
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
SUBJECT: PILOT
DATE: August 3, 2021

Background:

Per the agreement at the May 6 Study Session joint meeting with the Public Utilities Commission, a work group regarding PILOT was formed comprised of PUC Chair Greg Hanson, Councilor Zimmer, City Administrator McPherson and PPU General Manager Butcher.

Analysis:

The work group met in May and again in July. During the May meeting, staff was asked to assemble the numbers in regards to actual property taxes and the services provided by PPU. The results of that research are contained in the analysis table. Some items of note:

1. The valuation of properties and the resulting tax rate were calculated by the Mille Lacs County Assessor, Daryl Moeller. Staff felt that having a neutral third party calculate these amounts ensured that they were completed consistently with other utilities. Per Mr. Moeller, utility properties that are taxed are classified as commercial.
2. The PILOT amount noted is the amount of the CITY portion of the property taxes that would be generated. This is an important point as past discussions have focused on the amount of taxes not being paid.

During the July meeting, the research was reviewed by the work group.

Recommendation:

General Manager Butch will be in attendance to assist with questions regarding the information in the analysis table.

The Council is asked to review and discuss the information and provide direction to staff regarding the PILOT program.