

**MINUTES OF A SPECIAL MEETING OF THE PRINCETON CITY COUNCIL  
HELD ON AUGUST 21ST 2020 3:00 P.M.**

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Mayor Brad Schumacher called the meeting to order. Council members present were Jack Edmonds, Jenny Gerold, Jules Zimmer and Jeff Reynolds. Staff present, Administrator Robert Barbian, Finance Director Steve Jackson, Public Works Director Bob Gerold, Community Development Specialist Stephanie Hillesheim, Police Chief Todd Frederick, Clerk Shawna Jenkins, and Wastewater Plant Manager Chris Klinghagen.

**Agenda Additions / Deletions**

ZIMMER MOVED TO ADD AN OPEN FORM TO THE AGENDA TO ALLOW THOSE IN ATTENDANCE TO SPEAK. EDMONDS SECONDED THE MOTION. VOTE: 2;3, ZIMMER AND EDMONDS IN FAVOR, SCHUMACHER, J GEROLD AND REYNOLDS OPPOSED. THE MOTION FAILED.

EDMONDS MOVED TO READ PUC CHAIRPERSON GREG HANSON'S STATEMENT THAT HE SENT TO STAFF AND THE COUNCIL. ZIMMER SECONDED THE MOTION. VOTE: 2:3, EDMONDS AND ZIMMER IN FAVOR, SCHUMACHER, J GEROLD AND REYNOLDS OPPOSED. THE MOTION FAILED.

REYNOLDS MOVED TO APPROVE THE AGENDA. J GEROLD SECONDED THE MOTION. VOTE 4:1, REYNOLDS, J GEROLD, SCHUMACHER AND ZIMMER IN FAVOR, EDMONDS OPPOSED. THE MOTION CARRIED

**Consider November 3<sup>rd</sup>, 202 ballot question "shall the public utility commission be abolished"  
- Mn Statute 412.391, subd 2**

Zimmer reported that the PILOT ad hoc committee met this morning. The following was discussed and agreed upon:

Agreement was reached to utilize the following principles in reestablishing a long-term PILOT agreement between the City of Princeton and Princeton Utilities.

1. Method to track level of PILOT for water and electric based upon:
  - o A revenue-based percentage of total income, often referred to as Gross Revenues.
    - \* Adjustments occurs automatically based upon year end audit calculations available 7/1, this providing advance information for budgeting purposes.
    - \* Use a three-year rolling average based upon year end audit statements.
2. Exchanges of intergovernmental support (Utilities to City & City to Utilities) i.e. labor
  - a. Annual schedule of rate costs/values. ie. Man hourly rate, truck & man hourly rate, sewer billing cost, etc.
  - b. In-kind services to be approved administratively & as appropriate by governing body.
  - c. Services approved in advance and quarterly reported or billed.

In addition to the guiding principles above, the workgroup proposes the following:

*Princeton Public Utilities will resume PILOT payments to the City, effective September 1, 2020, in the amount of \$4,000.00 per month thru July 1, 2021. This will allow time to the workgroup to continue its work in establishing a long-term PILOT level and methodology that*

The ad hoc committee sees this as a good step toward establishing a cooperative arrangement that moves the City of Princeton and Princeton Utilities to a long term mutually beneficial agreement.

Therefore, Councilor Zimmer & Commissioner Hanson recommend that the Princeton City Council not place on the ballot the question of whether or not the Princeton Public Utilities Commission should be abolished.

J Gerold asked if City Staff and PUC staff currently just share support at no charge. Zimmer responded yes, and this is to just look at the costs so it will be known what those amounts would be for both entities.

Reynolds asked if the agreement is contingent on the Council's vote whether to place the question on the ballot or not. Zimmer replied yes, he believe it is.

J Gerold asked what it considered "long term". Barbian said he recalls the comment, but not what exactly it was.

Schumacher asked who produced the memo. Barbian stated that he put it together, then sent it out to confirm the details and language. Schumacher said it is not on letterhead and not signed. Zimmer responded that we have an agreement and he believes they are going to follow through with it. He spoke with commissioner Dan Erickson and he agreed that they would follow through the agreed upon the terms, and payment of \$4000 per month to begin September 1<sup>st</sup>.

Schumacher asked where the payments are for April through August. Zimmer stated that by law they do not have to pay PILOT fees.

J Gerold clarified that future amounts would be agreed upon and voted on by the council. Zimmer confirmed that was correct.

J Gerold said she also spoke with Dan Erickson and he confirmed with her that he will agree with the ad hoc committee's recommendation.

While she trusts Zimmer, her concern is if she can trust the General Manager and the Commission. As it appears, they do not always do what is best for the residents. She would like to see the commission increased to 5. Edmonds agreed and stated he spoke with Sondra Erickson and she would be in favor of going through that process.

Reynolds stated that he did read Commissioner Hanson's letter. The City Council would not be abolishing the commission, the residents will vote on that in November.

Zimmer said he is not opposed to a 5-person Commission, He would suggest appointing J Gerold to a committee to look into that process.

J Gerold stated she is really torn on this. It is a step forward that they agreed to a PILOT fee being reinstated, but she feels they are not doing what is best for the community. Jackson added that he does not recall the agreement being contingent, but the majority of the discussion was if the question was not put on the ballot.

Edmonds commented that the state statute's intent was not to mix politics with a utility.

Schumacher added that the Litchfield City Council oversees their utility. Putting this on a ballot allows the community to decide. North Branch had the question put on the ballot, then went to a 5-person Commission. Why not let the community decide.

Edmonds stated that this should have been looked at months ago, not a week before the election deadline.

Zimmer said he spoke to the Commissioners and 2 of them stated they were not afraid of it going on a ballot, but would prefer it did not as it can tear a community apart.

J Gerold questioned why the Council would not be able to run a utility, we oversee multi-millions of dollars every year. Edmonds responded that many of the sewer lines are bad, and we are not able to manage that. J Gerold replied that a long-range sewer plan has been discussed and is in the works.

Zimmer state that this all started with the PUC's knee jerk reaction to stop the PILOT payments. Zimmer said this is also a real knee jerk reaction. J Gerold responded that the deadline to get it on the ballot is today.

Zimmer said this should have been discussed months ago. Schumacher replied that General Manager Butcher has been stalling. Zimmer added that PILOT has been discussed for several months, why wasn't this ballot question brought up.

Edmonds stated that Princeton Public Utilities have been under an assault for 2 years. There are 3 new commissioners, all of which were endorsed by the Mayor.

Zimmer said he believes this is fixable and they should not put the community in the middle on this.

Reynolds stated that we had an agreement for many years, and they broke that agreement. Now that the Council discusses putting it on the ballot for a vote, they finally came up with a new agreement and say they will work on it moving forward.

J Gerold commented that this way the residents are the ones to decide whether the Public Utility Commission of the City Council should oversee the Utilities. If it remains to be the commission, she feels it should be changed to a 5 person board, with one of them being a Council member. However, she worries as that process would probably take about a year and a half. She agrees with Zimmer that this came up so quickly, but they did the same thing when they abolished the PILOT.

Zimmer stated that he is sure the knee jerk reaction was due to one person. Schumacher stated the them stopping the PILOT is due to their disdain of him. Zimmer added by him doing what he

did last week by adding this to the agenda, is not helping the ad hoc committee to rectify the problem.

Edmonds added that Public Utilities has not done anything different since the PILOT was cancelled. They have still served the residents the same as they always have. The Commissioners just oversee the management. Schumacher responded that he does not have anything bad to say about the working men and women of Public Utilities, the problem is with the management.

Thom Walker asked if the County was going to allow comments from those present for the meeting. asked if there were going to be comments to be allowed.

ZIMMER MOVED TO ADD AN OPEN FORUM AND TO ALLOW COMMENTS FROM THOSE WHO WISH TO SPEAK. EDMONDS SECONDED THE MOTION. VOTE: 2:3, ZIMMER AND EDMONDS IN FAVOR, SCHAMACHER, J GEROLD AND REYNOLDS OPPOSED, THE MOTION FAILED.

SCHUMACHER MOVED TO PLACE THE FOLLOWING QUESTION ON THE NOVEMBER 3, 2020 BALLOT QUESTION:

**“SHALL THE PRINCETON PUBLIC UTILITY COMMISSION BE ABOLISHED”**

REYNOLDS SECONDED THE MOTION. VOTE: 3:2, SCHUMACHER, REYNOLDS AND J GEROLD IN FAVOR, ZIMMER AND EDMONDS OPPOSED, THE MOTION CARRIED

REYNOLDS MOVED TO APPROVE RESOLUTION 20-47. SCHUMACHER SECONDED THE MOTION. VOTE: 3:2, SCHUMACHER, REYNOLDS, J GEROLD IN FAVOR, ZIMMER AND EDMONDS OPPOSED. THE MOTION CARRIED

**Adjournment**

REYNOLDS MOVED TO ADJOURN THE STUDY SESSION AT 4:06PM. J GEROLD SECONDED THE MOTION. VOTE: 4:1, SCHUMACHER, REYNOLDS, J GEROLD, ZIMMER IN FAVOR, EDMONDS OPPOSED. THE MEETING ADJOURNED

Respectfully Submitted,

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Shawna Jenkins Tadych  
City Clerk

ATTEST:

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Brad Schumacher, Mayor