

STATE OF MINNESOTA
COURT OF ADMINISTRATIVE HEARINGS

In the Matter of the Petition for the
Incorporation of Northern Township
(MBAU Docket I-76)

**FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND ORDER**

In the Matter of the Annexation of
Certain Real Property to the City of
Bemidji from Northern Township
(MBAU Docket A-8517)

This consolidated matter came before Chief Administrative Law Judge Jessica A. Palmer-Denig for a hearing on July 15, 2025, September 29, 2025 through October 3, 2025, and October 6, 2025 through October 9, 2025, at the Northern Town Hall and in the Bemidji City Hall Council Chambers. The Court also held public comment hearings on September 30, 2025, at the Beltrami County Fairgrounds and on October 8, 2025, at the Sanford Center Ballroom in Bemidji, Minnesota. The record closed on January 14, 2026.

Michael C. Couri, Couri & Ruppe, P.L.L.P. and Jason Kuboushek, Iverson Reuvers, appeared on behalf of the Northern Town Board (Township). Chad H. Arnesen and Robert J. Kringler, Flaherty & Hood, P.A., appeared on behalf of the City of Bemidji (City).

STATEMENT OF THE ISSUES

1. Has the Township established that it meets the criteria provided in Minn. Stat. § 414.02 (2024), and that it should be incorporated as a city?
2. Has the City established that its request to annex certain real property within the Township should be granted pursuant to Minn. Stat. § 414.031 (2024)?

SUMMARY OF CONCLUSIONS

The Township has established by a preponderance of the evidence that it meets the criteria for incorporation found in Minn. Stat. § 414.02, and that its petition should be **GRANTED** as to all land within the area proposed for incorporation. The City has not established by a preponderance of the evidence that its petition for annexation of a portion of the Township's land should be granted and, therefore, the City's petition is **DENIED**.

Based on the evidence in the hearing record,¹ the Court makes the following:

FINDINGS OF FACT

I. Procedural Background

1. On May 16, 2025, the Township submitted its Resolution No. 2025-0510 as a petition for incorporation requesting that this Court incorporate it as a city under Minn. Stat. § 414.02. As required by Minn. Stat. § 414.02, subd. 1a(a), on April 15, 2025, more than 30 days prior to filing its petition, the Township served notice of intent to incorporate on all cities and townships abutting the Township.²

2. On May 27, 2025, the City filed its Resolution No. 6621 as a petition for annexation through which it requested that this Court approve annexation to the City of a portion of the territory identified within the Township's incorporation petition. Pursuant to Minn. Stat. § 414.031, subd. 1a, the City provided notice of its intent to annex land within the Township more than 30 days prior to filing its petition for annexation through a letter dated April 22, 2025.³

3. The City requested that it be permitted to intervene in the Township's incorporation matter and that the two cases be consolidated.⁴ The Township agreed to the City's request for intervention and consolidation, and asked that it also be permitted to intervene in the City's request for annexation.⁵ The Court issued an Order for Consolidation and Approving Intervention on June 9, 2025, in which it consolidated the two matters and accorded both the City and Township full party status in the consolidated case.

4. The Court set a hearing date of July 15, 2025, but provided that after the hearing was convened on that date, the hearing would be continued to take place September 29, 2025, through October 10, 2025.⁶

5. As required by Minn. Stat. § 414.09, subd. 1(c)-(d) (2024), the Notice of Hearing was published for two successive weeks in the Bemidji Pioneer and was served on the parties, Beltrami County, and all townships abutting the Township's boundaries.⁷

6. The Court convened the hearing on July 15, 2025, and by stipulation of the parties, continued the hearing to September 29, 2025.⁸

¹ The Court received the Township's Exhibits 1-11, 13-23, 26-60, 62-86, 87A, 88-107, 109-116, 119-145. The Court received the City's Exhibits 500-608, 610-620.

² Exhibit (Ex.) 99.

³ Letter from Richard Spiczka to Mary Israelson Apr. 22, 2025).

⁴ Petition for Intervention as a Party and Consolidation of Cases (May 30, 2025).

⁵ Letter from Michael Couri to the Chief Administrative Law Judge (June 5, 2025).

⁶ First Prehearing Order (June 12, 2025).

⁷ Affidavit of Publication (July 2, 2025); Certificate of Service (June 16, 2025).

⁸ Second Prehearing Order (July 31, 2025); *see also* First Prehearing Order (June 12, 2025).

7. As required by Minn. Stat. § 414.0333 (2024), the parties held a joint informational meeting on August 28, 2025, and the parties filed the meeting minutes and a recording of the meeting into the record.⁹

8. The Township filed an amended petition for incorporation on September 11, 2025, to amend the legal description for the property subject to its petition.¹⁰

9. The Court reconvened the hearing on September 29, 2025, at the Northern Town Hall and conducted the hearing in that location each day through October 2, 2025.¹¹

10. The Court conducted a tour of the proposed incorporation and annexation areas pursuant to Minn. Stat. § 414.031, subd. 3a, on October 3, 2025, with representatives of both parties.¹²

11. The Court reconvened the hearing on October 6, 2025, in the Council Chambers at Bemidji City Hall, and conducted the hearing in that location each day through October 9, 2025.¹³

12. The Court also held public comment hearings at the Beltrami County Fairgrounds on September 30, 2025, and at the City's Sanford Center on October 8, 2025.¹⁴ The Court established a deadline for the submission of written comments from members of the public on October 24, 2025.¹⁵ The Court received over 700 comments from members of the public.

13. On November 5, 2025, the City filed its Resolution No. 6668 amending the legal description of the property proposed for annexation.¹⁶

14. At the request of the parties, the Court extended the close of the record to permit the parties to file a joint resolution for orderly annexation to seek annexation to the City of certain parcels within the Township prior to the issuance of a decision in this matter.¹⁷ The parties filed the joint resolution for orderly annexation on January 14, 2026,

⁹ Minutes of the Joint Informational Meeting – City of Bemidji and Northern Township Board of Supervisors (Aug. 28, 2025); Audio Recording Joint Informational Meeting (Aug. 28, 2025).

¹⁰ Ex. 101.

¹¹ Hearing (Hrg.) Transcript (Tr.) Sept. 29, 2025; Hrg. Tr. Sept. 30, 2025; Hrg. Tr. Oct. 1, 2025; Hrg. Tr. Oct. 2, 2025).

¹² Exs. 145, 620; Hrg. Tr. Oct. 6, 2025 at 6-9.

¹³ Hrg. Tr. Oct. 6, 2025; Hrg. Tr. Oct. 7, 2025; Hrg. Tr. Oct. 8, 2025; Hrg. Tr. Oct. 9, 2025.

¹⁴ Public Hrg. Tr. Sept. 30, 2025; Public Hrg. Tr. Oct. 8, 2025

¹⁵ Third Prehearing Order (Sept. 22, 2025). The Court received several public comments following the deadline of October 24, 2025. The Court reviewed these comments and provided copies of all comments received to the parties. The Court determines that consideration of the late-filed comments does not prejudice either party.

¹⁶ Resolution No. 6667: A Resolution of the Bemidji City Council Amending and Directing Legal Counsel to Correct Legal Descriptions Attached to City of Bemidji Resolution 6621.

¹⁷ Order Extending Close of the Record (Dec. 22, 2025).

and the record in this matter closed on that date.¹⁸ The parties' orderly annexation agreement was approved through a separate order issued February 9, 2026.

II. Factual Background

15. The Township is located in Beltrami County and was organized in 1900.¹⁹ The Township is bordered by the City, Turtle Lake Township, Liberty Township, Eckles Township, Grant Valley Township, Frohn Township, Turtle River Township, and Port Hope Township.²⁰ The Township's lands run along the northern and eastern shores of Lake Bemidji.²¹

16. The City is also located in Beltrami County and is the county seat.²² The City is known as the "First City on the Mississippi."²³ The City borders the western, southern, and eastern shores of Lake Bemidji.²⁴ The City abuts the Township on the City's northern edge, and is bordered by Bemidji Township on the south, east, and west, by Frohn Township to the east, Grant Valley Township to the west, and Eckles Township to the northwest.²⁵

17. The City serves as a regional hub for the surrounding area and provides opportunities for shopping, education, employment, and medical services for areas north to the border with Canada, west to North Dakota, and as far south as Brainerd, Minnesota.²⁶ There are also three tribal nations in the area surrounding the City: the Red Lake Nation, White Earth Nation, and Leech Lake Band of Ojibwe.²⁷

18. The City and Township enjoyed an amicable intergovernmental relationship for many years. In 2004, the City, the Township, and Bemidji Township entered into an Orderly Annexation Agreement and a Joint Planning Agreement creating the Greater Bemidji Joint Planning Board (JPB).²⁸ Bemidji Township withdrew from the Orderly Annexation Agreement and JPB.²⁹ The Township and City continued to operate under both agreements through the final phase of annexation in 2020 and the dissolution of the JPB in 2023.³⁰

¹⁸ See *In the Matter of the Orderly Annexation of Certain Real Property to the City of Bemidji from Northern Township* (MBAU Docket OA-1933-1), CAH 71-0333-41490.

¹⁹ Ex. 137 at 5.

²⁰ *Id.* at 7 (Map 1).

²¹ *Id.* at 15 (Map 4).

²² Hrg. Tr. Oct. 6, 2025 at 118 (J. Prince).

²³ *Id.* at 116; Ex. 501 at 5.

²⁴ Ex. 501 at 4.

²⁵ Hrg. Tr. Oct. 6, 2025 at 20, 107-108 (R. Johnson).

²⁶ *Id.* at 117-119 (J. Prince).

²⁷ *Id.* at 118.

²⁸ Hrg. Tr. Sept. 19, 2025 at 83, 107-108 (C. Lahn); Exs. 90-92, 515. The Orderly Annexation Agreement contemplated annexation of land to the City in three phases over a period of 15 years. Ex. 90; Hrg. Tr. Sept. 30, 2025 at 74 (M. Kelly).

²⁹ Hrg. Tr. Sept. 19, 2025 at 108 (C. Lahn); Hrg. Tr. Oct. 6, 2025 at 34 (R. Johnson). None of annexations of territory to the City from Bemidji Township under the 2004 Orderly Annexation Agreement ever occurred. Hrg. Tr. Oct. 6, 2025 at 46, 105 (R. Johnson).

³⁰ Hrg. Tr. Oct. 6, 2025 at 41-42 (R. Johnson); Ex. 137 at 5.

19. In 2021, the owner of Ruttger's Birchmont Lodge (Ruttger's), Karrie Nelson (Nelson), approached the City about connecting to the City's sewer system.³¹ Ruttger's is a resort located on the north shore of Lake Bemidji in Northern Township.³² The resort property includes 30 cabins or cottages, 30 hotel rooms, a marina and a restaurant/bar, and it employs 140 people during the high season from June through September.³³

20. Nelson purchased Ruttger's in 2018 knowing that the septic system for the cottages was not code-compliant and would need to be brought into compliance.³⁴ In 2020, while Ruttger's was pursuing the permitting process needed to install new septic systems for its cottages, the remaining septic systems for the resort's restaurant and motel failed.³⁵

21. Ruttger's hired an engineering firm to assist it in addressing issues with the septic systems,³⁶ and in 2020, its engineer contacted the City to discuss connecting the resort to the City's municipal sewer service.³⁷ Ruttger's was able to continue operating under an agreement with the Minnesota Pollution Control Agency (MPCA) requiring Ruttger's to install holding tanks that would be pumped regularly until Ruttger's could connect to municipal sanitary sewer.³⁸

22. Ruttger's installed holding tanks in 2021 as required by the MPCA.³⁹ The holding tanks are pumped two to five times per week, depending on the level of business at the resort, at a cost of between \$80,000 to \$120,000 per year.⁴⁰ Ruttger's has received an estimate placing the cost of installing a new septic system at approximately \$1.2 million.⁴¹

23. In an email dated May 28, 2021, Nelson asked the City to connect Ruttger's to the City's sewer system in 2021 or 2022.⁴² The email stated that Nelson understood that annexation of the Ruttger's property to the City would be needed to arrange for the connection.⁴³ The request was not a petition for annexation.⁴⁴

24. Nelson's request to obtain City sewer services for Ruttger's served as a catalyst for negotiations between the City and Township regarding extending sewer

³¹ Ex. 527.

³² Hrg. Tr. Sept. 30, 2025 at 217 (K. Nelson).

³³ *Id.*

³⁴ *Id.* at 218-19.

³⁵ *Id.* at 219-220.

³⁶ *Id.* at 220-21.

³⁷ *Id.* at 227.

³⁸ *Id.* at 220-21, 225; Exs. 105-106.

³⁹ Hrg. Tr. Sept. 30, 2025 at 222 (K. Nelson).

⁴⁰ *Id.* at 226-27.

⁴¹ *Id.* at 224.

⁴² *Id.* at 229; Ex. 527.

⁴³ Ex. 527. Also in 2021, the Minnesota Department of Natural Resources (DNR) expressed its support for the extension of the City's sewer services to its Northwest Regional Office located along the north shore of Lake Bemidji. Ex. 62.

⁴⁴ Hrg. Tr. Oct. 6, 2025 at 104 (R. Johnson).

services to that area, and discussions about another orderly annexation agreement to accomplish that goal.⁴⁵

25. The Township was not amenable to entering into another agreement for orderly annexation with the City, as some in the Township had developed negative impressions about the results of the prior orderly annexation agreement.⁴⁶ On January 4, 2022, the Township addressed the City Council requesting “a cooperative effort and not just annexation” to address the extension of water and sewer services along Lake Bemidji.⁴⁷

26. On January 11, 2022, City Manager Nathan Mathews (Mathews) sent the Township a set of proposals.⁴⁸ Four of the proposals required annexation of properties to be served to the City, one proposal contemplated providing funding through the Township and the JPB to allow upgrades to individual septic systems, and another proposal, “Option 5,” stated:

Northern Township constructs its own public water and sewer main system from the N[orth] W[oods] Landing up to Ruttger's Birchmont Lodge through Birchmont Beach Court.

a. Northern Township would be responsible for all professional services, design, engineering, bidding, financing, construction, ownership and maintenance of the public infrastructure including fire hydrants, lift stations, etc.

b. The City of Bemidji will provide water/sewer to Northern township residents and allow connection of the Northern Township water/sanitary sewer mains at the North Woods Landing.

c. The City of Bemidji will establish a fee system for Northern Township residents for water and sewer.⁴⁹

27. From the City’s perspective, Option 5 would have required it to reconsider a policy that it does not provide services without annexing the territory to be served.⁵⁰ According to Mayor Jorge Prince, City staff were split on whether the City should pursue Option 5, with some staff believing that legal and engineering issues could be sorted out, while others were adamantly opposed.⁵¹ Mayor Prince, himself, doubted that Option 5 was a viable option based on concerns about service issues, billing, and financing for the

⁴⁵ Hrg. Tr. Sept. 29, 2025 at 126-27 (C. Lahn); Ex. 502 at 17; Ex. 503.

⁴⁶ Hrg. Tr. Sept. 29, 2025 at 129-30, 134-35 (C. Lahn); Hrg. Tr. Sept. 30, 2025 at 74-77 (M. Kelly).

⁴⁷ Ex. 505 at 1.

⁴⁸ Ex. 65.

⁴⁹ *Id.*

⁵⁰ Hrg. Tr. Oct. 6, 2025 at 193 (J. Prince).

⁵¹ *Id.*

project.⁵² Nevertheless, the City offered Option 5 to the Township as a possible solution for extending sewer services.⁵³

28. The Township “immediately and overwhelmingly” selected Option 5 because it provided for the extension of water and sewer services without annexation to the City.⁵⁴ The Township did not select the option for individual septic system funding because it saw a “once-in-a-generation” opportunity to install infrastructure in connection with a road project on County State Aid Highway (CSAH) 20 along the north shore of Lake Bemidji.⁵⁵

29. On February 20, 2022, the City’s Director of Public Works and Engineer, Craig Gray (Gray), communicated to Township Supervisor Jess Frenzel (Frenzel) and City Manager Mathews, along with Mayor Prince and others, that “Option 5 was a given” and the Township “just needs to run with it,” because Gray didn’t “see anything from the city holding that back.”⁵⁶ He referred to a letter of support from the City as “proof of the [City’s] willingness for this,” and stated “[w]hether or not this happens in 2023 will be completely up to the township.”⁵⁷

30. The Township understood, based on conversations with the City, that once the Township obtained funding for the project, the two entities could begin establishing the details of the water and sewer extension.⁵⁸

31. Discussions among City leadership, however, suggest that the City’s expectations about Option 5 were not aligned with the Township’s understanding. On February 27, 2022, Mayor Prince communicated to City Manager Mathews that, “[a]lthough as a council, we remained open to discussing option 5, best as I can recall the last official vote we had on this was that we would still require annexation for the extension of municipal services . . . I can certainly see Northern Township having concern as they invest dollars into an alternative that they fear we as a city may walk back.”⁵⁹

32. The Township requested funding from federal elected officials through the Congressional Directed Spending Program.⁶⁰ City Manager Mathews provided the Township with letters dated April 12, 2022, in support of the Township’s requests for funding to United States Senators Amy Klobuchar and Tina Smith, and United States Representative Pete Stauber for funding related to the “Northern Township Sewer and

⁵² *Id.* at 196-97.

⁵³ *Id.* at 193-94.

⁵⁴ Hrg. Tr. Sept. 29, 2025 at 139-140 (C. Lahn).

⁵⁵ *Id.* at 134, 137, 140.

⁵⁶ Ex. 15 at 1941-42.

⁵⁷ *Id.* at 1942.

⁵⁸ Hrg. Tr. Sept. 29, 2025 at 153 (C. Lahn) (“They had told us, in fact, on multiple occasions during meetings, once you have money in hand and we know the project is real, then we can sit down and talk about an MOU, memorandum of understanding, to iron out the details.”). Frenzel’s response to Gray’s email suggests that Frenzel understood Gray’s comments as confirmation that the City was on board with Option 5. Ex. 15 at 1941 (“until I heard very bluntly that yes the city was willing to move forward if we could get funding, we did not want to assume.”).

⁵⁹ Ex. 15 at 1941.

⁶⁰ Hrg. Tr. Sept. 29, 2025 at 144 (C. Lahn).

Water Infrastructure Project.”⁶¹ The Township also received letters of support from Beltrami County, the Bemidji Area Chamber of Commerce and Greater Bemidji, and from the JPB,⁶² as well as from the Mississippi Headwaters Board, Friends of Bemidji, and Friends of the Mississippi River.⁶³

33. In December 2022, the Township was notified that it would receive \$5 million in Congressionally Directed Spending to be administered by the U.S. Environmental Protection Agency (EPA) to support the Option 5 sewer project.⁶⁴ The Township also received an additional grant of \$1 million through the same funding source.⁶⁵ Having secured funding, in April 2023, the Township passed a resolution seeking a joint meeting with the City to formulate plans for extension of water and sewer services according to Option 5.⁶⁶

34. On May 8, 2025, however, the City Council met to consider issues related to the extension of water and sewer infrastructure along the northern portion of Lake Bemidji.⁶⁷ At that meeting, the City Council voted “to reaffirm the city’s policy to require annexation with the extension of municipal sewer and water services.”⁶⁸

35. The Township was “deflated” by the City’s decision and felt that “what we thought was a live option the entire time was taken away from us at the last minute.”⁶⁹

36. The Township had discussed incorporation as early as 1977.⁷⁰ The Township had also briefly referenced incorporation during a Township meeting in October 2021, in connection with the request for sewer service from Ruttger’s.⁷¹ On October 20, 2022, however, the Township sent a letter to residents expressly stating that incorporation was under consideration and that the Township’s leadership was seeking public input at public meetings.⁷² The Township sent out a questionnaire to assess the level of support and received a strong response in favor of incorporation.⁷³ At that time, the Township had not yet obtained funding to support the development of sewer infrastructure and was still planning to connect to the City’s system.⁷⁴

⁶¹ Ex. 69.

⁶² The JPB’s letter expressed that the most efficient and protective solution would be to connect to the City’s existing wastewater treatment infrastructure, though it acknowledged that this was not the only solution. *Id.*

⁶³ Hrg. Tr. Sept. 29, 2025 at 147 (C. Lahn); Ex. 70.

⁶⁴ Hrg. Tr. Sept. 29, 2025 at 152-53 (C. Lahn); Ex. 71 at 34.

⁶⁵ Hrg. Tr. Sept. 29, 2025 at 155-56 (C. Lahn); Ex. 72 at 35.

⁶⁶ Hrg. Tr. Sept. 29, 2025 at 156-57 (C. Lahn); Ex. 79.

⁶⁷ Ex. 521.

⁶⁸ *Id.*

⁶⁹ Hrg. Tr. Sept. 25, 2025 at 157-58 (C. Lahn); see also Hrg. Tr. Sept. 30, 2025 at 94 (M. Kelly) (articulating the Township’s sentiment, stating: “in good faith, we spent 18 months thinking that we had a deal When that didn’t happen, after we said here is the secured funding, after we started working with our engineer and other counsel on it and we were ready to sign the next step and go ahead with the memorandum of understanding, the City pulled the rug out from under us, blindsided us.”).

⁷⁰ Hrg. Tr. Sept. 29, 2025 at 122-23 (C. Lahn); Ex. 93.

⁷¹ Ex. 95.

⁷² Exs. 97-98.

⁷³ Ex. 98 at 4.

⁷⁴ Hrg. Tr. Sept. 29, 2025 at 149 (C. Lahn).

37. After the City determined that it would require annexation to extend municipal services, the Township developed plans to construct its own sewer system,⁷⁵ as discussed in greater detail below.

38. On April 14, 2025, the Township issued a Notice of Northern Township's Intent to Incorporate.⁷⁶ All of the townships abutting the Township supported the Township's incorporation petition.⁷⁷

39. In May 2024, Ruttger's and the Township entered into a memorandum of understanding supporting Ruttger's connection to the sewer system being developed by the Township.⁷⁸ Nelson had contact with the Township regarding the resort's needs approximately 25 times during 2023 to 2025, including discussions of the potential cost to connect to the Township's sewer system.⁷⁹

40. The cost to Ruttger's of installing new sewer infrastructure and connecting to the Township's sewer system would be approximately \$750,000 to \$1.1 million.⁸⁰ Nelson would prefer to connect Ruttger's to the Township's proposed sewer system rather than having her property annexed and connecting to the City's proposed sewer extension.⁸¹ The need for sewer services to Ruttger's is urgent; the agreement between Ruttger's and the MPCA extends only until December 2026, and Ruttger's has had to delay planned improvements and suffer reduced profitability due to sewage pumping costs.⁸²

41. The City filed a competing request to annex properties in the Township along the shores of Lake Bemidji and is developing its own plan to extend water and sewer services to portions of the proposed annexation area, also discussed in greater detail below.⁸³

42. Beltrami County's plans to reconstruct CSAH 20 also make resolution of this matter an urgent issue for the parties. Beltrami County has delayed its construction project for CSAH 20 for several years waiting for a resolution regarding sewer service to the area.⁸⁴ In an email to City and Township leaders dated April 29, 2025, County Administrator Thomas Barry communicated that Beltrami County could not allow further delay without risking the loss of substantial grant funds for the project, and that it would proceed with the project in 2026 with or without sewer infrastructure in place.⁸⁵

⁷⁵ Exs. 112-113.

⁷⁶ Ex. 99.

⁷⁷ Ex. 102; Hrg. Tr. Sept. 29, 2025 at 160-61 (C. Lahn).

⁷⁸ Ex. 107.

⁷⁹ Hrg. Tr. Sept. 30, 2025 at 231 (K. Nelson).

⁸⁰ *Id.*

⁸¹ *Id.* at 232-34.

⁸² *Id.* at 234-35.

⁸³ Exs. 538-539.

⁸⁴ Ex. 500.

⁸⁵ *Id.*

III. Legal Descriptions

A. Proposed Incorporation Area

43. The legal description of the property proposed by the Township for incorporation, as stated in the Township's amended petition for incorporation, and reflecting annexation of certain property to the City through the parties' agreement for orderly annexation, is as follows:⁸⁶

All of the following Sections: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26, 27, 34, 35 and 36 located in Township 147 north, Range 33 west, Beltrami County, Minnesota;

AND

Those portions of the following described sections located in Township 147 north, Range 33 west, Beltrami County, Minnesota:

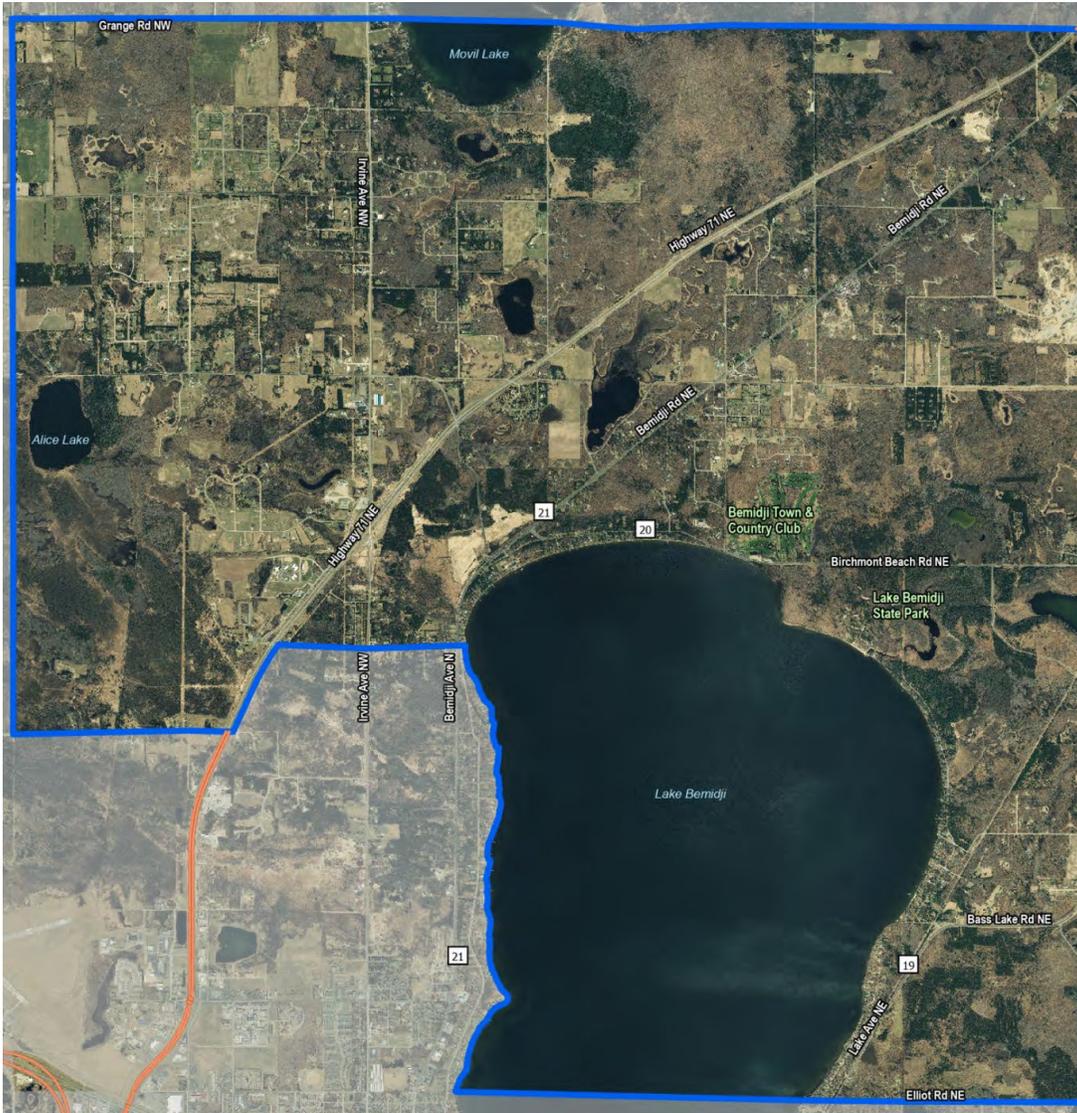
- All of that property in Section 20 lying northwesterly of U.S. Highway 71.
- All of that property lying southeast of U.S. Highway 71 located within the northeast $\frac{1}{4}$ of Section 20.
- All of the SW $\frac{1}{4}$ of Section 32, Township 147 North, Range 33 West lying west of U.S. Trunk Highway 71.
- All of that property located in the north half of Section 21.
- The North 33 feet of the Northwest Quarter of Section 30; Township 147 North; Range 33 West.
- That part of the Northwest quarter (NW $\frac{1}{4}$) of the Northeast quarter (NE $\frac{1}{4}$), Section 31, Township 147 North, Range 33 West lying Northwesterly of the line described below. Beginning at a point on the West line of the Northwest quarter (NW $\frac{1}{4}$) of the Northeast quarter (NE $\frac{1}{4}$), Section 31, Township 147 North, Range 33 West, distant 852.03 feet South of the Northwest corner thereof; thence run Northeasterly at an angle of 75° 23' 45" from said West line (measured from North to East) for 1500 feet and there terminating.
- The right-of-way of U.S. Trunk Highway 71 across the E $\frac{1}{2}$ of the NE $\frac{1}{4}$ of Section 31, Township 147 North, Range 33 West, as taken by Lis Pendens dated January 22, 1975, and recorded by Microfilm No. 236137.
- That part of the SW $\frac{1}{4}$ of Section 31, Township 147 North, Range 33 West lying southwesterly of Trunk Highway No. 2 as shown on MnDOT Right-of-Way Plat No. 4-1.

⁸⁶ Ex. 101 at Ex. B.

- That part of the NW ¼ of the SE ¼, Section 32, Township 147 North, Range 33 West, lying north of the southerly right-of-way line of CSAH No. 50.

EXCEPT any land annexed to the City of Bemidji in MBAU Docket No. OA-1933-1 by order issued February 9, 2026.

44. The area proposed for incorporation is depicted on the following map.⁸⁷



⁸⁷ Ex. 34, see also Ex. 101 at Ex. C.

B. Proposed Annexation Area

45. The legal description for the area proposed by the City for annexation, based on the City's amended legal description, is as follows:⁸⁸

All that part of Government Lot 2, Section 21, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying easterly of the North-South Quarter line of said Section 21;

AND,

All that part of Government Lot 1, Section 21, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying southeasterly of the centerline of Bemidji Rd NE (former U. S. Highway No. 71), as laid out and established according to Final Certificate recorded In Misc. Record 20 of Deeds on page 261;

AND,

All those parts of the Southwest Quarter of the Southeast Quarter and Government Lot 1, all in Section 16, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying southeasterly of the centerline of Bemidji Rd NE (former U. S. Highway No. 71), as laid out and established according to Final Certificate recorded In Misc. Record 20 of Deeds on page 261;

AND,

Government Lots 1, 2, 3, and 4, all in Section 15, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

The South 100 feet of the Southeast Quarter of the Northwest Quarter and the South 100 feet of the West 80 feet of the Southwest Quarter of the Northeast Quarter, all in Section 14, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

The Northwest Quarter of the Southwest Quarter, the Northeast Quarter of the Southwest Quarter, the Southeast Quarter of the Southwest Quarter, Government Lot 1, and the West 20 rods of the Southeast Quarter, all in Section 14, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

Government Lots 1, 2, and 3, and the North Half of the Northeast Quarter, all in Section 23, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

⁸⁸ Resolution No. 6668 at Ex. A-1.

The Southeast Quarter of the Southwest Quarter and Government Lots 5 and 6, all in Section 24, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

Government Lot 1, Section 25, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

All those parts of Government Lots 2, 3, and 4, and the Southeast Quarter of the Southwest Quarter, all in Section 25, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying northwesterly of the easterly line of the former Burlington Northern Railroad Company's right of way, as described by Quitclaim Deed conveyance to the State of Minnesota recorded in the Office of the Beltrami County Recorder by Document No. 333403;

AND,

Government Lot 1, Section 26, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

Government Lot 1, Section 35, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

All those parts of Government Lots 2, 3, and 4, and the Southeast Quarter of the Southeast Quarter, all in Section 35, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying northwesterly of the easterly line of the former Burlington Northern Railroad Company's right of way, as described by Quitclaim Deed conveyance to the State of Minnesota recorded in the Office of the Beltrami County Recorder by Document No. 333403;

AND,

All those parts of the Northwest Quarter of the Northwest Quarter and the Southwest Quarter of the Northwest Quarter, all in Section 36, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying northwesterly of the easterly line of the land conveyed to the State of Minnesota by Quit Claim Deed recorded in the Office of the Beltrami County Recorder by Document No. 333403;

AND,

All of Sections 22, 27, and 34, Township 147 North, Range 33 West, Beltrami County, Minnesota;

AND,

All those parts of Sections 16, 15, 14, 23, 24, 25, 26, and 35, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying lakeward of the shoreline of Lake Bemidji;

AND,

All that part of the Northeast Quarter of Section 21, Township 147 North, Range 33 West, Beltrami County, Minnesota, lying lakeward of the shoreline of Lake Bemidji.

46. The area proposed for annexation to the City is depicted on the following map.⁸⁹



⁸⁹ *Id.* at Ex. B-1.

IV. Incorporation and Annexation Factors

47. Under Minn. Stat. § 414.02, subd. 3(a), a petition for incorporation must be evaluated using 13 factors. Those factors are:

- (1) present population and number of households, past population and projected population growth for the subject area;
- (2) quantity of land within the subject area; the natural terrain including recognizable physical features, general topography, major watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;
- (3) present pattern of physical development, planning, and intended land uses in the subject area including residential, industrial, commercial, agricultural, and institutional land uses and the impact of the proposed action on those uses;
- (4) the present transportation network and potential transportation issues, including proposed highway development;
- (5) land use controls and planning presently being utilized in the subject area, including comprehensive plans, policies of the Metropolitan Council; and whether there are inconsistencies between proposed development and existing land use controls;
- (6) existing levels of governmental services being provided to the subject area, including water and sewer service, fire rating and protection, law enforcement, street improvements and maintenance, administrative services, and recreational facilities and the impact of the proposed action on the delivery of the services;
- (7) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;
- (8) fiscal impact on the subject area and adjacent units of local government, including present bonded indebtedness; local tax rates of the county, school district, and other governmental units, including, where applicable, the net tax capacity of platted and unplatted lands and the division of homestead and nonhomestead property; and other tax and governmental aid issues;
- (9) relationship and effect of the proposed action on affected and adjacent school districts and communities;
- (10) whether delivery of services to the subject area can be adequately and economically delivered by the existing government;

- (11) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment;
- (12) degree of contiguity of the boundaries of the subject area and adjacent units of local government; and
- (13) analysis of the applicability of the State Building Code.

48. Under Minn. Stat. § 414.031, subd. 4(a), a petition for annexation must be considered according to 17 factors, some of which have significant overlap with the factors related to incorporation. These factors are:

- (1) recordings and public documents from joint informational meetings under Minn. Stat. § 414.0333 relevant to other factors listed in this subdivision;
- (2) present population and number of households, past population and projected population growth of the annexing municipality and subject area and adjacent units of local government;
- (3) quantity of land within the subject area and adjacent units of local government; and natural terrain including recognizable physical features, general topography, major watersheds, soil conditions and such natural features as rivers, lakes and major bluffs;
- (4) degree of contiguity of the boundaries between the annexing municipality and the subject area;
- (5) present pattern of physical development, planning, and intended land uses in the subject area and the annexing municipality including residential, industrial, commercial, agricultural and institutional land uses and the impact of the proposed action on those land uses;
- (6) the present transportation network and potential transportation issues, including proposed highway development;
- (7) land use controls and planning presently being utilized in the annexing municipality and the subject area, including comprehensive plans for development in the area and plans and policies of the Metropolitan Council, and whether there are inconsistencies between proposed development and existing land use controls and the reasons therefore;
- (8) existing levels of governmental services being provided in the annexing municipality and the subject area, including water and sewer service, fire rating and protection, law enforcement, street improvements and maintenance, administrative services, and

recreational facilities and the impact of the proposed action on the delivery of said services;

- (9) the implementation of previous annexation agreements and orders;
- (10) existing or potential environmental problems and whether the proposed action is likely to improve or resolve these problems;
- (11) plans and programs by the annexing municipality for providing needed and enhanced governmental services to the subject area in a cost-effective and feasible manner within a reasonable time from the date of the annexation;
- (12) an analysis of the fiscal impact on the annexing municipality, the subject area, and adjacent units of local government, including net tax capacity and the present bonded indebtedness, and the local tax rates of the county, school district, and township;
- (13) relationship and effect of the proposed action on affected and adjacent school districts and communities;
- (14) adequacy of town government to deliver services to the subject area;
- (15) analysis of whether necessary governmental services can best be provided through the proposed action or another type of boundary adjustment;
- (16) if only a part of a township is annexed, the ability of the remainder of the township to continue or the feasibility of it being incorporated separately or being annexed to another municipality; and
- (17) information received by the presiding administrative law judge from the tour required under Minn. Stat. § 414.031, subd. 3a.

49. The Court has considered similar or overlapping factors together. As a result, some factors are considered out of their statutory numbered order.

V. Consideration of Statutory Factors

A. The Implementation of Previous Annexation Agreements and Orders: Annexation Factor 9.

50. As noted above, the City and Township entered into an Orderly Annexation Agreement in 2004, providing for orderly annexation to the City of lands within the Township in three phases.⁹⁰ Annexations from the City to the Township in the final phase

⁹⁰ Exs. 90-91; Hrg. Tr. Sept. 30, 2025 at 74 (M. Kelly); Hrg. Tr. Oct. 6, 2025 at 31-32 (R. Johnson).

of the 2004 Orderly Annexation Agreement were accomplished in 2020, and the 2004 Orderly Annexation Agreement ended.⁹¹

51. In connection with this matter, in January 2026, the City and Township entered into Joint Resolution No. 6684 providing for orderly annexation of approximately 21 acres of City-owned land and related right-of-way remnants that were historically intended to be annexed to the City.⁹² The parties requested that this Court approve the annexation prior to issuing this Order to eliminate ambiguity and allow for a clean and undisputed legal description for the area the Township proposes for incorporation.⁹³ The Court issued an Order approving the annexation of the designated parcels on February 9, 2026.⁹⁴

B. Population, Households, and Projected Growth: Incorporation Factor 1 and Annexation Factor 2.

52. In 2020, the Township had a population of 4,535 and included 1,726 households.⁹⁵ The Minnesota State Demographer estimates that the Township had a population of 3,824 and 1,443 households in 2021, a population of 3,883 and 1,454 households in 2022, a population of 3,833 and 1,466 households in 2023, and a population of 3,849 and 1,483 households in 2024.⁹⁶

53. The Township experienced reductions in its population and households in connection with the orderly annexation of its lands to the City, which resulted in a transfer of approximately 1,355 residents from the Township to the City.⁹⁷ The orderly annexation of Township lands to the City also transferred 797 parcels and 507 addressed points to the City.⁹⁸

54. The Township's planner, Daniel Licht, estimates that the Township would now have a population in excess of 5,000, but for the transfer of residents to the City pursuant to orderly annexation.⁹⁹

55. There are 1,778 townships in Minnesota, and of that number, the State Demographer's office estimates that only ten have a population greater than that of the Township, placing the Township in the 99th percentile among Minnesota's townships.¹⁰⁰ Based on its 2024 population, the Township is larger than 664 of the 856 cities in

⁹¹ Hrg. Tr. Sept. 29, 2025 at 53, 107 (C. Lahn); Hrg. Tr. Oct. 6, 2025 at 31-32 (R. Johnson).

⁹² See *In the Matter of the Orderly Annexation of Certain Real Property to the City of Bemidji from Northern Township* (MBAU Docket OA-1933-1), CAH 71-0333-41490.

⁹³ *Id.*

⁹⁴ ORDER APPROVING ANNEXATION, *In the Matter of the Orderly Annexation of Certain Real Property to the City of Bemidji from Northern Township* (MBAU Docket OA-1933-1), CAH 71-0333-41490 (Feb. 9, 2026).

⁹⁵ Ex. 39 at 1

⁹⁶ *Id.* at 2-5.

⁹⁷ Ex. 137 at 8; Tr. Oct. 2, 2025 at 161 (D. Licht).

⁹⁸ Ex. 137 at 9.

⁹⁹ *Id.* at 8-9; Tr. Oct. 2, 2025 at 161 (D. Licht).

¹⁰⁰ Ex. 137 at 9; Hrg. Tr. Oct. 2, 2025 at 165 (D. Licht).

Minnesota.¹⁰¹ If the Township is incorporated, it will be the second largest city in Beltrami County.¹⁰²

56. Between 2000 and 2020, even after the first two phases of annexation to the City were complete, the Township's population grew by 15.8 percent.¹⁰³ The number of households in the Township grew 17.4 percent between 2000 and 2020, prior to the final annexation phase.¹⁰⁴ The Township issued an average of 18 new residential building permits annually between 2008 and 2024.¹⁰⁵

57. The Township has projected its population growth over the next few decades, according to what the Township's planner considers to be a conservative estimate.¹⁰⁶ According to its projections, the Township estimates that it will have 4,272 residents and 1,599 households in 2030, 4,701 residents and 1,759 households in 2040, and that by 2050 the Township will have grown to 5,171 residents and 1,936 households.¹⁰⁷

58. The City's population in 2020 was 14,574 residents, and it had 6,014 households.¹⁰⁸ The City's population in 2024 was estimated to be 15,707.¹⁰⁹

59. The City experienced an 8.5 percent growth in population between 2010 and 2020, and a 12.7 percent growth in population between 2000 and 2010; the population growth between 2000 and 2010 includes the transfer of residents from the Township to the City through annexation.¹¹⁰

60. The City's Comprehensive Plan projects that the City's population will increase to 17,541 in 2030, to 19,295 in 2040, and to 21,224 in 2050.¹¹¹

61. The area that the City proposes to annex includes 112 parcels classified as residential homesteads and 270 parcels listed as non-homestead or seasonal residential properties.¹¹² Based on average household size for the Township, the area proposed for annexation would include an estimated 289 full time residents, and up to an additional 696 seasonal residents.¹¹³

¹⁰¹ Ex. 137 at 9.

¹⁰² Hrg. Tr. Oct. 2, 2025 at 165 (D. Licht).

¹⁰³ Ex. 137 at 8 (Table 1); Hrg. Tr. Oct. 2, 2025 at 161 (D. Licht).

¹⁰⁴ Ex. 137 at 9 (Table 2).

¹⁰⁵ *Id.* at 8.

¹⁰⁶ *Id.* at 10. These projections are based upon a compound growth rate that discounts the population decreases resulting from orderly annexation to the City. *Id.*

¹⁰⁷ Ex. 137 at 10 (Table 3).

¹⁰⁸ Ex. 614 at 15.

¹⁰⁹ Ex. 615 at 8.

¹¹⁰ Ex. 614 at 15; Ex. 137 at 8-9.

¹¹¹ Ex. 614 at 16.

¹¹² Ex. 615 at 8.

¹¹³ *Id.* at 8-9.

C. The Quantity of Land, Terrain, Physical Features, Topography, Watersheds, Soil and Natural Features: Incorporation Factor 2 and Annexation Factor 3.

62. The Township contains approximately 14,729 acres of land.¹¹⁴ The area proposed for annexation contains approximately 910 acres, or approximately 5.5 percent of the land within the Township.¹¹⁵

63. The Township's territory includes moderately rolling forested areas with lakes and wetlands throughout, with elevations ranging generally between 1,360 feet and 1,410 feet.¹¹⁶ The elevations in the area proposed for annexation range from 1,340 to 1,370 feet above sea level.¹¹⁷

64. There are extensive public waters within the Township including Lake Bemidji; 64 percent of Lake Bemidji's total water area and around 40 percent of its shoreline presently lie within the Township.¹¹⁸ Lake Bemidji is classified as a general development lake by the DNR.¹¹⁹

65. The Township's area also includes wetlands subject to the jurisdiction of Beltrami County pursuant to the Wetland Conservation Act of 1991.¹²⁰

66. The Township, including the area proposed for annexation by the City, is located within the Mississippi River Headwaters Watershed in the Upper Mississippi River Basin.¹²¹

67. A 1986 Natural Resource Conservation Service study, which included the Township's area, found 107 soil types in Beltrami County.¹²² The area proposed for annexation contains soil types including Beltrami series, Bemidji loamy sand, Nebish loam and Waskish peat.¹²³

68. The City's current boundaries include approximately 9,280 acres of land.¹²⁴

¹¹⁴ Ex. 45 at Table 5.

¹¹⁵ Ex. 614 at 20.

¹¹⁶ Ex. 137 at 10.

¹¹⁷ Ex. 614 at 20.

¹¹⁸ Ex. 137 at 10.

¹¹⁹ Ex. 614 at 20.

¹²⁰ Ex. 137 at 12.

¹²¹ *Id.* at 12, 13 (Map 3).

¹²² *Id.* at 10.

¹²³ Ex. 614 at 20: Hrg. Tr. Oct. 8, 2025 at 772 (J. Matzke) (noting that the soils in the entire Bemidji area are similar whether in the City or Township).

¹²⁴ Ex. 614 at 19.

D. The Present Pattern of Physical Development, Planning, and Intended Land Uses Including Residential, Industrial, Commercial, Agricultural, and Institutional Land Uses and the Impact of the Proposed Action: Incorporation Factor 3 and Annexation Factor 5.

69. Existing land uses in the Township predominately consist of single family residential (38.1 percent of existing land use), public/open space (36 percent of existing land use) and agricultural (10.8 percent of existing land use), with relatively small amounts of land dedicated to commercial, industrial, multiple family residential, manufactured home and rural vacant uses.¹²⁵ Surface water and wetlands cover approximately 36 percent of the Township's lands.¹²⁶

70. Single family homes within the Township can be characterized as "up-north suburban style of development."¹²⁷ The median size of these residential lots is 1.3 acres.¹²⁸ There are approximately 2,000 residential properties in the Township, approximately 275 of which are unimproved.¹²⁹ Only 7 percent of the Township's land area is classified as rural vacant land.¹³⁰ The Township is substantially developed in a suburban pattern.¹³¹

71. Thirteen percent of the Township's land is developed into parcels of fewer than ten acres.¹³² Lots smaller than 10 acres are difficult to further subdivide in a manner that allows for financially viable allocation of infrastructure development costs.¹³³ Single family residential lots smaller than ten acres in size can be characterized as suburban.¹³⁴

72. The Township includes substantial parcels of publicly owned land, including a 650-acre parcel owned by the State of Minnesota, the Beltrami County Fairgrounds, the DNR Regional Headquarters, and Bemidji State Park.¹³⁵

73. The Township administered its own zoning ordinance from 1992 until it joined the JPB, after which it engaged in joint planning with the City. The Township returned to conducting its own planning and zoning at the end of 2023 after exiting the JPB.¹³⁶ Township Administrator Chris Lahn serves as the planning and zoning official for the Township.¹³⁷

¹²⁵ Ex. 137 at 14 (Table 4).

¹²⁶ *Id.* at 14.

¹²⁷ Hrg. Tr. Oct. 2, 2025 at 170 (D. Licht).

¹²⁸ *Id.* at 171.

¹²⁹ *Id.*

¹³⁰ Ex. 137 at 14 (Table 4).

¹³¹ Hrg. Tr. Oct. 2, 2025 at 170-73 (D. Licht).

¹³² Ex. 137 at 17 (Map 5); Hrg. Tr. Oct. 2, 2025 at 173 (D. Licht).

¹³³ Ex. 137 at 16.

¹³⁴ Hrg. Tr. Oct. 2, 2025 at 171 (D. Licht).

¹³⁵ *Id.* at 173-75; Ex. 137 at 19 (Map 6).

¹³⁶ Hrg. Tr. Sept. 29, 2025 at 55-56 (C. Lahn); Ex. 137 at 31.

¹³⁷ Hrg. Tr. Sept. 29, 2025 at 37 (C. Lahn).

74. The Township adopted a Comprehensive Plan on February 24, 2025.¹³⁸ The Township's Comprehensive Plan anticipates that its trend toward single family suburban dwelling development will continue in the majority of the Township.¹³⁹

75. The Township's Comprehensive Plan for the proposed annexation area mirrors the area's existing land uses, including residential, parks, forestry, open space and commercial uses.¹⁴⁰

76. If the Township incorporates it will gain the authority to use tax increment financing (TIF) to promote economic development, which it hopes will help bring industrial development to the community.¹⁴¹ The Township is unable to use this tool without special legislation or the creation of a TIF district by Beltrami County, which would then control the use of TIF funding.¹⁴² Currently there are no TIF districts within the Township.¹⁴³

77. The City exercises full planning and zoning authority within its borders.¹⁴⁴ The City has a Comprehensive Plan updated in January 2024, after the dissolution of the JPB.¹⁴⁵ The City is currently in the process of developing a new Comprehensive Plan with the Headwaters Regional Development Commission.¹⁴⁶

78. The City's Planning and Zoning Department implements and enforces the City's planning and zoning ordinances and coordinates its work with other City departments.¹⁴⁷ The Planning and Zoning Department consists of four employees, including a Director, an Assistant Planner, a site analyst/enforcement person, and an administrative assistant.¹⁴⁸

79. The City is 92 percent developed and only 8 percent of the land within the City is categorized as vacant.¹⁴⁹ Existing development and land use within the City predominantly includes a mix of residential uses (37 percent), commercial (14 percent), public/institutional (10 percent), transportation/utility (16 percent), and parks/forestry/open space uses (12 percent), with a small portion constituting industrial (1 percent) and agricultural (2 percent) uses.¹⁵⁰

80. The City has identified some impediments to growth stemming from its geographic location and present development patterns. Water bodies that may limit

¹³⁸ Ex. 137 at 31; Ex. 45.

¹³⁹ Ex. 137 at 19 (Map 6); Hrg. Tr. Oct. 2, 2025 at 173-75 (D. Licht).

¹⁴⁰ Ex. 614 at 27.

¹⁴¹ Ex. 120 at 46-47; Hrg. Tr. Oct. 2, 2025 at 48-49 (J. Cook).

¹⁴² Ex. 120 at 46-47.

¹⁴³ *Id.*; Hrg. Tr. Oct. 2, 2025 at 48 (J. Cook).

¹⁴⁴ Ex. 614 at 18.

¹⁴⁵ *Id.*; Ex. 603.

¹⁴⁶ Hrg. Tr. Oct. 6, 2025 at 156 (J. Prince).

¹⁴⁷ Hrg. Tr. Oct. 7, 2025 at 454-58 (J. Carlson).

¹⁴⁸ *Id.* at 452-53.

¹⁴⁹ Ex. 614 at 16.

¹⁵⁰ *Id.*

development include Lake Bemidji, Lake Irving, and the Mississippi River.¹⁵¹ Land dedicated to the airport is in the City's west, and other land in the area consists of wetland complexes that are undevelopable.¹⁵²

81. The City has identified a lack of available residential housing and low vacancy rates as a significant concern, creating pressures regarding future growth and development.¹⁵³ The City believes that its best option for growth lies to the north, in the Township, because of the location of wetlands and airport and transportation corridors to the west, and because Bemidji Township opposes annexation of its lands adjacent to the City.¹⁵⁴ The City also has hydric soils that allow for infiltration from the surface level, with glacial materials of 500 to 1,000 feet before bedrock can be found, creating challenges for building vertically and requiring larger footprints.¹⁵⁵

82. The City is optimistic that it might develop larger parcels within the area proposed for annexation, though no concrete plans exist for such development,¹⁵⁶ and hopes that small back lots that are currently used for mound septic systems could be developed.¹⁵⁷

83. Of the 910 acres within the area proposed for annexation, only 95 acres are vacant land.¹⁵⁸

84. The majority of the properties within the area proposed for annexation are developed as single-family homes.¹⁵⁹ The area is largely already densely developed.¹⁶⁰ Redeveloping this land for multi-family uses would be challenging because the annexation area is in a shoreland overlay district that would require unusually large lot sizes for such development.¹⁶¹

85. The City's current Comprehensive Plan does not include planning for the proposed annexation area, though its 2009 Comprehensive Sewer Plan and 2009 Comprehensive Water Plan contemplated potential extensions of service into the area proposed for annexation.¹⁶²

¹⁵¹ Hrg. Tr. Oct. 7, 2025 at 338 (R. Spiczka); Hrg. Tr. Oct. 7, 2025 at 458 (J. Carlson).

¹⁵² Hrg. Tr. Oct. 7, 2025 at 338 (R. Spiczka); Hrg. Tr. Oct. 7, 2025 at 458 (J. Carlson).

¹⁵³ Ex. 501; Hrg. Tr. Oct. 6, 2025 at 172-75 (J. Prince); Hrg. Tr. Oct. 7, 2025 at 461-62 (J. Carlson).

¹⁵⁴ Hrg. Tr. Oct. 7, 2025 at 469, 471-72, 477, 479, 482-83 (J. Carlson); Ex. 603 at 36-37, 43.

¹⁵⁵ Hrg. Tr. Oct. 7 at 468-69 (J. Carlson); Hrg. Tr. Oct. 8, 2025 at 770-771 (J. Matzke).

¹⁵⁶ Hrg. Tr. Oct. 6, 2025 at 252-258 (J. Prince) (expressing interest in and optimism about development if annexation is granted, but acknowledging challenges for development or redevelopment of lots within the proposed annexation area).

¹⁵⁷ *Id.* at 256.

¹⁵⁸ Ex. 614 at 27.

¹⁵⁹ *Id.* at 17.

¹⁶⁰ Hrg. Tr. Oct. 7, 2025 at 485-486 (J. Carlson).

¹⁶¹ Hrg. Tr. Oct. 8, 2025 at 844-45 (J. Matzke); Hrg. Tr. Oct. 7, 2025 at 486 (J. Carlson) ("To go beyond single family homes would be a challenge.").

¹⁶² Hrg. Tr. Oct. 6, 2025 at 157-58 (J. Prince); Hrg. Tr. Oct. 7, 2025 at 480 (J. Carlson) (explaining that the City has not engaged in planning outside its borders); Exs. 601-603.

86. The Township's current zoning of the proposed annexation area and the City's zoning were it to annex that area would be very similar.¹⁶³

E. The Present Transportation Network, Potential Transportation Issues, and Proposed Highway Development: Incorporation Factor 4 and Annexation Factor 6.

87. An existing network of Federal, County, and Township roads serve the Township. US Highway 71 crosses the Township from southwest to northeast providing regional access to the Township. Roadways under the jurisdiction of Beltrami County include CSAH 15, CSAH 19, CSAH 20, CSAH 21, CSAH 22, CSAH 40, CSAH 42, CSAH 57, CSAH 59, and Wildwood Road form a system of arterial and collector roadways that allow movement within the Township and to areas outside its borders.¹⁶⁴

88. The Township maintains 48.9 miles of Township roads within its borders, and the majority of these roads (36.2 miles) are paved.¹⁶⁵ The percentage of paved roads in the Township is high compared to surrounding townships.¹⁶⁶ Some roads remain unpaved because residents have not asked for paving or the traffic density is not sufficient to support the expense of paving.¹⁶⁷ Approximately nine to ten percent (5 miles) of the Township's roads in the area proposed for annexation.¹⁶⁸

89. The Township does not have a public works department.¹⁶⁹ The Township employs one road supervisor, who does some maintenance and plowing work himself, and the Township contracts with a service for a majority of its winter plowing.¹⁷⁰ Additionally, the Township builds and paves roads, maintains roads including crack filling and seal coating, does grading and dust control work for gravel roads, and performs mowing and brush cutting.¹⁷¹

90. The Township engages in annual capital improvement planning for street reconstruction as part of its program to maintain its roadways, and has adopted a five-year capital improvement plan (CIP) for road projects.¹⁷² The CIP calls for \$2.3 million in street construction projects over the next five years.¹⁷³

91. The Township currently receives just over \$77,000 in Town Road Aid from the State of Minnesota.¹⁷⁴ If the Township incorporates, it could receive approximately \$113,204 in Small Cities Road Aid to dedicate toward the maintenance of its roads.¹⁷⁵

¹⁶³ Ex. 614 at 18-19; Ex. 615 at 18.

¹⁶⁴ Ex. 137 at 28, 29 (Map 10), 30 (Map 11).

¹⁶⁵ Ex. 137 at 28; Hrg. Tr. Sept. 29, 2025 at 68-69 (C. Lahn).

¹⁶⁶ Hrg. Tr. Sept. 29, 2025 at 68 (C. Lahn).

¹⁶⁷ *Id.* at 69-70.

¹⁶⁸ *Id.* at 68-69; Ex. 615 at 13.

¹⁶⁹ Hrg. Tr. Sept. 29, 2025 at 67 (C. Lahn).

¹⁷⁰ *Id.* at 67-68.

¹⁷¹ *Id.* at 57-58.

¹⁷² *Id.* at 58, 71; Ex. 40.

¹⁷³ Ex. 40.

¹⁷⁴ Ex. 120 at 27.

¹⁷⁵ *Id.*

92. Incorporation will also make the Township eligible to receive Local Government Aid (LGA) from the State of Minnesota.¹⁷⁶ The Township expects it will ultimately receive approximately \$450,000 in LGA funding annually based on projections by the Minnesota Department of Revenue, but it will take several years to reach that funding level without special legislation to establish the prior year's LGA at one-third of the Township's need.¹⁷⁷ Both the City of Rice Lake and the City of Baldwin, the last two townships to incorporate that were eligible for LGA, obtained passage of such special legislation.¹⁷⁸ Upon reaching the anticipated funding level, the Township expects to allocate much of the LGA road funds to pay for road reconstruction projects that are on its CIP.¹⁷⁹

93. The area proposed for annexation is served by several County roads, specifically CSAH 21 (Bemidji Avenue) on the west side of Lake Bemidji, CSAH 20 (Birchmont Beach Road) on the north side of Lake Bemidji, and CSAH 19 on the east side of Lake Bemidji, as well as State Highway 414 (State Park Road) which serves Bemidji State Park.¹⁸⁰ Lavinia Road NE and Waville Road are Township roads that serve houses in the Township on the east side of Lake Bemidji.¹⁸¹

94. The existing transportation network is adequate to serve the proposed annexation area.¹⁸²

95. The City has a fully staffed Public Works Department.¹⁸³ In addition to its responsibilities for roads, the City has a regional airport owned and governed independently by the City in collaboration with Beltrami County.¹⁸⁴ The City does not anticipate any problems servicing the proposed annexation area if it became part of the City's jurisdiction.¹⁸⁵

F. Land Use Controls and Planning Presently Utilized in the Township and City, Including Comprehensive Plans and Metropolitan Council Policies, and Any Inconsistencies Between Proposed Development and Existing Land Use Controls: Incorporation Factor 5 and Annexation Factor 7.

96. The Township is not within the Twin Cities Metropolitan Area and, therefore, is not subject to the jurisdiction of the Metropolitan Council.¹⁸⁶

97. Under Minn. Stat. § 394.33 (2024), townships may engage in planning and zoning that is at least as restrictive as that adopted by the county in which the township

¹⁷⁶ *Id.*

¹⁷⁷ *Id.* at 26-27; Hrg. Tr. Oct. 2, 2025 at 87 (J. Cook).

¹⁷⁸ Hrg. Tr. Oct. 2, 2025 at 122 (J. Cook).

¹⁷⁹ Ex. 120 at 32.

¹⁸⁰ Ex. 614 at 18; Ex. 137 at 29 (Map 10).

¹⁸¹ Ex. 614 at 18; Ex. 137 at 29 (Map 10); Hrg. Tr. Sept. 29, 2025 at 59 (C. Lahn).

¹⁸² Ex. 614 at 18.

¹⁸³ *Id.*

¹⁸⁴ Hrg. Tr. Oct. 7, 2025 at 310-11 (R. Spiczka).

¹⁸⁵ *Id.* at 356.

¹⁸⁶ Ex. 137 at 31.

sits. It is possible that the Township's zoning needs could differ from Beltrami County's standards, and if the Township incorporates, it will have greater flexibility regarding planning and zoning.¹⁸⁷

98. The Township implemented its first zoning ordinance in 1992, joined the JPB in 2005, and returned to implementing its own zoning and subdivision ordinances on December 18, 2023.¹⁸⁸ The Township's Administrator is also the Zoning Administrator.¹⁸⁹

99. The Township administers its own Zoning and Subdivision Ordinance for site and building plans; conditional use permits; interim use permits; requirements for shoreland and floodplain areas; standards for sewage treatment and water supply; land division and platting with criteria for land suitability, standards for public improvements, financial provisions assigning costs to subdividers, and requirements for securities for completion of improvements.¹⁹⁰

100. The Township's zoning ordinance includes the following zoning districts: Conservation, R-1 Rural, R-2 Suburban Residential, R-3 High Density Residential, R-4 Multiple Family, MH Manufactured Home Park, and B-1 Commercial.¹⁹¹

101. The Township has adopted Shoreland and Airport Protection Overlay classifications within its zoning ordinance.¹⁹²

102. The Township is located within the Mississippi River Headwaters Watershed.¹⁹³ The Township manages stormwater through open ditches and roadway culverts.¹⁹⁴ Stormwater basins provide water quality treatment, rate control, and flood protection before being discharged into the natural drainage system.¹⁹⁵ The Township's Zoning and Subdivision Ordinances require all new developments to control surface or stormwater runoff to equal to or less than predevelopment conditions.¹⁹⁶

103. There are no inconsistencies between the Township's future land uses and its current Comprehensive Plan.¹⁹⁷

104. Under Minn. Stat. §§ 462.351-.365 (2024), cities have authority to engage in municipal planning, including through the adoption of a comprehensive plan and zoning and subdivision ordinances.

¹⁸⁷ *Id.* at 34.

¹⁸⁸ *Id.*; Hrg. Tr. Sept. 29, 2025 at 55 (C. Lahn).

¹⁸⁹ Hrg. Tr. Sept. 29, 2025 at 55-56 (C. Lahn).

¹⁹⁰ Ex. 137 at 31.

¹⁹¹ *Id.* at 32.

¹⁹² *Id.* at 34; Ex. 47.

¹⁹³ Ex. 137 at 12.

¹⁹⁴ *Id.*

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*

¹⁹⁷ Ex. 137 at 34.

105. The City adopted its current Comprehensive Plan in January 2024, after leaving the JPB, and it is in the process of updating the plan.¹⁹⁸ The City exercises full planning and zoning authority within its borders.¹⁹⁹ The City has a fully staffed Planning and Zoning Department to manage all planning and zoning matters.²⁰⁰

106. The City's zoning districts include Low Density Commercial (B-1), General Commercial (B-2), Conservation (C), Light Industrial (I-1), General Industrial (I-2), Lake Oriented Commercial (LC), Lake Oriented Development (LD), Manufactured Home Park (MH), Office-Medical (OM), Rural (R-1), Suburban Residential (R-2 and R-3), Moderate Density Residential (R-4), High Density Residential (R-5), Multiple Family (R-6), University (U), University Overlay (UO), and Urban Renaissance (UR), as well as overlay classifications for shoreland, sensitive areas, Trunk Highway 197, airport protection, and closed landfills.²⁰¹

107. The City and Township's zoning ordinances are similar.²⁰² The City's and Township's zoning ordinances provide for nearly identical uses in the proposed annexation area, and there are no inconsistencies between the City's current land use and future land use in the proposed annexation area if it were annexed.²⁰³

G. Existing Levels of Governmental Services Provided, Including Water and Sewer Service, Fire Rating and Protection, Law Enforcement, Street Improvements and Maintenance, Administrative Services, and Recreational Facilities and the Impact of the Proposed Action: Incorporation Factor 6 and Annexation Factor 8.

108. The Township currently either directly provides or contracts for the provision of the following services:

- municipal sanitary sewer services to the Waville Road area;²⁰⁴
- road maintenance services;²⁰⁵
- fire protection;²⁰⁶
- storm water management;²⁰⁷
- animal control;²⁰⁸
- Lake Bemidji access;²⁰⁹
- regulation of short-term rentals;²¹⁰

¹⁹⁸ Ex. 614 at 18; Hrg. Tr. Oct. 6, 2025 at 156 (J. Prince).

¹⁹⁹ Ex. 614 at 18.

²⁰⁰ Hrg. Tr. Oct. 7, 2025 at 452-58 (J. Carlson).

²⁰¹ Ex. 603 at 38-42.

²⁰² Hrg. Tr. at 777 (J. Matzke) ("The city and township have very similar zoning ordinances, not surprisingly so since they previously held a joint planning board between the two of them.").

²⁰³ *Id.* at 18-19.

²⁰⁴ Hrg. Tr. Sept. 29, 2025 at 59 (C. Lahn).

²⁰⁵ *Id.* at 57-58.

²⁰⁶ *Id.* at 65-66.

²⁰⁷ Hrg. Tr. Oct. 1, 2025 at 61-62 (M. Fuller).

²⁰⁸ Hrg. Tr. Sept. 29, 2025 at 63 (C. Lahn).

²⁰⁹ *Id.* at 61-62.

²¹⁰ *Id.* at 91.

- regulation of cannabis businesses;²¹¹
- administrative services;²¹²
- zoning enforcement and permit issuance;²¹³
- subdivision services;²¹⁴
- nuisance enforcement;²¹⁵
- cemetery services;²¹⁶ and
- election services.²¹⁷

109. The Township currently employs full-time and part-time personnel in a variety of positions:

- Full-time Town Administrator;²¹⁸
- Part-time Town Clerk;²¹⁹
- Part-time Deputy Clerk;²²⁰
- Part-time Treasurer;²²¹ and
- Part-time Township Road Supervisor.²²²

110. The Township's Clerk and Deputy Clerk provide general administrative and operational services for the Township, including taking minutes, assisting the public when they need help at the Town Hall, processing bills, processing payroll, overseeing payment of bills and administering to Township documents.²²³

111. If the Township incorporates as a city, it anticipates contracting for legal services for criminal prosecution responsibilities, at an estimated cost of \$25,000 annually.²²⁴

112. The Township may hire another employee to operate a planned new wastewater facility, discussed in greater detail below, but alternatively it may contract with a service to provide operations.²²⁵

113. The Township has adequate staffing to deliver its current level of services.²²⁶ Current staff have the administrative capacity to manage the change in governance structure to that of a city, and continue providing the existing service levels as well as

²¹¹ *Id.* at 229.

²¹² *Id.* at 41-42, 46.

²¹³ *Id.* at 37.

²¹⁴ *Id.* at 55-57.

²¹⁵ *Id.* at 64.

²¹⁶ *Id.* at 55.

²¹⁷ *Id.* at 64-65.

²¹⁸ *Id.* at 36.

²¹⁹ *Id.* at 41, 43.

²²⁰ *Id.* at 42-43.

²²¹ *Id.* at 45.

²²² *Id.* at 44.

²²³ *Id.* at 41-43.

²²⁴ Ex. 120 at 12; Hrg. Tr. Oct. 1, 2025 at 248 (J. Cook).

²²⁵ Ex. 120 at 12; Hrg. Tr. Sept. 29, 2025 at 211, 223 (C. Lahn).

²²⁶ Ex. 120 at 12.

oversee newly contracted services such as prosecutions.²²⁷ The Township's level of administrative staffing is comparable to other small cities with similar service levels in Minnesota.²²⁸ There is no anticipated growth in staffing costs for administration and governance due to incorporation.²²⁹

114. The Township maintains approximately 15 access points on Lake Bemidji, including one boat access.²³⁰ The Township also maintains a boat access on Lake Movil.²³¹

115. The Township maintains a town hall, which is the polling location for elections held in the Township, and the site of the Township's administrative offices and public meetings.²³² The Township budgets for routine maintenance, Board of Supervisor activities, and legal, assessing, auditing, engineering, elections, and other administrative services.²³³

116. The Township contracts for legal, planning, engineering, property assessment, wastewater system operations, plowing, and animal control.²³⁴ It is common to rely on consultants as an economically viable way to obtain services while maintaining fewer staff positions.²³⁵

117. The Beltrami County Sheriff's Office provides law enforcement services to the Township.²³⁶ The law enforcement services provided include.

- emergency 911 response;
- responding to fire calls;
- investigating crimes against property and persons;
- traffic crash response and investigation
- patrolling services;
- water patrol;
- recreational ATV patrol;
- traffic enforcement;
- snowmobile patrol;
- security alarms; and
- general peace-keeping.²³⁷

118. The Beltrami County Sheriff's Office responds to approximately 2,000 calls per year in the Township.²³⁸

²²⁷ Hrg. Tr. Oct. 1, 2025 at 200-01, 250 (J. Cook).

²²⁸ *Id.* at 200.

²²⁹ *Id.*

²³⁰ Hrg. Tr. Sept. 29, 2025 at 61-62 (C. Lahn).

²³¹ *Id.* at 62.

²³² *Id.* at 64-65; Ex. 137 at 36.

²³³ Hrg. Tr. Sept. 29, 2025 at 76 (C. Lahn); Ex. 42.

²³⁴ Hrg. Tr. Sept. 29, 2025 at 43, 60, 68, 223, 278 (C. Lahn); Ex. 42.

²³⁵ Hrg. Tr. Oct. 2, 2025 at 195, 200-201 (D. Licht).

²³⁶ Hrg. Tr. Sept. 29, 2025 at 66 (C. Lahn).; Hrg. Tr. Sept. 30, 2025 at 39 (J. Riggs).

²³⁷ Hrg. Tr. Sept. 30, 2025 at 37, 39, 43, 47, 53 (J. Riggs).

119. The Sheriff's Office has 42 sworn officers, of which 16 are patrol officers and four are sergeants.²³⁹ The Sheriff's Office employs three general investigators, one supervisor, a Paul Bunyan Task Force commander and an additional task force agent (drug task force).²⁴⁰ The Sheriff's Office has 42 squad cars, a mobile emergency command center, an armored vehicle, a SWAT vehicle, several transport vehicles, five watercraft, and four all-terrain vehicles (ATVs).²⁴¹

120. The Sheriff does not enforce Township ordinances.²⁴² The Sheriff's Office does not currently have a contract with the Township to provide law enforcement services,²⁴³ and provides patrols in the Township as part of providing services within Beltrami County.²⁴⁴ If the Township wants a higher level of law enforcement services that that currently provided, it would need to contract with the Sheriff's Office.²⁴⁵

121. The current level of law enforcement provided by the County is sufficient to protect the Township residents.²⁴⁶ To date, Township residents have not increased the levy to provide for additional policing.²⁴⁷ There would be no change in law enforcement services to the Township if it were to be incorporated.²⁴⁸

122. The Township receives fire protection from the Rural Fire Association as a member along with 16 other townships and cities.²⁴⁹ The Rural Fire Association contracts with the City to provide emergency fire response to the members of the Rural Fire Association.²⁵⁰

123. Neither the Township's fire service requirements, nor its participation in the Bemidji Rural Fire Association, are expected to change as a result of incorporation.²⁵¹ However, if the City's annexation request is granted, approximately \$26,000 of the Township's Rural Fire Association annual payment would be shifted to the City and another \$24,000 of the Township's costs would be shifted to the remaining Rural Fire Association members.²⁵²

124. The Township provided cleanup services in connection with a June 2025 storm that hit the area, causing severe damage and downed trees.²⁵³

²³⁸ *Id.* at 39.

²³⁹ *Id.* at 35.

²⁴⁰ *Id.* at 37-38.

²⁴¹ *Id.* at 36-37.

²⁴² *Id.* at 47.

²⁴³ *Id.* at 51.

²⁴⁴ *Id.* at 53.

²⁴⁵ *Id.* a 51.

²⁴⁶ *Id.* at 46-47.

²⁴⁷ Ex. 120 at 12.

²⁴⁸ Hrg. Tr. Sept. 30, 2025 at 47 (J. Riggs).

²⁴⁹ Hrg. Tr. Sept. 29, 2025 at 100-101 (C. Lahn).

²⁵⁰ *Id.* at 100-101.

²⁵¹ Ex. 120 at 13.

²⁵² *Id.* at 32.

²⁵³ Hrg. Tr. Sept. 29, 2025 at 203-04 (C. Lahn).

125. The Township constructed a cluster-type sanitary sewer system to provide service to 20 homes on Waville Road to address septic systems in a low area along Lake Bemidji.²⁵⁴ The Township holds a permit from the MPCA to operate the system and contracts for operations with Advanced Utility Solutions.²⁵⁵

126. If the Township does not build a sewer project around Lake Bemidji, the Township could seek to use the \$6 million in grant funds awarded to it to develop sewer services around Lake Movil and extend sewer to its commercial areas.²⁵⁶ Future extension of sewer services to some areas of the Township is unlikely, however, due to the pattern of development and larger lot sizes, which make the extension of services not financially feasible.²⁵⁷

127. The Township is currently providing a level of services consistent with the operations of a small city in Minnesota.²⁵⁸ With the exception of providing municipal sanitary sewer service to all properties within its jurisdiction on Lake Bemidji, the Township provides the level of service its residents currently need and desire.²⁵⁹

128. The Township experiences uncertainty, however, about the level of services it can plan for and provide while it remains a township. Uncertainty about the stability of its tax base can impact the Township's ability to plan, finance, and deliver an adequate level of services. Future annexation efforts by the City could remove infrastructure components, tax base, and potential users of its services from the Township, the future tax levies are not guaranteed, and the lack of independent TIF authority hampers development. Incorporation will allow the Township to ensure delivery of its services through more certain revenue streams.²⁶⁰

129. If the proposed annexation area is excised from the Township, the annexation will impact the Township's ability to continue funding certain services at their current level, including planned street reconstruction projects averaging \$648,200 each year between 2028 and 2034.²⁶¹ Only 5 percent of the Township's road miles are located in the area proposed for annexation, but that area makes up 30 percent of the Township's tax base; annexation would make around one-third of the Township's tax base unavailable to help fund the remaining 95 percent of the Township's roads.²⁶²

130. The City provides the following services to its residents:

- street maintenance;
- parks and trails;

²⁵⁴ *Id.* at 59; Ex. 109 at 8.

²⁵⁵ Hrg. Tr. Sept. 29, 2025 at 60 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 7 (M. Fuller).

²⁵⁶ Hrg. Tr. Sept. 30, 2025 at 11-12 (C. Lahn),

²⁵⁷ Hrg. Tr. Oct. 2, 2025 at 172-73 (D. Licht).

²⁵⁸ Hrg. Tr. Oct. 1, 2025 at 200-208 (J. Cook).

²⁵⁹ Hrg. Tr. Sept. 29, 2025 at 207-08 (C. Lahn).

²⁶⁰ Ex. 120 at 46-48; Hrg. Tr. Oct. 1, 2025 at 254-55, 261 (J. Cook).

²⁶¹ Ex. 120 at 14.

²⁶² *Id.*

- recreation;
- fire protection;
- law enforcement;
- planning and zoning;
- rental licensing and inspection; and
- trash collection.²⁶³

131. The City has eleven departments, including planning and zoning, building, police, fire, streets, public works, recreation, finance, human resources, administration and legal.²⁶⁴

132. The City has 121 full-time employees, 22 part-time employees and five seasonal employees.²⁶⁵ Among its other employees, the City has a City Manager, a full-time human resources coordinator, finance staff, and a city attorney's office.²⁶⁶

133. The City maintains 25 parks encompassing approximately 250 acres, some of which allow access to Lake Bemidji, maintains approximately 14 miles of trails, and makes recreational offerings available, including sports fields and an ice rink.²⁶⁷ The City also offers public facilities including a Tourist Information Center, Historic Carnegie Library, the Historic Rail Depot, which is home to the Beltrami County Historical Society, a library building, which is operated by the Kitchigami Regional Library System, and the Sanford Center, an event center that hosts Bemidji State University hockey games, concerts and conventions.²⁶⁸

134. The Bemidji Police Department employs 39 staff members, 26 of which are patrol officers, who oversee all law enforcement within the City.²⁶⁹ Staff include the Police Chief, a captain, administrative assistants, sergeants and detectives.²⁷⁰ The Bemidji Police Department shares space with the Beltrami County Sheriff's Office.²⁷¹ At times, the City's police department responds to calls for service in the Township.²⁷²

135. The City has four fire stations, nine full-time firefighters, and 44 paid on-call staff, who provide service to the member communities in the Rural Fire Association.²⁷³ The

²⁶³ Hrg. Tr. Oct. 7, 2025 at 289-290 (R. Spiczka).

²⁶⁴ *Id.* at 290.

²⁶⁵ *Id.*

²⁶⁶ *Id.* at 286, 301, Ex. 585 at 8, 25.

²⁶⁷ Hrg. Tr. Oct. 7, 2025 at 295-97 (R. Spiczka); Ex. 585 at 34-35; Ex. 603 at 128-39.

²⁶⁸ Hrg. Tr. Oct. 7, 2025 at 308-09 (R. Spiczka).

²⁶⁹ *Id.* at 290-91.

²⁷⁰ *Id.*

²⁷¹ *Id.* at 291; Hrg. Tr. Sept. 30, 2025 at 61 (J. Riggs).

²⁷² Hrg. Tr. Oct. 7, 2025 at 291 (R. Spiczka). The exact number of such calls cannot be determined. While the record contains a list of calls for service in the Township with the legend "PD," (Ex. 55 at 1-4), Sheriff Riggs was uncertain about the underlying data as it related to annexed areas, though he confirmed that sometimes the City's police force does respond outside City borders. Hrg. Tr. Sept. 30, 2025 at 66-67 (J. Riggs).

²⁷³ Hrg. Tr. Oct. 7, 2025 at 291-92 (R. Spiczka).

Bemidji Fire Department provides EMS services within the City of Bemidji, but not outside the City limits.²⁷⁴

136. The City has a Class A wastewater treatment facility, meaning that it is required to have at least one operator with a Class A license; its other operators have lesser levels of licensure.²⁷⁵ The City has seven staff members assigned to its wastewater treatment plant.²⁷⁶ The facility is permitted by the MPCA.²⁷⁷ The City recently completed construction on an expansion project for its wastewater treatment facility, adding a new final clarifier tank to expand capacity and add redundancy protections to the City's system.²⁷⁸ The City does not provide sewer service throughout its entire territory, as some portions of the City remain unserved by municipal sewer.²⁷⁹

137. The City also operates a Class A water treatment facility, which is designed to fully remove per- and polyfluoroalkyl substances (PFAS) in addition to iron, manganese, and other chemicals.²⁸⁰ The City has eight staff assigned to maintaining the City's water distribution system and its wastewater collection system.²⁸¹

138. The City's Public Works Department has 32 full-time employees, overseen by City Engineer/Public Works Director,²⁸² including two in-house engineers, two engineering techs.²⁸³ The Department consists of four major subdivisions each run by their own superintendents, including the Streets Department, Water, Sewer and Refuse Department, the Wastewater Treatment Plant, and the Graphic Information Systems Department.²⁸⁴

139. The City's Public Works Department maintains the City water and wastewater systems, provides trash collection, plows and maintains streets and sidewalks, maintains street lighting, maintains the storm sewer system, and has its own in-house engineering and construction crews.²⁸⁵

140. The City's Planning and Zoning Department implements and enforces the City's planning and zoning ordinances.²⁸⁶ The Planning and Zoning Department has four employees,²⁸⁷ and the City has at least three licensed building inspectors who conduct building and rental inspections.²⁸⁸

²⁷⁴ *Id.* at 292-93.

²⁷⁵ *Id.* at 560 (S. Anderson).

²⁷⁶ *Id.* at 561.

²⁷⁷ *Id.* at 565-66.

²⁷⁸ Ex. 618.

²⁷⁹ Hrg. Tr. Oct. 7, 2025 at 647-48 (S. Anderson).

²⁸⁰ *Id.* at 566-567.

²⁸¹ *Id.*; *Id.* at 295 (R. Spiczka).

²⁸² Hrg. Tr. Oct. 7, 2025 at 534, 543 (S. Anderson).

²⁸³ *Id.* at 293-294 (R. Spiczka).

²⁸⁴ *Id.* at 546, 552 (S. Anderson).

²⁸⁵ *Id.* at 293-4 (R. Spiczka).

²⁸⁶ *Id.* at 454-58 (J. Carlson).

²⁸⁷ *Id.* at 452-53.

²⁸⁸ *Id.* at 298-99 (R. Spiczka).

141. The City emergency responders and Public Works Department responded to the storm in the summer of 2025 that did extensive damage to properties in the City.²⁸⁹ The City engaged 10 contractors to help clean up the debris from the storm and provided that service to its residents for free.²⁹⁰ The City is estimated to have spent between \$3.5 million to \$4 million on storm-related cleanup, of which the City expects to be reimbursed 75 percent of such costs by the state of Minnesota.²⁹¹ The City has not issued debt to fund these costs, instead using its reserves.

142. The City and Beltrami County jointly own the airport, which is run by its own board and is its own taxing authority.²⁹²

143. The City has several commissions and boards, including a planning commission, a charter commission, a sustainability commission, a heritage commission, a Sanford Center Advisory Board, a Housing and Redevelopment Authority, and a Community Police and Advisory Board.²⁹³

144. The City operates a municipal liquor store at two different locations.²⁹⁴

145. The City collects a lodging tax that is used by Visit Bemidji, the City's tourist bureau, and the City collects a specialty sales tax that is used to repay the bonds issued to build the Sanford Center.²⁹⁵

146. The City must conduct annual audits of its books, and its 2024 audit was completed in September 2025.²⁹⁶

147. The City has a CIP that the City uses as a planning document to forecast what potential needs may be in the future.²⁹⁷

148. The City's recreational offerings and parks are open to anyone in the public, including residents of the Township in the proposed annexation area.²⁹⁸ Upon annexation, other services provided only to City residents would become immediately available in the proposed annexation area,²⁹⁹ except for water and wastewater services. Water and wastewater services would be provided at a later date, as explained below.

²⁸⁹ *Id.* at 303-306.

²⁹⁰ *Id.* at 306-307.

²⁹¹ *Id.* at 321-22.

²⁹² *Id.* at 310-11.

²⁹³ *Id.* at 311-12.

²⁹⁴ *Id.* at 318.

²⁹⁵ *Id.* at 318-19.

²⁹⁶ *Id.* at 324-25.

²⁹⁷ *Id.* at 329-32.

²⁹⁸ *Id.* at 297.

²⁹⁹ *Id.* at 355.

H. Existing or Potential Environmental Problems and Whether the Proposed Action is Likely to Improve or Resolve These Problems: Incorporation Factor 7 and Annexation Factor 10.

149. The need for sewer services in the area around Lake Bemidji presents a current environmental problem that both the Township and City seek to address through their proposed boundary adjustments. Concerns about water quality and the steps needed to resolve this issue have been the subject of discussions in the community for many years.³⁰⁰

150. The septic systems at Ruttger's on the north shore of Lake Bemidji have failed.³⁰¹ Ruttger's has continued operating under an agreement with the MPCA allowing it to install holding tanks to be pumped regularly until it obtained a connection to municipal sewer.³⁰² Ruttger's installed the required holding tanks in 2021,³⁰³ and has the tanks pumped regularly at an expense of \$80,000 to \$120,000 per year.³⁰⁴ The issues at Ruttger's require a solution, as the agreement with the MPCA extends only until December 2026.³⁰⁵

151. The JPB compiled data regarding the level of risk associated with septic systems serving properties around Lake Bemidji as of 2020, and prepared a map identifying as high risk those septic systems that were over 26 years old at that time, were within setbacks, or that otherwise had compliance issues.³⁰⁶ The majority of the septic systems around Lake Bemidji fell into the high risk category according to the JPB's study over five years ago.³⁰⁷

152. There are also properties within the City along the Mississippi River outlet from the eastern shore of Lake Bemidji that fall into the high-risk category and are not currently served by the City's municipal sewer system.³⁰⁸

153. Prior to 1996, septic system drainfields required only two feet of unsaturated soil below the effluent pipes.³⁰⁹ In 1996, the MPCA rules were revised to require three feet of unsaturated soil below the effluent pipes to fully treat effluent flowing from septic drainfields.³¹⁰

³⁰⁰ Ex. 64, 601-603; Hrg. Tr. Sept. 29, 2025 at 172-74 (C. Lahn); Hrg. Tr. Oct. 6, 2025 at 157-58 (J. Prince).

³⁰¹ Hrg. Tr. Sept. 30, 2025 at 218-220 (K. Nelson).

³⁰² *Id.* at 220-21, 225; Exs. 105-106.

³⁰³ Hrg. Tr. Sept. 30, 2025 at 222 (K. Nelson).

³⁰⁴ *Id.* at 226-27.

³⁰⁵ *Id.* at 234-35.

³⁰⁶ Hrg. Tr. Sept. 29, 2025 at 170-72 (C. Lahn); Exs. 63, 512.

³⁰⁷ Exs. 63, 512.

³⁰⁸ Ex. 512; Hrg. Tr. Sept. 30, 2025 at 237-39 (K. Nelson) (testifying that she lives along the Mississippi River in the City, has a septic system, would like to be served by the City's municipal sewer system, and is concerned that if the City sewers properties in the annexation area sufficient funds will not be available to extend services to the area of the City where she lives).

³⁰⁹ Ex. 569 at 2.

³¹⁰ *Id.*

154. A planner with the JPB analyzed the need for sanitary sewer services on the north shore of Lake Bemidji in 2022.³¹¹ The planner noted that the soil around Lake Bemidji has high soil hydraulic conductivity, which permits water to move easily through soil.³¹² Further, groundwater levels typically are within three feet of the ground surface, limiting the type of septic systems that can be installed, and making it likely that phosphorous removal is not occurring at desired levels.³¹³

155. While the status of any particular septic system along Lake Bemidji, other than that owned by Ruttger's, is unknown, the JPB's 2020 survey identifies septic systems that present pollution risks for Lake Bemidji.³¹⁴ Both the City and Township have recognized the need for sewer service around Lake Bemidji. The Joint City and Township 2025 Land Use Plan prepared in 2007 identified all of the properties in the proposed annexation area for the provision of municipal sewer by the year 2025.³¹⁵ The City included sewer service extensions for this area in its 2009 sewer and water comprehensive plans.³¹⁶

156. Following the end of negotiations on Option 5, the Township approved the construction of a wastewater collection system and wastewater treatment plant to serve all of the properties from the west side of the lake at the boundary between the City and the Township, continuing east and south through Lake Bemidji State Park then south to Beach Lane Northeast on the northeast side of Lake Bemidji (Phase I).³¹⁷

157. The Township is using the \$6 million in grant funds administered by the EPA for the design and installation of a sanitary sewer system within the Township.³¹⁸ Approximately \$700,000 to \$800,000 of the grant has been spent on engineering.³¹⁹ These federal grant funds may not be transferred to another entity without the Township's consent.³²⁰

158. Phase I of the project will provide service to Ruttger's, the DNR Regional Headquarters, Lake Bemidji State Park, and all of the residences within that area, approximately 190 structures in total, 60 of which are south of Lake Bemidji State Park.³²¹

³¹¹ Ex. 569.

³¹² *Id.* at 2.

³¹³ *Id.* at 2-3.

³¹⁴ Exs. 63, 512; Hrg. Tr. Oct. 1, 2025 at 67-69 (M. Fuller).

³¹⁵ Ex. 64; Hrg. Tr. Sept. 29, 2025 at 172-74 (C. Lahn).

³¹⁶ Hrg. Tr. Oct. 6, 2025 at 157-58 (J. Prince); Exs. 601-603; *see also* Ex. 17 at 4414 (including an email from former City Engineer Gray to current City Engineer and Public Works Director Sam Anderson discussing the Option 5 proposal and extending sewer in the Township, stating: "This has been a council goal for a long time. . . Is the city council and staff just prepared to completely throw away this opportunity to get pipes in the ground? How many times have we kicked ourselves in the past 15 years for doing the same thing.").

³¹⁷ Ex. 109 at 8-10; Ex. 115.

³¹⁸ Ex. 71 at 34; Ex. 72 at 35; Hrg. Tr. Sept. 29, 2025 at 155-56, 168 (C. Lahn). The Township received approval for a technical correction from the EPA to change the purpose of the grant funds from the Option 5 collection system to the design and construction of its own sewer system. Exs. 74-75.

³¹⁹ Hrg. Tr. Sept. 29, 2025 at 180 (C. Lahn); Ex. 109 at 9.

³²⁰ Hrg. Tr. Sept. 29, 2025 at 281 (C. Lahn); Ex. 77 at 3.

³²¹ Hrg. Tr. Oct. 1, 2025 at 76-77 (M. Fuller); Ex. 115.

159. The estimated cost of the Township's Phase I sewer system is \$13 million.³²² The Township intends to initially fund its Phase I sewer project with the \$6 million EPA grant, Township road monies, and a \$5,075,000 bond to finance the construction of the Phase I project.³²³ The Township has created a funding plan to pay back the \$5,025,000 bond and to fund the operating expenses of the Phase I sewer system that relies on special assessments to the benefiting properties, connection charges, road funds, and monthly user fees.³²⁴

160. On April 9, 2024, the Township entered into a \$250,000 contract with the engineering firm of Freeberg & Grund to design the sewer collection system and the wastewater treatment plant for its Phase I sewer project.³²⁵ Freeberg & Grund subcontracted the design of the wastewater treatment plant to Barr Engineering.³²⁶ The project is now in its final design stage.³²⁷ On September 15, 2025, the Township's engineering plans for its Phase I sewer project were 80 percent complete and were submitted to the MPCA for review.³²⁸ The Township has now paid Freeberg & Grund approximately \$800,000, of the total cost of \$980,000, for its services on the wastewater system.³²⁹

161. The Township is coordinating its Phase I project with Beltrami County's plans and specifications for the reconstruction of CSAH 20, as a significant portion of the Phase I sewer collection system will be installed in the CSAH 20 right-of-way.³³⁰ Freeberg & Grund is designing both the Township's Phase I collection system plans and specifications and the CSAH 20 plans and specifications.³³¹ The Township's Phase I sewer project and the CSAH 20 reconstruction project will be bid together if the Township's system is to be constructed.³³² The Township estimates that it can save over \$1 million by installing its sewer line in the CSAH 20 right of way in conjunction with Beltrami County's reconstruction of CSAH 20.³³³ The Township expects to have Phase I of its sewer project fully installed by December 31, 2026.³³⁴

162. Phase II of the Township's sewer plan is estimated to cost \$7 to \$8 million and to be completed in 2028.³³⁵ The Township's financing plan for Phase II anticipates a grant of \$5,200,000 with the remainder funded by special assessments, user fees and

³²² Hrg. Tr. Oct. 1, 2025 at 91 (M. Fuller); Ex. 109 at 8.

³²³ Ex. 78 at 1; Ex. 136; Hrg. Tr. Oct. 1, 2025 at 210 (J. Cook).

³²⁴ Ex. 78 at 2; Ex. 136.

³²⁵ Exs. 85, 86; Hrg. Tr. Oct. 1, 2025 at 83-84 (M. Fuller).

³²⁶ Hrg. Tr. Oct. 1, 2025 at 84 (M. Fuller). The transcripts in this case erroneously refer to this company as "Bar," but the correct spelling is Barr.

³²⁷ *Id.* at 84-85. The Township expected that the design would be complete by the end of 2025, and that MPCA review and permitting could be completed by mid-March. *Id.* at 85, 119-20.

³²⁸ Hrg. Tr. Sept. 29, 2025 at 168 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 83-84 (M. Fuller).

³²⁹ Ex. 109 at 9; Hrg. Tr. Oct. 1, 2025 at 83-84 (M. Fuller); Hrg. Tr. Oct. 2, 2025 at 51 (J. Cook) (regarding potentially unrecoverable costs).

³³⁰ Hrg. Tr. Oct. 1, 2025 at 86-88 (M. Fuller).

³³¹ *Id.*

³³² *Id.* at 87.

³³³ Hrg. Tr. Sept. 29, 2025 at 137 (C. Lahn).

³³⁴ Ex. 109 at 9.

³³⁵ *Id.*; Hrg. Tr. Oct. 1, 2025 at 93, 95 (M. Fuller).

connection charges.³³⁶ The Phase II project will serve the remainder of the parcels in the Township along the eastern shore of Lake Bemidji, including parcels currently served by the Township's Waville system.³³⁷

163. The Township's proposed wastewater treatment plant will be a mechanical plant with three sequencing batch reactors that will treat the wastewater to MPCA requirements, which is expected to include a limitation on the discharge of nitrogen to less than 10 milligrams (10 mg) per liter.³³⁸ Water discharged at less than 10 mg per liter will meet MPCA standards and will not cause environmental problems when the water is discharged into the ground.³³⁹ The wastewater treatment plant will be located approximately 2,000 feet east of Lake Bemidji on a parcel owned by Beltrami County.³⁴⁰ The Township and Beltrami County have executed an agreement for the Township to purchase this property for \$500,000.³⁴¹

164. Treated water will be dispersed into the ground in three dispersal fields at the site of the wastewater treatment plant,³⁴² with room add additional dispersal fields in the future should the need arise.³⁴³

165. The MPCA has set different standards for wastewater treatment plants that discharge into the ground versus those that discharge into surface waters, like the City's system.³⁴⁴ The Township's system will be regulated by the MPCA and is required to meet the agency's requirements.³⁴⁵

166. If the Township builds its proposed sewer projects, but does not incorporate, and the City annexes properties served by the Township's system, the Township would be unable to collect connection charges and user fees that are needed to repay its bonds. This scenario would impose a burden on the remaining Township residents who would be responsible for paying off debt issued to fund a project that the Township would no longer own.³⁴⁶

167. The Township does not plan to provide water utility service, and residents have not requested that the Township provide municipal water.³⁴⁷

³³⁶ Ex. 109 at 9; Hrg. Tr. Sept. 29, 2025 at 169-70 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 209 (J. Cook).

³³⁷ Exs. 112, 115-116; Hrg. Tr. Oct. 6, 2025 at 7.

³³⁸ Ex. 111; Hrg. Tr. Sept. 30, 2025 at 262-63, 268, 283 (D. Richard).

³³⁹ Hrg. Tr. Sept. 30, 2025 at 263 (D. Richard).

³⁴⁰ Hrg. Tr. Sept. 30, 2025 at 293 (D. Richard); Hrg. Tr. Oct. 1 2025 at 44-45 (D. Richard).

³⁴¹ Hrg. Tr. Sept. 29, 2025 at 193-95 (C. Lahn); Ex. 87A.

³⁴² Ex. 111; Hrg. Tr. Sept. 30, 2025 at 272-73, 283, 290 (D. Richard); Hrg. Tr. Oct. 1, 2025 at 137 (M. Fuller).

³⁴³ Hrg. Tr. Oct. 1, 2025 at 137 (M. Fuller).

³⁴⁴ Hrg. Tr. Sept. 30, 2025 at 275-77, 289-90 (D. Richard); Hrg. Tr. Oct. 1, 2025 at 35, 43, 47 (D. Richard).

³⁴⁵ Hrg. Tr. Sept. 30, 2025 at 272, 277 (D. Richard).

³⁴⁶ Hrg. Tr. Oct. 1, 2025 at 219 (J. Cook); Ex. 120 at 3-4.

³⁴⁷ Hrg. Tr. Sept. 29, 2025 at 164, 208 (C. Lahn). The City's Engineer and Public Works Director, Sam Anderson, lives in the Township. He has never requested that the Township provide municipal water service, because he has a fully functioning well and does not need municipal service. Hrg. Tr. Oct. 8, 2025 at 670-71 (S. Anderson).

168. The City has also developed a plan to serve the properties around Lake Bemidji in the proposed annexation area. The City completed two preliminary engineering feasibility studies to extend sewer and water utilities to the proposed annexation area: the North Lake Bemidji Utility Study dated November 23, 2021, and the east Lake Bemidji Utility Study dated July 30, 2025.³⁴⁸

169. The City's North Lake project will extend the City's sewer collection system and water distribution system from the current boundary with the Township on the west side of Lake Bemidji near the Lake Bemidji Northwoods Public Access, past Ruttger's, to the main entrance to Lake Bemidji State Park on CSAH 20, connecting the new collection infrastructure to the City's existing wastewater treatment facility.³⁴⁹ The North Lake project will not extend facilities to Lake Bemidji State Park, but the State Park could connect its facilities to the project.³⁵⁰

170. The City plans to complete the North Lake project during the 2026 construction season,³⁵¹ also in connection with the CSAH 20 road reconstruction project, which would be bid together with the water and sewer project if the City's system will be constructed.³⁵² The North Lake project should require less than one mile of piping to connect to the City's existing collection system, which extends to the City's boundary with the Township on the west side of Lake Bemidji.³⁵³

171. The City retained the engineering firm Bolten & Menk to complete comprehensive engineering designs for the North Lake project, and has already completed a topographical study of the area including direct engagement with impacted landowners on behalf of the City.³⁵⁴ By the time of the evidentiary hearings in this matter, the City's design for the North Lake project was more than 60 percent complete,³⁵⁵ with the full project design on schedule to be completed by the end of 2025.³⁵⁶

172. The cost to install the North Lake project is estimated to be \$9 million based on its 2021 study and will be funded from City sewer and water reserves, as well as bonding if necessary.³⁵⁷ The City's full plan for funding has not yet been developed.³⁵⁸ On August 4, 2025, in a mid-year amendment of its CIP, the City added the North Lake Bemidji Utility project to its CIP at a cost of \$9 million.³⁵⁹

³⁴⁸ Exs. 538-539.

³⁴⁹ Ex. 538 at 2.

³⁵⁰ Hrg. Tr. Oct. 8, 2025 at 679-80 (S. Anderson).

³⁵¹ Ex. 605 at 10.

³⁵² Hrg. Tr. Oct. 8, 2025 at 612-13 (S. Anderson).

³⁵³ *Id.* at 613-14; Ex. 538 at 7.

³⁵⁴ Hrg. Tr. Oct. 8, 2025 at 609 (S. Anderson); Exs. 536-537.

³⁵⁵ Hrg. Tr. Oct. 8, 2025 at 610 (S. Anderson).

³⁵⁶ *Id.* at 615.

³⁵⁷ *Id.* at 635-36; Hrg. Tr. Oct. 9, 2025 at 964 (M. Stark); see Ex. 538 at 4-6 (providing an estimate in 2021 of approximately \$8.5 million).

³⁵⁸ Hrg. Tr. Oct. 8, 2025 at 618 (S. Anderson).

³⁵⁹ *Id.* at 707-708; Hrg. Tr. Oct. 9, 2025 at 1033 (M. Stark); Ex. 5, p. 84. The City had previously listed the North Lake project on its CIP at a cost of \$4 million, which is less than the estimated cost of the project, but had removed the project from its plan. Ex. 538 at 4 (estimating a cost of \$8.5 million); Hrg. Tr. Oct. 7, 2025 at 333, 385 (J. Carlson); *Id.* at 435, 437-38 (R. Spiczka).

173. The City's East Lake project will extend the City's sewer and water systems from the current municipal boundary on the east side of Lake Bemidji off of Waville Road NE near Elliot Road NE, through the Waville and Lavinia neighborhoods to the Southern boundary of Lake Bemidji State Park, connecting the new collection infrastructure to the City's existing water and wastewater treatment facilities.³⁶⁰ The City does not know when the East Lake project would be scheduled for construction and the project is not on the City's current CIP.³⁶¹ The City anticipates it would complete this project in phases in conjunction with future road improvements in the area.³⁶² If accomplished in connection with road improvements, the East Lake project may not be completed for 10 to 15 years.³⁶³ The current estimate of the cost of the East Lake water and sewer extension project is over \$20 million.³⁶⁴ The total costs for both the North Lake and East Lake projects are estimated to be approximately \$30 million.

174. In 2019 the City completed a Capacity Evaluation Report for its wastewater treatment facility, identifying areas of future growth around Lake Bemidji, including the areas to be served by the City's the North Lake and East Lake projects, determining there was sufficient capacity to serve these areas.³⁶⁵ The available capacity at the City's wastewater treatment facility has expanded since 2019 due to the 2025 completion of the facility's clarifier project.³⁶⁶

175. The City has detected PFAS pollutants in its water wells due to contamination traced to the use of foam used in training for firefighting at the airport.³⁶⁷ The City's water treatment plant removes PFAS from the City's water.³⁶⁸

176. There is only one known well in Northern Township that has PFAS contamination.³⁶⁹ The Township researched the issue and learned that the Minnesota Department of Health recommends the installation of a granular filter system under the sink to be purchased by the homeowner.³⁷⁰ The next closest well is less than one-quarter mile away and that well did not test positive for PFAS.³⁷¹

177. Both the City and the Township have developed plans to serve the area around Lake Bemidji in order to address environmental issues. Only the Township's plan would serve the entire annexation area within the next few years because the City would not serve the East Lake project area for approximately 10 to 15 years. Both projects would

³⁶⁰ Ex. 539 at 3.

³⁶¹ Hrg. Tr. Oct. 8, 2025 at 691 (S. Anderson).

³⁶² *Id.* at 640-641; Hrg. Tr. Oct. 9, 2025 at 1094 (S. Peterson).

³⁶³ Hrg. Tr. Oct. 8, 2025 at 745-747 (S. Anderson).

³⁶⁴ *Id.* at 692-94; Ex. 539 at 5 (estimating approximately \$9.1 million to extend water and sewer through the portion of Lake Bemidji's eastern lakeshore in the City that is not presently served), 22 (estimating just over \$10 million to extend sewer to properties in the Township along the eastern shore of Lake Bemidji to Lake Bemidji State Park), 42 (estimating \$1.17 million for the Lake Bemidji State Park Water Loop).

³⁶⁵ Ex. 604 at 30-31, 38-39.

³⁶⁶ Hrg. Tr. Oct. 8, 2025 at 602 (S. Anderson).

³⁶⁷ *Id.* at 671 (S. Anderson); Hrg. Tr. Oct. 6, 2025 at 129 (J. Prince).

³⁶⁸ Hrg. Tr. Oct. 8, 2025 at 637 (S. Anderson); Hrg. Tr. Oct. 7, 2025 at 556 (S. Anderson).

³⁶⁹ Hrg. Tr. Sept. 29, 2025 at 164-65 (C. Lahn).

³⁷⁰ *Id.* at 165-66 (C. Lahn).

³⁷¹ Hrg. Tr. Oct. 1, 2025 at 182 (M. Fuller).

be permitted by the MPCA and would be required to comply with the State of Minnesota's environmental standards.³⁷²

I. Plans and Programs by the City for Providing Needed and Enhanced Governmental Services to the Proposed Annexation Area in a Cost-Effective and Feasible Manner within a Reasonable Time After Annexation: Annexation Factor 11.

178. As noted above, upon annexation most services provided by the City would become immediately available in the proposed annexation area.³⁷³ The City provides more services to its residents than the Township does, though some of the services that the City proposes to provide are already provided in some manner by the Township.³⁷⁴

179. The City plans to extend water and sewer service during the 2026 construction season through its North Lake project from the current boundary with the Township on the west side of Lake Bemidji near the Lake Bemidji Northwoods Public Access, past Ruttger's, to the main entrance to Lake Bemidji State Park on CSAH 20.³⁷⁵ Lake Bemidji State Park could connect its facilities to the project.³⁷⁶

180. The City plans to complete the North Lake project during the 2026 construction season,³⁷⁷ also in connection with the CSAH 20 road reconstruction project, which would be bid together with the sewer project if the City's system will be constructed.³⁷⁸ The North Lake project should require less than one mile of piping to connect to the City's existing collection system, which extends to City's boundary with the Township on the west side of Lake Bemidji.³⁷⁹

181. The cost to install the North Lake Bemidji Utility Project is estimated to be \$9 million based on its 2021 study and the City plans to use sewer and water reserves, though it may need to obtain other funding sources.³⁸⁰ On August 4, 2025, in a mid-year amendment of its CIP, added the North Lake Bemidji Utility project to its CIP at a cost of \$9 million.³⁸¹ That figure is a placeholder,³⁸² and Bolton & Menk's work for the City includes providing cost updates to the City's four-year-old estimate.³⁸³

³⁷² *Id.* at 84-85, 119-20; Hrg. Tr. Oct. 7, 2025 at 565-66 (S. Anderson).

³⁷³ Hrg. Tr. Oct. 7, 2025 at 355 (R. Spiczka).

³⁷⁴ See Section G above.

³⁷⁵ Ex. 538 at 2; Ex. 605 at 10.

³⁷⁶ Hrg. Tr. Oct. 8, 2025 at 679-80 (S. Anderson). In contrast, under the Township's proposal, the line going through Lake Bemidji State Park is covered by the Township's project and the park will not have to pay directly for that line. Hrg. Tr. Sept. 29, 2025 at 163-64 (C. Lahn).

³⁷⁷ Ex. 605 at 10.

³⁷⁸ Hrg. Tr. Oct. 8, 2025 at 612-13 (S. Anderson).

³⁷⁹ *Id.* at 613-14; Ex. 538 at 7.

³⁸⁰ Hrg. Tr. Oct. 8, 2025 at 635-36 (S. Anderson).

³⁸¹ *Id.* at 707-708; Hrg. Tr. Oct. 7, 2025 at 333, 385 (J. Carlson); *Id.* at 435, 437-38 (R. Spiczka); Hrg. Tr. Oct. 9, 2025 at 1033 (M. Stark); Ex. 5 at 84; Ex. 538 at 4.

³⁸² Hrg. Tr. Oct. 8, 2025 at 708 (S. Anderson).

³⁸³ *Id.* at 708 (S. Anderson).

182. The City has completed a study regarding extension of sewer and water for its East Lake project.³⁸⁴ The East Lake project would extend water and sewer service from the current municipal boundary on the east side of Lake Bemidji north to the southern boundary of Lake Bemidji State Park.³⁸⁵ The City does not know when the East Lake project would be scheduled for construction and the project is not on the City's current CIP.³⁸⁶ The City anticipates it would complete this project in phases in conjunction with future road improvements in the area,³⁸⁷ however, that approach means that the East Lake project may not be completed for 10 to 15 years.³⁸⁸

183. The current estimate of the cost of the East Lake water and sewer extension project is over \$20 million.³⁸⁹ The City's cost for this project would likely increase due to inflation over the next 10 to 15 years.³⁹⁰ Given the length of time contemplated and the uncertainty about potential cost increases, the actual eventual cost of the East Lake project cannot be determined at this time.

184. The City could extend municipal water and wastewater service to the portion of the proposed annexation area along the north shore of Lake Bemidji within a reasonable time and in a reasonably cost-effective manner. The City's extension of municipal water and wastewater services to the eastern portion of the proposed annexation area along Lake Bemidji would not occur within a reasonable time after annexation. Given the length of time before that service extension would occur and uncertainty about the eventual cost, the City has not shown that the East Lake project service extension will be cost effective.

J. The Fiscal Impact on the Township and Proposed Annexation Area and Adjacent Local Governments, Including Present Bonded Indebtedness; Tax Rates for the County, School District, and Other Governmental Units, Including, Where Applicable, the Net Tax Capacity of Platted and Unplatted Lands and the Division of Homestead and Nonhomestead Property; and Other Tax and Governmental Aid Issues: Incorporation Factor 8 and Annexation Factor 12.

185. The Township is an urban town under Minn. Stat. § 368.01 (2024),³⁹¹ and operates in the same manner as small cities in Minnesota.³⁹²

186. The Township has a history of stable financial management and is currently in good financial condition.³⁹³ The Township successfully manages the financial

³⁸⁴ Ex. 539.

³⁸⁵ *Id.* at 3.

³⁸⁶ Hrg. Tr. Oct. 8, 2025 at 691 (S. Anderson).

³⁸⁷ *Id.* at 640-641; Hrg. Tr. Oct. 9, 2025 at 1094 (S. Peterson).

³⁸⁸ Hrg. Tr. Oct. 8, 2025 at 745-747 (S. Anderson).

³⁸⁹ *Id.* at 692-94; Ex. 539 at 5, 22, 42.

³⁹⁰ Hrg. Tr. Oct. 9, 2025 at 983 (M. Stark) (describing increases in actual costs from planned estimates and noting: "I can't remember the last time I saw a project that came in below estimates."); Hrg. Tr. Oct. 9, 2025 at 1077 (S. Peterson) (describing cost increases due to inflation as well as design changes or regulatory requirements, noting "typically from inception of that cost number to the bidding, you typically see some type of increase in these costs.").

³⁹¹ Ex. 120 at 25.

³⁹² Hrg. Tr. Oct. 1, 2025 at 200-208 (J. Cook).

administrative aspects associated with municipal operations, including budgeting, fund accounting, levying property taxes, collecting special assessments, and preparing a consolidated annual financial report with annual audited financial statements when required.³⁹⁴

187. The Township's ending 2024 general fund balance was 53 percent of the subsequent year's projected expenditures.³⁹⁵ This level is above the 35 percent to 50 percent recommended by the Minnesota Office of the State Auditor.³⁹⁶

188. The Township's budget of just under \$2 million³⁹⁷ is funded by a levy enacted by residents who attend an annual meeting. Generally, less than one percent of the Township's population attend to vote for Township officers and the next year's tax levy after a presentation lasting approximately 15 minutes.³⁹⁸ The electors may approve the requested budget, or may approve a higher or lower amount, creating uncertainty about the amount of funding the Township will have available to run the Township and fund planned projects.³⁹⁹ If the Township incorporates, its budget and levy will be established by the city council, ensuring stability in the budgeting process.⁴⁰⁰

189. Property tax rates are determined by dividing the total levy by the total tax base, which is the Township's net tax capacity.⁴⁰¹ The Township's tax rates declined in 2021, due primarily to its growth in tax base and an influx of one-time federal funding, but since 2023 the tax rate has remained fairly stable.⁴⁰² The Township will continue to need nearly the same level of services whether or not it incorporates, but the Township anticipates being able to reconstruct a number of roads and construct a sewer system, yet keep its tax rate relatively low due to the infusion of state funding that would result from incorporation.⁴⁰³

190. The Township's tax rate for taxes payable in 2025 was 16.8 percent.⁴⁰⁴ Projections created for the Township show that if it incorporates and pursues its road construction and wastewater projects, the Township's tax rate would range from a low of 15 percent in 2028, before slowly increasing for inflation up to a high of 18 percent in 2034.⁴⁰⁵

191. The area proposed for annexation represents approximately 30 percent of the Township's tax base because the properties around Lake Bemidji have high

³⁹³ Ex. 120 at 24-25.

³⁹⁴ *Id.* at 25.

³⁹⁵ *Id.* at 24.

³⁹⁶ *Id.*

³⁹⁷ Ex. 42; Ex. 545.

³⁹⁸ Ex. 120 at 11-12; Hrg. Tr. Sept. 29, 2025 at 77-78 (C. Lahn),

³⁹⁹ Ex. 120 at 11-12.

⁴⁰⁰ *Id.* at 12; Hrg. Tr. Oct. 2, 2025 at 59-60 (J. Cook); Hrg. Tr. Sept. 29, 2025 at 210-11 (C. Lahn),

⁴⁰¹ Ex. 120 at 35-36.

⁴⁰² *Id.* at 36.

⁴⁰³ *Id.*

⁴⁰⁴ *Id.* at 37 (Table 11).

⁴⁰⁵ *Id.* at 36-37.

valuations.⁴⁰⁶ If the proposed annexation is granted, the per capita cost for the remaining residents and taxpayers will increase.⁴⁰⁷ Projections developed for the Township show that by 2028 the tax rates in various scenarios would be as follows:⁴⁰⁸

- Tax rate for properties in the Township if entirely incorporated: 15 percent.
- Tax rate for annexed properties if annexed to the City: 50 percent.⁴⁰⁹
- Tax rate for properties in the Township after annexation: 24 percent.
- Tax rate for properties in a new City of Northern after annexation: 20 percent.

192. The Township issued debt in the form of General Obligation Indebtedness Certificates in the amount of \$500,000 in 2025 to finance storm cleanup expenses and replenish its fund balances to pay for expenses associated with the planned wastewater project.⁴¹⁰ The debt was not secured through public bonds and was financed through a local bank.⁴¹¹ The Township anticipates that it may receive reimbursement of 75 percent of its storm cleanup costs from the State of Minnesota.⁴¹²

193. The Township does not currently have a credit rating for bonding, but intends to seek a bond rating prior to issuing debt for its Phase I sewer system.⁴¹³ It anticipates issuing \$5,075,000 in debt in 2026 to fund the wastewater treatment system, which will be repaid with special assessments, connection fees and user charges.⁴¹⁴ The Township plans to complete Phase II of the project in 2028.⁴¹⁵ The Township's financing plan for Phase II anticipates a grant of \$5,200,000 with the remainder being paid via special assessments, user fees, and connection charges.⁴¹⁶ Accomplishing these projects requires incorporation for the Township so that it can secure its tax base, prevent erosion in the number of users served by the system, and ensure that it can meet debt service obligations.⁴¹⁷

194. Properties connecting to the Township's planned municipal sewer system will pay a special assessment of approximately \$14,000 for an 85-foot lot, plus a connection fee of \$2,500.⁴¹⁸ Property owners can choose to have the Township finance that cost over 15 years, resulting in an annual charge of approximately \$1,450.⁴¹⁹ Property owners with septic systems less than 20 years old may defer connecting to the Township's planned

⁴⁰⁶ *Id.* at 12; Hrg. Tr. Sept. 29, 2025 at 248 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 258 (J. Cook); Hrg. Tr. Oct. 9, 2025 at 891 (M. Stark) (“[I]t would have a significant impact on the township to lose that section of land.”).

⁴⁰⁷ Ex. 120 at 33.

⁴⁰⁸ *Id.* at 39 (Figure 13).

⁴⁰⁹ See also Ex. 615 at 23-24; Hrg. Tr. Oct. 9, 2025 at 891-92 (M. Stark) (noting that his studies showed that if the proposed annexation area is removed from the Township, it could need to raise its tax rates between 15 percent to double its current rate, depending on the type of services it wanted to provide).

⁴¹⁰ *Id.* at 25, 57; Hrg. Tr. Sept. 29, 2025 at 203-04, 231-32 (C. Lahn).

⁴¹¹ Hrg. Tr. Sept. 29, 2025 at 231-32 (C. Lahn).

⁴¹² *Id.* at 204; Ex. 120 at 57.

⁴¹³ Ex. 120 at 34.

⁴¹⁴ Hrg. Tr. Sept. 29, 2025 at 208-09 (C. Lahn); Ex. 78 at 2; Ex. 136.

⁴¹⁵ *Id.*; Hrg. Tr. Oct. 1, 2025 at 93, 95 (M. Fuller).

⁴¹⁶ Ex. 109 at 9; Hrg. Tr. Sept. 29, 2025 at 169-70 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 209 (J. Cook).

⁴¹⁷ Ex. 120 at 24; Hrg. Tr. Oct. 1, 2025 at 230 (J. Cook).

⁴¹⁸ Ex. 120 at 20.

⁴¹⁹ *Id.*

system until those septic systems are 20 years old, at which time connection would be required.⁴²⁰

195. The Township obtained a rate study to determine rates for sewer service.⁴²¹ The monthly fee for the Township's wastewater services was calculated to be \$55.00,⁴²² based on an operating cost estimate of \$150,000.⁴²³ Based on updated figures from Barr Engineering, annual operation and maintenance costs for the sewer project are now estimated to range from \$229,000 to \$254,000,⁴²⁴ resulting in an increase in the monthly fee for sewer services to \$85.00.⁴²⁵

196. The Township has prepared a five-year CIP for its transportation infrastructure and has demonstrated the ability to undertake road improvements to support the growth and development of the community.⁴²⁶

197. Upon incorporation, the Township would be eligible for LGA from the State of Minnesota, which is not available to it as a Township.⁴²⁷ The Township's initial aid in 2027 would be small, no less than \$10,000, but the amount of LGA awarded would rise in 2028 if the Township secures special legislation; it can then expect to receive approximately \$450,000 annually.⁴²⁸ If successful in obtaining the full amount of LGA in 2028, the Township would allocate one-third of the LGA to its general fund and two-thirds to its Road and Bridge fund to pay for future road projects starting in 2028.⁴²⁹ If the Township incorporates and the proposed annexation is granted, the Township's LGA would decrease only a negligible amount.⁴³⁰

198. If it incorporates, the Township would be eligible for Small Cities Road Aid from the State of Minnesota, which is available to cities under 5,000 in population.⁴³¹ If it becomes a city, the Township will receive an estimated \$113,204 in Small Cities Road Aid in 2028, but it would also no longer qualify for township road aid that it current receives from Beltrami County in the amount of \$77,308, resulting in a net increase in road aid of \$35,896.⁴³²

⁴²⁰ Hrg. Tr. Sept. 29, 2025 at 198-99 (C. Lahn).

⁴²¹ Hrg. Tr. Oct. 1, 2025 at 210-212 (J. Cook); Hrg. Tr. Oct. 2 at 136 (J. Cook); Exs. 78, 136.

⁴²² Ex. 78.

⁴²³ Hrg. Tr. Oct. 1, 2025 at 214 (J. Cook).

⁴²⁴ Ex. 144.

⁴²⁵ Hrg. Tr. Oct. 1, 2025 at 214 (J. Cook).

⁴²⁶ Ex. 120 at 25.

⁴²⁷ *Id.* at 26.

⁴²⁸ *Id.* This outcome is not guaranteed, but two recently incorporated cities that were eligible for LGA obtained such special legislation. *Id.* If the Township is unable to secure such special legislation, it will need to adjust its funding strategy to account for a lower amount of LGA.

⁴²⁹ *Id.*

⁴³⁰ *Id.*

⁴³¹ *Id.* at 27.

⁴³² *Id.*

199. Taken together, upon incorporation the Township would receive an annual increase of aid in the amount of \$485,896 associated with LGA and Small Cities Road Aid.⁴³³

200. Over the next ten years, the Township has over \$5 million of road improvements planned.⁴³⁴ After 2027, the Township plans on funding those roads mainly from two-thirds of the LGA it will receive, from property tax levies, and from special assessments.⁴³⁵ If the Township incorporates, it will not need to issue debt for the road projects listed in its CIP, assuming it obtains approval of special legislation and receives \$450,000 in LGA.⁴³⁶

201. If it incorporates as a city, the Township will gain the authority to use TIF to promote economic development.⁴³⁷ The Township is presently unable to use this funding source.⁴³⁸

202. If the Township incorporates as a city, it anticipates contracting for legal services for criminal prosecution responsibilities, at an estimated cost of \$25,000 annually.⁴³⁹

203. Incorporation will preserve the Township's financial capacity to meet its future obligations by preserving its tax base, allowing it to plan and implement future investment in public improvements and ensuring that it has revenues necessary to pay debt service in the future.⁴⁴⁰ If the Township is not incorporated and its boundaries remain vulnerable to annexation, its ability to issue future debt will be hampered because it will not have certainty that its tax base will be sufficient to repay the debt.⁴⁴¹ If areas within the Township are lost through annexation, it is possible that major utility and road projects may be delayed or may not occur at all.⁴⁴²

204. If the Township incorporates, there will be no material financial impact on adjacent jurisdictions, including the City.⁴⁴³

205. The City routinely budgets for expenditures in excess of \$50 million annually when accounting for all revenues and expenses,⁴⁴⁴ with enterprise funds from its sewer and water utilities accounting for approximately one-third of this amount.⁴⁴⁵ The City maintains substantial cash reserves, allowing it to take on large cash expenditures and to handle unforeseen emergencies.⁴⁴⁶

⁴³³ *Id.*

⁴³⁴ *Id.* at 31,

⁴³⁵ *Id.* at 31-32.

⁴³⁶ *Id.*

⁴³⁷ *Id.* at 46-47.

⁴³⁸ *Id.*

⁴³⁹ Ex. 120 at 12; Hrg. Tr. Oct. 1, 2025 at 248 (J. Cook).

⁴⁴⁰ Ex. 120 at 35.

⁴⁴¹ *Id.*

⁴⁴² *Id.*

⁴⁴³ *Id.* at 46.

⁴⁴⁴ Ex. 586 at 5; Ex. 587 at 2.

⁴⁴⁵ Ex. 586 at 5; Ex. 587 at 2.

⁴⁴⁶ Hrg. Tr. Oct. 9, 2025 at 919-20, 970-72 (M. Stark).

206. The City will receive an increase in LGA of \$162,000 if the proposed annexation area becomes a part of the City.⁴⁴⁷

207. The City funds large scale improvements to its utility systems and facilities by using revenue from its sewer and water utility enterprise funds, issuing general obligation bonds, and obtaining state and federal funding.⁴⁴⁸

208. The City currently has \$54.1 million in outstanding general obligation debt.⁴⁴⁹ The City has an A+ bond rating, which is considered to support medium to strong outlooks.⁴⁵⁰ Though the City has “quite a lot of debt outstanding,” this level of debt does not fall near its statutory limit for property tax-based debts.⁴⁵¹ In considering debt load for utility projects, the calculus rests on the rates that customers will bear and whether those rates are affordable and reasonable.⁴⁵²

209. The City has not yet performed a rate study for the water and sewer extensions into the proposed annexation area.⁴⁵³ The City will impose a connection fee of \$12,000 for a property connecting to the North Lake municipal service extension; the fee is deferred until the property connects and may be paid in installments.⁴⁵⁴ The City will waive the fee for the first two years after completion of the project.⁴⁵⁵

210. The City’s 2025 tax levy was 44.31 percent.⁴⁵⁶ The City’s 2026 tax levy is estimated at approximately 53 percent, and its levy is expected to increase 3 percent per year beginning in 2027.⁴⁵⁷ Annexing the proposed annexation area would increase the City’s total tax base by just under 10 percent,⁴⁵⁸ resulting in a reduction in the City’s tax rate by 2028 of approximately 7.9 percent.⁴⁵⁹

211. Using 2028 projections, a property in the Township valued at \$329,500 will experience a property tax increase upon annexation from \$468 to \$1,575, while a home valued at \$546,100 will have a tax increase from \$836 to \$2,809.⁴⁶⁰ The median value for homes in the annexation area is \$534,000.⁴⁶¹ If the Ruttger’s property is annexed to the City it will experience a \$22,000 increase in annual property taxes.⁴⁶² The City anticipates

⁴⁴⁷ Ex. 615 at 29.

⁴⁴⁸ Hrg. Tr. Oct. 8, 2025 at 636-38 (S. Anderson); Hrg. Tr. Oct. 9, 2025 at 918-20 (M. Stark).

⁴⁴⁹ Ex. 615 at 27.

⁴⁵⁰ Hrg. Tr. Oct. 9, 2025 at 917-18 (M. Stark) (discussing the City’s bond rating).

⁴⁵¹ *Id.* at 919-20.

⁴⁵² *Id.*

⁴⁵³ *Id.* at 920-21.

⁴⁵⁴ Ex. 516; Hrg. Tr. Oct. 8, 2025 at 618-19 (S. Anderson).

⁴⁵⁵ Hrg. Tr. Oct. 8, 2025 at 621-22 (S. Anderson).

⁴⁵⁶ Ex. 615 at 19.

⁴⁵⁷ Ex. 120 at 40.

⁴⁵⁸ Ex. 615 at 18.

⁴⁵⁹ Ex. 120 at 40.

⁴⁶⁰ *Id.* at 42.

⁴⁶¹ Hrg. Tr. Oct. 2, 2025 at 33 (J. Cook).

⁴⁶² Ex. 120 at 43; *see also* Hrg. Tr. Sept. 30, 2025 at 233-34 (K. Nelson) (expressing her understanding that Ruttger’s will see an annual increase around \$20,000 if it is annexed, and that she does not believe she would receive an additional value of services commensurate with that cost).

receiving approximately \$750,000 in additional tax revenue annually from properties in the annexation area.⁴⁶³

K. The Relationship with and Impact on Adjacent School Districts and Communities: Incorporation Factor 9 and Annexation Factor 13.

212. The Township is within Bemidji Area Schools Independent School District 31, which serves one of the largest geographic areas in Minnesota.⁴⁶⁴ There are 14 schools within Independent School District 31, including Northern Elementary located at 8711 Irving Avenue within the Township.⁴⁶⁵ The proposed incorporation and annexation will not impact the School District, and students will be able to continue attending their current schools.⁴⁶⁶

213. The tax capacity, tax rate, or credit ratings of the school district will not be impacted regardless of whether this matter results in incorporation or annexation.⁴⁶⁷ Development of a sewer system by the Township or extension of the City's sewer system will likely cause the value of homes served to rise, improving the school district's tax base, regardless of which entity provides the service.⁴⁶⁸ If the Township increases its tax base as a city, that increase could result in a marginal reduction for Beltrami County taxpayers.⁴⁶⁹

214. All of the townships abutting the Township support the Township's incorporation petition.⁴⁷⁰

215. The City sees the Township's territory as its best opportunity for growth through annexation.⁴⁷¹ If the Township incorporates, its border with the City will be solidified and the City will be unable to use some types of boundary adjustment proceedings to annex Township lands, but may still engage in annexation with the Township through a concurrent detachment and annexation proceeding.⁴⁷² The City may also annex land from the abutting Townships of Eckles, Grant Valley, Bemidji, and Frohn.⁴⁷³

216. Bemidji Township has resisted annexation efforts by the City.⁴⁷⁴ The City currently provides sewer services to an area adjacent to Bemidji Township.⁴⁷⁵ If the City

⁴⁶³ Ex. 615 at 29. This figure is based on an estimated tax rate of 41.563 percent and does not account for additional increases that would occur upon future increases in the City's levy, making this a low estimate of the revenue the City would receive.

⁴⁶⁴ Ex. 137 at 38; Ex. 615 at 17.

⁴⁶⁵ Ex. 137 at 38.

⁴⁶⁶ *Id.*; Ex. 615 at 17.

⁴⁶⁷ Ex. 120 at 44; Ex. 615 at 17.

⁴⁶⁸ Ex. 615 at 17.

⁴⁶⁹ Ex. 120 at 44.

⁴⁷⁰ Ex. 102; Hrg. Tr. Sept. 29, 2025 at 160-61 (C. Lahn).

⁴⁷¹ Hrg. Tr. Oct. 7, 2025 at 469, 471-72, 477, 479, 482-83 (J. Carlson); Ex. 603 at 36-37, 43.

⁴⁷² Minn. Stat. § 414.061 (2024).

⁴⁷³ Hrg. Tr. Oct. 7, 2025 at 515-17 (J. Carlson) (noting the potential for annexation from other surrounding townships); see also Minn. Stat. §§ 414.031, 414.0325, 414.033 (2024).

⁴⁷⁴ Hrg. Tr. Oct. 7, 2025 at 515 (J. Carlson).

⁴⁷⁵ Hrg. Tr. Oct. 8, 2025 at 839 (J. Matzke).

were to annex developable parcels in Bemidji Township immediately east of Lincoln Elementary School on Lake Street and extend an existing sewer line serving that area to large, currently undeveloped parcels, it would “be an easier method to have increased development,” rather than extending service into the proposed annexation area.⁴⁷⁶

L. Whether Services can be Adequately and Economically Delivered by the Township: Incorporation Factor 10 and Annexation Factor 14.

217. The Township currently offers a slate of governmental services to its residents, either through its own employees or by using outside service providers, and provides those services at a low tax rate.⁴⁷⁷

218. The Township’s ability to plan and budget for major infrastructure projects is made more difficult so long as it continues to operate within a township form of government because the Township’s levy is set at an annual meeting of electors, rather than through a municipal government budgeting process.⁴⁷⁸ This process creates uncertainty about the funding the Township will have for operations and planned projects.⁴⁷⁹ If the Township incorporates, its budget and levy will be established by the city council, ensuring stability in the budgeting process.⁴⁸⁰ Incorporation will also solidify the Township’s borders and make it more difficult for its tax base to be lost through annexation. Additional certainty regarding its tax base, and its ability to pay back debt, will assist the Township in bonding for infrastructure projects.⁴⁸¹

219. The Township will be able to obtain additional road funding and LGA if it incorporates, providing it with additional sources of funding for infrastructure projects.⁴⁸² If the Township incorporates it will also gain the authority to develop TIF projects to promote economic development.⁴⁸³

220. As described above, the Township has a plan to make municipal sewer service available to properties around Lake Bemidji. The Township will not be able to realize those plans without incorporation, making its current form of government insufficient to allow it to adequately and economically deliver the proposed services to its residents.

⁴⁷⁶ *Id.* at 838-41.

⁴⁷⁷ See Section G above; Ex. 120 at 37.

⁴⁷⁸ Ex. 120 at 11-12; Hrg. Tr. Sept. 29, 2025 at 77-78 (C. Lahn).

⁴⁷⁹ Ex. 120 at 11-12.

⁴⁸⁰ *Id.* at 12; Hrg. Tr. Oct. 2, 2025 at 59-60 (J. Cook); Hrg. Tr. Sept. 29, 2025 at 210-11 (C. Lahn).

⁴⁸¹ Ex. 120 at 34-35.

⁴⁸² *Id.* at 26-27.

⁴⁸³ *Id.* at 46-47; Hrg. Tr. Oct. 2, 2025 at 48-49 (J. Cook).

M. If Only a Part of a Township Will Be Annexed, the Ability of the Remainder of the Township to Continue or the Feasibility of it Being Incorporated Separately or Being Annexed to Another Municipality: Annexation Factor 16.

221. The City proposes to annex only the properties around Lake Bemidji. If its annexation request is granted, the Township could continue operating as a township, at least in the short term.⁴⁸⁴

222. In the longer term, if it remains a township, it will be subject to the possibility of further annexations that could erode its tax base, making it difficult for the Township to continue to make infrastructure investments.⁴⁸⁵

223. If the Township subsequently incorporates as a smaller city, it will be financially viable, but will have a higher tax rate than if it is incorporated with the boundaries it proposes.⁴⁸⁶

224. The City is the only city adjacent to the Township, so the Township cannot be annexed to any other city.⁴⁸⁷

N. Whether Necessary Governmental Services Can Best Be Provided Through the Proposed Action or Another Type of Boundary Adjustment: Incorporation Factor 11 and Annexation Factor 15.

225. Both the City and Township provide a range of services to their residents. While the City provides more services to its residents,⁴⁸⁸ the Township provides a level of services that satisfies its population.⁴⁸⁹ On this record, the governmental services provided by the City are not better than those provided by the Township given the needs of the Township's residents and the difference in tax rates between the two communities.

226. As explained above, both the City and Township have developed plans to provide municipal sewer service around Lake Bemidji, and the City also plans to provide municipal water. The Township's plans for Phase I and Phase II would make sewer service available to all of the properties in the Township around Lake Bemidji by 2028.⁴⁹⁰ The City's proposed plan would serve the northern portion of the proposed annexation area in 2026, but the City does not have a plan to serve annexed properties along the eastern shore of Lake Bemidji for around 10 to 15 years.⁴⁹¹ Only the Township's proposal would fully serve the lake within a reasonable time after the boundary adjustment occurs.

⁴⁸⁴ Ex. 120 at 10; Hrg. Tr. Oct. 9, 2025 at 912-13 (M. Stark) (noting that annexation would not create an "existential crisis that would put them out of business as a government unit," but acknowledging that the Township would need to increase its levy to continue providing the same level of services).

⁴⁸⁵ Ex. 120 at 10.

⁴⁸⁶ *Id.*

⁴⁸⁷ *Id.*

⁴⁸⁸ See Section G above.

⁴⁸⁹ Hrg. Tr. Sept. 29, 2025 at 207-08 (C. Lahn).

⁴⁹⁰ Ex. 109 at 9; Hrg. Tr. Oct. 1, 2025 at 77, 93, 95 (M. Fuller).

⁴⁹¹ Ex. 605 at 10; Hrg. Tr. Oct. 8, 2025 at 745-747 (S. Anderson).

227. The Township does not plan to provide municipal water services, making the City the only proposed provider of this service. The record does not support finding that municipal water is a necessary service within the annexation area given the prevalence of existing wells.⁴⁹²

228. The City and Township are both capable of obtaining funding to support the extension of municipal sewer services. It is possible that both entities' proposed infrastructure projects could become more expensive than currently projected.⁴⁹³ If that occurs, both entities would need to adjust their plans to pay for the facilities. Concerns about potential cost increases are more acute, however, when considering the City's plan to serve the eastern shore of Lake Bemidji. The City's current cost projection for the East Lake project is around \$20 million.⁴⁹⁴ Since the City does not plan to build out this service extension for 10 to 15 years, there is a high likelihood that the current projection is not an accurate assessment of what the eventual cost will be.

229. The parties dispute whether one sewer plant will be "better" than the other. As explained in detail above, both sewer projects require an MPCA permit and are subject to the State of Minnesota's regulatory standards.⁴⁹⁵ The City's wastewater treatment plant has the capacity to serve the proposed annexation area and, in general, building a second plant within the same regional area would create a duplication of capacity.⁴⁹⁶ With respect to the City's East Lake project, however, the City proposes to annex these properties with an accompanying increase in taxes, but not to serve them with water and sewer for many years.

230. The Township has demonstrated that it can provide enhanced municipal services soon after incorporating and that incorporation will benefit the properties along Lake Bemidji. The City has not established that it can better serve the entire annexation area.

⁴⁹² Hrg. Tr. Sept. 29, 2025 at 164, 208 (C. Lahn); Hrg. Tr. Oct. 1 at 96 (M. Fuller); Hrg. Tr. Oct. 8, 2025 at 670-71 (S. Anderson).

⁴⁹³ Hrg. Tr. Oct. 9, 2025 at 983 (M. Stark); (Hrg. Tr. Oct. 9, 2025 at 1077 (S. Peterson). The City contends that the Township's estimated costs for building the sewer plant are too low based on the cost for a comparator in Mazeppa, Minnesota, for which costs were significantly higher than the Township's estimates. Mazeppa, however, was bid in a lump sum without a breakdown of the different components making up the project, the costs included demolition of an existing plant, the project had more tanks than the Township's project proposes which would involve more concrete work, among other differences. Hrg. Tr. Oct. 1, 2025 at 7-15 (D. Richard). It is possible that the ultimate cost of the Township's project could be more than anticipated, but based on the record the Court does not find the Mazeppa plant to be a sufficiently relevant comparator to carry evidentiary weight for a cost comparison.

⁴⁹⁴ Hrg. Tr. Oct. 8, 2025 at 692-94 (S. Anderson); Ex. 539 at 5, 22, 42.

⁴⁹⁵ See Section H above (discussing both sewer extension proposals).

⁴⁹⁶ Hrg. Tr. Oct. 8, 2025 at 602 (S. Anderson); Hrg. Tr. Oct. 8, 2025 at 811 (J. Matzke).

O. The Degree of Contiguity of The Boundaries of The Subject Area and Adjacent Units of Local Government: Incorporation Factor 12 and Annexation Factor 4.

231. The Township included all of its current territory when it was organized in 1900.⁴⁹⁷

232. The Township's current boundary with the City has been static since the final phase of annexation under the Orderly Annexation Agreement concluded in 2020.⁴⁹⁸

233. The area proposed for annexation abuts the City's borders at only two points, each less than one-fourth of one mile wide.⁴⁹⁹ Otherwise, the area proposed for annexation constitutes a thin strip of land around the shores of Lake Bemidji.⁵⁰⁰

234. If the Township incorporates, the existing contiguity of its boundaries will continue.

P. An Analysis of the Applicability of the State Building Code: Incorporation Factor 13.

235. Under Minn. Stat. § 326B.121, subd. 1(a) (2024), the State Building Code is the statewide standard for the construction, reconstruction, alteration, repair, and use of buildings and other structures governed by the code. Municipalities greater than 2,500 residents must administer and enforce the State Building Code if such municipality had an ordinance in effect adopting the State Building Code as of January 1, 2008.⁵⁰¹ Municipalities not subject to this requirement may adopt the State Building Code by ordinance.⁵⁰² The statute does not require townships to enforce the State Building Code.

236. The City of Bemidji enforces the State Building Code.⁵⁰³ The City has at least three licensed building inspectors who conduct building and rental inspections.⁵⁰⁴ The City's building inspectors engaged with residents and insurance adjusters after the large windstorm hit the Bemidji area in 2025, to assist homeowners in navigating insurance claims for property damage.⁵⁰⁵ If annexed into the City, properties in the proposed annexation area would be subject to the City's enforcement authority.

237. Beltrami County does not currently enforce the State Building Code within the Township.⁵⁰⁶ The Township does not enforce the State Building Code and does not employ a building inspector.⁵⁰⁷ The Township could, but is not required to, adopt the State

⁴⁹⁷ Ex. 137 at 42.

⁴⁹⁸ *Id.*; Hrg. Tr. Sept. 29, 2025 at 53 (C. Lahn).

⁴⁹⁹ Hrg. Tr. Oct. 8, 2025 at 831 (J. Matzke).

⁵⁰⁰ *Id.*

⁵⁰¹ Minn. Stat. § 326B.121, subd. 2(a) (2024).

⁵⁰² *Id.*, subd. 2(b) (2024).

⁵⁰³ Hrg. Tr. Oct. 7, 2025 at 300 (R. Spiczka).

⁵⁰⁴ *Id.* at 298-99.

⁵⁰⁵ *Id.* at 353-54.

⁵⁰⁶ Ex. 137 at 45; Hrg. Tr. Oct. 2, 2025 at 206-07 (D. Licht).

⁵⁰⁷ *Id.*; Hrg. Tr. Sept. 29 at 223 (C. Lahn).

Building Code if it incorporates.⁵⁰⁸ The State Building Code remains in effect whether or not the Township incorporates.⁵⁰⁹

Q. Recordings and Public Documents from Joint Informational Meetings Under Minn. Stat. § 414.0333 Relevant to Other Annexation Factors: Annexation Factor 1.

238. In an annexation proceeding under Minn. Stat. § 414.031, the city and township must hold a joint informational meeting, upon notice to the public, allowing those attending to be heard.⁵¹⁰

239. The parties held a joint informational meeting on August 28, 2025, and the meeting minutes and a recording of the meeting were filed with the Court.⁵¹¹

240. Residents of the Township and the City attended the meeting. The topics discussed at the meeting included both the proposed incorporation and annexation, focusing largely on the proposals by the City and Township to extend sewer service to the area surrounding Lake Bemidji.⁵¹²

R. Information Received by the Court from the Tour under Minn. Stat. § 414.031, subd. 3a: Annexation Factor 17.

241. Under Minn. Stat. § 414.031, subd. 3a, the presiding judge must tour the proposed annexation area with at least one representative of the affected towns and municipalities. Prior to the tour, the parties must agree on the route.⁵¹³

242. The Court conducted a tour of both the incorporation area and area proposed for annexation with an agreed group of Township and City representatives and their counsel according to a route to which the parties stipulated in advance.⁵¹⁴

243. The tour allowed the Court to observe areas within the Township, including Lake Movil, Ruttger's, the DNR Regional Headquarters, and Bemidji State Park.⁵¹⁵ Within the City the Court observed downtown Bemidji, Bemidji State University, the Sanford Health Care System campus, and the City's Sanford Center. The Court and party representatives toured the City's water treatment and wastewater treatment plants.⁵¹⁶ The Court also observed the impact of storm damage and downed trees in the Township and the City.⁵¹⁷

⁵⁰⁸ Minn. Stat. § 326B.121, subd. 2 (2024).

⁵⁰⁹ Hrg. Tr. Oct. 2, 2025 at 207 (D. Licht).

⁵¹⁰ Minn. Stat. § 414.0333.

⁵¹¹ Minutes of the Joint Informational Meeting – City of Bemidji and Northern Township Board of Supervisors (Aug. 28, 2025); Audio Recording Joint Informational Meeting (Aug. 28, 2025).

⁵¹² Minutes of the Joint Informational Meeting – City of Bemidji and Northern Township Board of Supervisors (Aug. 28, 2025); Audio Recording Joint Informational Meeting (Aug. 28, 2025).

⁵¹³ Minn. Stat. § 414.031, subd. 3a.

⁵¹⁴ Exs. 145, 620; Hrg. Tr. Oct. 6, 2025 at 6-9.

⁵¹⁵ Hrg. Tr. Oct. 6, 2025 at 7.

⁵¹⁶ *Id.* at 8.

⁵¹⁷ *Id.* at 7.

244. The Court received maps of the tour route into the record, and summarized the tour for the record with the parties' agreement.⁵¹⁸

VI. Public Comments

245. The hearing process in this case included opportunities for members of the public to comment on the proposed boundary adjustments. The Court held two public comment hearings in the community and accepted written comments during those hearings and afterwards. The Court received over 700 comments. The Court deeply appreciates the time that members of the public devoted to attending hearings and providing their thoughts in writing, and the Court has reviewed every submission. Given the number of comments, the Court cannot summarize the positions expressed by every commenter. Instead, the Court discusses representative comments and topics to ensure that the sentiments of members of the impacted communities are fairly represented.

246. Many commenters expressed concerns about the health of Lake Bemidji, though they had different views about how the lake can best be protected. Joe Gould, a Beltrami County Commissioner, wrote that he favored annexation due to the City's ability to provide water and wastewater treatment services and the policy promoting unified utility services, noting: "The heart of this dispute is not lines on a map; it is the water we drink and the lake that anchors our economy and quality of life."⁵¹⁹ Ross Rebers, a resident of Frohn Township, states that he believes only the Township has developed a plan to take care of Lake Bemidji, noting: this decision will affect generations of people, but the lake is forever.⁵²⁰ Maureen Whelan favors annexation and states: "Lake Bemidji is a jewel for our area and hopefully will remain that gem."⁵²¹

247. Commenters also noted Lake Bemidji's importance to many communities in the area, and not just the two involved in this suit. Eva Spindler Kaiser indicated that Lake Bemidji is not owned by the City and that "it is a shared natural resource under the joint stewardship of Northern Township, Beltrami County, and the State of Minnesota."⁵²² She states that "[c]lean water and responsible growth come from cooperation, not control," and she favors collaboration and intergovernmental partnership.⁵²³ City resident John Noraas questions why the City pursued annexation, stating that the City is ignoring other governmental units, tribes, and landowners who he believes should also be responsible for the lake.⁵²⁴

248. Many residents of the Township expressed support for incorporation, noting concerns about higher taxes for properties annexed to the City or for properties remaining in the Township if annexation is granted.⁵²⁵ Some commenters expressed that they might have to sell their homes if their properties are subject to the City's higher taxation rate and

⁵¹⁸ *Id.* at 6-9.

⁵¹⁹ Joe Gould (Oct. 23, 2025).

⁵²⁰ Ross Rebers (Oct. 8, 2025).

⁵²¹ Maureen Whelan (Oct. 2, 2025).

⁵²² Eva Spindler Keiser (Oct. 24, 2025).

⁵²³ *Id.*

⁵²⁴ John Noraas (Oct. 10, 2025).

⁵²⁵ See, e.g., Amanda Gartner (Oct. 21, 2025); Deborah Snustad (Public Hrg. Tr. Sept. 30, 2025 at 70-71).

that those on fixed incomes cannot pay higher tax rates.⁵²⁶ For example, Lisa Boulay stated that if her property is annexed, her home will no longer be affordable; she believes in paying property taxes, but that hers would “go through the roof” if her property were annexed.⁵²⁷

249. Sentiment in the Township is not universal. Some property owners along Lake Bemidji in the proposed annexation area would prefer to be annexed to the City. Some commenters note that they do not believe they need municipal sewer service, they have compliant septic systems, or they are concerned about the cost they will bear to remove septic systems from their property.⁵²⁸ Mary Cray indicated that “it is not just a small handful of us who are opposed;” she noted how hard it was to stand up and share her thoughts in opposition to incorporation and stated that some others were too nervous to come to the hearing to speak.⁵²⁹ She also stated that she believed that taxes in the Township would go up and it is better for her financially to have her property annexed.⁵³⁰ Randy Jaeger states that he believes the “majority of the phase 1 residence owners are opposed to this proposal,” and he contends that the Township has used “scare tactics” to sell its proposal to residents.⁵³¹

250. Laura Block calls this case the “tale of two townships,” noting that residents in the proposed annexation area feel differently about the proposed incorporation and sewer plant than those in other areas of the Township.⁵³² She notes that her property has a five-year-old compliant septic system; she believes incorporation imposes unnecessary burdens on lakeside residents and that the City is best positioned to deliver services.⁵³³ One anonymous commenter noted: “I don’t believe township has ANY PLANS TO SEWER phase 2,” noting that the Township does not currently have funding for this portion of the project.⁵³⁴ Jeanne Jaeger points out that the Township’s system is not set up for future growth and will require more funding, and she does not believe that the Township has an adequate funding plan in a time of financial hardship for local governments.⁵³⁵ She obtained an estimate and believes that her costs to be connected to the Township’s sewer system will be between \$53,000 to \$73,000.⁵³⁶ Colleen Ketelsen states that the Township’s proposed wastewater system will so burden them financially that she and her husband would need to sell their home of 45 years because they cannot afford the Township’s special assessment and hookup fees.⁵³⁷

251. Commenters objected to the duplication of services to the area if the Township builds its own wastewater plant.⁵³⁸ Todd Johnson states that the public funds

⁵²⁶ Eva Spindler Keiser (Oct. 24, 2025); Robert and Virginia Deeds (Oct. 7, 2025).

⁵²⁷ Lisa Boulay (Public Hrg. Tr. Sept. 30, 2025 at 25-26).

⁵²⁸ Anonymous (Oct. 7, 2025).

⁵²⁹ Mary Cray (Public Hrg. Tr. Sept. 30, 2025 at 47-48).

⁵³⁰ *Id.* at 48.

⁵³¹ Randy Jaeger (Sept. 2, 2025).

⁵³² Laura Block (Set. 1, 2025).

⁵³³ *Id.*

⁵³⁴ Anonymous (Oct. 27, 2025).

⁵³⁵ Jeanne Jaeger (Public Hrg. Tr. Sept. 30, 2025 at 31-32).

⁵³⁶ Jeanne Jaeger (Public Hrg. Tr. Oct. 8, 2025 at 29-30).

⁵³⁷ Colleen Ketelsen (Aug. 28, 2025).

⁵³⁸ Mary Cray (Oct. 24, 2025).

used to construct the Township's sewer system are a poor use of funding since the City has its own system nearby.⁵³⁹ Heather Sutherland believes that constructing a separate Township plant is "environmentally harmful and economically inefficient."⁵⁴⁰ Others expressed differing views about the benefits of the Township's proposed system versus the City's system. Mike Granlund believes that the Township's proposed system is "much better and more environmentally safe" compared to the City's "old waste treatment facility and poor location next to two lakes."⁵⁴¹ An anonymous commenter stated about the Township: "they are in way over their heads and have not [sic] idea what costs are coming."⁵⁴² Greg Opp favors annexation for his properties along the lake, stating: "I am concerned that [the Township] will not be able to properly construct and maintain such a system and worry that it will become a major burden for the entire township."⁵⁴³ Rod Skoe, a former legislator, favors annexation of the proposed annexation area, notes the quality of the sewer service the City can provide versus the Township's "tentative" plan, and believes that the remainder of the Township should not be incorporated because there is no reason for incorporation if the City is providing services.⁵⁴⁴ Conversely, Lisa Seter opposes annexation; she questions "the logic of building a second treatment plant," but states that "this IS a legitimate option."⁵⁴⁵

252. Some commenters oppose annexation because they feel that the Township's government is more responsive to resident concerns than that of the City.⁵⁴⁶ For example, Lisa Johnson praised the Township's governance, and described her experience owning a business that was annexed to the City, noting that they are subject to costly and time-consuming regulation by the City and that their taxes increased by 60 percent.⁵⁴⁷

253. Some commenters would prefer that both boundary adjustment petitions be denied. For example, Sandy Allendorph wrote: "My opinion is that neither Annexation, nor Incorporation, including the expense of a new, redundant waste treatment plan, is needed. . . .They appear to be solutions in search of a problem, a backward approach."⁵⁴⁸ Jim Aakhus stated: "I prefer not to be annexed, not to be incorporated, and am not in favor of the proposed township wastewater plan. If you have to decide either annexation vs. incorporation, I prefer incorporation. Still not in favor of the township wastewater plan."⁵⁴⁹ Jim Naylor lives in the proposed annexation area and opposes both incorporation and annexation, noting: "I think this whole process has gone off the rails and both jurisdictions are failing to listen to their constituents."⁵⁵⁰ He asks that the City be permanently barred from annexing land in the Township and that this Court order the Township not to proceed with its sewer project, suggesting that the best outcome would be for the Court to order

⁵³⁹ Todd Johnson (Oct. 17, 2025).

⁵⁴⁰ Heather Sutherland (Sept. 30, 2025).

⁵⁴¹ Mike Granlund (Oct. 1, 2025).

⁵⁴² Anonymous (Oct. 7, 2025).

⁵⁴³ Greg Opp (Sept. 5, 2025).

⁵⁴⁴ Rod Skoe (Sept. 9, 2025).

⁵⁴⁵ Lisa Seter (Sept. 30, 2025).

⁵⁴⁶ David and Diane Sauer (Oct. 20, 2025); Eddie Lee (Oct. 8, 2025); Sandy Hickerson (Oct. 23, 2025); Ken Glidden (Public Hrg. Tr. Sept. 30, 2025 at 27-28).

⁵⁴⁷ Lisa Freise (Oct. 17, 2025).

⁵⁴⁸ Sandy Allendorph (Oct. 23, 2025).

⁵⁴⁹ Jim Aakhus (Oct. 22, 2025).

⁵⁵⁰ Jim Naylor (Oct. 13, 2025).

both parties to form a sewer district.⁵⁵¹ Randy Brandsted stated: “There is a 3rd option that I have not heard anyone talking about which is to deny both sides and leave things the way they are, which is what I would prefer.”⁵⁵²

254. One commenter appears to prefer that the Township be annexed in its entirety. Melissa Fahrenbruch, who is an assistant planner for the City and who did planning work for the JPB in the past, advocates for the Township to be annexed or combined with the City because it “does not make equitable sense to have 2 of every service so close to each other,” and she believes that “[h]istorically, the townships were supposed to be eaten up by the cities they surround.”⁵⁵³

255. Some commenters proposed that another solution be found. Megan Fratzke favors annexation, but wrote: “Please help us find a solution ... [w]hether by annexation with the City and utilizing the current facility, or some other method.”⁵⁵⁴ Paul Welle proposes a partial annexation: “Please consider allowing the City of Bemidji to provide sewer service from their current site to the Northeast side of Lake Bemidji ending at the Lake Bemidji State Park which would dictate these same properties being annexed.”⁵⁵⁵ Mark Dickinson suggests that the northern portion of the proposed annexation area be annexed to and served by the City, that the Township retain control of the Waville and Lavinia Road areas, and that the City and Township work together to have the City provide services to parcels that remain in the Township.⁵⁵⁶ Steven Hill states: “I would like to see both parties act like neighbors and work out the annexation/incorporation issues between themselves without a sewer system and without a road deadline. Once they do this, if they still think we need a sewer system, they can work with the residents and each other to find a mutually beneficial plan.”⁵⁵⁷ Jill Hill writes: “Can we just have these two entities go back to their corners and get along?”⁵⁵⁸ Greg Opp lives on the east side of Lake Bemidji in the proposed annexation area and, while he favors annexation, he also said: “I am not certain why the township and city can’t get along, but I sure wish they would have worked together to come up with a reasonable compromise.”⁵⁵⁹ Andrea Anderson stated that she appreciated the Court’s involvement in this matter, but stated: “I do believe that it could have been avoided.”⁵⁶⁰ Bruce Pederson asked that this Court: “make them go back and get rid of their differences.”⁵⁶¹

256. Some commenters questioned why the City could not extend sewer service without annexation, noting that this option has been successfully implemented in other communities.⁵⁶² Kathy Strycker noted that she and her husband previously lived in Indiana

⁵⁵¹ *Id.*

⁵⁵² Randy Brandsted (Oct. 3, 2025).

⁵⁵³ Melissa Fahrenbruch (Oct. 24, 2025).

⁵⁵⁴ Megan Fratzke (Oct. 22, 2025).

⁵⁵⁵ Paul Welle (Oct. 19, 2025).

⁵⁵⁶ Mark Dickinson (Oct. 21, 2025).

⁵⁵⁷ Steven Hill (Oct. 19, 2025).

⁵⁵⁸ Jill Hill (Oct. 13, 2025).

⁵⁵⁹ Greg Opp (Oct. 9, 2025).

⁵⁶⁰ Andrea and Corey Anderson (Oct. 8, 2025).

⁵⁶¹ Bruce Pederson (Public Hrg. Tr. Sept. 30, 2025 at 60).

⁵⁶² Rodney Olson (Public Hrg. Tr. Sept. 30, 2025 at 23-24).

and when issues arose with septic systems on their lake, a nearby town extended services without requiring annexation.⁵⁶³ Randy Brandsted reports that he believes that the City of Fargo has many utility clients that are not located within the City, and that these clients simply pay higher rates.⁵⁶⁴ C.T. Marhula contends that Grand Forks and East Grand Forks worked together to extend a pipeline under the Red River and Grand Forks processes the waste: “No issue. Cheaper. Everyone is happy.”⁵⁶⁵

257. Some question why the City did not act before to propose a solution for municipal sewer around the lake. An anonymous commenter stated: “It wasn’t until Northern Township applied for incorporation that the city tried to annex the north shore of Lake Bemidji. If it was so important and environmentally critical, as they claim, why didn’t they do it sooner?”⁵⁶⁶ Michael and Linda Arnold wrote: “The Township had already been considering incorporation for some time, but after they filed, the city thought, aha, this is an opportunity to annex and capture some additional lucrative [sic] property taxes. It’s not really about the lake concerns of the City, if it was, they would have taken actions many years ago.”⁵⁶⁷ Jay Haley favors incorporation because he needs municipal sewer service - his septic system does not meet current code requirements and the lot is too small to install a code-compliant septic system.⁵⁶⁸ He referenced conversations he remembers his father having with neighbors as they waited to see if the City would come forward with a plan, stating: “We have been disappointed by the City’s lack of response many times over the last 50 years.”⁵⁶⁹ Another commenter shared the concern that this is an issue that “goes back for decades, 50-60 years.”⁵⁷⁰

258. Some commenters near the site of the Township’s proposed wastewater plant are concerned about adverse impacts on their property from the plant. Brittany and Ehren Inkel live on property adjacent to the parcel identified for development of the plant. They are concerned that they will experience odor, nighttime blower noise, and potential groundwater impacts on their well. They are not in the annexation area, but favor the City’s petition in the hope of avoiding negative impacts.⁵⁷¹ Kathleen and Barry Slagter live in Turtle River Township, approximately one mile from the site of the Township’s proposed wastewater treatment facility. They favor annexation because they are concerned about adverse impacts for their property, they favor growth by the City, and they object to the duplication of services in the area.⁵⁷²

259. Beltrami County’s Public Works Department Highway Division submitted a comment requesting an expedited decision in this case. It noted that it does not take a position as to the outcome, but that it needed to advertise the CSAH 20 project for bids by March 2026, that jurisdictional uncertainty could result in increased costs, and that two

⁵⁶³ Kathy Strycker (Oct. 3, 2025).

⁵⁶⁴ Randy Brandsted (Oct. 3, 2025).

⁵⁶⁵ C.T. Marhula (Public Hrg. Tr. Oct. 8, 2025 at 21-22).

⁵⁶⁶ Anonymous (Oct. 22, 2025).

⁵⁶⁷ Michael and Linda Arnold (Oct. 20, 2025).

⁵⁶⁸ Jay Haley (Oct. 3, 2025).

⁵⁶⁹ *Id.*

⁵⁷⁰ Sam Mason (Public Hrg. Tr. Sept. 30, 2025 at 61).

⁵⁷¹ Brittany and Ehren Inkel (Oct. 23, 2025).

⁵⁷² Kathleen and Barry Slagter (Oct. 17, 2025).

state grants awarded to the County could be jeopardized by a delay in this Court's decision.⁵⁷³

VII. General Findings

260. Any Conclusion of Law more properly considered to be a Finding of Fact is adopted herein.

261. Any fact stated in the accompanying Memorandum that is more properly considered to be a Finding of Fact is hereby adopted.

262. The City and Township have agreed that the costs of the Court of Administrative Hearings in adjudicating this matter shall be divided equally between them.⁵⁷⁴

Based upon the foregoing Findings of Fact, the Court makes the following:

CONCLUSIONS OF LAW

1. The Chief Administrative Law Judge has jurisdiction in this matter pursuant to Minn. Stat. ch. 414 (2024) and Minn. R. ch. 6000 (2025).
2. All jurisdictional prerequisites in this matter are satisfied, and the parties' boundary adjustment petitions are properly before the Court for disposition.
3. Proper notice of the hearing in this matter was given.
4. The legislature has found that:
 - (a) municipal government most efficiently provides governmental services in areas intensively developed for residential, commercial, industrial, and governmental purposes; and township government most efficiently provides governmental services in areas used or developed for agricultural, open space, and rural residential purposes;
 - (b) the public interest requires that municipalities be formed when there exists or will likely exist the necessary resources to provide for their economical and efficient operation; and
 - (c) annexation to existing municipalities of unincorporated areas unable to supply municipal services should be facilitated.⁵⁷⁵

⁵⁷³ Beltrami County Highway Division (Oct. 13, 2025).

⁵⁷⁴ Hrg. Tr. Oct. 9, 2025 at 867; Minn. Stat. § 414.12, subd. 3 (2024).

⁵⁷⁵ Minn. Stat. § 414.01, subd. 1a(2)-(4).

5. The Court may order incorporation of the Township based on the factors discussed in the Findings of Fact above and upon determining that:

- (1) the property to be incorporated is now, or is about to become, urban or suburban in character; or
- (2) that the existing township form of government is not adequate to protect the public health, safety, and welfare; or
- (3) the proposed incorporation would be in the best interests of the area under consideration.⁵⁷⁶

6. The Court may deny incorporation if the area, or a part thereof, would be better served by annexation to an adjacent municipality.⁵⁷⁷

7. The Court may alter the boundaries of the proposed incorporation area by increasing or decreasing the area to include only property that is now, or is about to become, urban or suburban in character, excluding property that may be better served by another unit of government, and to follow visible, clearly recognizable physical features for municipal boundaries.⁵⁷⁸

8. Based upon the factors discussed in the Findings of Fact above, the Court may order annexation upon determining:

- (1) that the subject area is now, or is about to become, urban or suburban in character; or
- (2) that municipal government in the area proposed for annexation is required to protect the public health, safety, and welfare; or
- (3) that the annexation would be in the best interest of the subject area.⁵⁷⁹

9. If only a part of a township would be annexed, the Court must consider whether the remainder of the township can continue to carry on the functions of government without undue hardship.⁵⁸⁰

10. The Court shall deny the annexation on finding that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area.⁵⁸¹

11. The Court may alter the boundaries of the area proposed for annexation by increasing or decreasing the area to include only property that is now or is about to

⁵⁷⁶ Minn. Stat. § 414.02, subd. 3(b).

⁵⁷⁷ Minn. Stat. § 414.02, subd. 3(b).

⁵⁷⁸ *Id.*, subd. 3(d).

⁵⁷⁹ Minn. Stat. § 414.031, subd. 4(b).

⁵⁸⁰ *Id.*, subd. 4(c).

⁵⁸¹ *Id.*, subd. 4(d).

become urban or suburban in character; to add property of such character abutting the area proposed for annexation in order to preserve or improve the symmetry of the area, or to exclude property that may better be served by another unit of government. The Court may also alter the boundaries of the proposed annexation to follow visible, clearly recognizable physical features.⁵⁸²

12. The Township bears the burden to show it should be incorporated by a preponderance of the evidence.⁵⁸³ The City bears the burden to show by a preponderance of the evidence that the proposed annexation area should be annexed to the City.⁵⁸⁴

13. The Township is suburban in character.⁵⁸⁵

14. Municipal government is required to protect the public health, safety, and welfare of the territory within the Township.⁵⁸⁶

15. The Township could continue to carry on the functions of government without undue hardship if the proposed annexation area were annexed to the City.⁵⁸⁷

16. Incorporation is in the best interests of the territory within the Township, and annexation is not in the best interests of the proposed annexation area.⁵⁸⁸

17. The Township has the necessary resources to provide for its economical and efficient operation as a city as contemplated by Minn. Stat. § 414.01, subd. 1a(3).

18. The Township is not unable to provide municipal services, such that annexation should be facilitated.⁵⁸⁹

19. The increase in revenues for the City bears no reasonable relation to the monetary value of benefits conferred upon the annexed area.⁵⁹⁰

20. No part of the Township would be better served by annexation to an adjacent municipality, other than the area designated in the City and Township's Orderly Annexation Agreement and annexed to the City in MBAU Docket No. OA-1933-1.⁵⁹¹

21. Any Finding of Fact that is more properly considered to be a Conclusion of Law is incorporated herein.

⁵⁸² *Id.*, subd. 4(g)-(h).

⁵⁸³ Minn. R. 1400.7300, subp. 5 (2025).

⁵⁸⁴ *Id.*

⁵⁸⁵ Minn. Stat. § 414.02, subd. 3(b)(1).

⁵⁸⁶ *Id.*, subd. 3(b)(2).

⁵⁸⁷ Minn. Stat. § 414.031, subd. 4(c).

⁵⁸⁸ Minn. Stat. §§ 414.02, subd. 3(b)(3), .031, subd. 4(b)(3).

⁵⁸⁹ Minn. Stat. § 414.01, subd. 1a(4).

⁵⁹⁰ Minn. Stat. § 414.031, subd. 4(d).

⁵⁹¹ Minn. Stat. § 414.02, subd. 3(c); see ORDER APPROVING ANNEXATION, *In the Matter of the Orderly Annexation of Certain Real Property to the City of Bemidji from Northern Township (MBAU Docket OA-1933-1)*, CAH 71-0333-41490 (Feb. 9, 2026).

22. Any portion of the accompanying Memorandum more properly considered to be a Conclusion of Law is adopted herein.

Based on these Findings of Fact and Conclusions of Law, and for the reasons set forth in the accompanying Memorandum, which is incorporated herein, the Court makes the following:

ORDER

1. The Township's petition for incorporation (I-76) is **GRANTED**.
2. The City's petition for annexation (A-8517) is **DENIED**.
3. The Township shall hereby be incorporated as the City of Northern.
4. The incorporated City of Northern shall consist of all property within the Township, as legally described in Finding No. 43 above.
5. Incorporation shall be effective upon the election and qualification of the new City Council as set out in Paragraphs 6 and 7 of this Order.
6. The form of government for the City of Northern shall be "Optional Plan A." An election of a mayor and four council members shall be held on November 3, 2026.
7. Mary Israelson shall be the acting clerk for the election and shall prepare the official ballot. Publication in the Township's official newspaper of a notice stating the first and last dates on which affidavits of candidacy may be filed in the Clerk's office and the closing time for filing on the last day for filing shall occur on July 23, 2026 and July 30, 2026. The same notice shall be posted on the Township's website commencing July 19, 2026, through August 10, 2026, and shall be posted on the Township's approved physical posting boards on July 19, 2026. The Clerk shall accept affidavits of candidacy commencing July 27, 2026 and terminating August 10, 2026. The polling place shall be the Northern Town Hall located at 445 Town Hall Road N.W., Northern Township, Minnesota. The election judges shall be appointed in the same manner as the Township has appointed election judges for prior State General Elections. The hours of the election shall be 7:00 a.m. to 8:00 p.m. Candidates shall be permitted to file for the position of Mayor whose term shall expire on December 31, 2028, a Council Member seat whose term shall expire on December 31, 2028, or a Council Member seat whose term shall expire on December 31, 2030. The two candidates filing for the Council Member seats expiring on December 31, 2028, who receive the most votes shall be elected to terms ending December 31, 2028. The two candidates filing for the Council Member seats expiring on December 31, 2030, who receive the most votes shall be elected to terms ending December 31, 2030. As the aforementioned terms begin to expire, elections shall be held during the November general elections of the year of the above-referenced term expiration dates, commencing with the general election to be held on November 7, 2028. Thereafter, the terms for City Council Members and the Mayor shall be for four years and two years respectively, as provided in Minn. Stat. Section § 412.02 (2024), and municipal elections shall be held during the November general election in even years. The position

of Mayor and all Council Member positions shall be at-large positions. In all other respects, the election shall be conducted in conformity with the provisions of the Minnesota Statutes concerning the conduct of municipal elections, except as may be set forth herein.

8. The Township's Ordinances, as well as all other land use and planning controls, and all licensing privileges, shall remain in effect within the boundaries of the City of Northern until repealed or replaced by the new governing body of the City of Northern.

9. Upon incorporation, all money, claims, contract rights and obligations, equipment and property, including real estate owned, held or possessed by the former Northern Township, and any proceeds, special assessments or taxes levied by Northern Township, collected and uncollected, shall become the property of the City of Northern with full power and authority to use and dispose of for such public purposes as the City Council deems best, subject to claims of creditors. This will include cash reserves and fund balances of the Township and all public property and equipment held by Northern Township.

10. The Township's outstanding debt will become the financial obligation of the City of Northern.

11. Pursuant to Minn. Stat. § 414.12, subd. 3, and the parties' stipulation made on the record, the costs of this Court in adjudicating this proceeding (CAH 71-0330-40846 and CAH 71-0330-40869) are to be divided evenly between the parties, shall become the obligation of the City and Township in such proportions, and shall be paid in their entirety by each respective party. The parties shall pay the costs pursuant to the terms of an invoice issued under separate cover.

12. This Order is effective as of the date listed below.

Dated: February 10, 2026


JESSICA A. PALMER-DENIG
Chief Administrative Law Judge

NOTICE

This Order is the final administrative order in this case under Minn. Stat. §§ 414.02, .031, .09, .12 (2024). Pursuant to Minn. Stat. § 414.07, subd. 2 (2024), any person aggrieved by this Order may appeal to Beltrami County District Court by filing an Application for Review with the Court Administrator within 30 days of this Order. An appeal does not stay the effect of this Order.

Any party may submit a written request for an amendment of these Findings of Fact, Conclusions of Law, and Order within seven days from the date of the service of the Order pursuant to Minn. R. 6000.3100 (2025). However, no request for amendment shall extend the time of appeal from this Order.

MEMORANDUM

I. Introduction

This case was years, if not decades, in the making. The City and Township, separately and together through the JPB, identified the extension of sewer services to properties around Lake Bemidji as a priority. Then, within the last few years, a set of catalysts – the failure of the septic systems at Ruttger’s, the planned reconstruction of CSAH 20, and the Township’s growing desire to incorporate, propelled the parties to the positions they presented to this Court. The City and Township, and their respective residents, are divided as to the best outcome of this proceeding. As expressed in comments by members of the public, some believe that the City and Township should have found another solution. The City and Township, however, are at an impasse.

The City sees itself as a regional hub for employment, education, shopping, entertainment, and healthcare, and as an economic engine for Beltrami County and northern Minnesota. The City does not see itself as a regional utilities provider. City Manager Richard Spiczka explained the City’s perspective at the hearing, stating:

I think the reasoning behind it is the municipal services that the city provides are an asset, are a tool for the city to grow with. So offering those services to areas outside of the city would put some undue pressure on those services and those capacities, without having those folks be residents or taxpayers within their entity.⁵⁹²

Though the City had previously proposed Option 5, which did not require annexation, it ultimately determined that it was not willing to allow the Township to connect to the City’s municipal sewer system without annexing the area to be served.

The Township was unwilling to consider ceding more of its territory to the City following the final phase of annexation under the parties’ prior orderly annexation agreement. The Township, understanding Option 5 to be a real option, had pursued funding and planning for a collection system to connect to the City’s municipal sewer

⁵⁹² Hrg. Tr. Oct. 7, 2025 at 351 (R. Spiczka).

service. When it learned that Option 5 was not viable, it concluded that the path forward required it to develop its own municipal system, and to incorporate to be able to engage in the type of financial planning and funding work required to realize that goal.

Now before the Court are competing visions of what this community will look like going forward. The extension of municipal sewer service and how that will be accomplished is one part of the dilemma this Court is asked to decide, but it is not the only consideration. This is a case without perfect solutions, and both the City and the Township have work to do to repair their relationship with each other and with their residents.

II. The Township has established it should be incorporated, including the land within its territory proposed for annexation, and the City has not established that annexation is in the best interests of the proposed annexation area.

This Court's decision is grounded in the law. The statute governing incorporation of cities provides 13 factors for the Court's consideration, while the statute governing annexation of land from a township to a city requires the Court to consider 17 factors, with some overlap between the two sets of factors.⁵⁹³ The Court has analyzed these factors extensively above. Then the Court is required to consider further legal standards to assess whether the area proposed for the boundary adjustment is urban or suburban or about to become so, whether municipal government is needed to protect the public health, safety, and welfare of the territory proposed for adjustment, or whether incorporation or annexation is in the best interest of the territory at issue.⁵⁹⁴ Notably, these standards are alternatives connected by the word "or," meaning that a boundary adjustment may be ordered if any one of the standards is satisfied.

A. The Township's Suburban Development Supports Incorporation.

As explained above, the Township's development pattern is suburban and its land use, governance model, and level of government services are consistent with that of small cities.⁵⁹⁵ The legislature has provided the instruction that "municipal government most efficiently provides governmental services in areas intensively developed for residential, commercial, industrial, and governmental purposes."⁵⁹⁶ The Township is less developed than the City, which has a denser, more urban land use pattern and government services model, but the Township has established that it is more intensively developed and is no longer characterized by agricultural, open space, and rural residential purposes suitable for a township form of government.⁵⁹⁷

This legal standard is also relevant to the City's annexation petition, as suburban development can support annexation to a city. The area proposed for annexation is

⁵⁹³ Minn. Stat. §§ 414.02, subd. 3(a), .031, subd. 4(a).

⁵⁹⁴ Minn. Stat. §§ 414.02, subd. 3(b), .031, subd. 4(b).

⁵⁹⁵ See Sections D, F, G, and N.

⁵⁹⁶ Minn. Stat. § 414.01, subd. 1a(2).

⁵⁹⁷ *Id.*

sufficiently densely developed to qualify as suburban in its own right. The City's annexation request, however, does not stand alone; it is not the only option to provide a municipal form of government to this area. While the City makes its parks and other sports, entertainment and cultural venues open to the general public, including to residents of the proposed annexation area, it does not currently offer any services specifically to this area. The Township already offers a level of governmental services consistent with communities of its size to these properties.

B. Municipal Government is Required and the Township Can Best Provide It.

Municipal government is necessary to protect the public health, safety, and welfare of the Township's territory, and the record favors incorporation of the Township. The township form of government is no longer adequate to provide the level of services that the Township currently offers or intends to provide.⁵⁹⁸ The taxing model for townships relies on approval of a levy at an annual meeting – the levy can be voted up or down based on the will of the majority of electors who attend the meeting, leaving townships vulnerable to uncertainty about the level of funding they will have to maintain or improve governmental services. The Township sought to incorporate because, as a city, its levy will be set by its city council, it will be able to access more extensive funding from the state, it can utilize TIF to promote economic development goals, and it will gain stability as to its tax base, making it more creditworthy when it seeks to take on debt. The Township's plans for road construction, future growth, and for the extension of municipal sewer services to the properties around Lake Bemidji by 2028, require the Township to achieve this stability.

The proposal for municipal sewer service is particularly important to this legal standard. The parties dispute the level of urgency for sewer service in the proposed annexation area, and it is true that property owners with compliant septic systems do not present an environmental emergency.⁵⁹⁹ Yet the JPB, made up of both the City and Township, surveyed the septic systems around Lake Bemidji in 2020, determining that many of the systems presented high pollution risks.⁶⁰⁰ In 2007, the parties adopted a Joint City and Township 2025 Land Use Plan that identified all of the properties in the proposed annexation area for the provision of municipal sewer by the year 2025.⁶⁰¹ The City contemplated providing service to the proposed annexation area as early as

⁵⁹⁸ See Sections G, L, and N.

⁵⁹⁹ Property owners within the proposed annexation area with compliant systems are particularly concerned about the costs they will experience connecting to the Township's system. The Court does not discount those concerns. The Township has indicated that property owners with compliant systems will not be required to connect to the Township's system until their individual septic systems are 20 years old, (see Hrg. Tr. Sept. 29, 2025 at 198-99 (C. Lahn)), giving these property owners time before they will incur the costs. The Court suggests that the Township should also consider whether to offer financial incentives for impacted property owners to allay some of these concerns.

⁶⁰⁰ Exs. 63, 512; Hrg. Tr. Oct. 1, 2025 at 67-69 (M. Fuller).

⁶⁰¹ Ex. 64; Hrg. Tr. Sept. 29, 2025 at 172-74 (C. Lahn).

2009.⁶⁰² In light of this record, the Court finds that municipal sewer service must be made available to the proposed annexation area.

The City proposes to connect the proposed annexation area to its water and wastewater treatment plants, both of which have sufficient capacity to add the properties to be annexed. The City argues that public utilities should be regionalized, and because it has existing capacity and well-staffed and operated facilities, the Court should annex the properties around Lake Bemidji so that they can be efficiently served. This issue is the crux of the parties' dispute. The Court agrees that regionalization of public utilities is generally a preferred method of providing services. At the same time, the City does not wish to be a regional provider – it has made a decision that it will serve only properties within its boundaries. Any territory to be served must be annexed first, notwithstanding that there is fierce opposition to annexation within the region.

In addition, one of the factors the Court must consider is whether the City has a plan to provide needed and enhanced governmental services to the proposed annexation area in a “cost-effective and feasible manner within a reasonable time from the date of the annexation.”⁶⁰³ The City does not know when the East Lake project would be scheduled for construction, it has not added the project to its CIP,⁶⁰⁴ and because it plans to complete the project in connection with future road work,⁶⁰⁵ the City admits that the East Lake project may not be completed for 10 to 15 years.⁶⁰⁶ The City's estimate places the cost of this project at around \$20 million,⁶⁰⁷ and an increase to the eventual project cost is a near certainty. The Court concludes that this factor weighs against annexation because bringing this territory within the City's municipal government will not address the public health, safety, and welfare of this area for many years.

The parties dispute which sewer system will be “better,” depending on whether the wastewater plant discharges underground or to surface waters, whether the plant will offer UV disinfection or disinfection by passage through soil matter, and how many staff people will be involved in maintaining the sewer plant. The parties also dispute each other's cost estimates, and each contends that the other's estimates are likely too low. Both systems will be required to comply with standards imposed by the MPCA and will be subject to that agency's extensive regulatory authority. Given that, the Court cannot determine that one plant permitted by the MPCA will be better than another plant also permitted by the MPCA. Further, it is possible that both parties' estimates for the proposed wastewater treatment systems could end up being lower than the final bid. This concern is most acute for the City's East Lake project, given the amount of time that would pass before the City would undertake this work. The Township has a plan to offer service to the entire lake by 2028. It may need to adjust its financing plans, but the

⁶⁰² Exs. 601-602.

⁶⁰³ Minn. Stat. § 414.031, subd. 11.

⁶⁰⁴ Hrg. Tr. Oct. 8, 2025 at 691 (S. Anderson).

⁶⁰⁵ *Id.* at 640-641; Hrg. Tr. Oct. 9, 2025 at 1094 (S. Peterson).

⁶⁰⁶ Hrg. Tr. Oct. 8, 2025 at 745-747 (S. Anderson).

⁶⁰⁷ *Id.* at 692-94; Ex. 539 at 5, 22, 42.

Court has found that the Township has the capacity to obtain funding, and the Township's ability to fund the project will be enhanced by incorporation.

C. Incorporation is in the Best Interest of the Territory Within the Township.

The third legal standard requires the Court to determine which proposed boundary adjustment is in the best interest of the territory at issue. The Township has established that incorporation is in the best interests of its entire territory, and the City has not shown annexation is in the best interests of the proposed annexation area.

The Township is already offering a "small city" style of governance and services within its entire area, and it has a plan to provide municipal sewer service to the proposed annexation area within a reasonable period of time. The Township is providing municipal services in the proposed annexation area in a manner appropriate for that area. Incorporation will allow the Township to access additional funding sources and to develop greater certainty about its annual budget. The City contends that the Township cannot adequately manage municipal functions given its current staffing levels, but the Township is already doing so in a manner that meets its residents' needs. It may be that the Township will decide it needs more staff. As a city, it will have the flexibility to budget and plan for staff hiring if needed.

The proposed annexation area would not be better served by the City's municipal services versus the Township's services if it incorporates. Township residents already receive many of the same type of services provided by the City. While the City would provide municipal water, and that could have advantages such as the installation of fire hydrants and treating PFAS if it were found in a broader area, the record does not show that this is a needed service in the proposed annexation area. The issue of sewer service is also relevant to this legal standard. The Court cannot conclude that the East Lake project would better serve the proposed annexation area given that the project would be constructed so far into the future.

D. The Increase in Revenues to the City Does Not Bear a Reasonable Relation to the Monetary Value of the Benefits Conferred.

Minn. Stat. § 414.031, subd. 4(d), provides that the Court "shall deny the annexation on finding that the increase in revenues for the annexing municipality bears no reasonable relation to the monetary value of benefits conferred upon the annexed area." The divergence between the tax rates in the Township and City was prominently at issue in this proceeding.

The Township's 2025 tax rate for taxes payable in 2025 was 16.8 percent.⁶⁰⁸ The City's 2025 tax levy was 44.31 percent.⁶⁰⁹ It is undeniable that properties annexed to the City from the Township would see a significant tax increase. Without accounting for projected increases in the tax levy in the coming years, the City anticipates receiving

⁶⁰⁸ Ex. 120 at 37 (Table 11).

⁶⁰⁹ Ex. 615 at 19.

approximately \$750,000 in additional tax revenue annually from properties in the annexation area.⁶¹⁰ Annexation of this area would remove 30 percent of the Township's tax base into the City.⁶¹¹

This is not a case in which annexed properties would receive a full suite of municipal services that are not currently provided to them in exchange for higher tax rates. While the City and Township provide different levels of municipal services, residents in both communities receive the benefit of planning and zoning, road construction and maintenance, election administration, policing, fire protection, recreation, legal services, and other administrative services.⁶¹²

Evidence in the record did not show that the level of services provided by the Township has been inadequate to serve the proposed annexation area, or that the level of services that the City would provide bears a reasonable relation to the increased taxes the affected properties would bear - Ruttger's alone would be charged more than \$20,000 in additional taxes every year.⁶¹³ And again, as noted above, residents in the area of the East Lake project would not see a service extension from the City for municipal water and sewer for 10 to 15 years, lessening the benefit of services from the City to those properties. The Court concludes that this standard requires denial of the City's petition for annexation.

E. The Court will not Increase or Decrease the Boundaries of the Incorporation Area.

The law allows the Court to increase or decrease the area proposed for a boundary adjustment to include only property that is urban or suburban in character, to exclude property better served by another unit of government, to address symmetry, or to follow visible, clearly recognizable physical features.⁶¹⁴ While some commenters suggested that the northern portion of the proposed annexation area be annexed to the City while the eastern portion of the annexation area remain in the Township, the Court finds that the statutory criteria for such an adjustment are not satisfied. The property in the proposed annexation area is suburban. The Court has determined that the property at issue would not be better served by the City. There is no symmetry concern that would be made better by an alteration of the territory. Finally, the property's location within the Township already follows the visible, clearly recognizable physical feature of Lake Bemidji.

⁶¹⁰ *Id.* at 29.

⁶¹¹ Ex. 120 at 12; Hrg. Tr. Sept. 29, 2025 at 248 (C. Lahn); Hrg. Tr. Oct. 1, 2025 at 258 (J. Cook); Hrg. Tr. Oct. 9, 2025 at 891 (M. Stark). While the Court has determined that the Township could continue to carry out the functions of government if the proposed annexation area were annexed to the City, given the weight of the other factors at issue, this does not support annexation.

⁶¹² See Section G.

⁶¹³ Hrg. Tr. Sept. 30, 2025 at 232-34 (K. Nelson).

⁶¹⁴ Minn. Stat. §§ 414.02, subd. 3(d), .031, subd. 4(f)-(g).

III. Conclusion

The Court recognizes that this decision will have a significant impact on this community. Litigation often inspires “sharp elbows,” but successfully living together and promoting shared goals will require a different approach. This community has so many strengths – this was clearly evident from the facts in the record and the high level of civic engagement and pride members of the community shared with the Court. The Court encourages the City and Township to engage in good faith dialogue with each other and with their residents, and to build on those strengths as they move forward from this case.

J. P. D.