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December 15, 2023

City of Prior Lake  
Attn: Jason Wedel  
4646 Dakota Street SE  
Prior Lake, MN 55372

Dear Mr. Wedel

We are in receipt of your proposal from December 13<sup>th</sup> and look forward to continuing to work together to refine the language. As time is of the essence, we have provided general comments and some suggested provisions for the proposal received.

1. Annexation eligibility - The criteria are reasonable as applicable to the various portions of the agreement but some clarity/refinement is needed

1.2 ...make available within 150 to all annexed parcels within two years - the concern is around annexation of large sections of land with a pipe at the far end of the parcels but several years from actually serving the entire area. It arguably meets the definition of available but the land owner pays City taxes yet doesn't have services. We would suggest some protection for those residents, perhaps detachment, if they do not have services within the required timeframe. The detachment would serve to reduce the resident tax rate until services are able to be provided.

1.3 & 4.2 All references to Islands should be only applicable to the *existing* islands and not future islands as the Township does not control the annexation pattern of the City.

3. Annexation Outside of the OAA -We agree that the language around Annexation outside of the agreement needs to be reviewed and would reference the language previously shared:

**Development within MUSA.** Except as provided in this Agreement, no development shall occur within the orderly annexation area which is outside the "MUSA" of the City of Prior Lake. Said development can occur only if all local government standards in effect on that date are complied with or are capable of being complied with in the future. The intent of this paragraph is to strongly discourage development outside the contiguous "MUSA" of the City of Prior Lake. (An exhibit would be included).

4. Payment by the City to the Township for Property Annexed -The tax reimbursement rate would be considered acceptable in light of leaving the areas 24.1, 24.2, 24.3 in the Township.

5. Utility Rates for Township Parcels - We do not argue that a reasonable increase is appropriate but would like to discuss the max rate of 20%.

6. Township Replacement of Infrastructure- The Township residents paid for the sewer and water infrastructure costs. Just as their neighbors in the City, utility fees paid to the City should pay for ongoing maintenance and future replacement costs. It makes sense that the Township would be responsible for storm sewer and road improvements costs, but the City should be responsible for project costs associated with the sanitary sewer and watermain.

8. Planning and Land Use control- As the City has stated in the proposal and we have learned over the years of the expiring agreement, neither the City nor the Township can control progress of development

and therefore cannot determine the dates in which an area may be annexed. This foundational statement is the reason the Township's Board would not be amendable to the City's proposal for Land Use Control. We believe everyone would agree that it is important that the residents who vote for their representatives are represented by them. Under the past agreement, the three-person Board was not invoked often, was efficient, and provided the necessary opportunity for all to be heard. Recognizing the City's expressed concern over potential Township initiated Comp Plan amendments, the Township would agree not pursue Comp Plan amendments in areas covered by the Orderly Annexation Agreement.

Roads: We understand and appreciate the concerns regarding the financing of road projects both pre and post development as well as the different policies that the City and Township have. We believe the proposed language below could address both scenarios.

The City's suggestion of a depreciating scale model works for some areas, but not all. Existing neighborhoods such as 165<sup>th</sup> St & McKay Ct can use the depreciating model as articulated in the Road Maintenance Prior to Annexation section below. New City developments would fall under the Road Maintenance Upon Development clauses. Using 170<sup>th</sup> Street as a New City development example, there is approximately 3500' of road between the Springview Meadows neighborhood and the Pieper properties to the west that could be easily subdivided. How the maintenance and reconstruction costs for that road are managed upon development are a significant concern to the Township. We feel that the language below would help avoid the issues we are currently experiencing surrounding 180<sup>th</sup> Street near the Enclave while also addressing the use of the depreciating scale model where applicable.

#### **Road Maintenance Prior to Annexation.**

The Town shall continue its normal maintenance of existing Town roads, bridges, drainage facilities, and street signage for any roads and facilities located within the Annexation Area until the property adjacent to or surrounding such roads and facilities is annexed by the City.

The City shall reimburse the Township for roads reconstructed in the annexation area that serve only township neighborhoods or industrial parks (i.e. 165th/McCay/Dairy Lane) on a depreciating and agreed upon road life, generally considered 20 years.

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

#### **Road Maintenance upon Development**

The City shall require that all roadways abutting or serving new developments shall be improved by the developer and/or property owner from the access of the development to the nearest County, City or State Road.

**Use of Township Roads.** For all properties annexed under this Agreement, the City shall require in its developer's agreements that during plat development (including construction of residences) all construction traffic shall use State Trunk Highways, Scott County Highways or Prior Lake city streets, and that Township roads be used only when no State Trunk Highway, Scott County Highway or Prior Lake city street is available. The City's developer's agreements shall also require that the Developer pay the Township for the cost to repair any road damage that may occur as a result of construction traffic using Township roads

**Maintenance - (deicing, plowing, seal coating, crack sealing - on going maintenance items).** The City shall maintain the entire road (i.e. both sides of the road) where the City has annexed property abutting one side of the road and has developed a residential, commercial or industrial subdivision abutting such road that accesses to such road. The length of road required to be maintained shall be limited to the length of road directly abutting the property annexed under this Agreement.

**Costs for Reconstruction/Road Improvements of Joint City/Town roads** will be based on the representative number of homes taking access from or abutting the road or based on MnDOT traffic count assumptions per home or in the alternative could be based on the Fire Contract Model. (Per Home Example: 25 Township and 150 City properties take access from Joint/City Town Road 14% of costs to Township, 86% City)

**Undue Burden on Town Roads.** The Township and City recognize that there may be instances where it is appropriate for the City to assume responsibility to maintain additional portions of Town roads because City development imposes an undue burden on Town roads that serve the annexed property. The City and Township agree to negotiate in good faith to find an equitable solution

**Permitting.** Each side of the ROW, regardless of road management obligations, will be the responsibility of the respective municipality for purposes of permitting.

Again, we acknowledge the proposal is a framework for an agreement and issues of tax phasing, grinder pump, septic credit issues and other specifics will need to be addressed before a final agreement is reached. We feel that things are moving in a positive direction for the win-win-win that all are striving to achieve and look forward to hearing from you.

Sincerely,



Melissa Hanson  
Spring Lake Township Clerk

Cc: Brad Davis - Scott County  
Lisa Freese - Scott County  
Barry Stock - Scott County CDA  
Jo Foust - Scott County CDA  
Matt Stordahl - Township Engineer  
Casey McCabe - Prior Lake Community Development Director