

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Judy M. Sersha, Clerk/Treasurer

Steven J. Kniefel, Chairman

Supervisors: Tony Tamaro, James Pernu, Ron Beldo, Kathryn Erjavec

PHONE (218)744-2878

FAX (218) 744-5986

REGULAR MEETING OF THE FAYAL TOWN BOARD

APRIL 20, 2004

The Regular Meeting of the Fayal Board of Supervisors was called to order at 7:00 PM by Chairman Kniefel. Present were: Chairman Kniefel, Supervisor Beldo, Supervisor Erjavec, Supervisor Pernu, Supervisor Tamaro and Clerk Sersha.

Audience members in attendance were: Kelly Campbell, Jerry Ulman, Mike Erjavec, and Dale Dickson.

Motion to approve the minutes of the Regular meeting of April 6, 2004, made by Supervisor Beldo, support from Supervisor Tamaro. Motion carried unanimously.

REPORTS

Clerk/Treasurer's Report- Mt. Iron Bank- The beginning balance as of April 1, 2004 was \$676,876.51. There were \$69,003.87 in expenditures, and a transfer in from the Miners Bank in the amount of \$82,411.78, leaving a tentative balance this date of \$690,284.42. Tentative balance this date for Miners Bank is \$15,679.16.

Clerk Sersha reported on a projected sewer fund cash flow report, which was done by Gary Giroux. Sersha explained that the sewer fund has a shortfall of \$18,789.00 for the year 2003 after the depreciation and maintenance contingency funding were considered. From the 1st of 2004 to this date, we are at a \$4,500.00 deficit in revenues versus expenditures. Currently there is a cash balance of about \$130,000 in the sewer fund, but of that \$72,500.00 is earmarked for depreciation, \$18,000.00 is for maintenance contingency and \$9,150.00 is sewer replacement fund. Much discussion. A draft resolution to increase the sewer rate \$2.00 per month was distributed to the Board for their consideration.

Motion to approve the Clerk/Treasurer's Report made by Supervisor Beldo, support from Supervisor Erjavec. Motion carried unanimously.

Motion to accept the EFGSD Joint Rec Board Regular Meeting of April 14, 2004, made by Supervisor Erjavec, support from Chairman Kniefel. Motion carried unanimously.

Motion to accept the March 8, 2004 Public Utilities Commission Regular Meeting minutes made by Supervisor Tamaro, support from Supervisor Beldo. Motion carried unanimously.

CORRESPONDENCE

Trenti Law Firm- Copy of letter sent to Andrea Allen of the American Arbitration Assoc. Advising her Fayal will not be paying the invoice of \$4,775 as the invoice pertains to "arbitrator compensation and expense deposit. The arbitration has been stayed by a District Court Order.

SLCATO- Regular meeting minutes of March 24, 2004 & Annual Meeting minutes of April 23, 2003
Next meeting is Annual Meeting & Election, to be held Cotton Community Center, April 28, 2004, 7:30 pm. The May meeting will be held in Fredenberg Township on May 26, 2004.

Lake Country Power- Notice of Annual Meeting, Saturday, April 24, Myles Reif Center, Grand Rapids, MN 9:00 AM. Ballot included.

Office of State Auditor- Copy of the report MN Township Finances: 2002 Revenues, Expenditures & Debt.

ARDC- In-kind transportation Planning Grant application & info.

Chairman Kniefel- 1)Info on the request from Erik Porkanen to waive a special assessment. 2) Copy of letter sent to Dennis Serhshon of Range Landscape informing him his claim for additional compensation was denied for invoice 5725, the hill.

Supervisor Tammaro- Copy of letter sent to Alan Doberstein of Total Control informing him we are not paying invoice 3140 because work was done unsatisfactorily.

Trenti Law Firm- Original recorded easements for Russ Road. Torrens property easements have not been received back yet.

MAT- Urban Town ShortCourse is April 29, Best Western, Maplewood Inn

Office of State Auditor- Schedules I & II for lump sum pension plans for the reporting years of 2002 & 2003.

MAT- Applications for Property, Auto & Liability group self-insurance program offered by MAT

OLD BUSINESS

Supervisor Beldo-

Cedar Island Court- The surveyor is still working on it.

Union Labor Contract- Negotiations have begun between the employees and the committee, and it looks as though it will be a while before they are completed. More research needs to be done on the medical benefit aspect. Clerk Sersha will set up a meeting with Mick Giblin of Greater MN Agency, Supervisors Beldo and Erjavec and members of the bargaining unit.

Supervisor Erjavec-

Planning Committee- John Damberg has requested to step down as the committee chair. Supervisor Erjavec and some committee members will be meeting with Jim Plummer of SLC Zoning to discuss mitigation enforcement on variances in the township.

Supervisor Pernu-

Door Jamb- Work will be done on May 7

Garage Floor- Work should commence on the week of June 1.

Supervisor Pernu informed the Board he contacted two contractors to put together a plan for the front of the building. Discussion on having a long range complex and grounds plan done. Kniefel states there is a need for more cold storage, landscape etc. and expertise should be brought in to develop the plan. Supervisor Erjavec and the Planning Committee will put together a request for proposals and they will be sent out as soon as possible. Supervisor Beldo reminds the Board that the air quality issue in the offices and town hall still need to be addressed.

Regarding the repair of the "Fayal" sign on Ely Lake Drive, Pernu reports he obtained a quote from Mesabi Sign for \$3,275.00. Discussion. Pernu will check with Al to see if he can repair the sign during working hours.

Chairman Kniefel-

Tax-forfeit property assessments- Referred to Clerk Sersha. Sersha informs that a property that was tax-forfeit at the time of the certification of sewer assessments to the county auditor, has been purchased. The property in question was included in the public hearing held for the assessments and was certified at that time to the auditor. Since the auditor cannot place assessments on tax-forfeit property, Fayal must place the assessment on the property after it has been sold.

OLD BUSINESS (Kniefel, Continued)

Motion to authorize the clerk to certify the appropriate sewer special assessment on CVT 340-0023-00210, (Auditors Plat #39, Lots 21-25), made by Chairman Kniefel, support from Supervisor Tamaro. Discussion on whether assessments for years 2001-2004 will be collected all at once. Sersha states the assessment will be placed for twenty years like all the others on that particular property, and the assessment will run four years past the others. ***Motion carried unanimously.***

Cerar Plat- Some minor language changes were made to the agreement, Cerar is agreeable to the credit approved by the Board for the cost of the sewer and water access charges. The project is on hold for now, but the signature copy of the agreement is now available when the project goes forward.

NEW BUSINESS

Supervisor Beldo questioned if the resolution to raise the sewer rate was going to be brought forward under new business by Supervisor Tamaro. Tamaro states he intends to bring the resolution forward. Beldo stated that with all the changes, the problems with the finances and the lack of information on the sewer and water that people generally get, we should have a public hearing before we implement rate increase of \$2. Supervisor Tamaro states we would only be increasing it \$1.00 now, if the increase of \$1.00 had been approved last fall. Supervisor Pernu agreed that a lot of people would have questions, but the finances show the rate needs to be increased. Supervisor Erjavec stated she disagreed with having a public hearing for a \$2.00 increase. Clerk Sersha stated we held a public hearing when the rate was going up \$9.00, and agreed another public hearing is not needed. Sersha states the resolution requires that letters are sent to each sewer customer explaining the increase and the resolution must be published in the newspaper and posted on the posting boards. Supervisor Erjavec stated the five year projection of rates was explained to the people at the last public hearing, and it showed a dollar increase per year. Chairman Kniefel asked Supervisor Beldo what he hoped to accomplish by having a public hearing— was he trying to get the word out to people or trying to get input from the people? Supervisor Beldo answered a little bit of both. Chairman Kniefel stated a public hearing is for input from the people and an informational meeting is to explain to the people why a rate increase is needed. Discussion on whether or not to hold a public hearing or an informational meeting. Supervisor Erjavec suggests the PUC could hold an informational meeting, if they felt it was needed.

Supervisor Beldo states we have had a lot of one time expenses. Supervisor Tamaro states that we are always going to have that—we are always going to have lines that are plugged or broken, or a pump that does not work, and stated they are not one time expenses. Discussion on what is considered a one time expense and what is not.

Discussion on the increase and the forecast prepared by Gary Giroux. Discussion on the decreasing cash balance, the debt service fund, delinquent accounts, and the special assessments. Supervisor Beldo restates that it is his opinion that we should inform the people before raising the rate.

Supervisor Pernu informed the Board he received the annual contract from Range Quality Pest Control for spraying the town complex for cluster flies.

Motion to approve and sign the contract to Range Quality Pest Control, made by Supervisor Pernu, support from Supervisor Tamaro. Motion carried unanimously.

Supervisor Pernu reported he took a tour of the town roads with Al. Short discussion on the need for shouldering Scout Camp Road.

Supervisor Tamaro brought forward Resolution 2004-3, to increase the monthly sewer rate, and it was read into the record.

Supervisor Tamaro moved the adoption of Resolution 2004-3, supported by Chairman Kniefel. Chairman Kniefel asked if there was any further discussion, there being none, Kniefel called for the vote. Tamaro, Kniefel, Erjavec and Pernu voted yes. Beldo voted no. Motion carried.

Discussion on letter drafted by Attorney Neff. The letter is to be sent out to those property owners that have not yet connected to the sewer system. There is a form included for extensions or exemptions.

Motion to proceed with sending the letter, as drafted by Attorney Neff, made by Chairman Kniefel, support from Supervisor Tammaro. Motion carried unanimously.

Discussion on the request by Erik Porkanen to waive a sewer assessment on property he purchased. Upon consultation with MAT Attorney Kent Sulem and Town Attorney Scott Neff, their advice is not to proceed with removal of any assessment, unless it was levied in error. This assessment was not.

Motion that reconsideration of the assessment on project parcel 514 and 515 be denied, made by Chairman Kniefel, support from Supervisor Beldo. Motion carried unanimously.

Chairman Kniefel informed the Board that two of the bargaining unit employees have filed a grievance. Per the union contract, the grievance has been forwarded to the employees liaison, Supervisor Beldo. If the grievance is not settled, it will go before the town board.

CITIZEN CONCERNS AND COMMENTS

Jerry Ulman was in attendance and had no comment.

Mike Erjavec was in attendance and requested that North Airport Road be brought up to town road standards, per Resolution 2003-12, to its termini as described in the 1994 town road inventory. Supervisor Beldo requested that Mr. Erjavec supply him with the request in writing.

Kelly Campbell was in attendance and stated that much work has gone into the study of the sewer rates, and costs for the sewer company, and that recommendations made for an increase in the rate, were not done lightly or without much consideration.

Dale Dickson was in attendance and reported there are deep ruts in the ditch by 132 and asked if the ruts could be filled in.

Motion to pay the bills, with a change in code to the Range Cornice bill, made by Supervisor Tammaro, support from Chairman Kniefel. Motion carried unanimously.

Motion to adjourn made by Supervisor Tammaro.

Regular Meeting adjourned at 9:07 PM.

Respectfully submitted,

Judy M. Sersha
Clerk of Fayal

Approved: _____
Chair

Attest: _____
Clerk