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STATE OF MINNESOTA
MUNICIPAL COMMISSION

304 Capitol Square Building
10th & Cedar Streets
St. Paul, Minnesota 55101

Nov. 14, 1974

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

Re: Municipal Commission Docket Number D-106 Savage
~~A-2551 Prior Lake~~

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 Prior Lake
is increased by 471

The population of the City of Savage
is decreased by 471

A new municipality named _____
has been created with a population of _____

The _____
has been dissolved.

Official Date of the Order 11-12-74

Other _____

27373
STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

NOV 14 1974
Arden A. Dahl
Secretary of State

c.c. Mr. Wallace O. Dahl
Director
Tax Research Division
205 Centennial Bldg

Howard L. Kaibel, Jr.
Executive Secretary

D-106 Savage
A-2551 Prior Lake

BEFORE THE MUNICIPAL COMMISSION
OF THE STATE OF MINNESOTA

Thomas J. Simmons
Robert W. Johnson
Gerald J. Isaacs

Chairman
Vice Chairman
Member

IN THE MATTER OF THE RESOLUTIONS)
FOR THE CONCURRENT DETACHMENT AND)
ANNEXATION OF CERTAIN TERRITORY)
FROM THE CITY OF SAVAGE TO THE)
CITY OF PRIOR LAKE)

ORDER FOR
APPORTIONMENT OF ASSETS
AND POPULATION

Whereas, the Minnesota Municipal Commission issued an Order on December 20, 1973, detaching certain property from the City of Savage and annexing same to the City of Prior Lake. The order approved this change to become effective January 1, 1974; and

Whereas, a public hearing was held before the Minnesota Municipal Commission on the 21st day of August, 1974, pursuant to Minnesota Statutes 414, as amended, for the purpose of determining the apportionment of assets pursuant to Minnesota Statutes 414.067; and

Whereas, 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 notices of the apportionment hearing ordered by the Minnesota Municipal Commission were properly published, served and filed.

2. That a just and equitable apportionment of the taxes, aids and other property heretofore received by the City of Savage and claims

and obligations relating to this concurrent annexation and detachment, considering the factors contained in Minnesota Statutes 414.067 requires:

- a.) a lump sum payment to the City of Prior Lake of \$10,000; and,
- b.) transfer of the certificates representing the dedicated funds for Bayview Addition and Bayside Construction, Inc. with accumulated interest; and,
- c.) conveyance to the City of Prior Lake of the following described real estate:

Lots 1 and 2, Boudins Manor, 3rd Addition
and
Lot 50 and the East one-half of Lot 51
Boudins Manor.

3. That the population of the area herein detached and annexed is 471 and represents 13.04% of the total population of the City of Savage.

4. That unless and until state and federal officials revise municipal aid formulae to reflect the within ordered annexation, the above determined population ratio is a just and equitable means of apportioning those aids.

5. That the area herein detached and annexed should be relieved of the primary responsibility for the existing bonded indebtedness of the City of Savage and be required to assume the previously incurred bonded indebtedness of the City of Prior Lake, having in view the taxes due and delinquent and the indebtedness of both cities and for what purpose it was incurred, all in relation to the benefit inuring to the annexed area as a result of the indebtedness and the last assessed value of the taxable property in both municipalities.

CONCLUSIONS OF LAW

1. That the Minnesota Municipal Commission duly acquired and now has

jurisdiction over the within proceeding.

2. That Minnesota Statutes 414.067 requires the herein ordered apportionment of assets and obligations.

3. That unless and until Minnesota Statutes 414.067 is revised by the legislature, the law requires that the property not be relieved of the responsibility for retiring the previously incurred bonded obligation of the City of Savage.

O R D E R

IT IS HEREBY ORDERED: that within thirty days of the effective date of this order, the City of Savage pay to the City of Prior Lake \$10,000;

IT IS FURTHER ORDERED: that within thirty days of the effective date of this order, the City of Savage transfer to the City of Prior Lake all dedicated funds with any accumulated interest relating to the property herein detached and annexed;

IT IS FURTHER ORDERED: that within thirty days of the effective date of this order, the City of Savage execute to the City of Prior Lake a conveyance of all its interest in the following described property:

Lots 1 and 2, Boudins Manor, Third Addition
and
Lot 50 and the East one-half of Lot 51 of
Boudins Manor

IT IS FURTHER ORDERED: that pending legislative revision, the property herein annexed shall continue to be liable for the previously incurred indebtedness of the City of Savage and shall not be liable for the previously incurred bonded debt of the City of Prior Lake;


IT IS FURTHER ORDERED: that the commission retain jurisdiction in this proceeding for the limited purpose of altering the responsibilities for retiring bonded obligations;

IT IS FURTHER ORDERED: that unless and until state and federal officials revise the local government aid formulae to reflect the annexation ordered in this proceeding, the City of Savage shall forward 13.04% of any state or federal local government aid checks received after the effective date of this order, within thirty days of their receipt.

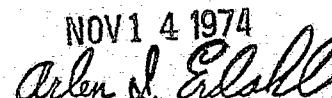
IT IS FURTHER ORDERED: that the population of the City of Savage is hereby decreased by 471 and that the City of Prior Lake population is hereby increased by 471 for all purposes until the next federal or state census.

Dated this 12TH day of November, 1974

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


Howard L. Kaibel, Jr.
Executive Secretary

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Secretary of State

D-106 Savage
A-2551 Prior Lake

MEMORANDUM

This proceeding for boundary adjustment between the Cities of Savage and Prior Lake was initiated nearly a year ago by joint resolution of the governing councils. The order of approval was duly issued December 20, 1973, effective January 1, 1974. We retained jurisdiction in that order for the limited purpose of apportioning assets and revising populations. Subsequent efforts of the two cities to reach a local agreement resolving the apportionment were unsuccessful. We consequently conducted a hearing August 21, 1974 which resulted in the attached order which represents our best judgment as to a legal and fair apportionment.

We have again retained jurisdiction in this proceeding because we are troubled by the provisions relating to bonded indebtedness. Under the terms of this order, the annexed property which is now part of Prior Lake will continue to be taxed for retiring the previously incurred bonded obligations of Savage. The property will not be taxed to retire previously incurred bonded obligations of Prior Lake which benefit the property more directly.

This result is dictated by the statutory provisions of Minnesota Statutes 414.067 which govern detachment proceedings involving two incorporated municipalities. That section requires that, "The order shall not relieve any property from any tax liability for payment for any bonded obligation...." (subd. 1)

The provisions of the statute governing detachment proceedings involving an incorporated municipality and an unincorporated township are contained in Minnesota Statutes 414.06 provide the commission with the discretion to alleviate this kind of problem:

"...The detached area may be relieved of the primary responsibility for existing indebtedness of the municipality and be required to assume the indebtedness of the township of which it becomes a part, in such proportion as the commission shall deem just and equitable having in view the amount of taxes due and delinquent and the indebtedness of each township and the municipality affected, if any, and for what purpose the same was incurred, all in relation to the benefit inuring to the detached area as a result of the indebtedness and the last assessed value of the taxable property in each township and municipality." (Subd. 3)

We see no reason for distinguishing in this manner between detachments involving two municipalities and those involving a township and a municipality. As the Findings of Fact in the attached order indicate, we would have reached a different result if this proceeding had involved a township and a municipality.

We will propose that the next session of the legislature amend the statute to remedy the situation and are retaining jurisdiction for the purpose of revising provisions relating to responsibility for bonded obligations in light of their action. Until that time, the attached order will govern tax liability in the detached area in accord with the current state of the law.

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Arlen D. Erdahl
Secretary of State