

**JOINT RESOLUTION ESTABLISHING AN  
ORDERLY ANNEXATION AGREEMENT BETWEEN  
THE CITY OF FARMINGTON AND CASTLE ROCK TOWNSHIP**

**City of Farmington Resolution No. R18-17  
Castle Rock Township Resolution No. 2017-06**

**WHEREAS**, on September 12, 2006 the City of Farmington (“City”) and Castle Rock Township (“Town”), entered into an orderly annexation agreement, which expired on December 31, 2016; and

**WHEREAS**, the City and Town desire to enter into a new orderly annexation agreement to accommodate growth in a cooperative, planned, and orderly fashion; and

**WHEREAS**, Minnesota Statutes, section 414.0325 authorizes townships and cities to provide for the orderly annexation of unincorporated areas that they determine are in need of orderly annexation; and

**WHEREAS**, the City and Town agree that there is a public need for the coordinated, efficient and cost-effective extension of sewer and water services to promote economic growth and development, and provide for the efficient delivery of desired or required public services; and

**WHEREAS**, the property depicted in attached Exhibit A (“Annexation Area”) is about to become urban or suburban in nature and the City is capable of providing sewer, water and other public services within a reasonable time; and

**WHEREAS**, the establishment of a process of orderly annexation of said lands is beneficial to the residents and owners of said lands, and permit the City to extend municipal services in a planned and efficient manner.

**WHEREAS**, the extension of sewer, water, and other public services can only be provided in prioritized phases if the process and timing of service requirements are clearly identified and jointly agreed upon in advance of the City's capital planning, commitment, and expenditure; and

**WHEREAS**, the City and Town desire to accomplish the orderly annexation of the Annexation Area and the extension of municipal services in a mutually acceptable and beneficial manner without the need for a hearing before the Municipal Boundary Adjustments Unit (“MBAU”) of the Office of Administrative Hearings, or its successor, and with the purpose of avoiding annexation disputes, enter into this joint resolution and agreement for orderly annexation pursuant to Minnesota Statutes, section 414.0325.

**NOW, THEREFORE, BE IT RESOLVED**, that the City of Farmington and the Town of Castle Rock hereby enter into this Joint Resolution Establishing an Orderly Annexation Agreement (hereinafter referred to as "Agreement") and agree to the following terms:

**1. Annexation Area**

- 1.1. The map attached hereto as Exhibit A entitled "Annexation Area" shall be the framework for annexation from 2016 through 2030 (inclusive). The map constitutes the Annexation Area, and denotes areas from which annexation may occur under this Agreement. It is not necessary that all of the land constituting the Annexation Area be annexed within the time period set forth in this Agreement.
- 1.2. The lands included within the 2016 through 2030 Annexation Area are designated for future urban development within the City. The Town agrees to oppose any efforts to include any of the lands within the Annexation Area into any governmental jurisdiction other than the City unless the City expressly agrees to such annexation.

**2. Authority to Annex**

- 2.1. The City shall have the right to annex land from within the Annexation Area during the period from the date of this Agreement through December 31, 2030, provided such annexations occur in accordance with the terms and conditions of this Agreement. The annexation pace shall be consistent with the requirements and standards set forth in the Comprehensive Plan, and zoning and subdivision regulations of the City.
- 2.2. Annexation will be limited to property that is, at the time of the proposed annexation, contiguous to the corporate limits of the City.
- 2.3. All annexations shall be subject to the prevailing Comprehensive Plan, the Zoning Ordinance, and subdivision regulations of the City.
- 2.4. The Town will not file any objection with the MBAU concerning the City's annexation of any land within the Annexation Area described above, so long as the annexation complies with the terms and conditions of this Agreement.

**3. Comprehensive Planning**

- 3.1. The City will revise its Comprehensive Plan as needed to address properties located within the Annexation Area.

- 3.2. Except as provided in Sections 3.3 or 3.4, the Planning Commission and/or the City Council of the City shall not adopt an initial Comprehensive Plan designation for any property located within the Annexation Area, or subsequently modify, change, or alter in any way that initial Comprehensive Plan designation, without providing the Town reasonable advance notice of, and a reasonable opportunity to comment on, any such adoption, modification, change or alteration.
- 3.3. With regard to any proposed industrial or commercial use of property, the Planning Commission and/or the City Council of the City of Farmington shall not adopt an initial Comprehensive Plan designation for any property located within the Annexation Area, or subsequently modify, change, or alter in any way that initial Comprehensive Plan designation, without the consent of the Town Board, which consent may not be unreasonably withheld.
- 3.4. With regard to any proposed medium to high density residential, industrial, or commercial use that is proposed to be constructed within 150 feet of the west property line of any Town residence that is located adjacent to Berring Avenue, the Planning Commission and/or the City Council of the City shall not adopt an initial Comprehensive Plan designation for any property located within the Annexation Area, or subsequently modify, change, or alter in any way that initial Comprehensive Plan designation, without the consent of the Town Board, which consent may not be unreasonably withheld.
- 3.5. With regard to any future development proposed to be constructed along the west property line of any Town residence that is located adjacent to Berring Avenue, the City will not obtain or require any permanent easements or rights-of-way from the owners of the Berring Avenue properties in question.

#### **4. Planning and Land Use Control**

- 4.1. Pursuant to Minnesota Statutes, section 414.0325, subdivision 5(a), the parties agree the City shall have the authority to exercise planning authority within the Annexation Area as provided in this section. Prior to the actual annexation of a parcel of property located within the Annexation Area, the City's exercise of such planning authority shall be limited to adopting a Comprehensive Plan designation for that parcel, which will not affect the parcel's land use unless and until the annexation of the parcel is complete. Upon the effective date of the annexation of a parcel of property into the City, the parcel shall become subject to the City's land use regulations. Prior to the effective date of annexation, the zoning and use(s) of a parcel located within the Annexation Area, and the construction or modification of structures located thereon, shall be controlled by the Town's Comprehensive Plan, Zoning Code, regulations and procedures, unless otherwise agreed to in writing by the City and the Town.

#### **5. Incorporation of the Town**

- 5.1. The City agrees it will support by resolution the future incorporation by the Town as a city and shall take no actions opposing such incorporation. Such incorporation will be consistent with a permanent boundary that does not include any portion of the Annexation Area unless the City and the Town agree to include such portion in the incorporation.

**6. Annexation Process**

- 6.1. Annexations within the Annexation Area shall occur only if the owners of the properties to be annexed located within the Annexation Area petition the City for annexation. The City agrees to reject any petition that does not comply with the terms of this Agreement.
- 6.2. If the City intends to act on a petition to annex a parcel of property within the Annexation Area, the City shall, within 14 days of receipt of a petition to annex such property, submit to the Town the following:
  - (a) The legal description and a map of the property proposed to be annexed; and
  - (b) A description of the proposed use of said property, if known by the City, and with the express understanding that the City reserves the right to accept or reject any such proposed use.

Upon receipt of submittals set forth above, the Town shall have 30 days in which to provide comments on the proposed annexation to the City.

- 6.3. Any time after the 30-day comment period, and review and consideration of any comments provided by the Town, the City may act by resolution to annex the parcel, provided such annexation is consistent with the terms of this Agreement. The Town shall not be responsible for any costs associated with the City's annexation of the parcel including, but not limited to, any fees for filing the annexation with the MBAU.
- 6.4. During the term of this Agreement, petitions for the annexation of areas located outside of the Annexation Area shall not be accepted, processed or approved by the City without the express written consent of the Board of Supervisors of the Town. This provision shall remain in effect through December 31, 2030 even if this Agreement terminates earlier than December 31, 2030 as provided herein.

**7. Road Maintenance and Improvements; Transportation Planning; Road and Bridge Account**

- 7.1. Road Maintenance Prior to Annexation. The Town shall continue its normal maintenance of existing Town roads, bridges, drainage facilities, and street signage for any roads and facilities located within the Annexation Area until the property adjacent to or surrounding such roads and facilities is annexed by the City.
- 7.2. Joint Maintenance/Improvement Expenses. The City and Town agree to develop a joint policy for sharing the cost of maintaining and improving Town roads that are adjacent to any property that is annexed pursuant to the terms of this Agreement. Such joint policy shall be consistent with the provisions of Minnesota Statutes, section 414.038.
- 7.3. Joint Transportation Planning. The City and the Town will work in cooperation with Dakota County, MnDOT and developers to ensure that any new development within the Annexation Area properly addresses:
- (a) the transportation needs of the project;
  - (b) projected impacts on City and/or Town roads, especially those that are likely to result in the need to make improvements or upgrades due to increased traffic and/or different types of usages; and
  - (c) compliance with the transportation system set forth in the City's Comprehensive Plan.
- 7.4. Road and Bridge Account. The Town shall maintain the road and bridge account it created that is separate from its existing road and bridge account. Payments of the type referred to in Section 9.1 below shall be deposited into the separate account. The Town may annually transfer up to 7.5% of each such deposit into its general revenue fund. Funds in the separate road and bridge account shall be used exclusively for the following purposes:
- (a) Maintenance. The funds in question may be applied to roadway maintenance costs on Roadway Segments A, B, C or D, as identified on the attached Exhibit B, and on Berring Avenue and 230<sup>th</sup> Street
  - (b) Improvements. The funds in question may be applied to the cost(s) of constructing, reconstructing, paving or otherwise improving Roadway Segments A, B, C or D, as identified on the attached Exhibit B, and 230<sup>th</sup> Street.

The Town's engineer shall discuss any proposed or anticipated expenditure in excess of \$2,500 with the City's Public Works Director prior to the authorization or commencement of the work in question. Any funds that remain in the account upon the expiration of this Agreement shall be returned to the City unless the parties have mutually agreed in writing, prior to said expiration,

that those funds may be retained by the Town for other costs attributable to any additional development that occurs within an area subject to any separate Orderly Annexation Agreement between the City and the Town. The funds placed in the separate road and bridge account pursuant to the previous orderly annexation shall remain in the account and shall be used as provided in this Agreement.

- 7.5. The City shall reimburse the Town for all unpaid amounts the Town assessed, levied, or otherwise placed against property, in addition to the regular assessment of property taxes, whether pursuant to a 429 special assessment project, 365A subordinate service district, a service charge being collected under Minnesota Statutes, section 366.012, or other amount lawfully imposed on the property prior to the effective date of the annexation of the property. The City shall also reimburse the Town for any portion of debt incurred by the Town prior to the annexation and that is attributable to the property annexed, but for which no special assessments are outstanding. The reimbursement of these amounts shall occur in substantially equal payments over a period of not less than two or no more than eight years.

**8. Statutory Sharing of Tax Revenues**

- 8.1. Property tax revenue generated by annexed properties shall be allocated between the City and the Town on the following basis:
- (a) Ash Street Orderly Annexation Area. For any past or future annexations involving properties located within the Ash Street Orderly Annexation Area, property tax revenues related to commercial or industrial properties (only) will be shared by the City and the Town in accordance with the following:

<b>Years Starting from when City Becomes the Levying Authority</b>	<b>Percentage of Town Taxes to be Paid to Town in the Year</b>
1 <sup>st</sup> Year	90%
2 <sup>nd</sup> Year	70%
3 <sup>rd</sup> Year	50%
4 <sup>th</sup> Year	30%
5 <sup>th</sup> Year	10%
6 <sup>th</sup> Year	0%

Any past payments due to the Town pursuant to this provision shall be calculated and paid as if this provision had been in effect as of the date of annexation. Property taxes payable on the annexed land shall continue to be paid to the Town for the year in which the annexation becomes effective. If the annexation becomes effective on or before August 1 of a levy year, the City may levy on the annexed area beginning with that same

levy year. If the annexation becomes effective after August 1 of a levy year, the Town may continue to levy on the annexed area for that levy year, and the City may not levy on the annexed area until the following levy year.

- (b) Future Annexations. For any future annexations of properties located outside of the Ash Street Orderly Annexation Area, property tax revenues related to properties located within the 2016-2030 Annexation Area shall be shared pursuant to Section 9.1 of this Agreement.

## **9. Tax Rebates to the Town**

- 9.1. Payments to Town. Except as otherwise provided in this Agreement, upon annexation of any land per this Agreement, the Town shall not be entitled to receive tax revenue rebates from the City until such time as the property is developed or redeveloped. When development or redevelopment occurs, and the improved property is assessed in a manner that reflects the value of the completed development improvements, the Town shall begin to receive tax revenue rebates. The tax rebate received by the Town on any given developed or redeveloped parcel shall be equal to 50% of the amount of the City's share of the total property taxes paid on that parcel in the first tax year that reflects the full value of the completed initial improvements. Improvements shall be considered "completed" when the City issues a Certificate of Occupancy.

The payments due to the Town pursuant to this Agreement will be made within 60 days of the City's receipt of the property tax revenue(s) in question, or within 60 days of receipt by the City of the annual accounting from the Town, whichever is later.

- 9.2. The Town will provide an annual accounting of the use of funds from the Road and Bridge Account referred to herein. If the City wishes to challenge the accounting, it may do so at its own expense. If there is an error in the Town's accounting, the error will be corrected by mutual agreement of the parties. If the error is in the Township's favor, the expense the City incurred to audit the Township's accounting will be paid through a reduction of funds owed to the Township pursuant to this Agreement.

## **10. Dispute Resolution and Amendment**

- 10.1. Disputes concerning this Agreement shall be resolved as follows:

- (a) Negotiation. When a disagreement over interpretation of any provision of this Agreement occurs, the City and Town must meet at least once, at a mutually convenient time and place, to attempt to resolve the dispute through negotiation.

- (b) Mediation. If the parties are unable to resolve a dispute, claim or counterclaim, or are unable to negotiate a mutually acceptable interpretation of any provision of this Agreement, the parties may mutually agree in writing to seek relief by submitting their respective grievances to non-binding mediation.
- (c) Adjudication. When the parties are unable to resolve a dispute, claim or counterclaim, or are unable to negotiate a mutually acceptable interpretation of any provision of this Agreement, or are unable to agree to submit their respective grievances to non-binding mediation, then either party may seek relief through initiation of an action in a court of competent jurisdiction. In addition to the remedies provided for in this Agreement and any other available remedies at law or equity, in the case of a violation, default or breach of any provision of this Agreement, the non-violating, non-defaulting, non-breaching party may bring an action for specific performance to compel the performance of this Agreement in accordance with its terms. If a court action is required, the court may reimburse the prevailing party for its reasonable attorney's fees and costs.

## **11. General Terms and Provisions**

- 11.1. This Agreement may not be modified, amended or altered except upon the written joint resolution of the City and Town, duly executed and adopted by the City Council and Town Board of Supervisors, and filed with the MBAU. Either party to this Agreement may request an amendment. Requests for amendments will first be considered by each jurisdiction's Planning Commission. Their recommendations shall be forwarded to the Town Board and the City Council.
- 11.2. The City and Town agree to meet jointly on an annual basis to consider and discuss: (a) the usage of the separate road and bridge account funds during the preceding twelve months; and (b) possible modifications to this Agreement.
- 11.3. The terms, covenants, conditions and provisions of this Agreement, including the present and all future attachments, shall constitute the entire agreement between the parties, superseding all prior agreements and negotiations regarding the Annexation Area (with the exception of any jointly approved roadway maintenance agreements between the City and the Town and any payments owed to the Town pursuant to the previous orderly annexation agreement). There are no understandings, agreements or assumptions other than the written terms of this Agreement.
- 11.4. This Agreement shall be binding upon and benefit the respective successors and assigns of the City and Town. Specifically, this Agreement is binding upon the governmental entity that survives or is created by any action on the part of the Town to merge, consolidate, detach, annex, reorganize or incorporate.

- 11.5. This Agreement is made pursuant to, and shall be construed in accordance with, the laws of the State of Minnesota. In the event any provision of this Agreement is determined or adjudged to be unconstitutional, invalid, illegal or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain full force and effect.
- 11.6. Upon the filing of this Agreement and resolution with the MBAU, the costs of which shall be paid by the City, the parties will not request any alteration of the boundaries of the land constituting the Annexation Area, or any change in the annexation of land not provided for in this Agreement. The MBAU may review and comment on the annexation resolution, but may not otherwise consider the resolution or alter the Annexation Area boundaries. Within thirty (30) days of receipt of an annexation resolution adopted by the City, which complies with this Agreement, the MBAU must order the annexation of the area described in the annexation resolution in accordance with the terms and conditions of this Agreement.
- 11.7. This Agreement shall terminate on December 31, 2030, or the date upon which all permitted annexation of land in the Annexation Area has been completed, whichever occurs sooner. Notwithstanding the termination of this Agreement, the following provisions shall remain binding and enforceable after the termination of the agreement for all properties annexed under the terms of this Agreement:
- (a) Section 7.4 – Relating to use of tax rebate funds. Any funds in the separate road and bridge account (Section 7.4 hereof) shall remain available to the Town for the purposes referred to in Section 7.4 until the later of:
    - 1. December 31, 2030, or
    - 2. Two years after the City Council’s approval of the last annexation of property located within the Annexation Area that occurs prior to December 31, 2030.
  - (b) Section 9.1 – Relating to tax rebates; and
  - (c) Section 9.2 – Relating to annual accounting.
- 11.8. The City agrees it will provide, or continue to provide, annexed properties with City services in accordance with its usual procedures and policies in the same manner and at the same rates as it provides to other properties in the City. If City fails to provide the full range of the City services to annexed property within a reasonable time under its procedures and policies, the City agrees not to oppose an owner’s petition under Minnesota Statutes, section 414.06 for detachment of the property from the City if the owner chooses to bring such a petition.

**12. Binding Agreement, Chief Administration Law Judge's Review**

- 12.1. No alteration of the areas set forth herein for orderly annexation, or their boundaries is appropriate. The Chief Administration Law Judge of MBAU may review and comment, but not alter the boundaries.
- 12.2. This Orderly Annexation Agreement designates certain areas as eligible for orderly annexation, and provides the conditions for the annexation of those areas. The parties agree that no consideration by the Chief Administration Law Judge of MBAU is necessary, and that therefore the Chief Administration Law Judge of MBAU may review, and comment, but shall, within thirty (30) days of the submission of a petition for annexation in conformity with this Agreement, order annexation consistent with the terms of this Orderly Annexation Agreement, and Resolutions submitted pursuant thereto.
- 12.3. This Agreement is, pursuant to Minnesota Statutes, section 414.0325, subdivision 6, a binding contract on the parties and provides the exclusive procedures by which unincorporated property identified in the Agreement may be annexed to the City. The City shall not annex any property from the Township in any manner, or by any procedure or authority that is not consistent with the terms of this Agreement. The parties do not intend any provision of this Agreement to be preempted by any provision of Minnesota Statutes, chapter 414 or any other law as it may exist or may later be adopted or amended.

Adopted on the 10<sup>th</sup> day of April, 2017.

**BY THE TOWN BOARD**

Sandra L Weber  
Town Chairperson

Attest: Barbara M. Lung  
Town Clerk

Adopted on the 20<sup>th</sup> day of March, 2017.

**BY THE CITY COUNCIL**

[Signature]  
Mayor, City of Farmington

Attest: Jani McKel  
City Administrator

**EXHIBIT A**  
Map of Designated Area

(Attached hereto)

**Legend**

-  Proposed 2016-2030 Orderly Annexation Area
-  Ash Street Orderly Annexation Area
-  Vermillion River Floodplain
-  Municipal Boundaries

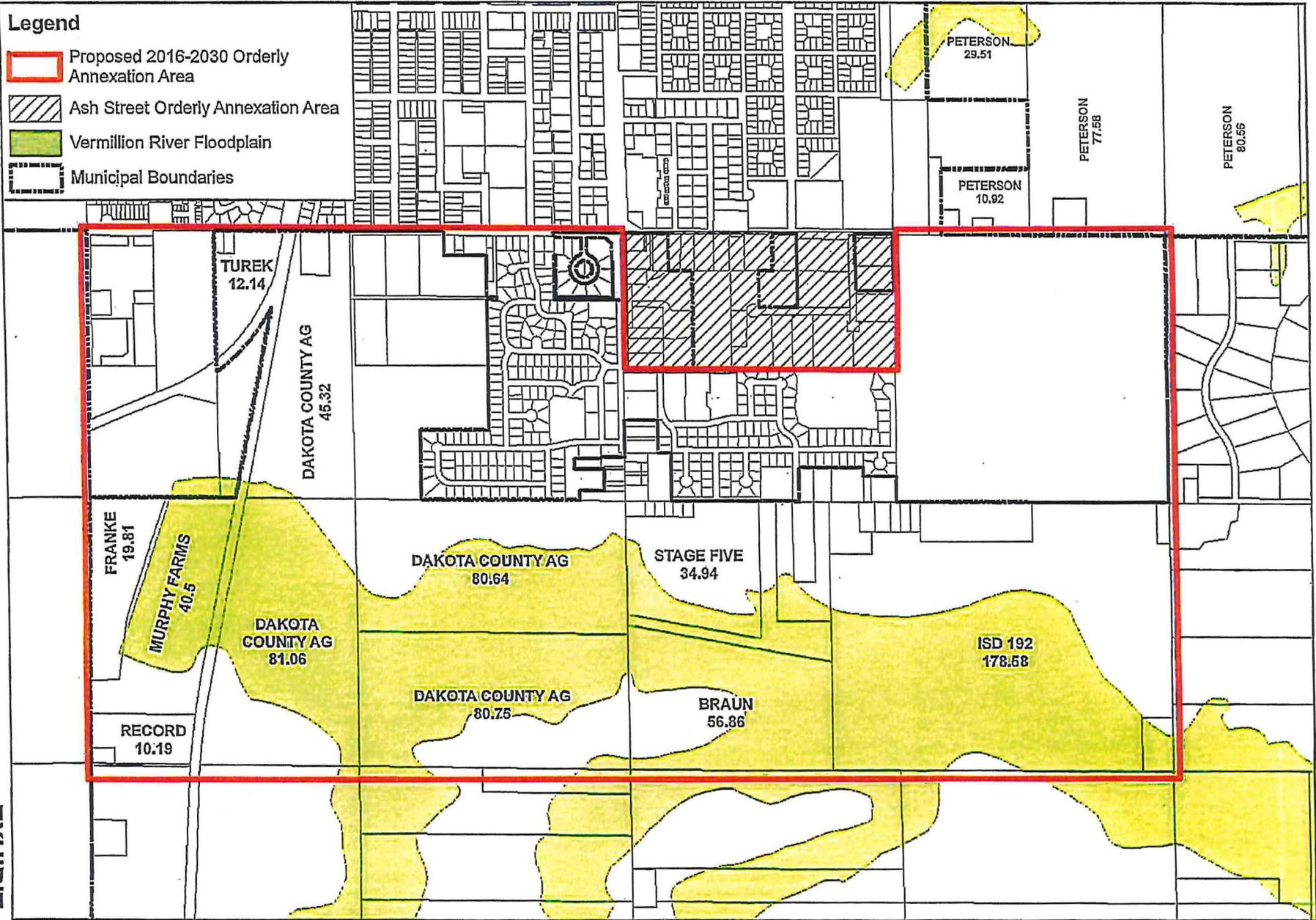
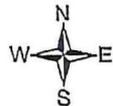


EXHIBIT A



0 0.125 0.25 0.5 Miles

Prepared for the City of Farmington by the Dakota County Office of GIS.

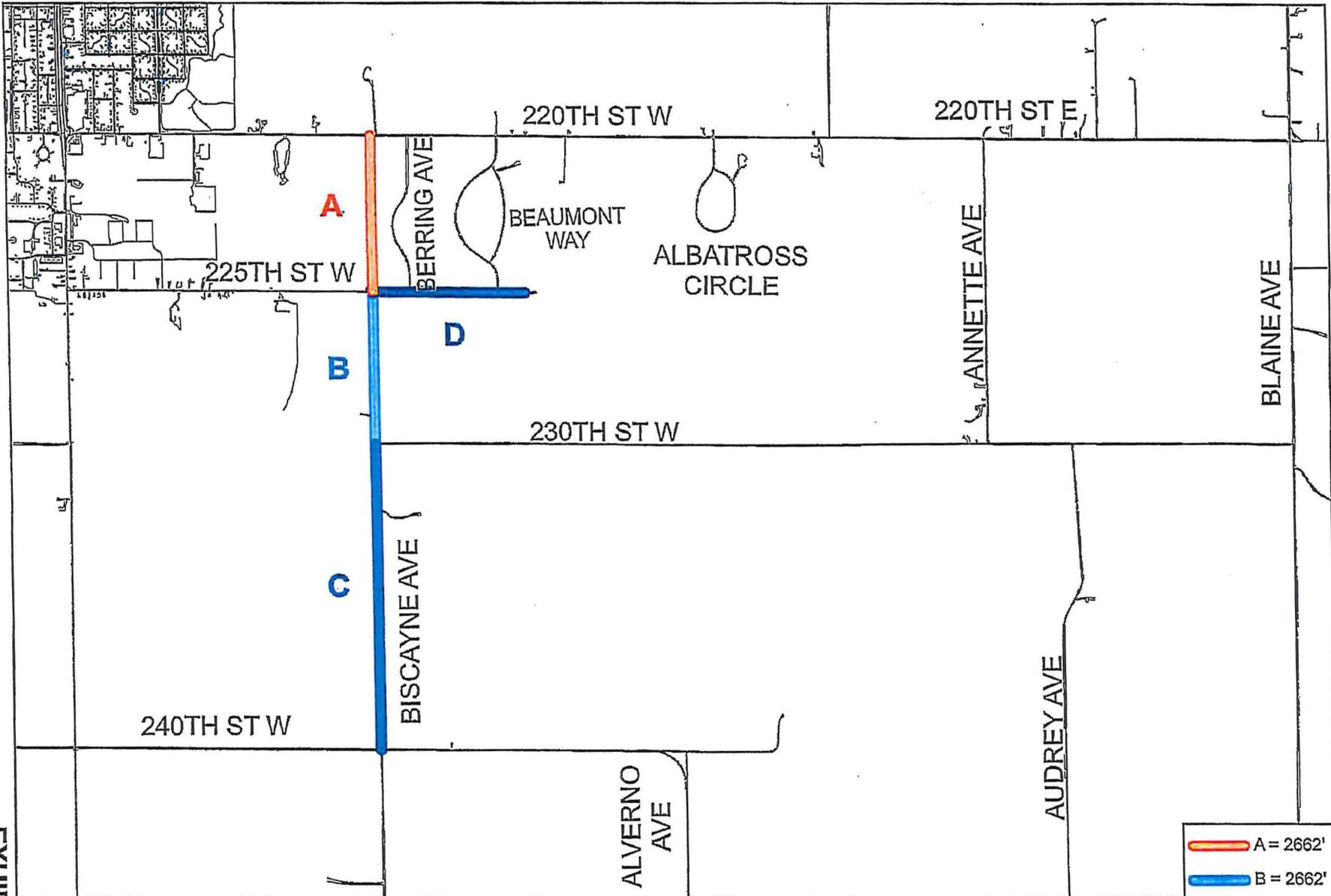
**EXHIBIT A**

Map created 9/22/05  
Map revised 5/2/06  
Map updated 7/29/16

**EXHIBIT B**  
Road Segment Map

(Attached hereto)

**EXHIBIT B**



	A = 2662'
	B = 2662'
	C = 5274'
	D = 2780'

0 1,000 2,000 3,000 Feet  
|-----|-----|-----|

Prepared for the City of Farmington by the Dakota County Office of GIS.



**EXHIBIT B**

Map created 9/22/05  
Map revised 5/2/06  
Map updated 7/29/16

## **EXHIBIT C**

### Legal Description of Designated Area

All of Sections 5 and 6, Township 113 North, Range 19 West, Dakota County, Minnesota. EXCEPT the North Half of the Northwest Quarter of said Section 5. ALSO EXCEPT any property within the above described orderly annexation description that is currently within the boundaries of the City of Farmington.