

BEFORE THE MUNICIPAL BOARD
OF THE STATE OF MINNESOTA

Robert J. Ferderer	Chair
John W. Carey	Vice Chair
Dorothy E. Kobs	Commissioner
Robert Anderson	Ex-Officio Member
Russell Goudge	Ex-Officio Member

IN THE MATTER OF THE MOTION TO)	
INITIATE CONSOLIDATION PROCEEDINGS)	<u>SUPPLEMENTAL ORDER FOR ELECTION</u>
FOR THE CITIES OF BRANCH AND NORTH)	<u>ON CONSOLIDATION</u>
BRANCH PURSUANT TO MINNESOTA)	
STATUTES 414)	

A resolution of the City of North Branch approving the Municipal Board Order dated July 19, 1994 approving the consolidation of the City of Branch and the City of North Branch was received on July 27, 1994. A resolution disapproving the Municipal Board Order was received from the City of Branch on August 8, 1994. On August 8, 1994, a petition for a referendum was received by more than ten per cent of the resident voters of the City of Branch who voted for governor at the last general election. The Municipal Board's order approving the consolidation is therefore deemed approved by the City of Branch City Council and the Minnesota Municipal Board hereby issues its:

SUPPLEMENTAL ORDER

1. IT IS HEREBY ORDERED: That a special election shall be held on the question of the consolidation of the City of Branch and the City of North Branch.
2. IT IS FURTHER ORDERED: That the date of the election shall be September 13, 1994.
3. IT IS FURTHER ORDERED: That Thomas Johnson is hereby appointed as Chief Election Judge. The election shall be conducted in

each city pursuant to laws governing special or general elections insofar as applicable.

4. IT IS FURTHER ORDERED: That the ballot shall contain the words: "Shall the consolidation of the City of Branch and the City of North Branch be approved?"

Yes No

5. IT IS FURTHER ORDERED: That the results of the referendum in each city shall be certified to the Executive Director of the Municipal Board by the Chief Election Judge within ten days after the referenda.

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

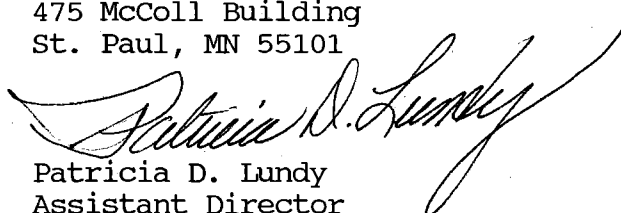
7. IT IS FURTHER ORDERED: That if a majority of the votes cast in each affected city are in favor of the consolidation, the Executive Director shall issue a further supplemental order for the election of new municipal officers.

8. IT IS FURTHER ORDERED: That the Minnesota Municipal Board retains jurisdiction for the purpose of determining whether a special levy should be authorized if necessary.

9. IT IS FURTHER ORDERED: That the effective date of this Supplemental Order is August 9, 1994.

Dated this 9th day of August, 1994

MINNESOTA MUNICIPAL BOARD
475 McColl Building
St. Paul, MN 55101


Patricia D. Lundy
Assistant Director

M E M O R A N D U M

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 referenda consistent with the laws governing special or general elections insofar as applicable.

Some of the specifics for the referenda the board anticipates the cities will carry out in their usual manner insofar as applicable include:

1. The usual polling place or places;
2. The usual election judges;
3. The usual hours that the polling places shall be open;
4. The preparation of the Notice of Election;
5. The posting and publication of the Notice of Election; and
6. The proper supervision of the election judges.

Again, the Board thanks the Consolidation Study Commission Chair, Beth Honadle, and all of the Consolidation Study Commission members for their fine work.

8/9/94


BEFORE THE MUNICIPAL BOARD
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Robert J. Ferderer	Chair
John W. Carey	Vice Chair
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IN THE MATTER OF THE MOTION TO)	<u>FINDINGS OF FACT</u>
INITIATE CONSOLIDATION PROCEEDINGS)	<u>CONCLUSIONS OF LAW</u>
FOR THE CITIES OF BRANCH AND NORTH)	<u>AND ORDER AND</u>
BRANCH PURSUANT TO MINNESOTA)	<u>MEMORANDUM OPINION</u>
STATUTES 414)	

The above-entitled matter came on for hearing before the Minnesota Municipal Board pursuant to Minnesota Statutes 414, as amended, on June 14, 1994 at Center City, Minnesota. The hearing was conducted by Terrence A. Merritt, Executive Director, pursuant to Minnesota Statutes 414.01, Subdivision 12. Also in attendance were Robert J. Ferderer, Chair, John W. Carey, Vice Chair, Dorothy E. Kobs, Commissioner, and County Commissioners Robert Anderson and Russell Goudge, Ex-Officio Members of the Board. Beth Walter Honadle, Chair of the Consolidation Study Commission, represented the Consolidation Study Commission and submitted its report. The City of Branch appeared by and through Andrew MacArthur, Attorney at Law, and the City of North Branch appeared by and through Mark Jennings, Attorney at Law. 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, and Order.

FINDINGS OF FACT

1. The Municipal Board received a resolution from the City of Branch, hereinafter referred to as "Branch," on February 5, 1992, and a resolution from the City of North Branch, hereinafter referred to as "North Branch," on January 30, 1992, requesting the Municipal Board to initiate proceedings to consolidate the two cities on its own motion. The board also received a petition from a sufficient number of property owners within each city to commence the consolidation process, had the board not received resolutions from the city councils.

2. On February 18, 1992, the Municipal Board initiated consolidation proceedings for Branch and North Branch pursuant to M.S. 414.041.

3. On June 8, 1992, the Municipal Board appointed the Consolidation Study Commission Chair, Beth Walter Honadle, who is not a resident of the affected cities but who resides in Chisago County.

4. On June 18, 1992, the Municipal Board appointed the Consolidation Study Commission members from a list of candidates submitted by each city pursuant to M.S. 414.041, subd. 2.

5. On November 6, 1992 and December 22, 1992, the Municipal Board appointed replacement members to the Consolidation Study Commission.

6. On April 26, 1994, the Municipal Board received the report of the Consolidation Study Commission stating it has studied the proposed consolidation, conducted public hearings, solicited public comments, considered the statutory factors, and based thereon, recommends consolidation of Branch and North Branch into a new city named North

Branch.

7. Upon receipt of the Consolidation Study Commission Report, a hearing was held on June 14, 1994. Due, timely and adequate legal notice of the hearing was published, served, and filed.

8. Branch had a population of approximately 2,459 in 1992. North Branch had a population of approximately 2,144 in 1992.

From 1960 to 1990, Branch's population grew by approximately 365% and North Branch's population grew by approximately 97%.

Strong population growth in the area is anticipated due to land available for development and partially to extension of the metro telephone line into the area.

The population characteristics of the two cities are very much the same in terms of age, family characteristics, and housing.

Generally, the projections made by the State Demographer's Office in this area are lower than the actual population of a community.

9. The State Demographer's Office indicates that Branch and North Branch combined will reach 5,000 population in approximately 1996, given the current growth rate in the area.

10. Both cities are located in Chisago County. Chisago County population has increased from approximately 22,074 in 1980 to approximately 30,521 in 1990. The Minnesota State Demographer has predicted Chisago County's population will increase approximately 25% by the year 2000, with increased residential development expected, especially around cities and in the south and southwest areas of the county and the I-35 corridor.

11. North Branch is approximately 1.5 square miles and Branch is

approximately 34.5 square miles. North Branch is roughly centered within Branch. Branch and North Branch have somewhat similar terrain, are in the Anoka Sand Plain and have soils consisting mainly of Zimmerman-Isanti with small portions of Fordum-Caryville, Nymore-Lino and Seelyeville-Markey.

Both cities area generally in the Sunrise River Watershed, with a small portion of Branch in the Goose Creek Watershed.

No natural features separate the communities from one another or define the boundaries between the two cities.

North Branch is nearly completely developed except for scattered parcels and 200 acres of vacant property in the northeastern section of the city.

Branch's major concentration of residential development is a rectangle three miles long by one half mile wide abutting North Branch at the eastern boundary and running on a diagonal line past the southern and southwestern sector of Branch.

12. North Branch is completely surrounded by Branch. There have been approximately 506.18 acres of land petitioned by the property owners to detach from Branch and annex to North Branch.

13. North Branch and Branch developed their original comprehensive plans jointly in 1978. North Branch is presently revising its comprehensive plan and Branch revised its comprehensive plan in 1992. The plans are generally compatible.

14. Both cities have planning commissions which review potential developments and zoning changes with final approval by the respective city councils.

Presently, two separate zoning controls result in instances where industrial zones in one city are placed next to residential zones in the other city. The zoning in North Branch is industrial north of the Industrial Park while it is residential in Branch. The area around the sewer lagoon is industrial in North Branch while it is residential in Branch.

Both cities have adopted the Minnesota Shoreland Ordinance to control land use in shoreline areas. The ordinances are identical for each city. Branch has adopted its own Wetland Ordinance.

15. If the cities are consolidated, potential future zoning conflicts could be avoided and coordinated planning for the best interests of the entire area could be accomplished.

16. There would be opportunity for more flexible planning and land use options, including planning for future parks, and expansion of trails with consolidation. [Example: Riverwalk Park in North Branch could be extended to many trails along the north branch of Sunrise River.]

17. Should consolidation occur, area citizens and developers would have one entity to work with instead of two resulting in a more focused approach for community development.

18. Branch has 86.93 miles of total roads, and North Branch has 17.5 miles of total roads. I-35 travels through Branch and abuts North Branch, and has a north/south interchange with Highway 95. Consolidation would enhance the planning and safety of roads and bridges. Higher density development could occur to make better use of the existing roads and allow for a larger tax base. [Example: Fox Meadows development in North Branch

and Northwoods development in Branch could have been better served by an additional access to each of the developments from existing roads in the adjacent city.]

19. A consolidated city would plan for traffic flow through subdivisions and various parts of the city, unlike the present practice of limiting use of some subdivision streets to only those residents of that city.

20. The sewer capacity of the North Branch waste water treatment facility can accommodate approximately twice as many people as it is presently serving.

21. North Branch has a public water supply system serving all of the city except for a few homes. North Branch also provides water and sewer service to the high school and bus garage within Branch. North Branch also provides water to the high school athletic concessions stand, part of the golf course and the Catholic cemetery in Branch. The North Branch water tower capacity is 300,000 gallons.

The sewer and water lines of North Branch, with few exceptions, have sufficient capacity to extend in any direction into Branch.

The North Branch lagoon system for the waste water treatment facility has the capability of being expanded.

22. Branch residents are served mostly by private septic systems. There is a municipal drainfield near Tanger Mall, located west of Interstate 35 and adjacent to Highway 95, with a capacity of 11,595 gallons per day, which currently serves the mall and could also serve an immediately developing surrounding area.

The water supply to Branch is by private residential wells. There is also a municipal water tower with a 200,000 gallon capacity and a well designed to serve a commercial and residential area immediately west of the I-35/Highway 95 interchange. Water usage from Branch's municipal system is approximately 7,000 gallons per day with reserve capacity available in its water tower.

23. Additional development within Branch will require construction of either private septic systems or public drainfields. There was no testimony that Branch has any immediate timetable for a central collection or treatment system.

24. Although each city water storage system is at or near capacity for current planned development, additional water tower storage would not be immediately necessary if the cities' water systems were joined.

25. Existing lots that have sewer and water available in North Branch are selling for \$15,000.00 to \$20,000.00. Existing one-acre lots in Branch are selling for \$10,000.00 to \$15,000.00.

26. The current electrical power supply systems could remain in place if there is consolidation.

27. Branch contracts with the Chisago County Sheriff's Department for very minimal patrolling a day at a cost of approximately \$5,000.00 per year. North Branch maintains its own police department.

A volunteer fire department serves both cities and a merger would not affect fire protection or fire ratings.

The rescue service, as well, would not be affected by

consolidation.

28. General government and administration could be more efficient to operate with one governing body to run the merged cities. The number of city council members would decline as well as the total number of meetings, membership fees and subscriptions, and clerical support for the council could decrease (less secretarial and clerk time).

One city administrator may be able to handle the combined workload, with less conference and membership fees, and support staff.

The city finance combined workload would decrease. There would be one set of annual reports and budget, and one set of reports to state and other government agencies.

There would be a single city planning staff for a new city.

Additional potential exists to eliminate one set of legal and audit fees.

Economies of scale could be achieved in some areas of public works with major capital expenditures shared among the greater population, especially for specialized equipment.

29. The existing level of city services will not be diminished as the result of consolidation. Branch is presently receiving fewer services throughout its entirety than North Branch. 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.

Consolidation of the two communities should result in savings

from more effective use of equipment and personnel, purchasing in quantity, and the elimination of duplication of facilities.

30. No testimony was presented indicating any environmental problems. However, the water most susceptible to contamination from land use in Chisago County is water from the surficial aquifers, particularly those wells located in the Anoka Sand Plain region. Branch/North Branch are a part of the Anoka Sand Plain region. The availability of the North Branch waste water treatment plant for the consolidated city would assist in preventing environmental problems from failed or failing septic systems.

31. If the cities combine, the new city is eligible for aid from the Board of Innovation and Cooperation at a rate presently listed as \$20.00 per capita. This money would offset the possible slight temporary loss in Local Government Aid. This loss is projected to occur as each community passes a population of 2,500, which will occur regardless of consolidation. Without the consolidation, however, there will be no eligibility of funds from the Board of Innovation and Cooperation. The Consolidation Study Commission states that within a few years the consolidated city could be receiving about eleven times as much highway funds (earmarked for roads) as it might temporarily lose in general purpose local government aids.

32. There have been approximately six concurrent detachment and annexation petitions from Branch to North Branch. Primarily the petitioners in those proceedings were seeking municipal sewer service and/or water service. Branch has spent approximately \$63,000.00 in legal fees and expert witnesses on concurrent detachment and annexation

proceedings. If the communities are consolidated, there will be no further need for concurrent detachment and annexations and no further need to spend money on those types of proceedings.

33. There has not been an on-going history of cooperation between the two cities, making cooperative agreements between them as an alternative method of efficiency and economy improbable.

34. There is, however, a strong community of interest between the two cities. People live in one city and work or own property in the another and vice versa. Residents of both cities attend the same churches, schools and social events. They share a post office and rail service and plan recreational programs together. A combined city will strengthen this community of interest and facilitate common "best interests."

35. North Branch currently has an urban-rural taxing district resulting in rural property owners in North Branch paying a lower property tax rate than in Branch. Branch has more agricultural land and does not have a rural service taxing district. The council of a newly consolidated city could adopt an urban-rural taxing district and a sewer/water district.

36. North Branch has debt for facilities and capital projects that have already been built and are being used, while Branch has a relatively low level of debt mainly because there has not yet been a demand and because its ring configuration makes efficient delivery of certain capital intensive services more difficult. Both cities have the potential for added debt with anticipated area growth. [Example: New proposed Branch City Hall.]

37. If the existing debt is merged, it would be less than \$30.00

per tax paying unit to pay off that debt. The Consolidation Study Commission recommends, however, that the debt be handled by the respective city councils acting in the best interest of their communities.

38. North Branch's total bonded indebtedness is \$7,351,000.00 as of December 31, 1992. Branch's total bonded indebtedness for the same date is \$2,075,000.00.

39. In 1993, North Branch had a net city tax capacity of approximately \$783,150.00, with a city tax rate without debt of approximately 26.43%.

In 1993, Branch had a net city tax capacity of approximately \$1,053,160.00, and a city tax rate without debt of approximately 23.54%.

If Branch and North Branch consolidated, the estimated combined city tax capacity would be approximately \$1,836,310.00, and a tax rate without debt of approximately 24.77%.

40. Both cities are located in Independent School District No. 138. Consolidation would reduce the school district's cost of sewer and water it receives from North Branch because the North Branch Senior High School pays higher rates since it is located in Branch.

CONCLUSIONS OF LAW

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

2. Consolidation is in the best interests of the area residents and the City of Branch and the City of North Branch.

3. The Minnesota Municipal Board should accept the Report of the Consolidation Study Commission, issue an order approving the consolidation,

request the city councils of the Cities of Branch and North Branch to adopt said order, and establish a date for an election thereon.

O R D E R

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

2. IT IS FURTHER ORDERED: That the City of Branch and the City of North Branch, located in Chisago 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 North Branch.

4. IT IS FURTHER ORDERED: That the plan of government of the new City of North Branch shall be Standard Optional Plan A.

The consolidated city shall be governed by a five-member council which consists of four council persons and one mayor, all elected at large.

5. 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 North Branch.

6. 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 North Branch.

7. 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 North Branch 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.

8. IT IS FURTHER ORDERED: That former outstanding indebtedness, prior to consolidation, will be the financial obligation of property owners within these former tax districts. However, the cities may, by resolution of their governing bodies, agree that the new city shall assume the bonded indebtedness of the former units of government existing and outstanding at the time of consolidation.

9. IT IS FURTHER ORDERED: That the population of the new City of North Branch is approximately 4,603 persons.

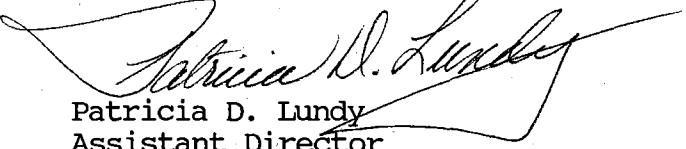
10. IT IS FURTHER ORDERED: That the Director or Assistant Director of the Minnesota Municipal Board shall cause copies of this Order to be transmitted to the city councils of the Cities of Branch and North Branch for their approval and adoption; that upon receipt of such approval and adoption, the Director or Assistant Director shall issue a Supplemental Order setting an election in each city on the question of approval of the board's Order consolidating the two cities; that if a majority of the qualified voters of each city approve the consolidation order herein, the Director or Assistant Director shall cause a further Supplemental Order for the election of new city officers.

11. IT IS FURTHER ORDERED: That if either of the city councils of Branch or North Branch fail to approve and adopt this Order within 15 days from the date of this Order, it shall be deemed disapproved by that city council.

12. IT IS FURTHER ORDERED: That the effective date of this order is July 19, 1994.

Dated this 19th day of July, 1994.

MINNESOTA MUNICIPAL BOARD
Suite 475, McColl Building
St. Paul, Minnesota 55101



Patricia D. Lundy
Assistant Director

M E M O R A N D U M

The Municipal Board today has ordered the consolidation of the Cities of Branch and North Branch. The Municipal Board also notes its support of the recommendations of the Consolidation Study Commission: that outstanding indebtedness be handled by the respective city councils acting in the best interests of their communities; that the council of the consolidated city consider establishing a rural and urban taxing district; and that the council of the consolidated city consider establishing an area sewer/water district.

While the Board recognizes that the consolidation does not meet with the unanimous approval of all citizens of Branch and North Branch, the Board feels that it does reflect the opinion and desire of a large majority of the citizens.

The Board commends the Consolidation Study Commission members and Chair, Beth Honadle, as well as all of the other volunteers who gave freely of their time and talents. The Board recognizes that the appointed Consolidation Study Commission members from each city and Ms. Honadle devoted many hours attending meetings and hearings. They spent considerable time researching data and taking into consideration questions and comments from the citizens. They prepared an excellent and very professional Consolidation Report to the Municipal Board.

Ms. Honadle did an outstanding job chairing the commission, marshalling additional resources, bringing in external resource people, guiding the process in a timely and efficient manner, overseeing the

report, and testifying before the board.

Without this kind of volunteer support, these consolidation efforts would not have been possible.

The consolidation of these cities should increase planned, coordinated, and economic delivery of services and serve the best interests of the entire community.

*File
7/19/94*