



[Crystal \(Minn.\).](#)
[City Council Minutes and Agenda Packets.](#)

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DATE: August 2, 1990
TO: Jerry Dular, City Manager
FROM: William Monk, City Engineer
SUBJECT: Medicine Lake Road Improvements

To allow Crystal to use Municipal State Aid (MSA) street funds for the local portion of the improvements to Medicine Lake Road, the attached resolution must be approved. Consideration of this document represents the final pre-construction action required of the City Council.

Construction of the County upgrade project is scheduled to start on August 6 for the segment of CR70 between Winnetka Avenue and TH169. The segment between Winnetka and Douglas Drive is currently scheduled to commence in April of 1991.

Again, approval of the off-system resolution is recommended.



WM:mb

Encl.

RESOLUTION NO. 90-

CITY OF CRYSTAL

WHEREAS, it has been deemed advisable and necessary for the City of Crystal to participate in the cost of a construction project located on C.S.A.H. 70 within the limits of said municipality, and

WHEREAS, said construction project has been approved by the Commissioner of Transportation and identified in his records as S.P. No. 116-020-02.

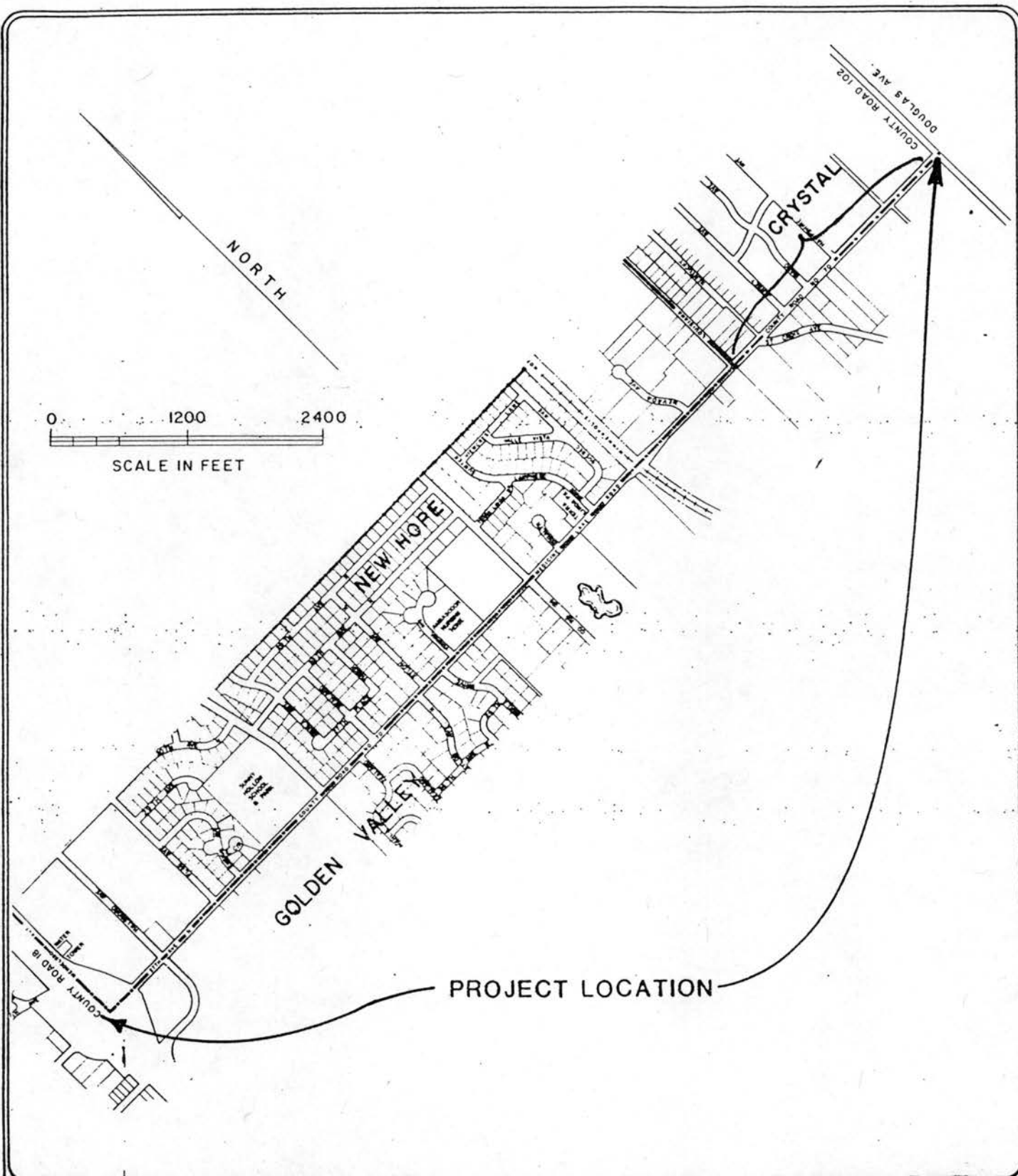
NOW, THEREFORE, BE IT RESOLVED that we do hereby appropriate from our Municipal State-Aid Street Funds the sum of one hundred forty thousand dollars (\$140,000) to apply toward the construction of said project and request the Commissioner of Transportation to approve this authorization.

Adopted by the Crystal City Council this 7th day of August, 1990.

Mayor

ATTEST:

City Clerk



MEDICINE LAKE ROAD HIGHWAY IMPROVEMENT

(COUNTY ROAD 18 TO COUNTY ROAD 102)

NEW HOPE, MINNESOTA

**BONESTROO, ROSENE, ANDERLIK
& ASSOCIATES, INC.**
Consulting Engineers
St. Paul, Minn.

Date: _____
Comm. _____

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Figure 2

HOLMES & GRAVEN

CHARTERED

470 Pillsbury Center, Minneapolis, Minnesota 55402

(612) 337-9300

DAVID J. KENNEDY

Attorney at Law

Direct Dial (612) 337-9232

August 2, 1990

Mr. Jerry Dulgar
City Manager
City of Crystal
4141 Douglas Drive North
Crystal, Minnesota 55422

Re: Lawful Gambling

Dear Jerry:

Enclosed find a draft ordinance for first reading that amends the City code provisions on gambling to reflect new changes in the law effective August 1. (The pending 494 ministry license application can be handled under the old law.) I'm also enclosing a copy of the 1990 changes in the charitable gambling law for you and the Council's general information.

The ordinance changes required by the new law are as follows:

1. The City no longer approves or declines to approve the license application: the licenses are issued by the Charitable Gambling Control Board without local approval.
2. The City now must approve a "premises permit", that is a permit to a licensed organization to conduct gambling at a specified location.
3. Under prior law if the Council did nothing the license would be deemed approved: under the new procedure the permit will not be issued unless the Council approves by resolution.
4. The "lawful purposes" to which gambling profits may be put has been modified substantially with the most important change being that profits may not take the form of a "direct" contribution to a law enforcement agency. (We may have to get a ruling on the DARE Program.)
5. The required contribution (in our case 10%) by organizations to lawful purposes, must be made in the "trade area" of the City now defined to include the City and contiguous cities.

The premises permit concept is awkward to deal with since presumably the City's only interest is whether gambling activity can be lawfully conducted at the proposed location. Since Crystal permits lawful gambling only at on-sale liquor establishments which are properly zoned this is probably not an issue. On the other hand it seems to me that the City has a legitimate interest in seeing that the activity is properly conducted by qualified persons in an orderly fashion. Thus, I think the City Council could properly decline to renew

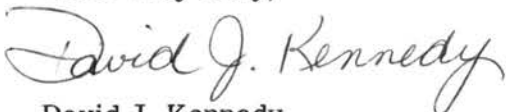
*First Reading 8-7-90
Changes to be made for
2nd reading.*

a premises permit if evidence of wrongdoing or reprehensible conduct on the part of the permittee (or the lessor) were presented to it. Subsection 1102.03 attempts to deal with this problem by a procedure whereby:

- a) the City will not consider an application unless the applicant is licensed by the Board;
- b) the City will assume that the applicant is eligible under Board rules and the statute for a permit;
- c) the City will not act on a premises permit unless it has positive evidence that the Board has either approved or intends to approve the permit;
- d) the City will automatically approve the first premises permit application on the theory that it has had no experience on which to evaluate the applicant; and
- e) the City will not approve a renewal of the permit if in its judgment, based on the permittee's conduct, renewal would not be in the best interests of the City.

On the last point I am convinced that if the City declines to approve a renewal some reasons for that refusal must be stated. The draft suggests that these reasons be, generally, the same reasons for which an intoxicating liquor license could be suspended, revoked or not renewed.

Yours very truly,



David J. Kennedy

DJK:caw

ORDINANCE NO. 90-_____

AN ORDINANCE RELATING TO LAWFUL GAMBLING:
AMENDING CRYSTAL CITY CODE BY ADDING
A SECTION: REPEALING CRYSTAL CITY
CODE SUBSECTION 1100.19

THE CITY OF CRYSTAL ORDAINS:

Section 1. Crystal City Code is amended by adding a section to read as follows:

Section 1102 - Lawful Gambling

1102.01. Lawful Gambling. Subdivision 1. General Rule. Pursuant to the provisions of Minnesota Statutes, Section 340A.410, Subdivision 2, lawful gambling may be conducted on premises licensed for the sale of intoxicating liquor by organizations licensed by the Charitable Gambling Control Board (Board) under Minnesota Statutes, Sections 349.11 to 349.213 when a premises permit therefor has been issued by the Board. Non-profit organizations licensed by the Board may conduct lawful gambling on the licensed premises or adjoining rooms of on-sale liquor establishments provided the gambling is in compliance with the law and the requirements of this section are complied with.

1102.03. City Review. Subdivision 1. City Investigation. Upon receipt of an application for a premises permit or renewal thereof and payment of the investigation fee required by Subsection 1102.17 the City Manager will refer the application to the Police Chief for investigation. The Police Chief must as part of the investigation, obtain from the Board data received by the Board in the license application and premises permit application of the organization and other information that the Board may have in its possession relating to the eligibility and qualifications of the licensed organization to conduct or continue to conduct lawful gambling at the premises specified in the permit application.

Subd. 2. City Council Action. The City Council will review the application for a lawful gambling premises permit or renewal thereof.

a) If the application is for an initial premises permit the Council will by resolution approve the permit application if the application is made by an organization licensed by the Board.

b) If the application is for the renewal of an existing premises permit, the Council may by resolution decline to approve the application if (i) in its judgment the conduct of lawful gambling at the premises by the applicant will adversely affect the public health, safety and welfare or (ii) the applicant has engaged in conduct constituting grounds for the revocation or suspension of an intoxicating liquor license as specified in Subsection 1005.21 of this code or both (i) and (ii) as the case may be.

Subd. 3. Prior Board Approval. The City will not consider an application for a lawful gambling premises permit or renewal thereof unless (i) the application for the permit has been approved by the Board or (ii) the Board has indicated in writing to the City Clerk that Board approval is granted pending only the approval of the City Council.

1102.05. Eligible Organizations. The City will consider for approval only premises permits by organizations licensed by the Board. When an application is submitted to the City the City will presume that the applicant is eligible for the permit under state law but will make no independent investigation of that fact.

1102.07. Limit of Licenses. On-sale establishments authorized to allow gambling are limited to one yearly lessee at premises licensed for on-sale liquor sales in the City. The City Council may by resolution authorize more than one organization to conduct lawful gambling activities at various locations for a limited period in connection with an annual civic celebration.

1102.09. Hours. Lawful gambling may be conducted only during the permitted hours of operation of the licensed on-sale establishment.

1102.11. Leases: Filing. A copy of the lease agreement between a non-profit organization and an on-sale licensee must be filed with the City Clerk within one week after execution of the lease. The lease must provide that the lessee may operate only after issuance of a license and premises permit from the Board and be subject to the terms of this Section.

B.C. 1102.13. Contributions to City. 10 cents of each dollar of profits from lawful gambling within the City must be pledged and annually, prior to December 1, contributed to the City by the organization for use in lawful purposes as de-fined in Minnesota Statutes, Section 349.12, Subdivision 11, in the trade area of the City. For purposes of this subdivision the term "net profits" means profits less amounts expended for allowable expenses; the terms "profits" and "allowable expenses" have the meanings given them by Minnesota Statutes, Chapter 349 and rules and regulations promulgated thereunder; and the term "trade area" means the area within the boundaries of the City and within the boundaries of the cities of New Hope, Robbinsdale, Golden Valley, and Brooklyn Park. If an organization certifies to the City that at least 10% of its net profits have been expended in the trade area of the City for the lawful purposes specified by the City, the payment required by this subdivision need not be made. The contributions to the City required by this subdivision must be deposited by the City in a special City fund which must be administered by the City without cost to the fund.

1102.15. Filing. Organizations conducting lawful gambling in the City must file with the City Clerk copies of records and reports filed with the Board pursuant to Minnesota Statutes, Chapter 349 and the rules and regulations promulgated thereunder.

1102.17. Investigation Fees. An organization applying for or renewing a premises permit to conduct lawful gambling in the City must pay the investigation fee set by Appendix IV to the City Clerk. If the fee is not paid the Council will not approve the permit under Subsection 1102.03.

Sec. 2. Crystal City Code, Subsection 1100.19, is repealed.

Sec. 3. This ordinance is effective in accordance with Crystal City Code, Subsection 110.11 and applies to gambling premises permit applications received after August 1, 1990.

Dated: _____, 1990.

Mayor

Attest:

City Clerk

Sec. 4. EFFECTIVE DATE.

Sections 1 and 2 are effective January 1, 1992.

Presented to the governor April 28, 1990.

Approved May 4, 1990.

GAMBLING—LAWFUL ENTERPRISES—GENERAL AMENDMENTS

CHAPTER 590

S.F. No. 2018

AN ACT relating to lawful gambling; defining lawful purposes for expenditures of gambling profits; establishing licensing qualifications for organizations, distributors, and manufacturers; requiring organizations to report monthly on expenditures and contributions of gambling profits; authorizing the gambling control board to require recipients of contributions of gambling profits to register with the board; authorizing summary suspension of gambling licenses; requiring pull-tabs to be manufactured in Minnesota; requiring inspection and testing of gambling equipment; requiring permits for gambling premises; requiring gambling managers to be licensed; requiring that employees of organizations conducting lawful gambling be registered with the board; prescribing specifications for video games of chance and terminating all licenses for video games of chance on January 1, 1992; regulating incentive payments to lottery employees; prescribing qualifications for lottery retailers; increasing penalties for violations of lawful gambling statutes; providing for the disposal of seized gambling equipment; amending Minnesota Statutes 1988, sections 349.12, by adding subdivisions; 349.16; 349.17; 349.18; 349.19; 349.2123; 349.2125, subdivision 4; 349.2127, subdivisions 1, 3, and by adding subdivisions; 349.22, by adding a subdivision; 349.30, subdivision 2; 349.31; 349.32; 349.34; 349.35, subdivision 1; 349.36; 349.38; 349.39; 349.50, subdivision 8; 349.52, by adding a subdivision; 349.55; 349.59, subdivision 1; 609.75, subdivision 4; 349.59, subdivision 1; Minnesota Statutes 1989 Supplement, sections 299L.03, by adding subdivisions; 349.12, subdivisions 11 and 12; 349.15; 349.151, subdivision 4, and by adding a subdivision; 349.152, subdivision 2, and by adding subdivisions; 349.161; 349.162; 349.163; 349.164; 349.212, subdivision 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and 5; 349.213; 349.22, subdivision 1; 349.501, subdivision 1; 349.502, subdivision 1; 349A.02, subdivision 5; 349A.06, subdivisions 2 and 4; 609.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 299L; 349; repealing Minnesota Statutes 1988, sections 349.14; 349.214, subdivision 1, 3, and 4; Minnesota Statutes 1989 Supplement, sections 349.151, subdivision 4a; 349.20; 349.21; 349.22, subdivision 3; 349.502, subdivision 2; Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2; Laws 1989 First Special Session, chapter 1, article 13, section 27.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

REGULATORY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

Subd. 9. VIDEO GAMES OF CHANCE. The commissioner shall exercise all powers and duties assigned to the commissioner relating to video games of chance under sections 349.50 to 349.60 through the division and director.

Sec. 2. Minnesota Statutes 1989 Supplement, section 299L.03, is amended by adding a subdivision to read:

Subd. 10. FINGERPRINTING. The director may require that any: (1) licensee under sections 349.11 to 349.23, (2) employee of such a licensee, or (3) shareholder or officer of such a licensee be fingerprinted by the director, or otherwise submit to fingerprinting in a form and manner acceptable to the director.

Sec. 3. [299L.06] JURISDICTION.

In any investigation or other enforcement activity where there is probable cause to believe that a criminal violation relating to gambling has occurred, except a violation relating only to taxation, the division rather than any other state department, agency, or office shall be the primary investigation entity where enforcement rests.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 349.12, subdivision 11, is amended to read:

Subd. 11. (a) "Lawful purpose" means one or more of the following:

(1) benefiting persons by enhancing their opportunity for religious or educational advancement, by relieving or protecting them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded;

(2) initiating, performing, or fostering worthy public works or enabling or furthering the erection or maintenance of public structures;

(3) lessening the burdens borne by government or voluntarily supporting, augmenting or supplementing services which government would normally render to the people;

(4) payment of local taxes authorized under this chapter, and taxes imposed by the United States on receipts from lawful gambling;

(5) any expenditure by, or any contribution to, a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code;

(6) payment of reasonable costs incurred in complying with the performing of annual audits required under section 349.19, subdivision 9;

(7) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization; or

(8) if approved by the board, construction, improvement, expansion, maintenance, and repair of athletic fields and outdoor ice rinks and their appurtenances, owned by the organization or a public agency.

(b) "Lawful purpose" does not include the erection, acquisition, improvement, expansion, repair, or maintenance of any real property or capital assets owned or leased by an organization, other than a hospital or nursing home exempt from taxation under section 501(c)(3) of the Internal Revenue Code, unless the board has first specifically authorized the expenditures after finding: (1) that the property or capital assets will be used exclusively for one or more of the purposes specified in paragraph (a), clauses (1) to (3); or (2) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; or (3) with respect to expenditures for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance. The board shall by rule adopt procedures and standards to administer this subdivision.

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 16;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome, or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals, where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity, provided that nothing in this clause prohibits a contribution to or expenditure on an educational institution or other entity that is excepted from the prohibition against discrimination based on sex contained in the Higher Education Act Amendments of 1976, United States Code, title 20, section 1681;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the tax imposed by section 349.212, subdivisions 1 and 4, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on licensed gambling premises wholly owned by the licensed organization paying the taxes, not to exceed the amount which an organization may expend under board rule on rent for premises used for lawful gambling;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency; or

(11) a contribution to or expenditure by a nonprofit organization, church, or body of communicants, gathered in common membership for mutual support and edification in piety, worship, or religious observances.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, except as provided in clause (6), unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization,

foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) the erection, acquisition, improvement, or expansion of real property or capital assets which will be used for one or more of the purposes in paragraph (a), clause (7), unless the organization making the expenditures notifies the board at least 15 days before making the expenditure.

Sec. 5. Minnesota Statutes 1989 Supplement, section 349.12, subdivision 12, is amended to read:

Subd. 12. ORGANIZATION. "Organization" means any fraternal, religious, veterans, or other nonprofit organization which has at least 15 active members, and either has been duly incorporated as a nonprofit organization for at least three years, or has been recognized by the Internal Revenue Service as exempt from income taxation for the most recent three years.

Sec. 6. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 30. [501(c)(3) ORGANIZATION.] "501(c)(3) organization" is an organization exempt from the payment of federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Sec. 7. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 31. AFFILIATE. "Affiliate" is any person or entity directly or indirectly controlling, controlled by, or under common control or ownership with a licensee of the board or any officer or director of a licensee of the board.

Sec. 8. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 32. PERSON. "Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative.

Sec. 9. Minnesota Statutes 1988, section 349.12, is amended by adding a subdivision to read:

Subd. 34. FLARE. "Flare" is the posted display, with registration stamp affixed, that sets forth the rules of a particular game of pull-tabs or tipboards, and that is associated with a specific deal of pull-tabs or grouping of tipboards.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 349.15, is amended to read:

349.15 USE OF GROSS PROFITS.

(a) Gross profits from lawful gambling may be expended only for lawful purposes or allowable expenses as authorized at a regular meeting of the conducting organization. Provided that no more than 55 60 percent of the gross profit less the tax imposed under section 349.212, subdivision 1, from bingo, and no more than 50 percent of the gross profit less the taxes tax imposed by section 349.212, subdivisions 1, 4, and subdivision 6, from other forms of lawful gambling, may be expended for allowable expenses related to lawful gambling.

(b) The board shall provide by rule for the administration of this section, including specifying allowable expenses. The rules must specify that no more than one-third of the annual premium on a policy of liability insurance procured by the organization may be taken as an allowable expense. This expense shall be allowed by the board only to the extent that it relates directly to the conduct of lawful gambling and is verified in the

manner the board prescribes by rule. The rules may provide a maximum percentage of gross profits which may be expended for certain expenses.

(c) Allowable expenses also include reasonable costs of bank account service charges, and the reasonable costs of an audit required by the board, except an audit required under section 349.19, subdivision 9.

(d) Allowable expenses include reasonable legal fees and damages that relate to the conducting of lawful gambling, except for legal fees or damages incurred in defending the organization against the board, attorney general, United States attorney, commissioner of revenue, or a county or city attorney.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.151, is amended by adding a subdivision to read:

Subd. 3a. COMPENSATION. The compensation of board members is as provided in section 15.0575, subdivision 3.

Sec. 12. Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4, is amended to read:

Subd. 4. POWERS AND DUTIES. (a) The board has the following powers and duties:

(1) to regulate lawful gambling to ensure it is conducted in the public interest;
(2) to issue, ~~revoke, and suspend~~ licenses to organizations, distributors, bingo halls, and manufacturers ~~under sections 349.16, 349.161, 349.163, and 349.164, and gambling managers;~~

(2) (3) to collect and deposit license, permit, and registration fees due under this chapter;

(3) (4) to receive reports required by this chapter and inspect ~~the~~ all premises, records, books, and other documents of organizations ~~and suppliers, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;~~

(4) (5) to make rules ~~required~~ authorized by this chapter;

(5) (6) to register gambling equipment and issue registration stamps ~~under section 349.162;~~

(6) (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(7) (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(8) (9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, ~~and manufacturers, bingo halls, and gambling managers~~ for failure to comply with any provision of ~~sections 349.12 to 349.23~~ this chapter or any rule of the board;

(9) ~~to notify city councils, county boards, and town boards before issuing or renewing licenses to organizations and bingo halls as specified under section 349.213; and~~

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue licenses and premises permits under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register recipients of net profits from lawful gambling and to revoke or suspend the registrations;

(14) to register employees of organizations licensed to conduct lawful gambling;

(15) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and

(16) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) Any organization, distributor, bingo hall operator, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.152, subdivision 2, is amended to read:

Subd. 2. DUTIES OF THE DIRECTOR. The director has the following duties:

- (1) to carry out gambling policy established by the board;
- (2) to employ and supervise personnel of the board;
- (3) to advise and make recommendations to the board on rules;
- (4) to issue licenses and premises permits as authorized by the board;
- (5) to issue cease and desist orders;
- (6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and
- (7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees.

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

Subd. 3. CEASE AND DESIST ORDERS. Whenever it appears to the director that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule:

(a) The director has the power to issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the board after which and within 20 days of the date of the hearing the board shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

(b) The board may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any rule and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board to post a bond.

Sec. 15. Minnesota Statutes 1989 Supplement, section 349.152, is amended by adding a subdivision to read:

Subd. 4. EXECUTIVE ASSISTANT. The director may appoint an executive assistant to the director, who is in the unclassified service.

Sec. 16. [349.154] EXPENDITURE OF NET PROFITS FROM LAWFUL GAMBLING.

Subdivision 1. STANDARDS FOR CERTAIN ORGANIZATIONS. The board shall by rule prescribe standards that must be met by any licensed organization that is a 501(c)(3) organization. The standards must provide:

- (1) operating standards for the organization, including a maximum percentage or percentages of the organization's total expenditures that may be expended for the organization's administration and operation; and
- (2) standards for any expenditure by the organization of net profits from lawful gambling, including a requirement that the expenditure be related to the primary purpose of the organization.

Subd. 2. NET PROFIT REPORTS. (a) Each licensed organization must report monthly to the board on a form prescribed by the board each expenditure and contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

- (1) the name, address, and telephone number of the recipient of the expenditure or contribution;
- (2) the date the contribution was approved by the organization;
- (3) the date, amount, and check number of the expenditure or contribution; and
- (4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 11, paragraph (a).

(b) Each report required under paragraph (a) must be accompanied by an acknowledgment, on a form the board prescribes, of each contribution of net profits from lawful gambling included in the report. The acknowledgment must be signed by the recipient of the contribution, or, if the recipient is not an individual, or other authorized representative of the recipient, by an officer. The acknowledgment must include the name and address of the contributing organization and each item in paragraph (a), clauses (1) to (3).

(c) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.

Subd. 3. REGISTRATION OF LAWFUL GAMBLING NET PROFIT RECIPIENTS. The board may by rule require that any individual, organization, or other entity must be registered with the board to receive a contribution of net profits from lawful gambling. The rules may designate and define specific categories of recipients that are subject to registration. The board may suspend or revoke the registration of any recipient the board determines has made an unlawful expenditure of net profits from lawful gambling.

Sec. 17. Minnesota Statutes 1988, section 349.16, as amended by Laws 1989, chapter 334, article 2, sections 20 and 21, and Laws 1989, First Special Session chapter 1, article 13, section 8, is amended to read:

349.16 ORGANIZATION LICENSES.

Subdivision 1. LICENSE REQUIRED. An organization may conduct lawful gambling if it has a license to conduct lawful gambling and complies with this chapter.

Subd. 2. ISSUANCE OF GAMBLING LICENSES. (a) Licenses authorizing organizations to conduct lawful gambling may be issued by the board to organizations meeting the qualifications of section 349.14, in paragraphs (b) to (h) if the board determines that the license is consistent with the purpose of sections 349.11 to 349.22.

(b) The organization must have been in existence for the most recent three years preceding the license application as a registered Minnesota nonprofit corporation or as an organization designated as exempt from the payment of income taxes by the Internal Revenue Code.

(c) The organization at the time of licensing must have at least 15 active members.

(d) The organization must not be in existence solely for the purpose of conducting gambling.

(e) The organization must not have as an officer or member of the governing body any person who, within the five years before the issuance of the license, has been convicted in a federal or state court of a felony or gross misdemeanor or who has ever been convicted of a crime involving gambling or who has had a license issued by the board or director revoked for a violation of law or board rule.

(f) The organization has identified in its license application the lawful purposes on which it proposes to expend net profits from lawful gambling.

(g) The organization has identified on its license application a gambling manager and certifies that the manager is qualified under this chapter.

(h) The organization must not, in the opinion of the board after consultation with the commissioner of revenue, be seeking licensing primarily for the purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.

Subd. 3. TERM OF LICENSE: SUSPENSION AND REVOCATION. Licenses issued under this section are valid for one year and may be suspended by the board for a violation of law or board rule or revoked for what the board determines to be a pattern of willful violations violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 1a. RESTRICTIONS ON LICENSE ISSUANCE. ~~On and after October 1, 1989, the board shall not issue an initial license to any organization if the board, in consultation with the department of revenue, determines that the organization is seeking licensing for the primary purpose of evading or reducing the tax imposed by section 349.212, subdivision 6.~~

Subd. 2 4. APPLICATION. All applications for a license under this section must be on a form prescribed by the board. The board may require the applying organization to submit a copy of its articles of incorporation and other documents it deems necessary.

Subd. 5. RENEWALS. The board shall not renew a license issued under this section unless it determines that the organization is in compliance with all laws and rules governing lawful gambling and is not delinquent in filing tax returns or paying taxes required under this chapter. The board may delegate to the director the authority to make determinations required under this subdivision.

Subd. 3 6. FEES. The board may issue four classes of organization licenses: a class A license authorizing all forms of lawful gambling; a class B license authorizing all forms of lawful gambling except bingo; a class C license authorizing bingo only; and a class D license authorizing raffles only. ~~The annual license fee for each class of license is:~~

- (1) \$200 for a class A license;
 - (2) \$125 for a class B license;
 - (3) \$100 for a class C license; and
 - (4) \$75 for a class D license
- board shall not charge a fee for an organization license.

Subd. 7. PURCHASE OF GAMBLING EQUIPMENT. An organization may purchase gambling equipment only from a person licensed as a distributor.

Subd. 4 8. LOCAL INVESTIGATION FEE. A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling or operate a bingo hall. An investigation fee may not exceed the following limits:

- (1) for cities of the first class, \$500;
- (2) for cities of the second class, \$250;
- (3) for all other cities, \$100; and
- (4) for counties, \$375.

Sec. 18. Minnesota Statutes 1989 Supplement, section 349.161, as amended by Laws 1989, First Special Session chapter 1, article 13, section 9, is amended to read:

349.161 DISTRIBUTOR LICENSES.

Subdivision 1. PROHIBITED ACTS; LICENSES REQUIRED. No person may:

- (1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for lawful gambling exempt or excluded from licensing under section 349.214, except to an organization licensed for lawful gambling;

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

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(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

~~No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.~~

Subd. 2. LICENSE APPLICATION. The board may issue licenses for the sale of gambling equipment to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes.

Subd. 3. QUALIFICATIONS. A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor a person, who:

- (1) has ever been convicted of a felony within the past five years;
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling;
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) is or has ever been engaged in an illegal business;
- (4) (5) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (5) (6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or
- (6) (7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. FEES. The annual fee for a distributor's license is \$2,500.

Subd. 5. PROHIBITION. (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor, may be (1) involved directly in the operation conduct of lawful gambling conducted by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No ~~manufacturer or distributor or person acting as a~~ any representative, agent, affiliate, or employee of a ~~manufacturer or distributor~~ distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor, ~~distributor's~~ or any representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.

(g) No distributor may purchase gambling equipment from any person not licensed as a manufacturer under section 349.163.

(h) No distributor may sell gambling equipment to any person in Minnesota other than (i) a licensed organization or organization exempt from licensing, or (ii) the governing body of an Indian tribe.

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Subd. 6. REVOCATION AND SUSPENSION. A license under this section may be suspended by the board for a violation of law or board rule ~~or~~. A license under this section may be revoked for failure to meet the qualifications in subdivision 3 at any time ~~or revoked for what the board determines to be a pattern of a willful violations~~ violation of law or board rule. A revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 7. CRIMINAL HISTORY. The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a distributor's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 8. EMPLOYEES OF DISTRIBUTORS. Licensed distributors shall provide the board upon request with the names and home addresses of all employees. Each distributor, and employee of a distributor, ~~or a person making sales of gambling equipment on behalf of a distributor~~ must have in their possession a picture identification card approved by the board. No person other than an employee of a licensed distributor shall make any sales on behalf of a licensed distributor.

Sec. 19. Minnesota Statutes 1989 Supplement, section 349.162, is amended to read:

349.162 EQUIPMENT REGISTERED.

Subdivision 1. STAMP REQUIRED. (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, organization, or distributor, and no person, organization, or distributor may purchase, borrow, accept, or acquire from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor is entitled to a refund for unused stamps and replacement for stamps which are defective or canceled by the distributor.

(b) From January 1, 1991, to June 30, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "For Sale in Minnesota Only."

(c) On and after July 1, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "Manufactured in Minnesota For Sale in Minnesota Only."

(d) Paragraphs (b) and (c) do not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.

Subd. 2. RECORDS REQUIRED. A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

- (1) the identity of the person or firm from whom the ~~equipment was~~ distributor purchased the equipment;
- (2) the registration number of the equipment;
- (3) the name ~~and~~ address, and license or exempt permit number of the organization to which the sale was made;
- (4) the date of the sale;
- (5) the name of the person who ordered the equipment; and
- (6) the name of the person who received the equipment;
- (7) the type of equipment;
- (8) the serial number of the equipment;
- (9) the name, form number, or other identifying information for each game; and
- (10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

The invoice for each sale must be retained for at least two 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to the board in the manner and

time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the division and the division of gambling enforcement may inspect the business premises, books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Subd. 3. EXEMPTION. For purposes of this section, bingo cards or sheets need not be stamped.

Subd. 4. PROHIBITION. (a) No person other than a licensed distributor may possess unaffixed registration stamps issued by the board.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been stamped and registered with the board.

(c) On and after January 1, 1991, no distributor may:

(1) sell a bingo card that does not bear an individual number; or

(2) sell a package of bingo cards that does not contain bingo cards in numerical order.

Subd. 5. SALES FROM FACILITIES. (a) All gambling equipment purchased or possessed by a licensed distributor for resale in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the distributor's. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. No gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

(b) All sales and storage facilities owned, leased, used, or operated by a licensed distributor may be entered upon and inspected by the employees of the division of gambling enforcement or the director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a distributor's licenses and permits issued under this chapter.

(c) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than a registered sales or storage facility are contraband under section 349.2125. This paragraph does not apply to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.

Subd. 6. REMOVAL OF EQUIPMENT FROM INVENTORY. Authorized employees of the board, the division of gambling enforcement of the department of public safety, and the commissioner of revenue may remove gambling equipment from the inventories of distributors and organizations and test that equipment to determine its compliance with all applicable laws and rules. A distributor or organization may return to the manufacturer thereof any gambling equipment which is determined to be in violation of law or rule. The cost to an organization of gambling equipment removed from inventory under this paragraph and found to be in compliance with all applicable law and rules is an allowable expense under section 349.15.

Sec. 20. Minnesota Statutes 1989 Supplement, section 349.163, as amended by Laws 1989, First Special Session chapter 1, article 13, section 10, is amended to read:

349.163 LICENSING OF MANUFACTURERS.

Subdivision 1. LICENSE REQUIRED. No manufacturer of gambling equipment may sell any gambling equipment to any person unless the manufacturer has been issued

a current and valid license by the board under objective this section and other criteria prescribed by the board by rule.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161, unless the manufacturer (1) does not manufacture any gambling equipment other than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

Subd. 1a. QUALIFICATIONS. A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, or employee eligible to make sales on behalf of the distributor, a person, who:

(1) has ever been convicted of a felony;

(2) has ever been convicted of a crime involving gambling;

(3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(4) is or has ever been engaged in an illegal business;

(5) owes \$500 or more in delinquent taxes as defined in section 270.72;

(6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; or

(7) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 1b. APPLICATIONS; INFORMATION. An applicant for a manufacturer's license must list on the license application the names and addresses of all subsidiaries, affiliates, and branches in which the applicant has any form of ownership or control, in whole or in part, without regard to whether the subsidiary, affiliate, or branch does business in Minnesota.

Subd. 2. LICENSE; FEE. A license under this section is valid for one year. The annual fee for the license is \$2,500.

Subd. 2a. LICENSES; SUSPENSION, REVOCATION. The board may suspend a license under this section for a violation of law or board rule. The board may revoke a license under this section for (1) a willful violation of law or board rule, or (2) a conviction in another jurisdiction for a criminal violation that is related to gambling, or that would be a felony or gross misdemeanor if committed in Minnesota.

Subd. 3. PROHIBITED SALES. (a) A manufacturer may not:

(1) sell gambling equipment to any person not licensed as a distributor unless the manufacturer is also a licensed distributor; or

(2) sell gambling equipment to a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use in this state;

(3) from January 1, 1991, to June 30, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only";

(4) on and after July 1, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "Manufactured in Minnesota For Sale in Minnesota Only"; or

(5) sell a pull-tab marked as required in paragraphs (3) and (4) to any person inside or outside the state, including the governing body of an Indian tribe, who is not a licensed distributor.

(b) On and after July 1, 1992, all pull-tabs sold by a licensed manufacturer to a person in Minnesota must be manufactured in Minnesota.

(c) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer, may not provide a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium, contribution, or other thing of value.

Subd. 4. INSPECTION OF MANUFACTURERS. Employees of the division and the division of gambling enforcement may inspect the books, records, inventory, and manu-

facturing operations business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer.

Subd. 5. PULL-TAB AND TIPBOARD FLARES. (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers — This pull-tab (or tipboard) game is not legal in Minnesota unless:

— a Minnesota gambling stamp is affixed to this sheet, and
— the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

- (1) the name of the game;
- (2) the serial number of the game;
- (3) the name of the manufacturer;
- (4) the number of tickets in the deal;
- (5) the odds of winning each prize in the deal; and
- (6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Subd. 6. SAMPLES OF GAMBLING EQUIPMENT. The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for sale in this state. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is sold in this state. The board may request the assistance of the commissioner of public safety and the director of the state lottery division in performing the tests.

Subd. 7. RECYCLED PAPER. The board may, after January 1, 1991, by rule require that all pull-tabs sold in Minnesota be manufactured using recycled paper.

Sec. 21. Minnesota Statutes 1989 Supplement, section 349.164, is amended to read:

349.164 BINGO HALL LICENSES.

Subdivision 1. LICENSE REQUIRED. No person may lease a facility to more than one individual, corporation, partnership, or organization to conduct bingo without having obtained a current and valid bingo hall license under this section, unless the lessor is a licensed organization.

Subd. 2. LICENSE APPLICATION. The board may issue a bingo hall license to persons who meet the qualifications of this section if the board determines that a license is consistent with the purpose of sections 349.11 to 349.22. Applications must be on a form the board prescribes. The board may not issue or renew a bingo hall license unless the conditions of section 349.213, subdivision 2, have been satisfied.

Subd. 3. QUALIFICATIONS. A license may not be issued under this section to a person, ~~or to a~~ organization, corporation, firm, or partnership that is not the legal owner of the facility, or to a person, organization, corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position a person, who:

- (1) has ever been convicted of a felony within the past five years;
- (2) has ever been convicted of a felony involving fraud or misrepresentation or a crime involving gambling; or
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) owes delinquent taxes in excess of \$500 as defined in section 270.72; or
- (5) after demand, has not filed tax returns required by the commissioner of revenue.

Subd. 4. FEES. The annual fee for a bingo hall license is \$2,500.

Subd. 5. CRIMINAL HISTORY. The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a bingo hall license and may reimburse the division of gambling enforcement for the costs. The board has access to all criminal history data compiled by the bureau of criminal apprehension and the division of gambling enforcement on licensees and applicants.

Subd. 6. PROHIBITION PROHIBITED ACTS. No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may also:

(1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;

Subd. 7. RESTRICTIONS. A bingo hall licensee or affiliate of the licensee may not:

(1) (2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling during the bingo occasion on the premises;

(2) (3) acquire, provide storage or inventory control, or report the use of any gambling equipment used by an organization that conducts bingo lawful gambling on the premises;

(3) (4) provide accounting services to an organization conducting bingo lawful gambling on the premises;

(4) (5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling; or

(5) (6) charge any fee to a person at a bingo occasion, without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Subd. 8. LEASES. All of the remuneration to be received from the organization for the conduct of lawful gambling must be stated in the lease. No amount may be paid by the organization or received by the operator of the bingo hall licensee based on the number of participants attending the bingo occasion or participating in lawful gambling on the premises, or based on the gross receipts or profit received by the organization. All provisions of section 349.18 apply to lawful gambling conducted in bingo halls.

Subd. 9. REVOCATION AND SUSPENSION. A license under this section may be suspended by the board for a violation of law or board rule or revoked for (1) failure to meet the qualifications in subdivision 3 at any time; or ~~revoked for what the board determines to be~~ (2) a pattern of willful violations violation of law or board rule. A

revocation or suspension is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Sec. 22. [349.1641] LICENSES; SUMMARY SUSPENSION.

The board may (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter, and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days any license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in Minnesota. The board must notify the licensee at least 14 days before suspending the license under this paragraph. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or revoked under this subdivision, the board shall within three days notify all municipalities in which the organization's gambling premises are located, and all licensed distributors in the state.

Sec. 23. [349.165] PREMISES PERMITS.

Subdivision 1. PREMISES PERMIT REQUIRED; APPLICATION. A licensed organization may not conduct lawful gambling at any site unless it has first obtained from the board a premises permit for the site. The board shall prescribe a form for permit applications, and each application for a permit must be submitted on a separate form. The board may by rule limit the number of premises permits that may be issued to an organization.

Subd. 2. CONTENTS OF APPLICATION. An application for a premises permit must contain:

- (1) the name and address of the applying organization and of the organization's gambling manager;
- (2) a description of the site for which the permit is sought, including its address and, where applicable, its placement within another premises or establishment;
- (3) if the site is leased, the name and address of the lessor and information about the lease the board requires, including all rents and other charges for the use of the site; and
- (4) other information the board deems necessary to carry out its purposes.

An organization holding a premises permit must notify the board in writing within ten days whenever any material change is made in the above information.

Subd. 3. FEES. The board may issue four classes of premises permits, corresponding to the classes of licenses authorized under section 349.16, subdivision 6. The annual fee for each class of permit is:

- (1) \$200 for a class A permit;
- (2) \$125 for a class B permit;
- (3) \$100 for a class C permit; and
- (4) \$75 for a class D permit.

Subd. 4. IDENTIFICATION OF PREMISES. No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization.

Sec. 24. [349.166] EXCLUSIONS; EXEMPTIONS.

Subdivision 1. EXCLUSIONS. (a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:

- (1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or
- (2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

Subd. 2. EXEMPTIONS. (a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.151 to 349.16; 349.167; 349.168; 349.18; 349.19; and 349.212 if:

- (1) the organization conducts lawful gambling on five or fewer days in a calendar year;
 - (2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;
 - (3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;
 - (4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;
 - (5) the organization purchases all gambling equipment and supplies from a licensed distributor; and
 - (6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.
- (b) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph if a report is later filed and the penalty paid.

(c) Merchandise prizes must be valued at their fair market value.

(d) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (c), must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

Subd. 3. RAFFLES; CERTAIN ORGANIZATIONS. Sections 349.21 and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Subd. 4. TAXATION. An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or 349.212.

Sec. 25. [349.167] GAMBLING MANAGERS.

Subdivision 1. GAMBLING MANAGER REQUIRED. (a) All lawful gambling conducted by a licensed organization must be under the supervision of a gambling manager. A gambling manager designated by an organization to supervise lawful gambling is responsible for the gross receipts of the organization and for its conduct in compliance with all laws and rules. The organization must maintain, or require the person designated as a gambling manager to maintain, a fidelity bond in the sum of \$25,000 in favor of the organization and the state, conditioned on (1) the faithful performance of the manager's duties; and (2) the payment of all taxes due under this chapter on lawful expenditures of gross profits from lawful gambling. The terms of the bond must provide that notice be given to the board in writing not less than 30 days before its cancellation. In the case of conflicting claims against a bond a claim by the state has preference over a claim by the organization.

(b) A person may not act as a gambling manager for more than one organization.

(c) An organization may not conduct lawful gambling without having a gambling manager. The board must be notified in writing of a change in gambling managers. Notification must be made within ten days of the date the gambling manager assumes the manager's duties.

(d) An organization may not have more than one gambling manager at any time.

Subd. 2. GAMBLING MANAGERS; LICENSES. A person may not serve as a gambling manager for an organization unless the person possesses a valid gambling manager's license issued by the board. The board may issue a gambling manager's license to a person applying for the license who:

(1) has received training as required in subdivision 5;

(2) has never been convicted of a felony;

(3) within the five years before the date of the license application, has not committed a violation of law or board rule that resulted in the revocation of a license issued by the board;

(4) has never been convicted of a criminal violation involving fraud, theft, tax evasion, misrepresentation, or gambling;

(5) has never been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats; and

(6) has not engaged in conduct the board determines is contrary to the public health, welfare, or safety or the integrity of lawful gambling.

A gambling manager's license is valid for one year unless suspended or revoked. The annual fee for a gambling manager's license is \$100.

Subd. 4. SUSPENSION; REVOCATION. The board may suspend or revoke, as provided in board rules, a gambling manager's license for a violation of law or board rule. A suspension or revocation is a contested case under sections 14.57 to 14.69 of the administrative procedure act.

Subd. 5. TRAINING OF GAMBLING MANAGERS. (a) The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

(1) each gambling manager must have received such training before being issued a new license;

(2) each gambling manager applying for a renewal of a license must have received training within the three years prior to the date of application for the renewal; and

(3) the training required by this subdivision may be provided by a person, firm, association, or organization authorized by the board to provide the training. Before

authorizing a person, firm, association, or organization to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the division.

Subd. 6. CRIMINAL HISTORY. The board may request the assistance of the division of gambling enforcement in investigating the background of an applicant for a gambling manager's license and may reimburse the division of gambling enforcement for the costs thereof. The board has access to all criminal history data compiled by the division of gambling enforcement on licensees and applicants.

Subd. 7. RECRUITMENT OF GAMBLING MANAGERS. No organization may seek or accept assistance from a manufacturer or distributor, or a representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying or recruiting candidates to become a gambling manager for the organization.

Sec. 26. [349.168] GAMBLING EMPLOYEES.

Subdivision 1. REGISTRATION OF EMPLOYEES. A person may not receive compensation for participating in the conduct of lawful gambling as an employee of a licensed organization unless the person has first registered with the board on a form the board prescribes. The form must require each registrant to provide: (1) the person's name, address, and social security number; (2) a current photograph; (3) the name, address, and license number of the employing organization; and (4) a listing of all employment in the conduct of lawful gambling within the previous three years, including the name and address of each employing organization and the circumstances under which the employment was terminated.

Subd. 2. IDENTIFICATION OF EMPLOYEES. The board shall issue to each person registering under subdivision 1 a registration number and identification card, which must include the employee's photograph. Each person receiving compensation for the conduct of lawful gambling must wear the identification card provided by the board at all times while conducting the lawful gambling.

Subd. 3. COMPENSATION. Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tipboards, raffle tickets, paddlewheel tickets, and bingo paper; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.

Subd. 4. AMOUNTS PAID. The amounts of compensation that may be paid under this section may be provided for in a schedule of compensation adopted by the board by rule. In adopting a schedule, the board must consider the nature of the participation and the types of lawful gambling participated in.

Subd. 5. COMPENSATION RECORDS. An organization paying compensation to persons who participate in the conduct of lawful gambling must maintain a compensation record. The record must be retained for at least two years after the month in which the compensation is paid. The record must itemize each payment made to each recipient of

compensation and must include the amount and the full name, address, and membership status of each recipient.

Subd. 6. COMPENSATION PAID BY CHECK. Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee.

Subd. 7. PENALTY. (a) An organization that makes payment of compensation, or causes compensation to be made, that violates subdivision 4 must be assessed a civil penalty not to exceed \$1,000 for each violation of subdivision 4. A second violation within 12 months of notification by the board to the organization of the first violation must result in suspension of the organization's gambling license for a period of three months, in addition to any civil penalty assessed. A third violation within 12 months of the board's notification to the organization of the second violation must result in revocation of the organization's gambling license in addition to any civil penalty assessed.

(b) Upon each violation, the director shall notify the organization in writing of its violation and of the penalties under this subdivision for future violations. Notification is effective upon mailing.

(c) For purposes of this subdivision, a violation consists of a payroll period or compensation date that includes payments made in violation of subdivision 4.

Subd. 8. PERCENTAGE OF GROSS PROFIT PAID. A licensed organization may pay a percentage of the gross profit from raffle ticket sales to a nonprofit organization that sells raffle tickets for the licensed organization.

Sec. 27. [349.169] FILING OF PRICES.

Subdivision 1. FILING REQUIRED. All manufacturers and distributors must file with the director, not later than the first day of each month, the prices at which the manufacturer or distributor will sell all gambling equipment in that month. The filing must be on a form the director prescribes. Prices filed must include all charges the manufacturer or distributor makes for each item of gambling equipment sold, including all volume discounts, exclusive of transportation costs. All filings are effective on the first day of the month for which they are filed, except that a manufacturer or distributor may amend a filed price within five days of filing it.

Subd. 2. COPIES. The director shall provide copies of price filings to any person requesting them and may charge a reasonable fee for the copies. Any person may examine price filings in the division office at no cost, and the director shall make the filings available for that purpose.

Subd. 3. SALES AT FILED PRICES. No manufacturer may sell to a distributor, and no distributor may sell to an organization, any gambling equipment for any price other than a price the manufacturer or distributor has filed with the director under subdivision 1, exclusive of transportation costs.

Sec. 28. Minnesota Statutes 1988, section 349.17, as amended by Laws 1989, chapter 334, article 2, section 26, is amended to read:

349.17 CONDUCT OF BINGO.

Subdivision 1. BINGO OCCASIONS. Not more than six seven bingo occasions each week may be conducted by an organization. At least 15 bingo games must be held at each occasion and a bingo occasion must continue for at least 1-1/2 hours but not more than four consecutive hours.

Subd. 2. BINGO ON LEASED PREMISES. (a) A person or corporation, other than an organization, which leases any premises that it owns to two or more organizations for purposes including the conduct of bingo occasions, may not allow more than 18 bingo occasions to be conducted on the premises in any week.

(b) If an organization conducts bingo on premises it does not own, the organization must provide the board with the name of the owner and lessor of the premises, copies of all agreements between the organization and the owner or lessor, and the names of

employees of the owner or lessor who will be responsible for the premises during the bingo occasion held by the organization.

(c) During any bingo occasion held conducted by an organization on premises it does not own, the organization shall be directly responsible for the:

- (1) staffing of the bingo occasion;
- (2) conducting of lawful gambling during the bingo occasion;
- (3) acquiring, storage, inventory control, and reporting of all gambling equipment used by the organization; and
- (4) receipt, accounting, and all expenditures of gross receipts from lawful gambling; and
- (5) preparation of the bingo packets.

Subd. 2a. DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR. As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor. For purposes of this section, "furnish" does not include the right to sell or offer for sale.

Subd. 3. Each bingo winner must be determined and every prize shall be awarded and delivered the same day on which the bingo occasion is conducted.

Subd. 4. CHECKERS. One or more checkers must be engaged for each bingo occasion. The checker or checkers must record, on a form the board provides, the number of cards played in each game and the prizes awarded to recorded cards. The form must provide for the inclusion of the registration number of each card and must include a checker's certification that the figures recorded are correct to the best of the checker's knowledge.

Subd. 5. BINGO CARD NUMBERING. (a) The board shall by rule require that all licensed organizations: (1) conduct bingo only using liquid daubers on cards that bear an individual number recorded by the distributor; (2) sell all bingo cards only in the order of the numbers appearing on the cards; and (3) use each bingo card for no more than one bingo occasion. In lieu of the requirements of clauses (2) and (3), a licensed organization may electronically record the sale of each bingo card at each bingo occasion using an electronic recording system approved by the board.

(b) The requirements of paragraph (a) do not apply to a licensed organization that (1) has never received gross receipts from bingo in excess of \$150,000 in any year, and (2) does not pay compensation to any person for participating in the conduct of lawful gambling.

Sec. 29. [349.172] PULL-TABS; INFORMATION REQUIRED TO BE POSTED.

An organization selling pull-tabs must post for each deal of pull-tabs all major prizes that have been awarded for pull-tabs purchased from that deal. The information must be posted prominently at the point of sale of the deal. An easily legible pull-tab flare that lists prizes in that deal, and on which prizes are marked or crossed off as they are awarded, satisfies the requirement of this section that major prizes be posted, provided that a separate flare is posted for each deal of pull-tabs. An organization must post or mark off each major prize immediately upon awarding the prize. A "major prize" in a deal of pull-tabs is any prize that is at least 50 times the face value of any pull-tab in the deal.

Sec. 30. [349.174] PULL-TABS; DEADLINE FOR USE.

A deal of pull-tabs and tipboards received by an organization before September 1, 1989, must be put into play by that organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to its manufacturer and to the distributor who sold it to the organization. An organization in possession on and after September 1, 1990, of a deal of pull-tabs and tipboards the organization received before September 1, 1989, may not put such a deal in play but must remove it from the organization's inventory and return it to the manufacturer.

Sec. 31. Minnesota Statutes 1988, section 349.18, as amended by Laws 1989, chapter 334, article 2, sections 27 and 28, is amended to read:

349.18 PREMISES USED FOR GAMBLING.

Subdivision 1. LEASE OR OWNERSHIP REQUIRED. An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of one year and must be in writing on a form prescribed by the board. Copies of all leases must be made available to employees of the division and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other than the licensed organization leasing the space may conduct any activity in a on the leased space premises during times when lawful gambling is being conducted in the space on the premises.

Subd. 1a. STORAGE OF GAMBLING EQUIPMENT. (a) Gambling equipment owned by or in the possession of a licensed an organization must be kept at a licensed gambling premises owned or operated by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by a licensed an organization must be secured and kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers consistent with the organization's internal controls filed with the board.

(c) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(d) A licensed An organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.

Subd. 2. EXCEPTIONS. (a) A licensed An organization may conduct raffles on a premise it does not own or lease.

(b) A licensed An organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to six 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or even a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Subd. 3. PROCEEDS FROM RENTAL. Rental proceeds from premises owned by a licensed an organization and leased or subleased to one or more other licensed organizations for the purposes of conducting lawful gambling shall not be reported as gambling proceeds under this chapter.

Subd. 4. PROHIBITION. (a) An organization may not pay rent to itself or to any of its affiliates for use of space for conducting lawful gambling.

(b) An organization may not pay rent for space for conducting lawful gambling from any account or fund other than the organization's separate gambling account.

Subd. 5. CERTAIN AGREEMENTS PROHIBITED. An organization may not enter into or be a party to a lending agreement under which any of the organization's receipts from lawful gambling are pledged as collateral for a loan.

Sec. 32. Minnesota Statutes 1988, section 349.19, as amended by Laws 1989, chapter 334, article 2, sections 29, 30, 32, and 33, and Laws 1989, First Special Session chapter 1, article 13, section 11, is amended to read:

349.19 RECORDS AND REPORTS.

Subdivision 1. REQUIRED RECORD OF RECEIPTS. A licensed organization must keep a record of each occasion on which it conducts gambling, including each bingo occasion and each day on which other forms of lawful gambling are conducted. The record must include gross receipts, quantities of free plays if any, expenses, prizes, and profits gross profit. The board may by rule provide for the methods by which expenses are documented. Gross receipts for bingo include any amount received by the organization which has been paid by a person at the bingo occasion to play the game, without which the player could not play the game. In the case of bingo, gross receipts must be compared to the checkers' records for the occasion by a person who did not sell cards for the occasion. Separate records must be kept for bingo and all other forms of lawful gambling.

Subd. 2. ACCOUNTS. Gross receipts from lawful gambling by each organization at each licensed permitted premises must be segregated from all other revenues of the conducting organization and placed in a separate account. All expenditures for expenses, taxes, and lawful purposes must be made from the separate account except in the case of expenditures previously approved by the organization's membership for emergencies as defined by board rule. The name and address of the bank and the account number for that separate account for that licensed premises, and the names of organization members authorized as signatories on the separate account must be provided to the board when the application is submitted. Changes in the information must be submitted to the board at least ten days before the change is made. Gambling receipts must be deposited into the gambling bank account within one business day three days of completion of the bingo occasion, deal, or game from which they are received, and deposit records must be sufficient to allow determination of deposits made from each bingo occasion, deal, or game. The person who accounts for gambling gross receipts and profits may not be the same person who accounts for other revenues of the organization.

Subd. 3. EXPENDITURES. All expenditures of gross profits from lawful gambling must be itemized as to payee, purpose, amount, and date of payment, and must be in compliance with section 349.154. Authorization of the expenditures must be recorded in the regular monthly meeting minutes of the licensed organization. Checks for expenditures of gross profits must be signed by at least two persons authorized by board rules to sign the checks.

Subd. 4. DISCREPANCIES. If at a bingo occasion a discrepancy of more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts determined by adding the cash receipts, the discrepancy must be reported to the board within five days of the bingo occasion.

Subd. 5. REPORTS. A licensed organization must report to the board and to its membership monthly, or quarterly in the case of a licensed organization which does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter, on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. The reports must be on a form the board prescribes. Submission of the report required by section 16 satisfies the requirement for reporting monthly to the board on expenditure of net profits.

Subd. 6. PRESERVATION OF RECORDS. Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Subd. 7. TAX RECORDS. The board may by rule require each licensed organization to provide copies of forms it files with the United States department of the treasury which are required for organizations exempt from income tax.

Subd. 8. TERMINATION PLAN. Upon termination of a license for any reason, a licensed organization must notify the board in writing within 15 calendar days of the

license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Subd. 9. ANNUAL AUDIT; FILING REQUIREMENT. An organization licensed under this chapter must have an annual financial audit of its lawful gambling activities and funds performed by an independent auditor licensed by the state of Minnesota or performed by an independent accountant who has had prior approval of the board. The board shall by rule prescribe standards for the audit, which must provide for the reconciliation of the organization's gambling account or accounts with the organization's reports filed under subdivision 5 and section 16. A complete, true, and correct copy of the audit report must be filed with the board upon completion of the audit.

Subd. 10. PULL-TAB RECORDS. The board shall by rule require a licensed organization to require each winner of a pull-tab prize of \$50 or more to present identification in the form of a drivers license, Minnesota identification card, or other identification the board deems sufficient to allow the identification and tracing of the winner. The rule must require the organization to retain winning pull-tabs of \$50 or more, and the identification of the winner of the pull-tab, for 3-1/2 years.

Subd. 11. INFORMATION MADE PART OF ORGANIZATION MINUTES. A licensed organization which receives a copy of a written audit under subdivision 9, or an audit or compliance report prepared by an agency of the state, must place the audit report or compliance report in the minutes of the next meeting of the organization following receipt of the report. Copies of such minutes must be made available to all members of the organization upon request.

Sec. 33. [349.191] SALES ON CREDIT.

Subdivision 1. CREDIT RESTRICTION. A manufacturer may not offer or extend to a distributor, and a distributor may not extend to an organization, credit for a period of more than 30 days for the sale of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.

Subd. 2. INVOICES. All invoices prepared by a manufacturer or distributor and presented as part of a credit transaction for the purchase of gambling equipment must clearly bear the words "Notice: State Law Prohibits the Extension of Credit For This Sale For More Than 30 Days."

Subd. 3. RULES. Any rule of the board which requires a manufacturer to report to the board any distributor who is delinquent in payment for gambling equipment must provide that a distributor is subject to the rule if the distributor is more than 30 days delinquent in payment to a manufacturer.

Subd. 4. CREDIT; POSTDATED CHECKS. For purposes of this subdivision, "credit" includes acceptance by a manufacturer or distributor of a postdated check in payment for gambling equipment.

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 349.212, subdivision 2, is amended to read:

Subd. 2. COLLECTION; DISPOSITION. The taxes imposed by this section are due and payable to the commissioner of revenue at the time when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner of revenue on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.21 and 349.211, 349.212, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Sec. 35. Minnesota Statutes 1989 Supplement, section 349.2122, is amended to read:

349.2122 MANUFACTURERS; REPORTS TO THE COMMISSIONER OF REVENUE; PENALTY.

A manufacturer licensed with by the board who sells pull-tabs and tipboards to a licensed distributor ~~licensed by the board~~ must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs and tipboards sold to ~~licensed distributors~~ any person in the state, including the established governing body of Indian tribes recognized by the United States Department of the Interior. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner of revenue may inspect the books, records, and inventory of a licensed manufacturer without notice during the normal business hours of the manufacturer. Any person violating this section shall be guilty of a misdemeanor.

Sec. 36. Minnesota Statutes 1988, section 349.2123, is amended to read:

349.2123 CERTIFIED PHYSICAL INVENTORY.

The board or commissioner of revenue may, upon request, require a licensed distributor to furnish a certified physical inventory of ~~the pull-tabs and tipboards~~ all gambling equipment in stock. The inventory must contain the information required by the board or the commissioner.

Sec. 37. Minnesota Statutes 1989 Supplement, section 349.213, is amended to read:

349.213 LOCAL AUTHORITY.

Subdivision 1. LOCAL REGULATION. (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of ~~any form of~~ lawful gambling within its jurisdiction, including the prohibition of ~~any form of~~ lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 349.16, subdivision 4, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten percent of their net profits derived from lawful gambling 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 lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. A trade area defined by a city under this subdivision must include each city contiguous to the defining city.

(c) A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision.

Subd. 2. LOCAL APPROVAL. Before issuing or renewing an organization license a premises permit or bingo hall license, the board must notify the city council of the statutory or home rule city in which the organization's premises or the bingo hall is

located or, if the premises or hall is located outside a city, the county board of the county and the town board of the town where the premises or hall is located. The board may require organizations or bingo halls to notify the appropriate local government at the time of application. This required notification is sufficient to constitute the notice required by this subdivision. If the city council or county board adopts a resolution disapproving the license and so informs the board within 60 days of receiving notice of the application, the license may not be issued or renewed. The board may not issue or renew a premises permit or bingo hall license unless the organization submits a resolution from the city council or county board approving the premises permit or bingo hall license. The resolution must have been adopted within 60 days of the date of application for the new or renewed permit or license.

Sec. 38. Minnesota Statutes 1988, section 349.30, subdivision 2, is amended to read:

Subd. 2. "Gambling devices" means slot machines, roulette wheels, punchboards, and pin ball machines which return coins or slugs, chips, or tokens of any kind, which are redeemable in merchandise or cash device has the meaning given it in section 609.75, subdivision 4.

Sec. 39. Minnesota Statutes 1988, section 349.31, is amended to read:

349.31 GAMBLING DEVICE; POSSESSION OF.

Subdivision 1. **INTENTIONAL POSSESSION; WILLFUL KEEPING.** The intentional possession or willful keeping of a gambling device on a licensed premises is cause for the suspension or revocation of any license under which the licensed business is carried on upon the premises where the gambling device is found, provided that possession of gambling equipment as defined in section 349.12, subdivision 17, which is used for lawful gambling authorized by this chapter, and the manufacture of gambling devices for use in jurisdictions where use of the gambling device is legal as provided for by section 349.40 shall not be cause for revocation of a license.

Subd. 2. **SUSPENSION AND REVOCATION OF LICENSES.** All licenses under which any licensed business is permitted to be carried on upon the licensed premises shall be suspended or revoked if the intentional possession or willful keeping of any such gambling devices upon the licensed premises is established, notwithstanding that it may not be made to appear that such devices have actually been used or operated for the purpose of gambling.

Sec. 40. Minnesota Statutes 1988, section 349.32, is amended to read:

349.32 ISSUING AUTHORITY TO SUSPEND OR REVOKE.

The proceedings for suspension or revocation ~~shall be had~~ are held before the issuing authority, which ~~shall have~~ has the power to suspend or revoke the license or licenses involved, as hereinafter provided.

Sec. 41. Minnesota Statutes 1988, section 349.34, is amended to read:

349.34 PROCEEDINGS BEFORE ISSUING AUTHORITY; ORDER TO SHOW CAUSE.

Upon the receipt of such information from any of the peace officers referred to in section 349.33, if any If an issuing authority, on receipt of information from a peace officer described in section 349.33, is of the opinion that cause exists for the suspension or revocation of any such a license, then that the authority shall issue an order to show cause directed to the licensee of the premises, stating the ground upon which the proceeding is based and requiring the licensee to appear and show cause at a time and place, within the county in which the licensed premises are located, not less than ten days after the date of the order, why the license should not be suspended or revoked. That order to show cause shall be served upon the licensee in the manner prescribed by law for the service of summons in a civil action, or by certified mail, not less than eight days before the date fixed for the hearing thereof. A copy of the order shall forthwith be mailed to the owner of the premises, as shown by the records in the office of the county

recorder, at the owner's last known post office address. A copy of the order shall at the same time be mailed to any other issuing authority, of which the authority issuing the order to show cause has knowledge, by which other license to that licensee may have been issued, and any such other authority may participate in the suspension or revocation proceedings after notifying the licensee and the officer or authority holding the hearing of its intention so to do on or before the date of hearing, and after the hearing take such action as it could have taken had it instituted the suspension or revocation proceedings in the first instance.

Sec. 42. Minnesota Statutes 1988, section 349.35, subdivision 1, is amended to read:

Subdivision 1. **SUSPENSION; REVOCATION; STAY; APPEAL.** If, upon the hearing of the order to show cause, it appears that the licensee intentionally possessed or willfully kept upon the licensed premises any gambling device, then the license or licenses under which the licensed business is operated on the licensed premises, shall be suspended or revoked. The order of suspension or revocation shall not be enforced during the period allowed by section 349.39 for taking an appeal.

Sec. 43. Minnesota Statutes 1988, section 349.36, is amended to read:

349.36 DUTIES OF COUNTY ATTORNEY.

The county attorney of the county in which the hearing is held, or the city attorney if the issuing authority is the city, shall attend the hearing, interrogate the witnesses, and advise the issuing authority. ~~The county attorney shall also, and appear for the issuing authority on any appeal taken pursuant to the provisions of section 349.39.~~

Sec. 44. Minnesota Statutes 1988, section 349.38, is amended to read:

349.38 PROPERTY OWNERS LIABILITY.

When a license is suspended or revoked under the provisions of sections 349.30 to 349.39, the owner of the premises upon which any licensed business has been operated shall not be penalized by reason thereof unless it is established that the owner had knowledge of the existence of the gambling devices resulting in license suspension or revocation.

Sec. 45. Minnesota Statutes 1988, section 349.39, is amended to read:

349.39 APPEAL TO DISTRICT COURT; STAY; CONTINUANCE UNDER BOND; HEARING UPON ONE YEAR LIMITATION ON PREMISES.

Any licensee, or any owner of licensed premises, aggrieved by an order of an issuing authority suspending or revoking any license may appeal from that order to the district court of the county in which the licensee resides by serving a notice of the appeal upon the issuing authority or the clerk thereof. The notice of appeal shall state that the person appealing takes an appeal to that district court from the order suspending or revoking the license or licenses, describing them and identifying the order appealed from. This notice shall be served within 15 days from the date of service of the order appealed from, and the same, with proof of service thereof, shall be filed with the court administrator of the district court of the proper county. The appeal shall stand for trial at the next term of the district court following the filing of the notice of appeal, without the service of any notice of trial, and shall be tried in the district court de novo. The trial shall be by jury if the appellant shall so demand. The licensee may continue to operate the licensed business or businesses until the final disposition of such appeal. If the district court upon the appeal shall determine that any license involved in the appeal should be suspended or revoked, it may, nevertheless, in its discretion permit the continuance of the licensed business under a bond in the amount and in the form and containing the conditions prescribed by the court. The district court on the appeal, or in a separate proceeding, may permit the issuance of a new license to a different licensee before the expiration of the period of one year specified in section 349.35, subdivision 2, upon such terms and conditions imposed by the court as will insure that no gambling device shall thereafter be maintained upon the licensed premises.

Sec. 46. Minnesota Statutes 1988, section 349.50, subdivision 8, is amended to read:

Subd. 8. VIDEO GAME OF CHANCE. "Video game of chance" means games or devices that simulate games commonly referred to as poker, blackjack, craps, hi-lo, roulette or other common gambling forms, though not offering any type of pecuniary award or gain to players. The term also includes any video game having one or more of the following characteristics:

- (1) it is primarily a game of chance, and has no substantial elements of skill involved;
- (2) it awards game credits or replays and contains a meter or device which records unplayed credits or replays ~~and contains a device that permits them to be canceled.~~

Sec. 47. Minnesota Statutes 1988, section 349.55, is amended to read:

349.55 GAME SPECIFICATIONS.

No payment may be made directly from any game or in connection with the operation of any device. Each game must contain a random character generator, and any internal meter must be nonresettable. ~~Any game canceling replays or credits must cancel them no more than one at a time. A video game of chance may not contain or have attached to it any switch, lever, button, or other device capable of canceling replays or credits in any way other than by playing the game offered by the machine. A video game of chance must be programmed and must operate in such a way that all credits accumulated on a game must automatically cancel within 60 seconds of the completion of a play. No person may cancel replays or credits on a video game of chance in any way other than by playing the game offered by the machine. A video game of chance may not be restarted after cancellation of all accumulated credits except on insertion of a coin.~~

Sec. 48. [349.61] REPEAL; TERMINATION OF LICENSES.

Subdivision 1. REPEAL. Section 1 and sections 349.50; 349.501; 349.502; 349.51; 349.52; 349.53; 349.54; 349.55; 349.56; 349.57; 349.58; 349.59; and 349.60 are repealed January 1, 1992. All licenses issued under sections 349.51 and 349.52 in effect on that date expire on that date. The commissioner of finance shall on that date transfer all money in the video gaming license account to the general fund.

Subd. 2. NOT TO AFFECT CERTAIN COMPACTS. Nothing in subdivision 1 is intended to affect the validity of any compact entered into before or after the effective date of this section between the state and the governing body of an Indian tribe that governs the conduct of any form of gambling on Indian lands.

Sec. 49. Minnesota Statutes 1989 Supplement, section 349A.02, subdivision 5, is amended to read:

Subd. 5. COMPENSATION INCENTIVE PLAN. ~~The compensation of employees in the division is as provided in chapter 43A. Subject to the provisions of section 43A.18, subdivision 1, the commissioner of employee relations director may, at the request of the director, develop and implement a plan for making incentive payments to employees of the division whose primary responsibilities are in marketing.~~

Sec. 50. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 2, is amended to read:

Subd. 2. QUALIFICATIONS. (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, board member, or any employee of the division; ~~or~~

- (6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the

public health, welfare, and safety, or endanger the security and integrity of the lottery; ~~or~~

(7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 51. Minnesota Statutes 1989 Supplement, section 349A.06, subdivision 4, is amended to read:

Subd. 4. CRIMINAL HISTORY. The director may request the director of gambling enforcement to investigate all applicants for lottery retailer contracts to determine their compliance with the requirements of subdivision 2. The director may issue a temporary contract, valid for not more than 90 days, to an applicant pending the completion of the investigation or a final determination of qualifications under this section. The director has access to all criminal history data compiled by the director of gambling enforcement on any person (1) holding or applying for a retailer contract, (2) any person holding a lottery vendor contract or who has submitted a bid on such a contract, and (3) any person applying for employment with the lottery.

Sec. 52. Minnesota Statutes 1988, section 609.75, subdivision 4, is amended to read:

Subd. 4. GAMBLING DEVICE. A gambling device is a contrivance which for a consideration affords the player an opportunity to obtain something of value, other than free plays, automatically from the machine or otherwise, the award of which is determined principally by chance. "Gambling device" includes any video game of chance, as defined in section 349.50, subdivision 8, that is not in compliance with sections 349.50 to 349.60.

Sec. 53. **TRANSPORTATION OF UNSTAMPED DEALS; APPLICABILITY.**

Until January 1, 1991, Minnesota Statutes, section 349.2127, subdivision 4, does not prevent the otherwise lawful transfer of gambling equipment to a licensed facility in Minnesota from a facility in an adjoining state which is owned and operated by the licensed Minnesota distributor who makes the transfer.

Sec. 54. **LEGISLATIVE FINDING.**

The legislature finds and determines that, because of (1) the difficulty of ensuring the security and integrity of pull-tabs when they are manufactured in another state, and (2) the enhanced inspection and regulation of the manufacture of pull-tabs, and the consequent enhancement of their security and integrity that would result from their manufacture in Minnesota, it is necessary and desirable that all pull-tabs sold in the state after June 30, 1992, be required to be manufactured in Minnesota.

Sec. 55. **REPEALER.**

(a) Minnesota Statutes 1988, sections 349.14; and 349.214, subdivisions 1, 1a, 3, and 4; Minnesota Statutes 1989 Supplement, section 349.151, subdivision 4a; and Minnesota Statutes Second 1989 Supplement, section 349.214, subdivision 2, are repealed.

(b) Minnesota Statutes 1989 Supplement, sections 349.20 and 349.21, are repealed.

(c) Laws 1989, First Special Session chapter 1, article 13, section 27, is repealed.

Sec. 56. **EFFECTIVE DATE.**

Section 55, paragraph (c), is effective the day following final enactment. Sections 23; 25; 26; 28, subdivision 5; 47; and 55, paragraph (b), are effective January 1, 1991.

ARTICLE 2

PENALTY PROVISIONS

Section 1. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. CONTRABAND DEFINED. The following are contraband:

- (1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162;
- (2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;
- (3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);
- (4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;
- (5) any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, or from one distributor to another, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1);
- (6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;
- (7) any prize used or offered in a game utilizing contraband as defined in this subdivision;
- (8) any altered, modified, or counterfeit pull-tab or tipboard ticket;
- (9) any unregistered gambling equipment except as permitted by this chapter; and
- (10) any gambling equipment kept in violation of section 349.18; and
- (11) any gambling equipment not in conformity with law or board rule.

Sec. 2. Minnesota Statutes 1989 Supplement, section 349.2125, subdivision 3, is amended to read:

Subd. 3. INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY. Within ~~two~~ ten days after the seizure of any alleged contraband, the person making the seizure shall ~~deliver~~ make available an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the director of gambling enforcement. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within ~~30~~ 60 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.

If demand for judicial determination is made and no action is commenced by the seizing authority as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state seizing authority by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of

forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by section 349.2121, subdivision 4, the seizing authority shall release the property seized without further legal proceedings.

Sec. 3. Minnesota Statutes 1988, section 349.2125, subdivision 4, is amended to read:

Subd. 4. DISPOSAL. (a) The property described in subdivision 1, clauses (4) and (5), must be confiscated after conviction of the person from whom it was seized, upon compliance with the following procedure: the seizing authority shall file with the court a separate complaint against the property, describing it and charging its use in the specific violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served upon the defendant or person in charge of the property at the time of seizure, if any. If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the persons legally entitled to it. Upon conviction of the person arrested, the court shall issue an order directed to any person known or believed to have any right, title or interest in, or lien upon, any of the property, and to persons unknown claiming any right, title, interest, or lien in it, describing the property and (1) stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court, (2) requiring the persons to file with the court administrator their answer to the complaint, setting forth any claim they may have to any right or title to, interest in, or lien upon the property, within 30 days after the service of the order, and (3) notifying them in substance that if they fail to file their answer within the time, the property will be ordered sold by the seizing authority. The court shall cause the order to be served upon any person known or believed to have any right, title, interest, or lien as in the case of a summons in a civil action, and upon unknown persons by publication, as provided for service of summons in a civil action. If no answer is filed within the time prescribed, the court shall, upon affidavit by the court administrator, setting forth the fact, order the property sold by the seizing authority. ~~Seventy percent of the proceeds of the sale, after deducting the expense of keeping the property and fees and costs of sale, must be paid into the state treasury and credited to the general fund of forfeited property, after payment of seizure, storage, forfeiture and sale expenses, must be forwarded to the seizing authority for deposit as a supplement to its operating fund or similar fund for official use, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the department of human services to fund programs for the treatment of compulsive gamblers.~~ If answer is filed within the time provided, the court shall fix a time for a hearing, which shall be not less than ten nor more than 30 days after the time for filing answer expires. At the time fixed for hearing, unless continued for cause, the matter shall be heard and determined by the court, without a jury, as in other civil actions.

(b) If the court finds that the property, or any part of it, was used in the violation specified in the complaint, it shall order the property unlawfully used, sold as provided by law, unless the owner shows to the satisfaction of the court that the owner had no notice or knowledge or reason to believe that the property was used or intended to be used in the violation. The officer making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established at the hearing as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation specified in the order of the court, and shall pay the balance of the proceeds ~~into the state treasury to be credited to the general fund to the seizing authority for official use and sharing in the manner provided in paragraph (a).~~ A sale under this section shall free the property sold from any and all liens on it. Appeal from the order of the district court will lie as in other civil cases. At any time after seizure of the articles specified in this subdivision, and before the hearing provided for, the property must be returned to the owner or person having a legal right to its possession, upon execution of a good and valid bond to the state, with corporate surety, in the sum of not less than \$100 and not more than double the value of

the property seized, to be approved by the court in which the case is triable, or a judge of it, conditioned to abide any order and the judgment of the court, and to pay the full value of the property at the time of the seizure. The seizing authority may dismiss the proceedings outlined in this subdivision when the seizing authority considers it to be in the best interests of the state public interest to do so.

Sec. 4. Minnesota Statutes 1988, section 349.2127, subdivision 1, is amended to read:

Subdivision 1. COUNTERFEITING. ~~No A person shall~~ is guilty of a felony who, with intent to defraud the state, ~~make makes, alter alters, forge forges, or counterfeit~~ counterfeits any license or stamp provided for in this chapter, or ~~have has~~ in possession any forged, spurious, or altered stamps, with the intent, or with the result of, depriving the state of the tax imposed by this chapter.

Sec. 5. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

Subd. 6. UNLAWFUL EXPENDITURES. (a) A person who knowingly or with reason to know makes an unlawful expenditure of gross profits from lawful gambling is guilty of a crime and may be sentenced as provided in this subdivision.

(b) If the unlawful expenditure is of \$200 or less, the penalty in section 349.22, subdivision 1, applies.

(c) If the unlawful expenditure is of more than \$200 but not more than \$2,500, the person is guilty of a gross misdemeanor.

(d) If the unlawful expenditure is of more than \$2,500, the person is guilty of a felony.

(e) For purposes of this subdivision, expenditures made within a six-month period may be aggregated and the defendant charged accordingly.

Sec. 6. Minnesota Statutes 1989 Supplement, section 349.2127, subdivision 2, is amended to read:

Subd. 2. PROHIBITION AGAINST POSSESSION. (a) ~~No A person, other than a licensed distributor, shall sell, offer is guilty of a crime who sells, offers for sale, or have in possession with intent to sell or offer for sale,~~ possesses a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(b) ~~No A person, other than a licensed distributor or licensed or exempt an organization under section 349.214 may possess with the intent to sell or offer licensed or exempt or excluded from licensing under this chapter, is guilty of a crime who sells, offers to sell, or possesses gambling equipment, except (1) equipment exempt from taxation, or (2) equipment put into play by a licensed or exempt organization. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.~~

(c) ~~No A person, firm, or organization may possess is guilty of a crime who alters, modifies, or counterfeits pull-tabs, tipboards, or tipboard tickets, or possesses altered, modified, or counterfeit pull-tabs or, tipboards, or tipboard tickets with intent to sell, redeem, or exchange them. A violation of this paragraph is a gross misdemeanor if the total face value for all such pull-tabs, tipboards, or tipboard tickets does not exceed \$200. A violation of this paragraph is a felony if the total face value exceeds \$200. For purposes of this paragraph, the face value of all pull-tabs, tipboards, and tipboard tickets altered, modified, or counterfeited within a six-month period may be aggregated and the defendant charged accordingly.~~

Sec. 7. Minnesota Statutes 1988, section 349.2127, subdivision 3, is amended to read:

Subd. 3. FALSIFICATION OF RECORDS FALSE INFORMATION. ~~No (a) A person is guilty of a felony if the person is required by section 349.2121, subdivision 2, to keep records or to make returns shall falsify or fail and falsifies or fails to keep the records or falsify or fail falsifies or fails to make the returns.~~

(b) A person is guilty of a felony who:

(1) knowingly submits materially false information in any license application or other document or communication submitted to the board; or

(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner of revenue in connection with lawful gambling or with any provision of this chapter.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 4, is amended to read:

Subd. 4. TRANSPORTING UNSTAMPED DEALS. ~~No A person shall transport is guilty of a gross misdemeanor who transports into, or receive receives, carry carries, or move moves from place to place in this state, any deals of pull-tabs or tipboards not stamped in accordance with this chapter except in the course of interstate commerce. A person is guilty of a felony who violates this subdivision with respect to more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.~~

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 349.2127, subdivision 5, is amended to read:

Subd. 5. PROVIDING INFORMATION. ~~No (a) An employee of an organization shall may not provide any information to a player that would provide an unfair advantage to the player related to the potential winnings of any lawful gambling activity. For purposes of this subdivision, "employee" includes a volunteer.~~

(b) An employee may not provide, and a person may not receive, with expectation of pecuniary gain to either, any information that would provide an unfair advantage to the recipient of the information related to the potential winnings of any lawful gambling activity. A person who violates this paragraph is guilty of a gross misdemeanor. A person who violates this paragraph within five years after a previous conviction under this paragraph is guilty of a felony.

(c) For purposes of this subdivision, "employee" includes a volunteer.

Sec. 10. Minnesota Statutes 1988, section 349.2127, is amended by adding a subdivision to read:

Subd. 7. CHECKS FOR GAMBLING PURCHASES. An organization may not accept checks in payment for the purchase of any gambling equipment or for the chance to participate in any form of lawful gambling.

Sec. 11. Minnesota Statutes 1989 Supplement, section 349.22, subdivision 1, is amended to read:

Subdivision 1. GROSS MISDEMEANOR PENALTY. (a) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a misdemeanor.

(b) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under any provision of sections 349.11 to 349.23.

(c) A person who in any manner violates sections 349.11 to 349.23 to evade a tax imposed by a provision of this chapter, or who aids and abets the evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.

Sec. 12. Minnesota Statutes 1988, section 349.22, is amended by adding a subdivision to read:

Subd. 3a. AGGREGATION. When the value of prizes or pull-tabs received within a six-month period is aggregated under this section and two or more offenses were committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this section.

Sec. 13. Minnesota Statutes 1989 Supplement, section 349.501, subdivision 1, is amended to read:

Subdivision 1. TO THE PUBLIC. An operator must prominently post in the owner's business premises a brief description of the legal consequences of awarding or receiving cash instead of game credits or replays on video games of chance in violation of section sections 349.502 and 609.76, subdivision 1.

The information is prominently posted if it can be readily seen by a player immediately before the player participates in the video game of chance.

Sec. 14. Minnesota Statutes 1989 Supplement, section 349.502, subdivision 1, is amended to read:

Subdivision 1. MISDEMEANOR. A person who ~~awards or receives cash instead of game credits or anything of value other than replays on a video game of chance is guilty of a misdemeanor. An owner who directs an employee to violate this section is also considered to have violated this section. For purposes of this subdivision "cash" includes checks.~~

Sec. 15. Minnesota Statutes 1988, section 349.52, is amended by adding a subdivision to read:

Subd. 5. LOCAL REGULATION. A statutory or home rule charter city or county has the authority to adopt more stringent regulations concerning video games of chance, including regulations prohibiting video games of chance within its jurisdiction.

Sec. 16. Minnesota Statutes 1988, section 349.59, subdivision 1, is amended to read:

Subdivision 1. PACKAGES DECLARED TO BE CONTRABAND. The following are declared to be contraband:

(1) all video games of chance which do not have a licensing stamp affixed to them and all containers that contain contraband video games of chance;

(2) all video games of chance to which the commissioner or designated representatives have been denied access for the inspection of contents. In lieu of seizure, the commissioner or designated representatives may seal the game to prevent its use until inspection of contents is permitted;

(3) all video games of chance at a location at which there is no location agreement in force; and

(4) all video games of chance illegally brought into the state; and

(5) all video games of chance that do not conform to the game specifications contained in section 349.55.

Sec. 17. Minnesota Statutes 1989 Supplement, section 609.76, subdivision 1, is amended to read:

Subdivision 1. GROSS MISDEMEANORS. (a) Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both:

(1) maintains or operates a gambling place or operates a bucket shop;

(2) intentionally participates in the income of a gambling place or bucket shop;

(3) conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so;

(4) sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop;

(5) with intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40;

(6) receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so; or

(7) pays any compensation for game credits earned on or otherwise rewards, with anything of value other than free plays, players of video games of chance as defined under in section 349.50, subdivision 8, or who directs an employee to pay any such compensation or reward.

(b) On conviction of a person for the crime established in paragraph (a), clause (7), the court shall impose a fine of not less than \$700.

Sec. 18. **REPEALER.**

Minnesota Statutes 1989 Supplement, sections 349.22, subdivision 3; and 349.502, subdivision 2, are repealed.

Sec. 19. **EFFECTIVE DATE; APPLICATION.**

Sections 1 to 18 are effective August 1, 1990. Sections 4 to 12, 14, 17, and 18 apply to violations committed on or after that date.

Presented to the governor April 28, 1990.

Approved May 4, 1990.

HIGHER EDUCATION; RURAL HEALTH PROGRAMS—APPROPRIATIONS

CHAPTER 591

S.F. No. 2618

AN ACT relating to public administration; appropriating money or reducing appropriations to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; clarifying the duties and powers of the higher education coordinating board; expanding authorization for tuition reciprocity agreements; regulating off-campus centers; establishing rural health programs, and a public safety officer's survivor benefits program; providing for planning, operations, and acquisitions; regulating public post-secondary education system plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.62, by adding a subdivision; 136A.15, as amended; 136C.04, by adding a subdivision; 136C.05, by adding a subdivision; 136C.08, subdivision 2; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 135A.06, subdivision 3, and by adding a subdivision; 136.03, by adding a subdivision; 136A.04; 136A.05; 136A.08; and 352.04, subdivisions 2 and 3; Laws 1989, chapter 293, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 136A, 137, and 299A; repealing Minnesota Statutes 1988, sections 176B.01, as amended; 176B.02; 176B.03; 176B.04; and 176B.05.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1

APPROPRIATIONS

Section 1. APPROPRIATIONS FOR HIGHER EDUCATION.

The dollar amounts in the columns under "APPROPRIATIONS" are added to (or, if shown in parentheses, are subtracted from) the appropriations in Laws 1989, chapter 293, or other law to the specified agencies. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figure 1990 or 1991 means that the addition to or subtraction from the appropriations listed under the figure are for the fiscal year ending June 30, 1990, or June 30, 1991, respectively. If only one figure is shown in the text for a specified purpose, the addition or subtraction is for 1991 unless the context intends another fiscal year.

SUMMARY BY FUND

	1990	1991	TOTAL
GENERAL	\$(9,783,400)	\$(11,276,600)	\$(21,060,000)

M E M O R A N D U M

DATE: August 1, 1990

TO: Crystal City Council

FROM: John A. Olson, Asst. City Manager/
Community Development Director

SUBJECT: Community Survey Questions

Attached to this memo are the proposed questions for the Community Survey to be conducted by Decision Resources, Inc. In addition to the normal questions of a Community Survey, we have incorporated a number of planning questions which were going to be included in the Comprehensive Plan Survey.

Please review the questions. If you have concerns or other questions you wish to be asked, please note them and get them to me by Tuesday evening.

JAO:jt
Encl.

DECISION RESOURCES, LTD.
3128 Dean Court
Minneapolis, Minnesota 55414

CRYSTAL RESIDENTIAL
QUESTIONNAIRE
Version 2.1

Hello, I'm _____ of Decision Resources, Ltd., a nationwide polling firm located in Minneapolis. We've been retained by the City of Crystal to speak with a random sample of residents about issues facing the city. The survey is being taken because your city representatives and staff are interested in your opinions and suggestions. I want to assure you that all individual responses will be held strictly confidential; only summaries of the entire sample will be reported. (DO NOT PAUSE)

1. Approximately how many years have you lived in Crystal?

LESS THAN ONE YEAR.....	1
ONE OR TWO YEARS.....	2
THREE TO FIVE YEARS.....	3
SIX TO TEN YEARS.....	4
ELEVEN - TWENTY YEARS...	5
OVER TWENTY YEARS.....	6
DON'T KNOW/REFUSED.....	7

2. In what city and/or state was your immediately prior residence located?

3. As things now stand, how long in the future do you expect to live in Crystal?

LESS THAN ONE YEAR.....	1
ONE TO TWO YEARS.....	2
THREE TO FIVE YEARS.....	3
SIX TO TEN YEARS.....	4
OVER TEN YEARS.....	5
DON'T KNOW/REFUSED.....	6

4. How would you rate the quality of life in Crystal -- excellent, good, only fair, or poor?

EXCELLENT.....	1
GOOD.....	2
ONLY FAIR.....	3
POOR.....	4
DON'T KNOW/REFUSED.....	5

5. Thinking back to when you moved to Crystal, what factors were most important to you in selecting the city?

6. What do you like MOST about living in Crystal?

7. What do you like LEAST about it?

8. How would you rate the general sense of community among Crystal residents -- excellent, good, only fair, or poor?
- | | |
|-------------------------|---|
| EXCELLENT..... | 1 |
| GOOD..... | 2 |
| ONLY FAIR..... | 3 |
| POOR..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

Changing topics....

9. Would you favor or oppose an increase in city property taxes if it were needed to maintain city services at their current level?
- | | |
|-------------------------|---|
| FAVOR..... | 1 |
| OPPOSE..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |
10. Do you consider property taxes in Crystal to be comparatively low, about average, relatively high, or excessively high?
- | | |
|-------------------------|---|
| COMPARATIVELY LOW..... | 1 |
| ABOUT AVERAGE..... | 2 |
| RELATIVELY HIGH..... | 3 |
| EXCESSIVELY HIGH..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

As you may know, property taxes are divided between the City of Crystal, Hennepin County, and the Robbinsdale Area School District.

11. For each dollar of property taxes you pay, about what percentage do you think goes to city government? (READ CHOICES, IF NEEDED)
- | | |
|-------------------------|---|
| UNDER TEN PERCENT..... | 1 |
| 10% TO 20%..... | 2 |
| 21% TO 30%..... | 3 |
| 31% TO 40%..... | 4 |
| 41% TO 50%..... | 5 |
| 51% TO 60%..... | 6 |
| OVER SIXTY PERCENT..... | 7 |
| DON'T KNOW/REFUSED..... | 8 |

As you may know, the City share of the property tax in your school district is about sixteen percent.

12. During the past few years, has the City's tax rate increased, decreased, or remained about the same?
- | | |
|-------------------------|---|
| INCREASED..... | 1 |
| DECREASED..... | 2 |
| ABOUT THE SAME..... | 3 |
| DON'T KNOW/REFUSED..... | 4 |

For your information, the City's tax rate has remained relatively stable during the past few years.

13. When you consider the property taxes you pay and the quality of city services you receive, would you rate the general value of city services as excellent, good, only fair, or poor?
- | | |
|-------------------------|---|
| EXCELLENT..... | 1 |
| GOOD..... | 2 |
| ONLY FAIR..... | 3 |
| POOR..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

I would like to read you a list of a few city services. For each one, please tell me whether you would rate the quality of the service as excellent, good, only fair, or poor?

	EXC	GOOD	FAIR	POOR	D.K.
14. Police protection?	1	2	3	4	5
15. Fire protection?	1	2	3	4	5
16. City street repair and maintenance?	1	2	3	4	5
17. Sewers and water?	1	2	3	4	5
18. Snow plowing?	1	2	3	4	5
19. Animal control?	1	2	3	4	5
20. Park maintenance?	1	2	3	4	5

IF "ONLY FAIR" OR "POOR" IN QUESTIONS #14-20, ASK FOR EACH:

21. Why did you rate _____ as (only fair/poor)?

22. Other than voting, do you feel that if you wanted to, you could have a say about the way the City of Crystal runs things?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3
23. How much do you feel you know about the work of the Mayor and City Council -- a great deal, a fair amount, or very little?
- GREAT DEAL.....1
FAIR AMOUNT.....2
VERY LITTLE.....3
DON'T KNOW/REFUSED.....4
24. From what you know, do you approve or disapprove of the job the Mayor and City Council are doing? (WAIT FOR RESPONSE)
And do you feel strongly that way?
- STRONGLY APPROVE.....1
SOMEWHAT APPROVE.....2
SOMEWHAT DISAPPROVE.....3
STRONGLY DISAPPROVE.....4
DON'T KNOW/REFUSED.....5

IF OPINION STATED IN QUESTION #24, ASK:

25. Why do you feel that way?

26. How much first-hand contact have you had with the Crystal City Staff -- quite a lot, some, very little, or none at all?
- QUITE A LOT.....1
SOME.....2
VERY LITTLE.....3
NONE AT ALL.....4
DON'T KNOW/REFUSED.....5
27. From what you have seen or heard, how would you rate the job performance of the Crystal City Staff -- excellent, good, only fair, or poor?
- EXCELLENT.....1
GOOD.....2
ONLY FAIR.....3
POOR.....4
DON'T KNOW/REFUSED.....5

IF RATING GIVEN IN QUESTION #27, ASK:

28. Why did you rate city staff as _____?
- _____
- _____

Let's talk about public safety in Crystal....

29. During the past year, have you been involved in or observed a situation in which a member of the Crystal Police Department was present?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

30. Would you say the way the police handled the situation was excellent, good, only fair, or poor?
- EXCELLENT.....1
GOOD.....2
ONLY FAIR.....3
POOR.....4
DON'T KNOW/REFUSED.....5
31. Would you say the time it took the police to respond was prompt, or not?
- PROMPT.....1
NOT PROMPT.....2
DON'T KNOW/REFUSED.....3
32. Have you ever filed a complaint against a Crystal Police Department employee?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," IN QUESTION #32, ASK:

33. Were you satisfied with the process and outcome of the complaint?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3
34. Are there any programs or activities you would like to see the Crystal Police Department doing more of in the community?
- _____

35. Are there any existing programs or activities at which you feel the Crystal Police Department could spend less time?

36. What do you think is the major problem facing youth in Crystal today?

I would like to read you a short list of prevention services provided by the Crystal Police and Fire Departments. For each one, please tell me if you or members of this household have in the past or are currently using the service.

	UNAWARE	AWARE USED	NOT /	DON'T KNOW
37. Medical Emergency Services?	1	2	3	4
38. Neighborhood Watch?	1	2	3	4
39. Operation ID?	1	2	3	4
40. Home Safety Analysis?	1	2	3	4
41. DARE -- the Drug Abuse Resistance Program for school children?	1	2	3	4
42. How would you rate the amount of patrolling the police department does in your neighborhood -- would you say they do too much, about right, or not enough?		TOO MUCH.....1	ABOUT RIGHT.....2	NOT ENOUGH.....3
			DON'T KNOW/REFUSED.....4	

I would like to read you a short list of problems which may impact suburban communities. For each one, please tell me if you think it is a major problem, a minor problem, or not a problem at all in Crystal.

	MAJOR	MINOR	NOT	DK-R
43. Spousal abuse?	1	2	3	4
44. Gangs of juvenile delinquents?	1	2	3	4
45. Crack houses?	1	2	3	4
46. Child neglect and abuse?	1	2	3	4
47. Alcohol and chemical abuse?	1	2	3	4

	MAJOR	MINOR	NOT	DK-R
48. Teen pregnancy?	1	2	3	4
49. Latchkey children -- kids left unsupervised early in the morning and after school while parents work?	1	2	3	4

Thinking about your own neighborhood for a moment....

- | | |
|--|---|
| 50. Would you say that drugs and street gangs are a very serious problem, a somewhat serious problem, not too serious, or not at all serious in your neighborhood? | VERY SERIOUS.....1
SOMEWHAT SERIOUS.....2
NOT TOO SERIOUS.....3
NOT AT ALL SERIOUS.....4
DON'T KNOW/REFUSED.....5 |
| 51. Would you feel safe walking alone at night in your neighborhood? | YES.....1
NO.....2
DON'T KNOW/REFUSED.....3 |

Two issues facing communities across the Metropolitan Area are youth running away from home and youth thrown out of their homes.

52. What do you feel the community should do about youths who run away from home?
-
-

53. And, what do you feel the community should do about youths who are thrown out of their homes before the age of eighteen?
-
-

54. Do you think the criminal justice system -- the police and the courts -- deals effectively with those who break the law? (IF "NO," ASK:) Why not?
-
-

- | | |
|--|---|
| 55. From what you have heard or seen, do you feel that the police and social service agencies respond appropriately to child abuse and neglect in Crystal? | YES.....1
NO.....2
DON'T KNOW/REFUSED.....3 |
|--|---|

IF "NO," ASK:

56. What should be done differently?

57. During the past year, have you been involved in or observed a situation in which a member of the Crystal Fire Department was present?

YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

58. Was the situation one involving fire services, rescue or medical services, or some other activity?

FIRE SERVICES.....1
RESCUE/MEDICAL.....2
OTHER.....3
DON'T KNOW/REFUSED.....4

59. Would you say the way the fire department handled the situation was excellent, good, only fair, or poor?

EXCELLENT.....1
GOOD.....2
ONLY FAIR.....3
POOR.....4
DON'T KNOW/REFUSED.....5

60. Would you say the time it took the fire department to respond was prompt, or not?

PROMPT.....1
NOT PROMPT.....2
DON'T KNOW/REFUSED.....3

61. Prior to this survey, were you aware that the Crystal Fire Department is staffed by paid on-call volunteer fire fighters?

YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

62. Do you have a working smoke detector installed in your home? (IF "YES," ASK:) Do you have more than one?

YES/MORE THAN ONE.....1
YES/ONLY ONE.....2
NO.....3
DON'T KNOW/REFUSED.....4

63. Do you have a fire extinguisher mounted in your home?

YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

I would like to read you a short list of fire safety programs that could be offered in your neighborhood. For each one, please tell me if you would be very interested, somewhat interested, not too interested, or not at all interested in it....

VyI SmI NTI NAI DKR

64. Fire safety inspection of your residence?

1 2 3 4 5

65. Fire safety demonstrations held in the evening, outdoors in your neighborhood?

1 2 3 4 5

	VyI	SmI	NTI	NAI	DKR
66. Printed fire safety information distributed at your home by knowledgeable fire fighters?	1	2	3	4	5
67. Formal one evening fire safety classes held at the community center, schools, churches, or club rooms?	1	2	3	4	5

Moving on....

68. During the past twelve months, have you contacted anyone working for the City of Crystal, other than the police or fire departments, whether to obtain information, to get service, or make a complaint of any kind?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

69. What was the nature of your most recent inquiry; that is, what information or service did you need?
-
-

70. What department or official did you contact first about this inquiry?
-

71. In general, were you satisfied or dissatisfied with the way your inquiry was handled?
- SATISFIED.....1
DISSATISFIED.....2
DON'T KNOW/REFUSED.....3

IF "DISSATISFIED," ASK:

72. Why were you dissatisfied?
-
-

73. How would you rate the general appearance of your neighborhood -- excellent, good, only fair, or poor?
- EXCELLENT.....1
GOOD.....2
ONLY FAIR.....3
POOR.....4
DON'T KNOW/REFUSED.....5

IF "ONLY FAIR" OR "POOR," ASK:

74. Why do you feel that way?

-
75. How about the condition of street and road surfaces in your neighborhood -- would you rate them as excellent, good, only fair, or poor?
- | | |
|-------------------------|---|
| EXCELLENT..... | 1 |
| GOOD..... | 2 |
| ONLY FAIR..... | 3 |
| POOR..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

The inspection of housing in Crystal for code violations is a function of city government and staff. I would like to read you a short list of proposals; for each one, please tell me whether you strongly support it, somewhat support, somewhat oppose, or strongly oppose it.

- | | STR
SUP | SMW
SUP | SMW
OPP | STR
OPP | DKR | |
|--|------------|------------|------------|------------|-------------------------|---|
| 76. Regular inspections on the outside of all owner-occupied housing? | 1 | 2 | 3 | 4 | 5 | |
| 77. Regular inspections on the inside of all owner-occupied housing? | 1 | 2 | 3 | 4 | 5 | |
| 78. Regular inspection on the outside of all rental dwelling units? | 1 | 2 | 3 | 4 | 5 | |
| 79. Regular inspection on the inside of all rental dwelling units? | 1 | 2 | 3 | 4 | 5 | |
| 80. Inspection of all residential dwellings at the time of sale? | 1 | 2 | 3 | 4 | 5 | |
| 81. Do you think that Crystal currently has an adequate range of housing choices to offer its residents? | YES..... | 1 | NO..... | 2 | DON'T KNOW/REFUSED..... | 3 |

IF "NO," ASK:

82. What types of housing do you feel the City should encourage in order to expand the range?

-
83. Do you feel that the City has adequate housing opportunities for senior citizens?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |

The City could undertake many different initiatives to attract or

discourage various types of future development. For each of the following categories, please tell me if you feel the City of Crystal should act aggressively to attract that type of growth, act aggressively to discourage that type of growth, or take no action one way or the other. If you have no opinion, just say so.

	AGG ATT	AGG DIS	NO ACT	DK/ REF
84. Single family homes for moderate income families.	1	2	3	4
85. Low income family housing.	1	2	3	4
86. Apartment buildings.	1	2	3	4
87. Townhouses.	1	2	3	4
88. Condominiums.	1	2	3	4
89. Senior citizen apartments and/or condominiums.	1	2	3	4
90. Retail shopping centers.	1	2	3	4
91. Commercial office buildings.	1	2	3	4
92. Light industrial plants.	1	2	3	4
93. Parks and recreational open spaces.	1	2	3	4
94. Would you favor or oppose the city offering tax breaks and loans to home owners and neighborhoods in deteriorating areas for both housing and neighborhood rehabilitation? (WAIT FOR RESPONSE) Do you feel strongly that way?	STRONGLY FAVOR.....1 FAVOR.....2 OPPOSE.....3 STRONGLY OPPOSE.....4 DON'T KNOW/REFUSED.....5			
95. Would you favor or oppose the city aggressively aiding in the purchase and redevelopment of deteriorating and blighted neighborhoods as multi-family housing opportunities, retail shopping, and/or commercial office buildings? (WAIT FOR RESPONSE) Do you feel strongly that way?	STRONGLY FAVOR.....1 FAVOR.....2 OPPOSE.....3 STRONGLY OPPOSE.....4 DON'T KNOW/REFUSED.....5			
96. Should the TOP priority for development in this city be on increasing the tax base, providing head-of-household jobs, providing housing opportunities for young families and retirees, providing recreational and leisure time offerings, or attracting more retail shopping opportunities?	TAX BASE.....1 JOBS.....2 HOUSING.....3 RECREATION.....4 RETAIL SHOPPING.....5 COMBINATION (VOL).....6 NONE OF ABOVE.....7 DON'T KNOW/REFUSED.....8			

97. What should be the second priority? (RE-READ ABOVE LIST, IF NECESSARY.)
- | | |
|-------------------------|---|
| TAX BASE..... | 1 |
| JOBS..... | 2 |
| HOUSING..... | 3 |
| RECREATION..... | 4 |
| RETAIL SHOPPING..... | 5 |
| COMBINATION (VOL)..... | 6 |
| NONE OF ABOVE..... | 7 |
| DON'T KNOW/REFUSED..... | 8 |
98. Do you feel that retail shopping opportunities in Crystal are adequate or inadequate in meeting the needs of residents?
- | | |
|-------------------------|---|
| ADEQUATE..... | 1 |
| INADEQUATE..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |
- IF "INADEQUATE," ASK:
99. What is lacking in the community?
-
-

Turning to parks and recreational opportunities....

100. In general, do you usually spend your leisure time in outdoor activities, weather permitting, or indoor activities?
- | | |
|--------------------------|---|
| OUTDOOR ACTIVITIES..... | 1 |
| INDOOR ACTIVITIES..... | 2 |
| BOTH (VOL.)..... | 3 |
| NO FREE TIME (VOL.)..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |
101. In general, how well informed are you about the Crystal park system and facilities. Would you say you are very well informed, somewhat informed, not too well informed, or not at all informed?
- | | |
|--------------------------|---|
| VERY WELL INFORMED..... | 1 |
| SOMEWHAT INFORMED..... | 2 |
| NOT TOO WELL INFORMED... | 3 |
| NOT AT ALL INFORMED..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |
102. How often do you visit or use a Crystal park or recreational facility -- frequently, occasionally, rarely, or never?
- | | |
|-------------------------|---|
| FREQUENTLY..... | 1 |
| OCCASIONALLY..... | 2 |
| RARELY..... | 3 |
| NEVER..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |
103. How would you rate park and recreational facilities in Crystal -- excellent, good, only fair, or poor?
- | | |
|-------------------------|---|
| EXCELLENT..... | 1 |
| GOOD..... | 2 |
| ONLY FAIR..... | 3 |
| POOR..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

IF RATING IS GIVEN, ASK:

104. Why do you feel that way?
-

105. Do you feel that the current mix of recreational opportunities sufficiently meets the needs of members of your household?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |

IF "NO," ASK:

106. What additional recreational opportunities would you like to see the City of Crystal offer residents?

-
107. In the past year, have you or any members of this household participated in city-sponsored recreational programs?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |

IF "YES" IN QUESTION #99, ASK:

108. Which ones?

-
109. Were you generally satisfied or dissatisfied with the program(s)?
- | | |
|-------------------------|---|
| SATISFIED..... | 1 |
| DISSATISFIED..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |
110. Would you favor or oppose the City developing a municipal 9-hole golf course? (WAIT FOR RESPONSE) And do you feel strongly that way?
- | | |
|-------------------------|---|
| STRONGLY FAVOR..... | 1 |
| FAVOR..... | 2 |
| OPPOSE..... | 3 |
| STRONGLY OPPOSE..... | 4 |
| DON'T KNOW/REFUSED..... | 5 |

IF "STRONGLY SUPPORT OR SUPPORT," ASK:

111. Would you still support the project if the golf course would require a property tax increase in order to be built and operated?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |
112. Are the currently offered senior programs sufficient to meet community needs?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |
113. How about teen programs -- are current offering sufficient to meet community needs?
- | | |
|-------------------------|---|
| YES..... | 1 |
| NO..... | 2 |
| DON'T KNOW/REFUSED..... | 3 |

Changing topics....

As you may know, the City has contracted with BFI to pick-up recyclable materials. Households are asked to separate recyclables from the rest of their trash and haulers carry them away.

114. Do you now participate in the curbside pick-up program?
- YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

115. How often do you put recyclables out for collection -- weekly, twice monthly, monthly, quarterly, or less?
- WEEKLY.....1
TWICE MONTHLY.....2
ONCE MONTHLY.....3
QUARTERLY.....4
LESS.....5
DON'T KNOW/REFUSED.....6

116. Are you satisfied or dissatisfied with the recycling program?
- SATISFIED.....1
DISSATISFIED.....2
DON'T KNOW/REFUSED.....3

IF "DISSATISFIED," ASK:

117. Why do you feel that way?

IF "NO," ASK:

118. Which of the following best describes your reasons for not participating:
- A. I wasn't aware of the new program. STATEMENT A.....1
B. I knew about it, but need more information. STATEMENT B.....2
C. The program is too inconvenient. STATEMENT C.....3
D. I am just not interested. STATEMENT D.....4
E. It isn't worth it to take the time. STATEMENT E.....5
119. How do you currently dispose of grass clippings and yard waste -- do you compost on your property, use a yard waste drop-off site, or have your garbage hauler collect it?
- COMPOST ON PROPERTY.....1
USE DROP-OFF SITE.....2
GARBAGE HAULER.....3
OTHER METHOD (VOL.).....4
DON'T KNOW/REFUSED.....5

As you also may know, several refuse haulers serve Crystal. This arrangement has permitted citizens to choose their own haulers and contract directly with them. It has also created significant overlap between the hauler routes and increased noise and congestion on city streets.

120. Of the following three proposals, which do you most favor:
- | | |
|---|--------------------------|
| A. The present system. | PROPOSAL A.....1 |
| B. The City assigns current haulers to exclusively handle specific areas; | PROPOSAL B.....2 |
| C. The City designates one hauler to serve the entire city; | PROPOSAL C.....3 |
| | ALL EQUALLY.....4 |
| | DON'T KNOW/REFUSED.....5 |

Changing topics again....

121. Do you have adequate water pressure in your household?
- | |
|--------------------------|
| YES.....1 |
| NO.....2 |
| DON'T KNOW/REFUSED.....3 |
122. Do you have drain tiles around your residence?
- | |
|--------------------------|
| YES.....1 |
| NO.....2 |
| DON'T KNOW/REFUSED.....3 |

IF "YES," ASK:

123. Are your drain tiles or sump pump connected directly to the sanitary sewers?
- | |
|--------------------------|
| YES.....1 |
| NO.....2 |
| DON'T KNOW/REFUSED.....3 |

Let's talk about the general priorities that Crystal should establish for the future. Because the City budget is not large enough to do everything, choices must be made in allocating funds. In each of the following policy areas, do you feel that it is extremely important, very important, somewhat important, or unimportant that Crystal commit enough tax money to provide better programs and facilities.

	EXT	VRV	SMW	UNI	DKR
124. Parks and recreation?	1	2	3	4	5
125. Human and social services?	1	2	3	4	5
126. Public safety?	1	2	3	4	5
127. Public works infrastructure, such as city streets and utilities?	1	2	3	4	5
128. Expanding the property tax base?	1	2	3	4	5
129. Improving public transportation?	1	2	3	4	5
130. Redeveloping aging and deteriorating neighborhoods?	1	2	3	4	5
131. Limiting airport noise?	1	2	3	4	5

Moving on....

132. What is your primary source of information about community events going on in Crystal?

133. What is your primary source of information about City government and its activities?

134. Do you receive the quarterly "Crystal City Newsletter"? (IF "YES," ASK:) Do you regularly read the newsletter?

RECEIVE/READ.....	1
RECEIVE/DON'T READ.....	2
DON'T RECEIVE.....	3
DON'T KNOW/REFUSED.....	4

IF "RECEIVE AND READ," ASK:

135. Are there any changes in the format or coverage you would like to see? (IF "YES," ASK:) What are they?

136. Does your household currently subscribe to cable television?

YES.....	1
NO.....	2
DON'T KNOW/REFUSED.....	3

IF "YES," ASK:

137. Would you say you watch local government access Channel 37 frequently, occasionally, rarely, or not at all?

FREQUENTLY.....	1
OCCASIONALLY.....	2
RARELY.....	3
NOT AT ALL.....	4
DON'T KNOW/REFUSED.....	5

138. Would you say you watch City Council meeting telecasts telecasts frequently, occasionally, rarely, or not at all?

FREQUENTLY.....	1
OCCASIONALLY.....	2
RARELY.....	3
NOT AT ALL.....	4
DON'T KNOW/REFUSED.....	5

139. Do you ever watch Crystal's Community Bulletin Board, which is shown on Cityline?

YES.....	1
NO.....	2
DON'T KNOW/REFUSED.....	3

Now, just a few more questions for demographic purposes....

Could you tell me how many people in each of the following age groups live in your household. Let's start oldest to youngest, and be sure to include yourself....

140. Persons over 65?

141. Adults over 18? _____
142. School-aged children? _____
143. Preschoolers? _____
144. TOTAL (DO NOT ASK; ADD #140-43) _____

IF PRESCHOOLERS ARE PRESENT IN HOUSEHOLD, ASK:

145. Have you been able to find the resources and facilities in the city to meet your child care needs? YES.....1
NO.....2
DON'T KNOW/REFUSED.....3
146. Do you own or rent your present residence? OWN.....1
RENT.....2
REFUSED.....3
147. Which of the following categories contains your age, please? 18 - 24.....1
25 - 34.....2
35 - 44.....3
45 - 54.....4
55 - 64.....5
65 AND OVER.....6
REFUSED.....7
148. Which of the following best describes your present residence? (READ CHOICES #1-#6.) SINGLE FAMILY HOME.....1
DUPLEX/DOUBLE BUNGALOW..2
3-PLEX OR 4-PLEX.....3
APARTMENT BUILDING OF 5-9 UNITS.....4
APARTMENT BUILDING OF 10 OR MORE UNITS...5
MOBILE HOME.....6
OTHER.....7
DON'T KNOW/REFUSED.....8

IF "SINGLE FAMILY HOME," ASK:

149. How would you rate the condition of your house -- excellent, good, only fair, or poor? EXCELLENT.....1
GOOD.....2
ONLY FAIR.....3
POOR.....4
DON'T KNOW/REFUSED.....5
150. How concerned are you about the ability to sell your house at a good price in the future -- very concerned, somewhat concerned, not too concerned, or not at all concerned. VERY CONCERNED.....1
SOMEWHAT CONCERNED.....2
NOT TOO CONCERNED.....3
NOT AT ALL CONCERNED....4
DON'T KNOW/REFUSED.....5

At the risk of repeating myself, let me ask you

specifically....

151. Are you over 55 years old? YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

152. Do you contemplate moving to different housing during the next decade? YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

IF "YES," ASK:

153. Will you move to another residence in Crystal or elsewhere? CRYSTAL.....1
ELSEWHERE.....2
DON'T KNOW/REFUSED.....3

IF ANSWER IS GIVEN, ASK:

154. Why?

155. What type of housing will you be seeking? (PROBE)

156. If that type of housing were available at a competitive cost in Crystal, would you stay in the city? YES.....1
NO.....2
DON'T KNOW/REFUSED.....3

157. Are you presently married, living with someone but not married, widowed, divorced or separated, or single? MARRIED.....1
LIVING WITH, UNMARRIED..2
WIDOWED.....3
DIVORCED/SEPARATED.....4
SINGLE.....5
REFUSED.....6

158. Are you working now fulltime, working parttime, unemployed and seeking work, a homemaker, retired, disabled, a student, or something else? WORKING FULLTIME.....1
WORKING PARTTIME.....2
UNEMPLOYED/SEEKING.....3
HOMEMAKER.....4
RETIRED.....5
DISABLED.....6
STUDENT.....7
SOMETHING ELSE.....8
REFUSED.....9

IF WORKING FULLTIME OR PARTTIME, ASK:

159. What is your occupation, that is, what kind of work do you do for a living?

IF "MARRIED" OR "LIVING TOGETHER" IN QUESTION #157, ASK:

160. Is your spouse or roommate now working fulltime, working part-time, unemployed and seeking work a homemaker, retired, disabled, a student, or something else?	WORKING FULLTIME.....1
	WORKING PARTTIME.....2
	UNEMPLOYED/SEEKING.....3
	HOMEMAKER.....4
	RETIRED.....5
	DISABLED.....6
	STUDENT.....7
	SOMETHING ELSE.....8
	REFUSED.....9

IF WORKING FULLTIME OR PARTTIME, ASK:

161. What is the occupation of your spouse or roommate?

161. Which of the following categories contains the age of your spouse or roommate?	18 - 24.....1
	25 - 34.....2
	35 - 44.....3
	45 - 54.....4
	55 - 64.....5
	65 AND OVER.....6
	REFUSED.....7

162. What is the last grade of education you completed?	LESS THAN HIGH SCHOOL...1
	HIGH SCHOOL GRADUATE....2
	VO-TECH SCHOOL.....3
	SOME COLLEGE.....4
	COLLEGE GRADUATE.....5
	POST-GRADUATE.....6
	REFUSED.....7

163. Which of the following categories includes your 1989 total pre-tax household income. Please stop me when I read the right one.	BELOW \$12,500.....1
	\$12,501-\$25,000.....2
	\$25,001-\$37,500.....3
	\$37,501-\$50,000.....4
	\$50,001-\$62,500.....5
	\$62,501-\$75,000.....6
	OVER \$75,000.....7
	DON'T KNOW.....8
	REFUSED.....9

164. Gender (DO NOT ASK)	MALE.....1
	FEMALE.....2

Thanks very much for your time. Good-bye.

165. Zone (CODED)

DATE: July 27, 1990
TO: Jerry Dulgar, City Manager
FROM: William Monk, Public Works Director
SUBJECT: Memory Lane Pond Watershed

Major rainfall events have taken their toll on single family properties in the Memory Lane Pond area. During severe storms as many as twenty eight (28) residences have been inundated with up to five feet of water. While Crystal has been able to increase protection for some of these properties by modifying the existing drainage system, expansion of the storage and outlet components of the system represents the ultimate solution to the problems. This expansion, however, must be approached on a watershed basis if it is to provide long term benefits.

At present, Memory Lane Pond is one of five water storage basins in a 875 acre watershed area. This area is identified as Subwatershed TL2 by the Shingle Creek Watershed Management Plan. While runoff is conveyed through the pond system in a west to east direction towards Twin Lake, there is no natural outlet for the watershed. This fact represents the source of the problems facing this somewhat isolated watershed area.

The lack of a natural outlet requires that storage basins and an outlet pumping station be established as the critical operational features within the watershed. Runoff that cannot be pumped out must be stored at least temporarily. As proved in the current system, this type of drainage control arrangement can at times prove unreliable based on the variables of storm duration, intensity and frequency.

The five existing ponds, Memory Lane, Hagemeister, Gaulke, 45th Ave. and Old Dutch, provide a storage area of approximately 160 acre-ft. Given the system configuration, this level of storage can reasonably handle the 25-year rainfall event. However, Memory Lane Pond represents the weak link in the system and cannot always provide this level of service.

Over half, 453 acres, of the entire watershed is directly tributary to Memory Lane Pond which has a controlled outlet to protect the two downstream ponds which are at a substantially lower elevation. This means Memory Lane Pond must store a large amount of runoff without any assistance from the balance of the system since the two upstream ponds can only divert a portion of the tributary area.

Jerry Dulgar, City Manager
July 27, 1990
Page 2

After observing Memory Lane Pond for several years, it is obvious the system's primary need involves providing additional storage. Crystal has attempted to achieve this objective with our recent dredging project but could only achieve limited success. Expansion of the basin storage capacity is needed in the immediate area of the existing basin if the flooding of adjacent property is to be controlled.

Since 440 acres of the watershed in question is within New Hope, this office has been working with representatives of our neighbor on developing a plan for expanded storage. A plan was recently suggested to excavate up to 18,000 cubic yards from the north side of Fred Sims Park in New Hope. This area is presently devoted to passive park use and is directly connected to Memory Lane Pond via two large storm sewers. These connections allow the proposed 12 acre-foot basin to act as an extension of Memory Lane Pond and provide direct protection to the properties experiencing the worst flooding.

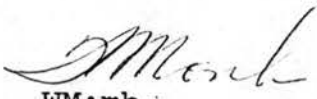
Development of such a storage facility represents a significant improvement to the overall drainage system by strengthening the weakest segment. Until the outlet system can be modified, storage must be expanded. At this point, expansion of the outlet capacity is not anticipated until MnDOT improves TH100 (1995 at the earliest) and increases the capacity of downstream storm sewers into which this drainage system is pumped. Once the MnDOT storm sewer is enlarged, the pump station and gravity feed in Robbinsdale can be upgraded to increase the rate of discharge to Twin Lake. This work must be viewed as the next phase of the watershed improvement process.

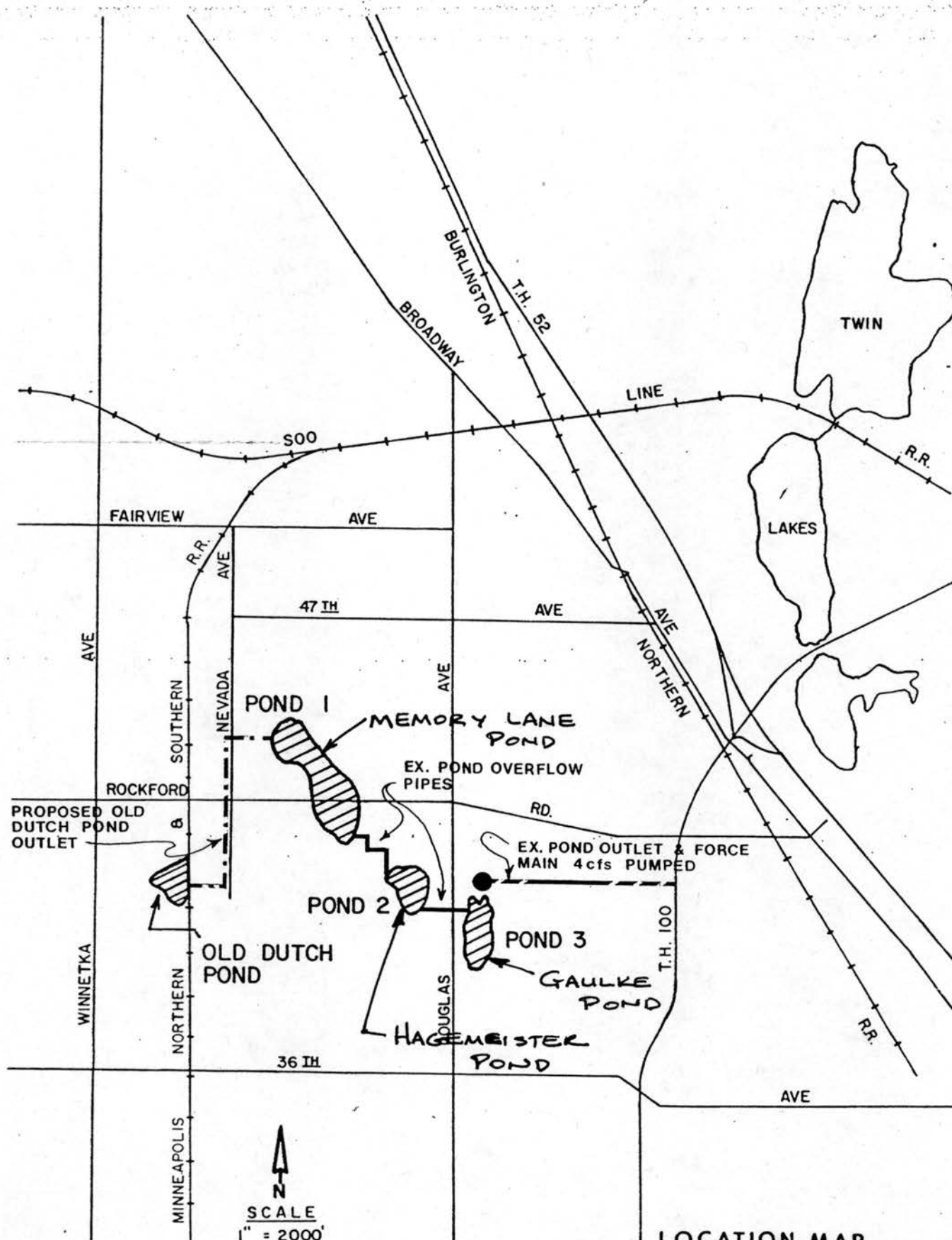
In an attempt to provide for development of watershed improvements in a timely and financially attainable format, I recommend Crystal work with New Hope to prepare an agreement for joint construction of the storage and pumping system needs. Financial participation would be determined by tributary area with each City responsible for the maintenance of the drainage facilities within its boundaries. The cost for the Fred Sims dredging project is estimated at \$100,000 and while the cost is justified by the benefit, funding this size project as a joint venture makes sense given the difficult budgetary constraints facing both cities. A joint approach would also allow the storage expansion project to proceed on a fast track and potentially become a 1990/1991 project.

Jerry Dulgar, City Manager
July 27, 1990
Page 3

If Crystal proceeds as outlined in this memo, use of Infrastructure Funds would be recommended to cover our share of the storage expansion project. However, this fund cannot cover expenditures for large scale street and drainage improvements over the long haul. For that reason, this office is preparing documentation for a recommendation to establish a storm sewer utility. This utility would function as do the existing sanitary sewer and water enterprise funds. Revenue generated from quarterly billings would be used to modify and maintain the storm sewer system. Such a fund lessens the stress these operations/projects have on the general fund while providing an amount of working capital for much needed improvements,

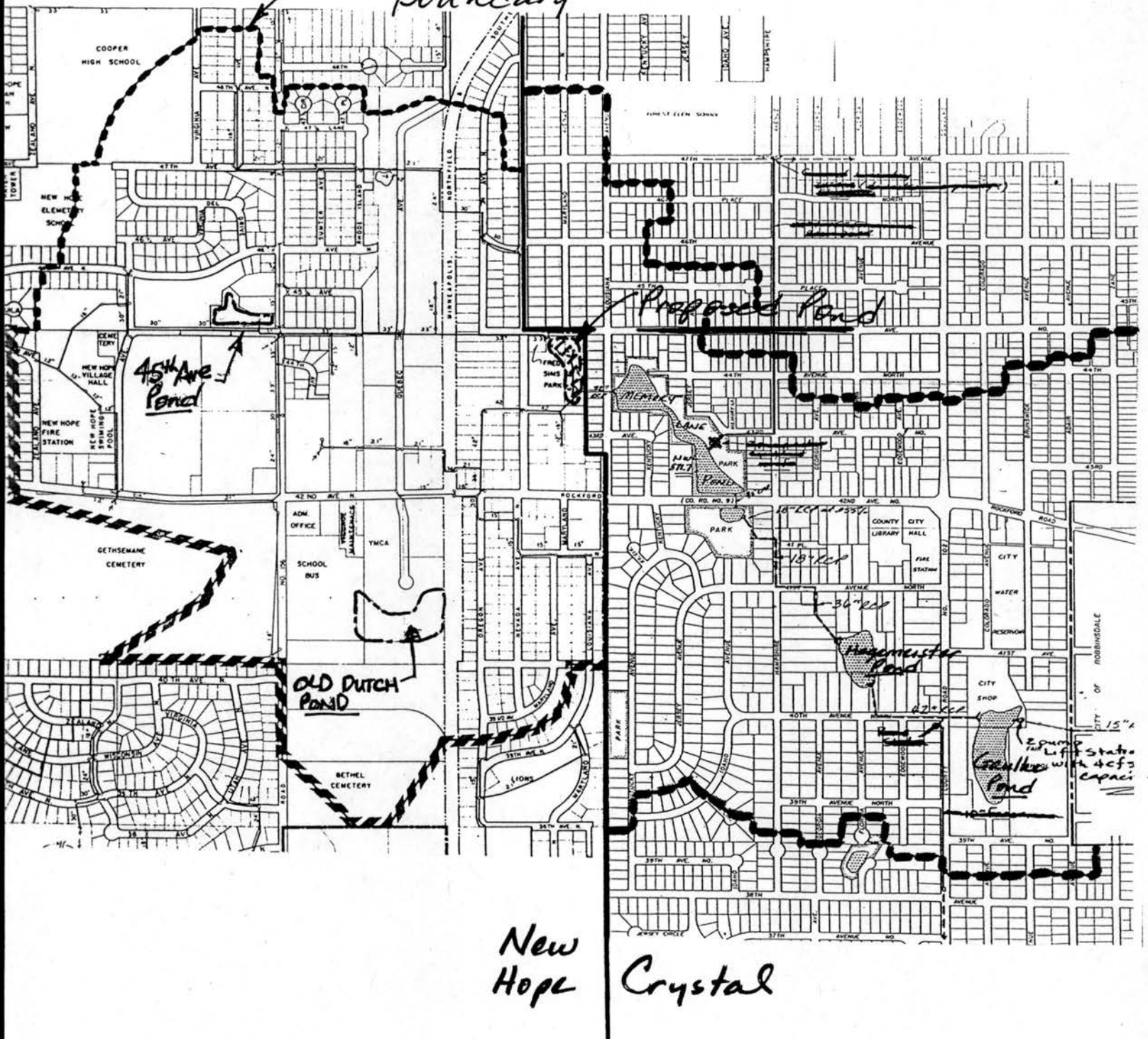
I am anxious to pursue the items mentioned above and suggest this memo be copied to the Council for discussion on the August 7 agenda.


WM:mb



LOCATION MAP
EXISTING CONDITIONS
CRYSTAL POND ANALYSIS

Drainage Boundary



New Hope Crystal

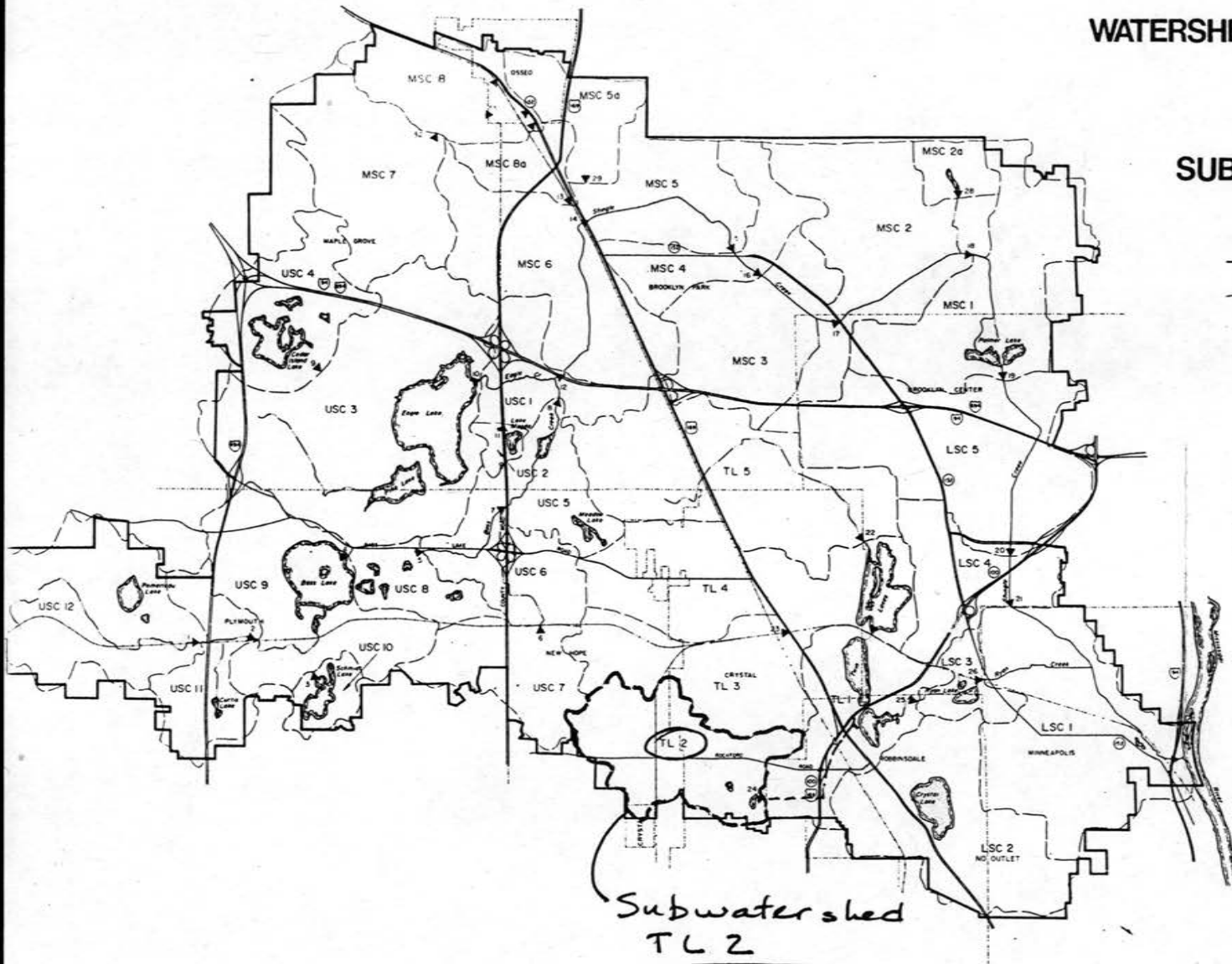
Memory Lane Pond
Watershed Area

WATERSHED MANAGEMENT PLAN

SHINGLE CREEK

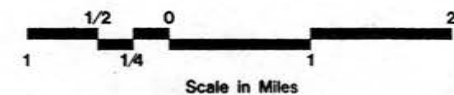
WATERSHED MANAGEMENT COMMISSION

SUBWATERSHED BOUNDARIES



- Legal Watershed Boundary
- - - Subwatershed Boundary
- Subwatershed Outlet/
Outlet Control Structure
- Lakes, Wetlands and other
Stormwater Storage Areas
- LSC Lower Shingle Creek
Subwatersheds
- MSC Middle Shingle Creek
Subwatersheds
- USC Upper Shingle Creek
Subwatersheds
- TL Twin Lake Subwatersheds

MAP 6



E. A. HICKOK AND ASSOCIATES
WAYZATA, MINNESOTA



Memorandum

DATE: August 7, 1990

TO: Jerry Dulgar, City Manager

FROM: Darlene George, City Clerk *Darlene*

SUBJECT: Beer Bust and Corn Feed - Paddock Bar and Lounge
August 18, 1990

Annual Corn Feed - VFW Post 494
August 12, 1990

Requests have been received from two organizations to be placed on tonight's Council Agenda; one of the requests was received yesterday, August 6th, and one today, August 7th. In each case consideration of the item on the August 21st Council Agenda would be too late.

Attached are the necessary motions if the Council wishes to consider these items. It would be helpful if Council, when making its motion, would encourage these organizations to advise whomever is responsible to get the item in the Wednesday prior to the Council Meeting if they wish to have them considered. Items that are received after Council gets their packets on Friday make considerable extra work for not just one department but often several departments plus it is a disadvantage to the Council in that they do not have a chance to review the requests.

I will place this memo along with the attached motions in each Council packet for tonight's meeting. If you have any questions, get back to me.

DG/js

ADDENDUM TO CITY COUNCIL AGENDA

August 7, 1990

The City Council considered the addition of the following items to the agenda:

- A. A request from Steve Hardinger of The Paddock Bar and Lounge, 5540 Lakeland Avenue North, to have a beer bust and corn feed in the parking lot on August 18, 1990 from noon to 3 p.m.
- B. A request from the Commander of the VFW Post 494, 5222 - 56th Avenue North, to have an annual corn feed on Sunday, August 12, 1990 from noon to 5 p.m.

Moved by Councilmember _____ and seconded by Councilmember _____ to (approve) (deny) (continue until _____ the discussion of) the addition of the above items to the August 7, 1990 City Council Agenda.

Motion Carried.

- 16. The City Council considered a request from The Paddock Bar & Lounge, 5540 Lakeland Avenue North, to have a beer bust and corn feed in the parking lot on August 18, 1990 from noon to 3 p.m.

Moved by Councilmember _____ and seconded by Councilmember _____ to (approve) (deny) (continue until _____ the discussion of) the request from Steve Hardinger of The Paddock Bar & Lounge, 5540 Lakeland Avenue North, to have a beer bust and corn feed in the parking lot on August 18, 1990 from noon to 3 p.m., extending limits, relating to the on-sale liquor license of The Paddock Bar & Lounge, of the licensed premises to include the parking lot for one day on August 18, 1990.

Motion Carried.

- 17. The City Council considered a request from the Commander of the VFW Post 494, 5222 - 56th Avenue North, to have an annual corn feed on Sunday, August 12, 1990 from noon to 5 p.m.

Moved by Councilmember _____ and seconded by Councilmember _____ to (approve) (deny) (continue until _____ the discussion of) the request from VFW Post 494, 5222 - 56th Avenue North, to hold an annual corn feed on Sunday, August 12, 1990 from noon to 5 p.m., extending limits, relating to the on-sale liquor license of VFW Post 494, of the licensed premises to include the parking lot at the VFW Post 494 for one day on August 12, 1990.

Motion Carried.

August 6, 1990

TO: Crystal City Counsel

Saturday, August 18, 1990 from
Noon to 3:00 p.m., The Paddock
will be having a beer bust and
Corn feed which will take place
in the Paddock's parking lot.

No Liquor will be served outside
the building, however, we would
like the City Counsel's permission
to allow drinking outside the
building between noon and 3:00 p.m.

We appreciate your help in this
matter.

Sincerely,

Steve Hartinger

5-7-90

CITY OF CRYSTAL

SUBJECT: PERMIT

WE WOULD LIKE PERMISSION TO
STAGE OUR ANNUAL CORN FEED
ON SUNDAY AUGUST 12, 1990.

THIS EVENT HAS BEEN CONDUCTED
FOR 30 YEARS. (12 NOON - 5:00 PM)

COMMANDER
VFW POST 494
CRYSTAL, MN.

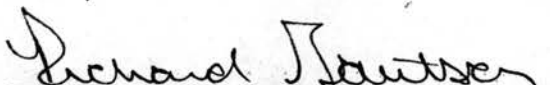
CITY OF CRYSTAL
POLICE DEPARTMENT

MEMORANDUM

DATE: July 25, 1990
TO: JERRY DULGAR, CITY MANAGER
FROM: RICHARD GAUTSCH
SUBJECT: Barking dog complaints at
6727 Dudley Avenue North

In reponse to the petition which complains about the barking dog problem at 6727 Dudley Avenue North, the following steps have been taken:

- The Animal Warden discussed the problem with Mrs. Chandler, who resides at 6808 58th Ave. No. Chandler reiterated that the problem involves the uncontrolled barking of a dog at 6727 Dudley Ave. No.
- The Animal Warden spoke with Ann Ross, who resides with her husband at 6727 Dudley Ave. No. The Rosses own two dogs. Mrs. Ross acknowledged that they have a barking problem with their yellow Lab. She stated that she and her husband are currently trying to remedy the problem. They have given consideration to giving this dog to another owner or to the Animal Humane Society. The Animal Warden noted that this was a very emotional situation for Mrs. Ross.
- The Animal Warden suggested the intervention of the Neighborhood Mediation Program. Chandler and Ross stated they would be agreeable to participating in this program.
- The Animal Warden informed both parties that he would continue to monitor this situation closely. He asked that any neighborhood complaints concerning the barking dog at 6727 Dudley Avenue North be channeled directly to him.
- If the problem persists, appropriate action will be taken by the Animal Warden.


Richard W. Gautsch
Lieutenant

RWG/la



STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES

Human Services Building
444 Lafayette Road
St. Paul, Minnesota 55155-3842

July 21, 1990

John Olson, Assistant City Manager
Community Development Director
City of Crystal
4141 Douglas Drive North
Crystal, MN 55422-1696

Dear Mr. Olson:

This letter is in response to your letter dated July 3, 1990, regarding complaints from the neighbors of a Dungarvin, Inc. group home (8204 - 33rd Avenue North). You requested a report on the action we are, and have been, taking on these complaints.

We have already been contacted by neighbors on several occasions regarding elopement incidences and other issues not related to Licensing. As a result of several complaints last summer, a joint investigation with Hennepin County's Adult Protection Services took place last September and a copy of their report is enclosed. In addition, attached you will find, copies of investigative public summaries on report numbers A-627-89, A-810-89, and A-1143-89, which involved alleged elopement incidences from June 1 to November 27, 1989.

In most of these instances, staff neglect of supervision was found to be substantiated in our investigations, with facility action accepted. However, there were instances where neighbors mistook the identity of a person standing in the street waving at cars, alleging that it was one of the group home residents, when in fact the person was another member of the community.

No more reports were filed with this division until June 22, 1990, and has been assigned to an investigative worker. I do not know the results of the current investigation.

I hope this information has been helpful in your communications with the community neighbors. If you have any questions regarding the attached or past related issues, feel free to contact me. In regards to future issues, please

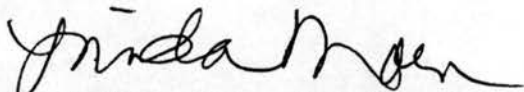


AN EQUAL OPPORTUNITY EMPLOYER

J. Olson
7/21/90
Page 2

contact Cory Graeser, at 612/296-0158, for additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Linda Moen".

Linda Moen, Human Services Licenser
Division of Licensing
612/296-0819

INVESTIGATIVE MEMORANDUM
Public Information

Minnesota Statutes, Section 626.557, subdivision 12 (Vulnerable Adult Act)

Report No.: A-0627-89

Date of Incident: 6-01-89

Name and Address of Program Investigated:

Dungarvin XV (15) - Banaher
8204 - 33rd Avenue North
Crystal, MN 55427
545-0114

Nature of Alleged Abuse/Neglect:

Staff neglect of supervision.

Extent of Alleged Abuse/Neglect:

The alleged victim (AV) eloped from the residence for 1 to 2 minutes. Neighbors returned the AV.

Investigator(s):

Linda Moen, Licenser
Minnesota Department of Human Services
Division of Licensing
444 Lafayette Road
Saint Paul, Minnesota 55155-3842
612/296-0819

Nature of Investigation:

Phone calls with neighbors, county Adult Protection Services (APS), program staff and administration.
On site unannounced investigation with 2 county APS workers.
Review of submitted internal reports.

Date(s) of Investigation: 6-12-89 to 10-05-89

Pertinent Information:

Two staff were cleaning the kitchen and dining room when the AV went out the front door. The door was shut and the alarm system on, however, the staff did not hear the alarm.

Staff on duty did two things counter to program policy: a. left the clients unsupervised when cleaning dining room - one staff should be supervising and interacting with clients at all times; and, b. staff did not report to supervisory staff immediately of the incident.

Summary of Findings and Rationale for Disposition:

The allegation of staff neglect of supervision was found to be substantiated based on the evidence accumulated.

Disposition:

Substantiated X

False _____

Inconclusive _____

No Jurisdiction _____

Corrective Action Taken:

No action required _____

Facility action accepted X

Correction order issued _____

Recommendations made _____

Forfeiture orders _____

Immediate suspension _____

Suspension _____

Probation _____

Revocation _____

License denied _____

A vulnerable adults inservice was given to all staff 6/20/89. The front door will be locked when the AV is home, and the alarm system will be turned on to "alarm" rather than "chime", which is louder. Staff were instructed again to supervise the residents at all times.

Signature _____ Date: 6-15-90*
Linda Moen

*Disposition documentation occurred on 10-5-89 ; however, the public summary was completed later.

INVESTIGATIVE MEMORANDUM
Public Information

Minnesota Statutes, Section 626.557, subdivision 12 (Vulnerable Adult Act)

Report No.: A-0810-89

Dates of Incidents: 8-26-89, 9-10 and 9-13-89 (reported 8-28, 9-12 and 9-13)

Name and Address of Program Investigated:

Dungarvin XV (15) - Banaher
8204 - 33rd Avenue North
Crystal, MN 55427
545-0114

Nature of Alleged Abuse/Neglect:

Staff neglect of supervision.

Extent of Alleged Abuse/Neglect:

The alleged victim (AV) eloped from the residence several times. Neighbors have made some reports on the elopement.

Investigator(s):

Linda Moen, Licensor
Minnesota Department of Human Services
Division of Licensing
444 Lafayette Road
Saint Paul, Minnesota 55155-3842
612/296-0819

Helen Williams, Social Worker
Mary Kiley, Social Worker
Hennepin County Adult Protection Services
300 South Sixth Street
Minneapolis, MN 55487
348-6960

Nature of Investigation:

Phone calls with neighbors, county Adult Protection Services (APS), program staff and administration.

On site unannounced investigation with 2 county APS workers.

Review of incident reports, staffing schedules, staff training records, submitted internal reports, and county APS investigative report.

Report similar to A-627-89.

Date(s) of Investigation: 9-05-89 to 10-05-89

Pertinent Information:

Neighbors have reported that the alleged victim (AV) has eloped several times and entered other homes. The AV was able to elope on at least two occasions due to the door not being adequately shut or locked, and on another occasion, through the garage doors. As a result, the staff did not hear the alarm. Daily log documentation and incident reports revealed 8 instances of elopement by the AV from 5/6 to 8/28/89.

During the on site investigation (9/13/89), a neighbor had reported seeing the AV at the corner waving at passing cars. The investigator saw the AV at home and was able to verify by sight and the two different descriptions of clothes, that the person the neighbor saw at the corner was not the AV. This report was identical to the one made on 9/12/89 regarding an alleged incident on 9/10/89 involving the same AV. Later, the neighbor informed the investigators that there was another person from a family in the neighborhood that was found at the street corner frequently.

The AV has a behavior management plan which addresses communication of needs and relaxation techniques to reduce self-injurious behaviors, aggressions towards others and yelling.

The county workers have met with the interdisciplinary team in regards to the AV's program needs. Funding has been applied for 1 on 1 supervision, even though a 30 day tentative discharge date was set. Staff have all received required orientation training and additional training specific to the house and residents.

Summary of Findings and Rationale for Disposition:

The allegation of staff neglect of supervision was found to be substantiated on four accounts (7-21, 7-22, 8-20 and 8-26), and false on 9-10 and 9-13-89.

The county determined the results of the investigation to be inconclusive.

Disposition:

Substantiated X (4 incidences)

False X (2 incidences)

Inconclusive _____

No Jurisdiction _____

Corrective Action Taken:

No action required _____

Facility action accepted X

Correction order issued _____

Recommendations made _____

Forfeiture orders _____

Immediate suspension _____

Suspension _____

Probation _____

Revocation _____

License denied _____

The front door was to always be locked when the AV was home, and staff would make sure the alarm system would be turned on to "alarm" at all times. Garage door alarms were installed. Staff ratio was increased and the provider has applied for 186 funding for 1:1 staff. Staff who were involved with the AV's elopements have received written reprimands.

Signature _____

Linda Moen

Date: 6-21-90*

*Disposition documentation occurred on 10-5-89 ; however, the public summary was completed later.

DATE September 28, 1989

HENNEPIN COUNTY
COMMUNITY SERVICES
ADULT SERVICES DIVISION
ADULT PROTECTION UNIT



TO: Heidi Mangan
Dungarvin
8204 - 33rd Avenue North
Minneapolis, MN 55427

FROM: Helen Williams -
Adult Protection
Hennepin County Community Services
300 South Sixth Street
Minneapolis, MN 55487

PHONE 348-6960

SUBJECT: Report of Investigation under Minnesota Statute 626.557 Reporting of
Maltreatment of Vulnerable Adults.

I am writing to provide you with the results of an abuse/neglect allegation
investigated on Sept. 19, 1989 by an Adult Protection social worker.

These results pertain to:

VULNERABLE ADULT: [REDACTED]

ADDRESS: 8204 - 33rd Avenue North
Minneapolis, MN 55427

ALLEGATION: Vulnerable Adult moved into facility in April of 1989; has
"eloped" from the facility on several occasions due to
lack of supervision. Facility is "triple-staffing" VA
and has applied for special funds to provide 1:1 supervision.

FINDINGS: Documentation in Daily Log does not provide reporting
of each incident; however, incident reports have been
filed on each incident in main office. VA has been able
to elope due to lack of supervision. Information from
previous placement did not address VA's elopement activity. (cont'd)

RESULTS OF INVESTIGATION: Allegations of lack of supervision has been
determined to be inconclusive.

FINDINGS continued

Facility has installed alarm system and increased staff ratio to provide more supervision. Facility has applied for Rule 186 funds on VA's behalf but has already given notice of need to be placed elsewhere in the event that funding is denied.

In spite of facility's recent innovations in order to provide supervision, VA has been able to "elope" on at least two occasions because of door not being adequately locked or shut.

HW/sd

INVESTIGATIVE MEMORANDUM
Public Information

Minnesota Statutes, Section 626.557, subdivision 12 (Vulnerable Adult Act)

Report No.: A-1143-89

Date of Incident: 11-27-89

Name and Address of Program Investigated:

Dungarvin XV (15) - Banaher
8204 - 33rd Avenue North
Crystal, MN 55427
545-0114

Nature of Alleged Abuse/Neglect:

Staff neglect of supervision.

Extent of Alleged Abuse/Neglect:

The alleged victim (AV) eloped from the residence through the garage doors. Neighbors who were walking their dog, saw the AV and rang the doorbell to inform staff.

Investigator(s):

Linda Moen, Licenser
Minnesota Department of Human Services
Division of Licensing
444 Lafayette Road
Saint Paul, Minnesota 55155-3842
612/296-0819

Nature of Investigation:

Phone calls with county Adult Protection Services (APS).
Review of internal incident report.
Report similar to A-627-89, T-171-89, A-810-89 (956).

Date(s) of Investigation: 12-05-89 to 6-22-90

Pertinent Information:

The AV went to basement, opened garage door and walked outside into the street. After couple walking dog alerted staff, they came and escorted the AV home.

Staff client ratio was 1:2. Staff, aware of the AV's tendency to walk outside, were reminded to watch the basement door also. Door alarms were on for all outside doors. Consultation with behavior management consultant skilled in dealing with autistic adults was recently started for the AV.

See additional information (program plans, etc.) in previous reports.

Summary of Findings and Rationale for Disposition:

The allegation of staff neglect of supervision was found to be substantiated.

Disposition:

Substantiated X

False _____

Inconclusive _____

No Jurisdiction _____

Corrective Action Taken:

No action required _____

Facility action accepted X

Correction order issued _____

Recommendations made _____

Forfeiture orders _____

Immediate suspension _____

Suspension _____

Probation _____

Revocation _____

License denied _____

Staff ratio was increased when the provider applied for additional funding for 1:1 staff. Staff who were involved with the AV's elopements have received written reprimands.

Signature _____ Date: 6-22-90*
Linda Moen

*Disposition documentation delayed due to lack of adequate information until obtained.

INVESTIGATIVE MEMORANDUM
Public Information

Minnesota Statutes, Section 626.557, (Reporting of Maltreatment of Vulnerable Adults Act)

Report No.: 900533

Date of Incident: June 22, 1990

Name and Address of Program Investigated:

Dungarvin XV Banaher
8204 33rd Avenue North
Crystal, MN 55422

Licensed under Minnesota Rules, parts: 9525.0210 to 9525.0355 (Rule 34)

Nature of Alleged Abuse/Neglect:

Alleged neglect of supervision by the licenseholder.

Extent of Alleged Abuse/Neglect:

It was reported that the AV wandered into a neighborhood home. Similiar incidents occurred last summer, and the reporter was concerned about the licenseholder failing to provide supervision to avert similiar occurrences this summer.

Investigator(s)

Craig C. Hill
Minnesota Department of Human Services
Division of Licensing
444 Lafayette Road
Saint Paul, Minnesota 55155-3842
612/297-4307

Nature of Investigation:

Site review of program records and interviews of program staff was conducted on July 12, 1990. Phone interview with the reporter was conducted on June 26, 1990.

Date(s) of Investigation: From June 27, 1990 to July 25, 1990.

Summary of Information Obtained from the Investigation:

-Reporter stated that AV wandered into several homes last summer and was concerned about the same occurrences this summer. The incidents that occurred last summer were investigated, and the determination was made that five of the occurrences represented neglect of supervision, two others were found false.

Investigative Memorandum

#900533

Page 2

The program took direction that was evaluated as appropriate, and there were no reported incidents from November of 1989 to June 22, 1990.

- Program director stated that the June 22, 1990, incident did occur.
- Due to the facility's approaches, the level of supervision was decreased in an attempt to facilitate increased independence of the alleged victim.
- Staff left AV briefly, and felt comfortable in doing so, because there had been only one other occurrence (November, 1989), in approximately, the past ten months.
- Program director said that the program had instituted several measures to avert future incidents. The facility's programmatic approach included the following:
 - AV had been on an one to one program in the past.
 - The program had a fence installed, as a result of last year's incidents.
 - The program also installed an alarm system.
 - The program has scheduled additional staff to provide closer supervision for AV.
 - The program abuse prevention plan stipulates that AV is supervised on an ongoing basis.
 - The first priority new staff receive during orientation is in AV's program.
 - AV is observed from the home when he gets off the bus.
- While it is established that the incident occurred, it is our determination based on the knowledge provided by the licenseholder that the behavior of the AV was not identified as being endangering to other persons, and that one other occurrence in the past eleven months, does not constitute neglect of supervision, as defined in Minnesota Statutes, section 626.557, the Reporting of Maltreatment of Vulnerable Adults Act. Due to this incident, the program is reinstituting greater levels of supervision.

Disposition:

Substantiated _____
False X as to neglect of supervision
Inconclusive _____
No Jurisdiction _____

Investigative Memorandum
#900533
Page 3

Corrective Action Taken:

No action required_____	Immediate suspension_____
Facility action accepted <u>X</u> _____	Suspension_____
Correction order issued_____	Probation_____
Recommendations made_____	Revocation_____
Forfeiture orders_____	License denied_____

Signature_____

Craig C. Hill
Craig C. Hill

Date: July 25, 1990

P. LINDQUIST & ASSOCIATES, LTD.
A D V E R T I S I N G P U B L I C R E L A T I O N S

Mayor Betty Herbes
5336 Idaho Ave. N.
Crystal, MN 55428

July 30, 1990

Dear Mayor Herbes:

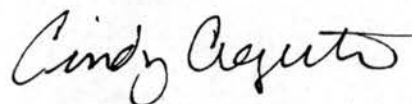
Thank you for taking time with me on the phone last week. We are very pleased you are able join us as our Special Guest at **Nicklow's 2nd Annual Greek Feast**. This is to confirm we are expecting you at Nicklow's on **August 19th**, you should arrive some time between noon and 1 p.m.

Once again, we will have you open the charity game by "throwing out the first pitch." This year, instead of the plate toss, we will play **"DUNK A GREEK."** At **1p.m. we'll have you throw out the first ball**, and try to send Tony Nicklow into the dunk tank. After that, guests at the feast can try their luck to get Tony "all wet," and win food and drink tickets. All proceeds from DUNK A GREEK will benefit the **Crystal Community Center** - according to Park Supervisor Ed Brandeen there is a need for funds to buy sporting equipment.

There will be plenty of food & fun all day long, including Greek Dancers, live music, and games for the kids, so it promises to be another successful event. If your schedule allows, we'd like to invite you and your family to stay and join us as our guests for the lamb dinner at 5 p.m.

Thank you for your support, if you have any questions, please call Pat Lindquist or me at 339-2152.

Sincerely,



Cindy Aegerter
on behalf of Nicklow's

DAVE DURENBERGER
MINNESOTA

United States Senate

WASHINGTON, D.C. 20510

July 26, 1990

Dear Friend:

Wednesday's Senate action on the resolution brought by the Senate Ethics Committee brings to a close what has now been a 22 month-long inquiry into several matters on which my colleagues have now judged my conduct.

This has been a difficult and painful period for me, for my family and friends, and for all those I am privileged to serve in the United States Senate. I have made serious mistakes for which I accept the judgment of my colleagues, and for which I accept full responsibility. Especially to you and others who have supported and assisted me in representing our state in Washington, I am truly sorry.

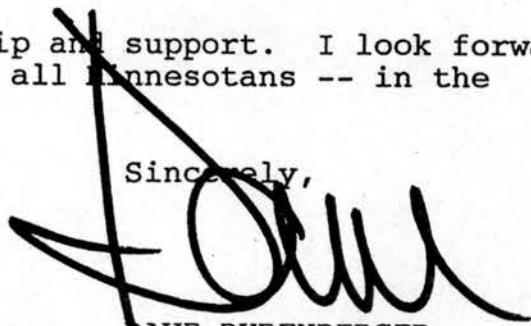
I know I have a lot of hard work ahead of me to earn back your full confidence and trust. But, my commitment to you is to spend every day I serve in the Senate working to be the very best public servant I can possibly be.

There are great challenges that lie out ahead of us -- reducing the deficit, protecting our environment, positioning our economy for the future, providing access to quality health services to every American. I have enough faith in myself -- and enough love and respect for the people I represent -- to want to make the kind of positive contribution you have come to expect of me in all those areas and more.

That's a commitment I also made to my colleagues in my statement Wednesday on the floor of the Senate. A copy of that statement is enclosed.

Thank you again for your friendship and support. I look forward to continuing to serve you -- and all Minnesotans -- in the months and years ahead.

Sincerely,



DAVE DURENBERGER
United States Senator

STATEMENT BY SENATOR DAVE DURENBERGER
JULY 25, 1990

Mr. President, as you can imagine my heart is very full at this moment, so I will be brief.

Actions speak louder than words. I am acutely aware that nothing I say today can change the past, or the future for that matter. The record of my previous statements to the Committee and to the people of Minnesota is there for anyone to examine.

To my colleagues here, who know me and work with me, I would just say how deeply sorry I am for the painful -- and necessary -- experience we've just been through, and for the extra burden my misconduct has placed on each of you.

I love this Senate, and cherish the ideals it stands for. If anyone wants to judge my respect for this body and for each of you, I would suggest they look at my actions over the last 22 months to bring this matter to a conclusion.

I opened my files and my staff to complete scrutiny by the Committee. I released my lawyers from the attorney-client privilege. I cooperated in expediting the hearings. And over the last few days, and just minutes ago, I urged final and uncontested action on the resolution.

I did everything in my power to have this matter fairly considered and behind us. And now, thankfully, that has been done.

As for the future, I would ask only that I be judged by that same standard: not necessarily what I say, but what I do. Financial restitution is only a beginning.

I intend to apply myself every day to lifting a portion of the burden I have placed on the Senate by taking more than my share of the institutional responsibility around this place.

I will work even harder than I already have to bring about solutions

to our national challenges, by bringing to the Senate the best ideas my state -- and my experience -- can produce.

And if there is a smudge on the Seal of the United States Senate, or on the Star of the North, as we like to call our State, I will work my hardest to polish both back to brightness.

Easy, hopeful things to say, I know. But, with God as my witness, I've committed myself to the work it will take to get it done.

I want to thank our Leaders, George Mitchell and Bob Dole for their fair and expeditious handling of this matter, and my special friend, the Republican Whip Alan Simpson, for his love.

I commend the members of the Ethics Committee for their dedication to a most difficult task. I thank my colleagues who have encouraged me. And I thank the other members of the Senate family -- on the staffs, in the restaurants and the elevators, on the subways, and at the guard desks.

I thank my outstanding attorney Jim Hamilton, and I thank my loyal staff who has stuck by me and done their jobs with excellence.

Finally, but especially, I thank the thousands of Minnesotans who called and wrote and stopped me on the street to give their support. It is very easy for me to stand here today and say I have been truly blessed in many ways through this whole experience.

Today is an ending and a beginning. For past mistakes, I ask your forgiveness. For future challenges, I need your friendship.

As a result of what I have lived -- and it has been a costly education -- I have re-ordered my personal and professional priorities to be, first, a better man, and, then, a better Senator. And the proof of that will be my actions over the next four years.

I have confidence in the Senate of the United States. I have confidence in the people of Minnesota. And I have confidence in the power of friendship and of prayer. With your help, I can be bold enough to say: our best days lie ahead.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 101st CONGRESS, SECOND SESSION

Vol. 136

WASHINGTON, WEDNESDAY, JULY 25, 1990

No. 97

NOTE, THE FOLLOWING ARE EXCERPTS FROM STATEMENTS MADE OR ENTERED IN THE RECORD BY OTHER SENATORS DURING THE DEBATE ON THE ETHICS COMMITTEE RESOLUTION

BOB DOLE, MINORITY LEADER, R-KANSAS

Mr. President, you have two things around this place, your word and your record. And, on both, Dave Durenberger is a winner. Let us look at the record; He has made a difference for senior citizens, for minorities, for the disabled. He has made a difference for rural America, for the environment, and for every American seeking affordable health care. If you look at the record you know he has made a difference for the people of Minnesota.

When Dave Durenberger came to the Senate in 1978, we quickly learned about this independent spirit of his. He does not vote the party line. He is not partisan or an ideologue. He does not march lock step with anyone, not the Republican leader, not the President of the United States, and that is just the way the people of Minnesota like it.

Look at the record. He has earned seniority status on top committees through good old-fashioned hard work. If you go to a committee when Dave Durenberger is speaking or asking a question of a witness, you know he has done his homework and you know he is prepared, and you know that he understands the issues and you know that he votes his conscience every time.

He has never ducked the tough issues. He has never ducked a challenge. And, he is not ducking now. He is not ducking now in the face of rough times, but that is Dave's way.

Whatever the outcome of today's vote, and I believe we should support the committee's recommendations, one thing is certain: Dave Durenberger will continue to do what he has done ever since he first came to this place. That is to work hard for the people Minnesota. Look at the record.

ALAN SIMPSON, ASSISTANT MINORITY LEADER, R-WYOMING

Mr. President, the purpose of my remarks is to review my relationship with Dave Durenberger.

He has an extraordinary record of accomplishment, and the Republican leader has touched on that. We all know those things. He has this tremendous energy, a great intellectual capacity, a great curiosity, a great and swift grasp of complex issues -- such as the toxic pollutants section of the Clean Air

Act, if you want to pick on. He has been a very vigorous part of all debate in the U.S. Senate.

In these past 12 years that I have watched him and worked with him, we have seen his extraordinary character; a perceived sternness, but it is not really that. It is really a combination of tenacity, sensitivity and a potent effectiveness, the same things that made his predecessor in the Senate a veritable legend.

Twenty of us came to the Senate in the same year in 1978, and we are very close. We all know each other and we know the strain and stress of our lives in this place -- and others do not and they never will know that. Yet there was always enough of a reservoir of strength and compassion in him and a commitment to do his job. In these recent months, he took a leading role in the Senate passage of the Americans with Disabilities Act, on which he was a conferee; he worked on the Civil rights Act; and the Clean Air Act where I am serving with him as a conferee.

The real legislative craftsmen in this place gain their satisfaction more regularly by simply knowing that they have had their fingerprints on this bill; that that is their amendment in there, and that it became law.

They know that outside of the bright lights and the microphones that they have done their work and helped to achieve a good legislative product. That is the kind of legislator Dave Durenberger is. Whether it is health care, civil rights, environment, Social Security, transportation, disability policy, and a whole host of other legislative activities you will find his legacy of dedicated work during these past 12 years.

I think Hubert Humphrey would have taken pride in his successor's legislative effectiveness, and Hubert Humphrey would also have taken great compassion for his plight.

I am an optimist. I think life is a joyful experience. I think it is a mystery to be lived instead of a problem to be solved. I believe that eminent good can come from even the worst possible situations.

What are the possibilities here for positive results to emerge? First of all, many men or women would simply have withered away under the recent attention and continual pressure that Senator Durenberger has lived through.

He could have withered and fallen into self-pity or bitterness. Yet, he seemed to gain strength. Curious to a lot of us who say, "Gee, look at what Dave is going through, but look at him."

I am certain that his deep religious beliefs proved to be a great comfort and source of strength during this most trying period. I did not seem him mope. He seemed to work even harder at his duties, as I say taking on the role of Senate conferee on two major pieces of legislation.

With such a strong commitment to his work buttressed by the strength of his faith in God and the sincerity and clarity of his apology, I think he will be an even more effective legislator.

In the final analysis, he will and has emerged from this

anguishing time in his life as a better man, a better husband, a better father, a better Senator, at a very tough price to pay. I doubt many of us would want to do it. He has.

We should now assist him in placing this chapter of his life aside, and now bouy him up and help him to press on to the much greater tasks and things that we all very fully expect from him.

* * * * *

ORRIN HATCH, R-UTAH

Mr. President, I have had the opportunity over the last two years to work with Dave Durenberger on a more direct basis as he joined the Committee on Labor and Human Resources. I have come to appreciate his talents as a legislator, as a negotiator and as an advocate. Periodically, we do not agree on some issues, or on how best to fashion a solution to problems that we are ready to acknowledge, but I have always found him to be honest in his assessments and refreshingly candid in his objectives.

For example, the Senator was the lead Republican cosponsor of the Americans with Disabilities Act. He played a critical role during the lengthy negotiations between the White House and the Senate. He played a key role in developing the compromise which passed both Houses by such an overwhelming margin.

The Senator fought hard for an amendment to the child care bill to allow funding to go to religious institutions through certificate programs, providing a solution to one of the most controversial issues involved in that very important legislation.

Few in this body rival the Senator when it comes to health policy. In the next few years, that is going to be one of the most important issues this body will ever see. Few come close to rivalling his ability and knowledge in that area. He has worked hard in trying to solve the problems with access to our health care system, nutritional labeling, food safety, and drug education prevention. And, his ability to integrate his knowledge and experience on financing health issues with the committee's work has been a great benefit to all.

He is not only a strong ranking person on the Finance Committee, but now on the other counterpart committee with regard to health issues in the United States Senate.

Mr. President, I am confident that tomorrow we will start anew. My colleague from Minnesota will operate under different rules, different standards from today, but I happen to know he will be just as effective, just as able and just as active as he has been in the past. Yes, he admits he has been culpable, but he has approached this ordeal with about as much grace and resolve to reform as I believe I have ever witnessed in anybody in my life.

I knew his predecessor Hubert Humphrey really well, and I happen to be one who loved him. He was very close to me. He was one of the first to befriend me in this body. I know Hubert Humphrey would be the first to put his arm around Dave Durenberger because when I came to this body, I was a brash young person and I met a lot of people. Hubert came up and put his arm around me. I remember I was sitting over there when he came in the Chamber for the last time and he was recognized by all of us. After he spoke, he came over and hugged me. That meant more to me than almost anything. I have a feeling he would be hugging Dave today.

The stones of denouncement are easy to cast but most difficult to retrieve. No one in this Chamber is approaching this vote lightly. I know that. So I say to my fellow Senator from Minnesota, my committee colleague and my neighbor right down the hall in the Russell Building, my friend, that I

look forward to the future, and I am ready and willing to work with him on the myriad issues that area before this body. I know, as we work together, that we could not have a better person to do the work, not only of Minnesota, but of this country. I wish Dave well, and I am with you, even though we all know how we have to vote here today. Dave, I want you to know that you have a friend.

* * * * *

WILLIAM ARMSTRONG, R-COLORADO

Mr. President, I am struck as I listened to the speeches today by an extraordinary realization. Everybody who has spoken has made it so clear that they like and admire and love Dave Durenberger. And, when this is all over and after we have all voted to denounce him, we still want him to be our friend. We still want to go down to the dining room and have lunch or dinner with him. Many of us hope to have a relationship with him that will last for the rest of our lives, and we deeply regret that this has happened.

It is interesting how people respond when these things happen to them. Some just throw up their hands and quit. Others have been defiant, against all reason, against all credibility. They just insist, "no, by gosh, I did not do anything that was wrong," and they insist to the bitter end they did nothing that was wrong and end up compounding the problem by their own inability to admit that they did set their foot wrong.

Dave Durenberger has not done that. He has manfully stepped up to the plate and said, "Yes, I erred. I am wrong."

It so happens that I sit next to Dave on the Finance Committee. And, day after day, I have watched how he works in committee, watched over and over again as he has gone through that process of consideration and evaluation and questioning witnesses and relating to his colleagues on what some believe to be the most significant and influential committee of the Congress, watched how he reaches conclusions, watched how he puts together coalitions, doing the real work of legislating and reaching across to the other side of the aisle. The fact is that everybody on the Finance Committee respects him because we have watched him work and have seen how effective and how significant his contribution to this process is.

Finally, Mr. President, I want to say a word about the future. I sense in Dave Durenberger's demeanor and his attitude that he is becoming a better Senator, a stronger, more resilient, battle-scarred person.

I have great faith and confidence in Dave Durenberger. He is a great Senator. I think over the next few years we are going to see that he is going to achieve more and accomplish more than ever before in his legislative career. I have a lot of faith in him. I believe that faith will be amply vindicated in the years ahead.

* * * * *

RUDY BOSCHWITZ, R-MINNESOTA

Mr. President, Dave Durenberger and I were elected to the U.S. Senate on the same day in 1978. He was sworn in the day after the election and became my senior Senator, an order that I trust will remain for my entire stay here in the Senate.

While we did not know one another well in Minnesota, we became neighbors in McLean, Virginia and close friends as well. We each have four sons of approximately the same age, and all were a little lonely from Minnesota after we arrived here, and so the boys sought solace from one another.

Dave, Jr. is my son Dan's age. He, particularly, was

frequently in our home. Penny Durenberger carpooled with my wife, and I developed a warm and close relationship with my senior colleague that I will always treasure. I believe I know him as well as any member of our body, perhaps even a little better. I have known him in good times and in bad times for both of us because few, very few are lucky enough not to have some tough times.

These are tough times for my friend Dave Durenberger. Dave and Penny have both been unlucky. Both lost their first spouses. When they married, Penny suddenly became the mother of four sons, not an easy situation and one fraught with many risks.

Dave drove himself at his work when he arrived here with an intensity that I have seldom seen. I am afraid that some of the risks that he took were heightened by all the pressures that all of us know about, and all the pressures that all of us endure here were particularly intense in this good man, this decent man, this man who has achieved so much in this chamber.

Let me explain the vote that I will cast when my name is called today.

First, I know Dave Durenberger. I know his decency, his spirit his contribution to this body.

Second, he sought advice. He sought it from every quarter, the Rules Committee, the Ethics Committee, the FEC, and the veritable band of attorneys. Nothing was hidden.

Third, no one has suggested or even hinted, that a single vote was influenced.

Four, and most of all, I believe he has been punished enough. The matter that we decide here today is 21 or 22 months old. There has, in my opinion, been an unconscionable delay. Dave has been dangling out there for nearly 2 years, hanging in the wind, being hammered by the press and by the political opponents.

Senator Durenberger has indeed already been punished enough. And, I also agree with my friend, the Senator from New Hampshire, the vice chairman of the Ethics Committee, that Dave's judgment was impaired during the time in question. When the vote is called today, Mr. President, I will vote "present."

* * * * *

THAD COCHRAN, R-MISSISSIPPI

Mr. President, I also came to the Senate with Dave Durenberger after the elections 12 years ago. We became friends very quickly and I watched him become an immediate influence in this body.

His depth of genuine concern about the elderly in our society, the disabled, the students in our schools -- was obvious from the beginning, and he has worked very hard to ensure that something was done to enlarge their opportunities and make their lives better.

He has confessed that he made serious mistakes and he has acknowledged and will make good on his debts. While I will vote as recommended by the Ethics Committee, in many ways, for many months, he has been punished already.

I am certain he will rededicate himself to the service of his constituents and, I'm certain he has the capacity to discharge the responsibilities of that service in a way that will make Minnesota, and this institution, better places because of his efforts.

* * * * *

CARL LEVIN, D-MICHIGAN

Mr. President, the colleague that we judge today is one whose intellect is keen, whose heart is open. He has reached

out to groups in this society that have been neglected. He has reached out to members of this body in particularly personal ways. He has always been of good cheer and is an extraordinarily decent human being. I believe, Mr. President, that the personal relationships which Dave Durenberger has forged with so many of us will not only withstand the strain of these events, but will, over time, hopefully, be deepened by them.

As Senators, we must unflinchingly exercise the judgment which is required by these facts. As a human being I remain a steadfast friend of David Durenberger and an admirer of the legislative work he has accomplished in this body.

* * * * *

JOHN CHAFEE, R-RHODE ISLAND

Mr. President, Hemingway describes courage as "grace under pressure." Dave Durenberger, my friend, indeed a friend of all of us, has this courage, this "grace under pressure," and has shown it.

Through these trying times, Dave Durenberger has continued his valuable Senate work, especially in connection with the Clean Air Act and the conference which is currently underway on that very bill.

He has brown in both character and Senate reputation during these difficult days.

* * * * *

CHARLES GRASSLEY, R-IOWA

Mr. President, the Senator from Minnesota has been an excellent member of this body, and I am confident will continue to be. He takes on the tough issues and develops thoughtful and creative resolutions. His excellent leadership on health issues, in particular, should make the voters of Minnesota proud. As ranking member of the Finance Subcommittee on Medicare and Long-term Care, Senator Durenberger's work on physician payment reform, specifically, has been of great benefit to those of us from rural states. Indeed, as a colleague on the Rural Health Caucus, I know that Senator Durenberger has been a friend of the elderly and infirm, especially regarding their access to rural health care.

Finally, Mr. President, I want to commend Senator Durenberger for the way in which he has handled himself throughout this inquiry and investigation. Always forthright about the allegations, he has conducted himself in a most respectful manner. None of us will ever know of the pain and torment, let alone the personal sacrifices, that this investigation has had on the Senator and his family.

Yet, throughout this ordeal, he has been honest, and forthright with us. We his colleagues in the Senate owe it to him to not let his earlier mistakes affect the manner in which we work with him now and in the future. The business of the Senate is too important for us to impede the contributions of the Senator from Minnesota. I am sure that those contributions will be many.

* * * * *

NANCY KASSEBAUM, R-KANSAS

Mr. President, nearly 12 years ago, I entered the Senate in the same class as the Senator from Minnesota and I want to add a personal note to the proceedings before us.

During my years in the Senate with Senator Durenberger, I have developed a great appreciation for his enthusiasm for the legislative process and for his dedication to shaping sound policy. His contributions in the areas of health care policy and environmental issues have shown a depth and breadth of understanding and skill that are the mark of a thoughtful Senator.

The Senator from Minnesota also is frank to acknowledge that his own serious mistakes have brought us to this point. I will support the committee's resolution, but I could not do so without expressing my personal appreciation for his substantive contributions to national policies.

* * * * *

JAMES JEFFORDS, R-VERMONT

Mr. President, I have had the privilege of serving on both the Environment and Public Works and the Labor and Human Resources Committees with Senator Dave Durenberger. My experience in working with Senator Durenberger has given me the opportunity to see the kind of service he has provided to his constituents in Minnesota and to this country. Senator Durenberger is a committed public servant who has worked diligently to represent his state in the U.S. Senate. He has been particularly effective on recent critical legislation such as the Americans with Disabilities Act and the Clean Air Act. His ongoing and tireless efforts to improve health care in this country as the ranking member on the Finance Committee's Subcommittee on Medicare and Long-Term Care are well known. Senator Durenberger is a bright, hardworking committed and effective U.S. Senator.

I consider Dave Durenberger a friend and am deeply sorry for him and his family for the events that have led up to this difficult day.

That's why it grieves me to have to vote today to denounce Senator Durenberger as recommended by the Ethics Committee. The charges are serious and deserve such denunciation. However, I do believe that Senator Durenberger's years of dedication and service to his state his country and this Senate should not be overlooked as we take this action to denounce him for the activity that led to the Ethics Committee's decision. I hope that we will all learn from his experience, as I am sure he has, and be even more diligent in our efforts to be above reproach in our financial dealings and personal activity.

MARK HATFIELD, R-OREGON

Mr. President, let me underscore the point that Senator Durenberger's accomplishments -- his service to the people of Minnesota and the people of this country -- are not in question. From the Americans with Disabilities Act to the Pepper Commission to Medicare Physician Payment Reform, his efforts have improved the lives of a great many people. Nothing we do or say here today will detract from that fact.

Let me also make a distinction that too often is lost in the shuffle -- a distinction I think is fundamental to the task at hand and indeed to this institution and the relationships which anchor it. That distinction is best articulated by the Scriptures which teach us to love the person even through we may disapprove of his actions.

I do not mean to suggest that we are not accountable for our actions, we are. But, as we stand here in judgment today, let us also stand here in humility. Let us be on guard against the temptation to cloak ourselves in the myth of infallibility -- on guard against the seductive notion that we are better, wiser, and more worthy for finding fault in someone else.

We gather here day after day, charged with the task of making decisions which affect the course of events in this country and often in this world. We gather here as men and women who have been given the most precious thing a democracy has to forfeit, the public trust. Yet for all the attention lavished upon us and all the responsibility entrusted to us, we cannot escape one basic fact, we are, every single one of us, human beings.

And, above all else, the Senate is an institution of individual human beings -- an institution in which our compassion goes hand in hand with our doubts, our dreams hand in hand with our failures. We are obligated to protect this institution--but in so doing, let us not forget the human relationships which hold it, and indeed us together. Let us be honest and fair--but let us also reaffirm the enduring yet fragile relationships which can serve as our anchor through this storm.

Carl W. Cummins, III
Director
Susan M. Turbes
Administrator
Government Relations
Kimberly M. Roden
Administrator
Community & Government Relations



July 31, 1990

Dear Mayor:

Diversified Energies, Inc., Minnegasco's parent company, yesterday announced that it is merging with Arkla, Inc. Arkla is one of the nation's largest natural gas companies, with assets of nearly \$4 billion and serving more than two million customers. Arkla is based in Little Rock, Arkansas; Shreveport, Louisiana; and Houston, Texas.

This merger has been approved by the boards of directors of both companies and must now be approved by a majority of each companies' shareholders. The merger is also subject to certain regulatory approvals and other conditions. If the merger is approved, DEI's name will be changed to Arkla, Inc. Thomas F. "Mack" McLarty III, Chairman, President and Chief Executive Officer of Arkla will continue in those offices following the merger. Albert D. Etchelecu, Chairman, President and Chief Executive Officer of DEI will serve as Vice Chairman of the Board of Arkla and will continue as Chairman and Chief Executive Officer of Minnegasco.

Minnegasco and the other DEI subsidiaries, E.F. Johnson, Inc., EnScan, Inc. and Minneapolis Energy Center, Inc. will retain their respective identities and will continue to maintain their headquarters in Minneapolis. "Mack and I both believe that it is important for our existing businesses to continue to be based in Minnesota so that we can maintain the superior level of service which our customers have come to expect," said Etchelecu.

We at Minnegasco look forward to continuing to provide high quality energy services to all of our local communities here in Minnesota. If you, your staff or any of your constituents have any questions about this merger, please feel free to contact me at any time at 342-5161.

Very truly yours,

Carl W. Cummins, III



CITY of CRYSTAL

4141 Douglas Drive North • Crystal, MN 55422-1696 • 537-8421

ADMINISTRATIVE OFFICE

August 3, 1990

Dear Crystal Property Owner:

As you are probably aware, Hennepin County has awarded the construction contract for the Medicine Lake Road upgrade/widening to C. S. McCrossan of Maple Grove. The project has been broken into two distinct sections in an attempt to minimize local impacts. Work on the section of CR70 between Winnetka Avenue to TH169 is scheduled to start the week of August 6. The roadway segment will be closed to thru traffic until late fall. The second section of the project between Winnetka Avenue and Douglas Drive is scheduled to commence in April of 1991 and continue through most of the construction season. There is no question adjacent property owners will be inconvenienced by the construction work but Hennepin County has stated their commitment to minimizing the impacts as much as possible.

Should you have questions regarding this project, feel free to call this office. I will do my best to answer any questions or put you in touch with the proper County personnel.

Sincerely,

William Monk
City Engineer

WM:mb

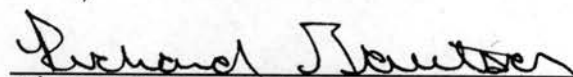
CITY OF CRYSTAL
POLICE DEPARTMENT

MEMORANDUM

DATE: July 25, 1990
TO: Jerry Dulgar, City Manager
FROM: Richard Gautsch
SUBJECT: Complainant Kenneth Konkol
3500 Perry Avenue North

In response to Konkol's telephone message, I called his residence and left a message on his answering machine explaining the procedure to be followed for filing a damage claim against the Crystal Police Department. I instructed Konkol to contact me at the Crystal Police Department or Nancy Gohman in the Administrative Offices if he had any questions concerning this procedure.

It should be noted that the only damage caused by the police at Konkol's residence was the damage to a bedroom window which resulted from two tear gas projectiles being launched through the window. The guns that Konkol states were stolen are presently logged and maintained in the Crystal property room. There was no cash removed from the residence. A complete detailed report regarding this incident is available through the Crystal Police Department.



Richard W. Gautsch
Lieutenant

RWG/la

HOLMES & GRAVEN
CHARTERED

Attorneys at Law

ROBERT A. ALSOP
PAUL D. BAERTSCHI
RONALD H. BATTY
MARY J. BRENDEN
STEPHEN J. BUBUL
ROBERT C. CARLSON
CHRISTINE M. CHALE
JOHN B. DEAN
ROBERT J. DEIKE
MARY G. DOBBINS
JEFFREY ENG
STEFANIE N. GALEY
DAVID L. GRAVEN
CORRINE A. HEINE
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OF COUNSEL

ROBERT L. DAVIDSON
JOHN G. HOESCHLER

July 25, 1990

Mr. Jerry Dulgar
City Manager
City of Crystal
Crystal City Hall
4141 Douglas Drive North
Crystal, MN 55422

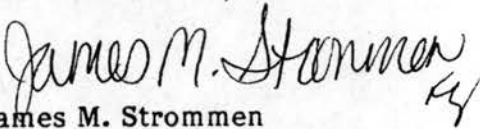
Re: Minutes of July 18, 1990 SRA Quarterly Meeting

Dear Mr. Dulgar:

We appreciate your interest in membership in the Suburban Rate Authority. Enclosed are the minutes of the most recent quarterly meeting of the Suburban Rate Authority, with attachments. If you have any questions regarding the minutes please contact the undersigned or Dave Kennedy at 337-9232.

Very truly yours,

Holmes & Graven, Chartered


James M. Strommen

JMS/kg
Enclosures

**MINUTES OF
THE QUARTERLY MEETING OF
THE SUBURBAN RATE AUTHORITY**

July 18, 1990

Pursuant to due call and notice thereof, the quarterly meeting of the Suburban Rate Authority was held at the Ambassador Motor Hotel in the City of St. Louis Park, Minnesota, on Wednesday, July 18, 1990, commencing at 6:30 p.m.

1. **CALL TO ORDER:** The meeting was called to order by the Chairman, Robert DeGhetto.

2. **ROLL CALL:**

Bloomington
Brooklyn Park
Columbia Heights
Deephaven
Edina
Fridley
Minnetonka

Orono
Osseo
Shakopee
West St. Paul

John G. Pidgeon
Graydon R. Boeck
Edward M. Carlson
William D. Schoell
John Wallin
Mark Winson
Robert DeGhetto
David Sonnenberg
John Gerhardsen
Vernon Dehmer
Gloria Vierling
William Craig

Also present were Dave Kennedy and James Strommen of Holmes & Graven, SRA attorneys.

3. **APPROVAL OF MINUTES:** The minutes of the April 18, 1990 meeting were presented for approval. It was moved by Mr. Carlson and seconded by Mr. Wallin that the Minutes be approved. The motion carried unanimously.

4. **OFFICERS' REPORTS:** Mr. Wallin presented the Treasurer's report, a copy of which is attached to these minutes. Ms. Vierling moved to accept the Treasurer's report. Her motion was seconded by Mr. Dehmer, and it carried unanimously.

5. **COMMUNICATIONS:**

a. **Letters to Potential Members.** Mr. Strommen reported on the results of the letters and information sent to potential SRA members in the Suburban Twin City area. Mr. Strommen has received favorable responses from the City of Prior Lake and the City of Woodbury, both of which appear to be interested in joining the SRA in 1991. The Cities of St. Anthony

and Shorewood sent letter respectfully declining membership due to budgetary considerations. The City of Crystal continues to express interest in joining, without committing. It was agreed that no further mailings are warranted unless as follow-ups to those cities inquiring about membership. Board members were urged to contact any individuals on the staff or council of the potential member cities.

b. SRA Franchise Issue. At the previous quarterly meeting the board authorized Glenn Purdue, legal counsel, to take appropriate action regarding possible misrepresentations to suburban communities made by NSP regarding SRA approved Franchise Agreement. Mr. Purdue sent a letter to counsel to NSP bringing this issue to its attention. A copy of that letter was sent to the SRA directors. Attached is a letter dated July 9, 1990 from NSP to Mr. Purdue giving NSP's response to the SRA's position. NSP has basically denied any misrepresentation, specifically regarding the most recent problem involving the City of Orono. No board action was necessary regarding this matter, which Mr. Purdue continues to investigate. Mr. Purdue sent a letter to the City of Orono (attached) asking for its response to the NSP letter.

6. UNFINISHED BUSINESS:

a. Report of the CSO Study Committee. Mr. Craig submitted a report on behalf of the Committee formed at the previous quarterly meeting to investigate CSO and related issues. (Report attached). Mr. Craig reported that the Committee met with representatives of Minneapolis, St. Paul and South St. Paul in an attempt to identify problems and possibly find common ground on sewer or storm water run-off issues. Mr. Craig concluded that the rates paid by Minneapolis, St. Paul and South St. Paul are not significantly out of line when compared to suburban rates. Mr. Craig predicts that federal and state regulatory agencies will gradually institute controls on storm water outlets. He observed that all Twin City area municipalities have a vested interest in standing together and resisting regulations that are unreasonable or are unduly stringent relative to standards imposed on other United States cities. Mr. Craig recommends no further action by the Committee at this time. Mr. Schoell moved to accept the report and thanked Mr. Craig for efforts in establishing dialog with representatives of other municipalities and agencies. Ms. Vierling seconded the motion which carried unanimously.

b. NSP Rate Case. Mr. Purdue submitted a memorandum (Attached) highlighting the rate of return recommendations recently submitted by the Administrative Law Judge. The ALJ has recommended an over-all rate of return to NSP of 9.52% (11.8% return on common equity). The recommendation was for less than NSP sought and roughly comparable to the level of interim rates

presently in place for electric utilities. As of the date of the meeting, the ALJ had not submitted his recommendations regarding rate design issues, such as municipal pumping, on which the SRA took an affirmative position.

c. US West Incentive Plan. Mr. Strommen reported on the status of US West's petition to the Public Utilities Commission for incentive regulation. (Attached). On June 7, 1990 the Commission accepted the US West petition with modifications. The Commission accepted a 50/50 ratepayer - shareholder sharing to begin at 13.74% return on equity. This is higher than that recommended by either the Attorney General or the Department of Public Service, and both agencies are seeking reconsideration of that threshold, down to 13.0%. The Commission was receptive to the SRA position regarding sharing formula by tier, but found that it was more appropriately addressed in the pending review of the Tier System. The Commission may modify its original order regarding the sharing threshold. In either case, US West is free to accept or reject the Commission's Order. If US West rejects the Order it must file a general rate case to obtain any change in its rate of return.

d. Tier System Review. Mr. Strommen reported that the Commission will be holding a hearing before the next SRA quarterly meeting on possible review of the Tier System. Mr. Strommen posed the question as to the most preferable manner in which to study the Tier System. He pointed out that a contested case hearing inevitably requires an expert and would involve substantial cost because of the SRA's lead role in the case. A less costly alternative which could yield comparable results without sacrificing the option of a contested case hearing is a task force to study the Tier System. Mr. Strommen explained that he would envision a task force consisting of interested parties, and an expert who would study the present rate design. The task force would identify needs and possibly submit a joint recommendation for an alternative rate design to the Commission. Mr. Boeck moved to authorize counsel to recommend a task force as a first option and contested case hearing as a second option. Mr. Vinson amended the motion to require a re-evaluation of SRA involvement in the event a contested case hearing is ordered. Mr. Boeck seconded Mr. Vinson's second amended motion. The motion passed unanimously.

e. MWCC - EPA. Mr. Lindall of Holmes & Graven submitted a report regarding the MPCA permit to the MWCC for the Metro Treatment Facility. (Attached). The MWCC, EPA and MPCA have deferred the issue of required phosphorous facilities until the completion of two studies. A treatment plant and river study, respectively, are to be completed in 1993. No board action or SRA intervention is necessary as a result of this agreement.

f. 1991 Budget. The 1991 SRA Budget, as proposed at the previous quarterly meeting, was moved for adoption by Mr. Carlson. (Attached). Neither board members nor counsel for the SRA had received any comments from SRA members regarding the proposed 1991 budget. Ms. Vierling seconded the motion, which passed unanimously.

7. NEW BUSINESS: Mr. Gerhardson related that the MWCC has informed the City of Orono that the City must buy back a sewer line which the MWCC purchased from the City in 1970. In 1987, the City had agreed to take over operations and maintenance of the line after the MWCC had completed a parallel interceptor. The City denies agreeing to buy back the line and questions whether the MWCC has authority to require the City to do so. The MWCC has established a policy of reconveyance which potentially includes several cities in the SRA; Maplewood, Shoreview and Eden Prairie. (list attached). The City is concerned about the potential cost of such a reconveyance. After discussion regarding MWCC authority, fairness issues and the ramifications to other SRA members, Mr. Craig moved that the SRA monitor the situation and assist in the facilitation of a settlement between the City and the MWCC consistent with the best interests of the SRA. Mr. Boeck seconded the motion which passed unanimously.

8. CLAIMS: Holmes & Graven presented a bill for its services totaling \$13,287.88. Ms. Vierling moved to accept the claim and Chair DeGhetto seconded the motion which passed unanimously. Messerli & Kramer also presented its bill in the amount of \$7,212.45. Mr. Schoell moved to accept the claim and Ms. Vierling seconded the motion which passed unanimously.

9. ADJOURNMENT: Mr. Sonnenberg moved that the meeting be adjourned. Mr. Vincent seconded the motion which passed unanimously. The Chair declared the meeting adjourned. Next regular meeting to be held October 17, 1990.

Attest:

Chairman

Secretary

Attachments:
Treasurer's Report
1991 Budget

SUBURBAN RATE AUTHORITY
ANALYSIS OF CHANGE IN CASH BALANCE
SAINT LOUIS PARK, MINNESOTA
FOR THE SIX MONTHS ENDED JUNE 30, 1990

Balance at January 1 1990		\$ 97,642.50 •
Additions		
Interest income	\$ 2,624.32	
Special Assessments - 1989	175.00	
Special Assessments - 1990 - See Schedule attached for details	28,175.00	
		30,974.32
		<hr/>
		\$128,616.82
Deductions:		
Accounts payable:		
LeFevere, Lefler, Kennedy, O'Brien and Drawz	\$ 1,971.50	
Messerli and Kramer	26,209.39	
Holmes & Graven	13,142.90	
George M. Hansen Company - Audit	675.00	
Dinner - guests	12.00	42,010.79
		<hr/>
Balance at June 30, 1990		\$ 86,606.03 =====

Note A:

- The breakdown of legal costs are as follows:

General	\$ 7,424.29
Northwestern Bell EAS	2,937.20
U S West	6,652.05
NSP	10,441.35
CSO - Messerli	12,496.65
MWCC - EPA	1,372.25
	<hr/>
	\$ 41,323.79 =====

SUBURBAN RATE AUTHORITY
STATUS OF ASSESSMENTS RECEIVABLE
SAINT LOUIS PARK, MINNESOTA
As of June 30, 1990

	VOTES	ASSESSMENT	PAID	BALANCE DUE
Bloomington	17	\$ 5950.00	\$ 2975.00	\$ 2975.00
Brooklyn Park	9	3150.00	1575.00	1575.00
Burnsville	8	2800.00	1400.00	1400.00
Champlin	2	700.00	350.00	350.00
Circle Pines	1	350.00	350.00	0.00
Columbia Heights	5	1750.00	875.00	875.00
Deephaven	1	350.00	175.00	175.00
Eden Prairie	4	1400.00	700.00	700.00
Edina	10	3500.00	1750.00	1750.00
Fridley	7	2450.00	1225.00	1225.00
Greenwood	1	350.00	175.00	175.00
Hastings	3	1050.00	525.00	525.00
Hopkins	4	1400.00	700.00	700.00
Lauderdale	1	350.00	175.00	175.00
Maple Plain	1	350.00	175.00	175.00
Maplewood	6	2100.00	1050.00	1050.00
Minnetonka	8	2800.00	2800.00	0.00
Minnetrista	1	350.00	175.00	175.00
New Brighton	5	1750.00	875.00	875.00
North St. Paul	3	1050.00	525.00	525.00
Orono	2	700.00	350.00	350.00
Osseo	1	350.00	350.00	0.00
Plymouth	7	2450.00	1225.00	1225.00
Richfield	8	2800.00	1400.00	1400.00
Robbinsdale	3	1050.00	525.00	525.00
Roseville	8	2800.00	1400.00	1400.00
Shakopee	2	700.00	700.00	0.00
Shoreview	4	1400.00	700.00	700.00
Savage	2	700.00	350.00	350.00
Spring Park	1	350.00	175.00	175.00
St. Louis Park	9	3150.00	1575.00	1575.00
Wayzata	1	350.00	175.00	175.00
West St. Paul	4	1400.00	700.00	700.00
Woodland	1	350.00	0.00	350.00
	150	\$ 52500.00	\$ 28175.00	\$ 24325.00
		=====	=====	=====

Northern States Power Company
Law Department

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July 9, 1990

Glenn E. Purdue
Messerli & Kramer
1500 Northland Plaza Building
3800 West 80th Street
Minneapolis, Minnesota 55431-4409

Re: SRA Franchise

Dear Mr. Purdue:

Your June 25, 1990 letter to Mr. Howard was referred to me for investigation and response. Let me first respond to your specific allegations.

Your September 15 letter requested that Mr. Blair advise NSP personnel involved with electric franchises to be aware there is a disagreement with the SRA over the appropriateness of the changes desired by NSP to the SRA format and to communicate his confirmation that such advice was given. You state in your letter that "I requested the confirmation in writing to my Sept. 15 letter, but none was provided." The confirmation was provided to you by my letter to you dated September 17, 1987. I am enclosing another copy for your files.

Your only claim of misrepresentation by NSP of any recent vintage centers around the City of Orono. A communication exists before your September 15, 1987 letter and shows that NSP was following the commitment made in Mr. Blair's August 19, 1987 letter "to insert the NSP proposal in the proposed franchise and to send along a separate page setting forth NSP's variation from the SRA franchise in Section 9 by underscored language." To illustrate this, I enclose a copy of the cover letter from Mr. Regan to M.E. Peterson, the individual in charge of delivery of the proposal to Orono, together with a copy of the separate page referring to Section 9 which was enclosed with that letter. Mr. Peterson delivered that information to Orono. Orono delivered the information to its attorney, who had no problems with NSP's position, but wanted a multitude of other changes to the SRA franchise. I requested the attorney check with his client in regard to its policy decision regarding the SRA

July 9, 1990
Glenn E. Purdue
SRA Franchise
Page 2

electric franchise and get back to me. He never responded to my phone calls. Finally, in early 1990, NSP submitted another proposed franchise to the City which they could forward to a different attorney for review. I enclose a copy of the routing slip for that franchise which I initialed on 1/31/90 and added the following instructions:

"1/31/90 Don't send this out to Orono w/o the marked up Section 9 showing our changes. HJB"

NSP cannot control how a City communicates with its attorneys any more than it can control the unfounded allegations about NSP you made to Orono's attorney. The only thing I can do is instruct the department preparing the franchises to call the differences from the SRA form to the attention of our representative with instructions to communicate that difference to the city. This I have done as the communication regarding Orono illustrates. However, as illustrated in my July 24, 1987 letter to you (copy enclosed and was included with the Orono communication), you and I disagree on the appropriateness of NSP's request to changes to Section 9.

Your letter also alleges misrepresentations to the cities of Bloomington, Richfield and Circle Pines. The franchises were presented to Bloomington and Richfield on July 8, 1987, about three years ago and apparently prompted your September 15, 1987 letter. Even though these presentations predated Mr. Blair's August 19, 1987 letter, the differences from the SRA form were communicated to the cities. You complained in your letter of September 15, 1987 that the impact of the changes were orally alleged to be "minor and inconsequential." NSP's representative thereafter told the cities that you were very concerned about NSP's proposed changes even though we believed that the cities were already informed as to your position.

In regard to Circle Pines, NSP did obtain a franchise with Council action on July 11, 1989, for the purpose of serving an outlying residential subdivision of some eighty homes. The remainder of the community is served by Anoka Electric Cooperative. I was not able to locate letters or other documents evidencing what was communicated to the City, but the franchise fee section only adopts a portion of NSP's suggested changes. Therefore, it appears the differences were communicated and then negotiated.

July 9, 1990
Glenn E. Purdue
SRA Franchise
Page 3

Your letter to Mr. Howard next complains that NSP is changing paragraph 2.1 to a specific period of twenty years instead of a specific date negotiated with the SRA. NSP never agreed to use the specific date indefinitely, it only agreed to use it for the initial group of franchises obtained after conclusion of the negotiations with the SRA. In your March 12, 1987 memorandum to all SRA City Managers circulating the uniform electric franchise and Mr. Blair's February 5, 1987 letter, you make the following statement:

"The SRA Board recommends that each member City adopt the Franchise (assuming it does not have a current Franchise) in substantially the form recommended by the Board. If you have a current Franchise, but wish to amend it to adopt the SRA Uniform Franchise, please contact NSP. We have been told that NSP will consider such request on a case-by-case basis. NSP has designated Pete Carney, Manager, Rate Administration, 330-6255, as its representative regarding the Franchise."

As the above quotation illustrates, you understood at the time that NSP had not committed to accept franchises for less than twenty years as the franchises in existence in 1987 gradually lapsed in subsequent years. I believe NSP could obtain confirmation on this point from other member cities whose franchises have not yet lapsed. You correctly note that some text was unintentionally omitted from the latter part of 2.1 of the Franchise prepared for Orono. I do not know if this typographical error has shown up elsewhere.

You make the further allegation that NSP is approaching non-member cities with non-SRA franchises and representing that they are the SRA franchise. NSP is not using the SRA form with non-SRA cities as you should be well aware. When you represented the City of Crystal in franchise negotiations during 1989, NSP refused to negotiate a SRA Franchise form with Crystal unless it became a SRA member. It is NSP's firm position that the exact provisions of the SRA Uniform Franchise is not automatically available to a non-SRA member since some concessions were made in the provisions regarding the franchise fee which was part of the joint bargaining and the anticipation of concluding many franchise agreements. The City of Crystal franchise was accepted in an SRA format after Crystal resolved to join SRA. However, Section 2.1 of that franchise was changed to twenty years from the date the franchise was first presented to the City, not from April 1, 1987. I do not remember you making any objection to the failure to use "April 1, 1987" in Section 2.1 for Crystal.

July 9, 1990
Glenn E. Purdue
SRA Franchise
Page 4

You conclude your letter with a demand that the "Board requires" NSP to provide detailed information on all SRA franchises. This would be a considerable and unnecessary effort by NSP. Presumably SRA itself has copies of all member franchises and can make its own comparisons. I am confused by your threat to file a complaint with the Minnesota Public Utilities Commission (MPUC). I am unaware of any statutory provision granting the MPUC authority over municipal franchises, and SRA in the past has not suggested the MPUC as an arbiter of these matters.

Let me put this entire discussion into perspective. NSP agreed to negotiations for a uniform electric franchise with the SRA even though SRA has no authority to bind its members to the result. NSP has stood by its unilateral commitment to the SRA, but it never agreed with the SRA that for twenty years it would keep the same format with all SRA members. Mr. Blair's letter to Mr. Anderson of August 19, 1987, was straightforward and left no doubt where NSP stood with regard to the negotiating process on the desired NSP changes. NSP has agreed with several cities to the original SRA format in Section 9 to honor the unilateral commitment of Mr. Blair's letter.

In the future, if you find that NSP is not highlighting changes from the SRA format or in any other way causing concern to you or the SRA, please contact me directly so I can investigate and respond in a timely fashion.

Sincerely,


Harold J. Bagley

HJB:kh

Encs.

MESSERLI & KRAMER

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DAVID C. ROLAND
CINDY L. DAVIS

July 18, 1990

Mr. Mark Bernhardson
Administrator, City of Orono
Box 66
Crystal Bay MN 55323

RE: NSP Franchise

Dear Mark,

I am enclosing a copy of an NSP letter dated July 9 in response to my complaint.

I understand the letter to say that NSP clearly set out the SRA approved franchise and its requested changes, in its conversations with Orono. In support of this, they provide several old pieces of internal correspondence and one routing slip dated January 30, 1990.

I have to take my lead from you at this point. NSP takes the position that since the SRA could not bind its members to the agreed upon version, it had the right to lobby cities toward the franchise in the way NSP wanted it. The concession seemed to be that NSP would accept the SRA version if a city insisted on it.

If we wish to pursue this, I will need some information from you as to whether or not NSP presented alternatives to you, as Mr. Bagley states in his letter.

Very truly yours,



Glenn E. Purdue

GEP:jdn.ba6

Enclosure

CC: James M. Strommen, Esq.

SUBURBAN RATE AUTHORITY

Combined Sewer Overflow Study Committee

On June 22, 1990, the Committee again met with representatives of Minneapolis, St. Paul, and South St. Paul. In attendance was Grady Boeck and Bill Craig from the Committee, Loren Voight from the MPCA, Bill Barnhart from Minneapolis, Roy Bredahl from St. Paul, and Ralph Henry from South St. Paul.

A question was raised why Bill Schoell had opposed state funding for WMO projects on May 17th, but in Bill's absence no answer was available.

Discussion followed regarding the new Legislative Water Commission, "target pollution loads", and the new Federal requirements for NPDES permits for stormwater outlets. Questions were raised about the speed of the CSO program, considering that federal officials are "moving the target". All agreed that significant regulations are in the works concerning stormwater quality and discharge. Ralph Henry felt that the current Infiltration and Inflow study by MWCC is related to the above. Bill Barnhart noted his belief that the Legislative Water Commission will be discussing stormwater quality, and stated that the MPCA has been defending MWCC against unreasonable Federal demands at the Blue Lake and Seneca plants.

Craig gave a short account of the rate study and distributed the preliminary results. Grady Boeck felt the study was incomplete because of many factors.

According to the representatives present, Minneapolis pays 85% of its sewer budget to MWCC, while in St. Paul the figure is 70%.

Roy Bredahl noted that St. Paul was now billing \$32.00 per residential property for their stormwater system. Additionally, St. Paul assesses \$.03 per square foot for CSO special assessment charges in areas being separated. He handed out a 1989 rate study done by Grand Island, Nebraska, and a number of graphs and charts showing city sewer rates, rate structure, and MWCC sewer billable amounts vs. billable water sales in St. Paul.

At the conclusion of the presentation and discussion, it was agreed by all (even considering the difficulties in comparison) that Minneapolis, St. Paul, and South St. Paul had higher sanitary sewer rates than the average SRA member.

Grady Boeck noted that 18% of the flow at Pigs Eye was infiltration and inflow in 1986, and that the CSO program should reduce that (ideally, I and I should be 10% or less). The meeting adjourned with everyone still on speaking terms.

Frankly, the Committee didn't resolve our adversarial problem, and at best pointed out important points for future agreement as the regulatory climate grows worse. Little of that has anything to do with utility rates, other than the sewer rates we will be establishing to pay MWCC billings.

The short version of our findings goes as follows: The Metro area had the choice long ago of building pipes and treatment facilities for stormwater/sanitary sewage combined, or opting for separation (CSO). CSO was cheaper and was the selected option. The EPA, propelled by the lawsuit from the State of Wisconsin, has set a compliance schedule that the cities involved cannot meet, if they keep sewer rates and tax rates from reaching politically unacceptable levels. The MPCA will strive to keep them on schedule by injecting State tax money as available. The "fairness" argument advanced by SRA makes little or no impact on a Legislature which runs political expediency.

The short version of the probable future is that the Federal government, and likely the state, will mandate registration, and ultimately some kind of controls, on stormwater outlets. They will do this not because we have a big problem (in fact we are far ahead of other areas, over 1,100 collection systems still have some combined sewers, serving over forty million people), but because we are expected to quietly go along with whatever we are instructed to do. We must be willing to enforce equal application of the laws when that time comes, and all area cities should stand together.

If nothing else, our Committee study should show that current sewer charges in Minneapolis, St. Paul, and South St. Paul are not a bargain compared with SRA suburbs, and there isn't a "quick fix" available to them to boost rates and absorb CSO costs. The degree, intensity, and expense of our opposition to continued State subsidy of CSO is up to the membership.

Respectfully submitted,

Bill Craig

William P. Craig
CSO Study Committee

SUBURBAN RATE AUTHORITY
1990 RESIDENTIAL SEWER BILL SURVEY

MONTHLY COST FOR 10,000 GAL/MONTH

Bloomington	\$ 7.50
Brooklyn Park	10.67
Burnsville	12.35
Champlin	12.50
Circle Pines	16.50
Deephaven	10.00
Eden Prairie	19.00
Edina	16.90
Fridley	8.22
Greenwood	10.00
Hastings	15.40
Lauderdale	8.00
Maple Plain	20.50
Maplewood	10.40
Minnetonka	11.00
Minnetrista	15.00
New Brighton	14.25
North St. Paul	14.86
Osseo	14.95
Plymouth	15.60
Richfield	9.00
Roseville	8.49
St. Louis Park	6.87
Savage	8.40
Shakopee	15.20
Shoreview	10.68
Spring Park	8.92
Wayzata	24.56
West St. Paul	9.20

Average: \$ 12.58

Minneapolis	\$ 18.93
St. Paul	21.92
South St. Paul	20.30

Average: \$ 20.38

SEWER RATE TRENDS

1976-1990

(For residential usage of 10,000 gallons per month, cost per month)

	<u>1976-7</u>	<u>1985/6</u>	<u>1990</u>	<u>% Increase</u>
Bloomington	\$ 3.25	\$ 5.80	\$ 7.50	131%
Brooklyn Park	4.50	8.33	10.67	137
Circle Pines	7.00	8.70	16.50	136
Eden Prairie	6.80	13.50	19.00	174
Hastings	6.00	13.50	15.40	157
New Brighton	4.00	8.83	14.25	256
Osseo	3.08	29.00	14.95	385
Richfield	2.50	7.66	9.00	260
Roseville	2.17	5.59	8.49	291
St. Louis Park	3.17	5.76	6.87	117
<hr/>				
St. Paul	4.99	18.71	21.92	339
South St. Paul	6.85	20.30	20.30	196

Figures for 1976/7 and 1985/6 are taken from "Minnesota Water & Sewer Rates Revisited", Minnesota Water Resources Research Center, October, 1988.

Figures for 1990 derived from Suburban Rate Authority survey.

MESSERLI & KRAMER

ATTORNEYS AT LAW

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ANN M. SETNES
JOHN F. APITZ
DAVID C. ROLAND
CINDY L. DAVIS

MEMORANDUM

TO: SRA Board

FROM: Glenn Purdue, Special Counsel *GP/jan*

DATE: July 18, 1990

SUBJECT: 1989 Northern States Power General Rate Case;
Interim Report

The Administrative Law Judge has made his recommendations on the revenue requirement. At this writing, we have not received the recommendations on the rate design, which would include the municipal pumping matter.

We have participated only lightly in the case, attending only a few of the hearings and providing briefing support to the St. Paul Water Utility on pumping issues and on certain revenue issues. As the bill will suggest, even a modest effort in a general rate case requires considerable time.

The principal opportunities in the case will occur on July 30 and 31. At that time, the parties will make oral argument to the Commission concerning relevant issues. Without the rate design part of the ALJ recommendation, I cannot speculate on how we will stand.

On the revenue recommendation side, the ALJ has recommended an overall rate of return of 9.52 percent and a return on common equity of 11.8 percent. This is below average. The ALJ set the additional revenue requirement at \$84,000,000, slightly more than we are now paying under the interim rate order. The final order must be made by September 4.

On one of the highlight issues, the ALJ recommended that ratepayers not be made to pay for the expenses associated with decommissioning NSP's Pathfinder atomic power plant in Sioux Falls, South Dakota. That was one of the issues we argued, and we will defend the ALJ's action (a winner).

HOLMES & GRAVEN
CHARTERED

Attorneys at Law

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MARY FRANCES SKALA
JAMES M. STROMMEN
STEVEN M. TALLEN
JAMES J. THOMSON, JR.
LARRY M. WERTHEIM
BONNIE L. WILKINS

MEMORANDUM

To: SRA Board of Directors

From: Holmes & Graven, Chartered

Date: July 18, 1990

Re: U.S. West Incentive Regulation Plan

Background

On October 30, 1989 U.S. West Communications ("Bell") filed a proposed incentive regulation plan with the Public Utilities Commission ("Commission"). Incentive regulation is now allowed under Minnesota law and is an alternative to filing for a general rate increase. The Commission is free to accept or reject a proposed plan and Bell is free to accept or reject a modified plan adopted by the Commission. If Bell rejects such a modification, however, it cannot raise rates unless it files a general rate case and the Commission approves the petition.

Bell's plan called for no general rate increases through plan termination on August 1, 1994. Bell's present authorized return on equity ("ROE") is approximately 12.0%. It requested that the Commission allow Bell to earn up to 14.74% ROE before the ratepayers would share in the return. As part of the plan, Bell offered a rural central office modernization program, arguing that such investment would not be made during the next four years without the plan. Bell also requested numerous built-in protections such as automatic pass-through rate increases for government changes in tax laws and depreciation rates, as well as income neutrality for any change in rate design the Commission adopts. Bell proposed a 50/50 sharing percentage between ratepayers and shareholders with no cap on ROE.

Commission Order

June 7, 1990 the Commission issued its Findings, Conclusions and Order in this matter. This Order is subject to modification upon motion for reconsideration. Bell is also free to reject the Order.

The Commission accepted the Bell plan with modifications. 50/50 ratepayer -- shareholder sharing would begin at 13.74% ROE (the Attorney General wanted 13.08% and the Department wanted 12.71%). Rate analysts involved in the case

have generally predicted that there will be little if any sharing during the plan period because of the relatively high 13.74% ROE threshold. At 18.5% ROE all excess profits would be all returned to the ratepayers. If Bell ROE earnings drop to 10.0% ROE it would be allowed to file a general rate case no earlier than January 1, 1992. The Commission's most significant deviation from Bell's proposal involved the denial of Bell's request for income neutrality if a rate design change is ordered. The Commission also will allow pass-throughs for government ordered decreases as well as increases. Bell only sought the benefit of pass-through increases and would not have allowed ratepayers to benefit from decreases.

Party Criticism of Commission Order

The Attorney General and the Department of Public Service have petitioned the Commission for reconsideration of its order. Both parties believe the 13.74% ROE sharing threshold is too high. Both advocate a compromise position of 13.0%. They do not believe that the relative risks and benefits of the Commission ordered plan are equal between Bell and ratepayers. The Attorney General also is requesting the Commission to allow any pass-through of cost requiring increased rates. The Attorney General seeks to limit as many potential rate increases as possible.

SRA Positions

The SRA positions taken were well received by the Commission. Perhaps most importantly, the Commission agreed that rate design changes, such as a Tier System modification, should not be precluded or delayed by the plan and can be potentially made without increasing any rate to offset decreases in outertier rates. The Commission made numerous references to review of the Tier System in the case (without committing to it). The SRA and several other parties recommended a cap on earnings, which the Commission adopted (18.5%). The Commission felt that graduated or inverted payer sharing created administrative burdens.

The Commission deferred the SRA's specific proposal for ratepayer sharing differentiated by metro tier and metro - outstate rates. The Commission stated in its Order that it "believes such issues can more appropriately be addressed in its pending examination of the Metro Tier System". It also stated that it "shares concerns raised by ... the Suburban Rate Authority about all business and residential customers receiving equal per-line sharing amounts". Bell argued against the SRA proposal as being administratively burdensome. The Commission adopted a sharing formula whereby total revenues received from residential, business and interexchange carriers would be determined; the credit would then be distributed on a per-line basis using the total revenue amount for each class as the available credit amount.

The Commission is now free to focus on the pending Tier System issue. I expect a hearing to be held sometime in August with a Commission decision on the issue before the October SRA Quarterly meeting.

JMS:kg

HOLMES & GRAVEN
CHARTERED

Attorneys at Law

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OF COUNSEL
ROBERT L. DAVIDSON
JOHN G. HOESCHLER

To: SRA Board of Directors

From: Robert J. Lindall

Date: July 13, 1990

Re: New NPDES Permit for Metro Wastewater Treatment Plant
Our File No. SU160-4

On May 22, 1990 the MPCA Board of Directors approved the reissuance of the NPDES/SDS for the Metro Treatment Facility in the form which I sent to you under my letter of May 18. They also approved an order dismissing the contested case hearing which had been pending.

As a result of these actions, MWCC, EPA and MPCA have deferred the issue of exactly what phosphorous facilities will be required at the Metro Plant until two studies are completed. A treatment plant study is to be completed by May 1, 1993 and is to include a recommendation of the best alternative for phosphorous removal. A river study, to be completed by December 31, 1992, will evaluate the impacts of phosphorous under high, average and low river flows. The latter study will recommend an effluent limit for phosphorous needed to meet applicable water quality standards. With the information available from the plant study and the river study, the phosphorous limitation and compliance schedule will be determined in accordance with the permit. The permit contemplates a review of the phosphorous requirements during the period of January 1, 1993 to May 31, 1993.

If the treatment plant study indicates that the capital cost for phosphorous removal is less than ten million dollars and the river study indicates to the MPCA that a phosphorous limit of one milligram per liter as a monthly average on a year round basis is appropriate, design contracts are to be awarded by October 31, 1993, and a notice to proceed with construction is to be issued by December 31, 1994 and compliance is to be achieved by December 31, 1995.

If the treatment plant study indicates that the capital cost for phosphorous removal is greater than ten million dollars and the river study indicates to the MPCA that the one milligram per liter of phosphorous limit is appropriate, design contracts are to be awarded by December 31, 1993 and the construction contracts are to be awarded by May 31, 1995. The final compliance state will be established during reissuance or modification of the permit.

If the capital cost is greater than ten million dollars and/or the river study supports a phosphorous limit different than one milligram per liter as a monthly average on a year round basis, then the MPCA shall place a permit modification or a reissuance on public notice during the period January 1, 1993 to May 31, 1993. In this later circumstance, the MPCA Commissioner will recommend that the MPCA Board order a contested case hearing to consider the phosphorus limit, the capital expenditures required and the final compliance deadline if a timely hearing request is made by the MWCC and Metro Council or the State of Wisconsin.

I understood the previous concern of the Board of Directors to be the risk that unreasonable requirements may be imposed by the EPA and/or MPCA with the result that tremendously expensive new capital facilities could be required at the Metro Plant. It is premature to say that this will not happen. However, the framework agreed upon by the major participants in the previous contested case hearing contemplates that new capital facilities for phosphorous removal will not exceed ten million dollars in capital cost unless: (1) the studies demonstrate that a standard of 1 milligram per liter is appropriate; (2) MWCC and Metro Council agree that the proposed facilities are required; or (3) there is a further contested case hearing held during the period of January 1, 1993 to May 31, 1993.

Any SRA Director who wishes further information about this matter may contact me directly.

1991 Suburban Rate Authority Budget

1990

Assets:

Cash and Investments (2/28/90)	\$ 85,950
Receivables	52,250
Interest Income (3/31/90)	450
Pumpers Association Contribution	<u>5,000</u>
TOTAL	<u>\$ 143,650</u>

Anticipated 1990 Expenses:

1990 NSP Electric Case	\$ 25,000
Tier System Investigation	15,000
US West Incentive Regulation Plan	7,500
Sewer Separation Legislation	7,000
MWCC - PCA Permit Issues	5,000
General (fees and disbursements)	<u>11,000</u>
TOTAL	<u>\$ (69,000)</u>

Reserve

\$ 74,650

1991

Assets:

Carryover	\$ 74,650
Membership Assessment (\$375 per vote)*	<u>56,250</u>
TOTAL	<u>\$ 130,900</u>

Anticipated 1991 Expenses:

NSP Electric	\$ 5,000
General Matters - Fees	14,000
General Matters - Disbursements	4,000
MWCC - Issues	10,000
Telephone Matters	15,000
MWCC Legislation	15,000
Minnegasco Filing	<u>10,000</u>
	<u>\$ (73,000)</u>

Reserve:

\$ 57,900

- * 1988 Assessment was \$350 per vote.
1989 Assessment was \$350 per vote.
1990 Assessment was \$350 per vote.

Interceptor	Community Located In	Date of MWCC Ownership	Reason for removing from Service		Recommendation	
			(1)	(2)	Reconvey	Abandon
1. 1-MW-414	Maplewood	1970		X	X	
2. 1-MN-310	Minneapolis	1970		X	X	
3. 1-MN-330	Minneapolis	1970	X		X	
4. 1-MN-341 (stormwater portion)	Minneapolis	1970		X	X	
5. 1-MN-303 (stormwater portion)	Minneapolis	1970	X		X	
6. 4-OS-45	Brooklyn Park	1970		X		X
1-CL-455	Crystal	1970		X	X	
7. 6-OR-641	Orono	1970		X	X	
8. 1-SO-436	Shoreview	1970		X	X	
9. 1-LC-421	Little Canada	1970		X	X	
10.MSB7025-1	Eden Prairie	1972		X		X
11.MSB7025-2	Eden Prairie	1971		X	X	

(1) Replaced by construction of local trunk sewer.

(2) Replaced by construction of a new metropolitan facility.

City of Crystal
Memorandum

DATE: July 31, 1990
TO: Jerry Dulgar
FROM: Miles D. Johnson
SUBJECT: City of Crystal Police Relief Association -
Disabilities

The attached letter from the "State of Minnesota Legislative Commission on Pensions" states so well what I have said about the by-laws that govern our police pension plan.

We have, since back in the early 60's had by-laws that were so loose that anyone with any problem could retire under a disability.

Let us list our people on disability pension by disability:

Person A - Had letters from doctors listing mental stress, etc., as a major problem.

Person B - Injured knee while working out with local high school wrestling team.

Person C - Had letters from doctors on mental disorders and was not recommended for police work.

Person D - Injured back during recovery of stolen motorcycle.

Person E - Retired with letter from M.D. listing an acute alcoholic problem.

Person F - Had letters from doctors on mental disorder and was not recommended to continue police work.

Person G - Back injury and disability which was from injury which required back surgery.

In all seven cases there was not an absolute determination that the injury had occurred while on duty. The by-laws do not require the employee to be disabled while on duty. Several of these people are employed in gainful jobs with one working for another city in other than police work.

There have been no changes in the by-laws for the disability section. With the balance of the ten active employees all nearing the 20 year and age 50 requirement, the disability problem should not be a factor. (The youngest active employee is 38 and has 14 years of service.) Until this disability section is changed, we have always got the possibility of this with us. The Board of Directors is made up primarily of the active police personnel of the remaining ten employees. I feel with this blend and only the Mayor and myself voting on the "other side of the fence" we will find changes hard to come about.

State of Minnesota

LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT

HOUSE

Robert A. (Bob) Johnson, Vice Chair
Gerald C. (Jerry) Knickerbocker
Rich O'Connor
Leo J. Reding
Wayne Simoneau

SENATE

Donald M. Moe, Chair
Steven Morse
Lawrence J. Pogemiller
Earl W. Renneke
Gene Waldorf, Secretary

July 26, 1990



55 State Office Building
St. Paul, Minnesota 55155-1201
Telephone (612) 296-2750
Lawrence A. Martin, Exec. Dir.
Edward Burek, Deputy Dir.
Jean A. Liebgott, Adm. Sec.

Mayor Betty Herbes
City of Crystal
4141 Douglas Drive North
Crystal, MN 55422

Mr. Jerry Botko
Crystal Police Relief Association
4141 Douglas Drive
Crystal, MN 55422

Re: Potential Disability Benefit Utilization Problem in the Crystal Police Relief Association

Dear Officials:

As part of its duties, the staff of the Legislative Commission on Pensions and Retirement reviews the actuarial valuations of various local police and salaried firefighters relief associations. The 1989 actuarial valuation for the Crystal Police Relief Association was part of that review.

The 1989 actuarial valuation for the Crystal Police Relief Association indicates a potential problem regarding the relief associations disability benefit coverage. For a small relief association, the Crystal Police Relief Association appears to have a disproportionately large number of current disability benefit recipients. Other small relief associations, several in cities of a comparable size, display a substantially more modest disability benefit utilization pattern. A comparison of high utilization relief associations and low utilization relief associations is as follows:

Disability Benefit High Utilization			Disability Benefit Low Utilization		
Relief Association	Total Membership	Disabilitants	Relief Association	Total Membership	Disabilitants
Crystal Police	28	7	Albert Lea Fire	34	0
Faribault Fire	34	5	Albert Lea Police	39	2
Fridley Police	26	7	Austin Fire	48	1
Mankato Police	49	7	Austin Police	43	2
St. Cloud Police	52	6	Brainerd Police	25	1
St. Louis Park Police	66	10	Columbia Heights Fire	10	1
			Columbia Heights Police	17	0
			Fairmont Police	20	0
			Faribault Police	28	1
			Mankato Fire	50	1
			Richfield Fire	41	1
			Virginia Fire	28	1
			Winona Police	55	0

While there may be unique hazards in employment as a police officer in Crystal, the large number of disabilitants may also reflect a poorly designed disability program, an inappropriately modest threshold requirement for receipt of a disability benefit, or an inadequate disability benefit determination process. The Crystal Police Relief Association disability program merits an immediate general review to determine whether there are any structural defects in it that can be remedied and ongoing monitoring to avoid any future irregularities.

I hope that bringing this potential problem in the Crystal Police Relief Association to your attention is of assistance. If you have any questions about this communication, please contact me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Lawrence A. Martin".

Lawrence A. Martin
Executive Director

Memorandum

DATE: July 30, 1990
TO: Department Heads
FROM: Nancy Gohman, Assistant Manager
SUBJECT: Personnel Update
Overtime - Seasonal Temporary Employees

Attached is information regarding pay rate on overtime over 40 hours for seasonal temporary employees with the City of Crystal. Please review this matter and keep in mind when budgeting for staff.

If you have any questions concerning this, please feel free to ask me.

Memorandum

DATE: July 26, 1990
TO: Jerry Dulgar, City Manager
FROM: Nancy Gohman, Assistant Manager
SUBJECT: Overtime - Seasonal Temporary Employees

FLSA, Federal Wage and Standards, Federal Overtime Law states that temporary, seasonal employees of government entities must receive overtime after 40 hours of work.

Exemptions from overtime pay are only allowed if a government operation such as a swimming pool is self supporting from revenue funds it receives from its operation. If an activity such as the swimming pool receives any monies from the City's General Fund, employees who work at the facility must be paid overtime after 40 hours.

Also, Park & Recreation temporary employees who work various park programs who exceed 40 hours of work per week must receive overtime after 40 hours.

These regulations have been cleared through the U.S. Government Department of Labor Wage and Hour Division, Minnesota Labor Standards, and Julie Lawler, Personnel Attorney at Holmes & Graven.

NG/js

Jerry

Memorandum

DATE: July 26, 1990
TO: Miles Johnson, Finance Director *MD*
FROM: Jerry Dulgar, City Manager
SUBJECT: Vacation Schedule/Policy

Attached is the vacation schedule/policy for all employees of the City of Crystal. This policy should go into effect retroactive January 1, 1990 for all regular full-time, part-time, union and non-union employees of the City of Crystal.

Also retroactive to January 1, 1990, I want you to adjust Bill Monk, Director of Public Works, vacation accrual schedule to equal 8 years of completed service. This adjustment is due to the fact that Bill has been in Public Works in government since 1981 and actually should have been at an increased vacation rate upon his hiring with the City of Crystal.

If you have any questions concerning either matter, please ask me.

JD/NG/js

July 19, 1990

VACATION SCHEDULE - POLICY

FULL-TIME REGULAR EMPLOYEES

Vacation schedule: The following vacation schedule is for all full-time regular City employees.

0-5 years of completed service	12 days earned per year.
Starting the 6th year through 10 years of completed service	17 days earned per year.
Starting your 11th year and each additional year following	1 additional day earned per year not to exceed 24 days.

(Years of service is based on each employee's anniversary of hire date.)

Probationary Period

No accrued vacation may be taken during the first six-month probationary period. Vacation begins accumulating during the six-month probationary period. Newly hired employees may carry over 40 hours of vacation from their first year.

Minimum Yearly Vacation Use

Each employee must expend a minimum of 80 hours of vacation each calendar year.

Vacation accumulation, including the current vacation earned, from year to year may not exceed a total accumulation equal to one and one-half times the number of hours the employee's currently earning in one year. In no case may the total number of vacation hours accrued exceed 240 hours.

PART-TIME REGULAR EMPLOYEES

Vacation schedule for regular part-time employees:

Vacation accrual rate for regular part-time employees is half the accrual rate for regular full-time employees.

Probationary Period

Same as full-time regular employees. Newly hired employees may carry over 20 hours of vacation from their first year.

Minimum Yearly Vacation Use

Each employee must expend a minimum of 40 hours of vacation each calendar year.

Vacation accumulation, including the current vacation earned, from year to year may not exceed a total accumulation equal to one and one-half times the number of hours the employee's currently earning in one year. In no case may the total number of vacation hours accrued exceed 120 hours.

City Manager Approved

Date

HUMAN RELATIONS COMMISSION
June 25, 1990

The Human Relations Commission meeting was called to order at 7:04 p.m. Members present were: Chair Linda Museus, John Luzaich, Kathryn Huston, Renee Werner, Bob Techam, and James Allen Brown. Also present was Joan Schmidt, Staff Liaison.

Members absent: Bonnie Toenies (unexcused), Arlene West (excused), James Allison (unexcused) and William Johnson (unexcused). Also absent was Elmer Carlson, Council Liaison.

1. Moved by commission member Jim Brown and seconded by commission member Kathy Huston to approve the minutes of the May 21, 1990 Human Relations Commission meeting.

Motion Carried.

2. Update on plans for Cultural Awareness Day. Jim Brown and Linda Museus had attended the Parks and Recreation Advisory Commission's June meeting and was pleased to report that the Parks and Recreation Advisory Commission had voted to go ahead and do the food portion for the Human Relations Day.

Kathy Huston had talked with one of the Vikings and was referred to send a letter to the Vikings Promotion's office (was done). The possibility of someone appearing for an autograph session looked good.

Bob Techam reported that the Timberwolves will be on tour but would be willing to supply t-shirts, caps, etc. for sale. The mascot could appear.

Bob Techam also reported that he had heard from the Northstars in answer to his letter and that they will be out of town that weekend also. He is waiting to hear about jerseys etc. for sale.

Renee Werner reported that COMPAS confirmed all three performers for that day. She called back to confirm the two that we wanted. She will call again to schedule the time for performances. Renee asked if signed contracts were needed and Linda felt that a signed letter of confirmation was sufficient. Minnesota artisans have been invited through COMPAS and we will keep a list as they call to sign up.

The Commission discussed publicity for this event. It was suggested to have notice displayed on cable, in the October Newsletter, and in the schools in District 281. Other ideas are to get the children in the district involved by having a poster contest and to start this right after the opening of school so that the contest could be judged by October 1. The walls of the gym could be decorated with these posters and the schools could send notice of this event home. It was decided that at the next meeting these duties will be assigned. It has been suggested that notice be sent to the League of Human Rights Newsletter and

invitations be done on Desk Top Publishing at City Hall to be sent to other cities and commissions.

5. New/Old Business. Joan Schmidt will continue to check on the availability of the type of badges that the Commission is interested in obtaining.

Jim Brown and John Luzaich attended the Domestic Assault Forum and gave a report.

6. The Commission then viewed the video tape "Aryan Nation" obtained from Tim Krieger.

Having no further business, it was moved by commission member Jim Brown and seconded by commission member John Luzaich to adjourn.

Meeting adjourned at 8:24 p.m.



League of Minnesota Cities

183 University Ave. East
St. Paul, MN 55101-2526
(612) 227-5600 (FAX: 221-0986)

July 23, 1990

To: Mayors, Managers, Clerks, Council (% Clerk)
From: Darlyne Lang, Director, Conference/Building
Subj: 1991 Conference Planning Committee

If you were one of the 887 municipal officials who attended the League's annual conference last month, you know what a terrific job the Conference Planning Committee did in putting together the program for 1990.

As a city official, you have an opportunity to make a valued contribution to planning the League's 1991 annual conference. Your firsthand knowledge of the problems confronting city government can provide the insight needed in planning programs to benefit other municipal officials.

It's important that we have representation from cities of all sizes. In addition to maintaining the continuity and knowledge provided by previous committee members, we need new views and input from new members.

This past year we had an excellent response. To accommodate as many as possible, we must limit the representation to one per city, while maintaining some previous committee members along with new members.

The Conference Planning Committee will convene this fall, meeting five or six times prior to the conference. The meetings are initially scheduled monthly, 2-3 hours in length, with the final meeting held at the conference. The 1991 conference is scheduled for June 11-14, at the Rochester Mayo Civic Center in Rochester.

If you are interested in becoming a member of the Conference Planning Committee, or if anyone in your city has an interest, please complete the attached form and mail it to my attention.

Your participation is welcomed.

MAIL TO:

Darlyne Lang
League of Minnesota Cities
183 University Avenue East
St. Paul, MN 55101

I am interested in becoming a member of the 1991 Conference Planning Committee.

I previously served on a Conference Planning Committee _____ .
year(s)

I have not previously served ____ .

Name: _____ Title: _____
(please print)

Address: _____

City: _____ Zip Code: _____

Telephone #: _____



League of Minnesota Cities

183 University Ave. East
St. Paul, MN 55101-2526
(612) 227-5600 (FAX: 221-0986)

July 19, 1990

TO: Mayors, Managers, Clerks
FROM: Donald A. Slater, Executive Director
RE: Registration for 1990 NLC Congress of Cities

Enclosed please find a copy of the program and registration materials for the 1990 NLC Congress of Cities. The annual conference of the National League of Cities will be held in Houston, Texas, December 1-5. Please complete and submit conference registration and request for hotel accommodations as soon as possible. Note the important information regarding registration deadlines and procedures for hotel room deposits and hotel reservation guarantees in the instructions.

IMPORTANT REGISTRATION DEADLINES

Deadline for early registration (at reduced rates) is September 14. The last date for advance registration is October 31. After that date, you may not be able to obtain hotel accommodations at the rates quoted in the brochure. LMC will mail information on available airline flights to Houston to all NLC direct member cities within the next week. You may also obtain a copy of the travel information by contacting Ann Higgins at the League office, (612) 227-5600.

All conference sessions and meal functions, including the banquet, will be held at the George R. Brown Convention Center (See "A" on map inside NLC brochure.) Hotels located in the Galleria section will be the location of many of the receptions and other social functions held during the conference (#'s 10, 15, 16, and 10). No conference-related activities have been scheduled in the five hotels located closest to the convention center, although they are convenient to the site of the conference programs. There will be shuttle transportation available from hotel properties located farthest from the convention center.

DIRECT NLC MEMBERSHIP AND PARTICIPATION

Minnesota city officials actively take part in NLC programs and policy development. At present, a total of 49 cities in Minnesota are direct members of the National League of Cities. If your city has not joined NLC, please contact Ann Higgins for information on membership dues and services.

PROGRAM OPPORTUNITIES FOR ALL CITIES

LMC member cities which are not NLC direct member cities are also urged to send officials to the conference. Programs are targeted to a wide range of cities. Included in this year's conference program are sessions on policy leadership, technology, environment, finance, economic development, housing, and public safety as well as education, health and human services.

Smaller cities receive additional attention in the program. Workshops scheduled throughout three full days of programs are designed to address concerns from the perspective of smaller units of government. Topics included for those sessions include

- * water conservation programs that work;
- * financing and technology options for sewage treatment;
- * budget management and planning;
- * downtown revitalization successes;
- * getting the most from police department dollars;
- * environmental liability.

LMC DELEGATION ACTIVITIES

The NLC annual conference is the largest gathering of city officials in the nation. The League of Minnesota Cities will sponsor additional activities and hospitality for Minnesota city officials attending the conference. Prior to the adoption of NLC policies at the annual business meeting, city officials will receive a briefing on the key issues of concern to Minnesota cities. City officials who register will receive a detailed schedule of LMC Delegation activities and programs during the conference.

PARTICIPATION IN POLICY DEVELOPMENT

City officials may also participate in the final meetings of the policy committees at committee business sessions. LMC is represented on all five NLC Steering and Policy Committees.

Those registered for the conference may attend any of the policy committee meetings, held Sunday, December 2, at which recommendations for policy changes are considered. Only policy committee members may vote at the sessions, but all NLC direct member cities participate in final policy adoption during the NLC Annual Business Meeting on Wednesday, December 5. Official voting delegates for each city, along with city officials who are designated as voting delegates for LMC, are eligible to be seated on the floor of the meeting and play a direct role in the debate and approval of final NLC policies.

APPOINTMENT TO NLC COMMITTEES

Vacancies on policy committees will be filled prior to the conference. Several city officials have already indicated interest in appointment to those vacant positions. They will receive notice of their appointments later this summer.

Those officials interested in being considered for appointment to 1991 NLC policy committees are encouraged to contact the League following the conference. NLC policy committee appointments and nominations for appointment to steering committee positions (by NLC steering committee chairs) will be made in January - February, 1991, for terms that end following the 1991 NLC annual conference. Appointments to NLC policy committees and nomination for reappointment to NLC steering committee positions are also determined by the LMC President. Service on steering and policy committees, contact Ann Higgins at the League office, (612) 227-5600.

CRYSTAL PARK AND RECREATION DEPARTMENT

MONTHLY REPORT

JULY 1990

PROGRAM ACTIVITIES: JULY START

ACTIVITY NAME	REGISTRATION		LOCATION	AGE GROUP	DAY/TIME
	1990	1989			
TENNIS LESSONS					
YOUTH	32	25	N Lions, Lions UP	6-12	Weekday-afts/morns
ADULT	9	N/A			
GYMNASTICS: S-2	20	18	Sandburg	Pre-school-gr 6	Weekday-morn
SWIM LESSONS - SESSION 2			Crystal Pool	Pre-school - Teen	Weekday-morn
DAY	184	158			
4/5 YR	48	36			
BEGINNER	48	58			
ADV BEGINNER	47	28			
INT/SWIM	24	32			
DIVING	12	4			
STROKE CLINIC	5	N/A			
EVENING	16	12	Crystal Pool	Pre-school	Weekday-even
2/3 YR	16				
SWIM LESSONS - SESSION 3			Crystal Pool		
DAY	166	161			
4/5 YR	33	36			
BEGINNER	50	40			
ADV BEGINNER	41	29			
INT/SWIM	36	31			
DIVING	6	10			
GENERAL SWIMMING					
	16,417	18,609	Crystal Pool	All Age	Every day
SUMMER PLAYGROUNDS					
	2879	3406	As listed	Ages 4 - 14	Weekday-aft
FOREST*	229	450			
LEE (T,TH,F)	134	109			
N BASS LAKE (T,TH,F)	71	82			
NORTH LIONS	335	348			
SKYWAY (M,W)	78	64			
THIN OAK*	403	763			
LIONS SOO LINE (M,W)	42	20			
LIONS VALLEY PLACE	236	230			
WELCOME	195	274			
YUNKERS	174	103			
BASSETT CREEK	344	154			
BROADWAY	229	301			
CAVANAGH (M,W)	81	78			
BECKER (T,TH,F)	101	96			
CRYSTAL HILANDS	117	278			
KENTUCKY (T,TH,F)	110	124			

* 1989 - includes wading pool

1990 - open 21 days/1989 - open 19 days

ACTIVITY NAME	REGISTRATION		LOCATION	AGE GROUP	DAY/TIME
	1990	1989			
SUMMER PLAYGROUNDS - MORNINGS			As Listed	Ages 4 - 14	Weekday-morn
LIONS VALLEY PLACE (M/W)	48	41			
WELCOME (T/TH)	62	77			
TWIN OAK (M/W)	72	67			

ONGOING PROGRAMS - JULY 1990

SENIORS	ADULTS	BECKER CONCERTS
CENTER MEMBERSHIP: 820 (June 1990 - 700/July 1989 - 580)	MEN SOFTBALL LGE WOMEN SOFTBALL LGE CO-REC SOFTBALL LGE WOMEN/SR GOLF LGE MEN GOLF LGE NEIGHBORHOOD VOLLEYBALL TENNIS LEAGUE	Mpls Commandores 160 Brooklyn City Band 100 Octoberfest 3000+ Wolverines 350 Sons of the Beach 300 Terrance Hughes 74 Symphoknolls 120 Neill/Leandra 225 MN Pops Orchestra 350 Hi-Tops 475 Stoney Lonesome 425 Jeff Brooks 200 Theatre in a Trunk 53 Frolics Concerts 5000+
CRIBBAGE: 48 (40) WELCOME: 4 (4) 500 DAY: 80 (72) 500 NITE: 40 (40) SCRAPBOOK: 4 (4) POKER FOR FUN: 21 (21) BRIDGE DAY: 72 (56) BRIDGE NITE: 40 (40) DUPLICATE BRIDGE: 65 (48) POOL: 16 (N/A) EXECUTIVE COMMITTEE: 10 (12)		
SPECIAL EVENTS: OTLB: Not held this month COOK-OUT: 35		TOTAL JULY ATTENDANCE: 10,832 AUG JULY ATTENDANCE: 773 1989 AUG JULY ATTENDANCE: 630 1989 TOTAL JULY ATTENDANCE: 10,725

ONGOING PROGRAMS - JULY 1990

YOUTH	OTHER ACTIVITIES
GYMNASTICS	TMH-EMH/ADAPTED**
TEEN TENNIS LEAGUE	COMMUNITY TRIPSTERS**
BALL SKILLS	CANTERBURY DOWNS: 60 Total/38 Crystal
TINY TOTS	GETAWAY**
SPECIAL FRIEND/ME	NORENBERG GARDENS: 45 Total/10 Crystal
READ ME	PICNIC PERMITS:
SOFTBALL INSTRUCTION	JULY: 13 (1988: 9)
SOFTBALL LEAGUE	SOFTBALL PRACTICE PERMITS:
ARTS & CRAFTS	JULY: 62 (1988: 86)
PUPPET WAGON	CRYSTAL FROLICS EVENTS
HADING POOLS	POOL FUN DAY: Not held-rain
PLAYGROUND SPECIAL EVENTS	SOFTBALL TOURNEY: 69 Teams
Circus - 80	KIDDIE PARADE: 114
Whacky Sports - 80	TENNIS TOURNEY: 74+
Crystal Pool - 49	SENIOR 500: 140
Doyle's Bowling - 72	SENIOR BRIDGE: 108
	SENIOR CRIBBAGE: 80
	BASS LAKE ROAD PLANTING WINNERS
	Adults: Gardenaires
	Youth: Girl Scout Troop 1940
	**CO-SPONSORED WITH OTHER AGENCIES

PROGRAMS COMPLETED - JULY

NONE

CRYSTAL PARK AND RECREATION ADVISORY COMMISSION

Minutes

July 11, 1990

Crystal Highlands Park

The regular meeting of the Crystal Park and Recreation Advisory Commission was called to order at 7:09 p.m. by Chairperson Bill Gentry. Members present were: Mr. Theisen, Mr. Smothers, Ms. Spaulding, Ms. Reid, Ms. Moucha, Ms. Saunders, Mr. O'Reilly and Ms. Pitts. Also present were: Mr. Brandeen and Ms. Hackett from the department staff and several residents from the Crystal Highlands Park and neighborhood.

The minutes were approved as sent.

Ms. Hackett reviewed the monthly report highlighting major activities. Mr. Brandeen reviewed the June pool income report. He then updated the Commission on the waterslide. One flume has been retooled with the replacement of a turn and curve. Mr. Gentry asked Mr. Brandeen to track the financial status of slide relation to the enterprise fund and give the Commission update in August.

Residents from the Crystal Highlands area had these comments:

- 1.) Question regarding the pool season - request for season to be from Memorial Day to Labor Day. Mr. Brandeen explained the staff is still in school and the weather is usually poor. He added that the pool is open one week longer this year (to August 26).
- 2.) Inquiry regarding a bubble over the pool. Commission members informed residents that this is part of the department's 5-Year Plan.
- 3.) Favorable comments on the overall recreation program.
- 4.) Question regarding their objectives of the summer playground program. Comment followed that leaders aren't always carrying out activities. Ms. Hackett will work with staff on this.
- 5.) Favorable comments on the new playground equipment.
- 6.) Question regarding archery bales at either Lions Valley Place or Bassett Creek Park. Mr. Brandeen informed residents that due to insurance risks

that this opportunity will not take place in Crystal.

The Crystal Highlands residents were thanked for their attendance.

The concept of neighborhood picnics in the park was discussed for the benefit of the Crystal Highlands residents. One block around 38th and Georgia is already doing this. Mr. Gentry reported his block is considering this also. Ms. Maciej is the chair for this year's 38th & Georgia group. She said she would be willing to assist other groups in giving information to get them started.

The Commission reviewed the 5-Year Plan. The Long Range Planning Sub-Committee met and made some revisions in the plan.

**Moved by Ms. Reid and seconded by Mr. O'Reilly
to recommend acceptance of the 5-Year Plan as sub-
mitted by the Long-Range Planning Sub-Committee.**

Motion carried-unanimous.

The Commission discussed making a presentation to the Council regarding the request for money for feasibility studies for a proposed golf course and a proposed nature center. At this time, the Council has scheduled a consultant to write a city comprehensive plan. The Commission felt that the overview of the plan does not seem to address all the aspects of a proposed golf course and does not mention a nature center. Feasibility studies will give the Council valuable information on all the issues involved. The Commission will attend the August 7 Council meeting. Mr. Brandeen informed the Commission that LAWCON funds may be available for these projects.

Crystal Frolics events were discussed. Volunteers are needed for these events:

Kiddie Parade - Reid, Smothers, Gentry,
Saunders, Pitts.
Pool Fun Day - Saunders
Parade Staging - Gentry

Mr. O'Reilly reviewed the last Crystal Frolics meeting. Events are all finalized. The Frolics Committee asked the Commission to make a recommendation regarding banning skateboards, rollerblades and bikes from Becker Park. There has also been a problem with underage drinkers. The Council has made it known that the group serving beer must be responsible for checking I.D.'s. Additional publicity for the Frolics was discussed. The department will have a table at the craft fair.

Moved by Ms. Moucha and seconded by Ms. Saunders to recommend that skateboards, bikes and rollerblades be banned from Becker Park during the Crystal Frolics.

Motion carried-unanimous.

Discussion on the October 20 Ethnic Fair was tabled.

Mr. Brandeen reported that the Holland family, who were waterslide contest finalists, returned their season ticket prize since they already had one. The Commission decided to award them waterslide unlimited ride tickets instead.

Ms. Hackett showed the Commission preliminary drawings for the t-shirt for the waterslide. Suggestions were given and additional drawings will be made.

The Commission viewed a video on Frisbee Golf. Discussion was tabled until next meeting.

The August meeting is at Iron Horse Park.

The meeting was adjourned at 8:15 p.m.

Respectfully submitted,

Gene Hackett
Recorder



Minnesota Chapter

Loring Park Office Building
430 Oak Grove
Suite B-10
Minneapolis, MN 55403
612/871-0462

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Vice President

Kay Pfouts

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The Hon. Bill Frenzel

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The Hon. Rudy Boschwitz

Steve Jordan

EXECUTIVE DIRECTOR

Diana Lade

August 3, 1990

Ms. Darlene George
City of Crystal
4141 Douglas Drive North
Crystal, MN 55422-1696

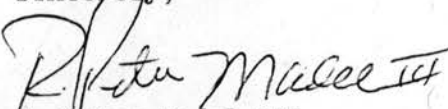
Dear Ms. George:

Enclosed please find a copy of the letter we received from Tony Nicklow terminating our lease with him effective 8/14/90. I apologize for not forwarding this to you directly.

If, by chance, we are brought back in to Nicklow's, I will be sure to forward you a copy of the new lease.

It has been my pleasure to work with you and the members of the council, hopefully we will be back soon.

Sincerely,


R. Peter Madel III
Associate Gaming Manager

June 29, 1990

Mr. R. Peter Madel III
Associate Gaming Manager
Cystic Fibrosis Foundation
430 Oak Grove, Suite B-10
Minneapolis, MN 55403

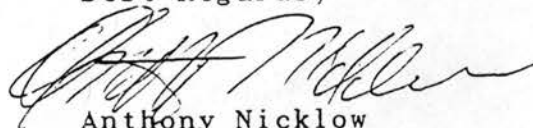
Dear Pete,

The purpose of this letter is to serve notice of my intention to terminate our charitable gambling lease agreement. As required by law, I am giving you thirty (30) days notice. It is my intention that your last day of operation would be Tuesday, July 31, 1990.

With the recent changes in the charitable gambling laws, specifically the reduction of rent to \$600 per month and your future inability to accept checks, this has ceased to be a profitable situation for me. With both forms of the lottery operating in my establishment, I can make more money and still keep my customers satisfied. *Extend to Sunday August 19, 1990*

My relationship with the Cystic Fibrosis Foundation has been a long and enjoyable one. It is unfortunate that the new laws have required me to come to this decision. Good luck in your future endeavors!

Best Regards,



Anthony Nicklow
Owner
Nicklow's Restaurant



STATE OF MINNESOTA
DEPARTMENT OF HUMAN SERVICES

Human Services Building
444 Lafayette Road
St. Paul, Minnesota 55155-3815

August 2, 1990

Mr. John A. Olson
Assistant City Manager
Community Development Director
City of Crystal
4141 Douglas Drive North
Crystal, Minnesota 55422-1696

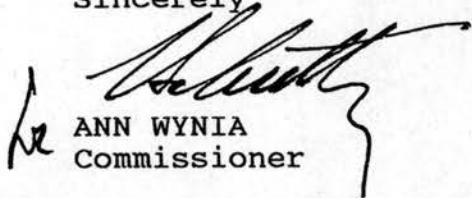
Dear Mr. Olson:

This is in response to your recent letter regarding complaints that the Crystal City Council has received from neighbors of a Dungarvin, Inc. group home. I would like to thank you for bringing the concerns of the residents of Crystal to my attention.

A report regarding these incidents was filed with the Division of Licensing on June 22, 1990 and has been assigned to an investigative worker. At this time, the results of this investigation have not been determined. Ms. Moen has followed up with your concerns and has informed you of the action which the Division of Licensing will be taking on these complaints in her correspondence of July 21, 1990.

Thank you again for bringing this matter to my attention. Please let me know if you have any further questions or concerns.

Sincerely,


ANN WYNIA
Commissioner



AN EQUAL OPPORTUNITY EMPLOYER

DATE: August 7, 1990
TO: Jerry Dulgar, City Manager
FROM: Bill Barber, Building Inspector
SUBJECT: 5231 Douglas Dr. N.

At one of the recent Council Meetings it was recommended that I look into proceeding with condemnation of the above noted property. I did an inspection of the property shortly thereafter. I'm in the process right now of putting together all of the data needed by the City Attorney so that they can proceed. I would hope that within the next week, I can have it all put together.

Should you have any questions, please give me a call.

kk