expensive property claims, we had initially anticipated that any dividend from the property/casualty program this year would likely be much smaller than in recent years, and we began communicating that message to cities early this summer. But as we worked through the analyses and actuarial estimates, it became clear that some positive trends and developments on liability and other coverages would more than offset those very high property loss costs.

Much of that good liability experience was in two areas: Land use litigation and employment liability. In both cases, it's a combination of better-than-expected results on claims from earlier years, and fewer-than-expected new claims during the past year.

- **Land use litigation** accounted for 21 percent of liability loss costs during 2007-2010. Typically, LMCIT receives about 65 to 70 claims each year. The number of claims was slightly down in 2009 (58 claims) and down even more in 2010 (46 claims). Incurred costs are similarly down for those years, though still over \$2 million annually. The claim counts and costs for the first six months of 2011 also look encouraging, though it's far too early to determine whether land use costs and claims are decreasing permanently or if it's just an anomaly.
- **Employment liability** (11 percent) and **sewer backup liability** (also 11 percent) are also major pieces of LMCIT's liability loss costs during 2007-2010. Employment liability costs remained stable during 2007-2009, but have shown a decline for 2010 and 2011. Sewer costs have remained stable in recent years, with some exceptions due to specific events.
- **Police liability** accounted for 26 percent of all liability costs during 2007-2010. Much of the claim costs are due to a relatively small number of expensive claims, and therefore can fluctuate greatly from year to year.

These good experiences with liability losses, as well some reinsurance restructuring, helped offset the extraordinary property losses, thus creating the opportunity for LMCIT to return a \$12 million dividend.

Workers' Compensation

The \$6 million workers' compensation dividend will be distributed during mid-April 2012 to those who are workers' compensation members as of April 1, 2012.

Unlike the property/casualty program, the workers' compensation program has only occasionally returned dividends, most recently in 2000. Workers' compensation losses tend to be less volatile year to year than property or liability losses. Because of this, the "cushion" or contingency margin built into the workers' compensation rates is substantially smaller, which in turn means a dividend is less likely. However, loss costs for the 2006-2009 period turned out to be less than projected and, as a result, the Board determined that we could return a \$6 million dividend and still maintain an appropriate fund balance.

Coverage Changes

The LMCIT Board has approved a number of changes in LMCIT's liability, property, and other coverages for the 2011-12 underwriting year. Changes will be effective for property/casualty coverage written or renewed on or after November 15, 2011.

Property Coverage Changes

Data security breach mitigation coverage

Coverage has been expanded so that if a member has or believes it has had a data security breach releasing secure or confidential data, LMCIT will pay for the costs to respond to the breach, including legal and information technology consulting, providing notice to affected persons, credit monitoring and identity theft services, and similar things. A covered breach could range from a stolen laptop containing confidential information to the unauthorized use of paper records retrieved from a dumpster. This coverage provides response costs even if a liability claim has not been filed. There is a \$250,000 annual aggregate limit for this coverage.

Utility power plant engines

The definition of replacement cost for electric generators at electric generating facilities was amended to exclude costs necessary to comply with the U.S. Environmental Protection Agency's (EPA) National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines, if the equipment did not comply with the standards prior to the loss.

Liability Coverage Changes

Data security breaches

A definition for data security breach claims was written into the liability coverage that mirrors the property coverage definition for these losses. An annual aggregate limit of \$2 million was added for these types of claims.

Independent contractor exclusion

LMCIT's coverage does not extend to independent contractors (except for city ambulance service medical directors). The existing language has been clarified in response to occasional questions LMCIT gets regarding this.

Municipal Bankruptcy

An exclusion was added to the LMCIT liability coverage for claims which arise from or relate to a city bankruptcy. The goal of this change was to avoid a situation where a bankrupt city's creditors would attempt to use the city's LMCIT liability coverage as an additional asset in the bankruptcy. As explained more fully below, however, coverage has been created for individual officials in these situations.

Securities litigation

Litigation relating to city debt obligations, including bonds, notes, financing certificates, lease-purchase agreements, or other similar debt instruments or financial obligations, is now within the scope of the existing coverage for Land Use and Special Risk Litigation. Damages and defense costs under Land Use and Special Risk Litigation coverage are covered on a sliding percentage basis, subject to a \$1 million annual aggregate limit.

Land Use and Special Risk Litigation Coverage

Coverage D under the liability coverage document, previously known as "Land Use, Development, Franchise or Enterprise Operations Litigations", has been renamed "Land Use and Special Risk Litigation."

In addition to the name change and the securities litigation change noted above, a few additional technical changes were made.

- An exclusion existing in the Coverage A (Municipal Liability Coverage), for litigation by LMCIT or the city against any other covered party, was incorporated into Coverage D.
- Coverage D specifically covers claims that involve a challenge to the constitutionality of a city ordinance, even if that challenge is in the context of an enforcement action brought by the city. A clarification was made to make it clear that coverage also applies to non-constitutional challenges to the city's interpretation of its ordinance or its authority to adopt the ordinance. A related clarification expressly excludes coverage for criminal prosecutions brought by the city.

Other Coverage Changes

Defense Cost Reimbursement Coverage Changes (Formerly called Open Meeting Law Defense Cost Coverage)

This coverage, previously known as "Open Meeting Law Defense Cost Coverage," has been renamed "Defense Cost Reimbursement Coverage." Coverage was expanded to provide defense cost reimbursement to city officials for lawsuits against city officials that arise from the actual, pending, or threatened bankruptcy of the city. A \$250,000 annual aggregate limit was also added.

Sewer Backup Liability Incentive Program Changes

For coverages renewing November 15, 2010 – November 14, 2011, a mandatory minimum deductible was applied to all liability claims for sanitary sewer backups unless the city met specified standards for its sewer operations. As a reminder, that amount has increased to \$2,500 for coverages renewing November 15, 2011 and after. To avoid the higher mandatory minimum deductible, cities must meet the criteria spelled out on the sewer incentive questionnaire, which can be found in the Loss Control area of the Risk Management section of the League website at www.lmc.org.

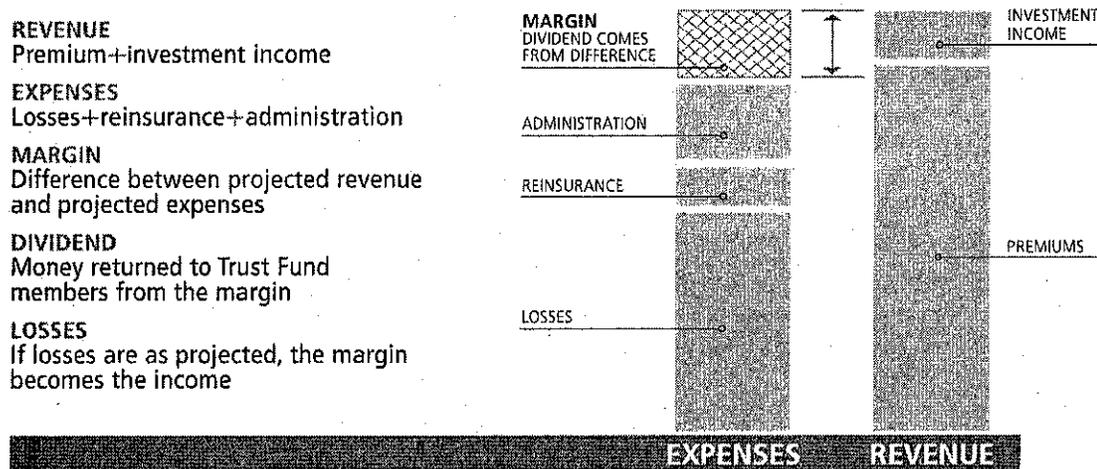
If you have questions or comments, feel free to contact the LMCIT underwriting department at 651-281-1200 or 800-925-1122.

Frequently Asked Questions about Your LMCIT Rates and Dividends

We had an unusually large number of very expensive property losses during the year and total property losses were well above what was anticipated. In light of those very property losses, how is the Trust able to return a \$12 million dollar Property/Casualty dividend?

Part of the answer is reinsurance. In 2010 and 2011, several claims over \$1 million dollars were reimbursed to us by our reinsurers. Those reimbursements totaled over \$4 million.

The other major factor is what's been happening with liability loss costs. Put simply, we had an extraordinarily good *liability* loss year, and that largely offset the exceptionally expensive *property* loss year. The good liability loss experience was a combination of having an exceptionally small number of new claims during the year, and claims from prior years turning out to cost less than we'd earlier estimated. Land use litigation and employment liability claims accounted for much of that better-than-expected liability experience. While there are probably many factors involved in that good experience, member cities' loss control efforts certainly played a role. In other words, when cities collectively work to reduce claims and control losses where they can, all of the members benefit from the savings.



Why are we increasing premium rates at the same time both the Property/Casualty and Workers' Compensation programs are returning dividends?

In setting premium rates, the starting point is to project the cost of claims we expect to incur in the *coming* year. Those projections are largely based on the actual loss experience we've seen in previous years and the trends we expect to see in the future. The property rate increase reflects the higher property losses we've seen in the past couple years, which affect our projections of future losses. The workers' compensation rate increase is largely due to the ongoing increase in medical costs. We're also projecting lower future investment income because market interest rates have dropped sharply, and that's an important factor in both cases too.

The dividend on the other hand reflects what's happened in past years. LMCIT premium rates are designed with a contingency margin, which is additional funding to cover costs in case losses should turn out to be greater than projected. If losses turn out to be at or less than what we projected when we set the rates, that additional funding becomes available to either be returned to members as a dividend or added to LMCIT's fund balance the Board determines that that's necessary.

Rather than continually returning dividends, why doesn't the Trust just reduce premium rates up front?

In setting rates for the coming year, the LMCIT Board did actually move in that direction. On both programs, the rates for the coming year incorporate a somewhat smaller contingency margin than in recent

years. That helps keep premiums lower than they'd otherwise need to be. It also means we're relying somewhat more on the existing fund balance and somewhat less on premiums to provide the needed contingency funding in case losses should turn out to be more than projected.

But at the same time, we think the practice of incorporating a solid contingency margin into the premium rates continues to make sense. By doing so (and then returning the extra funds afterwards if it turns out that they're not needed), we're able to keep the premium rates much more stable from year to year. In other words, it helps us keep premium rate changes in the range of a few percent up or down each year, rather than the much larger year-to-year premium rate changes we'd see if rates were set much lower with a much smaller contingency margin.

At the end of the day, of course, the net cost to member cities is the same either way. The net cost is the sum of the expenses plus whatever the losses turn out to be.

How is the dividend determined?

The basic principle is that the funds LMCIT holds belong to the member cities, and that any funds that LMCIT doesn't need should be returned to the members. The decision on whether and how much of a dividend may be possible is essentially an evaluation of whether the programs' fund balances are currently at appropriate levels. If the fund balances are more than the Board concludes are needed, those excess funds are returned to members as a dividend.

The fund balance is meant to provide funding for several kinds of risks: the risk that new losses turn out to be more than the premium were designed to fund; the risk that old losses turn out to be more expensive than estimated; the risk of a reinsurer default; the risk involved in expanding coverage in new risk areas where we don't have good data to accurately quantify that risk; and so on. Over the past few years, the Trust Board has devoted a lot of attention to the question of how much fund balance the LMCIT programs should maintain, and to developing specific target ranges for the two programs' fund balance based on what's needed to address those risks.

In practice, in making the decisions on dividends, the Board looks at a couple specific questions: how much if any net income the program has generated for the fiscal year, and where the resulting fund balance is compared to the target ranges.

There hasn't been a workers' compensation dividend since 2000. Why are we receiving a dividend this year?

Several things are involved. Because workers' compensation losses tend to be more predictable and less volatile from year to year, the contingency margin we build into the workers' compensation rates is proportionately smaller compared to the property/casualty rates. As a result, the workers' compensation program doesn't regularly generate significant amounts of unneeded funds, and workers' compensation dividends therefore tend to be smaller and less regular.

One factor involved in making a workers' compensation dividend possible this year was the better-than-expected loss experience during the 2006 through 2009 coverage years. The good experience in those years had the effect of increasing the workers' compensation program's fund balance significantly.

Another factor is that as noted above the Trust Board has now developed and adopted more specific target ranges for the program's fund balance. The income that resulted from the good loss experience in several years built the workers' compensation program's fund balance to a point where it's higher than what the target range indicates is needed. Based on that analysis, the Trust Board determined that \$6 million should be returned to the members.



Agenda

2012 Leadership Conference for Experienced Officials

FRIDAY

12 p.m.

Registration Opens (lunch on your own)

1 p.m.

Conference Welcome

1:10 p.m.

Achieving Stronger Local Democracy

Matt Leighninger, Executive Director, Deliberative Democracy Consortium

Everyone talks about the need to engage the public, but what does it really mean? And is it even worthwhile in these constrained economic times? Matt Leighninger, lead author of the new National League of Cities publication, *Planning for Stronger Democracy: A Field Guide for Local Officials* will convince you that it does matter. During this session, you'll assess how well your city is really connecting with citizens, learn some applied and field-tested approaches to authentic citizen engagement, and plan for tangible results that both earn citizen confidence and result in higher levels of satisfaction in achieving community goals.

5 p.m.

Social Hour and Networking

Use this opportunity to relax and meet elected officials from neighboring cities—network and enjoy!

6 p.m.

Dinner

7 p.m.

Governing as a Team

Carl Neu, The Center for the Future of Local Governance

Carl Neu closes the evening with wisdom and advice for working effectively with your fellow elected officials and city staff.

8:30 p.m.

Adjourn

SATURDAY

8:30 a.m.

Leadership Skills for the New Normal

Carl Neu, The Center for the Future of Local Governance

Even as the economy slowly recovers, cities are faced with new realities that have forever changed. Your city can thrive in this environment, but only if you as a city leader are willing to think in new ways

and sharpen some new skills. One of LMC's most popular trainers, Carl Neu, offers his observations about what's going on in the world of local government and how today's most successful city officials are overcoming government malaise by connecting and collaborating with others, enhancing teamwork with council colleagues and staff, thinking about new ways to define and deliver city services, and learning when to lead and when it's better to follow.

11:30 a.m.

Adjourn

—**REGISTER** (*Link to: <http://mylmc.lmc.org/ebusiness/ProductCatalog/Product.aspx?ID=1811>*) (*you'll need to set up a MyLMC account in your name to register*)

Your LMC Resource

Contact Amy Mansager

Event Coordinator

(651) 281-1240 or (800) 925-1122

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

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Hotel Information

2012 Leadership Conference for Experienced Officials

Lodging is not included in the conference registration fee. To make your room reservations online, **click here**. (Link to: http://embassysuites.hilton.com/en/es/groups/personalized/M/MSPBRES-LM2-20120126/index.jhtml?WT.mc_id=POG) You can also call the hotel directly and ask for the League of Minnesota Cities room block.

Jan. 27-28

Embassy Suites Minneapolis Brooklyn Center

6300 Earle Brown Dr. (**view map** (Link to: [http://www.mapquest.com/maps?](http://www.mapquest.com/maps?city=Brooklyn+Center&state=MN&address=6300+Earle+Brown+Dr&zipcode=55430-2147&country=US&latitude=45.068616&longitude=-93.305493&geocode=ADDRESS)

[city=Brooklyn+Center&state=MN&address=6300+Earle+Brown+Dr&zipcode=55430-2147&country=US&latitude=45.068616&longitude=-93.305493&geocode=ADDRESS](http://www.mapquest.com/maps?city=Brooklyn+Center&state=MN&address=6300+Earle+Brown+Dr&zipcode=55430-2147&country=US&latitude=45.068616&longitude=-93.305493&geocode=ADDRESS))

Brooklyn Center, MN 55430

Phone: (763) 560-2700

Make your reservation online (Link to: http://embassysuites.hilton.com/en/es/groups/personalized/M/MSPBRES-LM2-20120126/index.jhtml?WT.mc_id=POG)

King/Queen Bedroom: \$99 (plus tax)

*Rooms must be reserved by **Jan. 6** to guarantee this rate.*

Your LMC Resource

Contact Amy Mansager

Event Coordinator

(651) 281-1240 or (800) 925-1122

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

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2012 Leadership Conference for Newly Elected Officials

Jan. 27-28—Brooklyn Center

Get off to a strong start in your new city leadership role by attending Minnesota's only comprehensive training opportunity available for newly elected officials!

In just two days, you will:

- Gain an understanding of your legal responsibilities and basic municipal finances.
- Understand the authority and limitations of the city council.
- Learn how to avoid common missteps, pitfalls, and negative press.
- Find out about resources that will help you make sound decisions for your city.
- Get insights on how to work effectively with constituents, staff and your colleagues in city hall.
- Enjoy opportunities to meet and talk with your peers in city government.
- Get the information and resources you'll need to succeed as a new city leader.

Pre-conference Session for Mayors Only: So Now You're the Mayor! (Optional)

Whether new to public office or moving up from a council seat, you have a lot of fun and some big challenges ahead! The Minnesota Mayor's Association (MMA) is teaming up with the League to offer a special Friday morning session to help you get off on the right foot. Come learn about the top 10 things you'll want to know as you assume your duties. Then enjoy a relaxed time of "coffee and conversation" with a panel of experienced mayors who've already been down this leadership path on which you're about to embark.

—**REGISTER** (Link to: <http://mylmc.lmc.org/ebusiness/ProductCatalog/Product.aspx?ID=1809>) (you'll need to set up a MyLMC account in your name to register)

—**Agenda** (Link to: <http://www.lmc.org/page/1/agenda-newlyelected12.jsp>)

—**Hotel Information** (Link to: <http://www.lmc.org/page/1/hotel-newlyelected12.jsp>)

—**Fee:** \$285 (includes meals and materials—does not include lodging)

Location:

Earle Brown Heritage Center

6155 Earle Brown Dr. (**view map** (Link to: <http://www.mapquest.com/maps?city=Brooklyn+Center&state=MN&address=6155+Earle+Brown+Dr&zipcode=55430-2138&country=US&latitude=45.067113&longitude=-93.302225&geocode=ADDRESS>)

Brooklyn Center, MN 55430

Your LMC Resource

Contact Amy Mansager

Event Coordinator

(651) 281-1240 or (800) 925-1122

amansager@lmc.org *(Link to: mailto:amansager@lmc.org)*

If you have special accommodation needs (dietary/mobility), please contact **Amy Mansager** using the contact information above.

Billing/Cancellation Policy

- Your invoice will be sent as a pdf attachment to the confirmation e-mail you receive after you register online; please pay from that invoice.
- If you cannot attend the conference, you are welcome to send a substitute. All cancellation requests must be submitted via e-mail or fax by 4:30 p.m. on Jan. 19, 2012 and are subject to a \$50 handling fee. All unpaid registrations not cancelled by Jan. 19, 2012 will be billed at the full conference rate—no refunds will be made.

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Coalition of Greater Minnesota Cities

CGMC in Brief

December 1, 2011

Contact: Tim Flaherty
651-225-8840

Budget forecast reveals surprising \$876 million surplus

Cautiously optimistic are perhaps the best words to describe today's budget forecast announcement from that Minnesota Management and Budget office projecting an \$876 million surplus. While this is clearly welcomed news, the state faces a hefty structural imbalance for the next biennium (from shifts and borrowing) and much uncertainty remains in the economy.

When asked what the best thing the state can do to help in the economic recovery, state economist Tom Stinson responded, "the best thing we can do is to rebuild reserves." Minnesota statute is triggered by this surplus, directing this balance to the state's cash flow account (\$255 million) and the budget reserve (\$621 million). If the surplus were larger, current law would direct the additional dollars to buy-back the K-12 education shift.

CGMC President Speaks Out

CGMC President Alan Oberloh released the following statement on the budget announcement:

"There is no doubt that the state budget was balanced on the backs of Minnesota property taxpayers. State policy makers should take a deep breath, put the money in the bank, and wait until the February forecast to determine if this surplus is real. If indeed the state has a surplus, policy makers ought to use this money to stop the property tax pain that has hurt so many Minnesota families and businesses. Property taxpayers bailed the state out of their fiscal problems and they should be first in line for relief."

In addition, the budget forecast assumes a \$775 million bonding bill for 2012 and \$225 million in the odd numbered years with respect to various purpose general obligation bonds. The February budget forecast will provide the final numbers to be used by the Governor and legislature in the 2012 legislative session.

For more information, please contact Steve Peterson with Flaherty & Hood, P.A. at smpeterson@flaherty-hood.com

Tax Reform Town Hall Meeting with Revenue Commissioner Myron Frans

Last night, Minnesota Revenue Commissioner Myron Frans held a Tax Reform Town Hall Meeting in North Mankato. The Commissioner is scheduling a series of Tax Reform Town Hall Meetings across the state in the weeks and months ahead. CGMC is encouraging city officials to attend these meetings and reinforce our message that property tax relief cuts, like cuts to LGA, have resulted in property tax increases that hurt economic recovery in greater Minnesota. Below is a link to the *Mankato Free Press* news story on last night's event:

<http://bit.ly/uOJlpg>



CGMC action plan efforts paying off with media

As requested, CGMC members have been submitting excellent letters to the editor regarding the state taking responsibility for local property tax increases. Below are some letters and articles published in greater Minnesota newspapers:

Hutchinson Leader (Mayor Cook):
<http://bit.ly/ubpmIu>

Worthington Globe (City Manager Clark and Mayor Oberloh):
<http://bit.ly/vsNg5s>
<http://bit.ly/rJifbv>

Waseca County News (City Manager Crystal Prentice):
<http://bit.ly/rLwjWu>

International Falls Journal:
<http://bit.ly/upLWxs>

In Forum Fargo-Moorhead:
<http://bit.ly/tIiB0a>

Action plan strategy

The CGMC action plan calls for greater Minnesota cities to meet with state legislators and the local Chamber of Commerce to get support for CGMC positions before the start of the legislative session on January 24, 2012. More information will be sent tomorrow to Mayors and City Managers

MN Supreme Court Dismisses Shutdown Legal Case

On Wednesday, the Minnesota Supreme Court dismissed a petition by several legislators challenging the authority of the court to order spending during a state government shutdown.

Writing for the majority, Chief Justice Lorie Gildea held that the legal issues before the court were moot because the Legislature has passed, and the Governor has signed, appropriations for each state agency retroactive to the start of the biennium. Further, the court noted that the Legislature and Governor have the ability to create a legislative mechanism (i.e., a "lights on" legislative procedure) that would ensure funding for the agencies in the event of a future shutdown, and this mechanism is preferential to a ruling by the Supreme Court.

The CGMC was an intervenor in this case (*Limmer v. Swanson*), along with the League of Minnesota Cities and other city organizations. The CGMC interest in this case was to protect a July Ramsey County court-order stating that LGA must be paid, regardless of a shutdown. The Supreme Court's decision, however, renders our issue moot, thus protecting the Ramsey County LGA court-order.

For more information, please contact J.D. Burton with Flaherty & Hood, P.A. at jdburton@flaherty-hood.com.





CITIES BULLETIN

Issue 41

November 16, 2011

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House Tax Chair Announces Property Tax Relief Agenda

Rep. Greg Davids said he will focus on business and homeowners while supporting the continuation of no levy limits. [Read more.](#)

Other News

Minnesota Begins Process to Update Construction Codes

The state begins the long process of updating the State Building Code with input from cities and other stakeholders. [Read more.](#)

State Report: Revenue Collections Down in October

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Governor Appoints Bloomington City Councilmember to Broadband Task Force

The task force is charged with finding ways to expand broadband access throughout the state. [Read more.](#)

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Public information meetings and a webinar are scheduled for December to discuss the high-speed rail segment from the Twin Cities to Milwaukee. [Read more.](#)

Video Explaining Homestead Exclusion Available for City Websites

Minnesota Public Radio News video explaining the switch from MVHC to HMVE can be posted on city websites. [Read more.](#)

More Information and Resources

[New 4M Fund Term Series Open Now](#)

[MinnesotaCare Now Available to Volunteer Firefighters and Ambulance Attendants](#)

[Free Webinar on Military Leave Law & Employing Veterans—Register Now!](#)

[Conference Helps New City Officials Understand Their Role](#)

[St. Paul Mayor Elected Second VP of National League of Cities](#)

Training, Conferences, Events

[Upcoming League Events](#)

[Online Training/E-Learning](#)

[Co-Sponsored Events](#)

[Events Sponsored by Other Organizations](#)

Featured Events

[2011 Metro Regional Meeting
Nov. 17—Eagan](#)

[Webinar: City Employees & Military Service
Dec. 5, 10:30–11:30 a.m.](#)

[Leadership Conference for Newly Elected Officials
Jan. 27–28—Brooklyn Center](#)

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- [Archive of Previous Issues](#)
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House Tax Chair Announces Property Tax Relief Agenda



Rep. Greg Davids said he will focus on business and homeowners while supporting the continuation of no levy limits.

House Taxes Committee Chair **Greg Davids** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=10123](http://www.house.leg.state.mn.us/members/members.asp?id=10123)) (R-Preston) on Nov. 14 introduced a property tax relief agenda for the upcoming session that focuses on homeowners and businesses.

During his press conference to unveil the plan, Davids was joined at the podium by **Rep. Jenifer Loon** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=15313](http://www.house.leg.state.mn.us/members/members.asp?id=15313)) (R-Eden Prairie), vice-chair of the Taxes Committee, along with two business owners representing both small retail and the commercial/industrial (C/I) property sectors.

The package comes in two parts, one focusing on homeowners and the other on businesses. The homeowners' portion centers on those who saw their local property taxes increase by 12 percent or more for tax year 2012. The plan increases the percentage of property taxes the state refunds from the current 60 percent to 90 percent. It also bumps out the maximum refund available to already eligible homeowners by 20 percent. This plan appears to build on the current property tax refund program already in statute.

The business property tax piece is targeted toward small businesses and would exclude the first \$100,000 in value of C/I property from the statewide property tax. According to Davids' press release, this would reduce the tax liability for all commercial/industrial property, but would benefit small business the most by the way it is structured. The second component to the business side would be to freeze the statewide property tax levy. This would start the process of getting the state out of the property tax collection. A similar proposal was pitched in October by the Senate Jobs and Economic Development committee in a press conference teed up by **Sen. Geoff Michel** ([Link to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1038&ls=](http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1038&ls=)) (R-Edina), who also chairs that committee.

The price tag on this proposal is around \$80 million, Davids said, which could come from making cuts in other areas of the state budget. He did not elaborate on where these cuts might occur. This would be a top-tier priority for the Republican caucus, he continued, which makes sense to policymakers given the 2011 legislative session and remarks from both the Senate and House leadership in recent months on how to bring the economy back.

When pushed by reporters on whether his proposal would include levy limits, Davids said no and indicated a strong support of local governments and their decision-making processes. Others in the Republican caucus have pushed for levy limits in the past, and could seek to add them to any proposal as this moves through the process.

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))

Minnesota Begins Process to Update

Construction Codes



The state begins the long process of updating the State Building Code with input from cities and other stakeholders.

(Published Nov 16, 2011)

The Minnesota Department of Labor and Industry (DLI) has convened numerous advisory committees to assist it with the updating and adoption of the 2012 State Building Code. The advisory committee stage is the first step in a rulemaking process that is scheduled to finish in July 2013.

There are 16 advisory committees that review proposed code changes to the Residential Building Code, the Residential Energy Code, and a host of other specific rules governing construction in Minnesota.

Learn more about the advisory committees on the DLI website (*Link to:*

<http://www.dli.mn.gov/RulemakingCCL.asp>)

The advisory committees consist of numerous stakeholders, including representatives appointed by the League. The advisory committees review proposed code changes and will make recommendations to the Construction Code Advisory Council (CCAC), which is required by statute to review and advise DLI on all proposed changes to the State Building Code.

The CCAC is scheduled to review the advisory recommendations in April 2012, and the official publication of the request for comments to proposed rules will likely be made at that time. After the request for public comments is made, the state must wait at least 60 days before publishing the Notice of Intent to Adopt Rules. Depending on the level of public interest, a public hearing may be held before the rule can be adopted. Based on this schedule, approval by the governor would not take place prior to December 2012.

Most provisions of the State Building Code are adopted from the International Building Code (IBC), which is developed by a private organization. The IBC is generally amended every three years. Because of the "drastic slowdown of the construction economy," however, the state decided not to update the International Residential Code, International Building Code, or the International Fire Code in 2009. Therefore, the 2006 version currently remains in effect.

Hot topic: residential fire sprinklers

The 2009 IBC required the installation of fire sprinklers in newly built residential homes. Because Minnesota did not adopt the 2009 updates to the IBC, this requirement is currently not in place. The 2012 version of the IBC contains the requirement, and its possible addition to the State Building Code has already generated significant controversy.

The 2011 Legislature passed a bill that would have prohibited DLI from including the residential fire sprinkler requirement in the updated State Building Code. Gov. Dayton vetoed this legislation, so the inclusion of the fire sprinkler requirement will be discussed during the rulemaking process. Similar legislation could also be introduced during the 2012 legislative

session.

The League's proposed *2012 City Policies* call for the issue to be thoroughly discussed during the code adoption process so that concerns of local building officials and cities are adequately addressed. The LMC Board of Directors is expected to approve this policy on Nov. 17.

- **View the League's proposed policy on the residential sprinkler requirement in the Draft 2012 City Policies (SD-27 on page 27) (pdf)** *(Link to:*

http://www.lmc.org/media/document/1/draft2012policies.pdf)

Hot topic: International Green Construction Code

The International Code Council recently adopted a Green Construction Code designed to encourage sustainable planning, building design, construction, and operation. The League's proposed *2012 City Policies* support the adoption of the Green Construction Code as an optional appendix to the State Building Code. This would allow individual cities to adopt the Green Construction Code within its jurisdiction, but would not force any city to adopt or enforce it. The LMC Board of Directors is expected to approve this policy on Nov. 17.

- **View the League's proposed policy on the Green Construction Code in the Draft City Policies (referenced at the end of SD-26 on page 27) (pdf)** *(Link to:*

http://www.lmc.org/media/document/1/draft2012policies.pdf)

The scope of the Green Construction Code is quite broad, including items that are outside of the traditional building code such as site selection and stormwater management. Because of its breadth, DLI has yet to determine how the review of the Green Code will fit into the existing advisory committee structure, but adoption of some form of a green building code will be considered by DLI during the current cycle.

Advisory committee meetings are open to the public, and interested parties may submit proposed changes to the State Building Code for consideration by the committees. Any proposed changes must meet formatting standards established by DLI.

If you have any questions about the rulemaking process or about how to submit a proposed change, please contact LMC intergovernmental relations representative Patrick Hynes (see contact information at right).

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 Report: Revenue Collections Down in October



The state's monthly collections for October fell \$58.2 million short of projections.

(Published Nov 16, 2011)

After three consecutive months of relatively good news for state revenues, the October revenue report shows a slowdown in monthly tax collections. Minnesota Management and Budget (MMB) released the report on Nov. 10.

Preliminary estimates show general fund receipts totaling \$1.249 billion in October, which is \$58.2 million, or 4.4 percent, less than forecast. When added to the higher-than-expected collections in July, August, and September, receipts for the first four months of the 2012 fiscal year are \$4.899 billion—a slim \$700,000 above forecast. The table below summarizes state tax collections for the month of October.

Monthly State Receipts for October 2011 (\$ in millions)

Source	Estimated	Actual	Variance
Individual Income Tax	\$535.7	\$533.6	-\$2.1
Sales Tax	415.6	419.9	+4.3
Corporate Income Tax	55.3	40.3	-15.0
Other	300.2	254.8	-45.4
Total	\$1,306.8	\$1,248.6	-58.2

At a recent legislative hearing, State Economist Tom Stinson highlighted recent decisions by a broad array of economic forecasting firms, including Global Insight, Inc. the state's forecasting firm, to reduce projections of the growth in economic output as reflected in gross domestic product (GDP) measurement. Reductions in GDP growth estimates are often associated with a reduction in state tax revenues and many legislators are now concerned that the state budget could experience an additional shortfall for the current biennium.

The MMB report cautions that all revenue collection figures are preliminary and subject to revision and notes that wide swings in variances for particular revenues may be caused by variations in the rate at which receipts are received or refunds are processed and not necessarily reflect changes in the long-term revenue forecasts. The broad category of "other revenues" may include undefined accounts receivables, which will be added to receipts for the appropriate tax source when identified.

MMB will release a full state budget forecast on Dec. 1. That forecast will provide policymakers with the first comprehensive information on the status of the state budget since last February's budget forecast. The League will provide a summary of the upcoming forecast and legislative response to the forecast in the next edition of the *Cities Bulletin*.

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

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MnDOT Releases 50-Year Transportation Vision



The vision will guide the state in its transportation investment decisions and serve as the basis for updating the 20-year Statewide Multimodal Transportation Plan.

(Published Nov 16, 2011)

The Minnesota Department of Transportation (MnDOT) released the state's new 50-year vision for transportation on Nov. 10. Among the eight guiding principles of the plan are ensuring accessibility, building to a maintainable scale, and connecting key regional centers.

The vision is the result of MnDOT's *Minnesota Go* initiative, which entailed months of work that included input from the public and diverse representatives of the transportation community. MnDOT and other transportation organizations will use the vision and information from this project to develop short-term and long-term plans.

The vision will also offer guidance in determining the transportation initiatives that the state chooses for investment, and will serve as the basis for updating the 20-year Statewide Multimodal Transportation Plan beginning this fall. Updates to MnDOT's plans for highways, rail, aviation, transit, freight, and non-motorized transportation will also follow, so that all of MnDOT's plans fully reflect the Minnesota GO vision.

The Minnesota GO vision for transportation has a wide range of implications for different parts of the transportation system. Examples include:

- Waterways, rail, transitways, roads, trails, airports and pipelines that are integrated and strategically located to enable critical connections for Minnesota's businesses and communities.
- An integrated network of streets, roads, and highways that collectively support freight, mass transit, non-motorized transportation and personal vehicles.
- Reliable and affordable transit options for people who cannot or choose not to operate a personal vehicle in both rural and urban areas.
- Connected options to walk and bike.
- Zero deaths or serious injuries in any form of transportation.
- An environment that allows safe travel using multiple modes for both an 8-year-old and an 80-year-old in every neighborhood and community.

A number of opportunities and challenges were considered during the development of the vision, including the effects on transportation and communities of an aging and increasingly diverse

population; the continued trend toward people living in cities rather than rural areas; shifts in energy sources and consumption; advances in vehicle technologies; and persistent budget challenges.

Access the state's final transportation vision on the Minnesota GO website *(Link to:*

http://www.minnesotago.org)

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

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Federal Internet Sales Tax Bill Introduced



The proposed legislation would allow states to require non-resident retailers to collect state and local sales taxes.

(Published Nov 16, 2011)

Last week, a bi-partisan group of U.S. senators introduced legislation that would allow states to enforce the collection of state and local sales taxes on Internet and catalog sales.

The bill, titled the Marketplace Fairness Act, was introduced by Sens. Mike Enzi (R-Wyoming), Dick Durbin (D-Illinois), and Lamar Alexander (R-Tennessee). Sens. Tim Johnson (D-South Dakota), John Boozman (R-Arkansas), Jack Reed (D-Rhode Island), Roy Blunt (R-Missouri), Sheldon Whitehouse (D-Rhode Island), Bob Corker (R-Tennessee), and Mark Pryor (D-Arkansas) are also cosponsors of the legislation.

Since the 1992 U.S. Supreme Court *Quill v North Dakota* decision, states have been prohibited from compelling retailers that do not have a physical presence in the state from collecting state and local sales taxes. The Supreme Court determined that requiring remote sellers to collect the sales tax was an undue burden on interstate commerce. Under the complementary use tax, individuals that purchase taxable items are legally required to remit the tax on these purchases. However, due to the fact that states have limited information on consumer purchases via Internet and catalog sales, the use tax is difficult for states to enforce.

The rapid growth in electronic commerce has heightened concerns among states about erosion in sales tax revenues, and has raised concerns about tax fairness between main street businesses and Internet retailers. As a result, more than 40 states, including Minnesota, have been involved in a long-term effort to develop a consistent set of sales tax guidelines among the states in an attempt to address constitutional interstate commerce issues identified in the 1992 U.S. Supreme Court

decision.

The goal of the multi-state effort, known as the Streamlined Sales Tax Project, is to simplify state sales tax systems so that one of the following will happen:

- Congress and the president will ultimately enact legislation to require remote sellers to collect sales tax for states that have simplified their systems.
- The federal courts will overturn the Quill decision and determine that the simplification is sufficient to remove any undue burden on interstate commerce.

The League of Minnesota Cities legislative policies have supported the streamlined sales tax effort with the goal of leveling the playing field for main street businesses.

Under the proposed Marketplace Fairness Act, states would have the option to require out-of-state sellers to collect their state and local taxes through a new simplified sales tax system. States that voluntarily become members of the Streamlined Sales and Use Tax Agreement (SSUTA) would be able to require remote sellers to collect and remit sales and use taxes after 90 days. A total of 24 states, including Minnesota, have permanently changed their tax laws and have already implemented the requirements of the agreement.

According to the bill's authors, the SSUTA agreement would help harmonize states' sales and use tax rules, bring uniformity to the definitions of items in the sales tax base, reduce the paperwork burden on retailers, and incorporate new technology to modernize administrative procedures related to sales tax collections. The legislation allows sellers who made less than \$500,000 in total remote sales in the preceding year to qualify for an exemption and not be required to collect the tax.

Internet retailers have vigorously opposed past attempts to create a nationwide sales tax collection responsibility. In contrast, many main street businesses have been supporting attempts to address the Quill decision in order to fairly apply the sales tax to all similar purchases, regardless of whether the purchase is made from a main street retailer or an Internet retailer. However, recent press reports suggest that at least some Internet and catalog retailers are lessening their opposition to sales tax collection responsibilities.

Should the Marketplace Fairness Act ultimately become law, it could halt and reverse the erosion of state sales tax revenues and therefore have a positive impact on Minnesota's state budget.

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

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Governor Appoints Bloomington City Councilmember to Broadband Task Force



The task force is charged with finding ways to expand broadband access throughout the state.

(Published Nov 16, 2011)

Steve Peterson, a Bloomington city councilmember since 2000, has been appointed by Gov. Dayton to the Governor's Task Force on Broadband.

Peterson has also served on the National League of Cities Information Technology & Communications Steering Committee, which addresses broadband policy issues at the federal level. He said he was interested in serving on the state task force because, as an elected city official, he is particularly aware of the importance of consumer choice in the provision of broadband services for home use. There is a need in Minnesota to foster the deployment of advanced broadband capacity and services in rural communities, Peterson told the League.

Peterson emphasized the importance of state and local initiatives and authority to make the economics competitive for businesses to locate and develop jobs here. Easy access to broadband services throughout the state is central to that goal, he said.

Gov. Dayton has indicated that the task force will develop policies to promote expansion of broadband and correct disparities in access and adoption of broadband in urban, rural, and suburban communities to ensure that homes, schools, libraries, and businesses have access to the technology and resources needed to thrive in a competitive global economy.

The Minnesota Department of Commerce will play a key role in working with the task force. Commerce Commissioner Mike Rothman has stated that the work of the task force is to identify strategies and recommend actions needed to make access to affordable high-speed broadband services and online commerce available to every school, business, and consumer throughout the state.

The Governor's Task Force on Broadband includes 15 members drawn from the broadband industry, counties, cities, and schools, as well as health care, and Native American and immigrant communities. Other task force members include:

- Margaret Anderson Kelliher (chair), Director, Minnesota High Tech Association
- Shirley Walz, Senior Director of Technology, Thomson Reuters
- Bernadine Joselyn, Director of Public Policy & Engagement, Blandin Foundation
- Steve Lewsader, President, Communications Workers of America, Local 7201
- Duane Ring, President, nine-state Midwest Region of Century Link
- Gary Evans, CEO, Hiawatha Broadband Company
- Dick Sjoberg, Sjoberg's Cable

- Daniel Richter, President, MVTV Wireless
- Danna MacKenzie, Director, Information Systems for Cook County
- Maureen Ideker, Director, Telehealth, Essentia Health
- Matt Grose, Superintendent, Deer River Public Schools
- Bob Bass, Bloomington, AT&T Wireless
- Keith Modglin, Information Systems Director, Mille Lacs Band of Ojibwe
- Bao Vang, President/CEO, Hmong-American Partnership

The Executive Order (11-27) Gov. Dayton issued to create the task force provides that the task force is to inventory, assess, and report on:

- The needs, barriers, issues, and goals for broadband access.
- The needs and use of broadband in Minnesota's education systems, health care system, energy sector, public safety, and other key economic sectors.
- Internet literacy.
- Broadband accessibility for unserved and underserved populations.
- Progress of the federal American Recovery and Reinvestment Act broadband projects and mapping in Minnesota.
- Opportunities to coordinate with federal, state, and local agencies.

Gov. Dayton's goal is "border-to-border" high-speed Internet and cell phone access throughout Minnesota. "Our state's history of economic success has shown us how vital a solid infrastructure is to building a strong business climate," the governor said in a press release when he ordered the creation of the task force. "Broadband access is an important part of that 21st century infrastructure."

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

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MnDOT Seeks Input on Segment of High-Speed Rail Corridor

Public information meetings and a webinar are scheduled for December to discuss the high-speed rail segment from the Twin Cities to Milwaukee.

(Published Nov 16, 2011)



The Minnesota Department of Transportation (MnDOT) is hosting two open houses and one webinar in December to solicit public comment on the recently completed Draft Alternatives Selection Report for the proposed Twin Cities to Milwaukee section of the High-Speed Intercity

Passenger Rail corridor to Chicago.

The public information meetings and webinar will be held as follows:

- Dec. 12—5 to 7 p.m.
Stillwater Public Library
224 Third St. N.
Stillwater, Minn.
- Dec. 13—5 to 7 p.m.
Winona County History Center
160 Johnson St.
Winona, Minn.
- Dec. 14—5 to 7 p.m.
Webinar

Access the webinar online (*Link to: <http://mndot.adobeconnect.com/mwrrriphase7-webinar12142011/>*) (Enter using a login and password, or as a guest.)

Conference call-in number: (800) 591-2259; participant code: 697770.

MnDOT representatives will be available at the open houses and webinar to answer questions. There will be a brief presentation at each event at 5:30 p.m.

The Federal Railroad Administration has approved the recommendations in the Draft Alternatives Selection Report, which describes the methodology and analysis that was conducted to identify “reasonable and feasible passenger rail alternative(s).” The report identifies one route, (Route 1, the existing Amtrak route from: Milwaukee-Watertown-Portage-Tomah-La Crosse-Winona-Hastings-St. Paul-Minneapolis) as the most reasonable and feasible passenger rail alternative.

The route provides an opportunity to incrementally use a reduction in travel time and increase train frequency by phasing the build-out of the route, according to the report. This phased approach recognizes the constraints associated with funding requirements for major infrastructure improvements and is consistent with the Minnesota Statewide Rail Plan.

Public comment will be taken at the open houses, during the webinar, and through MnDOT’s website at beginning Dec. 12.

Learn more about the opportunity to comment from the MnDOT website (*Link to:*

<http://www.dot.state.mn.us/passengerrail/mwrrri/phase7.html>)

The public also may submit comments from Dec. 12 to Jan. 12 in the following ways:

- E-mail: **MWRRIPhase7@state.mn.us** (*Link to: <mailto:MWRRIPhase7@state.mn.us>*)
- Fax: (651) 366-4248
- Phone (leave a recorded message): (651) 366-3199
- Mail: Minnesota Department of Transportation
Passenger Rail Office
Mail Stop 480

395 John Ireland Blvd.
St. Paul, MN 55155

The Minneapolis/St. Paul-Chicago corridor program is part of the Midwest Regional Rail Initiative (MWRRI), which seeks to create a network of high-speed passenger rail corridors in the Midwest to provide business and leisure travelers with shorter travel times, additional train frequencies, and connections between urban centers and smaller communities.

Learn more about MWRRI from the MnDOT website (*Link to:*

http://www.dot.state.mn.us/passengerrail/mwrrri/index.html)

To request an ASL interpreter or other reasonable accommodation for either open house, call Janet Miller at (651) 366-4720 or (800) 657-3774 (Greater Minnesota); 711; or (800) 627-3529 (Minnesota Relay). You may also send an e-mail to janet.rae.miller@state.mn.us (*Link to: <mailto:janet.rae.miller@state.mn.us>*). (Please make your request at least one week in advance).

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

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Video Explaining Homestead Exclusion Available for City Websites



Minnesota Public Radio News video explaining the switch from MVHC to HMVE can be posted on city websites.

(Published)

Are you looking for a good way to explain the change in Minnesota's homestead property tax system?

Minnesota Public Radio (MPR) News has produced a short online video that explains the switch from the market value homestead credit (MVHC) to the homestead market value exclusion (HMVE). It's only three minutes long, and it uses Legos to illustrate this complicated subject in a way that's easy to understand—and even fun!

Access the video on the MPR website (*Link to: <http://minnesota.publicradio.org/display/web/2011/10/25/video-property-taxes-increase/>*)

You can post a link to the video on your city website or, if you know how to use embed coding,

you can post the video directly on your website. To request the computer code for embedding, contact Claudia Hoffacker, LMC, at **choffacker@lmc.org** (*Link to: <mailto:choffacker@lmc.org>*).

MPR has granted permission for cities and counties to use the video online. They only ask that you credit MPR for the video and let them know you're using it by sending an e-mail to Curtis Gilbert at **cgilbert@mpr.org** (*Link to: <mailto:cgilbert@mpr.org>*).

Access more HMVE resources on the League website (*Link to: <http://www.lmc.org/page/1/mvhcchanges.jsp>*)

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

Your LMC Resource

Questions about the new HMVE program?

Contact Gary Carlson

IGR Director

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

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

Contact Rachel Walker

Manager, Policy Analysis

(651) 281-1236 or (800) 925-1122

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



Term Series Investment Pools

New 4M Fund Term Series Open Now

These term series seek higher yields for your city's short-term investments:

- 12-month term; net rate 0.25%
- Settles November 18; contact Kent Johnson (at right) to invest

Hurry—these rates are only offered for a limited time.

The League's 4M Fund (Minnesota Municipal Money Market Fund) is now offering term series investment pools—they're a great short-term investment option that seeks higher yields. You can lock into a fixed rate and a specific date to meet your investment needs.

- **Fixed rates**

Each term series is comprised of statute-allowable investments with a fixed rate of return. Rates don't fluctuate and aren't affected by the market. Your money can earn more because each term series seeks to provide rates that are typically higher than what your local bank account or other investment options might offer.

- **Fixed dates**

Each term series has a fixed maturity date between 30 and 397 days. Need a place to park your future bond payments for 3 months, or invest reserves for a year? Convenient maturity dates meet your city's specific needs.

New pools with varying rates and maturity dates will be offered on a regular basis, with a limited time frame of about 2-4 days to buy in to new series.

These term series investment pools are only open to participants in the 4M Fund; for more information on the 4M Fund and to open an account, visit www.4mfund.com (Link to: <http://www.4mfund.com>).

The term series investment pools were developed through the League's partnership with PMA Financial Network, Inc. (sub-administrator for the 4M Fund) in an effort to provide increased yield and value as cities continue to respond to ongoing financial challenges.

For more information on the terms series investment pools, including the most current interest rates, contact Kent Johnson, PMA, at (866) 922-2849 or [kjohanson@pmanetwork.com](mailto:kjohnson@pmanetwork.com) (Link to:

<mailto:kjohnson@pmanetwork.com>).

For More Information

Get more information about the 4M Fund's **term series investment pools**, including the most current interest rates.

Contact Kent Johnson
Sr. Vice President

PMA Financial Network, Inc.

(866) 922-2849

kjohnson@pmanetwork.com *(Link to: <mailto:kjohnson@pmanetwork.com>)*

View the term series fact sheet (pdf) *(Link to: [http://www.4mfund.com/vertical/Sites/%7BEDD02C0F-193B-43C2-8A79-](http://www.4mfund.com/vertical/Sites/%7BEDD02C0F-193B-43C2-8A79-85C3565B491F%7D/uploads/%7BF9A9E1DB6-4B22-4801-B90B-4AD6E4AF27B6%7D.PDF)*

85C3565B491F%7D/uploads/%7BF9A9E1DB6-4B22-4801-B90B-4AD6E4AF27B6%7D.PDF)

About the 4M Fund

The 4M Fund is a customized cash management and investment program for Minnesota public funds. Several League partners work together to ensure the 4M Fund remains the cash management and investment program of choice for Minnesota cities: RBC Dain Rauscher, PMA Financial Network, and RBC Global Asset Management.

Contact Pat Harris

Vice President

RBC Global Asset Management

(612) 376-7017 or (800) 553-2143

pat.harris@rbc.com *(Link to: <mailto:pat.harris@rbc.com>)*

www.4mfund.com *(Link to: <http://www.4mfund.com>)*

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MinnesotaCare Now Available to Volunteer Firefighters and Ambulance Attendants

A new law gives Minnesota volunteer firefighters and ambulance attendants the opportunity to purchase MinnesotaCare health insurance coverage.

The MinnesotaCare for Volunteer Firefighters and Ambulance Attendants (MVFAA) program has very few eligibility and verification requirements and provides the MinnesotaCare Basic Plus one benefit set. The premium for the MVFAA for 2011 is \$427.00 per month. Only volunteer firefighters and ambulance attendants qualify for this program, which begins on Dec. 1.

Learn more and access an application on the Minnesota Department of Human Services website

(Link to: <http://www.dhs.state.mn.us/main/idcplg?>

IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_164838)

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 MinnesotaCare state office

- (651) 297-3862 (Twin Cities metro area)
- (800) 657-3672 (outside Twin Cities metro area)

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St. Paul Mayor Elected Second VP of National League of Cities

St. Paul Mayor Chris Coleman was elected second vice president of the National League of Cities (NLC) on Nov. 12 at NLC's national conference in Phoenix, Ariz.

"I'm honored to be elected to this position," Mayor Coleman said. "The League's federal work and outreach to cities across the country is an incredible resource for America's communities. I am eager to work to raise the NLC's profile on a national scale and achieve our legislative goals to the benefit of all of the nation's cities."

Mayor Coleman's election to the second vice president position puts him on track to be the NLC president in 2014.

The National League of Cities is dedicated to helping city leaders build better communities. NLC is a resource and advocate for 19,000 cities, towns, and villages, representing more than 218 million Americans.

Mayor Coleman has been an NLC Board member since 2010, formerly serving as chair of its Council on Youth, Education and Families in 2008. The NLC's work in education helped shape St. Paul's out-of-school-time educational initiatives.

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

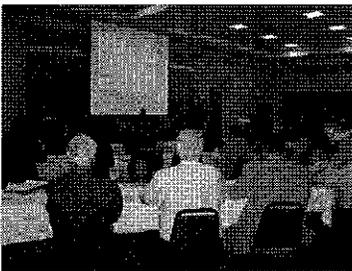
November 23, 2011

Contact: Tim Flaherty
651-225-8840

Fall Conference: A Great Success



Keynote Speaker Mike Hatch visits with CGMC members



Attorney/Lobbyist J.D. Burton presents the Greater MN Economic Recovery plan

CGMC Approves Economic Recovery Plan

By all accounts, CGMC's fall conference last week in Fergus Falls was a great success. CGMC members from across the state attended. The membership discussed and adopted CGMC's 2012 policy issue positions and an Economic Recovery plan for greater Minnesota. Another highlight was a presentation by Tim Flaherty outlining a 2-part strategic action plan for property tax fairness. The action plan is necessary to ensure that greater Minnesota cities are not shortchanged with local government aid and economic recovery when the legislature convenes in January.

Greater Minnesota city officials were encouraged to lobby state legislators and provide public outreach and education. CGMC's key objectives are to hold state legislators accountable for property tax increases, to prevent LGA cuts in 2012 and to build support for increased LGA funding in the future.

Other issues addressed at the fall conference included: potential constitutional amendments, economic development proposals and an update on redistricting and labor and employee relations. CGMC members enjoyed local hospitality with a dinner at Mable Murphy's restaurant and a tour of the new Fergus Falls Community Arena and the former Regional Treatment Center.

The adopted 2012 policy positions and the Economic Recovery plan can be found on the CGMC website at: <http://www.greatermncities.org/>

Below are links to recent *Fergus Fall Journal* articles on property taxes and the fall conference: <http://bit.ly/rJIDm2> and <http://bit.ly/vJobU1>

In an effort to help jump start the economic recovery in greater Minnesota, the CGMC full membership approved a Greater Minnesota Economic Recovery Plan to submit to the Legislature during the 2012 session. The plan consists of a series of proactive legislative proposals in the areas of workforce development, entrepreneurial enhancement, business permitting, and infrastructure development.

The Greater Minnesota Economic Recovery Plan grew out of an extensive outreach and study effort by CGMC lobbyists J.D. Burton and Steve Peterson, and involved input from city leaders, local chambers of commerce, economic development authorities and others. A Task Force was named to provide insight into the CGMC's proposals, and their recommendations along with the outreach efforts and input from the CGMC Economic Development Committee constitute the bulk of the plan. The CGMC has begun introducing the plan to legislators and draft bill language is in the works.

For more information about the Greater Minnesota Economic Recovery Plan, or to learn more about the CGMC's Economic Development efforts, please contact J.D. Burton with Flaherty & Hood, P.A.



Tax Reform Town Hall Meeting with Revenue Commissioner Myron Frans

Revenue Commissioner Myron Frans has been touring the state to hear taxpayer ideas on how to make Minnesota's tax system simple, fair and supportive of economic growth. On **Wednesday, November 30th at 7:00 p.m.** Commissioner Frans will be holding a **Tax Reform Town Hall** at the **South Central College – North Mankato Campus**. The meeting will begin with a short presentation followed by discussion and a question and answer session. CGMC Mayor Mark Voxland testified at an earlier meeting in Moorhead and sent a strong message to the Revenue Commissioner about the importance of LGA. City officials are encouraged to participate in these meetings.

TRLF Fund Notice from Minnesota Register

The Minnesota Department of Transportation recently announced a solicitation of candidate projects for funding through the Transportation Revolving Loan Fund. Similar to a commercial bank, the TRLF provides low interest loans and other types of financial assistance. Repaid loans are returned to the TRLF to fund additional projects. The program is open to the state, counties, cities, and other governmental entities for eligible transportation projects on a competitive basis. Eligible projects include road, bridge and transit projects. A total of \$8.1 million is available.

For more information, please contact J.D. Burton with Flaherty and Hood at 651-225-8840 or jdburton@flaherty-hood.com

CGMC meets with MPCA Commissioner

Over the last several months, the CGMC has been working with the League of Minnesota Cities and other stakeholders that are affected by the Minnesota Pollution Control Agency's water quality standards (WQS). We secured a meeting last week with MPCA Commissioner Paul Aasen to discuss some of local government units' concerns with the water quality standard rulemaking process.

The MPCA has been reworking its approach to WQS and shared some of the changes it is making:

- The MPCA is planning on breaking up the triennial water quality review into smaller-focused chunks. Although this means rulemaking will be occurring more frequently, each review can better focus on key issues.
- The MPCA plans to have the first SONAR and draft of rules under this new rulemaking process available for public comment in spring 2012, aiming for a Fall/Winter 2012/2013 timeframe for final adoption. This first set will include a TSS test to replace turbidity, river nutrient standards, and changed designated water uses. The second package of rules, which will cover industrial solvents and wild rice issues, will be available in fall 2012.
- The group also discussed the tension between biologic and numeric standards for water bodies. Local governments are concerned that implementing both could be duplicative and lead to wasted resources. The MPCA responded that it is receiving much better data on water quality which is leading to a more flexible data based regulatory system. What this means is that in situations where the biological standards indicate the water quality is acceptable even if numeric standards suggest otherwise, the MPCA would look to the biologic standards.

We will continue this dialogue with the other stakeholders and the MPCA to ensure that local government concerns are heard as new WQS are created.

If you have further questions, please contact Elizabeth Wefel at 651-492-3998 or eawefel@flaherty-hood.com



Governor Dayton Issues Order re: Environmental Cooperation

There may not be any progress on addressing the long term budget situation or property tax mess, but the governor and legislature continue their efforts to outdo each other with respect to streamlining agency work, particularly with respect to the environment. Late last week, Governor Dayton issued an executive order directing the Environmental Quality Board (EQB) to evaluate and make recommendations for improvement to the environmental review process in Minnesota to ensure that the process prioritizes both economic progress and environmental protection.

The EQB is composed of nine state agency heads, five citizen members and a representative of the governor who chairs the board. By November 15, 2012, the EQB is to make recommendations on improving environmental guidance and cooperation and to prepare an environmental and energy report card to measure progress. In 2013, the EQB will host an environmental congress focused on the aspects of the report.

The possible topics for study are quite expansive: future population and settlement patterns, air and water resources and quality, solid waste management, transportation and utility corridors, economically productive open space, energy policy and need, growth and development, and land use planning. The EQB has no staff and must rely on staff from the individual state agencies. Given that limitation, it is not likely that all of those topics will be addressed in depth. To the extent that the EQB can address some of the silos that exist between and within our state agencies, however, this announcement is welcome news. You can read the order at <http://mn.gov/governor/images/EO-11-32.pdf>

If you have further questions, please contact Elizabeth Wefel at 651-492-3998 or eaawefel@flaherty-hood.com

Redistricting Process continues

The redistricting process continues to move forward but with two months left until the legislative and congressional maps are finalized, we are not much closer to knowing what the state's legislative and congressional districts will look like. This fall the judicial redistricting panel appointed by Chief Justice Gildea accepted written and oral testimony from across the state, with many CGMC members participating. On Friday, three of the parties involved in the redistricting lawsuit submitted three very different visions for how the state should be divided up:

The Hippert Plaintiffs, submitting on behalf of the GOP, propose a congressional map which creates east-west districts that run across the state, except for the Metro area.

The Martin Plaintiffs, submitting on behalf of the DFL, propose a congressional map with district seven running north-south along the western edge of the state, district eight picking up the Iron Range and the remainder of Minnesota, district six encompassing northern exurbs, and a fourth district extending from St. Paul to the Wisconsin border and pitting Rep. McCollum against Rep. Bachmann.

The Britton Plaintiffs, a group of democrats not affiliated with the DFL, propose a congressional map that also features a seventh district running along the entire western border, but draws the remainder of the districts quite differently.

Continued on next page



Each party also provides its own vision of the legislative district, but the differences are too many to capture here. A few commonalities in greater Minnesota include that both the DFL and the GOP propose a Senate District in which Sen. Kubly and Sen. Dahms would face each other and in which Rep. Persell and Rep. Howes would compete for the same seat. (Sen. Kubly is battling ALS and will not be running for reelection).

You can examine the maps and other documents here:
<http://www.mncourts.gov/?page=4469>

Because the maps are challenging to read, you may want to read the descriptions. We suggest the following documents if you want to learn more about the proposed legislative districts:

Britton: Legislative Plan Report
Hippert: Legislative Plan District Descriptions
Martin: Brief 2 describes the legislative plan.

The public input period has now ended. The court will spend the next several months reviewing the proposed plans and creating their own final version which they will release on or about February 21, 2012. In theory, the legislature and the governor could agree on a plan, but that does not appear likely.

If you have further questions, please contact Elizabeth Wefel at 651-492-3998 or eawefel@flaherty-hood.com





Coalition of Greater Minnesota Cities
CGMC in Brief

November 3, 2011

Contact: Tim Flaherty
651-225-8840

**Former Attorney
General Mike Hatch
Added to Lineup at
Fall Conference –
Still Time to Register**

There is still time to register for the CGMC's Fall Conference in Fergus Falls Nov. 16-18. The Fall Conference is one of the most important CGMC events as it is where we plot strategy and finalize our legislative agenda for the next year. In addition this year we will be spending time discussing CGMC's economic development initiatives for the 2012 legislative session. Registration information and agenda are attached. Please don't forget to make your own hotel arrangements.

As an added bonus former Attorney General Mike Hatch will be our featured dinner speaker. Mr. Hatch will be discussing his perspective on the political landscape as well as his advice for how small organizations like CGMC can be successful.

Fall Conference Registration and Agenda materials are attached in e-mail.

**Economic
Development Task
Force Meets**

On Monday, the CGMC convened a Task Force in St. Paul of greater Minnesota city leaders, local chamber of commerce officials, and Economic Development Authority directors to review the CGMC's draft "Greater Minnesota Economic Recovery Plan" for the 2012 legislative session. Their recommendations were incorporated into the CGMC's 2012 policy positions, which the CGMC Economic Development Committee will review and approve next week.

The Task Force meeting – separate from the CGMC Economic Development Committee – follows a two-month outreach effort by Flaherty & Hood lobbyists to gather insight from economic development experts across greater Minnesota on ways to boost job creation. The information gathered in these outreach efforts formed the backbone of the "Recovery Plan" draft document. The draft document plans have now been added to the CGMC's 2012 draft policy positions. The full CGMC membership will review and approve the policy positions at the membership fall conference, November 16-18 in Fergus Falls, MN. The Task Force itself will continue to provide insight and guidance through the legislative session.

Please contact J.D. Burton with Flaherty & Hood, P.A. at jdburton@flaherty-hood.com for more information about the CGMC Task Force or the CGMC's economic development program.



New LGA Study Group Expected to Meet in December

A new LGA study group, co-chaired by State Representative Runbeck and State Senator Roger Chamberlain, is expected to meet in December. The original LGA study group, established by former Governor Tim Pawlenty in 2008, met only twice.

The LGA study group is made up of five members appointed by each chair in the House and Senate. Two must be members of the tax committee, one of whom is a majority party member and one of whom is a minority party member. The remaining members represent local units of government.

The House appointees are: Rep. Paul Marquart, Rep. Kurt Daudt, Roseau Mayor Jeff Pelowski, Minneapolis Councilmember Barb Johnson, and Rachel Walker from the League of Minnesota Cities. The Senate appointees are: Sen. Rod Skoe, Sen. David Senjem, Chanhassen Mayor Tom Furlong, Joel Young, Chatfield City Clerk and Minnesota Association of Small Cities President and Steve Peterson on behalf of the Coalition of Greater Minnesota Cities.

The study group will examine the effects and impacts of LGA and forward recommendations to the Legislature by December 15, 2012. Please contact Steve Peterson with Flaherty & Hood, P.A. at smpeterson@flaherty-hood.com for more information on the study group.

Sorting Through the MVHC Myths and Facts

Across Minnesota we are starting to see letters and columns in local newspapers from legislators "clarifying" the MVHC elimination and its impact on local property taxes. In each of these articles common themes are emerging. Sadly, many of these themes only muddy the waters and attempt to shift blame for local property tax increases entirely back to local elected officials. First the common themes and our take on what the real story is...

LEGISLATOR ARGUMENT #1: Elimination of the MVHC Makes Things More Stable For Local Governments

THE REST OF THE STORY: By far the most common justification for the change is that it provides local governments with more reliability as they will no longer rely on the state reimbursing them for the credit given to qualifying homeowners.

This creates a false choice between "reliability" and property tax relief. The reality is that the cost of this "reliability" is an estimated statewide property tax increase of \$272 million. In order for the state to achieve real reliability when it comes to meeting its obligations it would seem that a better option for the state would be to maintain an adequate reserve fund (long ago depleted) to cover shortfalls, or perhaps raise revenue in a broad based and fair way so that local governments and their taxpayers would be spared the brunt of the state's fiscal woes.

LEGISLATOR ARGUMENT #2: The Cities and Counties Supported This

THE REST OF THE STORY: In almost every one of these letters and columns it is noted that the change was supported (and in some versions "requested") by



local government associations including the League of Minnesota Cities, Minnesota Association of Townships, the Minnesota Inter-County Association, and the Association of Minnesota Counties. This is a slight misrepresentation of these associations' positions. In general, it seems that their positions were that if the credit was not going to be fully funded then it was time to end the "shell-game" of giving the homeowner the benefit of the credit without reimbursing the local government. It should also be noted that CGMC did not support the elimination of the credit and conversion to the exclusion. Our position was that the property tax aids and credits should be fully funded even if it meant the state had to raise other, fairer revenue to do so.

LEGISLATOR ARGUMENT #3: We Beefed up the Property Tax Refund Program, So It's OK

THE REST OF THE STORY: One of the justifications is that any property tax increase that might result from the elimination of the MVHC is off-set by a \$30 million increase in the PTR program. There are two problems with this argument. First from a logical perspective the MVHC accounted for \$260 million a year in property tax relief. Off-setting that loss with an additional \$30 million in the PTR is paltry. Secondly, who does that \$30 million in PTR benefit? We know that because greater Minnesota received more in MVHC than the Metro area that greater Minnesota is more greatly affected by its elimination. We suspect, and are working to verify, that because of the structure of the PTR changes that the majority of the benefit of the new money went to suburban homeowners.

LEGISLATOR ARGUMENT #4: If Property Taxes Go Up It Is Because of Local Decisions

THE REST OF THE STORY: The non-partisan House Research Department did a simulation of the new program based on 2011 numbers and found that even if levies were held flat, property taxes would be \$272 million higher on a statewide basis, a 3.4% increase. Most distressing is the increase gap between greater Minnesota at 5.3% and the Metro at 2.3%. Legislators also point to jurisdictions that are lowering their levies, the most popular example being suburban Anoka County. This insistence that cities could merely lower their levies also ignores the fact that because of large LGA cuts communities have been cutting back for years by shrinking their workforces, providing fewer services, charging higher fees for the services they are providing, and putting infrastructure improvements and maintenance on the back-burner. The link below is to the House Research Department Property Tax Simulation Report #11F1:
<http://www.house.leg.state.mn.us/hrd/issinfo/csim11F1cities.pdf>

Conclusion

While it is not our goal to bring back the MVHC by pointing these things out, this is a good opportunity to highlight the ever increasing issues with property taxes and state policy, which our communities face. Pointing out the disparities between greater Minnesota and the Metro should help move your legislators toward a position that prevents further cuts or radical adjustments to property tax aids and credits. It is also important for the public discussion that these comments be put into their proper perspective. In response to these letters a sample response letter to the editor was provided to CGMC mayors and managers earlier this week.





CITIES BULLETIN

Issue 42

December 2, 2011

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November State Budget Forecast Reveals No Immediate Deficit

The state budget unexpectedly turns from red to black for the balance of the 2012-2013 biennium, but clouds remain on the horizon. [Read more.](#)

In Other News

House Panel to Hear Interim Report on Government Redesign and Innovation

The meeting is scheduled for 10 a.m. on Dec. 6 at the State Office Building. [Read more.](#)

Legislation Repealing 3 Percent Withholding Signed into Law

The new law repeals a requirement that federal, state, and certain local governments withhold 3 percent on payments for most goods and services. [Read more.](#)

Department of Revenue Releases Proposed Levy Report

Despite steep reductions in state aid and credit reimbursements, proposed city levies are up by only 2 percent. [Read more.](#)

Report: Historic Rehab Tax Credit Is Creating Jobs

A University of Minnesota analysis says that the tax credit enacted in 2010 for the preservation of historic structures is creating close to 3,000 jobs. [Read more.](#)

State Report Reveals Cost of Shutdown

The report shows there were both costs and savings related to the 20-day state government shutdown. [Read more.](#)

Supreme Court Dismisses Final Lawsuit on State Government Shutdown

The dismissal leaves open the question of district court intervention in state appropriations during a state government shutdown. [Read more.](#)

More Information and Resources

[Dec. 6 Webinar to Discuss City Impact of State Budget Forecast](#)

[New 4M Fund Term Series Open Now](#)

[MnDOT Offering Grants for Road Projects with 'Regional Significance'](#)

[Don't Miss the Free Webinar on Military Leave Law & Employing Veterans—Monday 12/5](#)

[White House Announces Health Care Innovation Challenge Grants](#)

[League Appointments to 1300 Code Administration Committee](#)

[Experienced Officials Conference Registration Now Open](#)

[Documentary Examines Minnesota's Aging Water Infrastructure](#)

[Register Now—Conference for New City Officials in January](#)

Training, Conferences, Events

[Upcoming League Events](#)

[Online Training/E-Learning](#)

[Co-Sponsored Events](#)

[Events Sponsored by Other Organizations](#)

Featured Events

Webinar: City Employees & Military Service
Dec. 5, 10:30–11:30 a.m.

Webinar: State Economic Forecast
Dec. 6, 2:30–3:30 p.m.

Leadership Conference for Newly Elected Officials
Jan. 27–28—Brooklyn Center

Leadership Conference for Experienced Officials
Jan. 27–28—Brooklyn Center

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- [Weekly 4M Fund Rates \(Minnesota Municipal Money Market Fund\)](#)

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lalmstrand@lmc.org
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For legislative questions:
Contact IGR Staff

For editorial or other Bulletin questions:
Contact Claudia Hoffacker

November State Budget Forecast Reveals No Immediate Deficit



The state budget unexpectedly turns from red to black for the balance of the 2012-2013 biennium, but clouds remain on the horizon.

In a surprising twist, the state announced on Dec. 1 that its general fund is now projected to have a surplus of \$876.3 million for the balance of the current biennium. This is up from a \$15 million projected general fund budgetary balance after the passage of the 2011 first special session budget and tax bills.

The news was released in Minnesota Management and Budget's (MMB) November 2011 Forecast, which projects revenues and expenditures for the remaining 19 months of the current 2012-2013 biennium as well as the next 24 months of the upcoming 2014-2015 biennium.

In the short term at least, this news appears to bring some relief from the state cuts cities have experienced in recent years. It may not last, however, as state officials also warned that there is more work ahead to ensure long-term financial health.

- **Access the full November 2011 Forecast** (*Link to: <http://www.mmb.state.mn.us/fu-current-fore-nov>*)

Although the November forecast is generally compared to the previous February forecast, keep in mind that the vast majority of the November forecast changes reflect new economic assumptions that impact tax receipts, and new forecasts for state expenditures due to changing demographic and economic information such as K-12 student enrollment and health and human service program caseloads. The actions of the 2011 Legislature to address the \$5 billion projected state budget deficit have been incorporated as adjustments to the February forecast figures.

Much of the improvement in the 2012-2013 forecast is actually due to the state finishing the previous biennium in better shape than previously projected. Minnesota's closing general fund balance for the fiscal year (FY) 2010-2011 biennium was \$525.8 million greater than forecast. That figure includes revenues that exceeded forecast by \$358.2 million and state expenditures that were \$205.4 million below estimates, as well as a \$37.9 million increase in appropriations that are carried forward from the previous biennium.

What does this mean for cities?

Clearly, the improved financial picture for the state's general fund would appear to provide at least a short-term respite from the annual state reductions in local government aid (LGA) and market value homestead credit (MVHC) reimbursements that cities have experienced since December 2008. That said, State Economist Tom Stinson cautioned that economic prediction is extremely difficult and that unforeseen economic shocks could quickly cause the projected surplus to evaporate.

The surplus also increases the possibility of legislative action to address some of the effects of the conversion of the MVHC to the new homestead market value exclusion. House Taxes Committee Chair Greg Davids (R-Preston) is proposing an expansion of the state Property Tax

Refund (PTR) program and the Targeting program to help homeowners that experience tax increases under the new system. The PTR program provides property tax relief based on an individual's property tax burden and their income while the Targeting program provides a direct state payment to individuals that experience large, annual property tax increases.

In addition, Rep. Davids proposed excluding a portion of the market value of business property from the state business property tax in order to provide tax relief to small businesses.

The League will present a **webinar on Dec. 6** ([Link to: http://www.lmc.org/page/1/webinar-forecast1211.jsp](http://www.lmc.org/page/1/webinar-forecast1211.jsp)) about the state budget forecast and other recent events that may affect city budgets.

A closer look at the numbers

For revenues and expenditures projected for the 2012-2013 biennium proper (without considering the FY 2010-2011 carry-forward), the forecast now projects that revenues collected by the state will actually decline slightly by \$23.7 million. However, projected expenditures will also decline by \$348.3 million due largely to a projected \$308.1 million reduction in health and human services caseloads and related costs. Under current state law, the projected budget surplus must first be used to replenish the state's cash flow account and budget reserve.

Table 1 summarizes the changes in projections that contribute to the \$876.3 million budgetary surplus reported in the November 2011 Forecast.

Table 1:
November 2011 State Budget Forecast Changes for FY 2012-13
Compared to February 2011 Forecast
(as adjusted for 2011 Special Session actions; \$ in millions)

	Feb. Forecast after Special Session	Nov. Forecast	Change
Beginning Balance	\$725.1	\$1,288.7	+\$563.6
Forecast Revenues	\$33,723.8	\$33,700.0	-\$23.7
Forecast Expenditures	\$34,338.8	\$33,990.5	-\$348.3
Cash Flow Account	\$95.0	\$95.0	+0.0
Budget Reserve	0.0	\$27.0	+\$27.0
Budget Balance (Shortfall)	\$15.1	\$876.3	+\$861.2

On the revenue side, individual income tax and corporate income tax collections realized by the state at the end of FY 2010-2011 exceeded the February forecast by \$277 million and \$11 million, respectively, while sales tax collections were down slightly. For the current biennium, sales tax collections are now projected to be down by \$105 million while corporate income tax collections are expected to be up by approximately \$150 million. Table 2 summarizes the November forecast projected changes in major state revenue sources compared to the February 2011 forecast.

**Table 2:
Change in State Revenues, FY 2010-2011 to 2012-2013
(\$ in millions)**

	Change FY 2011	Change FY 2012-13
Individual Income Tax	+\$277	+\$36
Sales Tax	-\$30	-\$105
Corporate Income Tax	+\$11	+\$150
Other	+\$100	-\$105
Total Revenue Change	+\$358	-\$24

For state expenditures, as shown in Table 3, the largest single reduction in projected expenditures contributing to the current forecast surplus is due to revisions in the caseload and costs for health and human service programs. The state also was able to capitalize on record low interest rates and reduce debt service costs by \$58 million.

**Table 3:
Change in State Expenditures, FY 2010-2011 to 2012-2013
(\$ in millions)**

	Change FY 2011	Change FY 2012-13
K-12 Education	-\$8	+\$15
Health and Human Services	-\$149	-\$308
Property Tax Aids and Credits	-0	-\$25
Debt Service	+\$1	-\$58
All Other	-\$48	+\$28
Total Expenditure Change	-\$205	-\$348

Long-term not so rosy

The relatively good news for the current biennium is clouded by the longer-term budget projections. The November forecast predicts that under current state law and under current economic assumptions, the state will experience a \$1.3 billion deficit in FY 2014-2015. The February forecast, as adjusted for legislative changes enacted through the 2011 special session, had pegged that biennium deficit at \$1.9 billion. MMB Commissioner Jim Schowalter indicated that one-time actions to address the recent \$5 billion deficit contribute to this long-term deficit.

City officials need to keep this projected future deficit in mind. Although it may sound distant, calendar year 2013 city budgets will include LGA, police and fire pension aids, and other state funds shared with cities that will be paid from the 2014 fiscal year, and the Legislature will begin discussing portions of that future state budget during the 2012 session.

State economist cautious

Although the forecasted \$876 million surplus is the first positive forecast since February, 2007, State Economist Stinson was cautious about the state budget and difficulty in making economic projections in the current economic climate. He highlighted a number of factors that could potentially tip the state budget into deficit, such as the precarious financial situation in Europe as well as the uncertainty of whether Congress will act to extend the payroll tax cut and the extension of unemployment insurance.

Stinson did comment that Minnesota's economy has generally weathered the Great Recession better than the nation as a whole, with unemployment in the state running well below the national average. He also indicated that Minnesota has recovered roughly 35 percent of the jobs lost in the Great Recession while nationally, only about 22 percent of the jobs have been recovered. Stinson also stressed that by ending the 2010-2011 biennium in a stronger economic position, Minnesota's economy is projected to grow from a higher starting point for the current biennium.

When asked by a reporter what the state should do with the surplus, Stinson suggested that the state should take steps to stabilize its finances, including replenishing its cash flow and budget reserves.

Legislators respond

At press conferences immediately following the budget presentation, House and Senate Republican leadership were cautiously optimistic. Senate Majority Leader Amy Koch (R-Buffalo) and House Speaker Kurt Zellers (R-Maple Grove) indicated that the budget was moving in the right direction. They stressed that replenishing state reserves was essential and that improvement in the state's general fund would not have a bearing on the Vikings stadium, which would not be funded out of the state's general fund.

Democratic leaders Rep. Paul Thissen (DFL-Minneapolis), Sen. Terri Bonoff (DFL-Minnetonka), and Sen. Richard Cohen (DFL-St. Paul) responded by indicating that the projected surplus is not real due to delays in school payments and the use of tobacco bonds to borrow from future revenues. Rep. Thissen said the focus of the surplus should be building up state reserves and paying off state debt. Thissen also agreed that the general fund surplus and the stadium funding initiative are separate and unrelated.

Gov. Dayton welcomed the good news, but indicated that the surplus came at a high price for schools, which have experienced a near-permanent delay in state aid payments. He also said he will not make any budget adjustment proposals until after the February state budget forecast is released around the first of March. The February forecast will be the final set of revenue and expenditure estimates that are used by the 2012 Legislature for budget purposes.

More about impact on cities

The League will present a webinar about the budget forecast and other city budget considerations on Dec. 6.

Read more and register for the webinar (*Link to: <http://www.lmc.org/page/1/webinar-forecast1211.jsp>*)

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

House Panel to Hear Interim Report on Government Redesign and Innovation

The meeting is scheduled for 10 a.m. on Dec. 6 at the State Office Building.



(Published Dec 2, 2011)

The House State Government Finance Committee ([Link to: http://www.house.leg.state.mn.us/comm/committee.asp?comm=87018](http://www.house.leg.state.mn.us/comm/committee.asp?comm=87018)), chaired by **Rep. Morrie Lanning** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?district=09A](http://www.house.leg.state.mn.us/members/members.asp?district=09A)) (R-Moorhead), will hold an interim hearing on Dec. 6 to hear from those involved with the **local government redesign and innovation forums** ([Link to: http://www.lmc.org/page/1/redesignmeetings.jsp](http://www.lmc.org/page/1/redesignmeetings.jsp)) that were held this fall around the state.

The meeting is scheduled for 10 a.m. in room 200 of the State Office Building. League staff will attend the hearing and report on it in the next *Cities Bulletin*.

There have been multiple efforts related to redesign of government services during the interim. The bi-partisan House Redesign Caucus, spearheaded by **Rep. Carol McFarlane** ([Link to: http://www.house.leg.state.mn.us/members/members.asp?id=15278](http://www.house.leg.state.mn.us/members/members.asp?id=15278)) (R-White Bear Lake), has been a sponsor of the redesign and innovation meetings held this fall—along with the statewide associations of the League of Minnesota Cities, the Association of Minnesota Counties, and the Minnesota School Boards Association. Financial support has been provided by the Bush Foundation as well as several other foundations.

The House Republicans have also held many meetings around the state under the heading of Reform 2.0. With all these efforts, no doubt government redesign and reform will be on the agenda for many during the 2012 legislative session.

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

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Legislation Repealing 3 Percent Withholding Signed into Law

The new law repeals a requirement that federal, state, and certain local governments withhold 3 percent on payments for most goods and services.

(Published Dec 2, 2011)



President Obama signed into law on Nov. 21 legislation that repeals Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222), which would have required federal, state, and certain larger local governments to withhold 3 percent on payments made for most goods and services.

In 2006, Congress enacted a 3 percent withholding requirement on certain payments made to

contractors doing business with federal, state, and local governments with the intent of improving tax compliance. This rule was originally scheduled to take effect on Jan. 1, 2011, but was delayed.

Minnesota Reps. Tim Walz, John Kline, Erik Paulsen, Betty McCollum, Keith Ellison, Collin Peterson, and Chip Cravaack supported the repeal. Rep. Michele Bachmann did not vote on the measure. Last week, the Senate voted unanimously to repeal the law, following the House's October approval of the repeal.

The National League of Cities (NLC) has been lobbying for repeal of the legislation since it was originally signed into law in 2006. Without the repeal, the law would have created administrative challenges for at least six Minnesota cities that currently have expenditures above \$100 million—Minneapolis, St. Paul, Duluth, Rochester, Bloomington, and St. Cloud. If the withholding requirement had been extended to all cities, it would certainly create an immense administrative challenge for smaller jurisdictions.

The legislation signed by President Obama also includes a provision that expands the work opportunity tax credit for businesses that hire jobless veterans. Under the changes, tax-exempt organizations, including cities, can also claim a credit against payroll taxes. The value of the credit is equal to either the amount of the work opportunity tax credit for hiring veterans or the amount of the payroll taxes paid by such organizations during the calendar year—whichever is less.

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

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Department of Revenue Releases Proposed Levy Report

Despite steep reductions in state aid and credit reimbursements, proposed city levies are up by only 2 percent.

(Published Dec 2, 2011)



The total proposed 2012 city property tax levies are \$37.2 million higher than the certified 2011 levels, according to a Nov. 23 Minnesota Department of Revenue (DOR) report. The increase is modest considering the state cuts that cities have endured.

The proposed city levy increase is the lowest dollar increase since 1998, when cities increased property taxes by \$35.1 million. However, because overall city property taxes were lower in 1998, that increase was 4.8 percent compared to the 2 percent increase from 2011 to 2012.

This annual DOR report covers proposed property tax levies for cities, counties, townships, special taxing districts, and the state business property tax. This year's report also included non-voter approved school district property tax levy data, but, unfortunately, it did not include yet-to-be-collected information on recent voter-approved school levies. Overall, proposed levies for all entities that levy property taxes increased by 1.2 percent, or \$99.1 million, over the certified 2011 level.

The table below summarizes the proposed property tax levy increases by levying jurisdiction.

**Estimated Property Tax Levy Increases by Jurisdiction
Payable 2011 Actual to Payable 2012 Proposed**

Jurisdiction	\$ Increase	% Increase
Cities	+\$37.4 million	+2.0%
School Districts*	+\$1.9 million	+0.1%
Counties	+\$31.2 million	+1.2%
Townships	+\$7.3 million	+3.3%
Special Taxing Districts	+\$0.5 million	+0.2%
State Business Property Tax	+\$20.8 million	+2.6%
Total Levy Increase*	+\$99.1 million	+1.2%

**Does not include increases approved by voters in referenda held this fall.*

Under state law, the proposed levy set by each city is the maximum the city can levy for the upcoming year, with a few limited exceptions, such as levies for natural disasters, levies approved by voters after the proposed levy is set, and levies to cover judgments against the city. Although proposed levies generally cannot be increased, local units of government can reduce the levy when they finalize their budgets in December. For example, last fall, cities proposed a 2011 levy increase of \$62.9 million, or 3.4 percent. When city budgets were finalized last December, the final levy increase declined to a \$39 million, or 2.1 percent, increase above the 2010 certified level.

State cuts to cities

The relatively small increase in proposed city levies for 2012 is notable in light of \$150 million in cuts to payable 2011 local government aid (LGA) and market value homestead credit (MVHC) reimbursements, as well as a permanent reduction of \$102 million in LGA funding in 2012.

The 2011 and the 2012 cuts were enacted in the 2011 first special session tax bill signed into law in July. In addition to the 2011 and 2012 cuts, cities have experienced several consecutive

years of annual cuts in LGA and MVHC reimbursements, including cuts in 2008 (\$66.5 million), 2009 (\$64 million), and 2010 (\$180 million).

In the proposed levy report, 287 cities, or 33.6 percent of all cities, either reduced or froze their proposed levies relative to their 2011 certified level. However, evaluating city actions only on the proposed levy change does not acknowledge the fact that cities experienced retroactive cuts in 2011 LGA and MVHC reimbursements and a permanent, future reduction in the LGA appropriation.

A broader comparison statistic evaluates changes in "revenue base," which is the sum of each city's levy plus LGA. For the 2011 budget year, cities' budgets were constructed last fall around a certified LGA appropriation of \$527 million, which was later reduced in the July tax bill to \$425 million.

As cities build their budgets for 2012, they have been certified to receive \$425 million in LGA. When the proposed 2012 levy decisions of cities are considered along with the lower certified 2012 LGA funding level, there are 465 cities, or 54.5 percent, that either reduced or froze their proposed 2012 revenue base relative to their 2011 level.

Taxpayer impacts

Although statewide proposed property tax levies have only increased by 1.2 percent, the repeal of the MVHC program coupled with the new homestead market value exclusion will translate to higher net taxes for many property owners.

According to state budget estimates, the state was scheduled to pay approximately \$261 million in property taxes in calendar year 2012 to local units of government on behalf of homeowners receiving the market value homestead credit. That amount does not include the permanent MVHC reimbursement reduction to approximately 120 cities of roughly \$25 million enacted during the 2010 session. The elimination of the old MVHC will save the state \$261 million, but it also means that the full tax levy of each local unit of government will fall entirely on property taxpayers.

The new homestead exclusion will buffer the impact on qualifying homeowners, but the DOR estimates that when the MVHC elimination and proposed local property tax levies are considered together, property taxes will rise by 4.7 percent, or roughly \$379 million, statewide.

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

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Report: Historic Rehab Tax Credit Is Creating Jobs



A University of Minnesota analysis says that the tax credit enacted in 2010 for the preservation of historic structures is creating close to 3,000 jobs.

(Published Dec 2, 2011)

A report released last week by the **Minnesota State Historic Preservation Office** (*Link to: <http://www.mnhs.org/shpo/grants/MNHistoricStructureRehabilitationStateTaxCredit.htm>*) claims 2,948 jobs are created by 14 projects taking advantage of the new Minnesota Historic Rehabilitation Tax Credit that was signed into law as part of the 2010 jobs/state stimulus bill.

Of those jobs, 1,808 are construction jobs with \$83.7 million for direct labor, according to the report, which was prepared by the University of Minnesota Center for Community Vitality. Architects, engineers, and related or non-related industries saw 532 indirect jobs created by \$93.6 million in sales output by the projects.

- **View the full report: Economic Impact of Projects Leveraged by the Minnesota Historic Rehabilitation Tax Credit (pdf)** (*Link to: http://www.mnhs.org/shpo/grants/docs_pdfs/Economic_Impact-Historic_Tax_Credit_2011.pdf*)
- **View highlights of the report by Preservation Alliance of Minnesota (pdf)** (*Link to: <http://www.mnpreservation.org/pdf/HTCReports/State%20Historic%20Tax%20Credit-Fact%20Sheet-Jobs2.pdf>*)

The concept of a state historic tax credit had been lobbied for several years in Minnesota, but came to fruition as a result of the Jobs Coalition in 2010. Furthermore, the League has long supported such an incentive to entice redevelopment projects, which are often extremely expensive.

While a federal tax credit existed that Minnesota developers were able to use, a state credit was not available. When Minnesota's was signed into law, at least 30 other states offered such an incentive—including the nearby states of Iowa, Wisconsin, Missouri, and North Dakota.

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State Report Reveals Cost of



Shutdown

The report shows there were both costs and savings related to the 20-day state government shutdown.

(Published Dec 2, 2011)

During last summer's shutdown, the state lost \$49.7 million in tax collections and lottery receipts, spent \$10 million on shutdown preparation and recovery costs, and paid out about \$10 million in unemployment benefits, according to a new **Minnesota Management and Budget**

(*Link to: <http://www.mmb.state.mn.us/>*) (MMB) report.

There were also both state and federal government savings of around \$65 million caused by the layoff of 19,000 employees during the shutdown, said MMB Commissioner Jim Schowalter during a Nov. 22 press conference about the report.

The 45-page *State Government Shutdown Executive Summary* yielded a number of interesting statistics:

- More than 200,000 staff hours were redirected from normal operations for preparation and recovery.
- 80 percent of state spending continued during the shutdown.
- The 20-day shutdown was the longest and most expansive in Minnesota history (July 1-July 20).
- The court-directed Special Master costs totaled \$59,295.
- More than 1 million pieces of correspondence were sent in preparation for the shutdown, essentially all to the public (vendors, citizens, and stakeholders).

View MMB's State Government Shutdown Executive Summary (pdf) (*Link to:*

<http://www.mmb.state.mn.us/doc/shutdown/2011-shutdown-report.pdf>)

During the press conference, Schowalter took a number of questions from the media. When asked what his biggest surprise was of the entire endeavor, he answered that there weren't more blow-ups.

Senate Republicans held a response session after the press conference, and revealed that there could be legislation brought forward to prevent future state shutdowns. Many states have such proposals in place, and similar bills were introduced before the end of the Minnesota Legislature's 2011 regular session. Stay tuned for more on this topic when the 2012 Legislature convenes on Jan. 24.

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

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Supreme Court Dismisses Final Lawsuit on State Government Shutdown



The dismissal leaves open the question of district court intervention in state appropriations during a state government shutdown.

(Published Dec 2, 2011)

The Minnesota Supreme Court on Nov. 30 dismissed the state shutdown-related lawsuit filed by six state legislators. The lawsuit challenged the intervention of the Ramsey County District Court in authorizing expenditures by state agencies during the July state government shutdown.

The Court stated that the subsequent agreement of the Legislature and Gov. Dayton to approve appropriations bills for the remaining state agencies made the lawsuit moot. The decision was not unanimous. Justices Paul Anderson and David Stras separately concurred with the majority position while Justice Alan Page dissented.

The lawsuit was originally filed on July 8 by Sens. **Warren Limmer** (Link to:

http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1032&ls=) (R-Maple Grove), **Scott Newman** (Link to:

http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1173&ls=) (R-Hutchinson), **Sean Nienow** (Link to:

http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1172&ls=) (R-Cambridge), and **Roger Chamberlain** (Link

to: http://www.senate.leg.state.mn.us/members/member_bio.php?mem_id=1187&ls=) (R-Lino Lakes), along with Reps. **Glenn Gruenhagen** (Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=15350>) (R-Glencoe) and **Ernest Leidiger**

(Link to: <http://www.house.leg.state.mn.us/members/members.asp?id=15355>) (R-Mayer).

In addition to dismissing the challenge, the majority opinion also suggests that the Legislature and governor have the ability to “put mechanisms in place that would ensure that the district court is not again called upon to authorize expenditures by executive branch agencies in the absence of legislative appropriations.”

Justices Anderson and Stras focused their concurrence on explaining why they believe the Court has an obligation, based on 200 years of jurisprudence, to dismiss the challenge in order to “defer to the Legislature and the executive so that they have a further opportunity to do their jobs.”

In his dissent, Justice Page stressed that it is the responsibility of the judiciary to say what the law is. He goes on to warn that the legislative and executive branches have drawn the judiciary into the political realm, which places the independence of the judiciary at risk. He concludes his dissent with the observation that the proper role of the judiciary in these types of disputes needs to be answered.

Justice Page stated, "Indeed, the particular answers to those questions are of far less importance than the simple fact that they are answered, so that the judiciary can no longer be used as a pawn in the two political branches' partisan disputes. Our obligation to protect the judicial branch requires it, and the integrity of the judicial branch demands it; therefore, I respectfully dissent."

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

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Term Series Investment Pools

New 4M Fund Term Series Open Now

These term series seek higher yields for your city's short-term investments:

- 3-month term; net rate 0.15%
- Settles December 6; contact Kent Johnson (at right) to invest

Hurry—these rates are only offered for a limited time.

The League's 4M Fund (Minnesota Municipal Money Market Fund) is now offering term series investment pools—they're a great short-term investment option that seeks higher yields. You can lock into a fixed rate and a specific date to meet your investment needs.

- **Fixed rates**

Each term series is comprised of statute-allowable investments with a fixed rate of return. Rates don't fluctuate and aren't affected by the market. Your money can earn more because each term series seeks to provide rates that are typically higher than what your local bank account or other investment options might offer.

- **Fixed dates**

Each term series has a fixed maturity date between 30 and 397 days. Need a place to park your future bond payments for 3 months, or invest reserves for a year? Convenient maturity dates meet your city's specific needs.

New pools with varying rates and maturity dates will be offered on a regular basis, with a limited time frame of about 2-4 days to buy in to new series.

These term series investment pools are only open to participants in the 4M Fund; for more information on the 4M Fund and to open an account, visit www.4mfund.com (Link to: <http://www.4mfund.com>).

The term series investment pools were developed through the League's partnership with PMA Financial Network, Inc. (sub-administrator for the 4M Fund) in an effort to provide increased yield and value as cities continue to respond to ongoing financial challenges.

For more information on the terms series investment pools, including the most current interest rates, contact Kent Johnson, PMA, at (866) 922-2849 or kjohnson@pmanetwork.com (Link to:

<mailto:kjohnson@pmanetwork.com>).

For More Information

Get more information about the 4M Fund's **term series investment pools**, including the most current interest rates.

Contact Kent Johnson
Sr. Vice President

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(866) 922-2849

kjohnson@pmanetwork.com (Link to: <mailto:kjohnson@pmanetwork.com>)

View the term series fact sheet (pdf) (Link to: <http://www.4mfund.com/vertical/Sites/%7BEDD02C0F-193B-43C2-8A79-85C3565B491F%7D/uploads/%7BFA9E1DB6-4B22-4801-B90B-4AD6E4AF27B6%7D.PDF>)

About the 4M Fund

The 4M Fund is a customized cash management and investment program for Minnesota public funds. Several League partners work together to ensure the 4M Fund remains the cash management and investment program of choice for Minnesota cities: RBC Dain Rauscher, PMA Financial Network, and RBC Global Asset Management.

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Recent League Appointments

1300 Code Administration Committee

Inver Grove Heights Chief Building Official **Frank Martin** was appointed by the League on Nov. 17 to the 1300 Code Administration Committee. Rockville Councilmember **Duane Willenbring** was designated as the alternate appointee for the committee.

The Minnesota Department of Labor & Industry (DLI) asked the League to appoint a primary and alternate appointee to the committee. The 1300 Code Administration Committee is charged with assisting with amendments to the code administration chapter for the State Building Code. The DLI's Construction Code and Licensing Division is the staffing agency for this advisory committee. The committee plans to begin meeting by December, and is expected to complete its work by March 2012.

Local Road Advisory Committee

Austin Councilmember **Roger Boughton** and Benson City Manager **Rob Wolfington** were appointed by the League on Oct. 20 to serve on the Local Road Advisory Committee. Boughton will represent cities with populations over 5,000, and Wolfington will represent cities with populations under 5,000. Burnsville Councilmember **Dan Kealey** will act as an alternate for the appointment representing cities with populations over 5,000.

The Minnesota Department of Transportation (MnDOT) asked the League to recommend one elected or appointed city official to serve as a representative for cities over 5,000 in population, and one elected or appointed city official to serve as a representative for cities under 5,000 in population for the Local Road Advisory Committee. The committee is made up of three other appointees: county commissioner, county engineer, and city engineer.

The Local Road Advisory Committee was created in 2005 to develop criteria for distribution of funds in the Local Road Improvement Fund's Routes of Regional Significance Account. MnDOT will use the Local Road Advisory Committee for feedback and recommendations on the use of the Local Road Improvement Program funds now available for distribution. The committee is expected to begin meeting soon.

1309 International Residential Code Committee

Perham Building/Zoning Official **Dave Neisen** was appointed by the League on Oct. 20 to the 1309 International Residential Code Committee. Big Lake Councilmember **Mike Wallen** was designated as the alternate appointee for the committee.

The Minnesota Department of Labor & Industry (DLI) asked the League to appoint a primary and alternate appointee to the committee. The IRC-1309 Advisory Committee is charged with assisting in the adoption of the 2012 International Residential Code. The DLI's Construction Code and Licensing Division is the staffing agency for this advisory committee. The committee plans to begin meeting by



Current Grant Opportunities

Federal Election Assistance for Individuals with Disabilities Grants

Applications are being accepted for the federal Election Assistance for Individuals with Disabilities (EAID) grants. Cities, townships, and counties are eligible to apply, and Minnesota Secretary of State Mark Ritchie has extended the application deadline to 4 p.m. on **Dec. 12**.

Approximately \$400,000 in EAID grants will be provided through the federal Help America Vote Act (HAVA) of 2002. Funds must be used for accessible equipment and to improve polling place accessibility for voters with disabilities and cannot be used for general improvements to structures. Local election officials are asked to submit grant proposals for accessibility improvements and equipment that will provide privacy and independence for the voter such as automatic door openers, disability parking spaces, renovations to make bathrooms accessible, ramps, accessible voting booths, and magnifiers. In past years grants have ranged from approximately \$100 up to \$6,000. Grant recipients will be notified early in 2012. For more information on the EAID grant application process contact Adam Aanerud at Adam.Aanerud@state.mn.us (Link to: <mailto:Adam.Aanerud@state.mn.us>) or (651) 556-0644.

Learn more and access the grant application (Link to: <http://www.sos.state.mn.us/index.aspx?page=763>)

(Link to:)

Health Care Innovation Challenge Grant

The White House recently announced the Health Care Innovation Challenge—a new initiative that will invest up to \$1 billion in support of local innovation in communities across the nation to achieve better care, better health, and lower costs through continuous improvement. Funded by the Affordable Care Act, this initiative will award grants in March. Local governments are eligible to apply. All applications must be submitted electronically through www.grants.gov (Link to: <http://www.grants.gov>). Applicants are strongly encouraged to review criteria information provided in the “Application Review Information” section in the funding opportunity announcement, to help ensure that the proposal adequately addresses all the criteria that will be used in evaluating the proposals.

Important deadlines

- Letter of Intent—**Dec. 19**
- Application—**Jan. 27**
- Anticipated Award Date—**March 30**

Learn more about the Health Care Innovation Challenge and submit your Letter of Intent (Link to: <http://www.innovation.cms.gov/initiatives/innovation-challenge/index.html>)

DEED Redevelopment Grants

The Minnesota Department of Employment and Economic Development (DEED) will be awarding \$2 million in general fund dollars as well as additional bond dollars for grants through the Redevelopment Grant Program. Under the program, your project can receive up to 50 percent of costs to pay for land acquisition, demolition, infrastructure and other project-related improvements related to redeveloping the property. The deadline for applications is 4 p.m. on **Jan. 3**. For more information, contact Irene Dassier, DEED, at (651) 259-7449 or Irene.Dassier@state.mn.us (*Link to: <mailto:Irene.Dassier@state.mn.us>*)

- **Read about Redevelopment Grant workshops DEED is offering** (*Link to:*

<http://www.lmc.org/page/1/redevelopmentgrants.jsp>)

- **Learn more about the grant program** (*Link to:*

http://www.positivelyminnesota.com/Government/Financial_Assistance/Site_Cleanup_Redevlopment_Funding/Redevlopment_Grant_Program.aspx)

- **Access an application for the grant** (*Link to:*

http://www.positivelyminnesota.com/Government/Financial_Assistance/Site_Cleanup_Redevlopment_Funding/Redevlopment_Grant_Program_2.aspx)

(*Link to:*)

MnDOT Routes of Regional Significance

The 2011 Legislature approved \$10 million of state transportation bond funds in the Local Road Improvement Program (LRIP). These funds are used to assist townships, cities, and counties in paying the costs of constructing or reconstructing local road projects with statewide or regional significance.

MnDOT State Aid for Local Transportation is accepting applications from cities, counties, townships, and other local agencies until **Feb. 3**. Applications should be for projects eligible for funding under the Routes of Regional Significance Account of the LRIP for the 2012-2013 biennium. Criteria for submitting projects includes:

- Projects must be approved for construction letting by June of 2013.
- The road improvement must qualify as regionally significant.
- The project must correct a transportation deficiency and incorporate a safety strategy as part of the proposed improvement project.

Learn more and apply for this funding program (*Link to: http://www.dot.state.mn.us/stateaid/sa_lrrip11.html*)

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

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