

BEFORE THE MUNICIPAL BOARD  
OF THE STATE OF MINNESOTA

Robert J. Ferderer	Chairman
Kenneth F. Sette	Vice Chairman
Richard A. Sand	Commissioner
Carol Kamper	Ex-Officio Member
Harley Boettcher	Ex-Officio Member

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IN THE MATTER OF THE JOINT RESOLUTION )	
BETWEEN THE CITY OF ROCHESTER AND THE )	<u>FINDINGS OF FACT</u>
TOWN OF CASCADE FOR THE ORDERLY )	<u>CONCLUSIONS OF LAW</u>
ANNEXATION OF CERTAIN LAND TO THE )	<u>AND ORDER</u>
CITY OF ROCHESTER )	

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The above-entitled matter came on for hearing before the Minnesota Municipal Board pursuant to Minnesota Statutes 414, as amended, on October 3, 1984, at Rochester, Minnesota. The hearing was conducted by Terrence A. Merritt, Executive Director, pursuant to Minnesota Statutes 414.01, Subdivision 12. Also in attendance were County Commissioners Carol Kamper and Harley Boettcher, Ex-Officio Members of the Board. The City of Rochester appeared by and through Frederick Suhler, Jr., City Attorney, and the Town of Cascade appeared by and through Stan Hunter, Town Board Chairman. Testimony was heard and records and exhibits were received.

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

FINDINGS OF FACT

1. A joint resolution for orderly annexation was adopted by the City of Rochester and the Town of Cascade and duly accepted by the Minnesota Municipal Board.

2. A resolution was filed by one of the signatories to the joint

resolution, the City of Rochester, on July 5, 1984, and amended by a resolution received on August 31, 1984, requesting the annexation of certain property within the orderly annexation area. The resolution contained all of the information required by statute including a description of the property subject to annexation, which is as follows:

The west 90 feet of the South 307 feet of the West 8 rods of the East 19 rods of the South 62 rods of the West half of the Southwest Quarter (W 1/2 of SW 1/4) of Section Thirty Four (34), Township One Hundred Seven (107), Range Fourteen (14), and the West 60 feet of the East 373.5 feet of the South 307 feet of the West Half of the Southwest Quarter (W 1/2 of SW 1/4) of Section Thirty Four (34), Township One Hundred Seven (107), Range Fourteen (14) together with the South 175 feet of the East 42 feet of the west 8 rods of the east 19 rods of the south 62 rods of the west half of the Southwest Quarter, Section 34, Township 107 North, Range 14 West.

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

4. The area subject to annexation is unincorporated, within the orderly annexation agreement area, approximately 1.23 acres in size, and abuts the City of Rochester along the property's southeastern corner for approximately 2.42 feet of its perimeter. The City of Rochester is approximately 21.73 square miles in size.

5. The Town of Cascade has a total area of approximately 23.8 square miles.

6. None of the area proposed for annexation lies in the 100 year floodplain.

7. In 1970 the City of Rochester had a population of 53,766, its population in 1980 was 57,890, and in 1982 its population was 59,307.

8. The Town of Cascade had a population of 2,442 in 1970, a population of 2,384 in 1980, and a population of 2,491 in 1982.

9. The area proposed for annexation is planned for commercial land use, and it is anticipated that there will not be any population on the area proposed for annexation in the year 2000.

10. The City of Rochester has approximately 6,400 acres in residential use, approximately 2,112 acres in institutional and park use, approximately 712 acres in commercial use, approximately 1,206 acres in industrial use, and approximately 1,247 acres in agricultural use and vacant land.

In the City of Rochester, there remains land planned for approximately 700 acres of residential use, approximately 258 acres for commercial use, and approximately 250 acres for industrial use.

11. In Cascade Township, land is zoned as follows: approximately 1,040 acres for residential use, approximately 91 acres for commercial use, approximately 313 acres for industrial use, and approximately 13,803 acres for agricultural use.

12. The area proposed for annexation presently has on it two buildings, one housing a pet store with apartments located above the store, and the other building on the eastern side of the area proposed for annexation is a commercial building presently housing a vacuum repair/sales business.

13. The City of Rochester has issued 1,138 building permits in 1980, 990 in 1981, 1,191 in 1982, 1,707 in 1983, and 1,382 through August, 1984.

14. The Town of Cascade has issued 19 building permits in 1980, 27 in 1981, 29 in 1982, 52 in 1983, and 16 through June, 1984.

15. The City of Rochester has a zoning ordinance, subdivision regulations, shoreland and floodplain regulations, an official mapping program, the Uniform Building Code, the Minnesota Plumbing Code, the NFPA Fire Code, and capital improvement and budget program.

16. Olmsted County has a zoning regulation, subdivision, shoreland and floodplain regulations, a building code, the Minnesota Plumbing Code, sanitation ordinances, Human Services Programs, and the capital improvement and budget program.

17. Cascade Township has no independent land use planning document.

18. The City of Rochester and Olmsted County adopted a revised Future Land Use Map based on the General Land Use Plan for the Olmsted County area. The property owners have petitioned the City of Rochester to zone the area under consideration B-4 (General Business) upon annexation. The city has completed and held the necessary hearings for the rezoning and is waiting to adopt the ordinance until after the area proposed for annexation is annexed.

19. This annexation is consistent with the local comprehensive plans.

20. The area proposed for annexation is presently zoned HC (Highway Commercial).

21. The City of Rochester provides its residents with water, sanitary sewer, storm sewer, fire protection, police protection, street improvements and maintenance, administrative services, recreational opportunities and library services.

22. The city is willing to provide the area proposed for annexation with all of the services it presently provides residents of the City of Rochester.

Existing sewer and water mains are located in front of the area proposed for annexation. The Pet Place property is presently serviced by these mains and the mains have sufficient capacity to service the remaining property in the area proposed for annexation.

23. Cascade Township provides the area proposed for annexation with fire

protection and street improvements and maintenance.

24. The City of Rochester has 196.24 miles of improved roads as follows: 12.3 miles of Trunk Highway, 8.82 miles of County State Aid Highway, 2.02 miles of County-Municipal State Aid Highway, and 173.1 miles of local streets.

25. Cascade Township has 71.36 miles of improved roads as follows: 6.5 miles of Trunk Highway, 32.21 miles of County Roads, and 32.65 miles of Town Roads.

26. Access to the area proposed for annexation is off of Second Street, Southwest which is County State Aid Highway 34.

27. In 1984 the assessed valuation of the City of Rochester is \$329,296,364.

28. In 1984 the assessed valuation of the Town of Cascade is \$14,051,664.

29. The assessed valuation of the area proposed for annexation in 1984 is \$28,518.

30. The mill rate for Olmsted County in 1984 is 26.194 for the City of Rochester and 27.833 for the Town of Cascade.

31. School District #535 has a 1984 mill levy of 63.924.

32. Cascade Township mill levy in 1984 is 7.972. Cascade Township has a bonded indebtedness of \$0 as of 12-31-83.

33. The City of Rochester mill levy in 1984 is 28.739. The bonded indebtedness for the City of Rochester, as of 12-31-83, is \$36,095,000.

34. The fire insurance rating for the City of Rochester is 3. The fire insurance rating for the Town of Cascade is 9.

35. The proposed annexation, if completed, will not impact on School District #535, as all of the City of Rochester and the annexation area are within the same school district.

36. The town does not have the ability to provide public sewer and water to the area proposed for annexation.

37. The City of Rochester's ability to provide the area proposed for annexation with public sanitary sewage service will help to protect the quality of the groundwater in the area from possible contamination from septic tank effluent.

38. The City of Rochester is the only municipality adjacent to the area proposed for annexation.

39. The annexation is consistent with the joint resolution for orderly annexation between the Town of Cascade and the City of Rochester.

#### CONCLUSIONS OF LAW

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

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

3. The existing township form of government is not adequate to protect the public health, safety, and welfare of the area proposed for annexation.

4. The annexation would be in the best interests of the area proposed for annexation.

5. The annexation is consistent with the terms of the joint resolution for orderly annexation.

6. Three years will be required to effectively provide full municipal services to the annexed area or to comply with terms and conditions of the orderly annexation agreement as it relates to the mill levy step up.

7. An order should be issued by the Minnesota Municipal Board annexing

the area described herein.

ORDER

1. IT IS HEREBY ORDERED: That the property described herein in Findings of Fact 2 be, and the same is hereby annexed to the City of Rochester, Minnesota, the same as if it had been originally a part thereof.

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

3. IT IS FURTHER ORDERED: That the effective date of this order is December 5, 1984.

Dated this 5th day of December, 1984.

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

  
Terrence A. Merritt  
Executive Director

M E M O R A N D U M

The board, in its memorandum accompanying its order of July 3, 1984, urged the parties to meet and resolve the issue that the township has raised in a number of proceedings before the board, namely reimbursement. The board notes with dismay that the parties superficially indicated that one of them was losing tax base and the other party indicated that annexation of the land does not provide any additional revenues.

The board strongly admonishes the parties to again examine this issue. There is no absolute right to tax revenues, nor is there an absolute right to avoid reimbursement. As the parties are undoubtedly aware the legislature has considered mandating reimbursements from cities to towns and similar legislation may be introduced again in the coming session. Such a mandate by the legislature would not allow any negotiation between the parties, and in fact may work a hardship on the city while granting unjustified windfalls to the town.

The City of Rochester and the Town of Cascade have long had a history of working together. Should the parties put their minds to it, it is the board's feeling that they would be able to address this issue. To address this issue, the parties must analyze the various inter-relationships between the two units of government and determine what burdens are or are not being shifted between them, as well as what tax revenues are being shifted through the annexation process. The annexation process also shifts liabilities which must be taken into consideration. A bald ascertainment that money is being lost or that the annexation of land doesn't provide additional revenues to the community isn't the detailed type of analysis that the board is urging.



In analyzing the shifts, it should be noted that historically the revenue from a parcel goes to the town a year after it is annexed, even though the city has responsibility for service to that area. Has this been a windfall to the town? Further, has the development of new subdivisions allowed for the removal of certain lands from the deferred assessment category thereby freeing up city capital that had been used to pay interest on outstanding bonds? These issues, as well as those as obvious or more subtle, should be considered.

Time and time again, the city and the town have worked together to make the Cascade/Rochester area a prosperous growing community. The board wants to see this spirit of cooperation continue and feels that unless there is a comprehensive analysis by both parties of the impact of annexation on the revenues for the town, the spirit of cooperation may deteriorate. This in turn would adversely impact residents in both communities which is something everyone has attempted to avoid. You have shown good leadership and cooperation in the past. The board anticipates that such action and behavior will continue at the present and into the future. 12-5-84 YM