

BU-6541-F
January 1995

MINNESOTA EXTENSION SERVICE

UNIVERSITY OF MINNESOTA

CHOICES FOR CHANGE

A Guide to Local Government Cooperation and
Restructuring in Minnesota



**Beth Walter Honadle
and
Patricia Weir Love**

Preface

Professor Honadle worked for two years with twenty citizen volunteers from two Minnesota cities on a study to help them decide whether to recommend consolidation of the cities. The consolidation study was the direct result of a citizen led petition drive to study the issues surrounding consolidation.

In addition to consolidation, during the project property was detached from one of the municipalities and annexed into the other. Meanwhile, citizens around the state

were raising questions about incorporating, interlocal cooperation, and other means of making change at the local level.

There did not seem to be a way citizens could easily find out what their options were, what questions to ask, what experiences other places had had with the various options, and where to go for help. It was against this backdrop of cooperation and restructuring options for local government in Minnesota that this book was conceived.

Acknowledgments

The authors thank the following people for serving on the advisory board for Choices for Change: A Guide to Local Government Cooperation and Restructuring in Minnesota, and for their guidance and advice:

Gary Carlson, League of Minnesota Cities; Julie Dresel, BranchNorth Branch Consolidation Study Commission; Troy Gilchrist, Minnesota Association of Townships; Ken Hartung, City Administrator, Bayport; Susan Hoyt, City Administrator, Falcon Heights; Nancy Larson, Executive Director, Minnesota Association of Small Cities; Nancy Lenhart, Minnesota Extension Service, Carver County; Barbara Lukermann, Humphrey Institute, University of Minnesota; Patricia Lundy, Minnesota Municipal Board; Pati Maier, Minnesota Board of Government Innovation and Coop-

eration; Jeff Nelson, Chair, Lino Lakes-Centerville Consolidation Study Commission; Steve Reckers, Minnesota Planning; Rich Spencer, Government Training Service; Elizabeth Templin, Minnesota Extension Service, Washington County; John Vinton, Hamline University; and Carole Yoho, Department of Agricultural and Applied Economics, University of Minnesota.

In addition, thanks go to the staff of the Minnesota Extension Service, the Minnesota Municipal Board, and all of the city and township officials who offered their insights, experiences, and recommendations for the case studies. Kathleen Cleberg, the editor, helped take a complex subject and explain it in everyday language. Without their help, this guidebook would not be possible.

Authors

The authors, Beth Honadle and Patricia Love, are Professor and Graduate Research Assistant in the Department of Agricultural and Applied Economics at the University of Minnesota.

Table of Contents

Using the Guidebook	1
Self-Assessment	2
How to Begin	2
Questions to Answer	2
Sample Situations and Possible Options	4
The Options	8
Intergovernmental Agreements	8
Boundary and Government Adjustments	8
Minnesota Board of Government Innovation and Cooperation.....	10
Intergovernmental Cooperation	11
Joint Powers Agreements (Minnesota Statutes, Sec. 471.59)	12
Intergovernmental Service Agreements.....	16
Intergovernmental Service Transfer Agreements	16
Boundary and Government Restructuring	19
Municipal Incorporation (Minnesota Statutes, Sec. 414.02).....	20
Consolidation (Minnesota Statutes 414.041).....	24
Detachment (Minnesota Statutes, Sec. 414.06)	31
Concurrent Detachment and Annexation (Minnesota Statutes, Sec. 414.061)...	33
Orderly Annexation (Minnesota Statutes, Sec. 414.0325).....	36
Annexation by Ordinance (Minnesota Statutes, Sec. 414.033)	40
Annexation by Board Order (Minnesota Statutes, Sec. 414.031).....	42
Dissolution	44
Case Study Map.....	46
Glossary.....	47
Where to Go for More Information	48

Using the Guidebook

Whether you're a local government official or a citizen, this guidebook was created to help you understand the variety of cooperation and restructuring possibilities available to your local government.

For example, a community faced with soaring costs and limited services has several options: sharing services with another city or township; annexing or detaching land either to increase tax base and land for development or to limit responsibility for providing services in outlying, rural areas; or merging with another city or township.

This guidebook explains these and other options. It describes the steps required for each option and offers recommendations on how to proceed. Real life examples show how these options have been used in the past. Both good and bad experiences are included to paint a realistic picture of how these options might work.

This book won't explain every detail involved in restructuring local government or pursuing a cooperative arrangement with another government. It introduces the options and helps local communities decide whether or not to explore them further. It is a basic reference guide—the first step.

This book does not advocate particular options. Rather, it is intended to educate people about alternatives and let them decide. Although laws and institutions may change over time, the general information in this book should continue to serve as a useful tool for many years. For additional or more technical information and advice (including current fee information), contact the organizations listed on page 48.

The first part of the guide gets you started with:

- questions that should be answered *before or during the early stages* of government restructuring and cooperation; and

- examples and diagrams of common situations and the range of available options.

After finding a situation similar to your community's, turn to the sections suggesting possible options. For example, possible solutions to a water and sewer problem may include a **joint powers agreement** or a **merger** with a neighboring city or township, **annexation**, or **detachment and annexation**. Turn to those sections for information.

The second part of the guide examines each option and includes:

- a brief explanation;
- recommendations on how to proceed;
- descriptions of the process and possible outcomes;
- common questions and answers; and
- case studies highlighting the experiences of other communities (a map locating all the case studies is found on page 46).

The lessons and recommendations included in the case studies are strictly the views of those interviewed and are not necessarily the views of the authors.

Throughout the book, key words and phrases are highlighted in boldfaced type. Definitions of these terms and the names and addresses of organizations and people who might provide further assistance are included at the end of the book.

Suggested further reading

An excellent resource for dealing with controversial issues and public choices is *Increasing Competence in Resolving Public Issues*. Contact your local county extension office to ask about the availability of this publication.

This book introduces options for local government cooperation and restructuring and helps local communities decide whether to explore them further—it's the first step. This book does not advocate particular options, but is intended to educate people about alternatives and let them decide.

Self-Assessment

How to Begin Deciding whether a city, township, group of residents, or a resident should pursue one option over another is not always a clear or straightforward job. A careful look at the economics and politics of a community and its surrounding area is necessary before starting any type of agreement or restructuring initiative.

For example, a city and township whose governments do not have a friendly relationship may have a hard time keeping annexation discussions on track. Such arrangements are possible, but may take a lot of patience, compromise, and diplomacy.

By the same token, a city and township that do not see each other as a threat and share compatible visions of growth may easily reach agreement on development and environmental needs, as well as service-sharing contracts.

To begin pursuing any of these agreements, it is important to think about any sensitive issues that might stop a city, township, or group of residents from achieving a cooperative arrangement or government or boundary restructuring. Anticipate problems before they begin.

Questions to Answer

The following is a list of questions that should be answered as completely as possible before or during the early stages of restructuring a boundary or sharing responsibility for services. In fact, it may be helpful to know the answers before suggesting publicly that a change be started or even studied.

These questions will help communities and individuals define their needs, collect necessary information, and decide whether the change is politically, economically, and environmentally suitable. The questions may also identify appropriate options for particular situations.

These questions can be answered without hiring outside consultants. However, they will take research, effort, and time. The answers will help you decide whether or not restructuring or cooperation is the best idea, and identify potential supporters and critics. Eventually, professionals may be required for legal, engineering, environmental, and other technical advice.

Q. *What are the specific reasons for pursuing an intergovernmental cooperative arrangement or boundary restructuring?*

- **Financial:** Lower taxes? More efficient use of tax dollars? Expand tax base?
- **Extended services:** Need for sewer or water services? Need for police and fire protection?
- **Expand or secure development:** New development requires both land and services? Room for existing firms to expand?
- **Regional development:** Would the area as a whole benefit from more comprehensive planning and decision making?

Q. *What evidence or research might support or detract from a change or new agreement?*

- **Previous research** within the community about this or a similar question: What did an existing study on the role of annexation in furthering city development objectives find?

- **Similar agreements** for other types of shared services: Would an agreement on fire protection serve as a good example for a cooperative arrangement on police protection?

- **Experience** of other communities with similar concerns and community makeup: What benefits and problems did other cities experience as a result of their consolidation? How did annexation affect a township's development and a city's expenditures on services? How much money have a city and township saved as a result of their police and fire protection cooperative agreement?

Q. *What are some potential financial benefits or drawbacks of the agreement or boundary change?*

- **Tax base:** How would our township's tax base and annual collections be affected by annexation of my neighbors' and my property to the city?
- **State aids:** Would the population increase enough under annexation or consolidation to qualify the city for state highway assistance? Would the population increase or reduce some forms of state aid?
- **Licensing fees and fines:** How much revenue can the township expect from licensing and other fees if it incorporates?
- **County revenues:** How would a township incorporation affect county revenues?

Q. *Who shares this view that a change is needed?*

- **Residents:** Do they desire services currently not provided? Do they feel overburdened by local taxes?
- **City officials:** Would they significantly expand the city's tax base through this annexation?
- **Township officials:** Would the township gain significant resources through a detachment?
- **Local business:** Would a change result in lower taxes or better services? Could the change bring more traffic to the area, thus

helping retail businesses? How would insurance rates be affected?

- **County officials:** Is the change in line with county development objectives?

Q. *Who might oppose such a change?*

- **Residents:** Will sharing services with a neighboring city save tax dollars but seriously limit services? Will there be an increase in the level of services and taxes? Will consolidation or annexation destroy the small town community spirit of the city?

- **City officials:** Will they lose power as a result of a service-sharing agreement, consolidation, annexation, or detachment? Will they feel the city's growth potential is seriously restricted by an incorporation of a surrounding township?

- **Township officials:** How much of the township's tax base will be lost as a result of the change?

- **Local businesses:** Will the intergovernmental agreement make services less reliable?

Q. *What might be the legal, administrative, and consultant costs of pursuing a change?*

- **Legal fees:** How much time does a lawyer need to draw up a service agreement? Can it be accomplished in-house?

- **Consultant fees:** How much have cities of a similar size and makeup paid for consolidation or annexation studies? How have those costs been minimized?

- **Administrative costs:** How much of the city administrator or town clerk's time will working on such an agreement take? What are the likely ongoing costs of administering and monitoring contracts?

- **Volunteers:** Do you have a pool of volunteers with the skills and time to conduct a study?

Complete and full answers to these questions will help you:

- ✓ **Define your needs**
- ✓ **Collect necessary information**
- ✓ **Decide whether the change is politically, economically, and environmental suitable.**
- ✓ **Identify potential supporters and critics**
- ✓ **Identify appropriate options**

Sample Situations and Possible Options

The following are examples of problems a community, resident, group of residents, city council, or town board might have, or a situation they may wish to change. Each

is followed by diagrams of options that might address the problem. The diagrams point to the sections of this guidebook that discuss those situations.



Situation: Failing Septic Systems

A group of township residents is concerned about failing septic systems. They worry about contamination of their drinking water and environmental degradation of the area. They are looking for options other than repairing their systems.

Request that the township contract for services with a neighboring city

Township might levy a special assessment to cover the cost of having a city provide the additional service.

• See section on **intergovernmental cooperation.**

Home owners buy nearby land and construct new septic system.

Home owners would be responsible up front for the financing of the purchase and development, and would not likely recoup the investment when the houses are sold.

Pursue annexation of affected area to bordering city

Home owners ask for annexation into the city, or petition the Minnesota Municipal Board.

• See all sections on **annexation.**



Situation: Local Taxes Are Too High

A group of city or township residents feels that its tax burden is too high for the benefits received. Or, a city council or town board might want to address this problem before residents attempt to take action.

Service sharing agreement

Ask city council or town board to consider a service sharing agreement with neighboring city or township, or contract with county or private contractor.

• See section on **intergovernmental cooperation.**

Annex additional land

If a city, annexation of additional land to extend tax base and options for future development.

• See all sections on **annexation.**

Merge with a bordering city or township

Merger with a bordering city or township in order to achieve greater economies of scale.

• If a city, see section on **consolidation.**

Both townships and cities should explore issue with residents and neighboring township.

Detachment from taxing entity

Detachment from a city or a township that is taxing heavily.

• If in a city and would like to become part of a township, see section on **detachment.**

• If in a city and would like to join another city, see section on **detachment and annexation.**

• If in a township, contact town board and see section on **detachment.**

Lower the level of service

Lower the level (quality or quantity) of service.



Situation: Expanding Business Needs Municipal Services

A company would like to expand. However, the site on which it wants to expand is located in a township. The company refuses to expand unless it receives municipal services.

Township provides the services the company requires

This would require considerable, and possibly prohibitive investment on the part of the township.

Cooperation may be the only way the township could provide the services.

• **See section on intergovernmental cooperation.**

Township contracts with a bordering city for the services

• **See section on intergovernmental cooperation.**

Bordering city annexes land

Land is annexed into bordering city that can extend services to the area.

• **See sections on annexation. Township might also see section on detachment.**

Business moves

The business moves to another location where it can get the services it requires.



Situation: Decline in Population

Due to a decline in population, a township or city can no longer afford to provide services, and may be faced with a loss of state and federal aid.

Merge with a city

A city might consider consolidation with another city.

• See section on consolidation.

A township might consider annexation to a neighboring city.

• See sections on annexation.

Merge with another township

A township might consider merging government functions with a neighboring township.

Talk to the county and other townships.

Contract with another government for services

A city or township might pursue a service agreement with another city, township, or the county.

• See section on intergovernmental cooperation.

Dissolve

A city or township could pursue dissolution.

• See section on dissolution.

The Options

Intergovernmental Agreements

Joint Exercise of Powers Act

The Joint Exercise of Powers Act (Minnesota Statutes, section 471.59) is the principal part of the Minnesota Statutes addressing local intergovernmental cooperation.

The law authorizes local governments to enter into agreements with each other to provide services or other functions. The units of government that may cooperate include all cities, counties, townships, school districts, political subdivisions of adjoining states, and any agency of the state or the United States. This book deals with local generalpurpose government and will look only at agreements among cities, townships, and counties.

Two types of cooperative arrangements are possible under the act:

- **Shared powers agreements:** Governments jointly share responsibility for providing a service. For example, two or more cities may cooperate and jointly provide fire protection for residents of each municipality.
- **Service contracts:** One government contracts with another government for a service. For example one city might have a contract with another city to provide snow removal.

For more information, see page 12.

Intergovernmental Service Agreement

This is the most common form of cooperative arrangement in Minnesota. It is an agreement—either formal or informal, written or oral—between two or more governments about the delivery of a service or services. These agreements may take many forms. For example, a city may rent another city its sewer cleaning equipment once a year; another city may agree to plow the roads of smaller cities and townships in the area; or the cities and townships in a county may create an economic development office that serves the entire region. For more information, see page 16.

Intergovernmental Service Transfer

The permanent transfer of total responsibility for the provision of a service from one governmental unit to another. For example, a city or township that finds it is not cost effective or practical to provide a particular service, such as waste disposal, might turn over to the county or another government body the responsibility for providing that service. For more information, see page 16.

Boundary and Government Adjustments

Municipal Incorporation

The organization of a township, townships, or part of a township into a city. In recent years, only a couple of incorporation files have been opened with the Minnesota Municipal Board, which can order or deny a petition for municipal incorporation. For more information, see pages 20–23.

Consolidation

The merging of two or more cities into a new city. Townships can also be consolidated by their county board. Both the Minnesota Municipal Board and the Board of Government Innovation and Cooperation can authorize municipal consolidations. Since 1990, only a couple of consolidation files have been opened with the Municipal

The Board of Government Innovation and Cooperation has only recently begun working in this area. For more information on consolidation, see pages 24–30.

Detachment

When land is detached from a city to become part of a bordering township. Land can also be detached from a township to form a new township, join another township, or become an **unorganized territory**. For more information, see pages 31–33.

Concurrent Detachment and Annexation

When land from one city is detached and annexed to a bordering city. This requires altering the boundaries of two cities. For more information, see pages 33–36.

Orderly Annexation

An agreement between a city and a township providing for the eventual annexation of a portion of township land to a city. Once the agreement is in place, annexation of township land to the city is usually easy. Since 1990, there have been approximately 84 orderly annexation files opened with the Minnesota Municipal Board. For more information, see pages 36–39.

Annexation by Ordinance

A way to annex land owned by a city, completely surrounded by a city, or where property owners of less than 60 acres petition annexation. As of 1994, there were well over 100 annexations by ordinance a year, but that might change.

A recent change in the Minnesota Statutes requires cities to share with town-

ships tax revenue from annexed land, and that could become a costly burden. For example, a city may not be able to collect any tax revenue on the annexed property the first year it is annexed, and must during the subsequent five years pay a portion of the tax revenue to the township. The payments to the township, however, are based on the value of the property at the time of annexation, and not after it's been developed. For more information, see pages 40–41.

Annexation by Board Order

A way to control annexations when other methods are not desired. For example, when an orderly annexation agreement is not in place, when annexation by ordinance is contested, or when one or more parties believe this is the only way to accomplish the annexation because of potential controversy. The Minnesota Municipal Board can rule on the annexation of the unincorporated land in question. For more information, see pages 42–43.

Dissolution

The legal disbanding of a city or township. The city land becomes part of one or more existing townships. The disbanded township may become part of an adjoining township or townships, or be left as an unorganized territory of its county. For more information, see pages 44–45.

Minnesota Board of Government Innovation and Cooperation

The State of Minnesota’s Board of Government Innovation and Cooperation was created by the state legislature in 1993 to help local governments work cooperatively and redesign the services they deliver.

The Board’s longterm goal is to improve the productivity and effectiveness of local government units. The Board has three programs that relate to cooperation and restructuring at the local level:

.....

Grant program

The purpose of the grant program is to reduce the cost of delivering services at the local level, and at the same time improve the quality of those services. Funds are available from the Board to develop models for innovative service delivery, to develop plans for intergovernmental cooperation on the delivery of a service, and to cover onetime-only startup costs associated with providing fully integrated intergovernmental services or programs.

Local governments proposing to consolidate through the Board or the Minnesota Municipal Board are eligible for planning and startup grants.

.....

Waiver Program

The Board has the authority to grant both waivers from state administrative rules and temporary limited exemptions from procedural state laws governing the delivery of services by a local government. The request for a waiver or exemption must be made by one or more local governments.

The purpose of the waiver program is to foster a resultsoriented approach to service delivery and to allow local governments to demonstrate the effectiveness of alternative delivery models.

.....

Consolidation Program

The purpose of the Board’s consolidation program is to offer a nonadversarial process and a financial incentive for local governments (townships, cities, and counties) to consolidate into one governmental unit. The local governments must agree to a two-year cooperation period and then to merge into a single unit of government over the next two years.

Intergovernmental Cooperation

Many cities, townships, and counties begin cooperative arrangements to save costs and promote efficiency. Most arrangements involve only two governments, but there are also agreements among many governments.

Intergovernmental cooperation may range from formal joint powers agreements to unwritten understandings. This book divides intergovernmental cooperation into three categories: joint powers agreements; intergovernmental service agreements; and intergovernmental transfer agreements.

Intergovernmental service agreements are the most common and include a wide range of possibilities, including written and unwritten agreements. Two cities may have an unwritten agreement about sharing road repair equipment. A cluster of cities and townships may have a written agreement concerning snow removal or economic development.

Joint Powers agreements are less common and are addressed by the Joint Exercise of Powers Act. (Definitions of the types of intergovernmental agreements are on page 8.)

A study by the **Metropolitan Council** found that 25 percent of all agreements in the metropolitan area were joint powers agreements, 47 percent were written agreements, and 28 percent were informal agreements. Since studies show that large cities use joint powers agreements more often than smaller cities, it is likely that intergovernmental service agreements are used more in greater Minnesota.

Advantages of Local Intergovernmental Cooperation

- **Efficiency and reduction of costs.**

Cooperating on the provision of services can potentially mean lower costs per unit or person. Although they are by no means the only reasons, efficiency and reduced costs are the most common reasons governments seek to cooperate.

- **Limited government restructuring.**

Cooperating with neighboring governments often avoids the timeconsuming, costly, and politically sensitive issues of government restructuring. If a city and township can cooperate, the township may avoid annexation of its land and the city may avoid incorporation efforts on the part of the township, which may hinder the city's development. Cooperation also helps avoid the creation of special districts that take power and resources away from existing governments.

- **Coordination and planning.**

Through cooperation, governments can develop policies for the area and work on common problems. Such coordination helps communities minimize costly **externalities** that can follow when levels of services and enforcement are different among neighboring communities. For example, shared water, sewage, and waste management policies can help avoid the situation in which one area's environment is contaminated by a neighboring jurisdiction with lax standards or limited services. Cooperation can also lead to joint planning for future services and the resources needed to provide them.

- **Expanded services.**

Cooperation may provide a city or township with services it would otherwise be without. Cooperation can make those services financially and logistically possible.

Advantages

Disadvantages *Disadvantages of Local Intergovernmental Cooperation*

- **Reaching and maintaining an agreement.**

In general, reaching a consensus in cases in which politics and community sentiments differ can be difficult. For example, all parties may agree that police protection is necessary. However, they may disagree widely on how much protection is needed.

An agreement may fall apart if one city wants infrequent patrolling and the other wants an active and visible police force. Since joint powers agreements are voluntary, a government may pull out before an agreement is reached. Or, if a government dislikes how the agreement has been implemented, it may, under the agreement's particular terms, pull out. The same is true for intergovernmental service agreements.

- **Unequal partners.**

If one party to an agreement is more powerful than other parties, it may influence

the agreement's conditions. With service agreements, the more powerful party, or the party providing the service, may have little to lose if the agreement breaks down—it may already service itself at a reasonable rate. The weaker participants may not have other options and are open to possible exploitation.

- **Local selfpreservation and control.** Some cities or townships may feel their identity and independence will be threatened by intergovernmental cooperation. The pride of city residents and officials may be bruised if, after decades of providing their own police or fire protection, they must contract with a neighboring city (and possible old rival) for the service. In addition, and possibly more importantly, cities and towns lose some control over what takes place within their boundaries. And, although government officials may lose control, they are still held responsible for the delivery of services to their electorates.

Joint Powers Agreements

(Minnesota Statutes, Sec. 471.59)

Of the two types of joint powers agreements—shared power and service contract—shared power agreements are the most common. Under shared power agreements, governments jointly share responsibility for providing a service. With service contracts, one or more governments contract with another government for a service.

A Minnesota House Research Department study found that counties and cities use shared power agreements much more often than service contracts. While townships have far fewer joint powers agreements, the ones they have are split equally between service contracts and shared power agreements.

The governments entering into a joint powers agreement must both have the legal power to provide a service. For example, a township cannot enter into a joint agreement to provide a service it is not legally allowed to provide. Although the law states

that there must be a **commonality of powers**, it allows for two important exceptions. One, although a county may not have the authority to provide a service to itself, it may provide that service to a government that does have the authority. Two, a government may enter into an agreement with another government to provide any service it is authorized to provide for itself.

Studies show that joint powers agreements are used by cities, townships, and counties across Minnesota for a variety of reasons. Governments with large populations use joint power agreements more often than those with small populations, (smaller governments tend to use fewer formal agreements). Cities use multiple joint powers agreements more than any other government. Counties often use joint powers agreements to provide state-mandated services and functions, such as environmental programs.

Government Services and Functions Performed Under Joint Powers Agreements

The following table shows (by unit of government) the most common types of services and functions performed under joint powers agreements. (The information included in the table was taken from *Uses*

of the Joint Exercise of Powers Act, a report prepared by the Research Department of the Minnesota House of Representatives in May 1992.)

Cities	Towns	Countries
Public safety and law enforcement	Public safety and law enforcement	Environment
Environment	Transportation	Health and human services
General government	Environment	Public Safety and law enforcement
Parks, recreation, and miscellaneous services	Health and human services	General government
Transportation	General government	Transportation
Health and human services	Parks, recreation, and miscellaneous services	Parks, recreation, and miscellaneous services

What Joint Powers Agreements Require

The Joint Exercise of Powers Act includes a series of requirements for joint powers agreements. These requirements are often unclear. It is important that attorneys drawing up these types of agreements are well versed in the law and court rulings concerning it. The office of the Attorney General of Minnesota can help clarify the law’s provisions and related court rulings.

All negotiating governments must have the authority to provide the services the agreement will cover. An exception is when a county or government has the authority to provide a service to a government that does not have that authority. This exception is discussed on page 12.

Basic requirements for the agreement.

A joint powers agreement must include:

- the purpose of the agreement, or what government power will be exercised jointly; and
- how the purpose of the agreement will be accomplished or how the power will be exercised.

Representation on the board.

If the agreement calls for the use of a joint board—which is not required, but is often the case—the board must be made up of representatives of each party to the agreement. This provision ensures that governments have some control in the operation and expenditures of the joint powers board. It also helps residents keep their local governments accountable for the board’s decisions and actions.

Funding and resources.

The joint powers agreement may provide for disbursements from public funds to carry out the purpose of the agreement. However, strict accounting of all funds must be outlined in the agreement. Although this seems simple enough, reaching an agreement on funding issues can be a big stumbling block. Deciding who pays how much can be difficult, especially when several governments are involved. Some governments may question whether their share is too much given the services they will receive.

Joint Powers Agreements (continued)

As in most cases of joint cooperation in which efficiency and cost saving are key objectives, each party will have to find out how much it would pay for the service without the agreement and whether potential headaches and loss of control still make the agreement worthwhile. Governments providing a service have to find out whether providing that service to another government will lower the average cost to its own

citizens. For example, if a city expands its police department in order to patrol a nearby city, will the average cost of police protection per resident decrease?

In addition, the law states that the agreement must provide for the disposition of any property or assets acquired as the result of an agreement. After the agreement has been completed, these resources must be returned to the parties to the agreement in proportion to their contributions.

For example, funds generated through fees for garbage collection would not be evenly divided among the governments who signed the agreement unless the governments contributed equally.

Parties to a joint powers agreement may also establish a joint board that may issue revenue bonds or obligations. The revenue from those bonds must be used for the purposes presented when the bonds were issued and are the responsibility of the joint powers board.

Application of other laws.

In addition to following the provisions of the Joint Exercise of Powers Act, local governments must also comply with all other provisions of law concerning inter-governmental cooperation. In other words, an agreement reached under the joint powers act does not exempt governments from the procedural requirements of any other

law. For example, if two or more governments wish to negotiate a joint powers agreement on police or fire protection, they must look at both the joint powers section and the specific sections concerning those services.

Terminating an agreement.

A joint powers agreement can include a specific termination date, such as five years from the date signed, or a specific ending date. Or, the agreement can continue indefinitely and be terminated through specific provisions included in the agreement. A combination of the two is possible as well. An agreement may terminate on January 1, 2004, for example, or be terminated by a resolution passed by the governments that are party to the agreement.

How to Begin

- Identify the cities or townships that may share a common problem or may stand to benefit from cooperation.
- Identify whether the county is cooperating with other cities or towns on a similar service. What type of arrangement do they have? Are the participating cities satisfied with the quality and quantity of the service?
- Although cooperation on several services may be desired, analyze each one separately at first. Initially, it may seem logical to lump services. However, it is best to first understand from a cost and non-cost perspective what cooperation in each service area entails.

Consider the costs associated with each option carefully.

- Look at the potential cost savings of each option. This should be done from a per resident or per unit of service provided perspective. For example, will the cost of fire protection per person decrease if the cities cooperate? Or, can the city lower the per resident cost of providing snow removal if it plows other cities' streets?

To begin an agreement you should:

- ✓ Identify common problems
- ✓ Identify present arrangements
- ✓ Analyze each option individually
- ✓ Consider costs and savings carefully for each option
- ✓ Consider important non-cost issues
- ✓ Keep the public informed
- ✓ Be flexible in negotiations
- ✓ Be patient working with other governments

Joint Powers Agreements (continued)

- Consider the costs associated with each form of cooperation. What type of administrative or insurance costs might be necessary with each option?

Now, consider other important noncost or related issues.

- How would residents respond to the change in the level of services they receive?
- How would taxpayers respond to additional government expenses? Would they reject it?
- Could the agreement affect municipal or county staffing? If so, how would the employees and, if applicable, their union, respond to the agreement?
- Are the city's residents willing to give up some control over a particular service? This may take considerable polling to determine and will likely vary depending on the type of service in question. For example, it may be all right to share snow removal and street repair equipment, but residents might not be willing to give up their own police department and the security they feel it provides. Perceptions matter.
- Would an informal/formal/joint powers agreement make residents and city government more or less comfortable? Is flexibility more important than legal responsibilities? Or, is a considerable amount of money and power potentially involved so that a joint powers or more formal agreement might be preferred?
 - Keep the public and local officials informed throughout the entire process. Present the options and invite public comment. If residents and officials feel they have played a role in the effort, or at least been given the opportunity to provide their input, they will be more likely to support the initiative. Plus, some creative ideas may be generated.
 - Approach the actual negotiations with a flexible attitude. However, be sure the negotiator knows when entering into the

negotiations what the city or township can or cannot accept. This information must be based on thorough analysis.

- Patience is important. The more governments involved in the negotiations, the longer it will take to develop an agreement and reach a consensus. In addition, negotiators may have to go back to their city councils or town and county boards several times for directions or approval.

Questions

Q. *Can additional cities or townships become party to an existing agreement?*

A. In most cases, an agreement can be written to allow for additional members.

Q. *Will a joint powers agreement make my government less accountable for problems I may have with services provided through the joint powers board?*

A. No. Although a government may be party to a joint powers agreement, it is still accountable to its electorate.

Q. *Can we include cities from other counties in a joint powers agreement?*

A. Yes, joint powers agreements are not limited by geography. The law states that eligible governmental units include cities, counties, townships, school districts, other political divisions of Minnesota or any other state, and any agency of the state of Minnesota or the United States.

Q. *Does each party to the agreement get equal representation on the joint powers board?*

A. Not necessarily. Although each party is required to be represented on the board, equal representation is not required. Parties to an agreement may, for example, decide to let a larger city or county have two representatives while other governments have only one.

Intergovernmental Service Agreements

Intergovernmental service agreements may take many forms. They may be written agreements between two or more cities or townships, among cities and townships, between counties, or with counties, cities and townships.

These types of agreements may also be informal. For example, they may be decades-old understandings between cities or townships or oral agreements to share equipment or swap responsibilities. Counties and larger cities are more likely to have formal agreements, whereas in many smaller, rural communities, informal cooperation is a way of life.

In a study performed by the Metropolitan Council, formal or written agreements were found to be the most common types of agreement used by cities, counties, and townships. These agreements primarily covered public safety and public works activities. Informal agreements often dealt with the sharing of equipment. In these cases, expensive capital equipment is shared with other cities or townships as needed or as convenient to each government.

The steps laid out on pages 12 to 15 in the section on joint powers agreements should be considered before pursuing an intergovernmental agreement.

Intergovernmental Service Transfer Agreements

Under these agreements, a government may transfer to another government total responsibility for providing a service. For example, cities and townships in a county may transfer to the county the responsibility for solid waste disposal. The county will then charge the cities for the service.

Since tougher environmental regulations often require expensive disposal procedures, such agreements often make sense. A small city might have a difficult

time meeting state mandates and ensuring a clean environment for its residents. Transfer of responsibility for such services to the county relieves the city of that responsibility, and makes largescale disposal possible for the county.

The steps laid out on pages 12 to 15 in the section on joint powers agreements should be considered when thinking about this option.

Case Studies: Intergovernmental Cooperation

1 *Deephaven, Greenwood, and Woodland*

Deephaven, in Hennepin County, has several types of cooperative arrangements with nearby cities, including public works, police, and fire agreements. Deephaven also has a unique joint powers agreement with Greenwood and Woodland in which the three share a city hall and clerk. One person who knows the laws and regulations of each city handles phone, mail, and walk-in inquiries for all three cities.

Sharing a clerk is not always easy, but it is cost effective. The cities are working on better coordination of zoning regulations, fee schedules, and ordinance books.

This will make for better cooperation in the area and an easier job for the clerk. Although the cities cooperate on this important service, they try to keep their own identities. For example, the clerk prepares a separate budget and newsletter for each city.

Deephaven and Greenwood tried to consolidate in the 1980s, but the effort was rejected by residents in a referendum held in 1985. These communities have considered their options, and have found that cooperation, not consolidation, is better for them at this point.

2 *Falcon Heights*

Falcon Heights, in Ramsey County, uses a variety of contracts to provide services within its boundaries. The city also provides services to Lauderdale, a smaller neighboring city. The city has written intergovernmental service agreements that require delivering a particular service as needed. For example, the city contracts with Ramsey County for snow plowing as needed, contracts with Lauderdale for some public works projects, and shares the services of a financial advisor with other cities.

In developing and evaluating a contract, Falcon Heights follows specific steps. These 14 steps may be useful for governments interested in intergovernmental cooperation.

1. Recognize an opportunity and explore it.
2. Do not assume there will be economies of scale.
3. Determine how much control the city needs over a service and whether or not contracting guarantees this.
4. Determine what new employment opportunities and problems this gives the staff.
5. Understand and communicate well with the party(ies) to the contract.
6. Clearly identify when, where, and how the service is provided.
7. Evaluate the hassles of contracting compared to the hassles of in-house service.
8. Tie cost as closely as possible to a measure of the service being provided.
9. Compare costs.
10. Check the liability clause.
11. Balance the desire for a longer term commitment to providing a service with the flexibility of a shorter term contract.
12. Take time to prepare the contract.

13. Revise and improve the contract over time.

14. Be able to explain the contract's service and financial benefits to the community.

3 *Sibley County*

Several types of cooperative efforts are in place in Sibley County, including a county-wide effort to promote economic development. The small cities in Sibley county recognized that they would have a difficult time competing for development opportunities with cities of 5,000 to 10,000 people.

The cities have worked together to attract business, such as an ethanol plant, to the county. Although each city would have liked the plant to locate within its boundaries, all saw the benefits of having it in their county and not across the state. The agreement to work together on economic development was informal as are many of the agreements among cities and townships within the county.

Although the county has enjoyed some important success in its cooperation efforts, there is still some opposition to working together in some areas. Old rivalries haunt efforts to bring cities together to work on common problems. However, as memories of these rivalries fade, more people see intergovernmental cooperation as important to development in Sibley County.

4 *MultiCounty Cooperation*

Eight counties in western Minnesota have a joint powers agreement that addresses the disposal of solid waste at two sites in the area. These counties include Otter Tail, Grant, Traverse, Wilkin, Stevens, Todd, Hubbard, and Wadena. Becker County was involved in the initiative, but withdrew when it found the tipping fee too high.

All but one of the counties has one representative on the joint powers board. Otter Tail County, the largest of the eight, has two representatives.

Case Studies (continued)

The driving force behind the joint powers agreement was state environmental law. Grant County was burying waste in landfills and felt this was environmentally sound. However, they believe that inter-county cooperation, which involved incineration of waste, would be more cost effective. The steam produced from the solid waste incinerator is sold and the revenue is used to lower tipping fees.

While the counties remain satisfied with the agreement, they find negotiations and discussions trying at times. It is hard to get eight counties to agree. The counties also find it can take a long time to resolve an issue since each representative must go back to his or her county board for approval. Because representatives often fail to bring back an answer or comment from their county boards, resolving even small issues can take several meetings.

Although these problems can be frustrating, the counties ask themselves the following questions: “Is the system working? Are we meeting our goal—to get rid of solid waste in an economically and environmentally sound fashion?”

Since they can answer “yes” to the questions, they continue to work together.

Lessons and Recommendations

One way to improve the process of working through a joint powers board is to create a service district. A service district could make decisions and accomplish the same objectives more efficiently. In this case, however, the counties have been reluctant to lose their power to another layer of government.

It is important to keep asking whether a joint powers or any other intergovernmental agreement continues to help the county, city, or township meet its objectives. If it does, the agreement and intergovernmental cooperation is worth the time, effort, and frustration.

Boundary and Government Restructuring

The **Minnesota Municipal Board** is involved in every type of **municipal restructuring** arrangement. A relatively new player on the block is the state's **Board of Government Innovation and Cooperation**. In addition to its other responsibilities related to intergovernmental cooperation, the Board of Government Innovation and Cooperation has the authority to oversee consolidations of cities, townships, and counties. However, it has only begun to work in this area.

Counties play a very important role in restructuring townships. County boards may alter the boundaries of towns, partition any township among other townships within the county, or form a new township from the territory of one of more townships or from territory not included in a township. A county may only exercise these powers after receiving a petition from a specific number of registered voters in the affected area and holding a hearing on the subject. Township restructuring is governed by considerably fewer state requirements than municipal restructuring. However, townships are usually affected by municipal restructuring as well.

Since the Municipal Board has a role to play in every type of municipal restructuring, it is important to understand at the beginning of any process the types of conditions the board members will consider when ruling on a boundary adjustment case. Although each type of adjustment has its own specific list of factors for the Municipal Board to consider, many are similar.

Municipal Board Considerations

This list provides a good idea of the things the Municipal Board will consider. To better explain each factor, a question the Municipal Board might ask is included.

- The present, past, and projected population growth for the area. *Is the population growing or expected to grow at a rate such that the boundary change is needed to meet demand for services and development planning?*
- Quantity of land, both **platted** and unplatted, within the areas affected by a boundary change; the natural terrain of the area including general topography, major watersheds, soil conditions, and natural features, such as rivers, lakes, and major bluffs. *Are the boundary change and proposed plans for the affected area consistent with the natural terrain of the area?*
- Present pattern of development in the area, including residential, industrial, commercial, agricultural, and institutional land uses; present transportation network and potential transportation issues, including proposed highway development. *Will the boundary change benefit planning and land use patterns in the area and be consistent with comprehensive plans for the region?*
- Present government services provided to the area, including water and sewer service, fire rating and protection, police protection, street improvements and maintenance, administrative services, and recreational facilities. *Will the boundary change make delivery of services more effective and efficient? Are additional services needed?*

What the Municipal Board considers

- ✓ **Population Growth**
- ✓ **Natural Terrain**
- ✓ **Present development pattern**
- ✓ **Present government services**
- ✓ **Existing or potential environmental problems**
- ✓ **Fiscal data including net tax capacity**
- ✓ **Effect on adjacent communities**
- ✓ **Adequacy of current services**
- ✓ **Effects on government aid**

- Existing or potential problems of environmental pollution and the need for additional services to resolve these problems. *Will the boundary change address the problem of failing septic systems in the area? Do property owners want to avoid potential environmental problems?*
- Fiscal data of the affected area, including the **net tax capacity** and present bonded indebtedness, and the local tax rates of the county, city, township, and school district. *Is the boundary adjustment merely a measure to expand a city's tax base?*
- Relationship and effect of the proposed boundary change on communities adjacent to the area and on school districts within and adjacent to the area. *Could the pro-*

posed boundary change hurt the development potential or solvency of a bordering city or township? Could the boundary change save the local school district service and legal fees?

- Capability of the current government to deliver services to the affected area. *Is a neighboring city more capable or willing to provide needed services than the city or township in which the land is located? Would the area be better served by another city?*
- Effects of the boundary change on taxes and governmental aid. *Will the boundary change result in a decrease or increase in government aid to the affected areas?*

Minnesota Municipal Board Decisions from the Early 1990s

Type of adjustment cases	Approved	Denied	*Dismissed or Administrative Changes	Total
Annexation by board order	12	2	16	30
Orderly annexation	239	0	22	261
Incorporation	2	1	1	4
Consolidation	0	1	0	1
Detachment/Detachment and annexation	35	5	5	45
Dissolution	1	0	0	1
Annexation by ordinance	450	0	0	450

* Dismissed includes cases dismissed by the Municipal Board. Administrative cases were opened to make technical changes to existing cases.

Data are from Minnesota Municipal Board records, fiscal years 1990-1993.

Municipal Incorporation

(Minnesota Statutes, Sec. 414.02)

For a township to become a city, it must follow the laws governing municipal incorporation that provide the **Minnesota Municipal Board** the authority to accept or deny incorporation. Although the Municipal Board's decisions can be challenged in court, they are rarely overturned.

In some cases, a township may seek many of the same authorities as a city, but

without incorporating. A township may do this to maintain the rural character of the area and allow for involvement of citizens in the annual town meeting. Such a township is referred to as an urban township. The Minnesota Statutes contain several provisions relating to the powers of urban townships.

Why do townships seek incorporation? One reason may be to protect themselves from annexations. Townships often lose tax base when their land is annexed to bordering cities. They may also want to control development in their area. While some townships have been able to remain quiet and rural, other townships see development in their area as inevitable and seek to control it.

When considering whether to grant a request for municipal incorporation, the Municipal Board will consider the effects of the government change not only on the township, but on the surrounding area as well. For example, if an incorporated city would encircle an existing city, the Municipal Board might deny the incorporation because the arrangement could severely limit development opportunities of the existing city.

Since the Municipal Board considers the concerns of neighboring areas, it is wise to consult other city and township officials at the beginning of the incorporation process. Addressing the concerns of neighboring areas can avoid long and costly fights after the official process begins. In some cases, a township and city may find that cooperation or merging better serves the needs of both communities.

As with any restructuring effort, it is important to explore carefully what might be lost or gained through incorporation. Issues to think about before pursuing incorporation include the effects on taxes and government revenue and responsibility. For example, new sources of revenue, such as license fees, permit fees, and inspection fees, as well as **special assessments**, may open up through incorporation. Before incorporation, much of this revenue was probably collected by the county.

An area to be incorporated cannot already be included within the limits of an existing municipality; all of the land must be in one or more townships or unorganized territory. However, in making its decision on whether to grant an incorpora-

tion, the Municipal Board is required by law to consider a number of factors. A summary of the factors is included on page 19. Before beginning the incorporation process, consider each of these factors as it relates to your community. If the township believes it can make a strong case for itself, it may want to begin the process of municipal incorporation and designate the resources necessary to study the issue thoroughly and collect the information the Municipal Board requires.

Beginning the Official Process

To begin the legal process of municipal incorporation, one of the following must be submitted to the Municipal Board:

- a petition signed by 100 or more property owners; or
- a resolution adopted by the town board.

The petition or resolution must include the following information:

-
1. The name of the proposed municipality.
 2. The names of all parties entitled to mailed notice of the proceedings. (This includes affected and neighboring cities and townships.)
 3. The reason for requesting incorporation.
 4. An accurate property description and map.
-

Minnesota Municipal Board Action

Upon receiving the petition or resolution, the Municipal Board will set a time and place for a hearing on the petition or resolution. The hearing must be held within 30 to 60 days from date the board receives the petition or resolution in the county in which a majority of the unincorporated territory is located. The board will publish notices of the hearing for two successive weeks in a newspaper of general circulation in the area.

Municipal Incorporation (continued)

Possible Municipal Board Decisions

Order the incorporation.

The Municipal Board may order the incorporation if it finds one of the following:

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

Deny the incorporation.

The Municipal Board may deny the incorporation if it finds that the area, or a part of the area, would be better served by annexation to an adjacent municipality.

Alter the boundaries.

The Municipal Board has the authority to:

- change the boundaries of the proposed incorporation by increasing or decreasing the area to be incorporated so as to include only that property which is now, or is about to become, urban or suburban in character; or
- exclude property that may be better served by another unit of government.

Questions

Q. *When does the incorporation become effective?*

A. The incorporation will become effective upon either the election and qualification of new municipal officers or on a later date set by the Municipal Board.

Q. *Will the residents of the township or new city have the final say on incorporation?*

A. No. Unlike consolidation, a referendum on the incorporation is not part of the official process. However, a government may hold a referendum if it chooses. If its electorate rejects the incorporation, the city may then try to have the Municipal Board's order repealed. The city can also pursue dissolution. It is best, however, if a town board has public support before engaging in the incorporation process.

Q. *What are our options if the Municipal Board denies the township's request for incorporation?*

A. The township can appeal the Municipal Board's decision in court, start another process with the Municipal Board, or seek many of the same powers municipalities have without actually incorporating.

Case Studies: Municipal Incorporation

5 *Otsego*

The process of incorporating Otsego in Wright County was begun to address the needs of a rapidly growing community. The size of the township had tripled in twenty years. Because of its size—a population over 5,000—Otsego, if incorporated, would also qualify for some forms of state aid. In addition, the township wanted more control over planning and zoning within its boundaries. At the time, Wright County controlled development and zoning in the township.

Before pursuing incorporation, Otsego consulted with neighboring cities to see if they would annex the township. Those cities were not prepared to take responsibility for a large and highly populated area. Instead, they supported the township's efforts to incorporate. The town board then began moving toward incorporation. Early in the process, a straw poll of the residents showed strong support for further exploration of incorporation possibilities.

The township filed a petition for incorporation in May of 1990. A hearing was

held in August, and the incorporation was approved in September and became effective in November 1990.

Taxes have risen in Otsego since the incorporation, but city officials say the growing demands of the community would have caused an increase in taxes anyway. Since incorporation, Otsego has received state funding for road construction and maintenance and has been able to generate funds through permits, licenses, and other fees, many of which had previously gone to the county.

Lessons and Recommendations

Go to the public first and find out what it wants. Be sure to keep residents informed throughout the process. Otsego held several information meetings in which residents were able to ask questions and make suggestions.

Consult with neighboring cities and townships. Because they will be permitted to comment on the proposed incorporation anyway, it is best to work with them and to try to address their concerns as much as possible.

Plan ahead. Plans should reflect both the need for incorporation and its effects on development in the area.

6 *Forest Lake*

In September 1990, Forest Lake Township in Washington County filed a petition for incorporation with the Municipal Board. The township abuts the cities of Hugo, Lino Lakes, and other townships. The township also encircles the city of Forest Lake, which along with part of the township is considered a **freestanding growth center** by the Metropolitan Council.

Two major reasons were given for incorporation. First, the population was over 6,000 and township officials expected an influx of residential single family homes and perhaps some industrial development within the township. Second, the township had lost land to the City of Forest Lake as property owners in need of municipal ser-

vices, particularly water, requested and were granted annexation to the city.

The incorporation of Forest Lake Township would have created a “**donut city.**” The newly incorporated city would be the donut and the existing City of Forest Lake would be the hole. As a result, in order for Forest Lake city to expand beyond its borders, concurrent detachment and annexation proceedings would be required. Because this could slow or stop future development and because the Municipal Board felt further cooperation or a merger was possible, it denied the incorporation in November 1991.

The Municipal Board found a lack of evidence showing insurmountable differences between the township and the city that would prevent the merging of the two communities. The Municipal Board felt incorporation of the township was not presently required to protect public health, safety, and welfare in Forest Lake Township. It referred to a provision of the Minnesota Statutes that allows the Municipal Board to deny incorporation if the area or a part of the area would be better served by annexation to an adjacent municipality.

Forest Lake Township was unhappy with the Municipal Board’s decision and challenged it in court. A lower court overturned the ruling and the appeals court reinstated it. The court battle finally ended with the Minnesota Supreme Court denying further review of the appeals court’s decision.

But changes don’t end there. As this book goes to press, the city and township are discussing possible consolidation.

Lessons and Recommendations

Believing you have met all of the statutory criteria does not mean you will be incorporated. The township thought that it had complied with all the statutory requirements and conditions for incorporation. However, the appeals court ruled that the Municipal Board is entitled to wide discretionary powers, including denying incorporation if it finds it appropriate.

Consolidation

(Minnesota Statutes
414.041)

Under Minnesota law, consolidation can be accomplished through two different processes. The older and better-known process is through the **Minnesota Municipal Board**. A recently developed process is through the **Board of Government Innovation and Cooperation**.

Consolidations are uncommon in Minnesota. In general, there are only a couple of consolidations undertaken a year. However, some cities have explored the issue without formally working with the Minnesota Municipal Board or the Board of Government Innovation and Cooperation. This gives these cities an opportunity to study the issue in a nonbinding and non-threatening manner. Before committing to what can be a long and politically charged process, they commission feasibility studies to gauge their chances of success and conduct straw polls of residents to measure local support.

Two or more municipalities may seek to consolidate into one city. The only initial requirement is that each municipality must abut at least one of the included municipalities. Consolidation of cities is often sought

in an effort to improve the delivery of services, reduce costs, and enhance planning in an area. Some cities believe they are already very integrated and that consolidation is a natural next step.

The difficulties with consolidation can be political. City officials might fear a loss of personal power as a result of consolidation. Consolidation is also frequently viewed by residents as threatening. For example, residents may fear that consolidation will destroy the small town atmosphere of a city, will represent a loss of control over city functions, will result in tax increases, or will saddle their city with the debt or development demands of another city.

Although these fears may seem unfounded or, at times, shortsighted to supporters of consolidation, they should not be taken lightly. They must be addressed as completely as possible before and during the consolidation process.

Consolidation through the Minnesota Municipal Board

Beginning the Official Process

The formal or legal process of consolidation of two municipalities can start in one of the following ways:

- submitting to the Municipal Board a resolution of the city council of each affected municipality;
- submitting to the Municipal Board a petition signed by five or more percent of the resident voters of one municipality who voted for governor at the last general election; or
- by the Municipal Board on its own motion.

Requirements for the Petition or Resolution

The petition or resolution must include the following information:

- the name of each municipality;
- a description of each municipality's boundaries;
- the reasons for requesting the consolidation; and
- the names of all parties entitled to mailed notice under the law (including neighboring cities and townships).

Appointment of a Consolidation Study Commission

Upon receipt of a petition or a resolution requesting consolidation or upon its own motion, the Municipal Board appoints a consolidation study commission from a list of ten candidates submitted by each affected city council. The board appoints a commission chair who is not a resident of an affected municipality, but who lives in the county.

Commission members can hold other elected or appointed offices and will hold office on the commission until a consolidation report has been issued by the commission. The Municipal Board fills vacancies by appointment. The consolidation study commission establishes the rules concerning its operation and procedures, including quorum requirements.

The consolidation study commission is required to conduct at least one local hearing regarding the proposed consolidation. The hearings must include discussion of the following issues.

- The contents of any city charter for the proposed consolidated city or the form of government of the proposed consolidated city.
- Analysis of whether a ward system should be included in the form of government of the proposed consolidated city.
- The list of factors included on page 19. The Municipal Board will consider these factors when making its decision on whether to order the consolidation.

Based on these factors and upon other matters that come before the consolidation study commission, such as specific local concerns, the study commission must issue a report to the Municipal Board with its findings and a recommendation within two years from the date of the Municipal Board's initial appointment of the study commission. Upon receipt of the study commission's report, the Municipal Board must conduct a hearing on the consolidation.

The Municipal Board's Options **Consolidation** *(continued)*

Accept, amend, return, or reject the consolidation study commission's report

The Municipal Board will consider and may accept, amend, return to the commission for amendment or further study, or reject the commission's findings and recommendations.

Order consolidation

The Municipal Board will order the consolidation if it finds that consolidation is in the best interest of the cities. If consolidation is ordered, the following will take place.

- The board will provide for election of new municipal officers.
- If the most populous municipality is a **statutory** city, the new municipality will be a statutory city.
- If the most populous city is a **home rule charter city**, the new municipality will be governed by its home rule charter. Any ward system for the election of council members will be void.
- The ordinances of all of the included municipalities will remain in effect within their former boundaries until repealed by the governing body of the new municipality.
- The new municipality will assume the name of the most populous municipality unless another name is chosen before the election by joint resolution of the city councils or by the consolidation study commission.

Deny consolidation

If the consolidation is denied or defeated in a referendum, no proceeding for the consolidation of the same municipalities may be initiated within two years from the date of the Municipal Board's order unless authorized by the Municipal Board.

The Consolidation Study Committee conducts hearings to discuss:

- ✓ **The city charter or form of government proposed**
- ✓ **Whether a ward system should be included**
- ✓ **Population, development, and fiscal factors considered by the Municipal Board (page 19)**

Consolidation (continued)

Final Approval of the Consolidation

If the consolidation was initiated by a petition of the resident voters, the Municipal Board's order is final once the city council of each municipality approves a resolution supporting consolidation. An exception to this occurs if ten or more percent of the resident voters (those who voted for governor at the last general election) of one of the cities petition the city council for a referendum on the consolidation. The residents' petition must be submitted within 90 days of the final date of the Municipal Board's order or the date of final approval of the Municipal Board's order by the city councils, whichever is later.

If the consolidation was initiated by a city council resolution of each affected municipality, the Municipal Board's order for consolidation will be final unless ten or more percent of the resident voters of one of the cities petitions for a referendum as described above.

If the consolidation was initiated by the Municipal Board, no consolidation order of the Municipal Board involving existing municipalities can become effective unless it is:

- adopted by the council of each affected municipality by a majority vote; and
- approved by the qualified voters of each of the affected municipalities at a general or special election, set according to law.

If one or more of the city councils disapproves the consolidation, consolidation is still possible. If ten or more percent of the resident voters of a city petition their city council for a referendum on the consolidation, then referenda must be held in both cities. If consolidation receives a majority of votes in the referenda, then the Municipal Board's order will be deemed approved by the city council. In other words, the consolidation will be accepted.

Questions

Q. *Can the consolidation process be abandoned once it is started?*

A. No. The consolidation study commission must submit a report to the Municipal Board.

Q. *Will our city be stuck with the debt of the other city after consolidation?*

A. Not necessarily. The cities should work out in advance an arrangement for handling each city's debt.

Q. *What will happen to our state aid if we consolidate?*

A. State revenue usually increases with consolidation, especially if the population of the new city is greater than 5,000. The new city is also eligible for aid from the Board of Government Innovation and Cooperation.

Consolidation through the Board of Government Innovation and Cooperation

The Board of Government Innovation and Cooperation can oversee the consolidation of two or more counties, cities, or townships, as well as the consolidation of cities with townships. Governments combining under the Board's statute are not required to go through the Municipal Board.

Local governments proposing to combine must develop and adopt by resolution a plan for cooperation and consolidation.

The plan must include the following:

- specific cooperative activities the governments will engage in during the next two years;
- the steps that will be taken to achieve the consolidation of the government within the succeeding two years;

- projections prepared by the Department of Revenue of revenues, expenditures, and property taxes for each government both with and without consolidation; and
- a timeline for implementation.

The Board will approve the plan if it enables the combined unit to provide services in a more efficient and cost-effective manner than the separate units could provide them. The Board provides aid on a per-capita basis to governments with approved plans. The Board also provides per-capita aid to local governments consolidated through the Municipal Board.

During the first or second year of cooperation, the local governments conduct a referendum on the question of consolidation. A second referendum may be conducted if the first one fails.

Questions

Q. *Can we consolidate in fewer than four years?*

A. Yes. The consolidation process under the Board of Government Innovation and Cooperation is guided by the local governments involved. If those governments would like to consolidate after two years, that can be arranged.

Q. *Are there specific factors the Board of Government Innovation and Cooperation will look at, as in the case of the Municipal Board?*

A. The law does not include a specific list of factors the Board must consider. The board will approve consolidation if the plans were developed and approved by each government and enable the governments to provide services more efficiently and cost effectively.

Selecting Which Process to Use

Cities considering consolidation may wonder which option, consolidation through the Minnesota Municipal Board or the Board of Government Innovation and Cooperation, would work best for them. They are advised to consider both options carefully, because there are some important differences. This table should help cities determine the process best for their situation.

Work through the Municipal Board if:

- Consolidation could be controversial and you want to keep the process on track. For example, the initiative has the support of residents of both cities, but the city council of one city is opposed.
- Consolidation would not be opposed and you want the process to move quickly. For example, two cities already cooperate a great deal and see consolidation as a natural next step.
- The cities want to hold a referendum on the question of consolidation after it is studied and its impact weighed.
- The cities want to follow a more structured path toward consolidation.

Work through the Board of Government Innovation and Cooperation if:

- The cities are not sure they want to consolidate and want to explore it slowly.
- The cities do not often cooperate on much, but are willing to consider greater cooperation.
- The cities want to control what is studied and considered and to be able to stop the process at any time.
- The city or cities will be consolidating with a township or county.
- **Under both processes**, cities are eligible for grants and aid from the Board of Government Innovation and Cooperation.

7 *Centerville and Lino Lakes*

In 1991, 134 Centerville residents signed a consolidation petition circulated by a few members of the community. The petition requested consolidation for four reasons:

- consolidation would reduce costs and be cost effective;
- because Centerville (in Anoka County) was landlocked by Lino Lakes, it had less room and less potential for future growth;
- consolidation would generate larger industrial potential and better use of roads for both cities; and
- since Centerville was contracting for services, both cities would benefit from consolidation.

The 134 signatures represented a sufficient number for consolidation proceedings to begin. Although a similar resolution was not submitted by Lino Lakes, the city was legally bound to participate in the discussion. Apparently, some of the signers did not clearly understand the intent of the petition. As the consolidation study commission began holding hearings, many of the same residents who signed the petition spoke out against consolidation. Some even tried unsuccessfully to have their names removed from the petition.

Among the concerns brought up by residents at the hearing and in correspondence were fears about Centerville losing its small-town flavor, its rich heritage, and its name. Some had an emotional attachment to the city of Centerville that prevented them from supporting consolidation with Lino Lakes.

Despite strong opposition within the community, the process continued and the consolidation study commission developed a well-prepared and well-written consolidation report. The consolidation study commission recommended by a vote of 9 to 1 that the two cities not be consolidated. The reasons they gave for their decision were the following:

- their review of the issue showed no compelling reason to consolidate;

- a straw vote and residents' comments at the public hearing were overwhelmingly against consolidation; and
- the estimated cost of hiring a consultant to study the issue in more detail was \$25,000.

The Municipal Board agreed with the commission's findings and denied the consolidation. The Municipal Board also noted that the cities were already cooperating in several areas. Almost two years passed from the date the petition was sent to the Municipal Board to the date the consolidation was denied.

Lessons and Recommendations

Those circulating the petition should have placed it in a newsletter or newspaper along with an explanation of consolidation and why it might be considered. By giving people enough information up front, much of the hysteria might have been avoided. Many people felt they did not have a say in the matter and that the process was moving too quickly. Given a choice, more people might have been interested in having the city study the issue and some who had signed might not have.

Once the official process has begun, it is too late to learn that the majority of the population is opposed to studying consolidation. The process is long, time consuming, and essentially impossible to stop. The petitioners should have first run the idea by the city council, which could have discussed the issue at one of its meetings. If the council was opposed, the residents might then have circulated the petition.

Consult with the other city before initiating a consolidation effort.

8 *Branch and North Branch*

In December, 1991, 61 voters in North Branch and 54 voters in Branch, located in Chisago County, signed petitions asking for the cities to be consolidated. Branch and North Branch were donut cities with Branch encircling North Branch. The petitioners believed the consolidation would eliminate the costly duplication of facilities,

services, and utilities, and make the area a better place to live through improved planning and residential, commercial, and industrial development. The petitioners also felt consolidation could correct environmental problems that existed in some areas because of the lack of sewer services. In fact, since Branch was incorporated in 1963 it had been involved in several concurrent detachments and annexation proceedings. Most of the residents in these cases wanted to connect with the sewage treatment center in North Branch.

The city councils of Branch and North Branch responded to the voters' initiative by passing identical resolutions requesting that the Municipal Board begin consolidation proceedings. After a highly open and participatory process (highlighted below), the commission recommended consolidation. They felt consolidation would have a positive effect on state aids and the local school district, avoid costly detachment and annexation litigation, and decrease general government and administrative costs.

The Municipal Board granted the consolidation and the North Branch city council adopted it. However, the Branch city council defeated the measure. A sufficient number of Branch residents petitioned for a referendum on consolidation, which was held on September 13, 1994 to coincide with the primary election. Large majorities of the voters in both Branch and North Branch voted for consolidation. As a result, the Municipal Board met and called for election of officers for the new city at the general election. The city officials were sworn in and the new city came into existence on November 14, 1994.

The new city has already been awarded \$92,000 by the state's Board of Government Innovation and Cooperation and may receive this amount for up to four years. The new city is named North Branch. The existing debts of the former cities will not be consolidated because the city council of the former cities of Branch and North Branch did not pass resolutions agreeing to consolidate the debt prior to consolidation.

Lessons and Recommendations

People can succeed in consolidation even if one of the governments actively opposes it. To hold down costs and bolster voter turnout, try to schedule referenda and special elections at the same time as regular elections.

The study commission's process involved the citizens and educated them about the consolidation issue. These seven features of the process contributed to its success.

- **Emphasis on facts.** The consolidation study commission focused on facts (e.g., sewage system capacity, numbers of vehicles, height and capacity of water towers, miles of road, dollars of debt) and avoided reaching any conclusions or making recommendations until well into the process.
- **Public hearings.** Although only one hearing was required by law, the consolidation study commission conducted two.

The purpose of the first hearing was to introduce the consolidation study commission to the community, to describe how the commission planned to study the ten factors outlined by law, and to invite comments and suggestions from the community about additional factors the commission should study. This hearing took into account local concerns and gave everyone involved an opportunity to influence the study.

The second hearing, held five months later, focused on the form of government, wards, and name for a new city in case consolidation were recommended. Both hearings were broadcast live on radio and the first hearing was rebroadcast later.

- **Public presentations.** The consolidation study commission conducted two public presentations in addition to the hearings. The first was a presentation of the draft report; the second was a presentation of the final report. At the first presentation, the commission outlined key findings, conclusions, and preliminary recommendations from the report and fielded questions from the audience.

Case Studies (continued)

A key part of this first event was a “resource fair” that gave the community an opportunity to visit display tables covered with background studies, charts, maps, and government reports and documents supporting the study’s findings and conclusions. After the first presentation, the commission provided a 30day period for comments. The commission did not make a recommendation on whether to consolidate at the first presentation. It did make recommendations about potentially controversial issues, such as the name of the new city, how the cities’ respective debt should be handled, and whether the new city would have wards.

A month after the final report was submitted to the Municipal Board, the commission held the second public presentation. The purpose of this meeting was to explain what the commission had done, the contents of the report, and the subsequent legal process. One week before the referendum on consolidation, the chair repeated this presentation at a public meeting co-sponsored by the local chamber of commerce and the Chisago County office of the Minnesota Extension Service.

- **Open meetings.** The study commission invited the public to attend all meetings as observers. Few citizens took advantage of this opportunity. A notable exception was when a key vote—to recommend consolidation—was scheduled. Several citizens attended the commission’s meeting that evening.

- **Post office box.** The consolidation study commission opened a post office box within its first months of operation. The primary purpose of the box was to have an address for the public to submit any written comments before or immediately after the commission’s public hearings and presentations, or at any time during the process.

- **Solicitation of written comments.** Before each of the public hearings, the study commission distributed flyers to every Branch and North Branch mailing address. The purpose of the flyers was to

publicize the upcoming meeting and to give interested people a form for returning any written comments for the commission to consider.

- **Expertise of commission members.** The consolidation study commission and the cities benefited from the expertise of the commission members. The chair was an extension economist at the University of Minnesota who was able to supplement the commission’s study with background papers by University researchers at no cost to the cities. The commission included an engineer, a lawyer, and an accountant who could address the more technical aspects of the consolidation. Several people had local government expertise. This saved on consultant and legal fees.

9 *Norwood and Young America*
Norwood and Young America, both located in Carver County, attempted to consolidate in 1974. The voters of Young America turned down the initiative. Among other issues, people were concerned about losing a post office. In a study almost twenty years later, researchers from the University of Minnesota–Twin Cities found that consolidation could provide definite advantages to each city.

Since then, the cities have met quarterly to discuss the benefits of consolidation and how it might take place. The cities have been speaking with the Board of Government Innovation and Cooperation about consolidating under its auspices, and not through the traditional Municipal Board procedures.

The cities are attracted to the more flexible approach possible through the Board of Government Innovation and Cooperation, and the fact that the Board provides grants and aids to help cities consolidate. This would be the first time the Board of Government Innovation and Cooperation was involved in a consolidation effort and it will be interesting to see what happens in this case.

Detachment

(Minnesota Statutes,
Sec. 414.06)

Although it is not common, it is possible for property situated within a municipality to be detached from the municipality. The same is true with respect to townships. Detachment efforts are usually started by residents who do not like the pace of development in their city or township, or who object to taxes for services they do not enjoy or would rather not use. These areas are usually rural.

Detachment from a township is discussed and decided upon within the township. No action by the **Minnesota Municipal Board**, or the state, is required. In the case of detachment of land from a city, state law lays out a specific process that must be followed and gives jurisdiction over such detachments to the Municipal Board.

In the last few years, there have been approximately thirteen detachment files opened with the Municipal Board. The board approved more than two-thirds of these detachments. Requests for detachment were denied in cases where the land was needed for further city development and detachment would unduly affect the city.

Conditions Required for Detachment

In order for property to be detached from a municipality, the property in question must:

- be located within the municipality;
- abut the municipal boundary;
- be rural in character; and
- not be developed for urban residential, commercial, or industrial purposes.

Beginning the Official Process

If the above conditions are met, detachment proceedings may begin by submitting one of the following to the Municipal Board:

- a resolution of the municipality's council to which the land is attached (a hearing is required);
- a petition of all the property owners of the land to be detached if the area is less than 40 acres or of 75 percent of the property owners if the area is over 40 acres (a hearing is required); or
- a petition signed by all property owners and a council resolution (no hearing is required).

The petition or resolution must include the following information:

- boundaries and the area of the land to be detached;
- number and character of the buildings;
- resident population; and
- municipal improvements, if any, in the area to be detached.

Possible Municipal Board Decisions

Order detachment.

The Municipal Board may order detachment if it finds that:

- the required number of property owners have signed the initiating petition;
- the property is rural in character and not developed for urban residential, commercial, or industrial purposes;
- the property is within the boundaries of the municipality and abuts a boundary;
- the detachment would not unreasonably affect the symmetry of the detaching municipality; and
- the land is not needed for reasonably anticipated future development.

Deny detachment.

The Municipal Board may deny the detachment if it finds that the remainder of the municipality cannot continue the functions of government without undue hardship.

Detachment (continued)

Decrease the size of the property to be detached.

The Municipal Board can decrease the area of property to be detached and include only a part of the proposed area to be detached.

Questions

Q. *What are my options if all my neighbors want to have their land detached, but I do not?*

A. You may ask to testify against the detachment at the Municipal Board's hearing on the issue. You may also ask the Municipal Board to exclude your property from the land to be detached. However, if it is in the middle of all the other property, that could be difficult. In any case, you should ask your city for its support.

Q. *What happens to the taxes if the detachment takes place in the middle of the fiscal year?*

A. If the detachment becomes effective after August 1 of a levy year, the city may continue to levy taxes on the property. The township will have to wait until the following levy year before it may collect taxes on the property.

Q. *Will a township have to absorb part of a city's debt if it receives detached land?*

A. The detached area may be relieved of the primary responsibility for existing city debt, and be required to assume part of the township's indebtedness.

Case Studies Detachment

10 *Detachment from a Municipality: City of Renville and Emmet Township*

In 1991, as part of an effort to attract business to the city, the government of Renville, in Renville County, suggested that the city and Emmet township swap land. The city would detach part of its land in exchange for the annexation of township land. The Township did not accept the proposal, and a clothing manufacturing firm that Renville hoped would build on the newly annexed land lost interest.

The issue came up again in 1993. This time, however, the township agreed, and the city swapped 263 acres of municipal land for 228 acres of township land. The swap opened the door for development of an industrial park in Renville, while returning to Emmet Township land that had previously been annexed by the city. By offering to detach land, the city avoided a long and costly legal battle that may have jeopardized planned investment.

Lessons and Recommendations

Start the process early. Once a company wants to start building it is often too late to be fighting about annexations. Cities cannot expect that townships will willingly give up land. In fact, cities may have to compensate the township with land or financial repayment.

11 *Detachment from or Division of a Township:*

Breitung and Eagles Nest

The Township of Breitung, in St. Louis County, had both a rural area and a developed town. The township provided several services, including lights and sidewalks, within the more developed area. Residents in the rural part of the township resented paying for services they didn't use.

As a result, several residents signed a petition seeking detachment from the Township of Breitung. The county was consulted and helped the township decide how assets should be divided. After a difficult process, including numerous meetings, petitions, and financial haggling, the

town board agreed to the detachment, and a new township, named Eagles Nest, was formed. Taxes in Eagle's Nest have been held at a lower and stable level, and residents of both townships are generally happy.

Lessons and Recommendations

Such a process may not be recommended in some cases. The township was geographically twice the size of the typical

township and was not unified on a plan for development and vision for the township.

Finding a middle ground was almost impossible.

Setting up a new government and finding people to run for office can be difficult.

People who want a particular change should be patient and keep trying, if necessary.

Property in one municipality and abutting another municipality may be detached from one municipality and annexed by the other at the same time.

Similar arrangements between a city and township are also possible. However, in those cases when, for example, a township and city agree to swap land, the city will annex one or more tracts of land, and detach another parcel. These are separate annexation and detachment procedures and are not covered under concurrent detachment and annexation legislation. Concurrent detachment and annexation refers to the same tract of land being detached from one municipality and annexed by another.

Concurrent detachments and annexations are more common than detachments and less common than other types of annexation. In the last few years there have been more than 30 concurrent detachments and annexations, almost all approved by the **Minnesota Municipal Board**. In the couple of cases in which petitions were denied, the Municipal Board decided that detachment and concurrent annexation were not in the best interests of the city losing the land, or that the current government was providing or able to provide sufficient services to the affected area.

The most common reasons given for concurrent detachment and annexations are:

- the need for utility and other municipal services;
- to straighten out boundaries;

- development purposes (e.g. a desired tract of land for development lies within two cities); and

- road construction and improvement.

Quite often the city from which the land will be detached is unable or unwilling to extend required services to the area under consideration. For example, the extension of water and sewer services may take resources the city does not have.

In some cases, concurrent detachment and annexation petitions are filed requesting a detachment and annexation for both cities involved. For example, one city might need part of the land in the second city in order to secure business development or expansion. As a price for giving up the land, the second city might seek part of the first city's land in exchange.

Such agreements are usually worked out before petitions or resolutions are filed with the Municipal Board. This helps the process move quickly and easily, without delaying development projects. Without an agreement up front, the other city might protest, complicate the process, and put the entire venture at risk.

Concurrent detachment and annexation may take place in several ways, including municipal resolutions, property owner petitions, and Municipal Board initiation. For example, a group of residents that requires services might submit a petition to the Municipal Board. However, in most cases, such as those involving the straight-

Concurrent Detachment and Annexation

(Minnesota Statutes, Sec. 414.061)

Concurrent Detachment and Annexation (continued)

ening of boundaries, road construction, development, and swaps, the process is initiated by municipal resolutions.

Beginning the Official Process

Concurrent detachments and annexations can be initiated in different ways. These include the following:

- both municipalities submit resolutions to the Municipal Board's executive director describing the property and stating their desire to detach and annex the land;
- all of the owners of property submit a petition with a supporting resolution of at least one of the city councils requesting that the Municipal Board detach and annex the land;
- the Municipal Board initiates proceedings for the concurrent detachment and annexation of portions of one municipality completely surrounded by another municipality on its own motion; or
- all of the property owners in a portion of a municipality that at no point joins the major portion of the municipality to which it is a part, but which at some point joins another municipality, submit a petition to the Municipal Board.

Minnesota Municipal Board Action

The responsibilities of the Municipal Board vary depending upon the way the detachment and annexation proceedings were initiated. The easiest and least time-consuming process is the one initiated by municipal resolutions. The other three methods all require a more complicated set of procedures, including public hearings. A summary of the required procedures and implications follows.

- **Municipal resolutions.**

If the resolutions are in order, the Municipal Board may order the detachment and annexation.

- **Petition of adjoining property owners**
- **Board initiation**

- **Petition of owners of property not joining major portion of municipality**

In the last three procedures, the Municipal Board must hold hearings and issue its order as in the case of consolidation of two or more municipalities. In deciding whether to order the concurrent detachment and annexation, the Municipal Board will consider the factors listed on page 19.

Possible Municipal Board Decisions

Order the detachment and annexation

The Municipal Board will order the detachment and annexation if it finds the boundary change will be in the best interests of the municipalities. In this case, the ordinances of the included municipalities will continue in effect within their former boundaries until repealed by the governing body of the new municipality.

Deny the detachment and annexation

Questions

Q. *What are our options if the Municipal Board denies our petition for concurrent detachment and annexation?*

A. A proceeding for the detachment and annexation of the same property may not be initiated within two years of the date of the Municipal Board's order unless authorized by the Municipal Board. However, in some cases the Municipal Board's decision may be appealed in court.

Q. *Can our city get something in exchange for losing land as a result of the detachment and annexation?*

A. The two cities may try to reach an agreement on compensation or another detachment and annexation to replace the land lost by one city. The Municipal Board can divide property and obligations between the two cities so one city is not unfairly burdened by the process.

12 *Rushford and Rushford Village*

The City of Rushford, in Fillmore County, was approached by a company that wanted to expand in the area. Rushford is surrounded by the City of Rushford Village and was unable to offer land within the city boundaries. It did have an option to buy land in Rushford Village. At the same time, a landowner in Rushford Village, who was also interested in industrial development, asked that his land be annexed to Rushford. The city of Rushford petitioned the Municipal Board for annexation of both tracts of land at the same time.

The city of Rushford Village was not opposed to the annexation of the property to be purchased for industrial expansion. However, the city opposed the annexation of the tract of land requested by the landowner on the grounds that the land was zoned residential and should stay residential as it was located adjacent to existing residential areas.

At the same time, as an exchange for the industrial property, Rushford Village submitted to the Municipal Board the petition of several Rushford landowners requesting detachment and annexation to Rushford Village. The landowners sought to maintain and further develop rural housing, an option available under Rushford Village zoning, but not in line with the subdivision development objectives of Rushford. Rushford opposed this petition on the grounds that the development needed the municipal sewer and water services provided by Rushford.

The Municipal Board granted the detachment and annexation to Rushford of both tracts of land, and ordered the two cities to meet and discuss issues of mutual concern and issues that arose either at the hearings or during the Board's deliberations. The Municipal Board subsequently denied the detachment and annexation to Rushford Village.

Lessons and Recommendations

Cities should try to work out these disputes in advance and avoid a long, expensive battle before the Municipal Board. Officials in both cities expressed regret about the quantity of time and resources that were lost fighting these concurrent detachments and annexations.

Signed agreements clearly stating what would be provided as reimbursement to the city whose land was to be detached would have been useful. It would have helped avoid disagreements later. For example, in an earlier detachment and annexation case, the cities signed a sewer agreement that was so incomplete and unclear on key issues that it had to be thrown out and a new agreement written.

Outside mediation (e.g., through the State of Minnesota's Board of Mediation Services or a private mediator) might have been useful.

If you expect to have a contentious case, it is best to hire legal counsel experienced in municipal law. Local attorneys may not be adequate when dealing with the Municipal Board on such a case.

Although in this case it happened only after appearing before the Municipal Board, it is very helpful for neighboring cities to sit down and develop a comprehensive development plan for the area that includes discussion of future annexations and cooperation.

13 *Shorewood and Chanhassen*

The city of Chanhassen asked the city of Shorewood if it could annex in a residential property that was split between the two cities. The front half of a family home on the property was in Chanhassen, and the rear of the house was in Shorewood. The larger part of the property was situated in Chanhassen, and the property received all of its municipal services from Chanhassen.

Case Studies

Concurrent Detachment and Annexation

Case Studies

(continued)

Annexing the land also helped Chanhassen qualify for U. S. Department of Housing and Urban Development funding.

Shorewood agreed to the concurrent detachment and annexation, and each city filed a resolution about the boundary adjustment with the Municipal Board. In addition to qualifying for HUD funding, the City of Chanhassen also wanted to eliminate the problem of the house being located within two cities and to reflect the reality that Chanhassen already provided all city services to the land.

The Municipal Board received the cities' resolutions on May 28, 1993, and ordered the concurrent detachment and annexation on June 4, 1993.

Lessons and Recommendations

Get an accurate survey of the affected land. The survey of the property in this case left out part of the landowner's property and garage, which required additional funding for another study, as well as additional city time and resources to amend the initial resolution.

Orderly Annexation

(Minnesota Statutes, Sec. 414.0325)

In the last few years, approximately 65 orderly annexation files a year have been opened with the **Minnesota Municipal Board**. Unless otherwise stated in an orderly annexation agreement, the Municipal Board can only review and comment on the annexations.

Orderly annexations usually start with an agreement between a city council and town board that designates land as eligible for orderly annexation. This agreement is translated into a joint resolution that is adopted by both the city council and town board and then filed with the Municipal Board. (More than one township or city may participate in orderly annexation procedures and, thus, adopt the joint resolution.)

The resolution allows the Municipal Board to order annexations from townships as development occurs or is about to occur. What a township and city are usually saying is that the demands of development may make annexations necessary in the future and it makes sense to begin planning for those annexations.

For example, a township and city may agree that development in the area may result in the need for additional space for the city to expand or for city services to be extended to areas of the township. Since the city is unlikely to extend, for example,

water and sewer services to the township and the township will unlikely be able to provide them, annexation of populated land will become necessary as septic systems begin to fail.

Once an orderly annexation agreement is in place, annexations of township land can be filed and approved quickly. Objections are not permitted, and hearings and large amounts of documentation are not required, unless specified in the agreement.

How to Designate Land for Orderly Annexation

- The town board and city council may submit a joint resolution to the Municipal Board requesting that the land in question be designated as eligible for orderly annexation.
- The town board and city council may submit a joint resolution to the Municipal Board declaring an area in need of orderly annexation and stating that no alteration of its stated boundaries is appropriate. In this case, the Municipal Board may review and comment on the annexation, but may not alter the boundaries.
- The town board and city council may submit a joint resolution to the Municipal Board declaring an area in need of

orderly annexation, providing the conditions for its annexation, and stating that no consideration by the Municipal Board is necessary. In this case, the Municipal Board may review and comment, but must, within 30 days, order the annexation in accordance with the terms of the resolution.

- A state agency may order a municipality to extend a municipal service to a designated unincorporated area. That order allows the Municipal Board to consider designation of the area for orderly annexation.
- All the property owners or a municipality (if it owns all the property) in an area may submit a petition for annexation to the Municipal Board. If the area is within two miles of the corporate boundaries of the municipality, the petition will permit the Municipal Board to consider designating the area for orderly annexation.

Upon receipt of the petition, the Municipal Board must inform all affected parties of their right to request a hearing on the annexation before the Municipal Board. If a hearing is requested, it must be held within 60 days of the request. In addition, if the Municipal Board decides to designate the area as appropriate for orderly annexation, any person affected by that decision may appeal the Municipal Board's order in district court.

At least 30 days before a petition is filed for annexation, the petitioner must be notified by the municipality that the cost of utility service to the petitioner may change if the land is annexed to the municipality. The notice must estimate how annexation will affect utility services costs, including rate changes and assessments.

Annexation of Land

After the land is designated as appropriate for annexation, an annexation of any part of the designated area may be started by one of two methods:

- submitting to the Municipal Board's executive director a resolution of any of the signatories to the joint resolution; or
- a motion from the Municipal Board.

Upon receipt of a resolution for annexation of a part of the designated area, the Municipal Board will conduct a hearing. In arriving at its final decision on whether to order an annexation, the Municipal Board will consider the list of factors included on page 19.

Possible Municipal Board Decisions

Order annexation.

The Municipal Board will order annexation if it finds that:

- the area proposed for annexation is now or is about to become urban or suburban in character and that the annexing municipality can provide the service required by the area within a reasonable time; or
- the existing township form of government is not adequate to protect the public health, safety, and welfare; or
- annexation would be in the best interests of the area proposed for annexation.

Deny annexation.

The Municipal Board may deny annexation if it conflicts with any provision of the joint agreement.

Alter the proposed boundaries.

The Municipal Board may alter the boundaries of the proposed annexation by increasing or decreasing the area in order to include property within the designated area that is in need of municipal services or will be in need of municipal services.

Orderly Annexation *(continued)*

Land may be designated for orderly annexation by:

- ✓ **Joint resolution of town board and city council**
- ✓ **Initiation of the Municipal Board when a municipality is ordered to extend a service to an unincorporated area**
- ✓ **Petition of all area property owners for annexation**

Orderly Annexation (continued)

Questions

Q. *If the township is worried about losing land to a bordering city, does it make sense to pursue an orderly annexation agreement with that city?*

A. In most cases, yes. If the city wants the land, it will pursue annexation by ordinance. To contest such an annexation will be costly and, as experience has shown, probably useless. An orderly annexation often gives a township time to adjust to what is likely an inevitable situation.

Q. *What are some of the planning benefits of orderly annexations?*

A. Orderly annexations often allow for joint planning in an area. If they are between friendly cities and townships, they can help promote a cooperative approach to development in the area that benefits everyone. Governments interested in orderly annexations should consider the following section of a law providing for joint planning in the orderly annexation area.

Planning in an Area Designated for Orderly Annexation (Minnesota Statutes, Section 414.0325, Subd. 5).

A joint resolution may provide for the establishment of a board to exercise planning and land use control authority in an orderly annexation area. The board may have authority over all or part of the land designated for orderly annexation and any adjacent incorporated or unincorporated land included in the joint resolution. The planning board will have the same authority granted to municipalities under the law.

If the county and townships agree to exclude the area from their zoning and subdivision ordinances, the municipality may extend its zoning and subdivision regulation within the orderly annexation area.

If the county and township object to the city playing this role, a three-member committee with one member appointed by the governments of the city, township, and county will control zoning and subdivision regulation within the orderly annexation area. The committee will serve as the governing body and have all of the powers granted municipalities.

Case Studies Orderly Annexation

14 *City of St. Cloud and St. Cloud Township*

The City of St. Cloud has an orderly annexation agreement with St. Cloud Township that identifies areas for annexation. The agreement does not specify when and where annexations will occur, only that they will occur. However, the agreement has been changed several times. For example, when an important employer threatened to move its operation out of the area if it could not get the land and services it needed, the City of St. Cloud agreed not to begin any annexations with St. Cloud Township until 2004.

City residents do not like the limits placed on their growth and resent paying

for services the township residents get free. Many township residents want to preserve their rural area and worry about losing their tax base through annexations. The city and township have hired a mediation service to help them decide the future of the township.

Lessons and Recommendations

Both sides must be clear on the intent of orderly annexation agreements. Do both sides believe orderly annexation agreements should work toward annexation and planning for sensible development in the area? Or does the township see orderly annexation as a way to stop annexation of its land?

Orderly annexation agreements can sometimes result in a hopscotch pattern of development. The restrictive agreement with St. Cloud allows residents to petition for annexation when they want to, not when it makes sense for the city. Meanwhile, the city's planning is hindered since it can't begin annexations for several years.

Mediators can be extremely expensive, and when a township's residents must ratify any changes in policies that the mediator may recommend, the cost may not be worth it.

15 *Austin City and Austin Township*

In recent years, there has been a number of land annexations from Mower County's Austin Township to the City of Austin under an orderly annexation agreement. The usual reason given for the annexations is the need for sewer and water services. Storm sewers and paved roads are also requested. Township residents who want their property annexed into the city petition their town board, which then petitions the city council.

The city has extended its services into the township so that when a household is ready to be annexed, connection to the sewer and water system can be easily made. Under the orderly annexation agreement, households have 10 to 15 years before they have to be annexed into the city.

Although the system is in place for them, the residents do not have to pay for the service until they are actually hooked up. This has caused some resentment in the city, since its residents were forced to pay to put the infrastructure in place, yet have to wait years before they are able to collect any revenue to cover their costs.

As a result of the problems the city sees with orderly annexation agreements, it has decided to pursue annexations by ordinance instead. The township is pleased with the agreement's lengthy time frame since it does not take away the township's tax base. However, many in the township realize that when their septic systems fail they will have to be annexed to the city.

Lessons and Recommendations

The city advises shorter time frames for orderly annexation agreements: three years would be much better from its perspective. Longer agreements can cost the city a lot of money, while deferring repayment for several years.

Although they would have to reimburse townships, the city believes annexations by ordinance make more sense because they allow the city to control its development and costs. The township is satisfied by new annexation by ordinance laws that entitle them to tax revenue on the property for five years.

Annexation by Ordinance

(Minnesota Statutes, Sec. 414.033)

Annexations by ordinance are by far the most common form of annexation and boundary adjustment. Essentially, annexation by ordinance requires the approval of an ordinance by the city that wishes to annex the land. A group of residents may petition the city for annexation by ordinance, or the city can start the process itself.

This type of annexation has been controversial in recent years. Townships feel that the process leaves them vulnerable to excessive territory losses. During the early 1990s, more than 4,000 acres were annexed yearly through annexation by ordinance. With the loss of that land, the townships lost tax base and control of development in their area.

The laws governing annexation by ordinance have changed a couple of times over the last few years, and it is important to make sure the most up-to-date statutes are considered. The most recent legislative changes are reflected in the next section.

Land That May Be Annexed

A city council may by ordinance declare land annexed to the municipality and any such land is deemed to be urban or suburban in character or about to become so if:

- the land is owned by the municipality;
- the land is completely surrounded by land within the municipal limits;
- the land abuts the municipality and the area to be annexed is 60 acres or less, and the area is not served by public sewer facilities or public sewer facilities are not available, and the municipality receives a petition for annexation from all the property owners of the land; or
- the land has been approved after August 1, 1995, for subdivision to provide residential lots that average 21,780 square feet or less in area and the land is located within two miles of the municipal limits.

Before a city may adopt an ordinance, it must first hold a public hearing and give 30 days' written notice to the affected township or townships and to all landowners within and bordering the area to be annexed.

Alternatives

Notwithstanding the abutting requirement, if land is owned by a municipality, or if all of the landowners petition for annexation and the land is within an existing orderly annexation area, then the municipality may declare the land annexed.

If the perimeter of the area to be annexed by a municipality is 60 percent or more bordered by the municipality and if the area to be annexed is 40 acres or less, the municipality must file a notice of intent to annex the land with the town board and the Municipal Board.

In this case, the town board has 90 days to object. If no objections are made during that period, the land may be annexed by ordinance. If objections are filed with the Municipal Board, it will conduct hearings and issue its order as in the case of annexations by board order.

If the land is platted, or, if unplatted, does not exceed 200 acres, a majority of the property owners may petition the city council to have the land included within the abutting municipality. Within ten days of delivering the petition, copies of the petition must be filed with the Municipal Board, the town board, the county board, and the city council of any other municipality that borders the land to be annexed.

Within 90 days, the town board or the city council of the abutting municipality may submit written objections to the annexation to the Municipal Board and the annexing municipality.

- Upon receipt of such objections, the **Minnesota Municipal Board** will hold a hearing and issue its order.

- If written objections are not submitted within the time specified and if the city council determines that property proposed for the annexation is now or is about to become urban or suburban in character, it may by ordinance declare the land annexed to the municipality.
- If the petition is not signed by all the property owners of the land proposed to be annexed, the ordinance cannot be enacted until the city council has held a hearing on the proposed annexation.

Reimbursement of Townships

When a city annexes township land under annexation by ordinance, property taxes on the land will continue to be paid to the affected township for the year in which the annexation becomes effective. After that, the taxes will be paid to the city.

However, the city will have to make the following payments to the township: first year after annexation: 90 percent of

the property taxes paid the year the land was annexed; second year, 70 percent; third year, 50 percent; fourth year, 30 percent; and the fifth year, 10 percent. Although the city and township may agree to a different payment plan, the township can be assured of receiving this amount if it desires.

Questions

Q. *Is the city required to reimburse the township anything for the annexed land?*

A. Yes, but the city and township may agree to any type of payment they want and can make it a nominal payment. However, the city will have to make the payments specified in law if it cannot reach an alternative arrangement with the township.

16 ***City of Hinckley and Barry Township***

The City of Hinckley, in Pine County, wanted to annex several hundred acres of land from the Township of Barry for the extension of resort facilities, such as a golf course, chalet, and townhouses. The casino planning to develop the area owned almost all of the land in question.

In order to facilitate the annexation and avoid the time and cost involved in a Municipal Board hearing, the city divided the land into seven parcels, each under the 60-acre limit for this type of annexation by ordinance. The process took three to four months to complete, and had the support of the township.

In an effort to maintain good relations with the township, the City of Hinckley agreed to reimburse it for the annexed land. The agreement called for a payment

plan similar to, but less expensive than, the one currently required by law. (The city and township reached their agreement before the required payment legislation was enacted.)

Lessons and Recommendations

Good relations with the township made this annexation and development easy.

If you need to annex a large tract of land, it is best to divide it into smaller parcels. This allows you to gain the land through annexation by ordinance, the easiest way, in the city's perspective, to annex land. [Many townships view this type of parceling as inconsistent with the spirit of the law. According to the Municipal Board, the city may have been able to annex the land more quickly and easily through orderly annexation with a 30-day review and comment period.]

Case Studies Annexation by Ordinance

Annexation by Board Order

(Minnesota Statutes, Sec. 414.031)

Township residents sometimes lack the services they need or want. These services might include sewage treatment, water, or police protection. In other cases, a business may not want to locate on a site without water and sewage treatment facilities. In both cases, the land in question is usually included in an orderly annexation area, or the city passes an ordinance annexing the land.

However, in cases where an orderly annexation agreement is not in place for the affected area, or where annexation will be controversial, residents or municipal governments may go to the **Minnesota Municipal Board** with a request for annexation. In the case of a contested annexation by ordinance, the Municipal Board will follow the procedures included in this section as well.

The initial requirement for annexation of unincorporated land to a municipality is simple and straightforward: the land must abut the municipality to which it will be annexed. In deciding whether to order this type of annexation, the Municipal Board must consider the factors listed on page 19. All parties should consider these factors carefully.

Beginning the Official Process

To officially begin the process, the Municipal Board must receive one of the following:

- a resolution of the annexing municipality;
- a resolution of the township containing the area proposed for annexation;
- a petition of 20 percent of the property owners or 100 property owners, whichever is less, from the area to be annexed (this must include a resolution from the annexing municipality supporting the petition); or
- a resolution of the city council and a resolution of the town board stating their desire to have the entire township annexed to the municipality.

The petition or resolution must include the following:

- the boundaries of the territory proposed for annexation;
- the names of all parties entitled to mailed notice of the proceedings; and
- the reasons for requesting annexation

Upon receiving the petition or resolution, the Municipal Board must conduct a hearing on the proposal. The hearing must be held within 30 to 60 days from date the board received the petition or resolution in the county in which a majority of the affected territory is located.

Possible Municipal Board Decisions

Order annexation.

The Municipal Board may order annexation if it finds that:

- the property proposed for annexation is now, or is about to become, urban or suburban in character, or
- the municipal government in the area proposed for annexation is required to protect public health, safety, and welfare, or
- the annexation would be in the best interest of the property proposed for annexation.

Deny annexation.

The Municipal Board will deny annexation if it finds 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 Municipal Board may deny annexation if:

- it appears that annexation of all or a part of the property to a different adjacent municipality would better serve the interests of the residents of the property; or
- the remainder of the township not included in the annexation would suffer undue hardship.

Alter boundaries.

The Municipal Board may alter the boundaries of the proposed annexation by increasing or decreasing the area to include only that property which is now, or is about to 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 be better served by another unit of government.

Order annexation to another municipality or township.

If the Municipal Board decides that part of the area would be better served by another municipality or township, it may initiate and approve annexation on its own motion by conducting further hearings and issuing orders.

Questions

Q. *If I would like my property annexed to a bordering city, should I petition the Municipal Board?*

A. No. That should be your last resort. Find out first if your property is included in an orderly annexation agreement. If it is, pursue that option. If it is not, ask the city to pass an ordinance to annex your land. If that fails, you can take your case to the Municipal Board. If you do not have the support of the city or the township, however, this may be a nowin situation.

17 *Madison Lake and Duck Lake*

Because of serious sewage problems threatening the area's water supply, seven residents of Duck Lake Township petitioned the City of Madison Lake, in Blue Earth County, for annexation. The city agreed to annex the land because it wanted to correct the sewage problem and to provide water and sewage treatment for future development. When the city began the process of annexing the land, some residents in the area opposed the annexation because they preferred that the septic systems be repaired or replaced.

The Municipal Board held a hearing on the issue and eventually approved the annexation of thirteen homes. In its conclusions of law, the Municipal Board found that all of the possible conditions for granting an annexation were present and that the township would carry on its functions of government without undue hardship.

The decision was challenged in court and the Municipal Board's decision was upheld by a district judge. One of the key issues in this case was defining the term "abuts". The appellant argued that the property did not abut since it was separated by a county road. However, the judge ruled that roads can be used as a connecting point. And, because the road provides transportation and necessary services to the area, the area properly abuts Madison Lake.

Case Studies
Annexation by
Board Order

Dissolution

Statutory cities that no longer serve as cities may be dissolved. Home rule charter cities must revert to statutory city status to dissolve. The dissolved city's land is divided among bordering townships. Townships may also be dissolved and the land is either absorbed by a neighboring township or townships or becomes unorganized territory of the county. The dissolution of a city or township is uncommon. There has been only one dissolution of a city in several years.

The processes for dissolving a city and a township are different and are discussed below.

Dissolution of a City

(Minnesota Statutes, Sec. 414.091414.093; 410.30)

There are three ways a statutory city may be dissolved. Home Rule Charter cities must become statutory cities in order to be dissolved.

One-third of those residents who voted in the last election may petition the **Minnesota Municipal Board** for a special hearing and election on the question of dissolution. A copy of the results is filed with the Municipal Board, which then issues a notice with the results.

- If a city fails to hold municipal elections for two consecutive years, as is required by law, and has outstanding unpaid bonds or bills, any debt holder may secure the dissolution of the city in an effort to receive payment.
- The Minnesota Supreme Court may dissolve a city that was incorporated through an invalid process.

All city assets will be used to repay its debts. After the debt is repaid, any remaining assets become the property of the township or townships that absorb the city's land.

Dissolution of a Township

(Minnesota Statutes, Sec. 365.45.365.49)

Dissolving a township requires the action of both the township and the county. The process is straightforward.

- Dissolution may be initiated by a majority of the township's registered voters. These residents file a petition with the town clerk calling for the dissolution of the town organization.
- If the petition is filed at least 60 days before a regular or special township election, the question will be put before the voters at that election.
- The certified results of the elections are presented to the board of county commissioners.
- The county commissioners may, by resolution, dissolve the township and attach the territory to an adjoining township or townships or make the township's land an unorganized territory of the county.
- If the land will be added to another township or townships, the residents of those townships will vote on whether to accept the land. The transfer of land must win approval of a five-eighths majority of the people who vote.
- The township's real or personal property needed for county purposes will become the property of the county. Additional assets will be used to pay off the township's debt. Any leftover money must be credited to the county's general fund.

Questions

Q. *Can a township vote on whether to accept the dissolved land of a city?*

A. No, only of a dissolved township.

Q. *Can the residents of a disbanded city or township be held responsible for their government's debt?*

A. Yes, they may be subject to special levies by the county.

18 *The Former City of
Island View*

Island View, a small city in Koochiching County, was comprised of resorts when it was incorporated in the 1930s. With time, homes were built along the shores of the lake that bordered the city. However, the lake was not served by any paved roads.

Eventually, some residents of the city believed that if the city were dissolved and the land became part of the county, the county would pave the road. These residents did not feel they were giving up much since the government provided no major services, owned no buildings or significant infrastructure, and had an annual budget of approximately \$20,000.

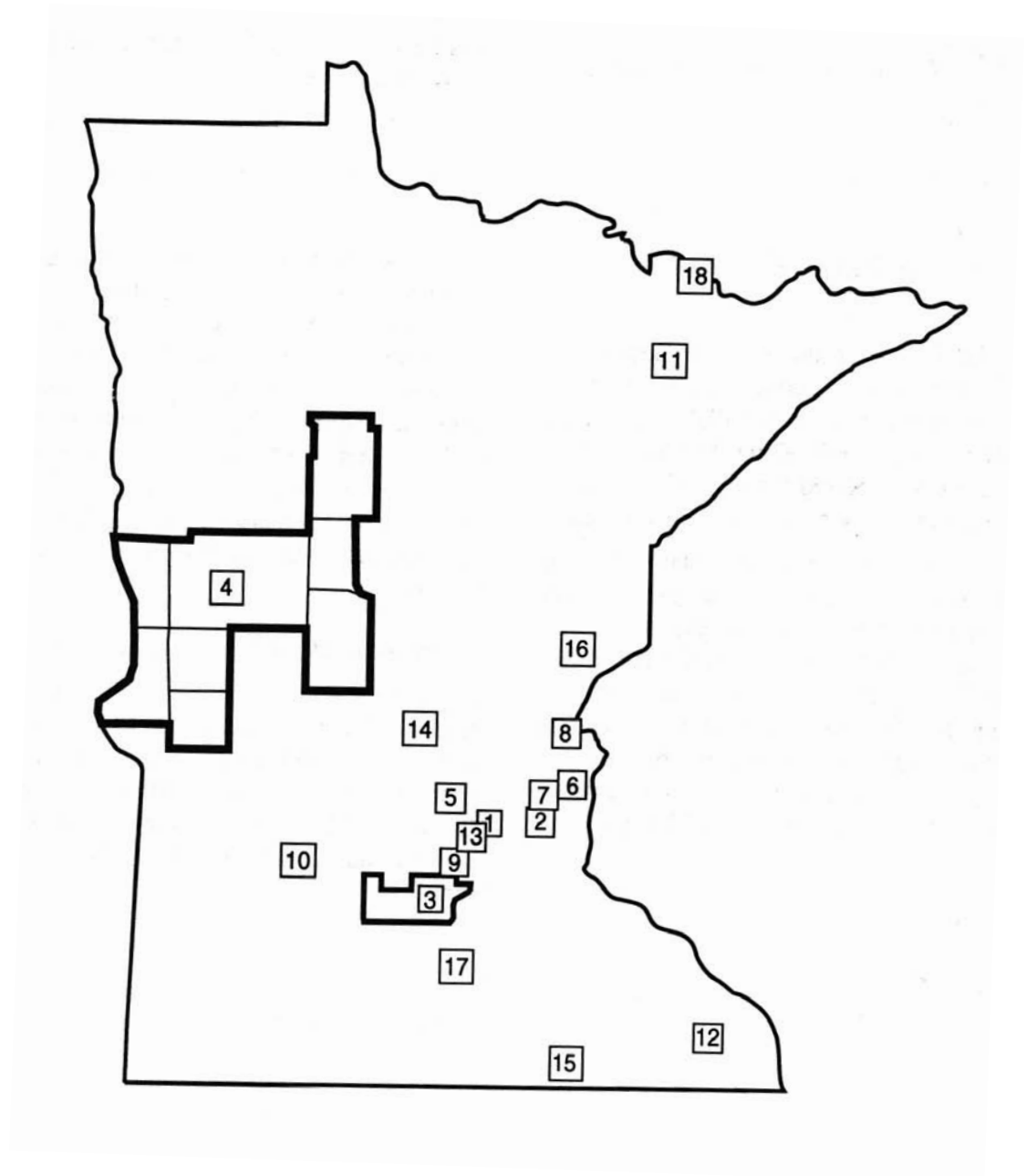
Other residents disagreed, and the result of the vote on the dissolution was a tie. Thus, the measure was defeated since a majority was not attained. Because a resident who was not an American citizen voted in the election, the results were nullified. In the next vote, the measure was passed by two votes, and the city was dissolved on February 27, 1992. To this date, the county has not paved the roads to the lake.

Lessons and Recommendations

If you are going to dissolve a city, make sure it is for good reasons. But be aware that you may not always achieve all of your objectives. The dissolved city did not get new roads. However, they dissolved city that did virtually nothing for its residents.

Case Studies
Dissolution

Case Study Locations



- | | |
|--|--|
| 1. Deephaven, Greenwood, and Woodland | 10. Renville and Emmet Township |
| 2. Falcon Heights | 11. Breitung and Eagles Nest Townships |
| 3. Sibley County | 12. Rushford and Rushford Village |
| 4. Otter Tail, Grant, Traverse, Wilkin, Stevens, Todd,
Hubbard, and Wadena Counties | 13. Shorewood and Chanhassen |
| 5. Otsego | 14. St. Cloud and St. Cloud Township |
| 6. Forest Lake | 15. Austin and Austin Township |
| 7. Centerville and Lino Lakes | 16. Hinckley and Barry Township |
| 8. Branch and North Branch | 17. Madison Lake and Duck Lake |
| 9. Norwood and Young America | 18. Island View |

Glossary

Board of Government Innovation and Cooperation	A state board charged with assisting local governments in working cooperatively and redesigning the services they offer. The Board has three basic programs: a grant program; a waiver program; and a consolidation program. (Additional information on the Board can be found on page 10.)
boundary adjustment	Alteration of a city, county, or township boundary.
commonality of powers	Two or more governments each have the authority to provide a particular service.
donut city	A city that completely encircles another.
externalities	Activities of one government or entity that affect the welfare of another entity, such as a property owner (e.g., one city's waste water may contaminate the drinking water of another city or a township).
freestanding growth center	A Metropolitan Council term referring to one or more cities separated from the metropolitan area by unserved land, but that provide, among other things, a basic set of services including water, sewer, and fulltime police and fire protection.
home rule charter city	Any city that has framed and adopted its own charter.
incorporated land	Land located within a municipality.
Metropolitan Council	Regional government unit for the Twin Cities.
Minnesota Municipal Board	State board responsible for municipal boundary restructuring.
municipality	Any city, regardless of how it is organized.
municipal restructuring	Any process seeking to change the borders of a city.
net tax capacity	Taxable value of property.
platted	Land officially designated on a map for a specific purpose, including property lots, thoroughfares, and boundaries.

special assessments	Taxes levied for a specific purpose (e.g., sidewalk construction).
special district	An area in which a government is set up to perform a specific function, such as waste disposal or mosquito control. A special district might be composed of cities, townships, or counties, or any part or combination of these.
statutory city	Any city that has not adopted a home rule charter.
unincorporated land	Land located outside a municipality.
unorganized territory	Property that is not under the jurisdiction of any local government except the county.

Where to Go for More Information

Most of these organizations will have staff who are able to discuss both cooperation and restructuring issues.

Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, (612) 625-9505

League of Minnesota Cities, (612) 490-5600

Metropolitan Council, (612) 291-6359

Minnesota Association of Townships, (612) 497-2330 or 1-800-228-0296

Minnesota Attorney General, (612) 296-6196

Minnesota Department of Planning, (612) 296-3985

Minnesota Extension Service
(An office is located in every county in the state)

Minnesota Municipal Board (for restructuring questions), (612) 296-2428

State of Minnesota's Board of Government Innovation and Cooperation, (612) 282-2391

State of Minnesota's Board of Mediation Services, (612) 649-5421

For information about ordering this publication, contact your county extension office or call the MES Distribution Center at (612) 625-8173.

For more information about the publication's content, contact Beth Honadle, State and Local Government Extension Economist, at (612) 625-3772.



Printed on recycled paper with minimum of 10% postconsumer waste.

Produced by the Educational Development System, Minnesota Extension Service.

This material is available in alternative formats upon request. Please contact your Minnesota County Extension Office, or, outside of Minnesota, contact the distribution center at (612) 625-8173.

Copyright © 1995 Minnesota Extension Service, University of Minnesota. All rights reserved. Do not copy any portion for any purpose without the express written permission of the Minnesota Extension Service. Send copyright permission inquiries to: Copyright Coordinator, EDS, University of Minnesota, 405 Coffey Hall, St. Paul, MN 55108-6068, or e-mail to copyright@mes.umn.edu or fax to (612) 625-2207.

The University, including the Minnesota Extension Service, is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, age, marital status, disability, public assistance status, veteran status, or sexual orientation.

