

**ITEM:** Consider Approval of a Resolution Giving Preliminary Approval to the Annexation of Two Properties in Bridgewater Township (Praver-Gill Properties)

**SUMMARY:**

The City Council is being asked to approve Resolution 2010-012, which will give preliminary approval to the annexation of approximately 456 acres in Bridgewater Township. As an alternative, the City Council can decide to discuss the annexation request and take action at the Council meeting on February 16, 2010. The Planning Commission and City Staff recommend that the City Council adopt Resolution 2010-012.

**Organization of Staff Report:**

This staff report is organized into sections as follows:

- A. Summary and highlights of the annexation request (page 1)
- B. Description of the properties (page 2)
- C. Description of fiscal impacts and infrastructure (page 4)
- D. Summary of public comments (page 8)
- E. Revisions to Bridgewater annexation agreement (page 9)
- F. Board and Commission response to City Council direction (page 9)
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*Staff has summarized some of the information in the report that is of longer length. These are shown as “boxes” within the report to assist the Council in making a decision on this request. The full detail is shown below these “boxes.”*

**A. Summary and highlights of the annexation request**

- Ken Praver is proposing to annex approximately 359 acres, and Robert Gill is proposing to annex approximately 97 acres for a total of 456 acres. Both properties are adjacent to each other, but only the Praver property is adjacent to the current Northfield City limits. Therefore, it is recommended that the Council consider annexing either both the Praver and Gill properties or just the Praver property.
- City Staff has analyzed the existing infrastructure in the area, reviewed the City’s infrastructure plans, and estimated projected revenue when the properties are developed. The costs to bring utility infrastructure to the Praver-Gill property will be significantly less than the costs to bring infrastructure to the recently annexed area west of the

Northfield Hospital. This reduced cost is primarily due to the fact that the existing City infrastructure for the Praver-Gill annexation area is adjacent to the current City limits and existing infrastructure, while the distance from Garrett Avenue (west of the Hospital) to existing adequate infrastructure is 1½ miles. It is anticipated that the infrastructure costs to develop the Praver-Gill properties would largely be borne by a developer, but that the City would pay for the cost for upsizing of utility mains. Detailed information about the fiscal impacts to the City is found in Section C.

- A public hearing for the Praver-Gill annexation was held by the Planning Commission on November 24, 2009. The majority of the comments conveyed were in regard to concerns about protecting Heath Creek and Rice Creek, both of which flow through the properties. After further consideration at subsequent meetings, the Commission recommended that the City Council approve the annexation request. Staff also recommends approval of the request. The full recommendation is detailed in Section I.
- Currently, the City has a signed annexation agreement with Bridgewater Township allowing up to 150 acres to be annexed in a five-year period, with no more than 60 acres in one year. Also, some of the proposed annexation area is not included in the annexation agreement. If the City Council gives preliminary approval to the annexation requests, City Staff will work with the City Council and the Bridgewater Township Board to revise the agreement. If the revised annexation agreement is signed by both parties, the annexation request would then be sent to the Municipal Boundary Adjustments office in St. Paul for final approval. If the City and the Township Board cannot agree on a revised agreement, the annexation would not be completed. Further information about the annexation agreement is found in Section E of this Staff report.
- On September 14, 2009, the City Council requested that four Boards and Commissions provide recommendations to the Council on the annexation request. These groups are the Economic Development Authority (EDA), Park and Recreation Advisory Board (PRAB), Environmental Quality Commission (EQC), and the Planning Commission. Those recommendations were received and are discussed in Section F of this Staff report.
- The applicants have submitted a concept plan for illustrative purposes. If the City Council gives preliminary approval to the annexation request, the EDA's subcommittee, called the "Northfield 3<sup>rd</sup> Business and Industrial Park Steering Committee", could continue working with their consultant to begin master planning of the Praver-Gill area. These master planning efforts are beneficial to the public since they will have input at an earlier stage than would normally be found if a property owner were to submit a request to subdivide the property. The EDA would later request that the City Council approve the master plan.

## **B. Description of the properties**

- Property location  
The two parcels are located west of the current City limits, the Cannon River, and Highway #3; south of Highway #19; east of Decker Avenue; and north of Rice Creek

(also known as Spring Brook). See Exhibit A of Resolution 2010-012 for the general location of the properties. This location provides opportunities for convenient access for a business park from Highway #19, from Armstrong Road, and from Decker Avenue, which is proposed to be upgraded to a County arterial road in the future.

- Surrounding Land Uses

The parcel is bordered by properties to the west and south that are being used for agricultural purposes. There are several single-family homes located within rural subdivisions north of the Gill property and south of Highway #19. If the properties are annexed, it will be important to master plan the annexation area so that there is minimal negative impact on this single-family neighborhood.

- Existing and Proposed Land Uses

Both properties are currently used for agricultural purposes. The applicants have indicated they will continue the agricultural use of the properties until a business park is developed in the future. This provides time for the City to complete a master plan for the area that incorporates sound environmental practices with a desire for viable economic development. Rezoning the properties to an appropriate business park or light industrial zoning classification will be required when the property is subdivided in the future.

- Soils

A review of the Rice County Soil Survey prepared in 1975 reveals that the area proposed for annexation contains Lester loamy, Clarion loam, and Webster clay loam soils that are similar to many areas surrounding the City. These soils have few limitations to building and development. There are areas of steep slope along the creek ways that should be protected from development but this limitation is due to the slope characteristic and not the soil profile.

- Floodplain and Wetlands

There are floodplain designations along Heath Creek and Rice Creek. If the annexation is approved, Staff recommends the property owners be responsible for completing a detailed flood analysis that would delineate the floodway and floodway fringe districts prior to subdividing the properties. Delineating the floodway and floodway fringe, which determines base elevations, will assist in effective watershed management for the area, and help guide detailed site design before the properties are subdivided. According to the National Wetland Inventory, there is also a small wetland on the Gill property that the property owner or developer would be responsible for delineating during the subdivision process.

- Natural Resources Inventory

In addition to Heath and Rice Creeks, the City's Natural Resources Inventory (NRI) also describes two natural features on the Praver property. The first natural feature is the oak woodlands described as being in poor condition and having a dense shrub layer of European buckthorn. The second feature is a floodplain forest of moderate condition with sugar maple, basswood, hackberry, and quaking aspen. This floodplain forest also has a dense layer of buckthorn. The NRI states that high value wildlife habitats are found

along Heath and Rice Creeks and these resource areas should serve to create a degree of connectivity for wildlife habitat. If the annexation is approved, the land development process would enable the City to further evaluate the quality of the natural resources, and outline a strategy to protect and enhance the creeks, woodlands, floodplain, and other resources on the properties.

Any proposed development of the properties will likely require an Environmental Assessment Worksheet (EAW) or Environmental Impact Statement (EIS) per the State's Environmental Quality Board (EQB). The amount of proposed building square footage for the properties determines whether an EAW or EIS is required. Since that is unknown at this time, the property owners, or future developer, would be required as a condition of approval of the annexation to commit to the completion of either an EAW or an EIS at the time the property is subdivided.

### **C. Description of fiscal impacts and infrastructure**

This section details estimated revenue to the City and School District from development of the properties, infrastructure costs, a description of the water, sewer, stormwater infrastructure, and the transportation system.

- Projected revenue

Attachment #1 details revenue projections presented to the EDA on November 19, 2009. The revenue paid to the City and school district will be from the payment of property taxes, and to the City in the form of on-going revenue from utility usage and one-time payments of sewer and water availability charges (SAC and WAC). The revenue projections were calculated based on the development of the properties with or without a commercial component:

- If the development has a commercial component, the estimated total revenue to the City and School District from the various funding sources is \$5.6 million at full build out of the properties. This revenue estimate includes:
  - One time payment to the City for SAC/WAC of \$2.3 million
  - On-going revenue to the City for utility usage of \$1.2 million
  - Property taxes paid to the City of \$1.2 million per year
  - Property taxes paid to the School District of \$900,000 per year
- If the development does not have a commercial component, the estimated revenue to the City and School District from the various funding sources is \$5.2 million at full build out of the properties. This revenue estimate includes:
  - One time payment to the City for SAC/WAC of \$2.3 million
  - On-going revenue to the City for utility usage of \$1.1 million
  - Property taxes paid to the City of \$990,000 per year
  - Property taxes paid to the School District of \$770,000 per year

The City and School District would only begin to collect this revenue when the properties develop. Prior to development, the properties may receive a “Rural Service District” designation from the City Council, which bases property taxes on agricultural land uses rather than a developed land use. This means that if the properties are annexed, the City will collect approximately the same property taxes as Bridgewater Township collected.

- Infrastructure costs:

The cost to bring utilities to the Praver-Gill properties is estimated at between \$1 million and \$2 million. By contrast, for the area west of the Hospital, costs are estimated at \$4.0-4.5 million to extend water, sanitary sewer, and storm sewer to Garrett Avenue. The potential estimated costs to develop the Praver-Gill properties are significantly less due to the fact that the existing City infrastructure, such as sewer and water, are in closer proximity to the Praver-Gill properties. Costs to develop the area west of the Hospital would include sanitary sewer extensions of approximately 1½ miles from the area east of the Hospital to Garrett Avenue, since sanitary sewer mains directly in front of the Hospital would be reconstructed to meet the sanitary sewer needs of this annexed area.

Costs to develop the Praver-Gill properties would be borne by the developer, except that the City would be responsible for any costs related to oversizing of infrastructure. Oversizing costs for a development on the Praver-Gill properties would be the same as for any typical development in the City. For example, the City currently pays for oversizing of roadway pavement beyond the width of a local street, which is 32 feet in width. Costs for oversizing of sanitary sewer mains would be dependent on the location of roadways since these mains are installed within streets.

If the annexation is finalized, the City will also be responsible for on-going snowplowing and maintenance of those sections of the township roads that would now be in the City limits. These costs are estimated at \$4,000 per year. Police and fire service costs will be minimal since only the Praver home itself would come into the City limits (the Gill home would still be in Bridgewater Township).

Future costs to the City may also come in the form of infrastructure-related financial incentives offered to those who would develop the Praver-Gill properties. The City Council has been discussing what has been termed sustainability incentives, as they evaluate the revenue structures of the utility funds. Some of the programs that have been suggested include incentives for low impact development stormwater techniques, water conservation, and SAC/WAC relief. The costs of these incentives to the City are dependent upon the extent to which the City Council decides to participate in these programs.

- Water distribution system

Sufficient water infrastructure extends to the property lines of the Praver-Gill area (Attachment # 2 is an illustration from the City's future water plan). The area currently has 12" water mains located in Industrial Boulevard and Armstrong Road. The City's Comprehensive Water Plan indicates that these mains should be extended to and looped through the proposed annexation area. These trunk mains would provide the backbone for the network of smaller diameter mains installed as part of the subdivision process for this area. Currently, there are two 1,000,000 gallon storage tanks located in the St. Olaf College area that supply sufficient storage capacity for the area proposed for annexation and provide a sufficient water pressure for average daily demands and fire protection. Should this area be annexed and developed, the City will need to monitor the system of wells to make certain that adequate supply is maintained. The Comprehensive Water Plan has anticipated timeframes for well additions to the system based on previous growth patterns.

- Sanitary Sewer system

Summary: Current sanitary sewer extensions will not have enough capacity to serve the Praver-Gill properties when they are developed (Attachment #3 is an illustration from the City's future sanitary sewer plan). However, once improvements are made to the sanitary sewer system, there will be capacity. These improvements include the completion by the City of a feasibility study that will assist in determining the costs to extend the infrastructure, with options for how the system is paid for, and the completion of another study in 2011 of the sewage treatment plant which will provide recommendations for facility maintenance and upgrades that would include costs and scheduling. Many of these system improvements were to occur regardless of whether or not the Praver-Gill area was annexed.

The Praver-Gill area currently has a 12" main in Industrial Boulevard and along south Armstrong Road. The sewer interceptor serving the Industrial Boulevard area does not have enough capacity to serve the entire area proposed for annexation. However, the City's Comprehensive Sanitary Sewer Plan (CSSP) considered the urban reserve boundary when recommending pipe sizes and locations. The entire area proposed for annexation is included in this urban reserve boundary. The proposed annexation area will ultimately flow through a trunk sewer line and replacement pump station that is anticipated to be constructed next year. This sewer line has been in the planning stages for several years as it will ultimately relieve an aging pump station and add capacity. Recently \$1.2 million has been included in the City's Capital Improvement Plan (CIP) for the completion of these projects. These improvements are expected to benefit areas currently being served south of the Ice Arena including the entire City of Dundas, along with the remainder area within the urban reserve boundary south and west of the City. Since these future sanitary sewer system improvements will benefit other entities in addition to the developer of the Praver-Gill properties, it is not yet possible to assign specific costs for this sewer system. However, a feasibility study, as recommended by the CSSP, is nearing completion. This report will evaluate options for the project including both capital and operating costs.

The existing sewage treatment plant was upgraded in 2003, and was designed for an approximate additional population growth of 6,600 persons. Population estimates in the Comprehensive Plan calculate that the City will experience that population growth by 2027. The plant was also designed to include provisions for additional treatment units that could potentially double the capacity of the plant. The City will be undertaking a facility plan in 2011 to evaluate the treatment capacity and provide recommendations for facility maintenance and upgrades that would include costs and scheduling.

- Stormwater Management

Summary: The Surface Water Management Plan is currently used to review proposed development in the City, and will be the guide in writing the new stormwater ordinance expected to be adopted by the Council in 2010. This means that the ordinance will be in place prior to development of the Praver-Gill area.

Two significant surface water resources in the area proposed for annexation are Heath Creek and Rice Creek, which are within separate drainage basins. Protecting and enhancing these two creeks was a strong desire expressed by the public in comments given to the Planning Commission at the public hearing on November 24, 2009. The standards in the Surface Water Management Plan (SWMP) will be very effective in helping to achieve the goal of protecting and enhancing these creeks, especially as these standards become the ordinances of the City in 2010.

The SWMP is referenced in City Code Section 34-165, specifically stating that the SWMP is a standard in the review of development projects in Northfield. The SWMP incorporated standards that in the past have not typically been part of municipal regulations, such as infiltration requirements and performance standards. Performance standards allow the City to be flexible in accepting new proven stormwater techniques as opposed to just requiring the standard detention ponds. All development reviews since the adoption of the SWMP, and those into the future, are evaluated against the SWMP.

The City is currently in the process of retaining a consultant to write a stormwater management ordinance that is based on the SWMP (the Council is expected to approve a contract with a consultant in the near future). The process will include updating the City's ordinances on surface water management along with developing policies for management of the Rice Creek watershed to protect the ecosystems supporting the Brook Trout. Bridgewater Township and the City agreed to discuss future monitoring of Rice Creek as part of the creation of new management ordinances and policies. The costs to the City for monitoring and management of the streams are dependent upon the extent to which the City Council decides to participate in these programs.

City Staff has set up a technical steering committee, which has specific expertise in various elements of stormwater management, to work with the consultant in writing the stormwater ordinance. A draft of the ordinance is anticipated to be ready for City Council consideration by August of 2010.

- Transportation System

Summary: Since traffic will increase significantly as a result of the development of the Praver-Gill area, a detailed traffic analysis should be completed prior to development to document the traffic impacts on the area. The completion of this traffic analysis by a developer has been made a condition of approval of the annexation request.

Attachment #4 is a Transportation Plan map showing existing roadways and an illustration of proposed roadway connections. The Praver-Gill area is currently served by the following City and Township streets and roads.

- Armstrong Road: a two lane City street that intersects with Highway 19 at the north and extends southerly to Dundas. This street transitions to County State Aid Highway 78 at the City boundary.
- Decker Avenue: a two lane gravel township road within Bridgewater Township that links to Garret Avenue north of Highway 19 and extends southerly to Dundas.
- 100<sup>th</sup> Street: a two lane gravel township road that extends from Armstrong Road on the east to Baldwin Avenue west of Northfield and Dundas.
- Edgebrook Road: a two lane road that primarily provides road access to the rural residential subdivision referred to as Edgebrook.

Current traffic volumes have been documented on portions of the surrounding street system. In 2005, the average daily traffic was 1,850 vehicles on Armstrong Road adjacent to the area proposed for annexation and 3,950 vehicles per day further north at the intersection of Armstrong Road and Highway 19. If the Praver-Gill area is annexed and developed, traffic volumes on Armstrong Road are projected to increase to 5,400 vehicles per day along the northerly section of Armstrong Road and as many as 8,000 vehicles per day along Armstrong Road moving toward Dundas. Traffic volumes on Decker Avenue are expected to increase with as many as 5,000 vehicles per day traveling on Decker Avenue near the intersection with Highway 19. According to Rice County, Decker Avenue will transition from a township road to a County Road at some point in the future. If so, the City will need to discuss the impacts of this transition with Rice County.

The Northfield Transportation Plan states that Armstrong Road and Decker Avenue will remain as the main collectors that will enable motorist to travel to and from the area proposed for annexation. Additionally, a system of collector streets that will need to be constructed as part of the development of this area will improve the east/west connectivity between Armstrong Road and Decker Avenue and also with Highway 19.

**D. Summary of public comments**

The large majority of the comments conveyed at the Planning Commission public hearing on November 24, 2009, expressed a desire that the two streams within the proposed annexation area, Heath Creek and Rice Creeks, be protected and enhanced as part of the eventual

development of the properties. Therefore, the comments, and subsequent Planning Commission discussion, centered less on the merits of the annexation itself, but rather on how to protect the creeks when the area is developed.

If the annexation is finalized and the Praver-Gill properties are brought under City jurisdiction, the streams in the annexation area will be protected and enhanced through the writing of a stormwater ordinance based on the Surface Water Management Plan already in place (see Section C, above, for detailed information about the proposed ordinance). There have been discussions with Bridgewater Township officials about working cooperatively in writing the ordinance. Since these creeks are currently not within City limits, the annexation of the Praver-Gill properties represents a real opportunity for the residents of the Northfield area to see enhancements and protections to the creeks that would not be possible had the Praver-Gill area remained agricultural land outside the City limits.

**E. Revisions to Bridgewater annexation agreement**

In 1999, the City of Northfield and Bridgewater Township signed an annexation agreement which would allow land to be annexed in the Township over a twenty year period. The agreement allowed up to 60 acres a year, but no more than 150 acres in a five-year period, to be annexed. In addition, the agreement states that only land within certain boundaries of Bridgewater Township could be annexed (Attachment #5). The current five-year period for the annexation agreement began January 1, 2010, and ends December 31, 2014. Some of the Praver-Gill properties are outside the boundaries outlined in the agreement. Therefore, at a minimum, in order for this annexation to proceed, the following revisions to the annexation agreement must be agreed to in writing by both the City and Bridgewater Township:

1. Property boundaries of the annexation agreement must be revised to allow the entire 456-acres of the Praver and Gill properties.
2. Agreement be revised to allow 456 acres to be annexed in 2010, rather than 60 acres.
3. Agreement be revised to allow 456 acres to be annexed in the period from January 1, 2010, to December 31, 2014, rather than 150 acres.

**F. Board and Commission Response to City Council direction**

Summary: Input has been received from the EDA, PRAB, EQC, and Planning Commission in relation to the annexation request. These four groups have analyzed the request in relation to the Comprehensive Plan, Economic Development Plan, Park Master Plan, Greenway Corridor Plan, and the Natural Resources Inventory, and have provided recommendations for conditions of approval of the annexation request. Those conditions have been incorporated into the recommendation in Section I of this Staff report.

On September 14, 2009, the City Council requested that the Planning Commission serve in a coordinating role by obtaining all of the comments and recommendations from the EDA, PRAB, and EQC, and also conduct the required public hearing on the annexation request. The following

is a summary of the recommendations from the EDA, PRAB, and EQC reviewed by the Planning Commission at the public hearing on November 24, 2009:

- EDA recommendations:

The City Council requested that the EDA confirm whether the annexation is in conformance with the EDA's 2006 Comprehensive Economic Development Plan, and also estimate public revenue and expenditures from the development of the property. At their meeting on November 19, 2009, the EDA reviewed the 2006 Plan, projected revenue estimates from the development of the properties, and estimated infrastructure costs. The EDA recommended the City Council approve the annexation request. They did not have any recommendations for specific conditions to be placed on the annexation approval.

- PRAB recommendations:

The City Council requested the PRAB review the annexation request for conformance with the 2008 park master plan, and the 2007 greenway corridor plan. After reviewing this information on November 10, 2009, the PRAB recommended that the City Council approve the annexation request, with four conditions (these conditions have been incorporated into the recommendation in Section I of this Staff report):

- The City Council should follow the park dedication requirements as per City ordinances during development.
- The Neighborhood Park #9 as shown in the City's Park, Open Space, and Trail System Plan, be redesignated as a Community Park, and also relocated adjacent to Sechlar Park to create a larger park mass.
- Create green corridors along both streams and parkland at the confluence of the two streams.
- Protect any and all wetlands in the annexation area.

- EQC recommendations:

The City Council requested the EQC review the annexation request in relation to the City's Natural Resource Inventory. At their meeting on November 17, 2009, the EQC reviewed and approved a response to the City Council request written by the EQC Chair, Daniel Jones (Attachment #6). Some of the statements in the EQC response are a description of the natural features on the Prawer-Gill properties. Other statements are recommendations for conditions of development of the property. The EQC's recommendations relate to the need, when master planning the Prawer-Gill area, to pay close attention to specific environmental features on the properties. Staff has incorporated the EQC's recommendations into the conditions of annexation approval (see Section I of this Staff report).

- Planning Commission review:

<p><u>Summary:</u> The Planning Commission has reviewed the Comprehensive Plan and found the annexation request to be consistent with the 12 land use principles, land use maps, and the City's infrastructure plans.</p>
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The City Council requested that the Planning Commission hold a public hearing, gather comments from the EDA, PRAB, and EQC, and consider four questions, as shown below, related to the Comprehensive Plan. The public hearing was held on November 24, 2009. At subsequent meetings on December 15, 2009, and January 7, 2010, the Commission discussed the consistency of the annexation request to the Comprehensive Plan. After this discussion, the Commission provided the following response to the Council's four questions:

1. Consistency of the annexation request in relation to the overall Comprehensive Plan. **Response: The proposed annexation is in conformance with the overall Comprehensive Plan. Although the Plan stresses a desire for infill and redevelopment, it also realizes that greenfield development can achieve the Comprehensive Plan goals of achieving a balance of residential and commercial development that helps to ensure the community's economic viability. The Plan stresses that greenfield development should be compatible with surrounding land uses and not lead to degradation of the area's natural resources. This goal will be addressed through the EDA's master planning process that could begin if the City Council gives preliminary approval to the annexation request.**
  
2. Consistency of the annexation request in relation to the land use principles of Chapter 4 of the Comprehensive Plan. **Response: The annexation request is in conformance with ten of the twelve applicable land use principles (principles #4 and #8, which relate to future housing development patterns, are not relevant to this request). The following is a summarized description of the other ten principles and the conformance of the annexation request with these principles:**
  - ***Principle #1: The small town character will be enhanced.*** The annexation of the Praver-Gill properties does not immediately alter the small town character of Northfield since the properties will remain in their current agricultural use for some time. The proposed master planning effort by the EDA will discuss how the small town character of Northfield could be realized for a business park on these properties through site plan design and development guidelines.
  
  - ***Principle #2: The natural environment will be protected, enhanced and better integrated in the community.*** The annexation of these properties will enable the City to protect areas of environmental importance through the development of surface water management regulations that are being prepared in 2010. Additionally, if these properties are within Northfield City limits, the ability of the City to develop a drainage basin protection program related to Heath and Rice Creeks more effectively exists. These efforts will need to be coordinated with efforts that ideally will be undertaken by Bridgewater Township as well as for the portion of the drainage basin that remains in the Township.

- ***Principle #3: The preference for accommodating future growth is in infill locations, then redevelopment/ land intensification opportunities, and then on the edge of existing developed areas.*** Clearly this annexation is at the edge of the existing City limits and thus reflects a greenfield strategy that the Comprehensive Plan provides for, although this edge development does not reflect the same degree of preference in relation to infill and redevelopment. The Comprehensive Plan identifies the area proposed for annexation as being within the priority growth area of the City and also guides the ultimate land use as “District” which is intended for larger land uses for business and industry. The EDA’s master planning process will be greatly influential in designing a well-designed place for commerce.
- ***Principle #5: Environmentally-sensitive and sustainable practices will be integrated into new developments and redeveloped areas.*** The Comprehensive Plan identifies two areas along Heath and Rice Creeks as being environmental corridors worthy of protection. In the event these properties should be annexed, with development to follow, the open space dedication requirements of the City would be applicable as a means to preserve these areas. Additionally, the City may need to pursue the dedication of conservation easements as a means to protect the environmental resources.
- ***Principle #6: Places with a mix of uses that are distinctive and contribute to increasing the city’s overall vitality are preferred.*** The Comprehensive Plan suggests that areas designated as “District” (larger, single-use areas) are not appropriate for a mixed-use setting. The key focus of development of this area as a district, should it be annexed, is for the purpose of job creation and tax base expansion; but, the pattern of development should contribute to the distinctiveness of Northfield and serve to set this area apart from other business areas in other communities. The EDA’s master planning effort for this area should emphasize this strategy.
- ***Principle #7: Neighborhood-serving commercial will be small scale and integrated with the residential context.*** Although this principle speaks to neighborhood-serving commercial in residential neighborhoods, the same principle can apply to the development of business and industrial areas. Should this area be annexed and development follow, this principle should be used to guide neighborhood serving commercial that could serve a larger business and industrial areas as well.
- ***Principle #9: Rural character of certain areas of the community will be protected.*** As previously stated, the Comprehensive Plan envisions this area will develop as a business and light industrial park. If the annexation is given preliminary approval by the City Council, a master planning process for the properties could begin to determine the development pattern, which includes the creation of conservation easements, for example, along Heath and Rice Creeks to protect these natural features. Surface water management could rely on surface

drainage features in contrast to underground storm sewerage, riparian buffers along the creek ways could be created, and the design of street infrastructure could rely more on a rural street section as a means to address this land use principle. Many of these features could be established through this master planning process.

- ***Principle #10: Streets will create an attractive public realm and be exceptional places for people.*** Chapter 7 of the Comprehensive Plan identifies a system of collector streets that are intended to traverse through the area proposed for annexation. These collector streets can be constructed in a variety of design alternatives including Parkway, Drive, Avenue, Road or Street. Several of these street types include design features that could relate to the rural edge of this area while at the same time accommodating business and industrial development. The master planning process that may apply to this area needs to select a street design type that will recognize the rural character of the surrounding area and also support business development.
  - ***Principle #11: Places will be better connected, in part to improve the function of the street network and also to better serve neighborhoods.*** The City’s Transportation Plan indicates the need for a system of collector streets that should be extended through the area proposed for annexation. These collector streets will connect existing Armstrong Road, Decker Avenue, and Highway 19. If this area is annexed and developed, it is expected that the road improvements in the Transportation Plan would become part of the development design and serve to improve the connectivity in this area.
  - ***Principle #12: Opportunities will be created to walk and bike throughout the community.*** The proposed annexation area includes areas designated as part of the City’s Greenway Corridor System Plan both within and at the edges of the City. Heath Creek, especially, and Rice Creek to a lesser degree, present opportunities for the creation of a walkway and trail system that improves the pedestrian mobility in this area, as well as for riparian buffer strips serving as walkways, as suggested by this land use principle. In master planning the area, the street and road improvements should be designed to ensure walkability, which includes incorporating sidewalks into the site design.
3. The future land use designations for the property requested for annexation. **Response:** The properties are within the City’s priority growth area boundaries. On the Framework Map in Chapter 4 (Land Use) of the Comprehensive Plan, the property has been identified as “District”, which is described in the Comprehensive Plan as a larger single-use area found within the City. Land uses in the Northfield area that would be considered a “district” would include St. Olaf and Carleton Colleges, or a large business park development. Many single-use areas are typically located along or near collector and arterial roadways. The proposed land use of a business and light industrial park for the Praver-Gill properties, just south of Highway 19, conforms to this description.

**On the Conservation and Development map in Chapter 4 (Land Use) of the Comprehensive Plan, the properties are identified as “Managed Growth.” The Comprehensive Plan states within this land use category, “Districts” because of their size, function and configuration, are not expected to conform to a “traditional” pattern of development, such as found in the older downtown area of Northfield with its grid street pattern and buildings closer to the street. However, care should be taken in the EDA’s master planning effort to ensure that new development is compatible with existing development patterns in the area.**

4. Implications of the annexation request with respect to the location and capacity of the City’s sanitary sewer, water infrastructure, transportation system and surface water management plans and policies. Response: **An analysis has been completed with respect to the various adopted comprehensive infrastructure plans in relation to the Prawer-Gill annexation request. That analysis is found in Section C of this Staff report.**

**G. Reasons for City Council preliminary approval or denial**

The following are reasons for the Council to consider either preliminary approval or denial of the annexation request:

Reasons for approval:

- According to the Comprehensive Plan, the Prawer-Gill area is within the priority growth area boundaries of the City. The Plan also envisions that a larger, single-use land use, such as a business and light industrial park, would be located within this area. By giving preliminary approval to the annexation request, the City Council will be realizing the vision to have this area within the City limits for future development.
- The environmental resources on the properties, including Heath and Rice Creeks, would come under the jurisdiction of the City. This provides opportunities for protecting these resources.
- The City’s commercial property tax base will increase, once development is constructed, as payments are made by the new businesses that would locate in the annexation area.
- At full build-out, the business park will provide many new jobs for Northfield residents, and new businesses may move into the City to support the business park.
- Since more commercial land would be available with the Prawer-Gill properties and the area west of the Hospital, this contributes to lowering the price of commercial and industrial land within existing City limits. This may lead to stimulating commercial and industrial infill and redevelopment in the City.
- The Prawer-Gill properties offer different types of development opportunities to potential business owners than the recently annexed area west of the Northfield Hospital. The area west of the Hospital is larger, has fewer environmental features that affect how much land can be developed, and has fewer elevation changes. The Prawer-Gill property has more environmental features, which could serve as an amenity for a corporate campus or conference center.

Reasons for denial:

- The City recently annexed 530 acres of land west of the Northfield Hospital and this is a sufficient amount of land for commercial development for the next several years.
- As part of the revised annexation agreement with Bridgewater Township, the City will be required to make tax payments to the Township. However, property tax and other revenue from the development of the properties are not expected to be received for some years into the future.
- The City will be responsible for road maintenance costs for streets now in Bridgewater Township at an estimated cost of \$4,000 per year.

**H. Options for City Council decision**

In formulating its decision, the following are some options for the City Council to consider with regard to the annexation. The Council may also develop other options after discussing the annexation request on February 9, 2010:

1. The City Council could preliminarily approve the annexation of the Praver-Gill properties, subject to the approval of a revised annexation agreement between the City and Bridgewater Township. The revision of the agreement and the adoption of the stormwater and creek protection ordinance could happen simultaneously.
2. The City Council could delay the annexation of the Praver-Gill properties until the ordinance for stormwater and creek protection is adopted and direct that the EDA not begin master planning of the Praver-Gill area.
3. The City Council could delay the annexation of the Praver-Gill properties until the ordinance is adopted for stormwater and creek protection, but allow the master planning of the properties by the EDA and their consultant to begin.
4. The City Council could preliminarily approve the annexation of land only as described in the current annexation agreement between the City and Bridgewater Township. This would mean subdividing the Praver and Gill properties. The applicants have informed City Staff that they would not be in favor of annexing only a portion of their properties.
5. The City Council could preliminarily approve the annexation of the Praver property only.
6. The City Council could deny the annexation requests from Ken Praver and Robert Gill.

**I. Recommendation:**

At their meeting on January 7, 2010, the Planning Commission selected Option #1, above, which recommends approval to the City Council of the 456-acre annexation request of the Praver-Gill properties, with the following conditions (City Council Resolution 2010-012 reflects Option #1). City Staff is in agreement with the Planning Commission's recommendation and conditions:

1. The City and Bridgewater Township sign a revised orderly annexation agreement, which will outline future tax payments and other issues related to this annexation.

2. The two property owners sign an annexation agreement with the City. Staff recommends that the following be made a part of this agreement:
  - In annexing the property, the City is not committing to assist in funding the needed infrastructure installations, including extensions of utilities and streets.
  - The conceptual plan submitted by the applicant (Attachment #7) is NOT considered approved. Instead, a master plan for the properties would be developed by the Northfield 3<sup>rd</sup> Business and Industrial Park Steering Committee and their consultant. The EDA would later request that the City Council approve the master plan.
  - The following recommendations of the PRAB are incorporated as a condition of approval of the annexation request:
    - The City Council should follow the park dedication requirements as per City ordinances during development.
    - The Neighborhood Park #9 as shown in the City's Park, Open Space, and Trail System Plan, be redesignated as a Community Park, and also relocated adjacent to Sechlar Park to create a larger park mass.
    - Create green corridors along both streams and parkland at the confluence of the two streams.
    - Protect any and all wetlands in the annexation area.
  - The following recommendations of the EQC are incorporated as a condition of approval of the annexation request:
    - Development of the Praver-Gill property should not adversely impact the wood turtle (*Clemmys insculpta*), within or nearby to the annexation area.
    - When master planning the annexation area, consideration should be shown to the connectivity of a given natural area to other natural areas, and the potential utilization of the area by local wildlife.
    - In developing the properties, it is important to realize shading of Rice Creek assists in maintaining the stream's viability as a trout stream, and that slopes (~8%) near the streams in the annexation area are susceptible to erosion.
    - Areas adjacent to the floodway (lower parts of benches adjacent to the streams) should be protected to allow for seasonal high water, and to further enhance the riparian zones of the streams.
    - When master planning the annexation area, consideration should be given to the possibility of preserving productive agricultural land, as defined by the U.S. Department of Agriculture's Natural Resource Conservation Service.
    - Thorough geotechnical data should be collected prior to development of the annexation area.
    - Tools or strategies should be investigated to preserve more open space. These tools are described as "Other Protection Programs" on pages 5.8 and 5.9 of the Comprehensive Plan.
    - If the Praver-Gill properties are developed, conservation of open space land should be concentrated on the southeastern area of the properties (the area where the two streams converge with the Cannon River). Development would be better directed toward the northwest portion of the properties.
    - The City should consider imposing buffer restrictions beyond those mandated by the State of Minnesota to ensure the long-term health of both streams. Input

from the “Rice Creek (Spring Brook) Concerned Citizens Group”, who completed a report dated November 13, 2009, and the Cannon River Watershed Partnership should be considered in developing the buffer restrictions.

- Prior to development application(s) being submitted to the City, the property owners will submit the following information for the City’s review. This information is in addition to what the City normally requires in the development approval process:
  - As required by Minnesota Rules, the property owners will complete an Environmental Assessment Worksheet (EAW), Alternative Urban Areawide Review (AUAR), or Environmental Impact Statement (EIS) for the annexation area.
  - Traffic study showing the transportation impacts on the area within the properties and the surrounding area.
  - Delineate the wetland(s) on the properties.
  - Delineate the floodway and floodway fringe districts on the properties.

The Planning Commission’s rationale for its recommendation is as follows:

- The vote of the Commission was five to one in favor of the request. The vote against annexation was based on the position that it should be delayed until completion of both the Land Development Code and the updated stormwater and stream protection ordinances, both critical tools given the unique, sensitive natural resources involved.
- Commission members stated that they are unanimous in their support of the annexation requests, but have significant concerns about the impact of future development on the environmental resources, including the two streams in the area and more particularly the Brook Trout habitat represented in Rice Creek. The Planning Commission advises the City Council that development in this area should preserve and enhance the environmental features of the annexation area, while at the same time pursuing viable economic development for Northfield.
- To accomplish this, the Commission encourages the Council to direct that the eventual development on the site be informed by a complete hydrological and biological work-up for both Rice Creek and Heath Creek, research needed to ensure that these acres are developed in a manner that accords with the principles of the 2008 Comprehensive Plan. Furthermore, in accordance with the conditions stated in Option #1, the Planning Commission encourages the Council to direct City Staff to work closely and cooperatively with Bridgewater Township and to engage the technical expertise of the Rice Creek (Spring Brook) Concerned Citizens Group, the Cannon River Watershed Partnership, and other interested groups, in the revision of stormwater and stream protection ordinances.

**J. Action requested**

The City Council is asked to approve Resolution 2010-012 giving preliminary approval to the annexation request. The City Council also has the option of only discussing the annexation request at their meeting on February 9, 2010, and making a decision at the February 16, 2010 Council meeting.

The following is a description of how the proposed annexation relates to the City Council’s checklist:

Y	N	Checklist
Y		Does this project fit within the identified Council goals, objectives, and priorities? <b>This area of Bridgewater Township was identified in the Comprehensive Plan as a possible annexation area.</b>
Y		Does the project fit within the estimated budget & resource parameters? <b>City Staff has analyzed the fiscal impacts to the City for the annexation and that information has been included in this Staff report.</b>
Y		Is the public process identified consistent with the scope and implications of the project? <b>A public hearing was held by the Planning Commission on November 24, 2009, with two subsequent public meetings held to discuss the request. In addition, three other Boards/Commissions held public meetings on the annexation.</b>
Y		Have the pertinent boards and commissions been identified for providing review, recommendations, or input? <b>Four Boards/Commissions have provided comments and/or recommendations on the annexation request.</b>
Y		Is this decision consistent with current city plans (Comp Plan, Transportation Plan, Park Plan, etc)? <b>City Staff and relevant Boards and Commissions have analyzed the consistency with these City plans and that information is included in this Staff report.</b>
Y		Have the future costs to city operations been calculated and identified? <b>City Staff has analyzed the fiscal impacts of the annexation on the City and that information is noted in this Staff report.</b>
Y		Are there measurable criteria to aid with the decision-making and have they been identified? <b>Information has been provided to the City Council in this Staff report about potential revenue and infrastructures costs from the development of the properties, consistency of the annexation with the Comprehensive Plan, and impacts to the environmental resources, all of which aid the decision-making process.</b>

Y	N	Checklist
Y		Have the suitable timelines and schedules been identified? <b>If the City Council gives preliminary approval of the annexation, subject to the annexation agreement being revised and approved by both government jurisdictions, it is expected that discussions will begin with Bridgewater Township. If the agreement is signed by both parties, the annexation would then be sent to the Municipal Boundary Adjustments office for final approval.</b>

**REQUESTED BY:** Robert Gill – 9425 Edgebrook Drive, Bridgewater Township  
Ken Praver – 9634 Dundas Boulevard, Bridgewater Township

**SUBMITTED BY:** Dan Olson, City Planner

**ATTACHMENTS:**

Resolution 2010-012 (Exhibit A - Site Location Map)

1. Potential revenue source information given to the Economic Development Authority
2. City’s future water plan
3. City’s future sanitary sewer plan
4. Current and proposed roadways
5. Annexation agreement boundaries
6. Response to annexation from Environmental Quality Commission
7. Concept plan