

## CHAPTER 465

## RIGHTS, POWERS AND DUTIES; MUNICIPALITIES

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**465.73 TOWN HALLS; FIRE HALLS OR RESCUE EQUIPMENT; LOANS TO POLITICAL SUBDIVISIONS.**

For purposes of constructing, repairing, or acquiring town halls, fire halls or fire or rescue equipment any city, county, or town may borrow up to \$250,000 directly from or guaranteed by the Farmers Home Administration or other agency of the United States Department of Agriculture on a note secured by a mortgage on the property purchased with the borrowed funds. The city, county, or town may assign revenues from the town halls, fire or rescue department, or fire hall or any other available funds to the Farmers Home Administration or other agency of the United States Department of Agriculture or its guaranteed lender to repay the loan. The amount of the obligation shall not be included when computing the net debt of the city, county, or town. An election shall not be required to authorize the note and mortgage or assignment of revenues.

**History:** 1991 c 120 s 1

**SERVICE SHARING AND COMBINATION INCENTIVES****465.80 SERVICE SHARING GRANTS.**

**Subdivision 1. Scope.** This section establishes a program for grants to cities, counties, and towns to enable them to meet the start-up costs of providing shared services or functions.

**Subd. 2. Eligibility.** Any home rule charter or statutory city, county, or town that provides a plan for offering a governmental service under a joint powers agreement with another city, county, or town, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

**Subd. 3. Plan.** To apply for a grant under this section, the governing body of the eligible local government unit must by resolution adopt a plan that includes:

(1) a proposal to enter into an agreement for the joint exercise of powers under section 471.59 that will result in a fully integrated service or function provided by the eligible local unit of government and one or more other government units as defined in section 471.59. Agreements solely to make joint purchases are not sufficient to qualify under this section;

(2) specific projections of cost savings or more efficient service operations that are reasonably likely to result from the combined service or function; and

(3) evidence of the need for financial assistance to meet start-up costs that would be entailed in providing the combined service or function.

**Subd. 4. Submission of plan to department.** The plan must be submitted to the department of trade and economic development. The commissioner of trade and economic development will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The commissioner may request modifications of a plan. If the commissioner rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

**Subd. 5. Grants.** The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the commissioner shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the commissioner to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

**History:** 1991 c 291 art 14 s 1

#### **465.81 COOPERATION AND COMBINATION.**

**Subdivision 1. Scope.** Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial two-year cooperation period and then to merge into a single unit of government over the succeeding two-year period.

**Subd. 2. Definitions.** As used in sections 465.81 to 465.87, the words defined in this subdivision have the meanings given them in this subdivision.

"City" means home rule charter or statutory cities.

"Commissioner" means the commissioner of trade and economic development.

"Department" means the department of trade and economic development.

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

**Subd. 3. Combination requirements.** Counties may combine with one or more other counties. Cities may combine with one or more other cities or with one or more towns. Towns may combine with one or more other towns or with one or more cities. Units that combine must be contiguous.

**History:** 1991 c 291 art 14 s 2

#### **465.82 COOPERATION AND COMBINATION PLAN.**

**Subdivision 1. Adoption and state agency review.** Each governing body that proposes to combine under sections 465.81 to 465.87 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the department of trade and economic development for review and comment. Significant modifications and specific resolutions of items must be submitted to the department for review and comment. In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each department review and comment.

**Subd. 2. Contents of plan.** The plan shall state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, beginning in the third year of the process, with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created. Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached;

(4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;

(7) two, five, and ten-year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate;

(8) procedures for a referendum to be held prior to the year of the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and

(9) a time schedule for implementation.

**History:** 1991 c 291 art 14 s 3

#### **465.83 STATE AGENCY APPROVAL.**

Before scheduling a referendum on the question of combining local government units under section 465.84, the units shall submit the plan adopted under section 465.82 to the commissioner. The commissioner may require any information it deems necessary to evaluate the plan. The commissioner shall disapprove the proposed combination if the commissioner finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete.

**History:** 1991 c 291 art 14 s 4

#### **465.84 REFERENDUM.**

During the first or second year of cooperation, and after approval of the plan by the department under section 465.83, a referendum on the question of combination shall be conducted. The referendum shall be on a date called by the governing bodies of the units that propose to combine. The referendum shall be conducted according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

**History:** 1991 c 291 art 14 s 5

#### **465.85 COUNTY AUDITOR TO PREPARE PLAT.**

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request shall be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

(1) the boundaries of each of the present units;

(2) the boundaries of the proposed unit;

(3) the boundaries of proposed election districts, if requested; and

(4) other information deemed pertinent by the governing bodies or the county auditor.

**History:** 1991 c 291 art 14 s 6

**465.86 BONDED DEBT AT THE TIME OF COMBINATION.**

Debt service for bonds outstanding at the time of the combination may be levied by the combined governing body consistent with the plan adopted according to section 465.82, and any subsequent modifications, subject to section 475.61. The primary obligation to pay the bonded indebtedness outstanding on the effective date of combination remains with the local government unit that issued the bonds, but a combined unit may make debt service payments on behalf of a preexisting unit.

**History:** 1991 c 291 art 14 s 7

**465.87 AIDS TO COOPERATING AND COMBINING UNITS.**

**Subdivision 1. Eligibility.** A local government unit is eligible for aid under this section if the commissioner has approved its plan to cooperate and combine under section 465.83.

**Subd. 2. Amount of aid.** The aid to be paid to each eligible local government unit is equal to the following per capita amounts, based on the combined population of the units, not to exceed \$100,000 per year for any unit.

Combined Population after Combination	Aid Per Capita
0 - 2,500	\$25
2,500 - 5,000	20
5,000 - 20,000	15
over 20,000	10

Payments shall be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment shall be made in the following calendar year.

**Subd. 3. Termination of aid; recapture.** If a second referendum under section 465.84 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no additional aid will be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under subdivision 2, divided by the number of years when payments were made.

**History:** 1991 c 291 art 14 s 8