

TOWN OF FAYAL
4375 SHADY LANE, EVELETH, MN 55734

Judy M. Sersha, Clerk/Treasurer

Steven J. Kniefel, Chairman

Supervisors: Tony Tamaro, James Pernu, Lee Branville, Mike Erjavec

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ANNUAL MEETING

MARCH 9, 2010

The Town of Fayal Annual Meeting was called to order at 7:00 PM by Clerk Judy Sersha. According to the sign-in sheet, 41 persons were in attendance. A list of those attending is attached to these minutes.

Clerk Sersha welcomed everyone to the Annual Meeting and stated the first order of business is to stand and say the Pledge of Allegiance.

Clerk Sersha then called for nominations for moderator.

Motion by Lee Branville, support from Tony Tamaro to nominate Steve Shykes as moderator. Clerk Sersha asked if there were any more nominations, there being none, Sersha called for the question. Motion carried unanimously.

Steve Shykes welcomed the people to the Annual Meeting and explained the order of business.

APPROVAL OF THE 2009 ANNUAL MEETING MINUTES

Motion to approve the minutes of the March 10, 2009 Annual Meeting, made by John Damberg, support from Scott Smith. Motion carried unanimously.

FINANCIAL AND TREASURER'S REPORT

Moderator Shykes then called upon Clerk/Treasurer Judy Sersha to report on the financial status of the town. The General fund ended the year with a \$695,256.00 balance and the Road & Bridge Special Revenue fund ended the year with a \$276,354.00 balance. The Town of Fayal Net Assets total as of December 31, 2009 was \$13,811,214.00. Donations made by the town board for 2009 are: \$100 to CARE Commission for Post Grad party, \$100 to CARE Commission for Post-Prom party, \$100 to St. Louis County Rescue Squad and \$450 for volunteer and employee \$25 gift certificates from Eveleth IGA for Christmas. Non-levy funds donated were \$7,000 from mining effects to the TrailHawks Snowmobile Club for trail construction. A complete report is attached to these minutes.

Motion to approve the 2009 Financial & Treasurer's Report, made by Joe Sopp, support from DeLyle Pankratz. Jerry Pedersen questioned what consisted of the \$350.00 received for licences and permits. Clerk Sersha stated it is comprised of business licenses and dog licenses. Mr. Pedersen questioned if there was a breakdown of how much was received for each. Clerk Sersha

answered she does have a breakdown in her office. Mr. Pedersen questioned if very much of that amount was from dog licenses? Clerk Sersha answered that it was not, and that not very many residents obtain dog licenses, per our dog ordinance. Mr. Pedersen stated that is what he was getting at. There being no further questions, Moderator Shykes called for the question. **Motion carried unanimously.**

FINANCIAL NEEDS FOR THE TOWN

Steve Kniefel, Town Board Chair, welcomed everyone and thanked Steve Shykes for agreeing to serve as moderator again this year. Mr. Kniefel thanked and recognized the town board members for all their hard work.

Mr. Kniefel then explained the 2011 board recommended levy to the audience, which is the same as the 2010 levy recommendation. Proposed for 2011- General- \$90,000.00, Fire- \$59,700.00, Recreation- \$0.00, Police- \$36,000.00, Capital Equipment- \$30,000.00, Buildings & Grounds- \$45,000.00, Road & Bridge- \$258,800, for a total of \$519,500.00, or a 0% increase over 2010.

DESIGNATING POSTING PLACES

Moderator Shykes explained the present location of our posting places are as follows: 1) Fayal Town Hall, 2) West Long Lake Road, 3) East Long Lake Road, 4) Ely Lake Shortstop, 5) At Your Convenience, 6) Differding Point, 7) Fayal Website.

Motion to keep the posting places the same made by DeLyle Pankratz, support from Mark Johnson. Motion carried unanimously.

SETTING TOWN BOARD SALARIES

Moderator Shykes then stated the next order of business is setting compensation for town board members. As of January 1, 2010 the Conus rate for mileage is .50 cents per mile. Currently, the salaries are as follows: Supervisor- \$3,480 per year, or \$290 per month, plus mileage and expenses as incurred, and Chair- \$3,840 per year, or \$320 per month, plus mileage and expenses.

Motion by Joe Sopp, support from Dave Hamalainen to keep the salaries the same. Motion carried unanimously.

FIRE DEPARTMENT BUSINESS

Fire Chief Steve Shykes reported there were a total of 125 calls in 2009, of which 55 were EMS. Presently there are 21 firefighters on the department and 4 openings. The fire department received 4 grants in 2009. The money received from three of the grants was used to purchase communication and breathing air equipment and the Homeland Security (FEMA) grant was used for new radios and a breathable air system, compressor, 2 fill stations and trailer. A fourth grant from the state was reimbursement for training costs. The agreement between the Fayal Fire Department and the Eveleth Fire Department is working out very well. A complete report is attached to these minutes.

SUPERVISORS REPORTS

Road & Bridge- Tony Tammaro reported a 650' stretch of Golf Course Road was reconstructed and

blacktopped. Right-of-way clearing was performed along several town roads, as well as culvert replacements on six roads. St. Louis County repaired a 4' x 70' cement culvert on Pine Drive. Mr. Tammaro reported on road and other project plans for the ensuing year. A complete report is attached to these minutes.

Police- Lee Branville stated he is the town board liaison for both the police and fire departments. Mr. Branville stated that due to the fine fire department we have, it gives us a high rating in our insurance ratings, so it reflects in all of us having a lower homeowner's insurance premium, that we would not have if we did not have such a good fire department.

Mr. Branville reported Fayal Township employs a part-time officer who works twenty random hours per week. Our current officer is Harvey Thompson and he has 25 years of experience as a full-time licensed officer, 16 of which have been with Fayal. Local police is needed in the township to enforce the township ordinances. Mr. Branville stated the officer does some patrolling and responds. Attached to tonight's handout is a case incident report of all the calls he responded to in Fayal.

Mr. Jerry Pedersen commented that in going over the readout, of the 67 calls, about 21% of his time is spent for animals. Mr. Branville agreed and stated that seems to be his primary purpose—people complain about dogs, but he stated he felt that it is a problem county-wide.

Mr. DeLyle Pankratz questioned who sets the random hours and if there are any parameters at all? Mr. Branville answered they do not specifically ask that he work any specific hours, it is up to his own discretion.

Mr. Scott Wudinich commented that looking at the readout he counted 62 calls, and if that is divided by the \$36,000 budget, it comes to \$571 per call. Mr. Branville answered he does not know if law enforcement justifies their budgets based on the number of calls they get, it's a public safety issue and whether we want to continue with our police department if we feel its justified, so be it, and if not, so be it.

Buildings & Grounds- Jim Pernu reported on landscape work done to the front of the town hall, with pavers being installed and new sod laid. The work was done in-house by Charlie Erickson. An emergency 100 amp generator was installed to supply backup power in the event of an electrical failure. The fire alarm system was upgraded. The skating rink had another successful year with 1,680 skaters. The facility is operated in a safe and orderly manner, which is especially appreciated by the parents. Mr. Pernu commended Charlie Erickson and Pete Peterson for their work at the rink. The Planning Committee has been working on a project to improve the appearance of the corner across from the Shortstop. A large wood sign will be installed on the corner identifying Fayal Township. Landscaping will be done with grass, trees, shrubs etc and the planters will be re-planted. The playground also had good attendance and has required little maintenance. Weekly safety inspections are performed by Al Jurenic, who does a superb job in the upkeep of the playground. The tennis courts are being used each spring by the Eveleth-Gilbert tennis team, as well as other residents in the area. A complete report is attached to these minutes.

Mr. Jerry Pedersen questioned if the tennis courts are an actual designated area for the teams to practice? Mr. Pernu stated yes, the town board designates the courts for the school's use each year. Mr. Pedersen questioned if there is a fee involved? Mr. Pernu answered no.

Mr. Pedersen questioned why Fayal residents have to pay a higher rate than Eveleth residents to rent the pavilion at the Ely Lake Park? Tony Tamaro explained the park belongs to Eveleth, but is located within Fayal and they can charge a different rate for non-residents. Clerk Sersha stated that Fayal also charges more to non-residents than residents to rent the town hall.

Planning Committee- Steve Kniefel reported that several years ago the township re-instituted a planning committee to serve as an advisor because we not longer do our own planning and zoning in the township. The committee is tasked with the review of land use applications, specifically conditional use and variances that ultimately come before the St. Louis County Planning Commission or the Board of Adjustment. Joe Uhan is the chair and John Damberg of the committee is also present here tonight. Their recommendations are given to the planning staff at the county, and those recommendations are given consideration in the decisions.

The Planning Committee has also been tasked with a beautification project on the corner, and they have received funding from mining effects tax for the project. The project is estimated at \$30,000, if everything on the wish list is built. Currently, they are focusing on the corner sign and beautification projects.

Bike Trail- Steve Kniefel reported the Mesabi Trail Extension had some delays with right-of-way acquisition and wetland mitigation concerns that had to be dealt with. The Rail Authority has stated that those issues have now all been resolved and we should be moving to a contract letting this year. It is basically a refurb of the bike trail that initiates here at the town hall and runs along Miller Trunk Road. The trail is going to stay on the east side of Miller Trunk Road and Hwy. 53, and will no longer be on the bridges. It will tie in with the Mesabi Station site, which is currently under construction. It is 2010 federal money that is going into the construction of the trail.

Mr. Kniefel reported that the TrailHawks Snowmobile Club also did a great job of getting a trail pushed through from Hwy. 53 to Miller Trunk, so there is now a link from Fayal to the main trail system. DeLyle Pankratz reported future work is to undercut the bridge along the railroad tracks. The trail will run from Hwy. 37 W to Hwy. 37 E. The trail is a key link in the trail system. Mr. Pankratz thanked the Fayal Township for their efforts in helping get the trail through.

Mr. Kniefel also reported there will be work taking place on Scout Camp Road this year. The county portion is slated for a reclaim overlay this year and along with that project, the township piggybacked for the 1200' stretch of the township portion of the road. The road will then be a contiguous route with new pavement. That project should happen this summer.

Mr. Kniefel reported that Eveleth has ordered a new ambulance. When it arrives, Fayal's name will also appear on the ambulance. Fayal contributed \$20,000 towards the purchase.

Mr. Michael Priest questioned if the right-of-way issue with the runways at the airport has been resolved? Mr. Kniefel answered the issue has quieted down, and we are waiting for a facilities plan.

Public Utilities- Mike Erjavec reported there was a \$1.00 increase in the sewer rates this year. The employees are doing an excellent job keeping everything running smoothly. 2010 will be a challenge. Gilbert is proposing an increase in rates from \$110,00 to \$175,000 per year. This would translate into an increase of nearly \$10 per customer, which is unacceptable. Fayal is currently exploring the possibility of building our own treatment facility, which would most likely be sewer ponds. A complete Public Utilities report is attached to these minutes.

Mr. Dave Hamalainen asked what Fayal is doing to collect delinquent utility accounts. Mr. Erjavec explained that for one year we tried a collection agency, but we found we had no more success with a collection agency than with certifying them to the property taxes. Mr. Erjavec went on to explain that some people do not pay their taxes for years and the property either goes tax forfeit, or right before it goes tax forfeit, they start paying their taxes. What has happened recently is, we have started collecting on some of the oldest delinquencies, but some of them have been replaced by new ones. We are still running about \$25,000 in delinquencies. Mr. Erjavec stated we are not doing any worse for delinquencies, but we are also not doing any better. You cannot shut off a sewer, you can shut off a water connection, and that is our problem.

Mr. Hamalainen asked if we get paid if the house goes tax forfeit. Mr. Erjavec explained that we get paid because before you can get clear title, all of the taxes must be paid.

Mr. Jerry Pedersen asked where the sewer ponds would be located? Mr. Erjavec stated that we are not sure yet, we are just in the beginning stages of planning, but there are a couple of possible sites. Mr. Erjavec briefly explained the requirements of permitting etc. to install sewer ponds. A meeting is set with Gilbert next week to discuss rates, but we are still pursuing ponds in case an agreement cannot be reached.

Mrs. Diane Petrich questioned why Gilbert wants more money? Mr. Erjavec explained that Gilbert is upgrading their plant and the money that Fayal has given them over the last 10 years was supposed to be saved for that purpose, has instead been spent by them for other things. Now, they want us to pay again.

Mr. Ralph Johnson questioned how long the contract will be for the rates? Mr. Erjavec answered they want a 20 year contract with us for the work on their plant—what they are proposing is \$5.44 per month to pay for their sewer plant and a \$30,000 yearly increase on the monthly sewer rate.

Mr. Joe Sopp questioned the reason for the \$1.00 increase in our rates. Mr. Erjavec stated we have payments to make, and if we did not raise the rates, we were not going to be able to make them. Mr. Sopp stated he was told it was to make up for some of the bad debt that we have. Mr. Erjavec stated that is part of it, like any business those costs are rolled into the price that has to be charged.

Mr. Joe Petrich questioned if the names of the people that are delinquent can be published? Mr. Erjavec stated they can be published, but you are subject to a lawsuit if a mistake is made. Clerk Sersha stated that has been discussed in the past, but questioned where do you draw the line?— one month, three months, one year delinquent? Mr. Erjavec also stated that the economy has been tough for some people and if there is a choice between buying food or paying your sewer bill, people will buy food. General discussion amongst the people regarding delinquencies.

Mr. Patrick Ziegler questioned if the utility money stays in the fund, or does it go into the general fund? Mr. Erjavec answered the water and sewer funds are separate from the general and only utility funds go into water and sewer. Money needs to be put away for depreciation and to make the payments on the loans, so the utility funds need to be self-supporting.

Mr. Ralph Johnson questioned what our rate would be if we end up with the proposed Gilbert rate? Mr. Erjavec answered it would be about \$50 per month. Mr. Tony Tammaro stated that would be if Gilbert did their \$1.7 million project, but they are now talking about scaling back their project, so it is unknown at this time what the actual increase would be.

Fayal is also meeting with Gilbert to discuss rates next Tuesday, so more will be known then. General discussion on what Gilbert residents pay for their sewer bill.

Mr. George Sedgeman asked if we had considered going to Eveleth? Mr. Erjavec explained that we have already received a proposal from Eveleth, and the cost would be about the same as Gilbert, plus we would have to put in 1.5 miles of new line to get to Eveleth. Mrs. Pat Johnson questioned what year the sewer was put in. Mr. Erjavec answered it was put in 1999-2000, so it has been 10 years.

Mr. Joe Sopp questioned if the sewer ponds would be put in behind the airport? Mr. Erjavec said no, that is not the area they are looking at. Mr. Sopp questioned if when the ponds are installed, it would be feasible to extend sewer to Pleasant Lake? Mr. Erjavec answered that it would not be feasible.

More general discussion on sewer rates, how much of Gilbert's capacity Fayal uses, rates in other cities, etc.

Moderator Shykes thanked Mr. Erjavec for his report and stated the next order of business is to set the date and time for the next Annual Meeting. The Annual Meeting is always on the second Tuesday in March, but a time needs to be set.

Motion to set the 2011 Annual Meeting on the second Tuesday in March at 7:00 PM, by Diane Petrich, support from Scott Smith. Motion carried unanimously.

ANY OTHER BUSINESS

Moderator Shykes asked if there were other matters or business from the floor.

Scott Wudinich stated he would like to propose a motion. Moderator Shykes asked Mr. Wudinich to come up to the microphone. Mr. Wudinich passed out copies of his motion to all those attending and read the motion aloud. Mr. Wudinich made the following motion:

Whereas, the St. Louis County Sheriff's Department provides primary law enforcement to the community of Fayal Township; and

Whereas, the St. Louis County Sheriff's Department has a significant daily presence within the borders of Fayal Township providing a more than adequate patrol presence, and

Whereas, the people of Fayal Township wish to lower the overall property tax burden incurred.

Now, therefore, be it resolved, that the people of Fayal Township do hereby direct that any and all expenditures related to the performance of the duties of town constable be eliminated from the 2010-2011 Fayal Township budget.

Be it further resolved, that the overall property tax levy for Fayal Township be reduced to reflect the aforementioned budgetary reduction. Tom Maki supported the motion.

Moderator Shykes stated that for clarification, the 2010 levy has already been set, this would be 2011. Clerk Sersha stated the 2010 levy has already been certified, so no reduction can be made for that year. Moderator Shykes called for discussion. Discussion:

Mr. Tony Tamaro questioned if Mr. Wudinich had checked with St. Louis County to see what they are going to charge us? Mr. Wudinich stated that as far as he had checked into it, all we have to do is ask St. Louis County to enforce our ordinances.

Clerk Judy Sersha stated we have done that in the past, and they will not do it, unless they are paid extra. A sheriff is then assigned to our area on a daily basis for as many hours as you pay for. A study was done on this a few years ago and the sheriff's office has stated they will not take a 911 call for our local ordinances because they are not familiar with our local ordinances. Mr. Wudinich questioned if a 911 call would consist of a white lab running around, or how many dog catching calls when St. Louis County pays \$33,000 to the Mesabi Humane Society to do that work—and we are going to pay a cop \$36,000? Mr. Wudinich stated we are all talking about money—utilities, people that owe money, taxes, and about saving money.

Mr. EJay Dawson asked if Commissioner Keith Nelson had any input on that—the sheriff's department, what they charge? Commissioner Keith Nelson stated that he has made it very much a point over the last seven years, that when he attends this meeting, he attends as a freeholder of Fayal Township, and not necessarily as the commissioner, but stated he would step outside that role for just a second. Commissioner Nelson stated this was a question that was posed to him by a constituent in Fayal Township, and one he posed to the St. Louis County Sheriff's Department. Currently, St. Louis County does contract with some townships to perform extra patrols, but it is correct that in the last two years, the county does contract with the Mesabi Humane Society in Virginia, and they are paid \$33,000 per year to provide services to this area of St. Louis County. This is something that is brand new. We were having a number of animal control issues and we decided to invest some money into that to help out law enforcement in all of our jurisdictions and to help out the Humane Societies that were burdened with that task, so that service is currently being performed. Commissioner Nelson further stated that as far as enforcing local ordinances, what he is being told by the sheriff's department, if a township requests the sheriff to enforce a local ordinance, as long as they have an understanding of what the local ordinance is, and it is not something egregious, they will perform those duties. Moderator Shykes thanked Commissioner Nelson for his input.

Mr. Steve Kniefel stated this question comes up not only in our township, but across the county and the state, about townships providing law enforcement. The resolution presented is correct, in that St. Louis County is the primary law enforcement agency for Fayal Township and any other township. However, it is up to the freeholders of the town if they want to supplement that type of protection. The St. Louis County Sheriffs are spread pretty thin, this being a big county, so if this township is satisfied with that level of service, then we can save some money by not levying dollars for local law enforcement. If, as a township, if you want local law enforcement to supplement that type of coverage, you hire someone as a Fayal Township employee. If the township does not want to hire someone, we can contract with St. Louis County, and there are a number of different scenarios we can do that under. They will write a contract for how many hours you want to pay for, if you want to pay for 20 hours like we have now of additional patrol time, you will pay St. Louis County whatever rate that is. Commissioner Nelson stated the contract rate is \$45 per hour, with all costs incurred.

Mr. Kniefel stated it all boils down to what level of service you want, if you are satisfied with the randomness of competing with the rest of the county for a presence, or if you want to have a local presence. You are going to pay for that additional service, regardless. Also, unless contracted otherwise, St. Louis County will dole out the hours that you contract for, and you may have a different individual filling those contract requirements, you will not have the same individual that will be covering this jurisdiction. These are just some things to consider as you think about this.

Commissioner Nelson asked Moderator Shykes if he could clarify a point because he was asked this question prior to this meeting and did some research on it. Commissioner Nelson agreed with Mr. Kniefel and stated he knew of two townships in his district that contract separately with the St. Louis County Sheriffs, and the Cities of Mt. Iron, Buhl, Tower, and several other jurisdictions. The current rate charged is \$45 and change, per hour. If the township were to contract with them, there are 73 townships in St. Louis County, and of the 6,500 square miles of St. Louis County, there are 2,600 square miles of townships, so township government constitutes roughly one third of all the square miles in St. Louis County. This is the research I did to give back to the parties that were looking at this. Of those, I can only find a handful that contract with the sheriff, but of those, two are in my district because we do have some very significant crime problems. My district goes from Virginia all the way to Fredenberg and Grand Lake township. It seems when people go to work during the day, they come out of Duluth and go shopping in their homes. That is the reason those areas contract with the sheriff, as they have had some very significant burglary issues. That is solely the reason why those two townships contract with the sheriff's department. The sheriff's department contracts those hours basically at overtime, just so everyone is aware, so there is full disclosure, so that is all the information I was able to obtain. Commissioner Nelson state that is all the information he was able to obtain from the questions he asked.

Mr. Kniefel stated he would like to add one more point, and agreed you can have law enforcement from the sheriffs, but if you want to enhance that presence within your jurisdiction, that is when you would contract from the sheriffs for specific hours.

Mr. Ejay Dawson stated that regarding presence in the township, we have four sheriffs living in this township. Mr. Dawson commented he sees more of those sheriff's cars going back and forth than he does of our local constable, and is far more aware of those sheriffs being around than the constable.

Mr. Joe Sopp asked since we have our own law enforcement, do the sheriffs still drive around in the township or do they pass through? Moderator Shykes answered that it is his understanding they still come through on occasion and they will respond when there is a 911 call to the township.

Mr. Tony Tamaro stated that as far as money goes, years ago when we had our own assessor, we thought we would save money by going to the county, now has ended up where it costs more. It might look better, but in the long run—is it?

Mrs. Diane Petrich asked if our police officer puts a special emphasis on graduation night or New Year's Eve? Mr. Lee Branville stated he is totally random and we have put very little parameters on when he should be out. Most of the complaints are dogs and speeding. Mr. Branville stated he has asked him to go out mornings, just to be a presence. He is not tasked specifically, he is at random, 20 hours per week.

Mr. Scott Wudinich stated we are getting way off base and asked for a show of hands as to how many people in the room have seen the constable in the last thirty days.

Mr. Wudinich counted five hands and stated he has been here for 24 years, got tickets in the mail, it is kind of personal, and he is sorry for that.

Mr. Kurt Drobnick stated he has noticed speeding in the township, but looking at the list of stops, there are one or two for traffic out of 67. Mr. Drobnick questioned if the \$36,000 budget is worth the benefit the people receive. Mr. Drobnick also questioned the effectiveness of his patrol and how you can quantify which random twenty hours to patrol?

Moderator Shykes asked Mr. Branville for clarification, if the list is for actual tickets given and if it includes warnings. Mr. Branville answered that he does not think the list includes warnings, only calls taken by the officer when he is on duty.

Mr. Jerry Pedersen commented he has only lived here five years, but noted that we enjoy a very crime-free area, and stated the constable must have some effect to that. Mr. Pedersen stated that having our own constable keeps the crime rate down.

Mr. Branville agreed, but stated that it is well known that we have a lot of sheriffs living in the township and he sees them more than our own police officer. Mr. Branville added he does not know if the crime rate is low because we have our own officer, but thinks a lot of has to do with the presence of St. Louis County Sheriffs. As for random hours, Mr. Branville said he has some concerns because the hours he does pick seem to be late night, and no one sees him, and those hours may not be proper.

Ms. Aimee Krebs asked if anyone had any information about how many times the sheriff has responded to 911 calls. Mr. Branville recalled in the past couple of years there have been anywhere from 700-900 of 911 calls to Fayal. The sheriffs are responding far more than our officer since he is only on 20 hours per week. Mr. Tony Tammaro added the sheriffs have ticketed people in the township.

Mr. Kurt Drobnick suggested making a study of the times the most calls come in for Fayal Township, and based on that, would be the best time to be on patrol.

Moderator Shykes stated that this subject needs to be wrapped up, but since it is such an important issue, he will allow a few more comments.

Mr. Mike Erjavec said if we paid the sheriff \$45 per hour for extra patrol, we would spend as much in 10 months that we spend in a year, and we would be losing money.

Scott Smith added that when there is a 911 call, if our officer is not here and the sheriffs are not around, Eveleth or Gilbert will respond.

Commissioner Nelson added just for a point of information, Fayal Township is not unusual in the amount of 911 calls. Around the county, there are over 200,000 911 calls per year for a population of 200,000 people, averaging one call to a St. Louis County 911 center, per person, per year. If you take Fayal Township, with 900 calls, we are actually low.

Mr. John Damberg asked if Harvey has another job—is he employed elsewhere? Moderator Shykes answered no, he is retired from his full-time job.

Mr. Tom Maki asked if Harvey retired from Fayal too? Moderator Shykes answered that he did. Mr. Maki questioned if he is retired and drawing a pension as well? Clerk Sersha explained that all public employees receive a PERA retirement and Fayal is required to pay into that fund for all of its employees. Mr. Maki questioned if after he retired, we advertized for a constable. Clerk Sersha explained that the position was advertized, he re-applied, and the town board re-hired him. There was a cost savings to hire him because once he was retired, Fayal no longer has to pay PERA on him for that position.

Moderator Shykes stated he would like to call for the question, and summarized Mr. Wudinich's motion as follows:

To eliminate the town law enforcement and not contract with the county at this time. Moderator Shykes asked Mr. Wudinich if that was correct. Mr. Wudinich stated that was correct. Moderator asked for those in favor to say Aye and those opposed to say Nay. Being unable to determine by voice vote, Moderator Shykes then asked for a show of hands.

Moderator Shykes and Clerk Sersha both counted those in favor and those opposed twice, and agreed on the number for each. **There were 26 in favor, and 13 opposed. Mr. Keith Nelson abstained because of his involvement with the St. Louis County Sheriff's Department and stated he did not feel right voting on this particular motion. Moderator Shykes asked if there was anyone else who would like to go on record as an abstention. There were none. Motion carried.**

Regarding the motion that just passed, Moderator Shykes stated that we talked about the time frame, and to reiterate, the levy for 2010 that we are working in this year was already approved last year, and this position is funded for this year, so we will be commencing in 2011.

Moderator Shykes asked if there was any other business from the floor.

Mr. Tom Maki stated an interesting point was brought up previously, concerning the assessor—it has cost us double in the last how many years now.

Tom Maki stated he would like to entertain a motion to direct the town board to go back to private assessment and get rid of St. Louis County. Mr. Maki stated in the last five years his valuation has more than doubled, as have taxes. Mr. Ralph Johnson supported the motion. Moderator Shykes called for discussion. Discussion:

Keith Nelson stated to Moderator Shykes that he would once again step out of his role as a freeholder, and will not abstain from this motion, because he feels very strongly on this issue. Commissioner Nelson stated he will be voting in the affirmative on this because he has always believed that local assessment is the best assessment. One of the reasons the rates were raised, was because we had so many local assessors leaving the field because they simply could not compete with government, which is the county providing the service. Under state statute, St. Louis County is required to oversee all assessments in the county—we are not required to do them, just oversee. Commissioner Nelson reported we have a lot of townships in his district that do their own local assessment and we receive less complaints from local assessment than from county assessment. The raise in the county rates was to make certain that local assessors that were being priced out of the business, are now able to compete in the business and do it for a fair rate for whatever entity they are providing it to.

Mr. Tony Tammaro stated he calls the day we have Board of Review the worst day of the year because the town board is held hostage as to what the county does. We have over the years tried to go out to contract, and cannot find anyone to do it. Obviously we will be going out to find someone again, but I'm willing to bet we do not get a lot of response.

Mr. Steve Kniefel agreed this has come up a few times since we went with the county assessor. The board has shopped and looked at the market and the cost of a contract with a private assessor is not going to be a whole lot different than what the county was charging. Dollars we actually spend is for someone to do the assessing is not going to be a whole lot of money. There may be some savings, maybe not, we can test the market again. Addressing the market values, the fact that market values have increased is not really the fault of the assessor. Whether it is a local assessor or a county assessor, they have to play by the same rules.

Mr. DeLyle Pankratz asked how much it costs to have the county assessors? Mr. Kniefel answered the last contract was about \$25,000 per year. The last contract we had with a private assessor was several years ago, and cost about \$13,000, but the county cost was less at that time, so that weighed into the decision.

An unknown member of the audience called for the question. Moderator Shykes asked for the motion to be repeated.

Motion by Tom Maki, support from Ralph Johnson to direct the town board to hire a private assessor, and not have the St. Louis County assessor. Moderator Shykes called for those in favor to say Aye and those opposed to say Nay. ***Being unable to determine by voice vote, Moderator Shykes then asked for a show of hands. Moderator Shykes and Clerk Sersha both counted those in favor and those opposed twice, and agreed on the number for each. There were 22 in favor, and 14 opposed. Motion carried.***

Moderator Shykes asked if there is any other business to come before the floor. There being none, Moderator Shykes stated the next order of business is to set the levy for the year 2011. Moderator Shykes stated the town board recommendation was \$519,500.00, which is the same levy as the last three years.

Mr. Joe Petrich, support from Mr. Gary Peritz to approve the levy as recommended by the board of \$519,510.00. Discussion:

Mr. Joe Sopp asked if we were going to reduce the levy by \$36,000, and stated it would come out to be \$483,500.00.

Moderator Shykes asked Mr. Petrich if he would rescind his motion by subtracting the law enforcement budget? ***Mr. Petrich rescinded his motion, and Mr. Peritz rescinded his second.***

Motion to set the 2011 levy at \$483,500.00, by Joe Petrich, support from Gary Peritz.

Discussion: Mr. George Sedgeman asked if we had to pay the county? Moderator Shykes answered that right now there is no motion on the floor to contract to the county for 2011. We have the law enforcement levy and budget for 2010, it has already been budgeted and passed at last year's Annual Meeting.

Mr. Sedgeman stated it will be a false total when you have to pay the county out of there.

Mr. Petrich stated that is not correct, because there is not going to be anyone in there. Moderator Shykes stated we will not have that expense, there will be no additional law enforcement in Fayal Township.

Mr. Joe Sopp questioned if there could be some extra money put away for summer jobs? Mr. Tony Tammaro stated we have a lot of money in the rec fund that was stockpiled for the bike trail, but now it is coming through, so if there is hiring it comes out of there and casual labor. Mr. Sopp asked if we hire kids? Mr. Tammaro answered we have been hiring older, retired persons. Mr. Sopp stated there are a lot of kids that need money for college, and we are not helping them at all.

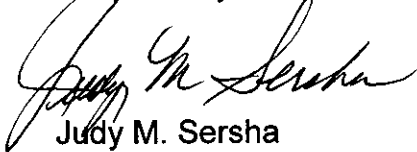
Moderator Shykes asked if there were any other questions. ***There being none, Moderator Shykes called for the vote and asked for all those in favor to set the 2011 levy at \$483,500 to say Aye. Those opposed. None. Motion carries.***

Moderator Shykes asked for a motion to adjourn.

Motion by Joe Sopp, support from Ralph Johnson to adjourn the Annual Meeting. Motion carried.

Annual Meeting adjourned at 8:50 PM.

Respectfully submitted,



Judy M. Sersha
Clerk of Fayal

Clerk's Note- As always, the Annual Meeting minutes have been prepared as per MN Statute 365.55. These minutes are unapproved and will be submitted to the freeholders of the town at the Annual Meeting in 2011 for approval.

Annual Meeting March 9, 2010 Sign In Sheet

	<u>Name</u>	<u>Address</u>
1	Judy Wimmer	4306 Slady Ln
2	Judy Pedersen	4335 St. Marys Drive
3	Scott Smith	4014 MILLER TRUNK RD.
4	Toni Tammaro	4412 Maple Lane Dr
5	JIM FERRELL	4402 LAKESIDE DR.
6	Janet Sopp	3923 Horseshoe Hill Ct S
7	Joe Sopp	3923 Horseshoe Hill Ct S.
8	George Sedgeman	4444 C/D
9	MARK Johnson	2565 Park Blvd W.
10	Michael Johnson	2565 Park Blvd W
11	Steve Knopf	3852 Pleasant Lake Rd.
12	Jerda Dawson	4488 Woodlawn Dr. E.
13	EAG DAWSON	4488 WOODLAWN DR E.
14	MIKE Johnson	7228 Hwy 97
15	Mike Erjavec	7576 Ely Lake Dr.
16	Scott Madinist	4488 Cedar Hill Dr.
17	Steve Shyles	7450 Ely Lake Dr.
18	Steve Shyles	7500 Ely Lake Dr.
19	Tom Brown	4512 Woodlawn Point
20	Michael Fries	4326 Miller Trunk
21	Dennis Dawson	4489 WOODLAWN DR E.
22	Jane Dawson	4489 WOODLAWN DR E.
23	Lumee Krebs	7671 Ely Lake Dr.
24	JOE PETRICH	4287 ST. MARYS DR.
25	Ralph Johnson	4285 ST. MARYS DR
26	PAT JOHNSON	4285 ST MARYS DR
27	Allen Hansen	4427 Woodlawn Dr. W.
28	Walt Robnick	7561 W. PARK BLVD.
29	TOM Miller	4318 W LONGLE RD
30	Linda Donnell	7541 Ely Lake Drive
31	Jane Heston	4503 Woodlawn Blvd E
32	Joe Drobnick	4503 Woodlawn Blvd E.
33	Pat Donnelly	7541 Ely Lake Drive

- | | | |
|----|-----------------|-----------------------|
| 34 | Dave Hamilton | 4644 Cedar Island Dr. |
| 35 | Patrick Ziegler | 4387 Golf Course Rd |
| 36 | Fred Nelson | 7751 E Towne Road. |
| 37 | John Dambenc | 453A Woodlawn PT |
| 38 | Ed Kinkor | 5133 Hwy 37 |
| 39 | Paul Mack | 4458 Miller Tr. Rd. |
| 40 | Judy Senka | 7764 Ely Lake Dr |
| 41 | Diane Petrich | |

2010 FAYAL TOWNSHIP ANNUAL MEETING AGENDA

- I. INTRODUCTION- CALL TO ORDER- PLEDGE OF ALLEGIANCE
ELECTION OF MODERATOR
- II. ANNUAL MEETING BUSINESS
 - Approval of a Moderator
 - Approval of Annual Meeting Minutes of 2009
 - 2009 Financial Report of the Clerk/Treasurer
 - Report of the Town Chair on the Financial Needs for the Town in 2011
 - Designating posting places
 - Setting Compensation for Town Supervisors
 - Fire Department Business
 - Town Supervisors Reports
 - Any other business which might come before the meeting
 - Setting of the town levy for year 2011
- III. ADJOURNMENT

TOWN OF FAYAL
Proposed 2011 Levy
March 9, 2010

TOWN OF FAYAL
Proposed 2010 Levy

	Approved Levy 2004	Approved Levy 2005	Approved Levy 2006	Approved Levy 2007	Approved Levy 2008	Approved Levy 2009	Approved 2010 Levy	Proposed 2011 Levy
General Fund	\$ 100,000.00	\$ 96,000.00	\$ 89,300.00	\$ 99,000.00	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00	\$ 90,000.00
Buildings & Grounds	\$ 27,000.00	\$ 30,000.00	\$ 35,000.00	\$ 41,300.00	\$ 41,210.00	\$ 45,000.00	\$ 45,000.00	\$ 45,000.00
Fire	\$ 53,900.00	\$ 55,500.00	\$ 56,600.00	\$ 47,000.00	\$ 55,000.00	\$ 59,700.00	\$ 59,700.00	\$ 59,700.00
Police	\$ 32,100.00	\$ 33,000.00	\$ 33,600.00	\$ 33,600.00	\$ 33,000.00	\$ 36,000.00	\$ 36,000.00	\$ 36,000.00
Recreation	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 25,000.00	\$ 12,400.00	\$ -	\$ -	\$ -
Capital Equipment	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Summer Jobs	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Public Utilities	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Road & Bridge	\$ 210,000.00	\$ 218,000.00	\$ 218,000.00	\$ 225,000.00	\$ 250,000.00	\$ 258,800.00	\$258,800.00	\$258,800.00
TOTAL	\$ 478,000.00	\$ 487,500.00	\$ 487,500.00	\$ 500,900.00	\$ 511,610.00	\$ 519,500.00	\$519,500.00	\$519,500.00
Yearly Increases	2.70%	1.95%	0%	2.75%	2.10%	1.50%	0%	0%

Year 2011 Town Board Levy Recommendation

\$519,500.00

Percentage Increase Over 2010 Levy

0%

TOWN OF FAYAL 2009 FINANCIAL REPORT - 2010 ANNUAL MEETING

	<u>2009</u>	<u>2008</u>
BEGINNING BALANCE JAN 1-	<u>670,040</u>	<u>706,516</u>
REVENUES - GENERAL FUND		
GENERAL PROPERTY TAXES	198,703	202,739
TACONITE HOMESTEAD CREDIT	25,875	28,272
MARKET VALUE CREDIT	19,945	22,700
TACONITE PRODUCTION	81,404	33,737
FRANCHISE FEES	9,735	10,407
OTHER MISC	7,304	23,708
TOTAL TAXES	<u>342,966</u>	<u>321,563</u>
LICENSES AND PERMITS	<u>350</u>	<u>400</u>
INTERGOVERNMENTAL		
FEDERAL	<u>59,124</u>	<u>3,500</u>
FEMA		
Firewise Grant		
STATE		
Disparity Aid	5,785	6,341
Mining Effects	43,827	50,092
PERA Aid	512	587
OSHA Grant		6,115
Fire Aid	8,933	8,402
Other (mining & concentrate)	13,400	2,654
TOTAL INTERGOVERNMENTAL	<u>72,467</u>	<u>74,191</u>
CHARGES FOR SERVICES		
TOWN HALL RENT	1,620	1,300
FEES (Assessment Certifications)	980	680
PUBLIC SAFETY- Fire Contracts		2,000
TOTAL CHARGES FOR SERVICES	<u>2,600</u>	<u>3,980</u>
FINES		
COURT FINES	<u>326</u>	<u>1,077</u>
INTEREST	<u>33,725</u>	<u>38,521</u>
MISCELLANEOUS		
REIMBURSEMENT AND REFUNDS	<u>4,478</u>	<u>1,084</u>
TOTAL REVENUES	<u>516,026</u>	<u>444,316</u>
EXPENDITURES - GENERAL FUND		
GENERAL GOVERNMENT		
Town Board	18,999	19,417
Administration	158,628	195,123
Clerk	4,237	4,984
Deputy Clerk	3,034	4,326
Public Utilities	3,523	4,264
Buildings & Grounds	39,278	40,461
TOTAL GENERAL GOVERNMENT	<u>227,699</u>	<u>268,575</u>
PUBLIC SAFETY		
Police (2008 includes vehicle & equip purchase of \$31,355)	29,008	59,644
Fire	120,295	48,800
Fire Relief Association	24,933	13,500
TOTAL PUBLIC SAFETY	<u>174,236</u>	<u>121,944</u>
CULTURE AND RECREATION		
Recreation	<u>16,448</u>	<u>22,814</u>
TOTAL EXPENDITURES	<u>418,383</u>	<u>413,334</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>97,643</u>	<u>30,982</u>
OTHER FINANCING SOURCES (USES)		
*Transfer In	26,865	2,100
**Transfers Out	<u>(99,292)</u>	<u>(69,558)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(72,427)</u>	<u>(67,458)</u>
NET CHANGE IN FUND BALANCE	<u>25,216</u>	<u>(36,476)</u>
FUND BALANCE DECEMBER 31	<u>695,256</u>	<u>670,040</u>

*\$2,200 Enterprise Funds Accounting Services, \$24,665 O'Laughlin Waterline Project
 ** Forgiveness of the Fayal Water Company Loan from General

	2009	2008
ROAD & BRIDGE SPECIAL REVENUE FUND		
BEGINNING BALANCE, Jan 1	<u>239,340</u>	<u>157,288</u>
REVENUES - ROAD & BRIDGE		
TAXES		
GENERAL PROPERTY	191,308	190,457
TACONITE HOMESTEAD CREDIT	36,374	32,242
OTHER (Disparities aid, Unmined tac, refunds, culvert sales etc.)	6,871	4,787
TOTAL TAXES	<u>234,553</u>	<u>227,486</u>
INTERGOVERNMENTAL - STATE		
MINING EFFECTS	10,075	
MARKET VALUE CREDIT	20,097	21,994
TOWN ROAD AID	11,083	10,056
TOTAL INTERGOVERNMENTAL	<u>41,255</u>	<u>32,050</u>
OTHER FINANCING SOURCES		
TRANSFER IN	0	44,595
REFUNDS/REIMB	<u>2,920</u>	<u>1,482</u>
TOTAL OTHER FINANCING SOURCES		<u>46,077</u>
TOTAL REVENUES	<u>278,728</u>	<u>305,613</u>
EXPENDITURES		
PUBLIC WORKS		
ROAD & MAINTENANCE	201,713	192,415
EQUIPMENT MAINTENANCE	40,001	31,146
TOTAL PUBLIC WORKS EXPENDITURES	<u>241,714</u>	<u>223,561</u>
NET CHANGE IN FUND BALANCE	<u>37,014</u>	<u>82,052</u>
FUND BALANCE DECEMBER 31, 2009	<u>276,354</u>	<u>239,340</u>

TOWN OF FAYAL STATEMENT OF NET ASSETS - DEC. 31, 2009

	Governmental Activities	Business-type Activities
ASSETS		
Cash & cash equivalents	1,372,901	461,881
RECEIVABLES		
Taxes receivable	28,083	
Spec. Assessments Rec.	2,837,333	39809
Accounts Receivable		23,571
Internal Balances	48,581	(48,571)
Restricted Cash for sewer replacement		31,092
Capital Assets not being depreciated		
Land	35,506	
Buildings	198,433	1,393,238
Infrastructure	486,836	9,899,209
Improvements	64,309	
Machinery & Equipment	225,139	86,600
Licensed Vehicles	345,093	28,313
TOTAL ASSETS	<u>5,642,214</u>	<u>11,915,142</u>
LIABILITIES		
Accounts payable	5,370	11,168
Accrued salaries	9,083	5,743
Accrued interest payable	-	24,479
Non Current Liabilities		
Due within one year	-	288,000
Due in more than one year	103,225	3,299,064
TOTAL LIABILITIES	<u>117,678</u>	<u>3,628,454</u>
NET ASSETS		
Invested in capital assets, net of related debt	1,355,316	7,878,360
Restricted for sewer replacement		31,092
Unrestricted	4,169,220	377,226
TOTAL NET ASSETS	<u>5,524,536</u>	<u>8,286,678</u>
Total Net Assets 12-31-09	<u>13,811,214</u>	

March 9, 2010

ANNUAL FIRE DEPARTMENT REPORT FOR 2009

- 1. There were a total of 125 calls in 2009**
 - 12 structure fires
 - 10 wildland fires
 - 10 vehicle fires
 - 55 EMS calls
 - 10 motor vehicle accidents
 - 20 alarms
 - 7 hazards
- 2. There are 21 firefighters on the department. There are 2 new members on the fire department. They are Rich Sather and Dan Coy. There are 4 openings on the fire department.**
- 3. There are 5 EMS first responders on the fire department.**
- 4. The fire department received 4 grants in 2009. The money received from 3 of the grants were used to purchase communication and breathing air equipment. Two grants was from Homeland Security [FEMA] in the amount of \$123,000 for all new radios and a breathable air system (compressor, 2 fill stations and trailer. The two grants required a 5% match. One grant was from the MN. DNR for 6 new pagers. The fourth grant was from the State of Minnesota for training cost reimbursement for the amount of \$3,600.00.**
- 5. In 2009 the fire department had 756 hours of in house training and 510 hours Of outside training. The fire department has 2 fire training instructors that teach for Mesabi Community College.**
- 6. The agreement between The Fayal Fire Department and The Eveleth Fire Department for a simulcast page system is working very well.**
- 7. The fire department officers for 2010 are:**
 - Chief: Steve Shykes
 - Asst. Chief: Dave Hartman
 - Captain: Mike Knutson
 - Lieutenant: Bryan Sampson
 - Sec./Treasurer: Eric Garman
 - EMS Director: Therese Elverum

**Steve Shykes
Fire Chief**

FAYAL TOWNSHIP

2009 ROAD AND BRIDGE REPORT

In 2009 a 650 foot stretch of Golf Course Road was reconstructed and blacktopped. Right of way clearing was performed along Moon Lake Road North, Peary Road North, River Drive, Long Lake Road West, Firetrail Road South, Pine Drive and Hill Road. St. Louis County repaired a 4' X 70' cement culvert on Pine Drive. Six centerline culverts were replaced on Peary Road South, Airport Road North, Golf Course Road and Differding Point Road. 1 1/2 to 2 inches of class 5 was applied to the last 4000 feet of Airport Road North.

As much as possible Steve and Al perform in house the required maintenance and repair on township equipment. Other duties include snow plowing and sanding, graveling and grading dirt roads, ditch cleaning, tree removal and trimming in the road right of way, dust control, sign repair and replacement, inspections of various types, culvert replacement and steaming, shouldering and patching blacktop roads, road side mowing and brushing, noxious weed control, operating and maintaining a yard waste site, sweeping roads and intersections and building or reconstructing segments of roadways. Building and Grounds, Recreation and Public Utilities are other departments that they work for.

They also carry the pager, perform utility locates and fill in for the water/waste water operator. They oversee and work with vendors and contractors on some projects and assist with planning and budgeting for future projects.

Projects that may take place in 2010 are; tree trimming and brush cutting along various roads, crack sealing newly surfaced blacktop roads, blacktop overlays on Woodlawn Boulevard East and Woodlawn Circle. Crack repair on Thunderbird Trail from Muddy Lake Creek to Long Lake Road West. The 1992 dump truck or 1987 backhoe is being considered for replacement in 2010 or 2011. Quotes will be sought for purchasing or crushing class 5.

Tony Tamaro-Road and Bridge Supervisor

March 9, 2010

Buildings & Grounds Report 2010 Annual Meeting
Jim Pernu

This report will be shorter than the past because in 2009 we didn't have a lot of projects.

We dressed up the front of the hall with pavers, new sod, also cement work was done to repair the curbing and sidewalks. The pavers and sod was put installed "in house" by Charlie Erickson.

An emergency generator 100 amp was installed between the fire hall and town hall. This will supply power to the fire hall, town hall, and garage in the event of electrical failure.

Our fire alarm system was upgraded this past fall for the town hall and fire department. Our old system was outdated and unreliable.

The winter of 2009 and 2009, the skating rink had an area in the northwest corner where this area would not freeze after being flooded. Last summer this area was excavated and refilled with subgrade. This winter there were no more problems, so this problem was rectified. This work was also done in house.

The skating rink had another successful year with 1,680 skaters, surpassing the attendance of last year. This facility has always operated in a safe and orderly manner, which is especially appreciated by the parents. I think the skating rink is a great asset to our community and probably is the best outdoor rink on the Range.

Charlie Erickson and Pete Peterson should be commended for the work they do to keep it at its high standard.

Over the past year, the Planning Committee has been working on a project to improve the appearance of the corner near the Shortstop. A large wood sign will be installed in front of the utility boxes, which are serviced by the telephone company. The sign serves two purposes, one to hide the utility boxes, and the other to identify the Fayal Township Hall and the facilities available. The sign will also incorporate lights which will be on during evening hours. Also, landscaping will be done with grass, trees, shrubs etc. The planter there will also be replanted. This work should start sometime this summer.

The playground has also had a good attendance during the summer months. It has required very little maintenance with the exception of adding wood chips to the surface area. Weekly safety inspections are done by Al Jurenic, who does a superb job in the upkeep of the playground. With the Eveleth-Gilbert Tennis teams utilizing our tennis court it also sees a lot of traffic during the summer and fall. We have some large cracks in the surface area. We plan to have them crack sealed this summer.

The town hall, other than routine maintenance, seems to be okay. We have no large projects pending this year. We have had some problems with the floor tiles, but have been advised not to do anything with them at this time

PUC Report- 2010 Annual Meeting
Mike Erjavec

2009 was a pretty good year for the Fayal Water and Sewer Company. We were able to hold the line on water rates, but needed a \$1.00 increase in sewer rates. Despite the complexity of the system, our employees are doing an excellent job keeping everything running smoothly.

2010 is going to be a big challenge for us, however. We have some big decisions to make regarding our sewage treatment. Gilbert is proposing to increase our rates to them from around \$110,000 per year to around \$175,000 per year. This would translate into an increase of nearly \$10 per month per Fayal sewer customer, which we feel is totally unacceptable.

We are currently exploring the possibility of building our own treatment facility, probably sewer ponds. There are many hoops to jump through yet, but the possibilities are there. If we do nothing, we will remain a prisoner of Gilbert, with no chance of cost ever going down.