Mayor Brad Schumacher called the meeting to order. Council members present was 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, Clerk Shawna Jenkins, Wastewater Plant Manager Chris Klinghagen, Liquor Store Manager Nancy Campbell and Fire Chief Ron Lawrence. Absent was and. Absent was Police Chief Todd Frederick

Public Utilities attendance: Manager Keith Butcher, Kathy Ohman, Chairman Mindi Siercks, and Commissioners Dan Erickson and Greg Hanson.

 Adoption of Agendas


Self-Introductions & Program Overview

All City Council, City staff, Public Utilities Commission and Public Utility staff introduced themselves.

Princeton Public Utilities / Princeton Public Utilities Commission Governance

Barbian gave an overview of the statute, and the proposed ordinance amendment that adds the Public Utilities Commission to the Title 2 amendment that the Council will be having the second reading at the December 12th Council Meeting.

Princeton Public Utilities History and Background

Barbian reported that the PUC was created in 1911. Butcher said the history portion has always been interesting to him. He said the Rural areas did not have electric, and there was a big push to provide it to everyone. The government stepped in to serve the needs to the smaller cities.

There are 3 types of Utility Companies: Coops, Industrial and Municipal. There are large capital expenses to set up a utility. A power plant average life is about 50 years, with transformers being around 20 to 30 years. Costs and maintenance must be planned generations out, not just by the whim of elected officials, so funds must be kept separate from the City.

Dan Erickson said he had heard that the city was buying their power from Elk River, but it was going off all the time. Since the City had businesses that relied on power, the PUC was formed. Butcher said the power grid is monitored every second, and it has been explained as being the biggest machine ever made.

Zimmer asked how long the generators could provide power to the City if the power elsewhere would go down. Butcher replied that for the most part, the generators run on diesel and he believes they have enough onsite to carry the city for 7-10 days. If it was predicted to last longer, more fuel would be delivered.
Barbian asked if there is a shortage, does that power created by the generator stay in the city. Butcher replied that in an emergency situation, they could isolate the City and provide power here.

Schumacher questioned why the City owns the property and not the PUC. Dan Erickson responded that he remembers hearing the reason, but cannot remember what it was at this point. Connie Wangen would have known the statute. Butcher said he will look at that up and report back.

Schumacher added that he saw on a Council Goals list from 2006 or 2007 that the Council had mentioned the PUC and City being located in the same building.

Barbian said that there has historically been issues between Cities and Municipal utilities. Schumacher asked Butcher if it is a common issue. Butcher replied that he thinks there is always going to be occasional disagreements between cities and Utilities, cities and counties, and counties and the state.

Erickson stated that the PUC has a responsibility to the rate payers and the City to the Taxpayers. Many times, they are the same person, but not always.

Schumacher commented he would like to see 21st Ave extended and have the City and PUC office staff be located in the FAA building.

Edmonds added that he has seen Public Works and PUC staff help each other out on projects and equipment shared on occasion.

Communications: Princeton Public Utilities & City of Princeton

Schumacher stated he feels the communication between the City and PUC needs to be improved. He would like Butcher to attend the Department head meetings on Monday’s.

Barbian asked if the council felt there would be a value to have Butcher attend the Council meetings.

Public Utilities Commission Chair Siercks responded that people usually do not want to attend meetings if they are likely to be blasted or not be treated respectfully. When the SMMPA Representative attended, she felt there were some disrespectful comments made.

J Gerold added that no matter what business you are in, communication is important. There have been times in the past that PUC and Public Works have shared employees and equipment. This has been a big goal for her since being elected to the City Council. She feels a big part of communication is attending other’s meetings and everyone should be respectful.

Reynolds stated that when he was out campaigning, he heard a lot of people having issues with the PUC. Zimmer responded he had not heard any problems, as no one had brought it up and does not know when these issues began. Reynolds replied that he had spoken to a few previous elected officials that also felt there were some issues.

Barbian added that a high level of communication will benefit everyone.
Erickson said he also thought that the electric rates were high when he was appointed to the commission. However, he learned that is not correct. One of his goals is to improve the perception of the PUC.

Zimmer agreed and said Wangen had attended a Council meeting and showed 2 bills with the same amount of electric usage. PUC rates where in comparison to the Xcel bill it was compared to. Erickson said one of the big problems is the perception that the PUC rates are a lot higher than others, when they are not. Siercks added that issues should not be brought up on Social Media, but discussed in person.

Schumacher added that having the costs coded to City fees and PUC fees helps on the bill helps, but more needs to be done. Siercks stated that one of the Utility employees is also on the Chamber Board, so that is helpful to get the correct information out as well. as well to get the said one of the PUC employees is on the Chamber Board, so that is helpful to get the good word out there.

Hanson stated that he is glad he had the opportunity to be here. He feels we need to find public ways to support each other. We need to find ways to say it out loud, so we can overwhelm social media with good, we have the common good for all our rate and tax payers,

**Resource Sharing: equipment and manpower**

Barbian reported that in addition to the thought of sharing an office, there would be other options for sharing staff and equipment. Erickson agreed and said sharing resources is a great idea. B Gerold said they do on occasion, but it is kind of like a handshake deal. If Public Works is short someone, they may have someone with the PUC plow to help out, as long as it wouldn’t cause any overtime with the PUC.

Siercks added that Klinghagen had told her previously that John Brooks helped a lot at the Wastewater Plant. Mindi said Chris had reported to her that John Brooks helped a lot at the plant.

Erickson would like to see the City and PUC to work together to improve the resident’s perception of the PUC. Dan said he thinks we need to work together on improving that perception.

**PPU Policies: Reserves, Rates, Deposits, pilot**

Butcher reported that Barbian mentioned that he should discuss the Cash Reserve policy. He said they have been working on a policy for several months now. It is not different from how the PUC has handled it, but it has been put in writing.

He advised that the reserve is kept separate by utility, and have different amounts. For example, the electric has more revenue, so they don’t keep as much cash on hand. Currently they are at about 88 days, but should be at about 120 or 180 days. However, they don’t want the policy to read that yet, as then they would be in violation of it. As their reserve amounts increase, the policy will be updated.
Reynolds questioned if the city keeps 300 days cash reserve on hand as well. Edmonds added that the County usually went by half of a year Levy. Jackson responded that is how the general fund is handled as well.

Erickson added that if you don’t work with big numbers like these, it is a little overwhelming to see those high cash reserves. However, it is needed when some of the parts that could require replacement can cost over a million dollars. Schumacher stated he feels it is crucial to get that information out to rate payers, so they understand the reasons behind these decisions.

Schumacher asked if the PUC has compared their deposit requirements to other utilities. Butcher responded that other deposits are all over the board. He wants to do this in a responsible way, so they are doing some research to determine what amount is best for the utility company and the rate payers. Erickson added that they want to determine an amount that won’t negatively affect those that pay on time, and not subsidizing those that do not pay on time. The current policies are good, but they can be tweaked a little. Siercks added that the last time they looked at it, was when the housing market was really bad, and a lot of homes were being left with bills not being paid.

Barbian passed out information on Payments in lieu of taxes.

Zimmer wondered if the payments in lieu of taxes would help improve the perception of the PUC. The tax payers would be aware that the rate payers are also contributing to the City for parks, road maintenance, public safety, etc.

Butcher added that Payments in Lieu of taxes can be a tricky one, as other communities have seen lawsuits regarding them. For example, if those funds were transferred to a project or something that doesn’t occur, or something that doesn’t benefit the whole community. Hanson stated that the statute is worded in a way that payments in lieu of taxes are not required.

Hanson provided an example. If the PUC gave a donation to a needy family, in some eyes they would be a hero, but on the other side, the rate payers are paying for donation.

Schumacher stated that public safety isn’t cheap, and that protects everyone, whether they are only a rate payer, or a tax payer. Therefore, there should be some type of compensation. Erickson responded that he understands that, and is willing to take a look at the payments in lieu of taxes, since it has been a long time since it was reviewed. He said in his apartments, the tenants are not tax payers, but still benefitting from the plowed roads, public safety, etc.

Zimmer said that it has not been looked at since 2007, so feels it is time to review those.

**PPU Business support and growth**

**Council & Commission member thoughts, comments or goals**
Schumacher appreciates the meeting tonight and starting the process of better communication. We all have the same goal; we are all here working for everyone. He would like to continue the open lines of communication.

Zimmer agreed that communication is really important. If someone was complaining about the PUC to him, he would tell them to meet with Butcher directly. Just as any complaint, there is the property person to see to help resolve the issue. We will continue to work together and thanked the PUC for coming to the meeting tonight.

Edmonds feels this meeting was very productive. With all this talk about public relations and communication, we still have to remember the state statute and work together within those guidelines.

Hanson wanted to reiterate what he said the other night. He is the newest one on the commission and he has been very impressed with the commission and staff. They really have the good of the community in mind, and he would like the council to attend some of their meetings.

Siercks commended Barbian for attending the PUC meetings. Butcher walked into the position under the gun. It needs to be positive with everyone working together. They welcome everyone to the PUC meetings.

Erickson said Butcher has some great ideas, and is the right person for the position. He is a fresh set of eyes and will be very helpful in making some changes. He thought he was going to find something not right when he was appointed to the commission, but the people with the PUC have been doing a great job the last 100 years.

Butcher added that he has always been an infrastructure guy, and he wants to find things that benefit the community as a whole. People are not going to get everything they want, but it is important to have the common good as a goal.

**Next Steps**

ZIMMER MOVED TO RECESS THE MEETING AT 6:30 PM. SECONDED BY J GEROLD. THE MOTION CARRIED UNANIMOUSLY.

J GEROLD REOPENED THE MEETING AT 6:54PM. REYNOLDS SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

**Update from Fire Chief**

Lawrence advised that they met with Ken Murray and Dennis Haubenschild from Wyanett Township today, and have come up with a tentative agreement to continue providing fire services for Wyanett. Attorney Toven will be putting the agreement in writing, and will send to the Council for approval. Wyanett meets Tuesday December 10th, so we hope they re-
view and approve the agreement. It will be on the City Council Agenda for Thursday December 12th.

**East Central Energy Operation Round-Up Grant Application**

Hillesheim reported that she is looking for approval to apply for the grant. It would be for interpretive signage for Riverside and Riebe park. The signage has been a part of the project, and the DNR thought it was a great feature to add to the park. It was part of the project, the DNR said it was a great idea. The deadline for the application is December 16.

**2020 Budget**

Jackson went over the remaining budget. He showed 2 options for the Levy. The planned levy would be a 5.48% increase. If we plan on transferring $75,000 from the Liquor Fund, it would keep the levy to a 2.33% increase.

The Council consensus was to include the transfer of $75,000 to keep the Levy at a 2.33% increase.

**Any other Business**

Schumacher stated the Administrator review has been completed, and it will be held at the next meeting.

***CLOSED SESSION *** - Administrator Review

**Adjournment**

ZIMMER MOVED TO ADJOURN THE STUDY SESSION AT 8:25PM. REYNOLDS SECONDED THE MOTION. MEETING ADJOURNED

Respectfully Submitted,

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Shawna Jenkins Tadych
City Clerk

ATTEST:

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Brad Schumacher, Mayor