

**MOUNTAIN IRON CITY COUNCIL MEETING
COMMUNITY CENTER
MOUNTAIN IRON ROOM
MONDAY, MAY 16, 2005 - 6:30 P.M.
A G E N D A**

- I. Roll Call
 - II. Consent Agenda
 - A. Minutes of the May 2, 2005 Regular Meeting (#1-8)
 - B. Bills and Payroll
 - C. Receipts
 - D. Communications (#34-39)
 - III. Public Forum
 - A. Fire Department – FEMA Grant Report
 - IV. Committee and Staff Reports
 - A. Mayor’s Report
 - 1. Scholarship Donation (#9-11)
 - B. City Administrator’s Report
 - 1. Mountain Manor Door Openers (#12-13)
 - C. Director of Public Works Report
 - D. Director of Parks and Recreations Report
 - 1. Summer Staff (#14)
 - 2. Picnic Tables (#15)
 - E. City Engineers Report
 - 1. Heather Avenue Quotes
 - F. City Attorney’s Report
 - G. Liaison Reports
 - V. Unfinished Business
 - A. Resolution 09-05 Authorizing Sale of Property (#16-18)
 - B. Mountain Iron Drive Curb (#19)
 - C. Blight Ordinance Review (#20)
 - VI. New Business
 - A. Assistant Librarian Position (#21-22)
 - B. Senior Center Usage Request (#23)
 - C. Campground Rental Proposal (#24-30)
 - D. Moving Project (#31)
 - E. City Hall Cracked Wall (#32)
 - F. Downtown USS Round House (#33)
 - G. Communications (#34-39)
 - VII. Open Discussion
 - VIII. Announcements
 - IX. Adjourn
- # Denotes page number in packet

MINUTES
MOUNTAIN IRON CITY COUNCIL
MAY 2, 2005

Mayor Skalko called the City Council meeting to order at 6:30 p.m. with the following members present: Joe Prebeg, Jr., Allen Nelson, Dale Irish, Ed Roskoski, and Mayor Gary Skalko. Also present were: Craig J. Wainio, City Administrator; Jill M. Forseen, Municipal Services Secretary; Don Kleinschmidt, Director of Public Works; Tom Cvar, Fire Chief; Karen Luoma, Librarian; and Rod Flannigan, City Engineer

It was moved by Nelson and supported by Irish that the consent agenda be approved as follows:

1. Approve the minutes of the April 18, 2005, City Council meeting with the following corrections:
Page 5, last paragraph, "He said that from Springer Drive to the end of Shorthair Lane the road was really rubbery *and had many soft shoulder areas.*" *"Councilor Roskoski asked if there was any correspondence with the Developer regarding the cul-de-sacs and the City Administrator said that an e-mail was sent to the developer."*
2. That the communications be accepted, placed on file, and those requiring further action by the City Council be acted upon during their proper sequence on the agenda.
3. To acknowledge the receipts for the period April 16-30, 2005, totaling \$158,436.24, (a list is attached and made a part of these minutes).
4. To authorize the payments of the bills and payroll for the period April 16-30, 2005, totaling \$204,127.30, (a list is attached and made a part of these minutes).

The motion carried unanimously on a roll call vote.

During the public forum, Mr. and Mrs. Wayne Pohia were present and asked the Council what the status was on their Conditional Use Permit (CUP). The Mayor advised them that the CUP was on the agenda and the Council would be acting on it shortly.

During the Mayor's report, the Mayor said that he strongly encourages debate and discussion, but at the last meeting some of the Council members cross the line and in the future he will take more control of the meeting. He said that he would like to keep the meetings more productive.

The Mayor commented how successful the fund raiser for Joe Stewart was. The Mayor thanked the efforts of Don Kleinschmidt, Gail Kleinschmidt, and Larry Cuffe, Jr. for their work on the fund raiser.

The Mayor commented on the proposal regarding the ATV trail. He stated that the beginning of the trail is by County Road 102 by General Electric going east to Nichols Avenue (by the old skating rink), with a spur going to the Wacootah Overlook. He said that he wants a public meeting for the people of Mountain Iron to discuss the proposed trail. The Mayor said that there are 358 registered ATV owners and in comparison there are 227 snowmobile owners. The Mayor said that the public meeting should include U.S. Steel Corporation because the trail crosses some of their land. Councilor Irish corrected the Mayor saying that none of the land that the ATV Club is using for the trail is located on U. S. Steel's property.

It was moved by Nelson and supported by Prebeg to table the Presidential Freedom Scholarship until the next regular meeting when the City Attorney is available. The motion carried.

It was moved by Nelson and supported by Irish to accept the recommendation of the Planning and Zoning Commission and approve the Conditional Use Permit for Wayne Pohia, 8754 Unity Drive, Mountain Iron, on parcel 175-0070-01487, to construct an accessory building larger than allowed by the zoning ordinance. The motion carried.

Councilor Roskoski asked the Mayor how the Library Project was going with regard to the tuck pointing and the elevator. The Mayor said that the USDA loan would be finalized in the next week or two. Councilor Irish asked if the USDA loan would be coming back to the City Council for final approval. The City Administrator said that loan had already been approved. Councilor Irish asked if the amount of the loan could be changed. The City Administrator said that the loan is drawn down as expenditures are paid and if there is a balance remaining it would just go against the principal owed by the City.

It was moved by Prebeg and supported by Nelson to authorize the Fire Department to send up to three volunteer fireman to attend the regional meeting in McDavitt Township at a cost of \$15.00 per fireman. The motion carried unanimously on a roll call vote.

It was moved by Skalko and supported by Prebeg to have a Volunteer Employee Care Contribution Fund established with contributions from all willing employees including the Council Members, Management Employees, and Union Employees with a \$10.00 per year contribution. The moneys from this fund would be used when there is a death of a city employee, employee's parents, employee's spouse, or an employee's child for a gift totally \$50. Also, if there is a serious illness or injury to a City Employee the same gift will be given. It was moved by Skalko and supported by Prebeg to amend the motion to have it changed to have this as a recommendation. The amended motion carried with Councilor Nelson voting no.

It was moved by Prebeg and supported by Nelson to accept the recommendation of City Staff and award the crack sealing quote to Northwest Asphalt in the amount of \$0.527/unity price per pound installed for a total amount of \$10,000.00. The motion carried unanimously on a roll call vote.

Councilor Roskoski questioned the Director of Public Works regarding the paint on the Water Treatment Plant. The Director of Public Works said that the Water Treatment Plant was painted last summer by City Staff using paint that was donated by the Contractor who worked on the water tanks.

Councilor Roskoski questioned why the City is hauling brush to the landfill instead of putting it on the burn pile. The Director of Public Works stated that the brush is hauled to the brush site unless it is contaminated and then it must be disposed of at the landfill.

It was moved by Nelson and supported by Prebeg to authorize the Librarian to advertise and hire one temporary worker to work at the Library for a six week period beginning June 13th and ending July 21st, 2005 at a rate of \$6.00 per hour. The motion carried.

The City Engineer updated the Council regarding the possible upgrades to the corner by the Voyageur Motel on Mountain Iron Drive.

Councilor Irish questioned the City Engineer regarding the train crossings and the risk index for the crossings. The City Engineer said that there were no funds available for an upgrade and he was not aware of the risk index for the area. The City Engineer said that he could look into the situation further.

It was moved by Skalko and supported by Irish to approve the Assistant Librarian position changing the training and experience as follows:

- High school diploma or equivalent.
- 2 years post secondary education library science degree ~~preferred~~ **required**.
- Minimum two years library work experience **preferred**.
- Computer training or experience.
- Valid Minnesota Class D driver's license.

The motion carried on the following roll call vote: Prebeg, no; Nelson, no; Irish, yes; Roskoski, yes; and Skalko, yes.

It was moved by Roskoski and supported by Skalko to authorize City Staff to post internally for the Assistant Librarian Position as per the union contract. The motion carried.

Councilor Roskoski asked for an update on the Mesabi Trail. Mayor Skalko updated the Council regarding the Mesabi Trail Project. He said that the Regional Rail Authority felt that the overlay project would be completed by the end of June. The Mayor also informed the Council that there are two big tours scheduled to use the Mesabi Trail. The first one would be July 25th with approximately 1,000 bikers. And then, on August 13th there is another tour going through on the Mesabi Trail.

Councilor Roskoski asked if the Utility Advisory Board (UAB) had met to discuss the Ann's Acres Street Lighting Project. The Director of Public Works said that the UAB would be meeting on May 24th to review the project. The Director of Public Works said that Minnesota Power's Engineering Department was reviewing the project and would be supply cost figures for the June 6th City Council meeting.

Councilor Roskoski said that the Locomotive Park Project is looking good. He questioned whether a drinking fountain had been ordered. Councilor Roskoski asked if the plan for the park included street light standards. Mayor Skalko said that the City had received a TEA 21 grant in the amount of \$160,000 for fiscal year 2008.

Councilor Nelson asked Councilor Roskoski if he spoke to the Director of Public Works prior to coming to the City Council meeting. He asked Councilor Roskoski if he would speak to City Staff prior to the City Council meetings as not to have so many questions at the Council meeting.

It was moved by Skalko and supported by Irish to table the blight ordinance and send it back to the Blight Committee for further review. The motion carried with Councilor Nelson voting no.

It was moved by Skalko and supported by Nelson to direct City Staff to inquire about the costs for Christmas lighting on Unity Drive from Marion Drive east to the north end of Mountain Iron Drive and on County Road 7 from Unity Drive south to Tamarack Drive. The motion carried.

It was moved by Skalko and supported by Nelson to have the Department Heads make a recommendation to the City Council regarding individual employees requesting to attend non-mandatory training and conferences. The motion carried on the following roll call vote: Nelson, yes; Irish, no; Roskoski, no; Prebeg, yes; and Skalko, yes.

During the open discussion, the Council questioned the letter from Jerry Kujala to David McGregor regarding obtaining building permits. The Council was informed that Mr. McGregor had applied for the necessary permits.

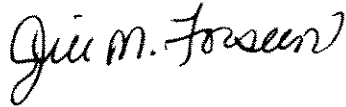
Also during the open discussion, Councilor Irish said that he was contacted by a resident in Parkville regarding discussions for removing some of the street lights on Nichols Avenue. The Director of Public Works said that there is currently no plan to remove any street lights in Mountain Iron.

Also during the open discussion, Councilor Irish said that during the Joe Stewart benefit at the Community Center there were problems with the microphones again.

It was moved by Skalko and supported by Roskoski to direct City Staff to check out the public address system thoroughly and correct any problems. The motion carried.

At 8:22 p.m., it was moved by Roskoski and supported by Skalko that the meeting be adjourned. The motion carried.

Respectfully submitted:



Jill M. Forseen, CMC/MMCA
Municipal Services Secretary

www.mtniron.com

COMMUNICATIONS

1. Darlene Anderson, a thank you.
2. League of Minnesota Cities, forwarding the April 22, 2005, Friday Fax.

Summary By Category And Distribution

Category	Distribution	Amount
UTILITY	UTILITY	118,237.40
LICENSES	ANIMAL	20.00
METER DEPOSITS	ELECTRIC	1,050.00
MISCELLANEOUS	ASSESSMENT SEARCHES	40.00
MISCELLANEOUS	REIMBURSEMENTS	2,141.36
MISCELLANEOUS	BASEBALL/SOFTBALL FEES	590.00
BUILDING RENTALS	COMMUNITY CENTER	200.00
PERMITS	BUILDING	243.38
BUILDING RENTALS	BUILDING RENTAL DEPOSITS	800.00
BUILDING RENTALS	NICHOLS HALL	70.00
BUILDING RENTALS	SENIOR CENTER	25.00
CAMPGROUND RECEIPTS	FEES	111.00
CHARGE FOR SERVICES	ELECTRIC-CHG FOR SERVICES	25.00
COPIES	COPIES	.75
MISCELLANEOUS	CHARITABLE GAMBLING PROCEEDS	240.94
MISCELLANEOUS	BLUE CROSS/BLUE SHIELD PAYABLE	29,808.30
CD INTEREST	CD INTEREST 101	550.00
CD INTEREST	CD INTEREST 301	975.00
CD INTEREST	CD INTEREST 378	450.00
CD INTEREST	CD INTEREST 602	150.00
CD INTEREST	CD INTEREST 603	375.00
FINES	CRIMINAL	2,333.11
Summary Totals:		<u>158,436.24</u>

Check Issue Date(s): 04/28/2005 - 05/06/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
05/05	05/04/2005	31531	10013	A T & T INFORMATION SYSTEMS	002-20200	80.96
05/05	05/04/2005	31532	10008	AIRGAS NORTH CENTRAL	002-20200	67.37
05/05	05/04/2005	31533	140026	AQUILA	002-20200	4,197.81
05/05	05/04/2005	31534	20010	BISS LOCK INC	002-20200	385.25
05/05	05/04/2005	31535	20043	BOBCAT OF DULUTH, INC.	002-20200	33.53
05/05	05/04/2005	31536	30017	CARQUEST (MOUNTAIN IRON)	002-20200	786.42
05/05	05/04/2005	31537	30052	COLUMBIA HOUSE-CUSTOMER SERVC	002-20200	74.82
05/05	05/04/2005	31538	5012	CONNIE MURPHY	002-20200	100.00
05/05	05/04/2005	31539	5001	CYNTHIA KERNTZ	002-20200	100.00
05/05	05/04/2005	31540	40032	DEPARTMENT OF ADMINISTRATION	002-20200	365.72
05/05	05/04/2005	31541	5011	ELIZABETH GIORGI	002-20200	50.00
05/05	05/04/2005	31542	5007	FORTIS BENEFITS	002-20200	510.40
05/05	05/04/2005	31543	70004	GRANDE ACE HARDWARE	002-20200	45.01
05/05	05/04/2005	31544	70029	GUARDIAN PEST CONTROL INC	002-20200	56.82
05/05	05/04/2005	31545	80022	HAWKINS INC	002-20200	664.74
05/05	05/04/2005	31546	80005	HIGGINS INDUSTRIAL SUPPLY	002-20200	902.80
05/05	05/04/2005	31547	90010	INTERNATIONAL INSTITUTE OF	002-20200	100.00
05/05	05/04/2005	31548	5009	JANET AUTIO	002-20200	100.00
05/05	05/04/2005	31549	100011	JANWAY COMPANY USA INC	002-20200	163.15
05/05	05/04/2005	31550	120013	L & L RENTALS INC	002-20200	694.53
05/05	05/04/2005	31551	120032	LAKE COUNTRY POWER	002-20200	130.00
05/05	05/04/2005	31552	120040	LAURENTIAN YEARBOOK	002-20200	35.00
05/05	05/04/2005	31553	120039	LEEF SERVICES	002-20200	52.57
05/05	05/04/2005	31554	120004	LITERARY GUILD	002-20200	79.34
05/05	05/04/2005	31555	120014	LUNDGREN MOTORS	002-20200	1,628.73
05/05	05/04/2005	31556	130030	MACQUEEN EQUIPMENT	002-20200	213.40
05/05	05/04/2005	31557	5010	MARY NISKA	002-20200	100.00
05/05	05/04/2005	31558	130047	MED COMPASS	002-20200	450.00
05/05	05/04/2005	31559	130006	MESABI HUMANE SOCIETY	002-20200	854.87
05/05	05/04/2005	31560	5006	MESABI RANGE YFC	002-20200	100.00
05/05	05/04/2005	31561	130008	MINNESOTA MUNICIPAL UTILITIES	002-20200	404.34
05/05	05/04/2005	31562	130051	MINNESOTA PLANNING	002-20200	55.48
05/05	05/04/2005	31563	130009	MINNESOTA POWER	002-20200	49,842.24
05/05	05/04/2005	31564	130011	MOUNTAIN IRON POSTMASTER	002-20200	350.24
05/05	05/04/2005	31565	5004	NATURAL HARVEST FOOD COOP	002-20200	100.00
05/05	05/04/2005	31566	5008	NICOLE SUNDSTROM	002-20200	100.00
05/05	05/04/2005	31567	140004	NORTHERN ENGINE & SUPPLY INC	002-20200	43.77
05/05	05/04/2005	31568	150011	OLD DOMINION BRUSH	002-20200	470.73
05/05	05/04/2005	31569	160003	PERPICH TV & MUSIC INC	002-20200	56.42
05/05	05/04/2005	31570	170007	QUILL CORPORATION	002-20200	179.56
05/05	05/04/2005	31571	180027	RANGER FIRE PROTECTION	002-20200	650.00
05/05	05/04/2005	31572	180045	RESERVE ACCOUNT	002-20200	500.00
05/05	05/04/2005	31573	190021	SAINTE LOUIS COUNTY AUDITOR	002-20200	25.00
05/05	05/04/2005	31574	190003	SARANEN AUTO	002-20200	612.97
05/05	05/04/2005	31575	190049	SCHOLASTIC LIBRARY PUBLISHING	002-20200	140.70
05/05	05/04/2005	31576	190045	SERVICE SOLUTIONS	002-20200	352.52
05/05	05/04/2005	31577	190014	SHERWIN WILLIAMS	002-20200	624.09
05/05	05/04/2005	31578	190004	SKUBIC BROS INC	002-20200	9.59
05/05	05/04/2005	31579	200003	TACONITE TIRE SERVICE	002-20200	468.98
05/05	05/04/2005	31580	200020	THE TRENTI LAW FIRM	002-20200	3,556.53
05/05	05/04/2005	31581	5005	TRACY PICKAR	002-20200	50.00
05/05	05/04/2005	31582	200027	TRUE VALUE HOME CENTER	002-20200	457.66
05/05	05/04/2005	31583	210028	U S BANK CORP TRUST SERVICES	002-20200	19,063.75
05/05	05/04/2005	31584	220025	VERIZON WIRELESS, BELLEVUE	002-20200	13.49
05/05	05/04/2005	31585	220014	VIKING INDUSTRIAL NORTH	002-20200	283.26
05/05	05/04/2005	31586	220004	VIRGINIA DEPARTMENT OF PUBLIC	002-20200	19,339.93
05/05	05/04/2005	31587	220016	VISTA EYES	002-20200	115.00

Check Issue Date(s): 04/28/2005 - 05/06/2005

Per	Date	Check No	Vendor No	Payee	Check GL Acct	Amount
05/05	05/04/2005	31588	230007	WORLD MEDIA EXPRESS	002-20200	79.75
Totals:						<u>111,069.24</u>
Payroll - PP Ending 4/22/05						83,744.44
Electronic Trans.-Sales Tax 4/20/05						<u>9,313.62</u>
TOTAL EXPENDITURES						<u>\$204,127.30</u>



WHAT IS A PRESIDENTIAL FREEDOM SCHOLARSHIP?

The Presidential Freedom Scholarship recognizes outstanding leadership in community service by high school juniors and seniors! Your high school can select up to two students to receive the \$1,000 scholarship—\$500 of which is provided by the Corporation for National and Community Service with funds appropriated by Congress, and \$500 of which is secured from your community.

HOW CAN SCHOOLS NOMINATE STUDENTS?

Using the attached certification form, high school officials **MUST** determine which student or students to submit for the Scholarship and must certify all information contained in the scholarship certification form for each selected student. Students are not permitted to apply directly. The high school is the only entity eligible to certify a student.

Schools must secure at least \$500 in matching funds for the Scholarship from a community or civic organization, a local business, a school booster association, or other source. For tips on securing matching funds, please visit our website: www.cns.gov/scholarships.

WHAT ARE THE ELIGIBILITY REQUIREMENTS?

- ▶ Has not been a recipient of this scholarship previously.
- ▶ Is a high school junior or senior during the 2004-2005 academic year.
- ▶ Has contributed at least 100 hours of community service within the 12 months prior to applying (For complete guidelines on qualifying service activities, please refer to our website www.cns.gov/scholarships).
- ▶ Is a U.S. citizen or permanent resident.
- ▶ Attends a public, private, charter, or parochial school located within one of the 50 states, the District of Columbia, an Indian tribe, a U.S. territory, or a Department of Defense school.
- ▶ Plans to attend an eligible institution of higher education in the U.S. as defined in the Higher Education Act of 1965 as amended, 20 USC 1001(a).

WHAT ARE THE DEADLINES?

April 1, 2005 – Early notification

July 1, 2005 – Final postmark deadline. We will not accept certification forms after the final postmark deadline.

Submit your forms early—we will award up to **7,800** Scholarships this year.

For more information, additional copies of the form, and **to submit your nominations online**, please visit www.cns.gov/scholarships.

Mail or fax the completed certification forms to:

Presidential Freedom Scholarships
1150 Connecticut Avenue, NW, Suite 1100
Washington, DC 20036
(866) 291-7700 (toll-free)
(202) 742-5390 (local)
(202) 742-5393 (fax)

Please remember to keep a copy for your records.

CERTIFICATION FORM CHECKLIST

HAVE YOU...

- Filled out the certification form completely and legibly?
Note: Forms with missing or illegible information are ineligible and will not be processed.
- Completed no more than two (2) certification forms for students who have not previously received this scholarship in the past?
- Secured a local matching scholarship of at least \$500 for each student?
- Made a copy of each certification form for your records?**

- ▶ Type or print clearly and legibly using black or blue ink
- ▶ Fill in all blanks completely (please do not use abbreviations)
- ▶ The final postmark deadline for submitting certification forms is **July 1, 2005**. We strongly encourage you to submit your school's certification forms as early as possible.

EXAMPLES OF STUDENT SERVICE

Every recipient of the Scholarship must complete at least 100 hours of service. Past recipients have served their community in numerous ways:

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As a student leader in an after-school service program, Steven, a junior from Oklahoma, rallied his fellow students to participate in a food drive for the homeless that became much more. After delivering a truckload of donated food and serving in the shelter's kitchen, Steven noticed that the shelter residents lacked adequate winter clothing, so he organized a clothing drive at his school. With the success of that drive, he motivated other students in school and in his service program to visit nearby schools to encourage other students to get involved in the food and clothing drives. These efforts led to ongoing support for the needs of the homeless throughout the community.

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Alicia's social studies class in Texas was assigned to watch national news programs for class discussion. Deeply affected by the news about the war in Iraq, Alicia was determined to do more than just discuss the events. She led her classmates in writing letters to soldiers to let them know that their service was valued and appreciated. In order to pay for postage, Alicia solicited donations from local community organizations and businesses. She and her fellow students also gathered enough phone cards and stamps to help hundreds of soldiers keep in touch with their families.

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In one Florida school, Kayla and her classmates in a Spanish language class used their newly acquired skills to help teach English to children who had immigrated from Central and South America. In this service-learning activity, the high school students increased their Spanish language ability as they worked with the younger children. Working with the children and their families, Kayla learned that English language skills were a barrier to employment for many of the parents. This led Kayla to create and teach formal and informal English language classes for adults after school.

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April 15, 2005

City of Mt. Iron
Mt Iron, MN 55768

Dear Sirs:

Each year the Mt. Iron-Buhl School District has the opportunity to give two students matching grant scholarships through the Presidential Freedom Scholarships Program. For each dollar donated, up to \$1,000.00, the federal government will match another dollar.

The Mt. Iron - Buhl Parent-Teacher-Student-Community Association (PTSCA) has started a scholarship account to help fund scholarships including theses.

Please consider participating in the program by becoming a sponsor in the scholarship fund. Your organization and the funds donated will be recognized during the presentation of scholarships at the school's awards celebration on May 11, 2005.

If you have specific questions regarding the matching fund scholarship program, or if you have general questions as to how your group may sponsor its own scholarship, please feel free to contact Ms. Pat Meglich, the guidance counselor at the high school, at 735-8216. If you would like to send a scholarship donation please mail it directly to the Mt. Iron Buhl High School Office, c/o Pat Meglich, 5720 Marble Avenue, Mt Iron, MN 55768. Please include a contact name and phone number for a member of your organization. If your funds are to be specifically allocated to the Presidential Freedom Scholarships Program please note this directly on your check or in a cover letter.

Thank you for your consideration and your anticipated participation.

Sincerely,


PTSCA Member

Charitable Gambling:

LG510 City or County Annual Report, 10% Contribution Fund - Instructions

Report Required

As authorized by Minnesota Statutes 349.213, subdivision 1(a), a statutory or home rule city or county has the authority to adopt an ordinance requiring that organizations contribute ten percent per year of their net profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for (i) lawful purposes, or (ii) police, fire, and other emergency or public safety-related services, equipment, and training, excluding pension obligations.

A city or county must by March 15 of each year file a report with the Board, on a form the Board prescribes, that lists all such revenues collected and expenditures for the previous calendar year.

Expenditures

All gambling expenditures from the fund must be for:

- lawful purposes authorized by statute, or
- amounts allocated to a city or county for police, fire, and other emergency or public safety-related services, equipment, and training, excluding pension obligations.

The chart at right briefly outlines the codes and lawful purpose expenditures (contributions) that are allowed. If you need additional information, refer to Minnesota Statutes 349.12, subdivision 25.

A contribution may not be made to an organization licensed to conduct lawful gambling that contributed to the fund.

Certification

- Have the person who is responsible for the fund and the preparer of the report sign and date the report on page 1.
- Include the name and phone number of a contact person.

Code	Allowed contributions
A-1	- To 501(c)(3) organizations. - To 501(c)(4) festival organizations.
A-2	Relieving the effects of poverty, homelessness, or physical or mental disability.
A-3	Treatment of: - delayed posttraumatic stress syndrome - compulsive gambling
A-4	Funding a public or private nonprofit education institution registered with or accredited by Minnesota or any other state.
A-5	A scholarship fund.
A-6	Recognition of humanitarian or military service.
A-7	Activities and facilities benefiting youth under age 21.
A-10	Expenditures for police, fire, and other emergency or public safety-related services, equipment, and training (pension or retirement funds not allowed).
A-11	To a nonprofit organization which is a church or a body of communicants.
A-13	Wildlife management project that benefits the public-at-large, provided that the Department of Natural Resources approves it before the expenditure is made.
A-14	Costs related to grooming and maintaining snowmobile trails and all-terrain trails that are grant-in-aid trails, or other trails open to public use, provided that the commissioner of natural resources has approved the expenditure before it is made.
A-15	Conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled.
A-16	To community arts organizations, or expenditures to fund arts programs in the community.
A-8, A-9, A-12, A-17, A-18 and A-19	Not applicable.

COUNCIL LETTER 051605-IVB1

ADMINISTRATION

MTN MANOR DOOR OPENERS

DATE: May 11, 2005
FROM: Craig J. Wainio
City Administrator

Enclosed, please find a quote from Northern Door and Hardware for the installation of door openers at Mountain Manor. The total cost for the materials and installation is \$6100 plus tax, also there may be some electrical coasts associated with the installation.

This project is to be funded through the 2005 Community Development Block Grant program. The CDBG application set aside \$8,075 worth of grant funding for Mountain Manor doors and intercom with the City matching \$1,925.

It is recommended that the City Council award the door opener quote to Northern Door and Hardware as presented here.

NORTHERN DOOR & HARDWARE, INC.

2202 WEST FIRST STREET P.O. BOX 16026 DULUTH, MN 55816-0026
PHONE: (218) 722-9531 FAX: (218) 722-9098

DATE: April 27, 2005

SHEET: 1 of 1

TO: CITY of MT. IRON

ATTN: CRAIG WAINIO

QUOTE: # 05-0439

JOB NAME: MOUNTAIN MANOR – MT. IRON, MN

WE WISH TO QUOTE YOU THE FOLLOWING MATERIALS:

REKEY FIVE DOORS (TO COMMUNITY CENTER MASTER SYSTEM KEY):

1ea – YALE 1152 MORTISE CYLINDER

4ea – YALE 1109 RIM CYLINDER

150ea – KEYS CUT & STAMPED

TOTAL QUOTE \$ 270.00

LABOR TO INSTALL ABOVE \$ 360.00

POWER ASSISTED DOOR OPERATORS

2ea – NORTON 6960 POWER OPERATORS

4ea – WALL ACTUATORS

TOTAL QUOTE \$ 4,580.00

LABOR TO INSTALL ABOVE \$ 900.00

We need to find out how we actually want this to operate with the existing phone call system. The secure door would need to be released by a key switch or key pad first and than signal the operator to open the door. Depending on the existing system this could be tied in through their control box or be added above as a separate system.

NO TAX INCLUDED - MATERIALS ONLY - F.O.B. JOBSITE

TERMS: NET 30 DAYS - NO RETAINAGE ALLOWED- QUOTE GOOD FOR 30 DAYS

NORTHERN DOOR & HARDWARE, INC.

BY: Brian Joki, AHC

COUNCIL LETTER 051605-IVD1

PARKS & RECREATION

SUMMER STAFF WAGES

DATE: May 11, 2005
FROM: Larry Nanti
Director of Parks & Recreation

Craig J. Wainio
City Administrator

The Parks & Recreation Board staff recommendations for 2005 summer workers. The rate of pay at \$6.00 per hour.

Maintenance: Jonathan Benz

Summer staff: Andy Prebeg
Samantha Lakosky
Matthew Mosenthin
Gage Rautio
Jennifer Golobich
Brendon Salo
Jim Bialczak

COUNCIL LETTER 051605-IVD2

PARKS & RECREATION

PICNIC TABLES

DATE: May 11, 2005

FROM: Mayor Gary Skalko

Larry Nanti
Director of Parks & Recreation

Craig J. Wainio
City Administrator

Mayor Skalko requested that this item be placed on the agenda with the following background information:

Appropriate \$1000 for needed picnic tables.

COUNCIL LETTER 051605-VC

ADMINISTRATION

RESOLUTION NUMBER 09-05

DATE: May 11, 2005

FROM: Craig J. Wainio
City Administrator

Resolution Number 09-05 Authorizing the Sale of Property is to sell the property to Spring Creek Outfitters. No other bids were received for the sale of this property.

It is recommended that the City Council approve Resolution Number 09-05 Authorizing the Sale of Property.



CITY OF MOUNTAIN IRON

"TACONITE CAPITAL OF THE WORLD"

PHONE: 218-748-7570 • FAX: 218-748-7573 • www.mtniron.com
8586 ENTERPRISE DRIVE SOUTH • MOUNTAIN IRON, MN • 55768-8260

RESOLUTION NUMBER 09-05

AUTHORIZING THE SALE OF CERTAIN PROPERTY

WHEREAS, the City Council has heretofore determined that it is beneficial to the City of Mountain Iron to convey certain property to Spring Creek Outfitters, Inc., a Minnesota corporation.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF MOUNTAIN IRON, MINNESOTA, that the Mayor and City Administrator execute the deed to convey for consideration to Spring Creek Outfitters, Inc., a Minnesota corporation, real property in St. Louis County, Minnesota, described as follows:

Lots One (1) and Two (2), EXCEPT the Westerly 60 feet (W'y 60') thereof,
Block Eighteen (18), TOWN OF GRANT, Mountain Iron, Saint Louis County,
Minnesota. Parcel Code 175-0010-01850

DULY ADOPTED BY THE CITY COUNCIL THIS 16th DAY OF MAY, 2005.

ATTEST:

Mayor Gary Skalko

City Administrator

Spring Creek

1(800)937-8881

www.springcreek.com

Mountain Iron, MN

April 8th 2004

Dear City Council of Mt. Iron,

We are writing to you in regards to the vacant Bon Aire lot. Our company is interested in buying this lot, to construct a storage building to store our canoes and kayaks. Our business keeps growing every year and we would like to see it stay in Mt. Iron.

We would like to offer you \$5,000.00 for purchase of this lot. Please review our offer as we will be awaiting your response on this matter. You can contact us directly at this number 735-8719. Your promptness would be very much appreciated.

Thank you so much..

Spring Creek Outfitters

Vy Newberg
Vydetta, Ted and Charles Newberg

COUNCIL LETTER 051605-VB
ADMINISTRATION
MOUNTAIN IRON DRIVE CURB

DATE: May 11, 2005
FROM: Craig J. Wainio
City Administrator

Staff will be meeting with representatives of the property owners in the affected area on Monday, May 16th. A report concerning the situation will be made at Monday nights City Council meeting.

COUNCIL LETTER 051605-VC

COUNCILOR ROSKOSKI

BLIGHT ORDINANCE REVIEW BOARD

DATE: May 11, 2005

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

Councilor Roskoski requested that this item be placed on the agenda with the following background information:

It should be noted that there may be a quorum of City Councilors present at future meetings.

COUNCIL LETTER 051605-VIA

ADMINISTRATION

ASSISTANT LIBRARIAN

DATE: May 11, 2005

FROM: Craig J. Wainio
City Administrator

The internal posting time for the Assistant Librarian position expires on Friday May 13th at 10:00am. Provided that no applications are received, the position should be posted and advertised externally. Enclosed, please find a copy of the proposed advertisement.

It is recommended that the City Council authorize the external posting and advertisement of the Assistant Librarian position as presented.

**CLASSIFIED ADVERTISEMENT
IN THE MESABI DAILY NEWS**

THE CITY OF MOUNTAIN IRON HAS AN OPENING FOR ONE (1) PART-TIME ASSISTANT LIBRARIAN POSITION IN THE LIBRARY DEPARTMENT. THIS POSITION REPORTS TO THE LIBRARY DIRECTOR. MINIMUM QUALIFICATIONS INCLUDE TWO (2) YEARS OF POST SECONDARY EDUCATION, TWO (2) YEAR LIBRARY EXPERIENCE, COMPUTER SKILLS AND A VALID DRIVERS LICENSE. STARTING SALARY IS \$17.16 PER HOUR. APPLICATIONS WILL BE ACCEPTED UNTIL 4:00 P.M., FRIDAY, JUNE 17, 2005. SEND APPLICATIONS, RESUME AND OTHER COMPLETED MATERIALS TO CRAIG J. WAINIO, CITY ADMINISTRATOR, CITY OF MOUNTAIN IRON, 8586 ENTERPRISE DRIVE SOUTH, MOUNTAIN IRON, MN 55768.

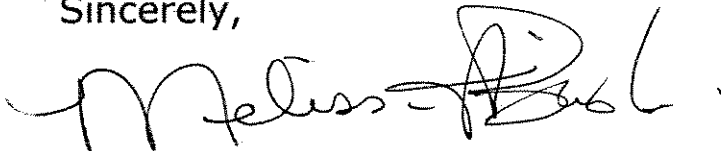
PLEASE PUBLISH IN THE MESABI DAILY NEWS CLASSIFIED ADS ON _____, 2005.

May 2, 2005

Mt. Iron City Council Members:

I am writing to you on behalf of the MIB Ace Club, which supports the volleyball team. We are respectfully requesting use of the Mountain Iron Senior Center on Sunday, September 11, 2005. We would need the center from 12:00 p.m. through 5:00 p.m. in order to run a pie social/bingo fundraiser. We will need limited use of the kitchen and use of the bingo equipment at the facility. Finally, we are asking that the fee charged for renting this facility be waived for our program. All proceeds will directly benefit the girls involved in the volleyball program at the various levels. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Briski". The signature is fluid and cursive, with a large initial "M" and "B".

Melissa Briski, Head Coach
258-8669
741-4809 (work)

John Morin
ShoreRyders Hydrobike Rental & Services
P.O. Box 794
Tower, Minnesota 55790

April 29, 2005

Larry Nanti
Parks & Recreation Director
8586 Enterprise South
Mt Iron, Minnesota 55768

Dear Larry,

We spoke by phone earlier in the week concerning our request to make hydrobikes available for use at the West Two Rivers Campground for the spring and summer seasons. I have enclosed our business plan for your review.

As you can see in our business plan we will provide a wide variety of services to very diversified market groups. The West Two Rivers Campground would be an excellent location for a hydrobike rental location.


Specific to the West Two Rivers location we would like to:

- Have permission or required permits approved from the City of Mt. Iron to vend our services and to use the reservoir for hydrobiking.
- Operate our services from a location near the beach either independently or cooperatively with the current campground management.
- Install a rack for storage and safekeeping of up to 4 hydrobikes and life vests. This would allow us to keep the equipment at the campground continually, thus not having to transport the bikes or life vests.
- If necessary, provide and install a small portable dock system to ensure riders safe mounting and dismounting of the hydrobikes.

If you have any questions please don't hesitate to contact me. I can be reached by phone at 218-753-5711. The best form of communication is to email me at john@lakevermilion.net.

I will look forward to hearing from you and meeting with the city council on May ¹⁶th to further discuss the benefits of this proposal. Thanks for your time and consideration.

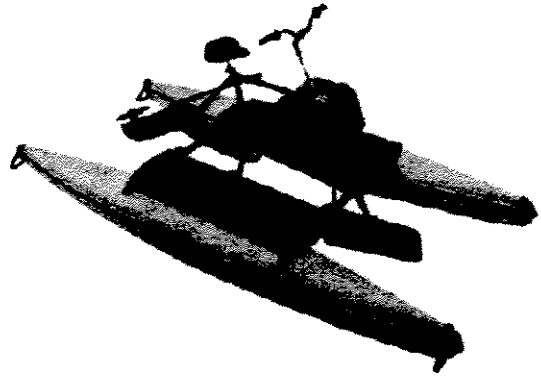
Sincerely,



John M. Morin

ShoreRyders

Hydrobike Rental & Services



BUSINESS PLAN

William D. Johnson, Proprietor

John M. Morin, Business Manager

04/29/05

ShoreRyders

Hydrobike Rental & Services

BUSINESS PLAN SUMMARY

Business Description

ShoreRyders is a business that provides Hydrobike equipment rental & services to a variety of for-profit and non-profit organizations. It operates concessions and contracts with Service Agents to perform rental services for ShoreRyders. Day trips, group tours and water trails services are provided to youth groups and consumer groups in St. Louis County, Minnesota (MN).

The name and addresses of the business locations are:

ShoreRyders
Hydrobike Rental and Services
2816 Superior Street
Duluth, MN 55812
218-391-0749
Owner: Bill Johnson

ShoreRyders
Hydrobike Rental and Services
PO Box 794
Tower, MN 55790
218-753-5711
Manager: John Morin

Marketing Plan

The Marketing Plan will focus on the customer base surrounding Lake Vermilion near Tower, MN. Our service area includes agencies or service organizations within a radius of 45 miles from Tower. We will offer and provide our services to Range Mental Health Center, Northern Habilitative Services & NorthStar Specialized Services, EIS, Occupational Development Center, Developmental Achievement Center, Center for Independent Living, Merrit Houses in Virginia and Biwabik, Mesabi Academy for Kids Peace, Range Youth Services, local foster homes and other services orientated for-profit or non-profit organizations.

Operating Plan

This business is a sole proprietorship. The owner Bill Johnson will manage the finances and oversee the company's service contracts. John Morin will be employed to perform/manage advertising and marketing efforts. John will also be responsible for and manage deliveries to service locations and individual renters and groups. An attorney/CPA is being selected as a financial and legal consultant. Charles Place, Holden Insurance Broker, Superior, WI will provide a general liability insurance policy to ShoreRyders. One person will be employed to perform telephone and general office duties. Up to four other employees may be needed as vendors or guides as day trips, tours and water trails services expand.

BUSINESS DESCRIPTION

Nature of Business

ShoreRyders is a licensed distributor, lessor and renter of Hydrobike Explorer I and Explorer II models of water recreational equipment. It is a recreational service agency working with local city/county governments and other for-profit and non-profit organizations to make hydrobikes available for all members of our communities at several convenient locations. Those locations include the Pike River Flowage, Sherwood Forest Campground on Lake Ore-Be-Gone, West Two Rivers Campground near Mt. Iron, Bailey Lake in Virginia, Hoodoo Point and McKinley Park Campgrounds on Lake Vermilion. At those locations ShoreRyders will provide hourly, half-day, daily and weekly equipment rental. Also provided are short/long term lease options, day trips, group tours and water trails planning and reservation services.

MARKETING PLAN

Services

These services will provide customers with the availability of new forms of water recreation activities. Those activities could include using the hydrobikes for exercising, swimming, fishing, sight seeing or bird watching.

Having hydrobikes readily available would provide a safe, uniquely fun water recreational experience for youth and consumer groups.

Hydrobiking is a very safe and well-suited form of recreation for youth and people with developmental or intellectual disabilities.

Our services may simply allow people of all ages to enjoy a magnificent morning, beautiful afternoon or peaceful evening ride on the water.

Our hydrobikes will give mature customers an opportunity to experience our lakes and waterways in a comfortable, safe and different way than they ever have before.

They will allow individuals a unique new opportunity to explore and experience our wonder filled outdoors both on and off the water.

Naturalists and environmentalists find our services appealing, as hydrobikes are quiet running and environmentally friendly. Our product or services will not offend the environment.

For the outdoors person or the health and fitness enthusiast riding hydrobikes is excellent exercise while also providing a calming, serene experience on the water.

For the family hydrobiking provides a wonder filled group activity.

Distribution of Services

ShoreRyders will make hydrobike rental available for the end user either directly through self operated concessions, or through businesses acting as Service Agents.

Under the Rental Service Program hydrobike equipment would be available, by pick up or delivery.

This service would provide equipment for events such as birthday parties, family reunions, church or company parties, ADAPT groups, day activity events, youth camps, scouting or other group activities.

We will also provide rental and delivery for day trips, group tours and water trails services. Our primary proposed "day trips/tours" are the following:

Pike River – A morning or an afternoon on Pike River. Hydrobikes would be delivered to Pike River by ShoreRyders. An escort boat would always be available. The trip consists of a one-hour ride to a picnic area, 2 hours at picnic area and a one-hour return ride to the originating point.

Lake Vermilion - Customers will ride hydrobikes between Hoodoo Point and McKinley Park Campgrounds. Other options would be to ride between McKinley Park and Stuntz Bay or between Hoodoo Point and Boathouse area in Tower.

We will provide planning and reservation services. Initially the information and reservation services will be by mail and phone. A web site is currently being designed and is available at www.ShoreRyders.com.

Customers

Our primary focus will be to promote our business within the Social Service organizations located within a 45-mile radius of Tower, MN.

We will offer and provide our services to the following: Disabled Veteran Recreation, Inc., Range Mental Health Center, Northern Habilitative Services & NorthStar Specialized Services, EIS, Occupational Development Center, Developmental Achievement Center, Center for Independent Living, Merrit Houses in Virginia and Biwabik, Mesabi Academy for Kids Peace, Range Youth Services, local foster homes and other services orientated for-profit or non-profit organizations.

We will also promote our business to various other market groups. These will include organizations such as Boy Scouts, Girl Scouts, School Groups, Community Education Groups, YMCA, Churches and Seniors Groups.

Position in the Marketplace

ShoreRyders position in the marketplace is in providing water recreational services for all types and ages of people.

Our strengths include our personal experience with hydrobikes, our deep appreciation for them and the degree of enjoyment that they provide anyone who rides them.

We will exceed our customer's expectations of a wonderful outdoor activity and provide prompt, courteous and professional service at all times.

ShoreRyders and it's employees will strive to make every customer deeply and personally satisfied in their experience on a hydrobike.

Marketing Goals and Objectives

In the spring and summer of 2004 we surveyed some non-profit organizations and other businesses in the area as to their product knowledge and interest in participating in our services.

We have communicated with Mesabi Trails, Boundary Country Trekking and Northern Lights Sports concerning cross marketing with their Lodge to Lodge Biking Program.

Our current goal for 2005 is to establish Service Agreements with several businesses which include the following: Moccasin Bay View Lodge, Hoodoo Point Campground, McKinley Park Campgrounds, Stuntz Bay and Glenwood Resort on Lake Vermilion and Tamarac Resort on Burntside Lake. We would also like to operate concessions on Lake Ore-B-Gone in Gilbert and West Two Rivers, near Mt. Iron and Bailey Lake in Virginia.

We will be contacting the cities of Gilbert, Mt. Iron and Virginia to begin the proposal process of requesting permission and acquiring permits for operating concessions at the fore mentioned Quad City locations.

At each of the three concession location 2 or 4 Explorer I model hydrobikes will be available for rent from June 1st – Sept. 30th, 2005. Ideally we would like the bikes to remain on location for the entire season, however if necessary the bikes can be transported on an as needed or as scheduled basis.

At Pike River Flowage we expect to keep 4 to 8 Explorer I hydrobikes. We will be proposing to the St. Louis County Land Management for access to and use of County owned property located along the Pike River Flowage to facilitate our services there. Usage of this particular parcel would allow for seasonal placement and securing of hydrobike equipment and provide for a safe docking location for our consumers and clients.

Marketing Strategy

Our proposed and planned marketing strategy has been explained throughout the business plan.

If we do not get the support of the local service organization aforementioned we will obtain the necessary credentials and licenses to provide our services directly to the consumers through a more individualized marketing strategy.

Our action steps are outlined in a separate document and include all licensing, registration, advertising and cross marketing actions we have taken or need to take.

OPERATING PLAN

Employees

We will attempt to employ At-Risk teens and/or individuals with developmental disabilities. We may also employ individuals under the Work Opportunity Tax Credit program.

Specialists or Consultants

We are seeking an individual for financial and legal consultation and services:

Record Keeping, Inventory and Finances

The following individual will be responsible for record keeping, inventory and finances:

William D. Johnson, Proprietor
2816 Superior Street
Duluth, MN 55812

Licenses, Permits and Other Regulations

Boat licenses, business licenses, and permits.

We will also be researching the licensing requirements of operating this service to customers and other consumers independently of another social service organization.

Sales Tax

We have contacted Minnesota Department of Revenue, Sales and Use Tax Information at office 612-296-6181 or 800-657-3777.

Insurance

We are currently communicating with Charles Place, Holden Insurance Broker, Superior, WI to obtain general liability insurance.

COUNCIL LETTER 051605-VID

COUNCILOR ROSKOSKI

MOVING PROJECT

DATE: May 11, 2005

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

Councilor Roskoski requested that this item be placed on the agenda with the following background information:

An agreement should be approved with Harold (DoDo) McGregor to move the skating shack from the Virginia School shop to the downtown rink area.

COUNCIL LETTER 051605-VIE

COUNCILOR ROSKOSKI

CITY HALL CRACKED WALL

DATE: May 11, 2005

FROM: Councilor Roskoski

Craig J. Wainio
City Administrator

Councilor Roskoski requested that this item be placed on the agenda with the following background information:

A large crack has developed in the brick wall on the right side of the front entrance. Is there any warranty/insurance coverage?

COUNCIL LETTER 051605-VIF
COUNCILOR ROSKOSKI
DOWNTOWN USS ROUND HOUSE

DATE: May 11, 2005
FROM: Councilor Roskoski
Craig J. Wainio
City Administrator

Councilor Roskoski requested that this item be placed on the agenda with the following background information:

Research should be done to see if this industrial facility may be available for use as an incubator or permanent business location.

COMMUNICATIONS
MAY 16, 2005

1. Coalition of Greater Minnesota Cities, forwarding the May 5, 2005 brief.
2. League of Minnesota Cities, forwarding the May 6, 2005 Friday fax.

Coalition of Greater Minnesota Cities

May 5, 2005

Contact: Sarah Kleppe
651.225.8840

CGMC in Brief

CGMC Board of Directors opposes more metro transit funding unless LGA restored

Many legislators are proposing to increase state paid metro transit. The CGMC Board of Directors met Friday, April 29 to approve the following position:

The CGMC supports an increase in state-paid funding for metro transit from an increase in gas tax revenues in an amount needed to eliminate the 2006-07 metro transit deficit, provided \$60 million of LGA cuts are restored.

CGMC opposes redistribution of LGA from first class cities to others

CGMC President Mayor John Ellenbecker, St. Cloud, submitted written comments to the House Tax Committee to address a proposal that would take Local Government Aid (LGA) from first class cities – Minneapolis, St. Paul, and Duluth – and redistribute their aid to other cities. The proposal would allow the first class cities to impose a half cent local sales tax with voter approval. The sales tax is offset against LGA, freeing up LGA funds for other cities.

Although CGMC cities would benefit from this proposal, CGMC opposes the measure because it will dismantle the LGA program. A copy of the letter was sent to all CGMC members via email yesterday.

Clean Water Legacy Act debated in House committee

The Clean Water Legacy Act was once again debated in the Legislature. On Tuesday, the CGMC was joined by representatives from the Association of Metropolitan Municipalities and Metropolitan Inter-County Association in opposition to the fee structure included in HF 826/SF 762. **Kari Thurlow**, Flaherty & Hood, P.A., asked lawmakers to limit the ability of third parties to develop total maximum daily load (TMDL) mandates.

Greater Minnesota city officials join legislators in press conference

In response to Hennepin County's decision to use a sales tax to help fund a new Twins stadium, a number of greater Minnesota city officials joined rural legislators at the Capitol to endorse the stadium plan and urge the Legislature to support for their local option sales tax proposals.

After the news conference, **Speaker of the House Steve Sviggum**, R-Kenyon, told reporters that he supports the proposals but believes the stadium sales tax and the Greater Minnesota sales taxes should not be linked.

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Save the date!

The 2005 **CGMC Summer Conference will be held in Moorhead July 27-29**. Be sure to mark your calendars! More details will follow!



-FridayFax-

A weekly legislative update from the League of Minnesota Cities

May 6, 2005

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Senate omnibus tax bill update

Late Thursday evening, the Senate Tax Committee completed work on the third omnibus tax bill which contains the majority of funding for the Senate's K-12 Education Bill. Dubbed Tax-3, the bill will generate significant new revenues that according to Chair Larry Pogemiller (DFL-Minneapolis) will be used to increase funding for K-12 education for the upcoming biennium.

Most of the new revenue for schools is due to a new fourth tier income tax bracket and adjustments to the other three brackets that will raise an estimated \$795 million over the biennium. The bill also includes an additional \$86 million in funding for LGA.

Unfortunately, the bill now includes a property tax freeze for local units of government beginning in 2007. Chair Larry Pogemiller last evening moved to reconsider a property tax freeze amendment that had been defeated on Wednesday evening on a 6-6 vote. Sen. Warren Limmer (R-Maple Grove) was out of the hearing room, leaving only 11 members, who voted to add the freeze to the omnibus tax bill on a 6-5 vote.

As the bill now stands, it would raise a total of \$1.164 billion with \$795 million in additional income tax revenue, \$196.7 million in additional state property tax revenue, \$293 million in revenue from modifications to corporate income taxes and nearly \$41 million from changes to the sales tax, in part to comply with the multi-state streamlined sales tax guidelines.

On the property tax side, the bill would increase LGA funding by \$86 million. The bill

also contains \$34 million of general fund money in the 2006-2007 biennium to fund the Impaired Waters Bill, which is also known as the Clean Water Legacy Act.

Clearly, the tax increases contained in the Senate bill will be very controversial. Yesterday, Governor Pawlenty was quoted in several news sources describing the Senate Plan as "profoundly stupid." We expect a long floor debate on the bill today.

Last evening, several legislators indicated that they would offer an amendment on the Senate floor to remove the property tax freeze. Today on the floor, Senator John Marty (DFL-Roseville) offered the amendment but unfortunately, the amendment was defeated on a 25 to 37 vote. The Senate Omnibus Tax Bill passed on a 35 to 28 vote.

House omnibus tax bill update

The House Tax Committee met until midnight for the last two nights to consider amendments to their version of the omnibus tax bill but failed to complete their work. The committee has considered more than 35 amendments, including an amendment offered by Rep. Morrie Lanning (R-Moorhead) on Wednesday evening that successfully removed the one-year, 2006 property tax freeze.

Yesterday, Rep. Paul Marquart (DFL-Dilworth) attempted to remove the turbo-charged truth-in-taxation language that would create a reverse referendum process in the local government levy setting process. Rep. Marquart, the former mayor of Dilworth, eloquently defended local elected officials in his presentation of the amendment. Unfortunately, the amendment was defeated on a 12-15 vote.



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Rep. Jim Davnie (DFL-Minneapolis) attempted to reduce the LGA cuts to the cities of the first class that were included in the initial draft of the bill. Those cuts would have provided Minneapolis and St. Paul with legislative authority to impose an additional one-half cent sales tax that could be used to fund general city operations. As an offset, the LGA formula for first class cities would be modified to include the revenue from the one-half cent sales tax in the "capacity" measure of the formula which would have the effect of reducing the LGA distribution to the those cities. Approximately \$10.5 million of the savings to the state would be used to increase LGA funding to all other cities that are "on the formula." The other \$17.5 million would revert to the state for other uses.

Minneapolis and St. Paul legislators have expressed concerns about the accuracy of the sales tax revenue estimates and the fact that the LGA offset would occur regardless of whether the Minneapolis/St. Paul voters approve the sales tax as required under the bill. They have also expressed concern about whether moving to a full one percent sales tax would place Minneapolis and St. Paul businesses at a disadvantage.

The city of Duluth, with its current one percent sales tax rate, would not receive any additional sales tax authorization but would have its LGA reduced in the first year by nearly \$700,000. Over the next several years the total LGA loss to Duluth would escalate to more than \$5 million.

The Davnie amendment ultimately failed, leaving the LGA cuts in place for the three first-class cities.

The House Tax Committee will reconvene later today in an attempt to complete work on the bill. We believe there are an additional 20 to 30 amendments that have been drafted but we do not know how many will be offered. At this pace, the earliest the bill would reach the House floor would be next Tuesday, which is less than two weeks before the scheduled adjournment. Given the vast differences in the House and Senate bills, few people around the Capitol expect the legislature to complete the state budget before the May 23 constitutional deadline.

Questions? Contact Gary Carlson at 651.281.1255 or at gcarlson@lmnc.org or Jenn O'Rourke at 651.281.1261 or at jorourke@lmnc.org.

Public finance bill up next week

A working group in the House will consider and work on their public finance bill, most likely next week, once the initial work is done on their omnibus tax bill. The House version was introduced earlier this week as HF 2498, and is authored by Rep. Abrams (R-Minnetonka). Other authors on the bill are Rep. Lenczewski (DFL-Bloomington), Rep. Bernardy (DFL-Fridley), and Rep. Kohls (R-Victoria). The companion is SF 2288, authored by Sen. Pogemiller (DFL-Minneapolis) and Sen. Belanger (R-Bloomington), however, the Senate included an earlier version of their recommendations in Tax-2 (SF 1683, Sen. Pogemiller). The comparisons are likely to be between the House version of HF 2498 and the public finance article of SF 1683. Traditionally, this is a stand-alone bill although some of the



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provisions could be considered fodder for an omnibus tax bill.

HF 2498 contains technical changes to tax increment finance law, some of the local TIF bills from this session, as well as a number of other local financing topics. A full summary of this bill will be provided in next week's *Cities Bulletin*.

Questions? Contact Jenn O'Rourke at 651.281.1261 or at jorourke@lmnc.org.

LGA technical fix signed into law

On May 5, Governor Pawlenty signed HF 47 into law. This law will retroactively correct a drafting error that occurred when the LGA program was modified during the 2003 Special Legislative Session. The bill was approved by the Senate on a 57-0 vote last week and passed the full House on March 10 on a 112-20 vote. The House bill was authored by Rep. Ron Abrams (R-Minnetonka) while the Senate companion was authored by Sen. Mee Moua (DFL-St. Paul).

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

Pension contribution increases discussed

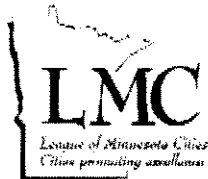
The Legislative Commission on Pensions and Retirement met on Thursday morning to discuss legislative proposals that would address current and projected funding deficiencies in several public pension plans. Members heard from PERA Executive Director Mary Most Vanek about legislation that would increase employer and employee contribution rates in

the PERA Coordinated plan and the PERA Police and Fire plan.

PERA Coordinated Plan – SF 286 (Betzold)/HF 1775 (Smith) increases employee and employer contribution rates from 5.1 percent of pay to 6.0 percent in steps by January 1, 2008. The bill also increases the employer additional contribution rate from 0.43 percent of pay to 0.5 percent. If actuarial work would indicate that additional increases are needed, the rate would increase in steps to reach 1.0 percent by January 1, 2010. Finally, this legislation would also give the PERA board the authority to make contribution adjustments without legislative action.

PERA Police and Fire Plan – SF 621 (Betzold)/HF 1756 (Smith) increases the employee contribution rate from 6.2 percent of pay to 9 percent and increases the employer contribution rate from 9.3 percent of pay to 13.6 percent. Under the current bill, these increases would be effective on January 1, 2006 with no phase-in. The League has drafted an amendment that would phase-in the increases over four years with a final combined employee-employer contribution rate of 23.5 percent, rather than the 22.5 percent contribution proposed in the base bill.

The commission took testimony from employer and employee groups about these two proposals. The League of Minnesota Cities joined the Association of Minnesota Counties and the Metropolitan Inter-County Association to urge members of the commission to take action this session to address the current funding deficiency in the PERA Coordinated plan and the projected shortfall in the PERA Police and Fire Plan. The League offered our support for the PERA Board's proposed



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increases in the two plans, along with the board's proposed changes to deferred annuity augmentation rates in SF 620 (Betzold)/HF 1758 (Smith). However, we asked members to adopt a 4-year phase-in of the increases in the police and fire plan to give both employees and employers time to acclimate to the higher contribution rates.

No action was taken on any of the PERA proposals.

The omnibus pension bill (HF 2092), also known as Pension I, passed the House State Government Finance Committee on Wednesday and was referred to the floor. The companion bill, SF 427, passed the full Senate on April 27 on a 56-1 vote. It is unclear whether the commission will meet again this session to assemble a second pension bill that would include provisions such as the PERA contribution increases.

Questions? Contact Gary Carlson at 651.281.1255 or gcarlson@lmnc.org or Laura Offerdahl at 651.281.1260 or lofferdahl@lmnc.org.

Contacts needed to move Meth bills

Both the House and Senate have acted favorably on meth legislation, but the bills have yet to go to conference committee. Both bodies have passed tough sales restrictions on the precursor drugs, which is good for cities because it will cut down on the number of clandestine labs cities and counties need to deal with. The bills are not that far apart on policy or funding.

Contacts to legislators are important now, as advocates for the bills are nervous that this

legislation could easily get caught in the political cross-fire, and any budget fights that rear up in the next few weeks. The 2004 legislature failed to pass meth legislation because of the budget impasse.

Calls to the Senate requesting that the meth legislation be conferenced soon are appropriate. The three to contact at this time are: Majority Leader Senator Dean Johnson (651.296.3826), Senator Linda Berglin (651.296.4151) and Senator Jane Ranum (651.296.4842).

Questions? Contact Jenn O'Rourke at 651.281.1261 or jorourke@lmnc.org.

Committee meetings

Wednesday, May 11, 2005

9:00 AM

Room: Basement Hearing Rm SOB

Chair: Representative Marty Seifert

Agenda: Office of the State Auditor

Presentation of 2004 Local Government

Lobbying Services report

- Tony Sutton, Deputy State Auditor

Legislative meetings in your city

District and town hall meetings are a great chance to meet with your legislators close to home. Upcoming meetings near you include:

May 7 in Crystal (Crystal City Hall, 4141 Douglas Dr. N. 10:00am) with Sen. Ann Rest and Reps. Lyndon Carlson and Sandra Peterson

May 7 in Minnetonka (Glen Lake Activity Center, 14350 Excelsior Blvd, 9:30-11am) with Rep. Maria Ruud

Check your local newspaper or radio station for additional dates.