



1.11 ANNEXATION POLICY

ADMINISTRATION

Enabling Legislation: M2010-053, M2010-077

Date Adopted: 04/16/10, 05/04/10

Revised: 02/18/25

PURPOSE

The City of Northfield (the “City”) will use the Comprehensive Plan and this policy to provide overall guidance regarding consideration of annexation matters, subject to the governing law contained in Minnesota Statutes, Chapter 414, and any respective orderly annexation agreements in effect at the time of an annexation as applicable to the land proposed for annexation. This policy provides a summary of some common issues and considerations that may arise related to City Council consideration of an annexation matter. This policy is intended to aid the City Council in its decision-making and in analyzing annexation matters, provided however, that any specific annexation matter that arises will be considered by the City Council on a case-by-case, fact specific basis in accordance with applicable law.

The City is willing to develop and maintain an orderly annexation agreement with any neighboring township but only when it is appropriate for the City.

POLICY

The Comprehensive Plan describes a development preference for infill, redevelopment and intensification of property already within the corporate limits of the City. However, the City Council recognizes that the Comprehensive Plan also indicates that “greenfield,” edge development through annexation is appropriate and that there are other circumstances not addressed in the Comprehensive Plan where annexation may be necessary or appropriate, including but not limited to: expansion of a new or existing business; urban or suburban residential development; orderly growth and planned municipal services extensions; or abating an adverse environmental condition or preventing a potential adverse environmental condition. The policy positions of the City Council that will accomplish the foregoing are:

- That annexation fundamentally involves a change in the governmental jurisdiction of a piece of property from a Township to the City.
- That annexation reflects a general policy preference for growing from the inside out and should be guided first within the designated priority growth boundary of the Comprehensive Plan, before extending into the Urban

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Expansion Boundary area, but that annexation may also be necessary or appropriate under the circumstances presented at the time..

- That annexation will be primarily guided based on the principle of opportunity, in response to a request from a property owner, where the requested annexation would meet one or more of the following outcomes:
 - Be consistent with and assist in the implementation of the Comprehensive Plan, and any City-adopted policy plans.
 - Advance the potential to protect or enhance an environmental resource or abate an existing or potential environmental problem.
 - Enhance the efficient and cost-effective extension of infrastructure, municipal services and transportation systems.
 - Result in new or expanded business growth opportunities, enhancing economic development for the community as well as providing enhanced tax base generation and/or family-sustaining job creation.
 - Support and serve adopted goals or strategies of the City Council, including but not limited to the creation of new affordable and/or work force housing opportunities.
- That annexation initiated by property owner petition is preferred and that City-initiated annexation would seldom occur and only where deemed necessary by the City Council under the circumstances.
- That the City strives to accomplish annexations under the orderly annexation procedures established in state statute where practicable through development of mutual orderly annexation agreements between the City and affected Township.
- That those areas proposed for annexation be contiguous to City corporate limits, unless there is an orderly annexation agreement providing otherwise, or there is a compelling reason to do so under the circumstances, and the annexation conforms with the Comprehensive Plan.
- That annexation may be guided as applicable under the certain circumstances presented by an analysis of infrastructure capacity and cost effectiveness of extending infrastructure.
- That annexation may be guided as applicable under the circumstances presented by an analysis of the impact of potential transportation and infrastructure improvements, and related travel demand on environmental resources.

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- That annexation analysis may include, where applicable and based on the circumstances presented, such matters as an accurate projection of the potential for tax-base expansion and/or diversification, job creation, and salary and wage creation.
- That annexation may be guided where applicable and based on the circumstances presented, by an analysis of potential holding costs related to the area annexed, including any agreed-upon tax reimbursement to a Township.
- That annexation may be evaluated where applicable and based on the circumstances presented, from both a regional context and City perspective and decisions to annex may involve the consideration of the effects of annexation on the applicable Township or other government jurisdictions.

ORDERLY ANNEXATION AGREEMENT PRINCIPLES

Future orderly annexation agreements (“OAs”) to which the City may enter into with neighboring townships should reflect the following principles:

- OAs, to be effective, are required by state law to specifically designate portion(s) of the township(s) as in need of orderly annexation.
- OAs should designate areas of the township for orderly annexation that are likely to experience pressure for urban or suburban development on municipal sewer and/or water over the term of the agreement, potentially including such areas as are located within the City’s Priority Growth Area or Urban Expansion Area identified in the Comprehensive Plan, as well as under such other conditions as the parties may mutually agree consistent with state law.
- OAs should establish a process for property owners located anywhere within the designated orderly annexation area to petition for annexation and which gives effect to property owners’ intent (whether such intent is to petition for annexation to the City to facilitate development of the property on municipal services, to receive municipal services to abate environmental issues or remedy failing septic systems or wells, or to remain rural/agricultural and in the township).
- OAs should establish and/or maintain regulations protecting the rural/agricultural character of property within the designated orderly

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annexation area that is not annexed to ensure such property remains rural/agricultural with no development thereof at densities inconsistent with orderly City growth and extension of municipal utilities.

- OAAs may establish a review and comment process for the town board to communicate its views regarding particular property owner annexation petitions for consideration by the City Council prior to proceeding with the annexation, but annexation of such property shall not require further town board approval since the OAA will set forth the agreed upon terms and conditions for such future annexations at the time the OAA itself is approved by both governing bodies.
- OAAs must provide for tax reimbursement to the Township for any annexations occurring within the parameters set forth in Minn. Stat. § 414.036.
- OAAs may establish other terms and conditions to which the parties may agree, including but not limited to a joint planning board with respect to land use controls within the designated orderly annexation area.
- The City believes that road maintenance reasonability of the City should be limited to ½ of the road surface and right-of-way adjacent to the property to be annexed.
- The City believes that the actual responsibility for maintaining the road should remain with the Township and the City should make an agreed upon payment to the Township.

ORDERLY ANNEXATION TAX REIMBURSEMENT

- Tax reimbursement payments are intended to compensate a Township for a defined period for the loss of property taxes previously received from an annexed area and to transition from the Township tax rate to the City tax rate for the future responsibility of the City to provide property tax supported services to the annexed area following annexation.
- Tax reimbursement payments need to be structured to comply with governing law contained in Minnesota Statutes, section 414.036..
- The amount of tax reimbursement should be based on an amount that approximates the lost property taxes that the Township would have received from the annexed area in the year of annexation had the property not been annexed, over a defined and limited duration and may include, depending on



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the circumstances and applicable law, a reimbursement to the Township for special assessments assigned by the Township to the annexed property, and any portion of debt incurred by the Township prior to the annexation and attributable to the property to be annexed, but for which no special assessments are outstanding.

ORDERLY ANNEXATION SPECIFIC TOWNSHIP POLICY POSITIONS

- Waterford Township (Thye Parkway)
 - This area, viewed as a “corridor” in the Comprehensive Plan as a possible area to designate as a future orderly annexation area. This area is to be interpreted to include a possible alignment for an extension of Thye Parkway.
- Bridgewater Township (Heath Creek and Rice Creek)
 - The City should convey to the Township a willingness to assume the regulatory responsibility for the protection of Heath Creek and Rice Creek within the area to be annexed and to demonstrate progress at creating and adopting regulation(s) for this purpose prior to finalizing any amendment to the annexation agreement.

Note: *The policy position statements above are intended to be general in scope and serve as guiding principles for the City in addressing certain annexation issues. The City Council, however, in approving such policies, expressly recognizes that annexation law may change over time and annexation issues tend to arise in the context of unique and fact-specific circumstances. The City Council therefore will, and reserves the right in the future to, analyze all annexation matters on a case-by-case basis. Nothing herein should be construed to be interpreted as limiting the City Council’s discretion or authority with respect to considering specific annexation matters or to take a position that is not contained herein or is contrary to a position contained herein, should circumstances warrant in a particular case or should such position be deemed in the best interest of the City based on the circumstances at the time in the Council’s discretion and judgment.*