



STATE OF MINNESOTA  
MUNICIPAL BOARD

Suite 165 Metro Square  
7th & Robert Streets  
St. Paul, Minnesota 55101

October 4, 1988

Secretary of State  
c/o Donna Scott  
State Office Building  
St. Paul, Minnesota 55155

Re: Municipal Board Docket Number: C-21-mm Int'l Falls/South Int'l Falls

The subject order of the Minnesota Municipal Board makes the following changes in the population of the named unit of government:

The population of the new City of International Falls is 7,867 persons.

(Dependent upon future elections.)

Official date of the Order is October 4, 1988.

*We will send you the election results after Nov. 8th.*

*Patricia D. Lundy*  
Patricia D. Lundy  
Assistant Director

PDL:sg

cc: Jerome F. Silkey, Asst. Director  
Local Government Services Division  
Department of Revenue  
2nd Floor Centennial Building

R. Thomas Gillaspay, Ph.D.  
State Demographer  
200 Capitol Square Building

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

OCT 5 1988

*John Anderson Howe*  
Secretary of State

# 38462

C-21-mm International Falls/  
South International Falls

BEFORE THE MUNICIPAL BOARD  
OF THE STATE OF MINNESOTA

Shirley J. Mihelich	Chair
John W. Carey	Vice Chair
Kenneth F. Sette	Commissioner
Bruce Biggins	Ex-Officio Member
Donald Sandbeck	Ex-Officio Member

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

OCT 5 1988

*Joan Anderson Hansen*  
Secretary of State

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IN THE MATTER OF THE MOTION TO )  
INITIATE CONSOLIDATION PROCEEDINGS )  
FOR THE CITIES OF INTERNATIONAL )  
FALLS AND SOUTH INTERNATIONAL FALLS )  
PURSUANT TO MINNESOTA STATUTES 414 )

FINDINGS OF FACT  
CONCLUSIONS OF LAW  
ORDER  
AND ORDER FOR ELECTION  
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The above-entitled matter came on for hearing before the Minnesota Municipal Board pursuant to Minnesota Statutes 414, as amended, on September 29, 1988 at International Falls, Minnesota. The hearing was conducted by Terrence A. Merritt, Executive Director, pursuant to Minnesota Statutes 414.01, Subdivision 12. Also in attendance were Shirley J. Mihelich, Chair, John W. Carey, Vice Chair, Kenneth F. Sette, Commissioner, and County Commissioners Donald Sandbeck and Bruce Biggins, Ex-Officio Members of the Board. Dale Peterson, Chair of the Consolidation Commission, represented the Consolidation Commission and submitted their report. Testimony was heard and records and exhibits were received. All persons desiring to be heard were heard.

After due and careful consideration of all evidence, together with all records, files and proceedings, the Minnesota Municipal Board hereby makes and files the following Findings of Fact, Conclusions of Law, Order and Order for Election.

FINDINGS OF FACT

1. On July 25, 1988, the Municipal Board received resolutions from the City of International Falls and the City of South International Falls requesting that the Municipal Board initiate the city consolidation process on its own motion to ensure a referendum on the consolidation and charter issue for the citizens of each city. The petition filing was completed on August 4, 1988.

2. On August 4, 1988, the Municipal Board initiated consolidation proceedings for the Cities of International Falls and South International Falls.

3. On August 4, 1988, a Consolidation Commission of five members from each city and a Chair, not a resident of the affected cities, but of Koochiching County, were appointed by the Municipal Board, pursuant to M.S. 414.041.

4. The Consolidation Commission held a public hearing on August 25, 1988.

5. On August 29, 1988, the Municipal Board received the Report of the Consolidation Commission recommending that the Cities of International Falls and South International Falls be consolidated into a new City of International Falls.

The Report of the Consolidation Commission stated the commission had studied the proposed consolidation and had drawn upon citizen input, background work, the results of locally-initiated joint negotiation committees from both cities, and various studies, reports, and resolutions from 1981 through 1988.

The consolidation commission addressed the statutory factors directed by M.S. 414.041, and based thereon made additional recommendations as contained in Exhibit A attached hereto and made a part of this order.

6. Upon receipt of the Consolidation Commission Report, a hearing was

scheduled for September 29, 1988. Due, timely and adequate legal notice of the hearing was published, served, and filed.

7. The City of International Falls had a population of 6,439 in 1970, 5,611 in 1980, and an estimated population of 5,091 in 1987.

The City of South International Falls had a population of 2,116 in 1970, 2,806 in 1980, and an estimated population of 2,776 in 1987.

Population may increase due to anticipated expansion of the Boise Cascade paper mill.

8. The area of International Falls is approximately 1,750 acres in size. South International Falls is approximately 1,622 acres in size.

9. The Cities of International Falls and South International Falls both lie immediately south of Rainy River. No natural features separate the two communities from one another or define the boundaries between the two cities. The topography of the area is relatively flat with no significant streams or lakes in either city.

10. The Cities of South International Falls and International Falls share a common boundary for approximately 1,080 feet.

11. The Cities of International Falls and South International Falls had a Joint Planning Commission which prepared a Joint Growth Management Plan in 1979. As a result of the Joint Planning Commission, the cities revised their zoning ordinances to be consistent with one another.

Both cities have worked together in extensive research and study through joint consolidation negotiation committees from 1981 to 1985 and 1987 to 1988 to plan for the entire area. The consolidation would be consistent with the comprehensive plan of each city. Should consolidation occur, developers would have one entity to work with instead of two resulting in a more focused approach for community development.

12. The two cities share a common grid system of streets.

13. The existing level of city services will not be diminished as the result of consolidation. The City of South International Falls is presently receiving fewer services than the City of International Falls. In the event of consolidation, the new City would address service delivery as the needs and desires of the new community are analyzed. If services are expanded to new area, the total cost would increase, however the cost per unit for service delivered would be expected to decrease. A new water treatment plant is being planned to serve the proposed new city.

Consolidation of the two communities should result in savings from more effective use of equipment and personnel, elimination of duplication of facilities and potential economies of scale in purchasing.

14. No testimony was presented indicating any environmental problems. The proposed new water treatment facility should ensure the water quality for the new City of International Falls.

15. The Consolidation Commission recommends that the proposed new city shall be divided into three wards, which are described as follows:

#### EASTWARD

All that part of said territory beginning at the point of intersection of the centerline of State Trunk Highway 11 and the East City boundary, which lies south of the centerline of State Trunk Highway 11 extending West to the centerline of 2nd Avenue and that territory lying East of the said 2nd Avenue extending South one block to the centerline of 5th Street. Continuing, that territory lying South of the centerline of said 5th Street extending West to the centerline of 6th Avenue and that territory lying East of said 6th Avenue extending South to the centerline of 15th Street. Continuing, that said territory lying North of said 15th Street extending East to the centerline of U.S. Trunk Highway 53. Continuing, that territory lying East of said U.S. Highway 53 extending South to the centerline of County State Aid Highway 7 and that territory lying North of said County State Aid Highway 7 that extends to the said East City Boundary.

#### CENTERWARD

That said territory lying East of the centerline of 9th Avenue extending South from the North City boundary to the centerline of 5th Street and that territory lying South

of said 5th Street extending West to the centerline of 11th Avenue. Continuing, that territory lying East of said 11th Avenue extending South to the centerline of 15th Street. Continuing, that territory lying South of said 15th Street extending one block West to the centerline of County State Aid Highway 2 and that territory lying East of said County State Aid Highway 2 extending South to the centerline of 20th Street. Continuing, that territory lying North of said 20th Street extending East to the centerline of U.S. Trunk Highway 53 and that territory lying West of said U.S. Trunk Highway 53 extending North to the centerline of 15th Street. Continuing, that territory lying South of said 15th Street extending West to the centerline of 6th Avenue and that territory lying West of 6th Avenue to the centerline of 5th Street. Continuing that territory lying North of said 5th Street extending East to the centerline of 2nd Avenue and that territory lying West of said 2nd Avenue extending one block North to the centerline of State Trunk Highway 11. Continuing, that territory lying North of said State Trunk Highway 11 to the East City boundary.

#### WESTWARD

That said territory lying West of the centerline of 9th Avenue extending South from the North City boundary to the centerline of 5th Street and that territory lying North of said 5th Street extending West to the centerline of 11th Avenue. Continuing, that territory lying West of said 11th Avenue extending South to the centerline of 15th Street and that territory lying North of said 15th Street to the centerline of County State Aid Highway 2. Continuing, that territory lying West of said County State Aid Highway 2 extending South to the centerline of 20th Street and that territory lying South of said 20th Street extending East to the centerline of U.S. Trunk Highway 53. Continuing, that territory lying West of said U.S. Trunk Highway 53 extending South to the centerline of County State Aid Highway 7 and that territory lying South of said County State Aid Highway 7 to the East City boundary.

16. The 1988 assessed valuation of the City of International Falls is approximately \$20,214,674.

The 1988 assessed valuation of the City of South International Falls is approximately \$4,176,447.

17. The City of International Falls had a 1987 bonded indebtedness of approximately \$2,105,000.

The City of South International Falls had a 1987 bonded indebtedness of approximately \$560,000.

18. The City of International Falls has a 1988 mill rate of 74.118.

The City of South International Falls has a 1988 mill rate of 78.347.

19. The combined new city would have a 1988 mill rate, without bonds from either taxing district, of 66.793.

The combined new city would have a 1988 mill rate, with respective taxing district bond levy (P&I) included, of 72.912 for International Falls and 84.185 for South International Falls.

20. In 1987, the City of International Falls received approximately \$1,312,586 in state aid.

In 1987, the City of South International Falls received approximately \$373,000 in state aid.

21. Consolidation of International Falls and South International Falls would increase the level of State Aid apportionments in the amount of approximately \$124,000 using 1989 Local Government Aid and Municipal State Aid Street formulas and assumptions.

22. A consolidation feasibility study prepared in 1981 showed the following expenditures for \$1,000 of assessed valuation:

<u>Services Funded from</u> <u>General Revenues</u>	<u>Int'l Falls</u>	<u>S. Int'l Falls</u>	<u>Int'l Falls &amp;</u> <u>S. Int'l Falls</u> <u>Combined</u>
General Administration	13.88	10.79	13.26
Police	14.98	25.45	17.07
Fire	7.74	4.17	7.03
Engineering	2.73	.81(1)	2.34
Street & Garage	16.44	15.82	16.32
Street Lighting	5.51	2.54	4.92
Parks & Recreation	3.26	3.72	3.35
Library	4.28	--	3.43
Other	2.73	2.07	2.60

(1) No in-house engineer in S. Int'l Falls.

23. The proposed \$525 million expansion of the Boise Cascade Paper Mill would increase the assessed valuation of the proposed new City of International Falls by an estimated \$8-15 million dollars and strengthen the tax base. Anticipated related growth and development would also have a positive impact on the economic condition and tax base of the new city.

24. Both cities are located in School District 361. Consolidation would

have no effect on the school district.

25. Both cities have adopted and correctly implement the State Building Code requirements.

CONCLUSIONS OF LAW

1. The Minnesota Municipal Board duly acquired and now has jurisdiction over said proceeding.

2. Consolidation is in the best interests of the City of International Falls and the City of South International Falls.

3. The Minnesota Municipal Board should accept the Report of the Consolidation Commission and accompanying Home Rule Charter for the proposed new City of International Falls.

4. The Minnesota Municipal Board should issue an order approving the consolidation and ordering an election on the consolidation and home rule charter.

ORDER

1. IT IS HEREBY ORDERED: That the Minnesota Municipal Board hereby accepts the Report of the Consolidation Commission.

2. IT IS FURTHER ORDERED: That the City of International Falls and the City of South International Falls, located in Koochiching County, Minnesota, be and the same hereby are consolidated to form a single city subject to adoption by majority vote of the respective city councils and approval by the voters pursuant to M.S. 414.041.

3. IT IS FURTHER ORDERED: That the consolidated city shall be named the City of International Falls.

4. IT IS FURTHER ORDERED: That the plan of government of the new City of International Falls shall be by Home Rule Charter.

5. IT IS FURTHER ORDERED: That the City of International Falls shall be



divided into three wards, as described in Findings of Fact 15.

6. IT IS FURTHER ORDERED: That each of said wards shall constitute a separate election precinct of said city for the holding of all general or special elections provided for under the laws of this state or under the proposed charter.

7. IT IS FURTHER ORDERED: That the ordinances of each city shall continue in effect within the former boundaries until repealed by the governing body of the new City of International Falls.

8. IT IS FURTHER ORDERED: That the population of the new City of International Falls is 7,867 persons.

9. IT IS FURTHER ORDERED: That all license privileges be maintained as permitted by each city including the number of liquor licenses already authorized by the State of Minnesota until repealed by the governing body of the new City of International Falls.

10. IT IS FURTHER ORDERED: That upon consolidation all money claims or properties including real estate owned, held or possessed by the former cities, and any proceeds or taxes levied by such cities, collected and uncollected, shall become the property of the new City of International Falls with full power and authority to use and dispose of for such public purposes as the council deems best subject to claims of the creditors. This will include cash reserves/fund balances of each city and all public property and equipment held by each city.

11. IT IS FURTHER ORDERED: That the former cities' outstanding indebtedness, prior to consolidation, will be the financial obligation of property owners within these former tax districts. The former cities will serve as separate tax districts to pay off existing outstanding bond obligations. Upon payment of outstanding bond obligations, the mill rate for

the former cities will be equalized thereafter.

12. IT IS FURTHER ORDERED: That an election shall be held on the question of the consolidation of the City of International Falls and the City of South International Falls and on the proposed new charter.

13. IT IS FURTHER ORDERED: That if the City Councils of the City of International Falls and the City of South International Falls adopt this consolidation order by a majority vote on or before October 6, 1988, the election shall be held in each city on November 8, 1988 in conjunction with the general election. In the event the councils fail to adopt this order by said date, the referendum, if any, shall be scheduled by a Supplemental Order of the Municipal Board. If the city councils fail to adopt this order within 60 days from the date of this order, it shall be deemed disapproved by the city councils.

14. IT IS FURTHER ORDERED: The election shall be conducted in each city pursuant to laws governing special or general elections insofar as applicable.

15. IT IS FURTHER ORDERED: That the ballot shall contain the words: "Shall the consolidation of the City of International Falls and the City of South International Falls be approved and the proposed new Home Rule Charter for the newly consolidated city be adopted?"  Yes  No

16. IT IS FURTHER ORDERED: That the results of the referendum in each city shall be certified to the Executive Director of the Minnesota Municipal Board by the City Clerks of the City of International Falls and the City of South International Falls within 10 days after the referendum.

17. IT IS FURTHER ORDERED: That the Executive Director shall upon receipt of certificate, notify all parties of the election results.

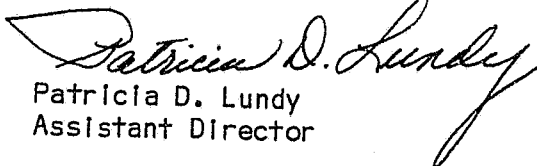
18. IT IS FURTHER ORDERED: That if a majority of the votes cast in each affected city are in favor of the consolidation, the Executive Director or

Assistant Executive Director shall issue a Supplemental Order for the election of new municipal officers.

19. IT IS FURTHER ORDERED: That the effective date of this order is October 4, 1988.

Dated this 4th day of October, 1988.

MINNESOTA MUNICIPAL BOARD  
165 Metro Square Building  
St. Paul, Minnesota 55101

  
Patricia D. Lundy  
Assistant Director

C-21-mm International Falls/  
South International Falls

MEMORANDUM

For close to a decade, the Cities of International Falls and South International Falls have been discussing and studying consolidation. The cities have now filed resolutions requesting the Minnesota Municipal Board to initiate consolidation proceedings. The resolutions indicate that consolidation is in the best interests of both communities and their residents; that the cities have conducted a locally-directed joint consolidation negotiation process resulting in the development of a new charter and; that a referendum should be held on the consolidation and adoption of the new city charter posed in one question on the ballot for the November 8, 1988 general election. The Municipal Board responded to the request, appointed the Joint Consolidation Commission and Chair, conducted a hearing, and has now approved the consolidation and ordered the referendum.

Although M.S. 414.041 does not articulate some of the specifics for the referenda, the board assumes that pursuant to this Order the cities will conduct the referendum consistent with the laws governing special or general elections insofar as applicable.

The board wishes to commend the dedicated efforts of all those who have freely given of their time and talents on this consolidation.

The consolidation of these cities should streamline government functions and improve decision making and delivery of services to the community.

10/4/88  
Jae

CONSOLIDATION COMMISSION RECOMMENDATIONS:

1. The name of the new city be "The City of International Falls" as agreed by both cities.
2. The City of International Falls operate under the Home Rule Charter being proposed for adoption as part of a consolidation referendum. The new charter describes the legal authorities, policies and procedures which will govern the functions of the new city. Included in the Charter which is attached and a part of this recommendations report is a description of the city council make-up, ward boundaries, and duties and responsibilities of elected officials and appointed administrative officers of the City such as the City Attorney, City Engineer and others; establishes various city financial authorities, funds and procedures; contains policies governing personnel, collective bargaining agreements, and civil service commissions; and contains policies for local improvements and other related items necessary for the overall operation of the city.
3. The city council will consist of nine (9) members that will include eight (8) Councilors and the Mayor. The city will have three (3) wards with two (2) Councilors elected from each ward and two Councilors elected from at-large. In addition to the City Council, a Mayor and City Clerk/Treasurer will be elected at-large. The Mayor will be the ninth voting member and serve as the presiding officer of the City Council.
4. During the first election of city officials, in each ward the person receiving the most votes will serve a four year term; the person receiving the second highest number of votes will serve a two year term; the Mayor will serve a four year term; the Clerk-Treasurer will serve a two year term; the person receiving the most votes for Councilor At-large will serve a four year term and the person receiving the second highest number of votes for Councilor At-large will serve a two year term. Thereafter, all terms of office will be for four years.
5. The wards will run in a north/south direction encompassing former residents in each city within each ward. The wards were determined based on a population assessment, the boundaries of which are described in the proposed charter.
6. That the ordinances of each city shall continue in effect within the former boundaries of each city until repealed by the governing body of the new City of International Falls.
7. All license privileges be maintained as permitted by each city including the number of liquor licenses already authorized by the State of Minnesota until repealed by the governing body of the new City of International Falls.
8. Upon consolidation all money claims or properties including real estate owned, held or possessed by the former cities, and any proceeds or taxes levied by such cities, collected and uncollected, shall become the property of the new City of International Falls with full power and authority to use and dispose of for such public purposes as the Council deems best subject to claims of the creditors. This will include the cash reserves/fund balances of each city and all public property and equipment held by each city.

9. The former cities' outstanding bonded indebtedness, prior to consolidation, will be the financial obligation of property owners within these former tax districts. Thus, the former cities will serve as separate tax districts to pay off existing outstanding bond obligations. Upon payment of outstanding bond obligations, the mill rate for the former cities will be equalized thereafter.
10. Upon consolidation the new City of International Falls operating budget and mill rate will be equalized subject to differential mills rates levied to retire outstanding bonds in each former city taxing district as agreed by the Cities of International Falls and South International Falls.
11. Water and sewer rates will be equalized for various user classifications within the new City of International Falls.
12. The existing level of public services will be maintained throughout the new City of International Falls.
  - A. The present City Halls will continue to be used as service, information and permitting centers with an evaluation of service and space needs to be conducted within 24 months by the new city.
  - B. The basic or core city governmental functions will be centered at the existing International Falls City Hall.
  - C. The public works garages and locations will be retained to provide street, park and utility maintenance services throughout the new city. Service, space, equipment and locational needs will be evaluated by the new city during the first 24 months of operation.
  - D. Fire protection will continue to be provided out of the existing Fire Halls through the functions of a maximum thirty-five member department composed of existing fire fighters from both former cities. It is agreed that the South International Falls Association will be dissolved with members sharing in the assets in accordance with State statutory provisions. Certain current South International Falls fire fighters that will become new members of the International Falls Association will waive their pension rights and be grandfathered in as a member of the International Falls Association and would begin years of service at year one, vested at year ten, and would be eligible for a service pension in accordance with the existing Association benefit schedule, by-laws and civil service requirements.
  - E. The level of police protection and manpower will remain the same in the new city. The respective police departments have prepared an agreement covering merger of personnel, pensions and benefits, and level of responsibilities. The City of South International Falls will have a one time financial obligation to cover officer participation in the existing Special Police Fund. The hiring and operations of the police department will continue to be overseen by the Civil Service Commission.

- .F. An agreement to merge the respective Street and Water Department personnel was not completed as part of the negotiations process. However, it was agreed by both cities that upon consolidation the new City of International Falls would resolve this matter with the existing collective bargaining unit covering current City of International Falls employees. As part of this agreement language is contained within the new city charter which states that no existing city employee would lose their job due to the consolidation of International Falls and South International Falls. It is recommended that the new City Council address this matter immediately following organization of the new city government.
  - G. All other employees not covered by collective bargaining or civil service will be employed by the new City of International Falls in accordance with the following language contained in the new Charter stating that "covered employees," all part-time or full time employees of either city, including appointees and including the "City Clerk-Treasurer," who received a monthly salary and pension and health benefits on January 1, 1988, and who are requesting a position with the new city shall be entitled to employment with the consolidated city. No employee will lose their job due to the consolidation of International Falls and South International Falls.
    - . The issue of assignment, classification, pay and benefits will be based on job classification and ratings determined by the new city council following its organization. Furthermore, all first new city department heads and other appointed positions are to be made from the original list of "covered employees," described above. Any future staff reductions will be handled through attrition.
13. The new City Council would establish a city budget and a capital improvements program for making scheduled improvements on a year-to-year basis. The costs for such improvements will be assessed against the benefiting property according to policy established in the new city charter and by city ordinance. Thus, improvements to streets, including curb and gutter, sidewalks, sanitary sewer lines, storm sewer lines, water lines or electrical utilities would be assessed. However, the cost of grading, paving and otherwise improving the intersections of streets, avenues and alleys with other streets, avenues and alleys will be paid by general taxation with no assessment made for benefits of such improvements.
14. U. S. Postal Service must follow Federal guidelines in providing service to the consolidated city. In accordance with these Federal guidelines the following actions are expected to occur:
- The South International Falls Post Office would be closed.
  - There would be no break in the provision of mail service to both cities.
  - The same zip codes would remain in place - no change.

- There would be a change in the level of service. Surveys would be conducted to determine residents' desires for home delivery and use of postal boxes. Neighborhood box units would be installed for use at no cost to residents. Counter service with lock boxes will be available. A branch office or station may be placed in South International Falls or a private business may be contracted with to provide postal service.
- The Federal Postal Service will undertake an eighteen month transition process in addressing these changes.

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STATE OF MINNESOTA  
DEPARTMENT OF STATE  
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OCT 5 1988

*James Andrew Howe*  
Secretary of State