

A-5488 Winona
A-5489 Winona

BEFORE THE MUNICIPAL BOARD
OF THE STATE OF MINNESOTA

Andrew D. Hultgren	Chair
Chuck W. DeVore	Vice Chair
Steve Delano	Ex-Officio Member
Jerry Heim	Ex-Officio Member

IN THE MATTER OF THE PETITIONS FOR)	<u>SUPPLEMENTAL</u>
THE ANNEXATION OF CERTAIN LAND TO)	<u>FINDINGS OF FACT</u>
THE CITY OF WINONA PURSUANT TO)	<u>CONCLUSIONS OF LAW</u>
MINNESOTA STATUTES 414)	<u>AND ORDER</u>

Pursuant to the Settlement Agreement entered into between the City of Winona, Marvin Seppanen, Thomas Leaf, Lloyd Jacob, Raymond Evenson, and the Town of Winona in the above-entitled matters, the Minnesota Municipal Board, based upon the files, records and proceedings, and being duly advised in the premises, makes the following:

FINDINGS OF FACT

1. On July 31, August 1, and August 2, 1995, the Minnesota Municipal Board, hereinafter referred to as "Board," presided over a contested hearing in the above-entitled matters. The Board issued its Findings of Fact, Conclusions of Law, Order and Memorandum on January 22, 1996, annexing most of Winona Township, hereinafter referred to as "Township," to the City of Winona, and later annexing the remaining portion of the Township to the City of Goodview.

2. On February 15, 1996, Messrs. Seppanen, Leaf, Jacob, and Evenson

(collectively, "Petitioners") appealed the Board's decision pursuant to Minn. Stat.

414.07. Although the Township had been entirely annexed into the Cities of Goodview and Winona, the Petitioners named the Township as a plaintiff in this matter.

3. Pursuant to a settlement agreement between the parties, the parties requested the District Court of the Third Judicial District to affirm the decision of the Board in all respects, except as to the issue of the tax rate to be applied to those properties annexed from the Township to Winona, which the parties requested to be remanded to the Board for a determination pursuant to Minn. Stat 414.035.

4. The Third Judicial District Court issued its Order on January 13, 1998, affirming the Municipal Board annexation orders dated January 22, 1996, except to the extent that said Order addresses or fails to address the tax rate to be applied to the property annexed from the Township to the City of Winona pursuant to the Board's Order. The District Court Order remanded the matter to the Board solely for the purpose of determining the tax rate to be applied to the property annexed from the Township to the City of Winona pursuant to Minn. Stat. 414.035.

5. On October 22, 1998, the Municipal Board received a Stipulation in Support of Graduated Tax Rate signed by the City of Winona and the Petitioners. The City of Winona and the Petitioners support the Petitioners' request for the Municipal Board to order a five year, graduated step-up of the tax rate from the Township rate to the City rate for all properties annexed from the Township to the City of Winona pursuant to the January 22, 1996 order of the Municipal Board.

6. The City of Winona and the Petitioners estimate that it will take longer

than five years for the City of Winona to supply sanitary sewer service to a majority of the property in the former Township.

7. Petitioners estimate that it will take a considerable amount of time for the City of Winona to review and assimilate the former Township's zoning and subdivision ordinances into the city's current zoning and subdivision ordinances.

8. The City of Winona and the Petitioners estimate that it will take longer than five years for the City to supply municipal water service to a majority of the property in the former Township.

CONCLUSIONS OF LAW

1. The Minnesota Municipal Board duly acquired and now has jurisdiction of the within proceedings.

2. All municipal services of the City of Winona will not be available to the annexed area in the former Town of Winona for at least five years.

3. The Minnesota Municipal Board should order a five-year, graduated tax rate step-up of the tax rate from the former Township rate to the City rate for all properties annexed from the Town of Winona to the City of Winona pursuant to the January 22, 1996 Order of the Municipal Board.

ORDER

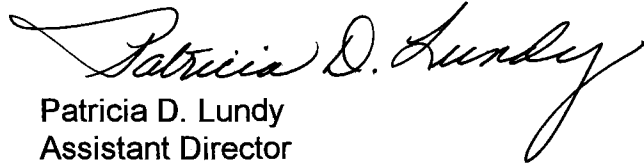
IT IS HEREBY ORDERED: That the tax rate of the City of Winona on all the properties annexed from the Town of Winona to the City of Winona pursuant to the January 22, 1996 Order of the Municipal Board shall be increased in substantially equal proportions from the former township rate to the City of Winona rate over a

period of five years to equality with the tax rate of the property already within the city.

IT IS FURTHER ORDERED: That the effective date of this order is November 20, 1998.

Dated this 20th day of November, 1998.

MINNESOTA MUNICIPAL BOARD
Suite 225 Bandana Square
1021 Bandana Boulevard, East
St. Paul, Minnesota 55108-5113


Patricia D. Lundy
Assistant Director

A-5488 Winona
A-5489 Winona

BEFORE THE MUNICIPAL BOARD
OF THE STATE OF MINNESOTA

Robert J. Ferderer	Chair
Lea De Souza Speeter	Vice Chair
Sidney Hill	Ex-Officio Member

IN THE MATTER OF THE PETITIONS FOR)	<u>FINDINGS OF FACT</u>
THE ANNEXATION OF CERTAIN LAND TO)	<u>CONCLUSIONS OF LAW</u>
THE CITY OF WINONA PURSUANT TO)	<u>AND ORDER</u>
MINNESOTA STATUTES 414)	<u>AND MEMORANDUM OPINION</u>

The above-entitled matter came on for hearing before the Minnesota Municipal Board pursuant to Minnesota Statutes 414, as amended, on May 3, 1995 at Winona, Minnesota and was continued to July 31, and August 1 and 2, 1995. The hearing was conducted by Robert J. Ferderer, Chair and Lea De Souza Speeter, Vice Chair, pursuant to Minnesota Statutes 414.01, Subdivision 12. Also in attendance were County Commissioners Sidney Hill and Judy Gilow, Ex-Officio Members of the Board. The City of Winona appeared by and through Douglas Peine and Christopher Hood, Attorneys at Law; the Town of Winona appeared by and through Mike Couri, Attorney at Law. Prior to commencement, Paul Double recused himself from these proceedings. Testimony was heard and records and exhibits were received. On December 1, 1995, the Municipal Board accepted County Commissioner Judy Gilow's resignation from the remainder of the proceedings. Ms. Gilow did not participate in this decision.

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, and Order.

FINDINGS OF FACT

1. On March 10, 1995, the City of Winona filed two petitions with the Minnesota Municipal Board for annexation of certain lands located in the Town of Winona. The petitions contained all the information required by statute, including a description of the territory subject to annexation.

2. The first petition, Municipal Board Docket A-5488, City of Winona Resolution No. 95-40, received March 10, 1995, seeks annexation of certain lands located in the Town of Winona referred to as the "Sewer Service Area," legally described as follows:

That part of Section 29 and of Section 30 all in Township 107 North, Range 7 West of the Fifth Principal Meridian, Winona County, Minnesota lying Southerly and Westerly of the existing City of Winona Corporate Limits line as it exists in said Section 29 and said Section 30.

3. The second petition, Municipal Board Docket A-5489, City of Winona Resolution 95-41, received March 10, 1995, seeks annexation of the Town of Winona in its entirety; said area being legally described as follows:

All of that part of Section 30, Section 31 and Section 32 in Township 108 North, Range 7 West of the Fifth Principal Meridian and Section 4, Section 5, Section 6, Section 7, Section 8, Section 9, Section 15, Section 16, Section 17, Section 18, Section 19, Section 20, Section 29, Section 30, Section 31, Section 32, Section 33, Section 34 and Section 35 in Township 107 North, Range 7 West of the Fifth Principal Meridian, all in Winona County, Minnesota, except the City of Winona and except the City of Goodview.

4. Due, timely and adequate legal notice of the hearing was

published, served and filed.

5. On March 27, 1995, the Minnesota Pollution Control Agency, hereinafter referred to as "MPCA," conferred jurisdiction upon the Municipal Board pursuant to Minnesota Statutes 115.49 and Minnesota Statutes 414.0325 by ordering cooperation by contract in the extension of municipal sanitary sewer service from the City of Winona to the Town of Winona. The MPCA March 27, 1995 order authorized the Municipal Board to consider designation for orderly annexation to the City of Winona those portions of Section 30 and Section 31 all in the Town of Winona which are experiencing pollution problems or which have the potential for future pollution problems. The order further provides that Section 29 and Section 32 in the Town of Winona can also be included in the planning area.

6. On March 17, 1995, the Municipal Board received two orderly annexation joint agreements between the City of Goodview and the Town of Winona for the orderly annexation of a majority of the Town of Winona to the City of Goodview.

7. The Town of Winona is unincorporated, approximately 6,153 acres in size, and abuts the City of Winona by approximately 50% of its perimeter. The City of Winona is approximately 8,868 acres in size. The City of Goodview is approximately 1,152 acres in size.

8. The City of Winona is bordered on its north and east by the Mississippi River and on the south and west by steeply sloped and wooded bluff lands. Located at the center of the City of Winona is Lake Winona which is fed through Boller's Lake and the Gilmore Creek watershed. The City of Winona is characterized by

extensive wetlands to the north and southeast.

The Town of Winona is divided into five portions which border the City of Winona on its southerly, westerly, and northerly boundaries. A majority of the Town of Winona is characterized by steeply sloping and wooded bluff lands. The Town of Winona is bordered on its northern boundary by the Mississippi River and contains extensive wetlands, including the Mississippi Wild Life and Fish Refuge in its northern portion. The Town of Winona contains the Gilmore Creek watershed which drains into Boller's Lake and Lake Winona.

The City of Goodview is bordered on the north by the Mississippi River. The City of Goodview is situated on a flat sandbar adjacent to the Mississippi River with a portion of the City of Goodview located in the valley to the south. The City of Goodview is bordered by bluffs to the south, the City of Winona to the east and Hillsdale Township and Rollingstone Township to the west and northwest.

9. The Sewer Service Area, MPCA Contract Area and the Entire Town have severe soil and slope limitations for use of on-site septic systems. The poor soil conditions found in the Town of Winona are consistent with MPCA findings of failed or failing septic systems in the Gilmore Valley region of the Town of Winona.

10. The State Demographer estimated that the City of Winona had a 1990 population of approximately 25,435 with approximately 9,348 households and a 1994 population of approximately 25,805 with approximately 9,595 households.

The State Demographer estimated that the Town of Winona had a 1990 population of approximately 986 with approximately 272 households and a 1994 population of approximately 851 with approximately 285 households.

The State Demographer estimated that the City of Goodview had a 1990 population of approximately 2,878 with approximately 1,072 households and a 1994 population of approximately 3,079 with approximately 1,162 households.

11. The City of Winona has approximately 1,416 acres in residential use, approximately 358 acres in institutional use, approximately 254 acres in commercial use, approximately 428 acres in industrial use, approximately 373 acres in developable vacant land, and approximately 235 acres in railroad use. The City of Winona has no agricultural land use within existing corporate limits.

12. The Town of Winona has land in residential use, agricultural land use, and developable vacant land.

The City of Winona anticipates that the zoning of the area subject to annexation will remain consistent with anticipated single-family residential development.

The City of Winona estimates that its remaining residential land base will last 8.6 years, its commercial land base will last 3.7 years, and its industrial land base will last 5.8 years.

Of the remaining lands within the City of Winona, some are subject to development limitations such as wet soils or

contaminated soils requiring extensive and costly filling.

13. The City of Winona has developed a comprehensive plan for guiding future land uses which recognizes that the city is landlocked and that the remaining vacant land has topographical constraints for development.

The City of Winona's comprehensive plan identifies a growth area for industrial and commercial development which extends beyond the existing bluffs. The city anticipates future industrial and commercial development will occur along the Highway 43 Corridor which extends south of the city through the Town of Winona. This is the logical area to develop a modern business park or industrial park.

The City of Winona's comprehensive plan seeks to preserve the bluff lands and wetlands as open space and prohibit development thereon.

The City of Winona's comprehensive plan anticipates the future growth of the region including the City and the Town of Winona. The city has a land use map guiding land usage for the region, including the Town of Winona, for the next 15 years.

14. The logical pattern of future development for the City of Goodview is to the north and west into Stockton Valley, where the city can extend utilities.

15. Minnesota Planning has developed four criteria for determining whether an area is urban, any one of which is sufficient. The Town of Winona fits three of the four criteria.

a. The Town of Winona is zoned for residential uses

that are within 2 miles of a city of more than 5,000 population.

- b. The Town of Winona consists of residential land uses that are contiguous to the City of Winona and are in need of services such as sewer, water, roads, police and fire protection.
- c. The Town of Winona consists of existing individual residential parcels of $2\frac{1}{2}$ acres or less and subdivisions that are within 2 miles of a city of more than 5,000 population.

16. The exclusive use of population densities to determine whether an area is urban or suburban in character is not appropriate in this case insofar as a large percentage of the area is occupied by undevelopable steeply sloped bluff lands and wetlands. Those areas which are developed have been developed in an urban or suburban character.

17. The main thoroughfare running through the City of Winona is Trunk Highway 61. Trunk Highway 61 connects the City of Winona to the cities of Minneapolis and St. Paul, and is a major source of commercial activity. Two other major thoroughfares, Trunk Highway 14 and Trunk Highway 43, whose points of origin are in the City of Winona, serve as the major thoroughfares in the Town of Winona. Trunk Highway 14 and Trunk Highway 43 connect the City of Winona to the City of Rochester and Interstate 90 via the Town of Winona.

The City of Winona maintains 113.5 miles of highways, streets and roads.

The Town of Winona has approximately 6 miles of highways, streets and roads.

The City of Goodview has approximately 16.3 miles of

highways, streets and roads.

The City of Winona is served by a number of railroads: Soo Line, Northwestern, Dakota, Minnesota and Eastern, and Burlington Northern.

18. The City of Winona owns, operates and maintains the airport for use by the city and surrounding region. The city provides 60% of the funding to operate and maintain the airport with the remaining 40% of the airport's budget funded by the State.

19. The City of Winona's zoning ordinance is generally consistent with its new comprehensive plan. In those areas where it is not consistent, the city plans to update its zoning ordinance to conform with its new comprehensive plan.

20. The City of Winona's subdivision ordinance is generally consistent with its new comprehensive plan. In those areas where it is not consistent, the city plans to update its subdivision ordinance to conform with its new comprehensive plan.

21. The City of Winona has prepared and adopted a detailed official zoning map.

22. The City of Winona prepares and adopts a budget and a capital improvements program annually.

23. The City of Winona has a fire code, building code and inspection services, floodplain ordinance, and is currently drafting a shoreland ordinance. The city has a sewer ordinance, sanitary sewer map, a Winona 201 facilities plan, and a facilities plan for wastewater treatment facilities, a water conservation and emergency plan, licenses and permits and services charges

ordinance, a standard utility specification for water main and service line installation and sanitary sewer and storm sewer installation.

The Town of Winona has a comprehensive plan adopted in 1975, a planning commission, subdivision and zoning ordinances adopted in 1964, and building inspection services.

Winona County has a comprehensive plan, zoning and subdivision ordinance, an official map, floodplain ordinance, shoreland ordinance, and sewer ordinance.

The City of Goodview has a comprehensive plan (partial only), zoning ordinance, subdivision ordinance, an official map, floodplain ordinance, sewer ordinance, budget and capital improvements program, and fire code.

24. The City of Winona Governmental Services:

Water Service: The city provides a complete drinking water system consisting of an extensive pipe network, two treatment plants, reservoirs and wells. Current capacity is 11.5 million gallons per day. Average use is 3.5 million gallons per day. The city's water treatment plants and water system have the capacity to serve the entire Town of Winona. The city's water system has been designed to serve the Town of Winona as the city expands. The city can more cost-effectively and efficiently serve the reduced subject area than could the City of Goodview.

The City of Winona has already invested in and constructed the necessary infrastructure to serve an area of the

Town of Winona described as Gilmore Valley. All of Gilmore Valley could be served with the 500,000 gallon Knopp Valley system already in place in the city.

The City of Winona has developed a Water Conservation and Emergency Plan.

The City of Winona's water system is operated and maintained by a full-time, professionally staffed Public Works Department.

The City of Goodview also has a drinking water system, however, it needs additional water storage capacity to meet its own existing needs.

Sanitary Sewer Service: The City of Winona provides its residents with a complete sanitary sewer system including a sewage collection system and a wastewater treatment facility. The existing sewer collection system is in good condition requiring little or no replacement. The city's sanitary sewer system is operated and maintained by the Public Works Department. The city has the staff, the experience and the technical expertise to provide sewer service to the Town of Winona.

The City of Winona has capacity in its sewer system and wastewater treatment facility to provide sewer service to those areas of the Town of Winona needing sewer service or to the entire town if sewer service is petitioned for.

For the City of Goodview to provide sewer service to the Town of Winona, it would require that the City of Goodview cross into the City of Winona with its collection system or rely directly

on the City of Winona to extend an additional point of connection from the City of Winona's existing sewer system.

The City of Winona's wastewater treatment facility began operation in 1972 and the city has upgraded its facility at city expense to maintain compliance with federal and state standards. Since original construction at a cost of \$3.8 million, the city has spent an additional \$4,682,000 to upgrade the treatment plant.

The trend in the State of Minnesota is the centralization of wastewater treatment systems. The reasons for centralization include the high costs of treating wastewater due to increasingly stringent standards as well as the substantial economies of scale available in serving large areas with one treatment facility.

Currently the City of Winona is experiencing a Biochemical Oxygen Demand (BOD) permit compliance problem during the months of February, March and April. The city has developed facilities plans and worked with the MPCA to remedy this problem. A contemplated upgrade, estimated to cost the city an additional \$3.5 million, should resolve the problem for the next 20 years. The MPCA has reviewed the city's plan and is satisfied with it. The city has the financial capacity to make the required upgrade.

Current flow capacity is 6.5 million gallons per day. Current usage is 4.8 million gallons per day. Expected usage in Gilmore Valley should not exceed approximately 10,000 - 12,000 gallons per day. The City of Winona's wastewater treatment facility has sufficient flow capacity to serve the Town of Winona.

The City of Goodview receives its wastewater treatment

services by contract with the City of Winona and has done so since 1972. All flows from any expansion of the Goodview system would also flow into and through the City of Winona for treatment.

Storm Sewer and Flood Control: The City of Winona has extensive storm sewer and flood control systems. The systems are operated and maintained by the city's street department. The city maintains 11 miles of dikes and six large pumping stations.

The existing storm sewer system is in good condition. The City of Winona has a system of replacement when and where needed.

Fire Service: The City of Winona provides full-time fire suppression and protection services to its residents. In addition, the city provides first responder service and hazardous materials handling through its fire department. Other services provided by the city's fire department include complete rescue services, public education, and emergency medical services. The city owns, operates and maintains two fire halls at each end of the city. The fire department employee 22 full-time and 20 part-time firefighters. All of the city's firefighters are trained professional firefighters. All of the full-time firefighters are qualified hazardous materials technicians and emergency medial technicians. Ten of the city's firefighters are licensed fire instructors.

The City of Winona's average response time is 3 minutes measured from the time the alarm sounds to the time firefighters arrive on scene. The City of Winona's fire insurance rating is 3 on a scale of 1 to 10, 1 being the best.

The City of Goodview has an all volunteer fire department. The rescue department is also a volunteer organization and is independent of both Goodview's police and fire departments. Goodview measures its response times not from when the alarm sounds but from the time emergency vehicles leave the station until they arrive on scene. The city roughly estimates response times to the subject area would be 6 - 7 minutes in non-emergency situations and approximately half that time in emergencies. The city's fire insurance rating is 6 for areas served with municipal water and 9 elsewhere.

The City of Winona already provides fire service and EMT service to the Town of Winona by contract.

The City of Winona can serve the entire town immediately upon annexation with no additional personnel or equipment needs.

Police Service: The City of Winona has 37 full-time peace officers and provides 24-hour, seven-day-per-week police protection to its residents.

The City of Winona's police department provides preventative patrol, investigation and education. The department has a criminal investigations bureau, and evidence technician, a narcotics officer, and an animal control officer. The city also offers its DARE (Drug Abuse Resistance Education) Program to the entire school district which serves the Town of Winona as well as the city.

Police response times in the City of Winona range from 0 - 3.5 minutes.

Currently, only two sheriff's deputies, responsible for patrolling the entire County of Winona, are on duty at any given time. The City of Winona has between two and six officers patrolling at any given time and has supervisors on duty who can also respond to calls. The city is also much closer in proximity to the Town of Winona than a vast majority of the County of Winona.

The City of Goodview provides 24-hour patrolling but not seven days per week. The city's police department has 4 full-time and 3 part-time officers, one of whom is the police chief.

The City of Winona has the capacity to serve the subject area with a minimal increase in personnel and equipment. The city anticipates needing an additional patrol squad and two additional officers to serve the Town of Winona.

Street Improvement and Maintenance: The City of Winona has a full service Street Department. The city has 15 full-time employees, and the department is fully equipped.

The City of Winona can serve the subject area with street improvement and maintenance services with a minimal increase in staffing and equipment. The City of Winona estimates that it will need an additional two employees and two trucks in order to serve the Town of Winona.

Administrative Services: The City of Winona provides city clerk's office, parks and recreation centers and programs, public works, community development, a library which is available to all residents in the region, which is funded approximately 73% by the city with the remainder funded by Winona County, port

authority which is part of the economic development branch of the city, and electrical service which the city provides to its residents by contract with Northern State Power.

25. The Town of Winona Governmental Services:

Water: The Town of Winona does not have a drinking water system. Water is supplied by individual homeowner wells and some community wells.

Sewer: The Town of Winona does not have a municipal sewage collection system or wastewater treatment facility. The town treats its sewage with individual on-site septic systems which in certain cases are failing or have failed.

Storm Sewer: The Town of Winona has a limited ponding area for storm water runoff control.

Fire: The Town of Winona provides fire service to its residents by contract with the City of Winona.

Police: The Town of Winona receives police protection from the Winona County Sheriff's's Department.

Street Improvement and Maintenance: By private contract.

Administrative Services: Town Board.

Park and Recreation: The Town of Winona maintains a park.

The City of Goodview does not provide any services to the Town of Winona.

26. Existing and Potential Environmental Pollution Problems:

MPCA Order: The City of Winona and the Town of Winona are currently under order of the MPCA, dated March 27, 1995, requiring cooperation by contract for the extension of municipal

sanitary sewer service to remedy pollution from failed or failing septic systems located in the Gilmore Valley region of the Town of Winona.

Extent of Pollution: Of 174 homes using on-site septic systems located in Gilmore Valley, 47 have failing or failed systems. The failed septic systems of 8 homes in the Town of Winona have to be pumped on a regular basis.

Impact of Pollution: The failed and failing septic systems in Gilmore Valley have the potential to adversely affect Gilmore Creek, Boller's Lake and Lake Winona, thereby impacting not only the Town of Winona, but also The City of Winona and the City of Goodview.

Soil Limitations: Soils in the area, which are unsuitable for use of on-site septic systems, are the principal reason identified in the MPCA Order for the failed and failing septic systems. The severely sloped bluffs and tight clay soils also present severe limitations for use of on-site septic systems.

Cost of Municipal Sewer versus Cost of Septic Systems: The cost of municipal sewer service extension by the City of Winona to the Town of Winona is roughly \$8,000 per lot. Given severe soil limitations found in the town, the cost of installing a new septic system for homes in Gilmore Valley could range from \$8,000 to \$10,000 per home.

City Plan to Resolve Pollution Problem: With respect to the area of Gilmore Valley having failed or failing septic systems identified by the MPCA and needing immediate sewer service, the

City of Winona has developed a plan to extend sewer to the polluting area and oversize the sewer extension to accommodate service to other areas of Gilmore Valley in the future.

The City of Winona proposes using a gravity sewer system and trunk line extension along Gilmore Creek reducing the need for numerous costly lift stations. With new technology available, the city can implement its sewer extension plan with only a temporary disturbance of areas bordering Gilmore Creek.

27. Fiscal Data:

The City of Winona's Net Tax Capacity:

Stated by the City of Winona: \$10,731,926

Stated by the Town of Winona: \$11,304,105

The Town of Winona's Net Tax Capacity:

Stated by the Town of Winona: \$418,698

Stated by the City of Winona: \$416,626

The City of Goodview's Net Tax Capacity:

Stated by the Town of Winona: \$1,597,182

Stated by the City of Winona: \$1,307,267

Current Local Government Levy: The City of Winona's current local government levy is \$3,452,917, the Town of Winona's current local government levy is \$69,492, and the City of Goodview's current local government levy \$449,081.

Relative Governmental Services Budgets: The City of Winona's total services budget for 1994 was \$13,798,554, the Town of Winona's services budget for 1994 was \$216,856, and the City of Goodview's total services budget for 1993 was \$1,319,011.

Relative Fiscal Capacity: The City of Winona has a greater fiscal capacity in terms of in-place infrastructure, available resources and ability to reallocate from its budget, to provide needed governmental services to the Town of Winona. The city's relative fiscal capacity to provide services is ten times the City of Goodview's capacity. The City of Winona has 8 times the revenue raising capacity of the City of Goodview and 25 times the revenue raising capacity of the Town of Winona.

City of Winona Debt: The City of Winona's total bonded indebtedness for 1994 was \$17,294,000. Average per capita debt in Minnesota is \$1,283. The city's average per capita debt is \$738. The city has a AA bond rating. The city's financial health is very good and very strong.

City of Goodview Debt: The City of Goodview's total bonded indebtedness for 1994 was \$3,002,895.

Town of Winona Debt: The Town of Winona has no bonded indebtedness.

Property Tax Rates: The City of Winona's total property tax rate for 1994 was 124.892, the Town of Winona's was 113.316, and the City of Goodview's was 130.025.

Property Tax Impact on the City of Winona: Annexation of a portion or the entire Town of Winona would have a minimal impact on property taxes in the City of Winona, ranging between plus or minus a half point to one point.

Property Tax Impact on the Town of Winona: Those residents of the Town of Winona annexed will pay the same rate as

that being paid in the City of Winona.

Any area annexed to the City of Winona will have a tax increase of approximately 11 points, from 113 to approximately 125. This increase translates under any of the scenarios to a property tax increase for a \$60,000 home of \$66 to \$71. The tax increase is the result of the Town of Winona receiving a much higher level of services.

The Town of Winona does not have the ability to provide the needed level of services on its own without an unacceptable increase in tax rates. In the event of a \$100,000 increase in services costs, the town would have to increase its tax rate 24 points, which translates into a tax increase on a \$60,000 home of \$144. If the Town of Winona were annexed to the City of Goodview, the same \$100,000 increase in costs would translate into a \$46 tax increase on a \$60,000 home.

For this same \$100,000 increase in costs, a business property annexed to the City of Winona would pay \$28. If the Town of Winona bore this \$100,000 cost increase itself, that same business property would have a tax increase of \$720. If the same business property were annexed to the City of Goodview, the increase in taxes would be \$229.

For the same property and same cost increase, annexation by the City of Goodview would result in an approximate increase in taxes equal to 8 times that if the same property were annexed to the City of Winona.

As an area urbanizes, costs in the range of \$100,000 to

\$200,000 or much more can be expected because of a greater demand for municipal services such as sewer, water, police, and fire. The City of Winona has a greater capacity in terms of property tax and debt capacity to finance the capital outlays and cost increases necessary to provide municipal services to the Town of Winona.

Local Government Aid (LGA) and Homestead and Agricultural Credit Aid (HACA): The City of Winona currently receives \$6,199,885 in LGA and HACA; the Town of Winona receives \$32,059; and the City of Goodview receives \$407,650.

Annexation to the City of Winona would result in a net benefit to the Town of Winona due to the increases in LGA and HACA that the town would have access to.

Annexation of the Town of Winona to the City of Goodview would result in a benefit to the town with regard to LGA and HACA of approximately \$100,000.

28. Viability of Remainder of the Town of Winona: All or a majority of the Town of Winona's tax base is subject to annexation. With the amount of urbanization that is occurring or has occurred in the town, and the likelihood that future service cost increases will place a significant tax burden on any remaining portion of the town, the viability of any remaining portion is questionable.

29. Revenues Received Compared to Benefits Conferred: The total value of services provided to the entire Town of Winona if annexed to the City of Winona would equal \$373,593. The total value of revenues received by the city as a result of annexation of the entire town would be \$118,673.

30. Relationship and Effect of the Proposed Annexation on Adjacent Communities: Annexation of the entire Town of Winona to the City of Winona will have no effect on adjacent communities insofar as the City of Winona can independently provide all needed governmental services to the town.

31. Relationship and Effect of the Proposed Annexation on the School District: Annexation of the entire Town of Winona to the City of Winona will have no impact on the school district.

32. On January 16, 1996, the Minnesota Municipal Board reduced the area for annexation before it and retains jurisdiction over the excluded property, which is an unincorporated area in the Town of Winona surrounded on three sides by the City of Goodview. In order to improve the symmetry, this area should be part of the City of Goodview. The City of Winona, the Town of Winona, and the City of Goodview have all stated the area, described as follows, is better served by annexation to the City of Goodview:

That part of Section 18 and of Section 19 all in Township 107 North, Range 7 West of the Fifth Principal Meridian, Winona County, Minnesota, lying Northerly and Westerly of WE Valley as it exists in said Section 18 and said Section 19 and Southerly of the Northerly Right-of-Way line of Trunk Highway 61 as it exists in said Section 18 and said Section 19, except the City of Goodview.

THE AREA IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

The West One Half of the Southwest Quarter, Section 18, Township 107 North, Range 7 West, not currently in the City of Goodview and abutting the Corporate Limits of Goodview.

and

That part of the Northwest Quarter of Section 19,

Township 107 North, Range 7 West, lying northerly and westerly of the following described line. Beginning at a point on the northwest corner of the Southwest Quarter of said Section 19, thence continuing north along the west line of said Section 19 a distance of 80 feet thence N46°00'E a distance of 180 feet; thence N15°40'E a distance of 245 feet; thence N5°16'E a distance of 615.5 feet; thence N19°02'E a distance of 578 feet; thence S79°47'E a distance of 480 feet; thence S65°28'E a distance of 707 feet; thence N50°00'E a distance of 103 feet; thence N53°50'E a distance of 303 feet more or less to the south line of Old Goodview Road; thence east along the continuation of the last described course a distance of 66 feet to the northerly line of Goodview Road; thence along the northwesterly right-of-way line of Goodview Road to the east line of the Northwest Quarter of the Northwest Quarter of said Section 19; thence north along the east line of the Northwest Quarter of the Northwest Quarter of said Section 19 to the north line of Section 19, Township 107 North, Range 7 West, and there terminating.

The area contains approximately 82 acres.

33. General Findings:

The Township form of government is not presently adequate to provide or deliver needed governmental services to the area proposed for annexation.

Necessary governmental services could not best be provided by incorporation of the Town of Winona.

CONCLUSIONS OF LAW

1. The Minnesota Municipal Board duly acquired and now has jurisdiction of the within proceedings.
2. The reduced subject area, which includes the Sewer Service Area (Municipal Board Docket A-5488 described in Findings of Fact 2), is now or is about to become urban or suburban in character.
3. Municipal government is required to protect the public

health, safety, and welfare of the reduced subject area.

4. Annexation is in the best interests of the reduced subject area.

5. There is a reasonable relationship between the increase in revenues the City of Winona will receive and the monetary value of benefits conferred upon the reduced subject area as a result of annexation.

6. Annexation of all or a part of the reduced subject area to an adjacent municipality other than the City of Winona would not better serve the interests of the residents of the property subject to annexation, with the exception of the area described in Findings of Fact 32.

7. In order to improve the symmetry, the area in the Town of Winona described in Findings of Fact 32 will be better served if annexed to the City of Goodview. It is surrounded on three sides by the City of Goodview and does not abut the City of Winona. This area should be annexed as soon as possible pursuant to procedures set forth under Chapter 414 and qualifying criteria.

8. An order should be issued by the Minnesota Municipal Board annexing the reduced subject area, which includes the Sewer Service Area (Municipal Board Docket A-5488 described in Findings of Fact 2) to the City of Winona, and retaining jurisdiction over the property excluded from the original subject area.

O R D E R

1. IT IS HEREBY ORDERED: That the entire Town of Winona,

which includes the Sewer Service Area (Municipal Board Docket A-5488 described in Findings of Fact 2), excepting therefrom the area described in Findings of Fact 32 be and the same hereby is annexed to the City of Winona, Minnesota, the same as if it had originally been made a part thereof.

2. IT IS FURTHER ORDERED: That the population of the City of Winona is hereby increased by 851 persons.

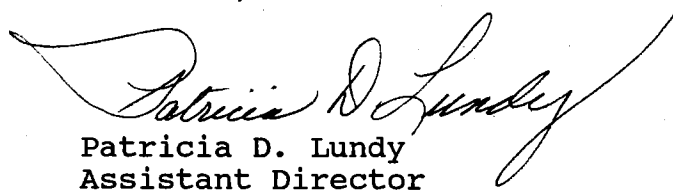
3. IT IS FURTHER ORDERED: That the population of the Town of Winona is hereby decreased by 851 persons.

4. IT IS FURTHER ORDERED: That the Minnesota Municipal Board hereby retains jurisdiction of the area herein described in Findings of Fact 32.

5. IT IS FURTHER ORDERED: That the effective date of this Order is January 22, 1996.

Dated this 22nd day of January, 1996.

MINNESOTA MUNICIPAL BOARD
Suite 475 McColl Building
366 Jackson Street
St. Paul, MN 55101-1925



Patricia D. Lundy
Assistant Director

A-5488 Winona
A-5489 Winona

M E M O R A N D U M

While approving the annexation today, the Municipal Board also stated that the community has an ideal opportunity for study, cooperation and reducing conflict through the consolidation proceedings already ordered between the Cities of Goodview and Winona.

A local joint consolidation study commission will be appointed in the near future from names being submitted from each of the two cities. This local commission will study among other factors, governance, environmental management, efficient delivery of services, and make recommendations on whether consolidation of the two cities is in the best interests of the community. There will be opportunity for public hearings and the qualified voters of each city will have any opportunity to vote after the Municipal Board's decision.

1-23-96
[Signature]