



STATE OF MINNESOTA  
MUNICIPAL BOARD

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

May 24, 1983

MEMORANDUM

TO: Parties of Record and Interested Parties

FROM: Patricia D. Lundy *pdl*  
Assistant Director

Re: Minnesota Municipal Board Docket No. A-3778 Fergus Falls/Aurdal Township

This is to inform you that pursuant to Municipal Board Order dated February 18, 1983, in the above-described matter, an election was duly held on the 26th day of April, 1983, in accordance with Minnesota Statutes 414.031, Subdivision 5.

The election results have been certified as follows and the Fergus Fall/Aurdal annexation is therefore not effective.

|   | <u>For Annexation</u> | <u>Against Annexation</u> |
|---|-----------------------|---------------------------|
| Aurdal Township<br>(entire township)    | 30                    | 668                       |
| City of Fergus Falls<br>(2nd Ward only) | 633                   | 216                       |
| TOTAL VOTES                             | <u>663</u>            | <u>884</u>                |

PDL:sg

BEFORE THE MUNICIPAL BOARD  
OF THE STATE OF MINNESOTA

|                    |                   |
|--------------------|-------------------|
| Robert J. Ferderer | Chairman          |
| Robert W. Johnson  | Vice Chairman     |
| Kenneth F. Sette   | Member            |
| Sydney G. Nelson   | Ex-Officio Member |
| A. Hubert Nordgren | Ex-Officio Member |

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IN THE MATTER OF THE PETITION AND )  
RESOLUTION FOR THE ANNEXATION OF )  
CERTAIN LAND TO THE CITY OF FERGUS ) SUPPLEMENTAL ORDER FOR ELECTION  
FALLS PURSUANT TO MINNESOTA STATUTES )  
414 )  
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Pursuant to the Municipal Board Order dated February 18, 1983 annexing certain land to the City of Fergus Falls and ordering an election on April 26, 1983, the Minnesota Municipal Board hereby issues its Supplemental Order for Election.

IT IS HEREBY ORDERED THAT:

1. The polling place and election judges shall be as follows:

- a. The polling place in the Township of Aurdal shall be the Aurdal Town Hall.
- b. The election judges in the Township of Aurdal shall be:

Verlin Menze, Assistant Chief Election Judge  
Constance Holden  
Carlton Mortensen  
Solveig Halbakken  
Jean Wellbrock  
Sandra Kvern  
Max Stroschein, Jr.  
Myren Rohde  
John Lokken

- c. The polling place and the election judges for the Second Ward in the City of Fergus Falls shall be:

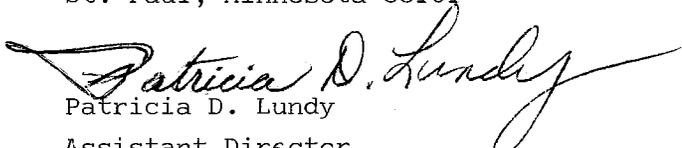
Second Ward - Junior High School, 601 East Randolph

First Precinct - Helen Arends, Chm., George Lindstrom, Dorothy Brewer. Alternates: Carma Oyloe, Ann Jordan.

Second Precinct - Margaret Krogh, Chm., Jean Wilkins, Lois Conito. Alternates: Geraldine Raaen, Holly Fiedler, Audrey Emmen.

Dated this 24th day of February, 1983.

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

  
Patricia D. Lundy  
Assistant Director

BEFORE THE MUNICIPAL BOARD

OF THE STATE OF MINNESOTA

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|--------------------|-------------------|
| Robert J. Ferderer | Chairman          |
| Robert W. Johnson  | Vice Chairman     |
| Kenneth F. Sette   | Member            |
| Sydney G. Nelson   | Ex-Officio Member |
| A. Hubert Nordgren | Ex-Officio Member |

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|  |                            |
|--|----------------------------|
| IN THE MATTER OF THE PETITION AND )    |                            |
| RESOLUTION FOR THE ANNEXATION OF )     |                            |
| CERTAIN LAND TO THE CITY OF FERGUS )   | <u>FINDINGS OF FACT,</u>   |
| FALLS PURSUANT TO MINNESOTA STATUTES ) | <u>CONCLUSIONS OF LAW,</u> |
| 414 )                                  | <u>AND ORDER</u>           |

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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 March 11, 1981, at Fergus Falls, Minnesota and was continued from time to time. The hearing was conducted by Thomas J. Simmons, then Chairman, Robert W. Johnson, Vice Chairman, and Terrence A. Merritt, Executive Director, pursuant to Minnesota Statutes 414.01, Subdivision 12. Also in attendance were Minnesota Municipal Board Members Robert J. Ferderer, Kenneth F. Sette and County Commissioners A. Hubert Nordgren and Sydney G. Nelson, Ex-Officio Members of the Board. The City of Fergus Falls appeared by and through William Briggs, and the Township of Aurdal appeared by and through Robert Sefkow. Testimony was heard and records and exhibits were received.

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

I. On December 8, 1980, a resolution and a petition of the annexing municipality was received by the Minnesota Municipal Board requesting the Board to order annexation of the area hereinafter described. This resolution and petition contained all the information required by statute including a description of the property subject to annexation which is as follows:

PARCEL A

That part of Section Thirty (30), Township One Hundred Thirty-three(133) North, Range Forty-two (42) West, described as follows: All of the South Half of the Southwest Quarter ( $S\frac{1}{2}$  of  $SW\frac{1}{4}$ ) except that part presently within the Corporate Limits of the City of Fergus Falls and that part of the North Half of the Southwest Quarter ( $N\frac{1}{2}$  of  $SW\frac{1}{4}$ ) lying West and South of the East right-of-way line of the public road known as Minnehuta Drive, and that part of the Southwest Quarter of the Northwest Quarter ( $SW\frac{1}{4}$  of  $NW\frac{1}{4}$ ) lying West of the East right-of-way line of the public road known as Minnehuta Drive, and that part of the Northwest Quarter of the Northwest Quarter ( $NW\frac{1}{4}$  of  $NW\frac{1}{4}$ ) lying West of a line projected from the intersection of the East right-of-way line of the public road known as Minnehuta Drive and the South line of the Northwest Quarter of the Northwest Quarter ( $NW\frac{1}{4}$  of  $NW\frac{1}{4}$ ) to the Northwest Corner of Section Thirty (30).

PARCEL B

The Southwest Quarter (SW $\frac{1}{4}$ ) of Section Thirty-one (31), Township One Hundred Thirty-three (133) North, Range Forty-two (42) West, except that part presently within the Corporate Limits of the City of Fergus Falls.

II. Due, timely and adequate legal notice of hearing was published, served and filed.

III. The area subject to annexation is unincorporated and approximately 247 acres in size and abuts the City of Fergus Falls by approximately 22% of the border of Parcel A and 82% of the border of Parcel B. The City of Fergus Falls is approximately 6,500 acres in size.

IV. The general topography of the area proposed for annexation in Parcel A is generally gently rolling with a majority of the land adjacent to either Hoot Lake or adjacent to or very near to Wright Lake. The area proposed for annexation includes that portion of Hoot Lake located within Aurdal Township. The area adjacent to Hoot Lake is hilly and rolling with heavy soils of clay and black dirt. The topography in Parcel B is primarily open rolling land with a mineral extraction area in the northwest corner.

V. The population of the City of Fergus Falls in the year 1970 was 12,433, the present estimated population is 12,519, it is projected that by the year 1990, the City will have a population of 13,700.

VI. In the area proposed for annexation, the population in 1970 was approximately 87 residents. The present estimated population in the area proposed for annexation is 201.

VII. The Town of Aurdal in 1970 had a population of 795, and its present estimated population is 1,278.

VIII. Approximately 23.6% of the population increase from 1970 to 1980 in Aurdal Township occurred in Parcel A of the area proposed for annexation.

IX. The area proposed for annexation contains approximately 16% of the Township's present population.

X. The City of Fergus Falls has approximately 4,749 acres in residential use, approximately 350 acres in institutional use, approximately 275 acres in commercial use, approximately 181 acres in industrial use, approximately 445 acres in agricultural use, and approximately 500 acres in vacant land.

The City of Fergus Falls has property which is being developed, which is defined as platted and having services potentially available to it, as follows: approximately 60 acres of residential land, approximately 20 acres of commercial land and approximately 20 acres for industrial use.

The City of Fergus Falls has remaining land, which is presently either agricultural or vacant, and the land is presently zoned or could be zoned as follows: 100 acres for residential use, 100 acres for commercial use, and approximately 200 acres for industrial use.

XI. The Town of Aurdal has land in residential use, commercial use, industrial use, agricultural use, as well as vacant land.

XII. In the area proposed for annexation, there are the following uses: approximately 120 acres of residential use, approximately 40 acres of industrial use, approximately 10 acres of agricultural use, approximately 47 acres of vacant land use, and approximately 30 acres of water. The area designated as water does not include any of the wetlands outside the lakes.

The area proposed for annexation has approximately 25 acres that is being developed for residential use and it has been or is in the process of being divided but as yet the land has not been built on.

There is approximately 22 acres remaining for development as residential use and there are 10 acres that will remain in agricultural use.

XIII. In Parcel A, the majority of the lots in the area proposed for annexation are developed with single-family residential dwellings.

In Parcel B, approximately 40 acres is owned by a sand and gravel company of which presently between 5 and 7 acres is an open pit used for the extraction of sand and gravel. The sand and gravel company intends to continue its operation throughout the remainder of its 40 acre tract. The remainder of the land in Parcel B is presently unused with a private road traveling through the area proposed for annexation servicing the three homes located in the subdivision north of the annexation area Parcel B. These homes are located within the city limits of Fergus Falls with access to their properties through the area proposed for annexation.

XIV. The majority of the residential development in the City of Fergus Falls since 1970 has been in the north and northeastern part of the City.

The majority of the residential development near the City of Fergus Falls since 1970 has been northeast of the City.

XV. The City of Fergus Falls has a zoning ordinance, subdivision regulation, comprehensive plan, an official map, capital improvements program, a fire code, building inspector, a planning commission, shoreland regulations, an economic development plan, a Fergus Falls Industrial Park Feasibility Study, a Comprehensive Market Analysis for the Central Business District of Fergus Falls, Minnesota, and a Fergus Falls Fringe Area and Growth Study. The City of Fergus Falls and its surrounding townships were the subject of a Growth Management Study by the Physical Planning Division of the State Planning Agency.

XVI. The Town of Aurdal has a zoning ordinance and through the County of Ottertail a subdivision regulations ordinance.

XVII. The County of Ottertail has subdivision regulations, a planning commission, and shoreland regulations.

XVIII. The City Comprehensive Plan, the Ottertail River System Report by the Minnesota Pollution Control Agency, Division of Water Quality, and Preliminary Report on Sanitary Sewerage System for Wright Lake - Hoot Lake Area, Fergus Falls, Minnesota have concluded that the long-range protection of Hoot Lake will be served by the installation of a central sanitary sewer around the lake. These plans envision the inclusion of the area proposed for annexation within the City of Fergus Falls to accomplish the extension of municipal sewer.

XIX. The City of Fergus Falls provides its residents with water, sewer, fire protection, police protection, street improvements, street maintenance, recreational opportunities, administrative services, refuse collection, an airport and a library.

XX. The Town of Aurdal provides the area proposed for annexation with fire protection through a contract with the City of Fergus Falls, street improvements, street maintenance and administrative services through the Township Clerk.

XXI. The City of Fergus Falls provides the area proposed for annexation with fire protection through a contract with the Township and landfill services through a contract with the Township.

XXII. Presently the library, airport and recreational services of the City of Fergus Falls service residents who are not within the corporate limits.

XXIII. Hoot Lake is the water source for the City of Fergus Falls water reservoir, which is named Wright Lake. The City of Fergus Falls provides its residents with central water. The water treatment plant draws its raw water source from Wright Lake.

XXIV. The City of Fergus Falls has been treating the water it uses to provide city water, with activated charcoal to remove occasional odors from the water.

XXV. The presence of increased nitrates within a water system is indicated through the presence of odor.

XXVI. Since 1971 when the Ottertail County Shoreland Management Ordinance was enacted, which requires a permit for the installation of an on-site septic system, approximately 62 septic systems have been installed around Hoot Lake. The installations have included the replacement of 28 failed septic systems. Of the 28 failed septic systems, 3 failures were systems that were constructed since 1971. At least one of these 3 failures was located in the area proposed for annexation adjacent to Hoot Lake and in Aurdal Township.

XXVII. The Environmental Protection Agency lists an average life expectancy of a septic system to be approximately 10 years.

XXVIII. Around Hoot Lake in Ottertail County, the installers of on-site septic systems are encouraged by the County to locate the systems between the residence and the adjacent lake front, if the residence is on the lake.

XXIX. One of the first signs of a failed or failing on-site septic system is waste water coming to the surface of the ground.

XXX. The majority of the lots in the area proposed for annexation adjacent to Hoot Lake slope to the lake.

XXXI. The requirements of the Shoreland Management Ordinance may prevent the location of a second on-site septic system on a lot adjacent to Hoot Lake in the area proposed for annexation, if the original system fails.

XXXII. The area proposed for annexation has an average soil percolation rate of 15.7 minutes/inch.

XXXIII. In Ottertail County, those systems with a percolation rate in excess of 5 minutes/inch are subject to failure.

XXXIV. There are 91 homes in the annexation area between the area proposed for annexation in Fergus Falls Township and the area under consideration before the Municipal Board in Aurdal Township. Of those homes, 58 homes were constructed after 1971. Thirty-three of the homes and septic systems were constructed prior to 1971. 60 of the 91 homes are in the Aurdal Township area.

XXXV. The City of Fergus Falls wishes to control the area surrounding Hoot Lake, so as to prevent future deterioration of the water quality of Hoot Lake.

XXXVI. City sanitary sewer line, 12" in size, located on the north side of County Road 1, east of Southview Drive is of sufficient size to allow for the sewerage of the area proposed for annexation. The City installed a 12" line in anticipation of extending sewer to the area proposed for annexation.

XXXVII. The City of Fergus Falls Waste Water Treatment Facility presently is operating at approximately 50% of its design flow.

XXXVIII. The anticipated sewage from the area proposed for annexation is less than 1% of the present sewage flow received by the City's Waste Water Treatment Plant.

XXXIX. The Minnesota Pollution Control Agency has not denied any sewer extension permits to the City of Fergus Falls

XL. The Minnesota Pollution Control Agency historically has denied sewer extension permits only where there has been continued failure to meet discharge standards as well as the exceeding of the plant's design flow.

XLI. The City does not expect any problems obtaining sewer extension permits from the Minnesota Pollution Control Agency.

XLII. The City of Fergus Falls has completed the step two stage of an Environmental Protection Agency and Minnesota Pollution Control Agency grants procedure for the funding of a new Waste Water Treatment Facility for Fergus Falls.

The City anticipates funding of the step three stage of the process, to be on either the 1982 or 1983 project list.

XLIII. The City is willing to extend sanitary sewer to the area located in Parcel A.

XLIV. The City of Fergus Falls has a 10" waterline located at approximately Lakeview Drive and County Road 1.

XLV. The waterline was sized so as to contain capacity to service the area proposed for annexation in Parcel A with City water.

XLVI. On the west end of Wright Lake is located the City's Water Treatment Plant.

XLVII. The City has sufficient capacity in its City water system to service Parcel A with water.

XLVIII. The City is willing to extend City water to Parcel A.

XLIX. The City does not expect any problems in getting the necessary permits for the extension of its waterlines to service the area proposed for annexation.

L. Access to the area proposed for annexation is presently by Ottertail County Road 1 and Township hard-surface roads in Parcel A. Parcel B is accessible over a City street and access within the parcel is by private road maintained by the City of Fergus Falls.

LI. The City of Fergus Falls is serviced by local, county, state and federal roads.

LII. Access to those residents located north of Parcel B in the Broken Down Dam area to the Broken Down Dam Park is through City street which travels along the southern boundary of Parcel B and over a private road which presently is laid out through Parcel B. The City street and private road are maintained by the City of Fergus Falls.

LIII. The City is willing to provide all municipal services to the area proposed for annexation if requested.

LIV. The City of Fergus Falls tax base includes the following present valuations:

- 1) Residential property assessed in 1980, payable 1981 was established at \$22,826,411.
- 2) Commercial property assessed in 1980, payable 1981 was established at \$13,278,622.
- 3) Industrial property assessed in 1980, payable 1981 was established at \$12,948,387.
- 4) Agricultural property assessed in 1980, payable 1981 was established at \$163,832.
- 5) Vacant land assessed in 1980, payable 1981 was established at \$314,399.

The City of Fergus Falls has a tax base of approximately \$50,000,000.

LV. The City of Fergus Falls, in 1980, had 757 acres with an approximate worth of \$91,478,200 which was non-taxable property.

Contained in this valuation of non-taxable property are the Fergus Falls State Hospital, the Fergus Falls State Junior College, schools and churches among other properties which serve an area greater than the City of Fergus Falls.

LVI. The Town of Aurdal tax base includes the following present valuations:

- 1) Residential property assessed in 1980, payable 1981 was established at \$2,357,797.
- 2) Commercial property assessed in 1980, payable 1981 was established at \$107,482.
- 3) Industrial property assessed in 1980, payable 1981 was established at \$72,799.72.
- 4) Agricultural property assessed in 1980, payable 1981 was established at \$1,638,316.
- 5) Vacant land assessed in 1980, payable 1981 was established at \$222,394.

The Town of Aurdal has a tax base of approximately \$4,398,788.

LVII. In the area proposed for annexation the tax base included the following:

- 1) Residential property assessed in 1980, payable 1981 was established at \$729,342.
- 2) Commercial property assessed in 1980, payable 1981 was established at \$5,629.
- 3) Industrial property assessed in 1980, payable 1981 was established at \$2,435.
- 4) Agricultural property assessed in 1980, payable 1981 was established at \$6,080.
- 5) Vacant land assessed in 1980, payable 1981 was established at \$30,514.

LVIII. In 1981 the mill levy for the City of Fergus Falls was 29.606.

In 1981 the mill levy for Aurdal Township was 14.99.

In 1981 the County of Ottertail's mill levy was 19.378.

The School District's mill levy in 1981 was 38.357.

LIX. The Township's fire cost would decrease by approximately \$1,000 if the area proposed for annexation is annexed.

LX. In 1980 the City of Fergus Falls had a bonded indebtedness of \$7,621,900.

LXI. In 1980 the Town of Aurdal had no bonded indebtedness.

LXII. The area proposed for annexation comprises approximately 16% to 17% of the Township's assessed valuation.

LXIII. The City of Fergus Falls has prepared a Fiscal Analysis of the proposed annexation and does not anticipate a tax windfall if the area proposed for annexation is annexed.

LXIV. When city streets, sewer and water are extended, the City of Fergus Falls will absorb costs for non-assessable property, as well as street intersections and oversizing.

The City also absorbs those amounts that are deferred for future assessments.

LXV. There was evidence indicating that loss of the area proposed for annexation would not be an undue hardship on the Township's ability to continue to function as a governmental unit.

LXVI. The City of Fergus Falls is the only municipality adjacent to the area proposed for annexation.

LXVII. There is no evidence that the annexation of the area proposed for annexation to the City of Fergus Falls will have any adverse impact on School District #544, which is the only school district in the area.

LXVIII. The majority of the property owners in the area to be annexed have not petitioned the Minnesota Municipal Board requesting annexation.

LXIX. The City of Fergus Falls has four wards.

LXX. City Ward 2 is adjacent to the area proposed for annexation and also contains the north/northeastern area of the City of Fergus Falls.

#### CONCLUSIONS OF LAW

I. The Minnesota Municipal Board duly acquired and now has jurisdiction of the within proceeding.

II. The area subject to annexation is now or is about to become urban or suburban in nature and the annexing municipality is capable of providing the services required by the area within a reasonable time.

III. The Municipal government is required to protect the public health, safety, and welfare in the area subject to annexation.

IV. The best interests of the area subject to annexation will be furthered by annexation.

V. The remainder of the Town of Aurdal can carry on the functions of government without undue hardship

VI. There is a reasonable relationship between the increase in values for the City of Fergus Falls and the value of the benefits conferred upon the area subject to annexation.

VII. The City of Fergus Falls is the only city adjacent to the area proposed for annexation and therefore the annexation of all or a part of the property to an adjacent municipality would not better serve the interests of the residents who reside in the area subject to annexation.

VIII. This Minnesota Municipal Board order is subject to an annexation election.

IX. An order should be issued by the Minnesota Municipal Board annexing the area described in Findings of Fact I, herein.

X. Ward 2 of the City of Fergus Falls and the entire Township of Aurdal is

the area primarily and substantially interested in or affected by the board order.

O R D E R

I. IT IS HEREBY ORDERED: That the property described in Findings of Fact I herein, situated in the County of Ottertail, State of Minnesota, be and the same is hereby annexed to the City of Fergus Falls, Minnesota, the same as if it had been originally made a part thereof.

II. IT IS FURTHER ORDERED: On April 26, 1983, which is 67 days after the entry date of this order, a public election, to be conducted as provided by law, shall be held in Ward 2 of the City of Fergus Falls and the entire Township of Aurdal, which is the area that has been determined by the Minnesota Municipal Board to be primarily and substantially interested in or affected by the Minnesota Municipal Board order. Further, any person eligible to vote at a township or municipal election is eligible to vote at such election. The ballot for said shall conform substantially to the following:

For Annexation

Against Annexation

III. IT IS FURTHER ORDERED: That James Nitchals is hereby appointed as Chief Election Judge. Further, a Supplemental Order of the Board shall be issued appointing election judges and naming polling places. The local judges shall conduct the election so far as practicable in accordance with the laws regulating special elections. Further, the referendum shall be conducted as provided for in Minnesota Statutes 414.031, Subdivision 5. The polls shall be open from 7:00 a.m. to 8:00 p.m.

IV. IT IS FURTHER ORDERED: That the mill levy of the City of Fergus Falls on the property herein ordered annexed shall be increased in substantially equal proportions over a period of four years to equality with the mill levy of the property already within the City.

V. IT IS FURTHER ORDERED: That the population of the City of Fergus Falls has been increased by 201 persons.

VI. IT IS FURTHER ORDERED: That the population of the Town of Aurdal has been decreased by 201 persons.

VII. IT IS FURTHER ORDERED: That the annexation herein be effective April 27, 1983, provided that a majority of the votes are cast "for annexation." The Municipal Board shall upon receipt of the certificate of election results, notify all parties

of record of the election results.

VIII. IT IS FURTHER ORDERED: That the effective date of this order is February 18, 1983.

Dated this 18th of February, 1983.

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

A handwritten signature in black ink that reads "Terrence A. Merritt". The signature is written in a cursive style with a large initial 'T' and a prominent flourish at the end.

Terrence A. Merritt  
Executive Director

M E M O R A N D U M

In designating the area "primarily and substantially interested in or affected by the board's order," the board first reviewed the proposals offered by the respective parties, the Town of Aurdal and the City of Fergus Falls. The township contends that only those residents located within the area approved for annexation should vote. The city on the other hand focused its presentation of evidence to support allowing both the City of Fergus Falls and the Township of Aurdal to vote.

In dismissing township's argument that only those people residing in the area proposed for annexation should vote, the board notes that the annexation will impact not only the area proposed for annexation but also the City of Fergus Falls and the Township of Aurdal. Specifically, the township will be losing approximately 16% of its population and approximately 16% to 17% of its assessed valuation. One of the reasons the city seeks to annex the area is to preserve the water quality of water source of the city reservoir. Thus, both governmental units have a stake in the annexation.

Based upon the impact on the township of the loss of the assessed valuation and population, the Municipal Board finds that the township must be included in the area designated as primarily and substantially interested in or affected by the board's order.

In the City of Fergus Falls, the inclusion of the annexation area will result in an impact on the city's general capital outlay and the city's service delivery mechanism. Further, all of the citizen's of the City of Fergus Falls share in the Fergus Falls water system. The protection of the water system was one of the city's primary goals of this annexation. Thus the protection of the water system will impact upon each of the residents throughout the city. The general bonding, the deferred assessments, and the costs involved in the extension of municipal services to the area proposed for annexation which the city absorbs will financially impact upon each of the residents of the City of Fergus Falls. City services will be extended to an additional 201 residents. These new residents will cover the cost of the services extended to them. The services of the city will accommodate more people and be answerable to more people.

Residents of the city are able to make their specific concerns known through the political process through the elected officials. In the City of Fergus Falls, the city is broken up into wards, which are subdivided into precincts. The common concerns of neighbors are expressed through their elected officials. The Second Ward is in the north-northeastern area of the City of Fergus Falls. This ward, according to testimony is where residential development has been occurring and is anticipated to continue to occur. The area proposed for annexation is adjacent to Ward 2 and would become a part of Ward 2 if the referendum is approved. The residential trend has occurred in this northeast area. A local governmental line separates those homes in the township from those homes in the city which have developed together. Neighborhoods that develop together over time have generally common concerns. These common concerns are dealt with at the governmental level through their elected officials. Presently there are two precincts within Ward 2. Whether the boundary line of these precincts would be shifted because of the inclusion of the annexation area is unknown. The record was devoid of testimony concerning that issue.

The record was also void of testimony about specific use of specific recreational parks or schools by residents of the city or non-residents. Concern of neighborhoods about the use of their parks, whether in the neighborhood or throughout the city is voiced through their local representative. The diversity of the city and its neighborhoods is brought to bear on the functions of government through the city's ward system.

Over the past 24 years of its existence, the Minnesota Municipal Board has dealt with many complex annexations. These proceedings dealt with various sizes of governmental units both in terms of population and geographic size, as well as revenue base. The board has found that as size and diversity increase, the importance of the local neighborhoods and their governmental units, the wards, become more important. The diversity and size of the City of Fergus Falls focuses the impact of the annexation on the adjacent neighborhood.

The City of Fergus Falls presented extensive testimony about its plans for and commitment to commercial and industrial growth. Involved with such growth and development is the potential for the use of tax increment financing districts, industrial revenue bonds or other forms of creative municipal financing. If the

city is faced with these decisions, it must set a course for the expenditure of its financial resources. The local residents' input into this process is through the city's political process. Neighborhoods may view the expenditures in various lights. The various perspectives are presented through the local representatives. The present residents in Ward 2 may or may not wish to have their input diluted by the inclusion of the residents of the annexation area. The general concerns of this area must be represented as the City of Fergus Falls continues on its course of commercial and industrial growth. The addition of approximately 201 people to Ward 2 may change the dynamics of representation. In this instance, the inclusion of all of a general neighborhood within the city should be decided by the neighborhood itself.

The board finds that the area primarily and substantially interested in or affected by the board's order to be Ward 2 of the City of Fergus Falls. In making that determination, the board realizes that there are general considerations that support the designation of the entire City of Fergus Falls as the referendum area. However, in this instance, the board finds that the designation of the entire city is inappropriate. The general area of which the annexation area is a part of requires that that neighborhood make the determination for or against the annexation. The neighborhood stake in the outcome of this proceeding is more direct. The impact on Ward 2 is more direct than on the remainder of the City of Fergus Falls.

Based upon all of the evidence, the Municipal Board defines the area primarily and substantially interested in or affected by the board's order to be the Town of Aurdal and Ward 2 of the City of Fergus Falls.

The Board notes for the record that the City Ward Map was received pursuant to Minnesota Municipal Board Rules of Practice 15(h) and made a part of the record. Further, the board notes that over a majority of its members have attended the proceedings or reviewed the transcript of those proceedings they were not at.

JAM 2-18-83