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STATE OF MINNESOTA
MUNICIPAL COMMISSION
304 Capitol Square Building
10th & Cedar Streets
St. Paul, Minnesota 55101

Mr. Jack Armstrong
Assistant Secretary of State
State Office Building
St. Paul, Minnesota

Re: Municipal Commission Docket Number A-2467(OA)

Dear Mr. Armstrong:

The subject order of the Minnesota Municipal Commission makes the following changes in the population of the named units of government:

The population of The City of Monticello

is increased by 667

The population of Town of Monticello

is decreased by 667

A new municipality named _____

has been created with a population of _____

The _____

has been dissolved.

Official Date of the Order Sept. 19, 1974

Other _____

27273
STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
OCT 1 - 1974
Arlen I. Erdahl
Secretary of State

Howard L. Kaibel, Jr.
Executive Secretary

A-2467(OA) City of Monticello
Town of Monticello

BEFORE THE MUNICIPAL COMMISSION

OF THE STATE OF MINNESOTA

Thomas J. Simmons	Chairman
Robert W. Johnson	Vice Chairman
Gerald J. Isaacs	Member
Walter E. Barfnecht	Ex-Officio Member
LeRoy Engstrom	Ex-Officio Member

IN THE MATTER OF THE RESOLUTION FOR THE ORDERLY ANNEXATION OF CERTAIN LAND TO THE CITY OF MONTICELLO	FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

The above-entitled matter came on for hearing before the Minnesota Municipal Commission pursuant to Minnesota Statutes 414, as amended, on October 3, 1973 at the City Hall, 3rd and Cedar, Monticello, Minnesota, upon the resolution of the City of Monticello for annexation of certain lands to the City of Monticello. The hearing was continued from time to time. Testimony was heard and records and exhibits were entered on January 10, 1974 and February 21, 1974. Arguments were heard on April 8, 1974. A continued hearing was held on July 31, 1974 and final arguments were heard on August 19, 1974.

The City of Monticello appeared by and through Gary L. Pringle. The Town of Monticello appeared by and through James G. Metcalf and William S. Radzwill. Northern States Power Company appeared by and through Raymond A. Haik and David G. McGannon. The hearing on July 31, 1974 was conducted by Gerald J. Isaacs, a member of the Minnesota Municipal Commission, pursuant to Minnesota Statutes § 414.01, subd. 12. Also in attendance were Howard L. Kaibel, Executive Secretary of the Minnesota Municipal Commission, and County Commissioners Walter E. Barfnecht and LeRoy Engstrom, Ex-Officio members of the Commission. Testimony was heard and records and exhibits were received.

After due and careful consideration of all evidence, together with all records, files and proceedings, and being fully advised in the premises, the Minnesota Municipal Commission hereby makes and files the following Findings of Fact, Conclusions of Law and Order.

FINDINGS OF FACT

1. That due, timely and adequate legal notice of the hearing was published, served and filed.

2. That the area originally proposed to be annexed is described as follows:

> Beginning at a point on the Mississippi that marks the intersection with the North-South centerline of Section Thirty-two (32), Township 122 North, Range 25 West; thence South on said line to County Road No. 39; thence East along County Road No. 39 to the Eastern boundary of section Nine (9), Township 121 North, Range 25 West; thence South along said Section line to the East-West centerline of Section Twenty-two (22), Township 121 North, Range 25 West; thence East on said centerline through Section Twenty-two (22), Twenty-three (23), and Twenty-four (24), all in Township 121 North, Range 25 West, and continuing East on the same line through Section Nineteen (19) and 3/4 of Twenty (20), in Township 121 North, Range 24 West to the Township road; thence North to the Mississippi River; thence northwesterly along the course of the Mississippi River to the point of beginning, with the exception of the Village of Monticello as now platted

3. That the City of Monticello and Town of Monticello hereafter by joint resolution passed and adopted on June 4, 1974 amended the description of the area proposed for annexation to limit it to the following described property:

> All that property lying in the State of Minnesota, County of Wright with the exception of the property which is presently within the corporate limits of the City of Monticello, commencing at the thread of the Mississippi River and the North-South Quarter line of Section 18-121-24; thence South on the said Quarter line to the North 1/16th line of Section 18-121-24; thence West on said 1/16th line to the East 1/16th line of Section 13-121-25; thence South on said 1/16th line to the North right-of way line

of Interstate Highway No. 94; thence Northwesterly on said North right-of-way line to the east line of Section 11-121-25; thence South on said East line of Section 11-121-25 and Section 14-121-25 to the East-West Quarter line of Section 14; thence West on said Quarter line of Section 14 to the East line of Section 15-121-25; thence North on the East line of Section 15-121-25 and Section 10-121-25 to the North right-of-way line of Interstate Highway No. 94; thence Northwesterly on the said North right-of-way line to the North-South Quarter line of Section 32-122-25; thence North on said Quarter line to the thread of the Mississippi River, there terminating.

4. That the area proposed for annexation is characterized by residential development, or will experience such development in the near future.

5. That the City of Monticello does now provide to the area proposed for annexation the following services:

a. Fire protection;

b. Water and sewer;

c. Library.

6. That the City of Monticello is capable of and it is practical for it to provide to the area proposed for annexation the following municipal services within the next three (3) years:

a. Fire protection;

b. Library;

c. Increased police protection;

d. Garbage pickup;

e. Street Maintenance all year round;

f. Planning and zoning;

g. Water and sewer.

7. That the portion of the orderly annexation area not proposed for annexation at this time will become characterized by residential

development in the future.

8. That the Township is capable of providing the portion of the orderly annexation area not proposed for annexation at this time with roads and other services.

9. That the apportionment of assets set forth in the accompanying order is just and equitable to the Township and the City.

10. That the population of the area proposed for annexation is 667.

CONCLUSIONS OF LAW

1. The Minnesota Municipal Commission duly acquired and now has due jurisdiction of the above proceeding.

2. The area herein annexed is now or is about to become urban or suburban in nature.

3. The City of Monticello is capable of providing the services required by the area described herein within a reasonable time.

4. The apportionment of assets set forth in the accompanying order is just and equitable to the Township and the City.

O R D E R

IT IS HEREBY ORDERED: that the following described property lying in the Township of Monticello, County of Wright, State of Minnesota, be and the same hereby is annexed to the City of Monticello, the same as if it had originally been made a part thereof:

> All that property lying in the State of Minnesota, County of Wright with the exception of the property which is presently within the corporate limits of the City of Monticello, commencing at the thread of the Mississippi River and the North-South Quarter line of Section 18-121-24; thence South on the said Quarter line to the North 1/16th line of Section 18-121-24; thence West on said 1/16th line to the East 1/16th line of Section 13-121-25; thence South on said 1/16th line to the North right-of-way line of

Interstate Highway No. 94; thence Northwesterly on said North right-of-way line to the east line of Section 11-121-25; thence South on said East line of Section 11-121-25 and Section 14-121-25 to the East-West Quarter line of Section 14; thence West on said Quarter line of Section 14 to the East line of Section 15-121-25; thence North on the East line of Section 15-121-25 and Section 10-121-25 to the North right-of-way line of Interstate Highway No. 94; thence Northwesterly on the said North right-of-way line to the North-South Quarter line of Section 32-122-25; thence North on said Quarter line to the thread of the Mississippi River, there terminating.

IT IS FURTHER ORDERED: That the mill levy of the City of Monticello on the property herein ordered annexed shall be increased in substantially equal proportions over a period of three (3) years to equality with the mill levy of the property already within the City.

IT IS FURTHER ORDERED: That the population of the City of Monticello be and same hereby is increased by 667 for all purposes until the next federal or state census.

IT IS FURTHER ORDERED: That the population of the Town of Monticello be and is hereby decreased by 667 for all purposes until the next federal or state census.

IT IS FURTHER ORDERED: That the Minnesota Municipal Commission shall retain jurisdiction for the purpose of allowing the City of Monticello a special levy for the increased costs of municipal services as the result of the annexation pursuant to Minnesota Statutes Section 275.50, subds. 5(s) (Supp. 1973).

IT IS FURTHER ORDERED: That the City of Monticello shall pay annually to the Town of Monticello from the proceeds of its ad valorem tax a sum which is to be determined as follows:

A base amount of $150,000.00 less the sum of:

(1) All intergovernmental transfers (Federal Revenue Sharing and Per Capita Aids) and other non-property tax revenues received by the Town of Monticello during the calendar year, and

(2) Seven mills times the assessed value in the town for the calendar year.

A settlement shall be made in March of each succeeding year to reflect the difference between estimated and actual intergovernmental transfers received by the Town. The base amount of $150,000.00 shall be adjusted annually by the per cent change in the "all items" category of the consumer price index of the United States Department of Labor's Bureau of Labor Statistics between the year prior to and the year two years prior to the tax year in question, but in no event shall the adjustment exceed 5.5% of the adjusted base amount determined in the previous year. No adjustment shall be made for the tax year prior to January 1, 1975.

IT IS FURTHER ORDERED: That the Town expend the amounts received from the City pursuant to this Order for improvements and services that benefit (1) the remaining portion of the area in the Town previously designated as an orderly annexation area and (2) such areas in the Town as may in the future be designated as orderly annexation areas unless and until federal revenue sharing payments to the Town are significantly reduced, in which case this provision shall no longer remain in effect.

IT IS FURTHER ORDERED: That the Wright County Auditor revise his tax records and ad valorem tax payments pursuant to the above formula, and make payments directly to the Town of Monticello.

IT IS FURTHER ORDERED: That the Minnesota Municipal Commission shall retain jurisdiction for the purpose of adjusting the above apportionment of assets and obligations in the event that unforeseen extraordinary circumstances arise.

Dated this 19th day of September, 1974

MINNESOTA MUNICIPAL COMMISSION
304 Capitol Square Building
St. Paul, Minnesota 55101

Patricia D. Lundy

Patricia D. Lundy
Asst. Executive Secretary

#27273
STATE OF MINNESOTA
DEPARTMENT OF STATE
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Secretary of State

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Town of Monticello

M E M O R A N D U M

The legislative purpose in establishing the commission is summarized in the opening section of Chapter 414:

> The legislature finds that: (1) sound urban development is essential to the continued economic growth of this state; (2) municipal government is necessary to provide the governmental services essential to sound urban development and for the protection of health, safety, and welfare in areas being used intensively for residential, commercial, industrial, institutional and governmental purposes or in areas undergoing such development; (3) the public interest requires that municipalities be formed when there exists or will likely exist the necessary resources to provide for their economic and efficient operation; (4) annexation to or consolidation with existing municipalities or unincorporated areas unable to supply municipal services should be facilitated; and, (5) the consolidation of municipalities should be encouraged. It is the purpose of this chapter to empower the Minnesota Municipal Commission to promote and regulate development of municipalities so that the public interest in efficient local government will be properly recognized and served. (Minnesota Statutes 414.01, Subd. 1)

After thorough deliberation, upon a careful analysis of all of the evidence presented and applying the experience acquired in similar proceedings, the order accompanying this memorandum represents our best judgment as to the implementation of the legislative mandate "to promote and regulate development of municipalities so that the public interest in efficient local government will be properly recognized and served." The purpose of this memorandum is to review briefly the history of this proceeding and clarify our rationale for the accompanying order.

This proceeding began with a majority petition of property owners in the Town of Monticello for annexation to the City of Monticello nearly five years ago. The town objected to that annexation and exercised its option to request discussions with the city aimed at designating parts of the town as in need of orderly annexation. Those discussions were fruitless as the

city and town were unable to agree on what area should ultimately be served by the city. The section of the statute providing for the option, Minn. Stat. § 414.031 Subd. 2 (1971) (in 1973 this section was repealed and a substantially similar provisions was enacted as Minn. Stat. § 414.034 Subd. 1 (1973 Supp)) required that in the event the municipality and town cannot agree, the Municipal Commission should hold hearings and issue an order designating what area should be "in need of orderly annexation." The commission conducted exhaustive hearings (involving 43 exhibits and nearly 1500 pages of testimony) and issued an order designating a large area outside of the city boundaries as being in need of orderly annexation. The order and accompanying memorandum made it clear that the city should plan to serve the designated area at some time in the future, when and if it developed. It was stressed that annexations would occur gradually as the property developed and as the municipality was capable of providing full municipal services. The memorandum stressed, "today's order should be interpreted as a beginning, rather then an end; a beginning of good faith cooperation which will lead to a government capable of meeting the needs of people as urbanization occurs." The cooperation did not develop immediately. The town appealed the order to District Court. When the District Court upheld the commission's order, the town filed an appeal with the Supreme Court which is still pending. The city then filed a resolution with the commission asking for the immediate annexation of the entire designated orderly annexation area. This resulted in further extensive hearings before the commission aimed at determining whether all or some part of the designated area should be annexed to the city.

At this point the sought-after cooperation began to surface. The city and town adopted a joint resolution to end their legal battles in the courts and the commission and cooperate on boundary adjustment and community development. After conducting further hearings, we issue an order today which is in accord with that joint resolution. The order provides for an immediate annexation of an area which will quadruple the size of the city. This is a large expansion in three different directions, but all parties agreed that the city could provide the municipal services required by the area within a reasonable time and that the area is or is about to become urban and suburban in character. While the area annexed by this order is large, it is considerably less then half of the designated orderly annexation area. The majority of the orderly annexation area will remain in the town and be annexed to the city only when and if it develops and the city is capable of providing municipal services. The city and town have agreed in their joint resolution as to how and when such future annexations will occur.

All parties agreed on final argument that the annexation statutes do not really contemplate or deal adequately with annexations involving power plants with a forty million dollar taxable valuation. We disagree. The complexity, variety and severity of problems involved in governmental reorganization and boundary adjustment are precisely why the legislature (partially at the urging of the courts) established an administrative commission to resolve them("so that the public interest in efficient local government will be properly recognized and served."). Despite the difficult tax apportionment problems presented, today's decision resolves the boundary adjustment conflict in accord with the above quoted legislative statement of purpose and in a way which is acceptable to the citizens of the two communities.

City and town officials unanimously sought the order which we issue today. The only party raising any objection was Northern States Power Company. The decision is nonetheless in complete accord with the expert testimony the company presented. Its planners repeatedly stressed at both hearings that the power plant is the "predominant part of the tax base for the local government"; that it creates growth and attendant problems throughout the orderly annexation area; and that the local governmental unit responsible for coping with those problems should be able to draw on the tax base provided by the plant. Today's order leaves 60% of the orderly annexation area (predominantly rural farm land) in the town together with some of the problems that the planners referred to. The order simply provides that some of the tax revenue generated by the power plant shall be apportioned to the town while the town retains jurisdiction and responsibility for this area, as the experts recommended. This revenue will enable the town to deal with the problems in the area and will facilitate the eventual annexation of the area when it is ready for development. The order also requires the town to spend the money in attacking the remaining problems in the orderly annexation area.

This apportionment is clearly in accord with the delegated responsibility of the legislature as set forth in Minnesota Statutes 414.067 for such property and obligations. The statute requires that the apportionment be "just and equitable." Without the apportionment herein granted, the town would be forced to more than quadruple its mill rate in order to maintain services at their current level (to say nothing of potential losses of state and federal per capita aids and other inter-governmental transfers). The statute directs the commission in making an apportionment to look at the "ability of any remainder of the town to function as an effective governmental unit."

The apportionment herein granted guarantees that ability to function at a minimal level and provides for minimal contributions at a reasonable tax rate. The formula does not interfere with the right of local town taxpayers to levy more or less than the minimal budget provided. The amount of the city contribution will not be affected by any such decisions. We feel that the apportionment meets the criteria set forth in the statute and retain jurisdiction in order to be certain that it continues to do so.