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January 4, 2024

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

Dear Mr. Wedel

Thank you for your response letter dated December 21, 2023 as well as the understanding in extending the deadline over the holidays and importantly, a very productive conversation the two of us had last week. It was helpful to get more context around the concerns so we could more effectively address them. At a Special Meeting, the Board reviewed the two major sticking points identified by the City – Planning and Zoning and Roads while also discussing the need for clarity around Phasing. The meeting was productive and we are hopeful that the information below will allow both Spring Lake Township and Prior Lake to move forward in the consideration a new agreement

Planning and Zoning:

City Concern: The City Council will not approve an agreement that allows for the potential rezoning or re-guiding of land use without City approval that negatively impacts the previous and future investments made to serve the entire OAA with municipal utilities. City staff has proposed two options that appear acceptable to the City Council to address this concern; 1) annexing the entire OAA immediately and feathering in the property taxes; or 2) delegating planning and land use authority to the City. This is the primary issue that must be resolved for the City Council to move forward.

Township Response: Yes, the Township could agree to delegation of planning and land use authority to the City with the following reasoning and considerations

- i. Whereas the County is the Planning and Zoning authority for Spring Lake Township and
- ii. Whereas the County's Comp Plan reserves the area for urban services and
- iii. Whereas the City is committed to serving this area overtime
- iv. Whereas the Township Board is a Board of Recommendation only,
- v. Therefore, the Township defers to the County's willingness to cede Planning and Zoning authority to the City of Prior Lake for this defined OAA geographic area.

The Township proposes the amended language as suggested by Scott County

8.2 Accessory Buildings and Structures. The City acknowledges several larger acreage parcels exist within the OAA and several property owners have, or may desire to build, accessory structures that are larger than permitted by Prior Lake City Code. Prior to annexation of any parcels within the OAA, the City shall amend its zoning ordinance related to a.) accessory structures to be more in line with match Scott County's standards for residential accessory buildings and structures in the County's (UER) Urban Expansion Reserve zoning district, which establish minimum setbacks, maximum building area, and maximum building height based on lot size, and b.) keeping of animals to match Scott County's standards for animal unit density and productive acreage in the (UER) Urban Expansion Reserve zoning district. In addition, the City agrees to work with the Township to address any additional discrepancies that may exist between Scott County and the City of Prior Lake so as to not negatively impact property owners within the OAA that may wish to maintain the more rural character of their property.

- Both the Township and the County would ask for reconsideration of an OAA Board to review and/or
 make final decisions on variances from city zoning ordinance and IUPs/CUPs allowed under city zoning,
 as well as any plats or subdivisions that may need OAA decision per the city's subdivision ordinance.
- To allay any concerns about a variance request being utilized as an opportunity to re-quide or rezone, the County offers the following: Chapter 2, Section 2-3-1 of the County Zoning Ordinance states the following; "A variance from the provisions of the Zoning Ordinance may be issued to provide relief to the landowner in those zones where the Ordinance imposes practical difficulties to the property owner in the reasonable use of this land. No use variance may be issued" (underlined for emphasis). County staff has always interpreted a desired change in density (i.e. subdivide their property to something smaller than what was is guided) as a "use variance" ... which is not allowed. Furthermore, the County's subdivision ordinance has 6 findings or criteria for granting a variance when subdividing land, one of which states "The purpose of the variance is not based exclusively upon a desire to increase the value or income potential of the parcel." Again, County staff would use this criteria to recommend denial if anyone came forward with a variance request to subdivide to something smaller than what is guided.

Roads:

City Concern: Having a Road Agreement as a separate agreement from the Orderly Annexation Agreement to manage time concerns with drafting.

Township Response: Yes, the Township is open to a separate road agreement to address current and future road concerns. The Township asks that work be done in parallel with a potential annexation agreement and a Memorandum of Understanding signed.

Phasing:

The City's proposal reads (1.2)... that depending on the zoning authority, large parcels of land could conceivably be split in conformance with Scott County or City of Prior Lake zoning regulations and only that portion of the property necessary to extend utilities would then be annexed to minimize the property tax impact for the property owners not ready to develop.

If the City of Prior Lake is the zoning authority as requested and the entirety of the area not annexed at one time, the Township would like to review and understand based on some examples how large parcels could be split and only that portion of the property necessary to extend services utilized.

The Township would also ask that if in the unforeseen instance where the property does not have services in year two as anticipated that the 6-year tax feathering be suspended at year two and resumed when services are received.

The Board has asked township staff to consider dates for an open house and public hearing to discuss the potential annexation agreement, provided the suggestions above are acceptable. A formal motion to move forward to request attorneys to draft is the anticipated next step based on your response.

Sincerely,

Melissa Hanson

Spring Lake Township Clerk

Cc: Brad Davis - Scott County

Webse Lathanso

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