



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**SCOTT WALKER**  
GOVERNOR  
**MIKE HUEBSCH**  
SECRETARY

**Municipal Boundary Review**  
PO Box 1645, Madison WI 53701  
Voice (608) 264-6102 Fax (608) 264-6104  
Email: [wimunicipalboundaryreview@wi.gov](mailto:wimunicipalboundaryreview@wi.gov)  
Web: <http://doa.wi.gov/municipalboundaryreview/>

April 15, 2014

AllEnergy Corporation  
Dean Sukowatey  
6165 N.W. 86<sup>th</sup> St.  
Des Moines, IA 50131

**Subject: AllEnergy Sand Arcadia LLC Annexation**

Dear Mr. Sukowatey,

Pursuant to your request, the following are some thoughts and impressions of your proposed annexation petition to the City of Arcadia, and how it complies with the statutory criteria found in s. 66.0217 Wis. Stats. were the City to request our review of your annexation.

As you know, formal state review of this annexation is not required by statute. Department review of annexations is required only for annexations located in counties containing 50,000 persons or more, referred to as *urban* counties. Review of annexations in counties containing less than 50,000 persons, *rural* counties, is voluntary. Because Trempealeau County contains 29,086 persons it is considered to be a rural county and review is voluntary. Cities and villages from rural counties do occasionally request voluntary Department review.

***Project Benefits***

Examining the project materials that were provided, we were struck by the scope of the project and its numerous potential benefits to the City and Town of Arcadia, as well as its regional and statewide benefits. Specifically:

- **Non-Trucking Model** – AllEnergy proposes to transport sand via conveyor to the adjacent Canadian National rail yard with no need for trucking and its resulting noise, pollution, road-wear, traffic, etc. Additionally, the Canadian National Railroad company is proposing \$33 million in infrastructure improvements to facilitate your project;
- **Annual Charitable Donation to Arcadia** – your company is committed to donating \$1 million annually to the City and Town of Arcadia communities for the 30-year life of the project;
- **Construction of Senior Housing** – your company is committed to spending an estimated \$9 million to build a senior housing facility in Arcadia with 20 beds and a staff of 40 employees;
- **Employment** – according to a study done by the University of Wisconsin-River Falls' Center for Economic Research, your project will provide 307 construction jobs, and once the mine is built and operational, 62 permanent jobs in the county and 131 jobs statewide. Additionally, reclamation efforts beginning in 2016 will annually create 7 jobs in the county and 13 jobs statewide.

- **Increased Revenue** – according to the UW study, the total estimated impact of your project on the State Domestic Product will be \$52 million in 2014 and \$43 million annually thereafter. Additionally, your project will result in an estimated \$1.3 million in additional state and local tax revenue annually.
- **DNR Approval** – the state’s Department of Natural Resources has analyzed your project for its impact on the state’s wetlands, waterways, threatened and endangered species, cultural resources, stormwater management efforts, and reclamation plans and has found that your project complies with all environmental protection standards and requirements.

### *Annexation Analysis*

Section 66.0217 Wis. Stats. requires that annexations be compact, homogenous, and contiguous to the annexing city or village, and the city or village must be able to provide needed services. These statutory criteria are further defined by decades of precedent in the form of caselaw and prior Department determinations.

Examining how your proposed annexation might comply with the statutory criteria, it is useful to consider that the site of your mine location in Sections 10, 15, and 16 is nearly six miles southwest of the City of Arcadia’s current municipal limits. Much of the remaining territory in your annexation appears to have been included for the purpose of providing contiguity to the City. This is especially true in Sections 11, 12, and 14 where the annexation narrows to a ribbon of territory that runs in a northeasterly direction towards the City. Your annexation does include a larger block of territory immediately south of the City, which you suggest will be the site for a large new residential subdivision development. However, in between this residential subdivision and the mine site the annexation generally tends not to be compact or regular in shape.

Regarding homogeneity of the annexation territory to the City of Arcadia, the distance of the mine site from the City and its limited contiguity to the City may demonstrate that the territory is actually more homogenous with the Town. This is further demonstrated by the fact that your company has developed and is prepared to sign an agreement forever waiving your right to receive any City services such as municipal sewer or water. Most landowners seeking annexation are motivated by a desire for an increased level of urban-type services.

In order to improve the compactness, homogeneity, and contiguity of your annexation, AllEnergy may wish to work with the City and Town and other area landowners in order to gauge their interest in possibly joining your annexation.

### *Intergovernmental Agreement Option*

Annexation is not the only method for transferring territory from one municipality to another municipality. Another method that the City may wish to consider utilizing is an intergovernmental boundary agreement under s. 66.0301 Wis. Stats. The City and Town of Arcadia could cooperate to develop a boundary agreement to transfer your property into the City, either for a temporary period of time or permanently. The boundary agreement could also specify that the mine site will not be provided with urban services from the City such as sewer and water. The advantage of using boundary agreements to transfer territory is their inherent and virtually unlimited flexibility. The City and Town of Arcadia would be free under s. 66.0301 Wis. Stats. to determine whether and how territory will transfer, which

territory will transfer, the duration of this transfer, whether and how services will be provided, and any other issues that might be important to the communities such as revenue sharing, land use regulations, community facilities, etc. In contrast, annexation is a rigid method for territory transfer, limited in scope, and fixed in criteria and requirements.

For more information on boundary agreements, including factsheets, flow charts, and examples, please see our website at <http://doa.wi.gov/municipalboundaryreview>.

Please call me at (608) 264-6102, should you have any questions concerning this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Erich Schmidtke". The signature is fluid and cursive, with a prominent initial "E" and a long, sweeping tail.

Erich Schmidtke, Municipal Boundary Review  
(608) 264-6102

